

# Financial Management Manual

**Owner:** Audit and Risk Committee

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WESTERN AUSTRALIAN INSTITUTE *of* SPORT

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## Executive Summary

The Western Australian Institute of Sport (referred to as WAIS or the Institute) 'Financial Management Manual' (Manual or FMM) is an important document that provides guidance to the Institute's officers involved in financial management and administration of the Institute.

Treasurer's Instruction (TI) 701 charges the Institute's Accountable Authority to prepare and maintain an up to date Financial Management Manual which is in compliance with the Financial Management Act (FMA / Act) 2006, the Auditor General Act 2006 and any other relevant legislation, incorporating regulations in accordance with Treasurer's Instruction 701.

The Manual serves to promote sound practices, procedures, and policies in matters of financial management and administration, and assists in ensuring compliance with the Act and TIs. It also provides the means by which all changes in procedures, practices and policies are communicated and formalised throughout the organisation.

The Manual assists staff members, external interested parties, and auditors with becoming fully conversant with the Institute's method of operation. It also ensures minimal disruption to operations in the case of staffing changes within the organisation.

The details of this Manual are housed on the Institute's Shared Information System, and are available to all Institute staff on demand. Whilst it is the responsibility of the Finance Department to maintain, update and ensure safekeeping of this information, it is the duty of any officer reproducing copies of the Manual to ensure their copy is the latest version.

All Institute Officers should familiarise themselves with the policies and procedures contained in this Manual and any supporting documents. It is the responsibility of each Institute Officer to ensure compliance within the legislative and Institute policies and procedures issued.

# 1 Introduction

## 1.1 Western Australian Institute of Sport

WAIS exists to provide opportunities for talented Western Australian athletes to achieve excellence in elite sport with support from their home environment.

## 1.2 Operating Authority

The Institute is established as an Incorporated Body, and as such is not generally considered a Public Sector Agency in respect of its day to day operations. However, the Institute is specified as a 'Statutory Authority' under Schedule 1 of the FMA. *Section 52 of the FMA* requires the appointment of an Accountable Authority for each Statutory Authority.

*The WAIS Board is the Institute's Accountable Authority (FMA Section 55 (1) ). Section 57(1) of the FMA* states that the Institute is to appoint a Chief Executive Officer (CEO) and Chief Financial Officer (CFO) and advise the Treasurer and the Auditor General of such designation. The CFO is responsible for the financial management and administration of WAIS.

- The WAIS Finance and Operations Manager is the WAIS CFO.

The CFO is responsible to the Accountable Authority for the preparation of financial information; provision of advice on the effectiveness of accounting and financial management information systems and financial controls; and provision of advice concerning the financial implications of, and financial risks to, the Institute's current and projected operations.

## 1.3 Acronyms and Abbreviations Used in This Document

Acronym	Description
WAIS	Western Australian Institute of Sport
Institute	Western Australian Institute of Sport
FMA	Financial Management Act 2006
TI	Treasurer's Instructions
NAV	Microsoft Dynamics NAV – the Institute's financial management system
DLGSC	Department of Local Government Sport and Cultural Industries
DMS	Document Management System – the system used to store and manage the Institute's documents
GDAFA	General Disposal Authority for Financial and Accounting Records
OAG	Office of the Auditor General
AIP	Asset Investment Program



## 2 The Financial Management Manual

### 2.1 Purpose of the Financial Management Manual

*“Every Accountable Authority is to ensure that a Financial Management Manual is prepared and maintained in an up to date form in respect of the agency for which he or she is responsible.” TI 701 (1)*

The purpose of the Financial Management Manual (FMM) is to provide guidance to officers involved in all matters relating to the financial management of the Institute. The FMM complies with and is consistent with the Financial Management Act 2006, Auditor General Act 2006, Financial Management Regulations 2007 and Treasurer’s Instructions

*“The financial management manual is a key document within an agency that assists in promoting sound practices, procedures and policies in matters of financial management. It provides the means by which relevant changes in procedures, practices and policies are communicated and formalised throughout the organisation. The manual assists users to become fully conversant with the agency’s method of operation and ensures that disruption to operations is minimised as a result of staffing changes.” TI 701*

### 2.2 Objectives

The manual has been developed to meet the requirements of the Financial Management Act 2006 (FMA) and Treasurer’s Instructions.

The manual is provided as a benchmark for management and audit bodies to monitor compliance with accounting controls.

It has also been developed to ensure that;

- staff are aware of established accounting policies and procedures;
- staff are aware of the responsibilities conferred on them by legislation;
- accountability is maintained;
- controls over financial matters are sound; and
- delegations are properly controlled and maintained.

### 2.3 Scope and Use of the Manual

The scope of this manual is in accordance with Treasurer’s Instruction 701.

Treasurer’s Instruction 701 requires the financial management manual to be tailored to suit the agency so that it becomes a practical document assisting employees to perform their duties effectively. TI 701 further states the financial management manual is the property of the Institute and sufficient controls should be established to ensure the accuracy and currency of the manual is maintained and that all officers have access to the current version.

#### 2.3.1 Distribution

*“The Financial Management Manual shall be available to all members of staff of the agency and shall be complied with in all matters relating to financial management of the agency.” TI 701 (3)*

All staff will be able to access the manual via the Institute’s document management system or online, and should make reference to the manual and relevant sections within it in order to satisfactorily perform their duties and comply with the agencies policies and procedures.

A physical copy of, or an extract from, the Financial Management Manual shall be made available to all staff on request.

### **2.3.2 Custody and Control**

The Finance Department will be responsible for ensuring the latest approved version of the Manual is available to staff at all times, and that staff are made aware of revisions as they are approved. The Financial Management Manual and any extracts shall remain the property of WAIS. Any officer reproducing copies of the manual shall ensure their version is up to date and be responsible for its safekeeping.

### **2.4 Maintenance of the Manual and Amendments**

Treasurer's Instruction 701 requires the Institute to ensure the manual is kept under review and maintained in an effective and up to date form. All sections of the manual will be reviewed on an annual basis and updated as required. Where there has been a change in the Treasurer's Instructions, or any relevant legislation an immediate review of the FMM will be conducted to ensure the Institute maintains compliance.

The Institute will be responsible for the maintenance of and updating or amendments to the FMM. The FMM and any extracts shall remain the property of the Institute.

All revisions will be submitted to the Audit and Risk Committee for review and the Board for approval prior to implementation.

## 3 Policies and Principles

### 3.1 Strategic Objectives

**Purpose:** To provide opportunities for talented Western Australian Athletes to achieve excellence in elite sport with support from their home environment.

**Vision:** To Produce Champions

**Guiding Principles:** The philosophies guiding WAIS operations are defined by the following principles: International Focus WAIS will prioritise resource allocation to support athletic performance at the international level.

**Western Australian Significance:** WAIS will give priority to sports important to the Western Australian community.

**Partner to Value Add:** WAIS will partner sports that provide national leadership and will allocate resources to enhance the support provided by them to their athletes.

**Community Values:** WAIS will maintain high community values in all aspects of its operation and recognise that WAIS athletes as role models are expected to reflect these values.

### 3.2 Organisational Structure

The Institutes organisational structure is split into 6 business areas; 3 performance enhancement teams; National Teams, National Programs, and Podium, and 3 Corporate services units; Administration, Public Relations, and Finance and Operations, the managers of whom report to the Chief Executive Officer who in turn reports directly to the WAIS Board.

### 3.3 Statutes Administered by WAIS

In general, the institute does not have a legislative base for its core operations, and is not responsible for the administration of any piece of legislation. However, the following legislation does have some impact on its day to day operations:

- Associations Incorporated Act 2015
- Auditor General Act 2006
- Australian Accounting Standards
- Australian Privacy Principles
- Australian Sports Anti-Doping Authority Act 2006
- Corruption and Crime Commission Act 2003
- Equal Opportunity Act 1984
- Financial Management Act 2006
- Freedom of Information 1992
- Industrial Relations Act 1979
- Long Service Leave Act 1958
- Minimum Conditions of Employment Act 1993
- Occupational Health and Safety Act 1984
- Public Interest Disclosure Act 2003
- Public Sector Management Act 1994

- State Records Act 2000
- State Supply Commission Act 1991
- Workers' Compensation and Injury Management Act 1981
- Unclaimed Money Act 1990

### **3.4 Controls Exercised Externally**

The control exercised over the financial administration of the Institute by external parties is through the *Financial Management Act 2006* (FMA) and the *Auditor General Act 2006* (AGA). The FMA addresses financial management, while the AGA maintains the role of the Auditor General as the external auditor of government and deals with the responsibilities of that position.

#### **3.4.1 The Financial Management Act 2006**

The purpose of the FMA is to provide for the management, administration and reporting of the public finances of the State, and for related purposes. At a broad level, the FMA contains provisions for the control and management of public sector finances.

The full set of Financial Administration Legislation, consisting of the *Financial Management Act 2006*, Regulations, *Treasurer's Instructions* and Treasury Circulars, is available at the ["Western Australian Financial Administration Bookcase"](http://www.wa.gov.au/financial-administration-bookcase) (WAFAB). The WAFAB is obtainable in a downloadable format from the Department of Treasury website (<http://www.treasury.wa.gov.au/FAB/>).

#### **3.4.2 Treasury**

In accordance with *Section 40* of the FMA and TI 953, the Institute is required to submit annual estimates of the financial operations of the Institute, and these must be prepared under such headings and in such manner as the Treasurer may approve or direct. This forms part of the State Budgeting process.

#### **3.4.3 The Office of the Auditor General**

The accountable authority of an agency is to submit to the Auditor General, in accordance with the *Financial Management Act, section 63 (1)*:

- *The financial statements and key performance indicators, referred to in Financial Management Act, section 61 (1) (a) and (b); and*
- *Any other information referred to in section 61 (1) (d), that is required by the Treasurer's Instructions to be submitted to the Auditor General under this subsection.*

The Auditor General is to audit the financial statements, key performance indicators and other information submitted by agencies under the *Financial Management Act 2006, section 63 (1)*.

The Auditor General is to prepare and sign an opinion on an audit carried out, and to provide the opinion to the agency's Minister, with a copy to the accountable authority of the agency. *Section 15 (3) and (5) of the Auditor General Act 2006.*

#### **3.4.4 Minister for Sport and Recreation**

The Minister is to table before Parliament the Annual Report and a copy of the opinion of the Auditor General, within the prescribed period (90 days or fewer after the end of the financial year). *Financial Management Act, Section 63 (2) and Section 64 (1).*

### **3.5 Appointment of Accounting Officers**

#### **3.5.1 Accountable Authority**

Section 52 of the Financial Management Act 2006 states that an agency is to have an accountable authority who is responsible to the Minister for the financial management of the services under the control of the agency.

Section 55 (1) states “Subject to subsection (2), the person or body (however described) having the general direction and control of, and the overall responsibility for, the operations of a statutory authority is the accountable authority of the statutory authority.” The accountable authority for WAIS is the Board. The functions of accountable authorities are:

- Ensuring that the agency operates in a manner that is efficient and economic and achieves the agency’s objectives;
- Ensuring that the agency complies with this Act, the Treasurer’s instructions and any other written law that applies to the agency;
- Having the custody, control and management of, and accounting for, all the public property or other property under the control of the agency;
- Unless otherwise directed in writing by the Treasurer, developing and maintaining an effective internal audit function for the agency; and
- Any other function given to the accountable authority under this Act or another written law. (Financial Management Act, Section 63)

#### **3.5.2 Chief Finance Officer**

Section 57 of the Financial Management Act 2006 states that the accountable authority of an agency;

- is to ensure that, for the agency, an office, post or position is designated Chief Finance Officer; and
- is to advise the Treasurer and the Auditor General of the office, post or position so designated.

The Chief Finance Officer of an agency is responsible to the accountable authority for –

- the preparation of financial information to facilitate the discharge of statutory reporting obligations of the agency;
- the provision of advice on the effectiveness of accounting and financial management information systems and financial controls in meeting the requirements of the agency;
- the provision of advice concerning the financial implications of, and financial risks to, the agency’s current and projected services;
- the development of strategic options for the future financial management and capability of the agency; and
- the development of financial management skills within the agency.

The Finance and Operations Manager is the appointed Chief Finance Officer for the Institute.

#### **3.5.3 Certifying Positions**

Treasurer’s Instruction 102 states “‘Appointment’ means the designation of a person, either by name or by position, to perform a function or, to be or do any other thing”.

Under Treasurer’s Instruction 304 (3), the accountable authority is responsible for appointing Certifying Positions for the Institute.

### 3.5.4 Incurring Positions

Treasurer's Instruction 102 states "'Appointment' means the designation of a person, either by name or by position, to perform a function or, to be or do any other thing". The incurring function is designated to a position known as the 'Incurring Position', as opposed to an individual officer.

Refer to the Delegations and Authorisations section of this manual for details of the delegations of authority.

A position number appointed as an Incurring Position, together with the signature of the officer occupying the position, shall be recorded on a register of appointees maintained by the Finance Branch.

### 3.6 Duties of Officers

*In addition to those duties provided for in the Act, Regulations and other Treasurer's instructions all officers whose duties are connected with any of the matters covered by the Treasurer's instructions shall acquaint themselves and comply with the Treasurer's instructions. TI 105*

It is the responsibility of WAIS officers with obligations to perform as per the FMA, Treasurer's Instructions and other legislation to familiarise themselves with the relevant legislation and ensure they are performing their duties as per the requirement of both WAIS policy and the relevant legislation.

### 3.7 Delegations and Authorisations

*Where the Treasurer's instructions require the accountable authority to 'appoint', 'designate', 'approve' or 'authorise', the accountable authority may not authorise another officer to make the required appointment, designation, approval or authorisation. TI 107 (1)*

*Notwithstanding paragraph (1), where the Treasurer's instructions require the accountable authority to cause anything to be done (including cause to be 'appointed', 'designated', 'approved' or 'authorised') then the accountable authority may authorise an officer to perform the required action. TI 107 (2)*

*Where the Treasurer's instructions require the accountable authority to do any act or thing other than those acts or things referred to in paragraph (1), the accountable authority may authorise an officer to do that act or thing. TI 107 (3)*

*Any authorisation made pursuant to paragraphs (2) and (3) shall be in writing. TI 107 (4)*

*This Treasurer's instruction is subject to any express statement in another Treasurer's instruction that a specific act or thing referred to in that Treasurer's instruction may or may not be authorised by the accountable authority to be done by another officer. TI 107 (5)*

In accordance with TI 107 the Institute maintains Delegations, Authorisations and Appointments document as approved by the Board which is available on [DMS](#).

### 3.8 Chart of Accounts

The purpose of the Chart of Accounts is to classify the Institute's financial transactions for financial and management reporting and analysis. The Chart of Accounts is the key to accurately recording financial information within the Institute.

The Institute uses Microsoft Dynamics NAV as its corporate financial system. A full copy of the Chart of Accounts is available in Microsoft Dynamics NAV and can be found on [DMS](#).

Any changes to the Chart of Accounts must be approved by the Finance and Operations Manager prior to being implemented within NAV.

### 3.9 Accounting Policies

The accounting policies of the Institute are directed by the requirements of the FMA and the Treasurer's Instructions. It is WAIS policy to ensure compliance with the requirements of the FMA, Treasurer's

Instructions, Australian Accounting Standards, and other relevant legislation. TI 1101 provides specific guidance as to the application of Australian Accounting Standards as they relate to Western Australian Government Agencies and Statutory Authorities to ensure consistency in reporting across the whole of government.

All accounting policies are to be submitted to the Finance and Operations Manager for approval. Where the policy will significantly impact on the Institutes' operations, the policy will be submitted to the Board for approval, prior to implementation.

Accounting policies are covered in more in detail in other sections of this manual.

### **3.10 Accounting for Public Money**

All revenue and receipts received by the Institute shall be credited to the WAIS operating account, as per TI 801. The Institute may at its discretion transfer surplus funds to other accounts held with investment rated financial institutes that may accrue interest, until such time as funds are required.

### **3.11 Requirements of Accounting Systems**

The Institute use Microsoft Dynamics Navision for its accounting system. The Navision system is used to record all financial transactions in accordance with the requirements of TI 823. The transactions recorded within the Navision system are used in the preparation of general purpose financial statements. It is also used in the preparation of KPI's as per the requirements of TI 904.

### **3.12 Qualifications of the Chief Financial Officer**

The WAIS Chief Financial Officer (CFO), the Finance and Operations Manager is required to be suitably qualified. As per the requirements of TI 824, suitably qualified is taken to mean holding a current membership of either CPA Australia or Chartered Accountants Australia and New Zealand, or the Institute of Public Accountants or membership of an overseas accounting body that is approved in writing by any two of the aforementioned bodies. The CFO must have direct access to the Chief Executive Officer of the Institute.

### **3.13 Operating Accounts**

The Finance and Operations Manager is authorised to establish one or more special purpose accounts for the purposes of carrying out the operations of the Institute as per TI 805. The operating account may be for all services under the control of the Institute, as detailed in the annual budget statements. Where specific purpose money is held in the operating account, the Finance and Operations Manager shall implement appropriate controls to ensure compliance with the terms and conditions applying to such money.

### **3.14 Operative Dates**

*A Treasurer's instruction dealing with an annual report or financial statements applies to the reporting period during which the operative date of that Treasurer's instruction falls, unless it is otherwise stated in the Treasurer's instruction. TI 107*

### **3.15 Risk Management**

Risk management is defined as the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects. It is designed to protect the agency or statutory authority, the whole of government and the general community from unnecessary costs and losses.

Treasurer's Instruction 825 – Risk Management and Security states;

*The accountable authority shall ensure that:*

- (i) *there are procedures in place for the periodic assessment, identification and treatment of risks inherent in the operations of the agency;*
- (ii) *suitable risk management policies and practices are developed;*
- (iii) *an appropriate level of security is maintained over monies, public and other property of or under control of the agency; and*
- (iv) *these procedures, policies and practices are documented in the Financial Management Manual or other relevant policy manuals.*

The Institute manages risk through the application of the [WAIS Risk Management Framework](#). The framework is written in accordance with AS/NZS ISO 31000:2009. The framework provides guidelines for risk identification, accountability, monitoring and mitigation.

### **3.16 Managing Foreign Exchange Risk**

The risk to the Institute of fluctuations in currency values for the purposed of TI 826 is considered to be immaterial, consideration for payments in foreign currencies is therefore typically made at the spot rate available at the time of payment.

### **3.17 Insurance**

#### **3.17.1 Ancillary Legislation**

The Institute is required as per TI 812 to ensure that there is an appropriate level of insurance cover over all insurable risks or statutory requirements. The Institute should review these insurance arrangements in respect to these policies before the renewal of each class of policy.

#### **3.17.2 Policy**

WAIS uses the services of an Insurance Broker to advise on insurance matters, source the necessary cover and manage claims.

#### **3.17.3 Administrative Procedures**

WAIS empowers its broker to negotiate with insurers to obtain coverage for:

- Worker's Compensation;
- Property;
- Public and Professional Liability;
- Directors' and Officers' Liability
- Motor Vehicle;
- Travel;
- Personal Accident; and
- Molestation.

All insurance coverage is predicated on the principle that employees have acted in good faith, honestly and legally and within their recognised areas of authority, knowledge, and expertise. Insurance is not to be considered a substitute for sound risk management.

The first priority of directors, managers and supervisors should be to manage in a way that, as far as practicable, minimises risks that could give rise to an insurance claim. Where a claim arises due to a lack of sound risk management this will usually be reflected in increased premiums. In circumstances of a gross lack of prudent risk management, the claim may be refused.



The Institute reviews insurance arrangements annually, or as required for one off projects, in order to ensure that there is an appropriate level of insurance cover over insurable risks.

#### **3.17.4 Documentation**

In circumstances where an insurance claim is required, it is the obligation of the employee to complete documentation as provided for in the relevant Institute Policy (e.g. Worker's Compensation, Motor Vehicle, Travel etc.)

Where the issue is not clearly addressed in the Institute's Policy, as a minimum, an employee is required to detail the circumstances of the claim in a memo to their immediate supervisor who shall determine appropriate action in terms of processing the claim.

The memo shall at least include:

- date of the claim;
- basis of the claim;
- circumstances that resulted in the claim arising;
- claimants assessment of contributing factors;
- details of persons and property involved;
- any other factors that will assist in determining future action and progressing satisfactory resolution;
- what risk management measures were in place to minimise the risk of a claim; and
- what new risk management measures, if any, have been put in place to prevent recurrence of the claim.
- Whether a police report was obtained.

Where it is evident that an increase in premiums or a refusal of claim was due to:

- a clear absence of prudent risk management; and
- where the need for such risk management was clearly self-evident;

The managers responsible for the area will, at the discretion of the Chief Executive Officer, be expected to absorb all the associated additional costs (immediate and ongoing) in their budget. Further, they will provide an explanation of why sound risk management practice was not followed, and explain how they are addressing these shortcomings in risk management.

The Finance & Operations Manager will maintain a record of claims in a spreadsheet or database. This spreadsheet shall contain details of all claims including: how they were settled, date settled, the related activity centre, amounts involved, nature of the claims, vehicle plate numbers, property details and other related information needed to readily analyse the Institute's claims history and to help determine levels of risk exposure.

#### **3.17.5 Lodging a Claim**

All insurance claims will be channelled through the broker. It is the responsibility of the relevant employee concerned to ensure that all documentation supporting a claim is completed to the satisfaction of the insurer and to quickly respond to issues raised by or through the broker or the Finance Department.

### 3.17.6 Motor Vehicle Management

Motor vehicles, including cars, vans, buses, boats and trailers etc. are comprehensively insured under the main schedule of insurances. Motor vehicles are to be registered in their main state of operation and any state mandated insurance (such as Compulsory Third Party Insurance in NSW) is to be sourced as required.

### 3.18 Loan Indebtedness

The Institute is not authorised to borrow money.

### 3.19 Retention of Accounting Records

Accounting records must be retained to provide an adequate audit / management trail of financial transactions to facilitate auditing by both internal audit and Auditor General and act as prima facie evidence in a court of law in the event of a legal dispute arising.

Accounting records are kept and disposed of in accordance with the requirements of TI 804 and the WAIS Record Keeping Plan.

Treasurer's Instruction 804 – Retention of Accounting Records states;

- (1) *For the purpose of this instruction 'accounting records' has the same meaning as the word 'accounts' defined in the Auditor General Act 2006.*
- (2) *Subject to the policies and standards issued by the State Records Office, accounting records may be destroyed, with the approval of the Accountable Authority, two years after the completion of the audit by the Auditor General for the financial year to which they apply, except where the accounting records:*
  - (i) *Are original source documents, or the only copies retained, which document or act as direct documentary support to the:*
    - (a) *payment of money;*
    - (b) *receipt of money;*
    - (c) *raising of charges;*
    - (d) *record of debtors and creditors; and*
    - (e) *adjustments in respect of the above; or*
  - (ii) *Act as, or form part of, a book of original (prime) entry or a ledger or subsidiary ledger; or*
  - (iii) *Are required by any other written law to be retained for a longer period.*
- (3) *Accounting records described in (i) and (ii) of the above-mentioned paragraph may be destroyed in accordance with the policies and standards issued by the State Records Office, with the approval of the Accountable Authority, six years after the completion of the audit by the Auditor General for the financial year to which they apply, except where the accounting records are required by any other written law to be retained for a longer period.*

The State Records Office requires that government organisations retain and dispose of their financial and accounting records in accordance with the General Disposal Authority for Financial and Accounting Records (GDAFA). The GDAFA contains a schedule of retention periods covering most types of financial and accounting records. Typically most records need to be retained for a maximum period of 7 years, and then may be destroyed or archived. Please refer to the [GDAFA](#) for detailed guidelines.

### 3.20 Register of Security Documents

The Institute will maintain a register of all security documents as per the requirements of TI 811. The register shall record the following information;

- the date of lodgement;
- a full description of the document concerned;
- the nature of the document;
- by whom the document is lodged;
- in whose favour the document is lodged;
- the face value of the document;
- under what statute, regulation or authority the document is lodged;
- reference to where the security document is held;
- particulars regarding the payment of interest; and
- the date and particulars of release, substitution or alteration.

The register shall be reconciled against security documents held on an annual basis.

### 3.21 Theft

The Chief Financial Officer is charged with ensuring that control procedures are in place so as to safeguard the agency's funds. TI 803 states:

"...An appropriate level of control is necessary to ensure probity, to safeguard money and to maintain accurate and consistent accounting records. This requires the establishment of relevant reporting, investigation and accounting procedures. All shortages of money should be reported in the Institute's annual financial statements".

The Institute is required to advise the Auditor General, as soon as practical, of every case where the shortage exceeds \$500. The theft of money or property must in all cases be reported to the Chief Financial Officer of the Institute. Incidents of theft are to be reported to the WA Corruption and Crime Commission. A claim is to be made to the insurers via the Institute's insurance broker, for reimbursement or replacement item(s) or cash.

### 3.22 Treasurer's Instructions

Treasurer's instructions are issued in accordance with section 78 of the FMA. The Accountable Authority and WAIS Officers are required to comply with all Treasurer's instructions whilst carrying out their duties.

*The accountable authority shall ensure that every officer has ready access to the Act, the Regulations made under the Act, the Treasurer's instructions and all approved exemptions to the Treasurer's instructions applicable to the agency. TI 103 (3)*

The full set of Financial Administration Legislation, consisting of the Financial Management Act 2006, Regulations, Treasurer's Instructions and Treasury Circulars, is available at the "Western Australian Financial Administration Bookcase" (WAFAB). The WAFAB is obtainable in a downloadable format from the Department of Treasury website (<http://www.treasury.wa.gov.au/FAB/>). The Finance and Operations Manager maintains a list of exemptions that are applicable to the Institute, which are available on request to all WAIS Officers.

In all material cases where guidance cannot be found in the FMM, FMA or other regulations, WAIS Officers should refer to the Accountable Authority for direction or application shall be made to the Treasurer for direction, as per TI 103 (4).

### **3.23 Exemptions to Treasurer's Instructions**

The Institute may seek exemption to one or more of the Treasurer's Instructions under TI 104 (2). Exemptions are to be in accordance with Treasurer's Instruction 104. The Institute is required to maintain a register of approved exemptions, which is to be made available for inspection by the Auditor General as per TI 104(4). The register is to be maintained by the Accountable Officer or another approved officer.

## **4 Revenue**

### **4.1 Operating Policy**

A rolling four year funding agreement with the Department of Sport and Recreation is the primary source of income. The four year funding agreement is renegotiated at the end of every Olympic Cycle. The Institute is primarily funded through the Sports Lotteries Account and to a lesser extent through the Consolidated Fund. The Department forwards the payment to WAIS relating to the relevant financial year during the month of July, unless there is an agreement to do otherwise.

Funding from National Sporting Organisations and State Sporting Organisations is negotiated annually, unless agreements are formulated for period longer than one year. WAIS invoices these sporting bodies on a quarterly basis, unless agreements in place state otherwise.

User fees and charges are invoiced periodically as required.

### **4.2 Definition of Revenue, Accounts Receivable and Receipt**

#### **4.2.1 Revenue**

Revenue is defined as the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants (AASB 118, Definitions).

Revenue includes only the gross inflows of economic benefits received and receivable by the entity on its own account. Amounts collected on behalf of third parties, such as goods and services taxes, are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue. Similarly, in an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission (AASB 118, Definitions).

#### **4.2.2 Accounts Receivable**

Accounts receivable represent the outstanding amounts owed to the Institute. These are comprised of debts due from customers to whom the agencies have supplied goods or rendered services.

An account receivable only exists when an invoice has been issued to a customer to whom goods or services have been sold or provided but for which no receipt of cash has occurred.

On the raising of an invoice the transaction is posted in the Institute's financial system each month by a reversing accrual journal:

	Dr	Cr
Dr Trade Debtors	XXXX	

Cr	Revenue account	XXXX
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#### 4.2.3 Receipt

A receipt is documentary evidence provided by the Institute that cash has been received for goods and services provided by the Institute.

The transaction is as follows:

	Dr	Cr
Dr	Bank account	XXXX
Cr	Revenue (cash receipt)	XXXX

Where an invoice has been issued in the previous month, the reversing accrual undertaken will ensure that the accounting treatment is correct and is reflected in the correct month and financial year.

### 4.3 User Fees and Charges

The Institute regularly levies fees and charges against a range of people or organisations. These include, but are not limited to, hire charges for the HPSC, and can be extended to include contributions from athletes for expenses incurred by the Institute on their behalf. The Institute will provide a valid tax invoice on request for all fees and charges levied.

Fees and charges will be reviewed at least annually, or more frequently if required as per TI 810.

### 4.4 Collection of Revenue

#### 4.4.1 Background

As per the FMA, where monies are collected, received or held by the Institute, it is the accountable authority's responsibility to ensure the proper collection, protection and bringing to account of all monies.

Revenue for the Institute is largely derived from state government grants, agreements with national and state sporting organisations, sponsorship and user charges and fees.

#### 4.4.2 Ancillary Legislation

Revenue raised and collected is accounted for in accordance with Treasurer's Instructions 202 – 215 and with regard to;

- Financial Management Act 2006
- Auditor General Act 2006
- Freedom of Information Act 1992

#### 4.4.3 Collectors of Public Monies

The Institute is able to receive monies from the public for the provision of services by the Institute.

Where an officer has not been appointed as a collector but receives monies in the course of duties performed, the officer shall be deemed to be a collector and shall comply with the requirements placed upon collectors.

Unless otherwise approved by the accountable authority, collectors shall not be engaged in:

- the assessment of fees and charges due and payable to the State;
- any other duties relating to the banking of monies; and
- the posting of entries to debtors' accounts or relative control accounts.

## Exception

Where it is not possible to totally segregate the duties of a collector of monies due to offices with small staff numbers, the accountable authority has the discretion to allow collectors to be engaged in the functions as listed in the previous paragraph.

### 4.4.4 Raising an Invoice

Invoices are entered by the finance officer in Navision.

### 4.4.5 Requesting an Invoice

To raise an invoice, a staff member (Originating Officer) must complete an invoice request form. The invoice request form is sent to the finance department who then enter the details in Navision and create the invoice as requires.

The description given on the form as to what the invoice is for must equate exactly to what will appear on the invoice and the debtor details must be accurate.

### 4.4.6 Invoice adjustments

Invoice adjustments (adjustment notes) shall be raised against debtor invoicing when:

- an invoice request has been duplicated and hence the debtor is billed twice;
- a debtor is charged an incorrect amount either in part or total;
- an invoice was raised in error; or
- provision of goods and services is cancelled.

To request an adjustment to an invoice, an officer must complete a credit note request form and provide full reasons to justify the adjustment. The description given on the form as to what the adjustment is for must equate exactly to what will appear on the invoice and the debtor details must be accurate.

## 4.5 Receipting of Monies

### 4.5.1 Background

Sound control over the receiving of monies by the Institute is imperative in ensuring:

- officers engaged in such duties are protected from unwarranted suspicion;
- the financial position of the Institute is accurately established;
- monies received are properly managed, and
- reliable funds flow management.

Accordingly, money received by the Institute must be:

- collected in an orderly manner by approved persons;
- provide a receipt on request;
- brought to account and recorded in the financial management information system, which allows for confirmation of all money received;
- promptly banked to minimise the potential for misappropriation and loss or theft; and
- regularly reconciled in respect of the value of the receipts raised, electronic advice received, amounts banked and amounts posted to the accounts receivable accounts.

#### **4.5.2 Authorisation for Officers to Receive Money**

Money is received by the Finance Officer or Administration Staff (on reception), Cash receipts are recorded to a register which is regularly checked by the Finance Officer, and signed off during the bank reconciliation process, EFTPOS receipts are included with supporting documentation for the bank reconciliation.

The accountable authority, or an officer designated by the accountable authority, shall appoint one or more officers/positions whose duty is to receive money. Where an officer's responsibilities include receiving monies on behalf of other agencies, that officer is deemed to have the approval of those agencies.

#### **4.5.3 Security of Cash**

*"The accountable authority shall ensure that: an appropriate level of security is maintained over money, public and other property of or under the control of the agency, including information held and intellectual property developed and controlled by the agency" TI 825 (iv).*

All money held by the Institute including petty cash, change floats, cheques etc. are to be securely stored in an appropriate receptacle, such as a lockable cash box, which in turn will be kept in a lockable cupboard. Keys to cash boxes shall be securely stored at all times.

#### **4.6 Cashing of Cheques**

As per TI 204, officers of the Institute shall only cash a cheque out of WAIS money as recoupment of an advance held on behalf of the Institute, i.e. petty cash. Officers shall not give change on a cheque except where such cheque is drawn on a banking account of the Commonwealth or State Government, is presented in payment of an account in the name of the payee and positive identification is established. Officers shall not give change on credit / debit card transactions.

#### **4.7 Personal Cash and Cheques**

As per TI 214 no personal cash and cheques may be kept in a safe or strongroom of the Institute without the authorisation of the chief financial officer. No officer shall mix personal cash and cheques with Institute money under their control.

#### **4.8 Banking of Monies**

The prompt banking of monies ensures the security of collections and the maximisation of earnings on investment. TI 206 requires banking be conducted on a daily basis *wherever practicable*. Due to low volumes of cash receipts and cheques the Institute banks monies on a weekly basis.

#### **4.9 Direct Credit to Bank Accounts**

##### **4.9.1 Background**

The receipting of money by credit / debit card or electronic funds transfer (EFT) are a means of facilitating the collection of monies payable to the Institute.

Payment to the Institute by EFT is the preferred method of payment, it involves the lost administration and cost of all payment methods. Payment to the Institute by means of credit / debit cards is generally advantageous due to decreased risk of default, and decreased delays in receipt of money.

Where monies collected by a collection agent on behalf of the Institute are directly credited to the bank account, there is a statutory obligation to bring the full amount of the collections to account. If in such cases the collection agent charges a commission or service fee, the Institute must arrange for this to be paid separately, and should seek reimbursement for this expense from the payer.



#### **4.9.2 Electronic Funds Transfer (EFT)**

Customers may pay monies electronically by direct credit to the bank account nominated by the Institute. The credit received is either initiated by the payer/debtor or by the Institute debiting the payer's/debtor's bank account in accordance with a direct debit authority given to the Institute by the payer/debtor.

#### **4.9.3 Credit / Debit Card**

A credit card allows its holder to purchase goods and services on account up to an approved monetary limit. Payment by credit card is limited to those credit card schemes cleared through banking institutions. Schemes operating outside of the banking system are not included due to the differences in banking and clearing of collections. Collections under a credit card scheme cleared through a banking institution can be brought to account and banked daily in support of receipts issued.

#### **4.10 Debtor Management**

A debtor is an organisation or individual owing an amount to the Institute at a given date. Amounts owing to the Institute should be paid in full immediately once they become due. In circumstances where it is not possible for an amount to be paid in full immediately (e.g. debtor is experiencing financial hardship), the Chief Finance Officer may authorise the approval of a negotiated payment agreement (e.g. repayment of debt by instalments) with the debtor.

The purpose of debtor management is to ensure that all debts owing to the Institute are accounted for and then collected in a timely manner. Debtor reconciliations, addressing debtor ageing and actions, occur during the month immediately after the relevant period.

#### **4.11 Receipts in Suspense**

Any monies received that cannot be immediately attributed to a particular debtor shall be held in the receipts in suspense account. The Institute's Receipts in Suspense Account is to be reviewed and reconciled on a monthly basis. Receipts can remain in the suspense account for up to a period of 12 months. Following the lapse of the 12 month period the receipts are to be cleared to the miscellaneous revenue account.

#### **4.12 Dishonoured Cheques**

Acceptance of payment by cheque or direct debit to a customer's bank account is conditional upon the cheque being honoured by the drawer's bank or the necessary funds being transferred from the customer's bank account.

Revenue collections that are dishonoured include:

- cheques banked that are subsequently returned unpaid by the drawer's bank; and
- direct debits to customer's bank accounts where the electronic collection and deposit of revenue fails to be completed satisfactorily.

In order to achieve effective recovery, prompt action should be undertaken to recover the debt. Care is to be taken not to initiate recovery action where it is inappropriate, such as where the Institute has no entitlement to receive payment (e.g. cheque paid in error or where supplies purchased under the cheque or direct debit have been returned by the customer). Any fees or charges incurred by the Institute as a result of a dishonoured payment should be recouped from the debtor.

#### **4.13 Reconciliation of Cash Collections**

The Institute performs bank reconciliations on a weekly basis, with sign off performed by the Finance and Operations Manager or Financial Accountant monthly. Cash is recorded on the Cash Receipts Register, and EFTPOS settlement receipts are included as supporting documentation with the Bank Reconciliation.



#### 4.14 Refund of Revenue

*In respect of refunds from the Operating Account, where a refund is made within the same financial year as the money was received and credited to an account, the account to which the money was originally credited shall be charged, otherwise the refund shall be charged as expenditure. TI 320*

In the event of a refund of revenue, the refund is to be debited against the original revenue account, where the refund is issued in the same financial year as the revenue is received. If the refund is issued in a subsequent year, it should be debited against a relevant expense account.

#### 4.15 Write Offs

Sections 48(1) to (5) of the FMA allows the Minister and Accountable Authorities to write-off amounts in respect of public property, revenue and other debts due to the State or a Statutory Authority.

Financial Management Regulation 7 imposes limits on the amounts that may be written off, in respect of a matter or transaction, by Accountable Authorities, and on the amounts that Ministers of departments may write off without the prior approval of the Governor. There is no limit imposed on the amounts, which may be written off by a Minister of a Statutory Authority.

In summary, the requirements of this regulation in respect of authority levels for write-offs are as follows:

	<b>Statutory Authority</b>
<b>Up to \$100,000</b>	Accountable Authority,
<b>Up to \$250,000</b>	Responsible Minister
<b>Over \$250,000</b>	Responsible Minister with approval of the Governor

The Finance Officer will assess amounts considered irrecoverable with a recommendation for write-off provided to the Finance & Operations Manager. Further recovery action on amounts outstanding will be pursued (e.g. engagement of a debt collection agency or court action) on the approval of the Finance & Operations Manager. Engagement of a debt collection agency or court action is only to be considered an option to collect outstanding amounts when the benefit or potential benefit outweighs the associated costs.

*Submissions for write-offs by agencies shall provide full details of the proposed write-off including:*

- (i) an audit trail of the original transactions relating to the proposed write-off;*
- (ii) file and other references, as necessary; (iii) the individual amounts to be written-off; and*
- (iii) where appropriate, details of recovery and remedial action taken. TI 807 (2)*

A register of all amounts and items written off shall be kept by WAIS. This procedure is to be follow for all assets and amounts to be written off by the Institute.

#### 4.16 Appropriations and Treasurer's Advances

The Institute at this stage does not receive Appropriations or Treasurer's Advances as part of its revenue, as described in TI 302 and TI 307 respectively.

## 5 Expenditure

### 5.1 Background

The *FMA* charges Accountable Authorities with the responsibility of “*control over expenditure ensuring that it is in accordance with legal requirements*”. The instructions ensure that the payment of monies by public sector entities, are implemented in the day to day operations of the Institute.

The legislative requirements with respect to payments can be grouped in the following three broad categories:

- The authority to make the payment;
- The authorisation of the payment; and
- The actual payment and subsequent recording of the transaction.

The authority to make payments is provided within the *FMA*. This relates to expenditure charged against an operating account established under *Section 32* of the *FMA*.

The *FMA* and *TI* provide for the appointment of Certifying and Incurring Officers, whose duties ensure that payments are lawful. The authorisation by these officers prior to the release of any payment ensures that payments are in accordance with the Institute’s legal authority.

The major control objectives for the payment of monies are to ensure that:

- payments are made promptly and correctly;
- duplicate payments are not made;
- adequate management and audit trails are produced; and
- transactions are recorded in sufficient detail to allow the discharge of statutory reporting requirements.

### 5.2 Procurement

#### 5.2.1 Background

Government procurement rules are set in accordance with the State Supply Commission Act 1991 and the State Supply Commission Supply Policies, the State Supply Commission (merged into the Department of Treasury and Finance in March 2009) is responsible for co-ordinating and overseeing the procurement of goods and services for the Government of Western Australia. Part of the State Supply Commission’s role through these guidelines is to promote open and effective competition and ensure efficient purchasing practices. The Institute is able to make use of the resources provided by the State Supply Commission, but unlike most government departments is exempt from their procurement rules and is free to set its own guidelines.

#### 5.2.2 Purchasing Ethics

Officers involved in purchasing goods and services on behalf of the institute shall observe the following ethics when spending Institute funds:

- Seek appropriate authorisation as per the Institutes delegation schedule prior to making any purchases.
- Ensure that value for money is obtained from each purchase through promoting fair, open and accessible competition.
- Be fully accountable for each purchase process and maintain full documentation and justifiable evaluation criteria.

- Maintain confidentiality of suppliers' intellectual and commercial property.
- Ensure that each purchase process is transparent, free from bias and that all potential suppliers are provided with identical information upon which to base their tender or quotation and are given equal opportunity to meet the requirement.
- Manage perceived or real conflicts of interest. All procurements must be conducted in a free and fair manner, and should be at "arm's length".
- Establish and maintain procedures to ensure that fair and equal consideration is given to each tender or quotation received.
- Maintain staff awareness of the Institutes purchasing policy and procedures.
- Act in a way that does not compromise the standing of the Institute.

These ethics should be considered in conjunction with the Public Sector Code of Ethics and subject to compliance with the Freedom of Information Act 1992.

### 5.2.3 Prescribed Purchasing Limits

Refer to the Institute's policy and procedures relating to the different purchasing limits:

#### Schedule of Authorisation Levels for Purchase of Budgeted Goods and / or Services

Position	Department	Value
Chief Executive Officer & Chair (or Audit & Risk Committee Member)	All Departments	Over \$100,000
Chief Executive Officer	All Departments	\$100,000
Finance & Operations Manager	Finance, HPSC and ICT	\$50,000
Performance Team Directors	All Programs and individual scholarships	\$50,000
HR and Administration Manager	HR and Administration related expenditure.	\$25,000
Corporate Communications Coordinator	Corporate Communications	\$5,000

Applicable to a singular purchase, a purchase of an item or service.

#### Schedule of Authorisation Levels for Purchase of Unbudgeted Goods and / or Services

Position	One Department			Organisation
	Departments	Single Purchase	Accumulated Purchases Cap	Accumulated Purchases Cap
Chief Executive Officer & Chair (or Audit & Risk Committee Member)	All Departments	Over \$50,000	Over \$50,000	Over \$50,000
Chief Executive Officer	All Departments	\$50,000	\$50,000	\$50,000
Finance & Operations Manager	Finance, HPSC and ICT	\$5,000	\$10,000	
Performance Team Directors	All Programs and individual scholarships	\$5,000	\$10,000	
HR and Administration Manager	HR and Administration related expenditure.	\$5,000	\$10,000	

Single purchase is applicable to a purchase of an item or service. The capping amounts are applicable to the accumulation of unbudgeted purchases within each sport program or department. The capping amounts may be offset by savings within a sport program or department, with the approval of the Chief Executive Officer. The organisation limits apply to cumulative purchases across the organisation offset by savings.

The Board, upon recommendation by the Audit and Risk Committee, may alter the approved authorisation levels at any point in time. The Chief Executive Officer may place a freeze on any unbudgeted purchases during the financial year if WAIS's financial position requires.

The Finance & Operations Manager will report the financial position (including expenditure levels of budgeted and unbudgeted items) of WAIS with the Chief Executive Officer on a monthly basis. Based on the information provided by the Monthly Financial Report, the authority levels will remain in place unless otherwise directed by the Board or the Chief Executive Officer.

Application of authority levels do not override the reporting and approval requirements of the WAIS Minimum Cash and Funds Investment Policy.

#### **5.2.4 Common Use Arrangements**

Common Use Arrangements (CUA) for the supply of goods or services are established by the Department of Treasury and Finance and are accessible by all Government agencies through Contracts WA. While most government agencies are generally obligated to use CUA's where they have been negotiated, WAIS is exempt from this obligation, however where it is of benefit to the Institute, officers may make use of the pricing and conditions negotiated

#### **5.2.5 Methods of Purchasing**

The following methods in which goods and services may be purchased within the Institute are:

- On account
- Purchase Order (purchases over \$2,000 not made on corporate credit card require a purchase order)
- Petty Cash
- Corporate Credit Cards

### **5.3 Payment of Accounts**

The payment voucher is the principal record for any payment, and is an essential element in the audit and management trail. This allows subsequent review of the financial administration by the Finance Department.

The payment voucher provides the input for posting to the ledgers, and allows officers involved in the various stages of the payment process as discharging their responsibilities. It further provides a detailed record of the payment should a dispute with a creditor subsequently arise.

The requirements of the FMA provide that both the incurring and certifying officers must sign payment vouchers. This is designed to ensure that payments are bona fide, and correct within the meaning of the act. Credit card purchases are certified by the relevant officers on a monthly basis through certification of the credit card statement.

#### **5.3.1 Ancillary Legislation**

TI 308 of the FMA provides guidance to the Institute in the use of payment vouchers. The following guidelines are offered to assist in implementing the requirements of the Instruction.

A payment voucher should provide sufficient data to establish:

- the name and full address of the claimant;
- particulars of the goods or services supplied;
- dates of supply or periods of service;
- the order, requisition, contract or arrangement under which the goods or services have been supplied when required;
- invoice number;
- the amount of the claim;
- discounts, if any; the account to which the posting is to be applied; and
- the classification of the expenditure or transfer of money.

Where the Accountable Authority has established that real economies can be achieved from taking advantage of discounts offered by suppliers, then all reasonable steps should be taken to ensure that payments are made to take advantage of such discounts.

In the absence of such economies, the Institute should make payment of commercial accounts within 30 days of the receipt of the creditor's claim. This requirement should be interpreted on the basis that if the supplier dates and sends an invoice in October but does not supply the goods or services until November, then the receipt of the invoice is not a valid claim. In this case, the date of the claim should be taken to be the date of receipt of the goods or services. This does not permit suppliers to bring forward their payments by dating invoices prior to the supply of goods or services.

### **5.3.2 Accounting Policy**

Consistent with TI 323 of the FMA, all accounts must be paid within 30 days of the receipt of the invoice (providing the good/service has been delivered and payment is due). All payments will be initiated and incurred at branch level. Only those employees with the necessary 'incurring officer' and 'certifying officer' delegations may incur and certify expenditure respectively.

### **5.3.3 Administrative Procedures**

#### **5.3.3.1 Incurring Officers**

Treasurer's Instruction 304 prohibits certifying officers from certifying payments as being correct unless the payment has been authorised by an incurring officer. Recognising that there is an administrative cost involved in appointing incurring officers, Treasurer's Instruction 102 provides for appointment by name or position to minimise the need for constant updating of appointments.

The role of the incurring officer in the payment process is an integral part of the system of control over the expenditure of monies. The incurring officer's signature on the payment voucher provides the certifying officer with an assurance that the payment details are correct in terms of the Treasurer's Instructions.

However, consideration must also be given to whether it is cost beneficial to require every payment to be incurred and certified by separate officers. The instruction provides the accountable officer with discretion to allow payment vouchers to be incurred and certified by one officer where the payment is \$1,000 or less.

Payments of under \$1,000 may be certified and incurred by the same employee, but payments of amounts above this level must be incurred and certified by different employees. This provision allows the accountable officer to assess the risk associated with these payments and decide if the cost of requiring separate incurring and certifying is justified.

Where it is considered beneficial, accountable officers may appoint persons other than their employees as incurring officers, including persons engaged or contracted to manage projects or provide any service on behalf of the Institute.

An incurring officer signs the documentation certifying that under Treasurer's Instruction 304:

- the creditor's name and address is correctly recorded on the payment voucher;
- the general ledger code charted is correct;
- computations, casting and rates of charges are correct;
- satisfactory supply of goods or performance of services has been received or will be received

#### **5.3.3.2 Certifying Officers**

The FMA requires Accountable Authorities to appoint Certifying Officers. TI 102 provides for these appointments to be made by either name or position.

A Certifying Officer signs the documentation certifying that under provisions of the FMA, that:

- the invoice is correctly coded for the general ledger;
- the payment has been signed by the Incurring officer; (credit card statements are not to be signed by the card holder)
- the payment voucher is in accordance with Treasurer's Instructions, i.e. they are in the form approved by the Accountable Officer (Chief Executive Officer);
- the voucher contains the appropriate declarations by the incurring and certifying officers;
- particulars of the payment are stated in a manner that will permit the calculations to be readily verified; and
- there are no erasures on the payment voucher, the writing is legible and indelible.

#### **5.3.3.3 Procedure**

- Creditor invoices are to be stamped with the incurring and certifying stamp, upon their receipt at WAIS.
- A finance or Admin officer will code the invoice, and distribute to the appropriate officer for approval as per the WAIS delegation schedule. This officer will approve the invoice and sign as incurring officer.
- The invoice is returned to finance, and a finance officer will enter the invoice into Navision, and sign the invoice as certifying officer.
- The invoice can then be added to a payment run for payment.

### **5.4 Corporate Credit Card**

The use of credit cards to facilitate purchasing and accounts payable functions can result in significant benefits through a reduction in paperwork and streamlining purchasing procedures. In recognition of these benefits, NAB Corporate Cards are utilised by the Institute.

#### **5.4.1 Ancillary Legislation**

TI 321 has specific rules in the use of Corporate Credit Cards. The Accountable Authority may arrange the issue of a Corporate Credit Card to an officer of the Institute.

The Accountable Authority must obtain all Corporate Card Services through suppliers contracted by the Department of Finance, unless the Under Treasurer has approved an exemption.

The use of a credit card is for official purposes only.

The owner of the credit card must report a loss or theft immediately to:

- The credit card organisation; and
- The Chief Executive Officer.

This instruction does not apply to credit arrangements for the purchase of petrol and oils under a Common Use Arrangement (CUA), as managed by the Department of Finance.

#### **5.4.2 Accounting Policy**

The Chief Executive Officer and Finance & Operations Manager may approve the issue of Corporate Credit Cards to Institute employees who:

- regularly purchase goods or services on behalf of the Institute; or
- travel regularly on official business and incur meals, accommodation, fuel, oil or hire vehicle costs.

The Corporate Credit Card may be used where access to the standard payment system is not possible within a reasonable time or when it is more efficient than the standard payment system. A Corporate Credit Card must not be used for private purchases and private settlements.

#### **5.4.3 Personal Usage**

A WAIS corporate credit card is not to be used for a personal purpose. A 'personal purpose' is a purpose that is not directly related to performing functions for the institute.

The Finance Department must reviews credit card statements each month, with the review to be performed by someone other than the cardholder. A review must be performed immediately upon a cardholder ceasing to hold a credit card.

If a card reviewer is of the opinion that a card has been used for a personal purpose, the reviewer must give written notice of that opinion, and his or her reasons for that opinion, to the cardholder and the Chief Executive Officer. If a cardholder disagrees with this opinion they must within 5 days of receiving the written notice, give the Chief Executive Officer written notice of his or reasons for disagreeing with the opinion.

A cardholder must, within five working days of becoming aware that he or she has used a corporate credit card for a personal purpose; give written notice of the use of the credit card for a personal purpose to the Finance and Operations manager and to the Chief Executive Officer; and pay the agency the amount of the expenditure incurred for a personal purpose. The written notice must include; details of the circumstances giving rise to the use of the credit card for a personal purpose; and the details of that use of the credit card; and the amount of the personal expenditure.

Upon receipt of a written notice, the Institute must record the personal expenditure as a debt in the Institute's accounts. Upon receipt of a payment the institute must credit the payment against the debt in the institute's accounts as per TI 321(9) – (10). If a cardholder gives written notice but fails to repay the amount of the personal expenditure, the Chief Executive Officer must be notified of that failure as soon as reasonably practicable.

WAIS management must notify the Board of Directors of any identified personal expenditure within 45 days.

The Institute must disclose any personal expenditure in its annual reports as specified in TI 903(13)(iv).



#### **5.4.4 Cash Advances**

Cash advance facilities are by default blocked on all WAIS credit cards. Cash advances are allowed in certain circumstances where all other payment options are not viable or practical. The process and conditions for using cash advances are;

- The employee must seek in writing approval from the Chief Executive Officer prior to any cash advances being made. This request must specify the reason for the cash advance, the required amount and the period during which the facility will be required;
- The Chief Executive Officer will confirm the cash advance facility to be provided including the amount and the dates on which the facility will be activated and terminated.
- All purchases with the withdrawn cash are to be accounted for as set out in 9.1.4.4 of this manual;

The maximum cap of \$5000 AUD will be set.

#### **5.4.5 Administrative Procedures**

##### **5.4.5.1 Applications for a Corporate Credit Card**

Employees wishing to apply for a Corporate Credit Card should first seek the approval of their respective manager.

Upon obtaining written approval by the manager, employees should contact the Finance Department to obtain all relevant documentation. Forms should be returned to the Finance Officer at least 10 business days before the card is required. The Finance Officer will arrange copies for Institute records and lodgement with the NAB Bank after acquiring approval by the Finance & Operations Manager and the Chief Executive Officer.

##### **5.4.5.2 Credit Limits**

Unless a higher limit has been approved by the Finance & Operations Manager, a default limit of \$2,000 is imposed on each card. The Finance & Operations Manager can only approve a temporary higher limit of up to \$10,000 when required for operational purposes, and the limit is to be brought back to \$2,000 as soon as practicable. The Chief Executive Officer may approve a permanent higher limit of up to \$10,000 when required for operation purposes. The Finance and Operations Manager and Administration Manager may each hold Corporate American Express cards for the travel and any other extraordinary items deemed suitable for these cards.

##### **5.4.5.3 Receipt of Credit Card**

The Credit Card will be forwarded by NAB to the Finance Department via mail, and then sent to the respective cardholder. On receipt of the card, the officer is to immediately sign the card. Cards are to be held by the Finance Department when not needed.

It is the responsibility of the Finance Officer to maintain a register of credit card allocations and authorised credit limits. The register utilised by the Finance Department is the monthly corporate NAB statements since all required information is provided.

The Chief Executive Officer must ensure that each cardholder is aware of his or her obligations under TI 321 and this policy.

##### **5.4.5.4 Using the Credit Card**

It is necessary for all staff to obtain a Tax Invoice for purchases over \$82.50 inclusive of GST; otherwise, the Institute is unable to claim Input Tax Credits (ITC). This applies whether the purchase is made by internet, phone, fax, and mail or in person. Under GST legislation, a supplier is required to provide a Tax Invoice within 28 days of it being requested. The substitute sales docket is no longer sufficient for



purchases over \$82.50 where GST is applicable. If the Institute cannot claim the ITC, the full amount including GST will be charged to the expenditure account.

Employees must **NEVER** sign a blank voucher (credit card authority form / payment form). There is an obligation to ensure that the vendor has completed the voucher correctly, ensuring that the voucher has the correct value. The Institute is committed to pay for the value on the voucher when presented.

The amount entered on the voucher must represent the true cost of the transaction. It must not be used to provide a 'tip' or any other discretionary payment to the vendor or vendor's representative. If there are special circumstances where a tip is considered mandatory (i.e. where travelling in specific countries), a prior written request, detailing the maximum tip percentage, and travel details must be made via the Chief Executive Officer to the Minister. Exceptional circumstances will be required to justify any amount greater than 10 per cent of the transaction cost.

The relevant supervisor must sight the credit card voucher and supplier sales docket/receipt that evidences the nature of the purchase/transaction. The voucher must also state whether the invoice is GST inclusive or exclusive. Where it is GST exclusive, the amount of GST charged must be clearly stated on the voucher.

The credit card voucher is insufficient evidence of the nature of expenditure. Where a sales docket, receipt, or invoice is not available, an employee may be required to complete a statutory declaration concerning the nature of expenditure if an invoice cannot be obtained.

A Corporate Credit Card must not be used for shared travel costs without the prior approval of the Chief Executive Officer or the Finance & Operations Manager. Intentional misuse of the Corporate Card, or where an Employee consistently fails to acquit expenditure, will result in the employee's card being withdrawn from use.

A Corporate Credit Card must not be used by a cardholder during leave periods, unless otherwise approved by the Chief Executive Officer.

#### **5.4.5.5 Acquittal**

All original documentation relating to corporate credit card expenditure is to be received by the Finance Department within one week of the date of distribution of credit card statements for review.

Cardholders must acquit their card immediately upon ceasing to be a cardholder. The invoices and/or receipts plus any additional supporting documentations are to be;

- Neatly secured to the corresponding statement;
- State the full WAIS expenditure code(s) and departmental allocation(s); and
- Signed by the card holder and the card holder's certifying officer.

#### **5.4.5.6 Shared Corporate Credit Card Accounts**

Where the cost for goods or services are to be shared between operational areas (requiring approval for payment from more than one incurring officer), the principal card holder is responsible for obtaining the appropriate expense account code(s), and arrange circulation between relevant officers for approval.

#### **5.4.5.7 Processing of Accounts (Payment on Statement)**

The Finance Department will arrange payment of all the Institute's Corporate Credit Card accounts. These will be paid by the due date to avoid incurring interest charges.

Credit card expenditure not supported by adequate documentation for acquittal will be brought to the attention of the Finance & Operations Manager and/or relevant manager and finally the Chief Executive Officer. Failure to comply with credit card expenditure rules may result in credit card cancellation and the employee, at WAIS's discretion, be held responsible for any costs incurred through unauthorised use of the credit card.

Under no circumstance may employees use their personal Frequent Flyer Card, or similar purchasing club private memberships, to obtain credits or other personal benefits when purchasing goods or services. This includes accommodation while travelling at the Institute's expense, where the initial purchase is made using their personal credit card

#### **5.4.5.8 Lost and Stolen Cards**

The cardholder is responsible for the safekeeping of the credit card. The loss or theft of a credit card must be reported immediately to the Senior Finance Officer, who will contact the National Australia Bank to cancel the card and arrange a replacement.

#### **5.4.5.9 Card Expiry**

The Finance Department will coordinate the replacement of credit cards for the whole organisation. The Finance Officer will notify officers when replacement cards are available.

### **5.5 Debit Cards**

*An accountable authority shall not arrange with a company or organisation for debit card facilities (whereby goods and services may be purchased on account up to the amount of prepaid funds within that account) to be made available to an officer of the agency. TI 322*

The institute shall not make use of debit cards for payment of goods purchased by its officers.

### **5.6 Payment of Cash Advances**

#### **5.6.1 Background**

The Institute maintains cash advances for petty cash and cashier floats funded from its own accounts.

Funds from the cash advance accounts are generally used for the following purposes:

- temporary travel cash advances for one off travel by Institute staff (refer Travel Section of this manual) must be approved by the Finance and Operations Manager;
- petty cash (refer to Petty Cash Section of this manual);
- cashier floats.

Cash Advances to officers to cover expenditure are generally not encouraged by the Institute. In exceptional cases however it may be approved.

#### **5.6.2 Procedure**

- The Cash Advance Account shall be operated on an imprest system.
- Any advances made from the Account must have two approved incurring officers' signatures.
- The officers holding the cash advance accounts shall maintain a register of advances as part of the register of petty cash detailing staff/divisions who hold advances and the value of the advance.
- To apply for a cash advance, an officer must notify the Chief Finance Officer and the Assistant Accountant and receive approval. At that point they can be advanced money, after they have signed the cash advances register. The receipts will then have to be provided to Finance Branch at the earliest convenience.
- An officer with a petty cash advance shall be responsible for the administration and regular reconciliation of their advance. Payments shall be made on presentation of a Petty Cash Voucher that has been signed by the Incurring Position. The payee shall sign the voucher or receipt of the monies specified. Payments shall be recorded on a Petty Cash Form and on Petty Cash Vouchers.

- When recoupment is required, the Petty Cash Form and attachments shall be forwarded to Finance Branch for processing.
- For any shortages or surpluses of monies recorded against a petty cash advance or cashier's float for recoupment, refer to Shortages and surpluses of money section of this manual.
- On 30 June each year, the Finance Department shall forward a confirmation of petty cash form to all holders of advances, who are required to complete the advance, sign the confirmation and return to the Finance Department.

### **5.6.3 Reconciliation of Cash Advances**

The officers holding the cash advances shall effect on a monthly basis and at the end of each financial year, a reconciliation of the cash advances.

The purpose of the reconciliations is to agree:

- the value of the cash advance accounts to the total value of permanent and temporary advances on hand;
- the balance of the cash advance account at the bank; and
- the cheques not presented at the end of each month.
- Each completed cash advance reconciliation shall be reviewed and signed by the preparing officer's supervisor. The preparing officer for future reference and for audit purposes shall retain a copy of the reconciliation.

## **5.7 Payment in Advance (Prepayments)**

### **5.7.1 Background**

Treasurer's Instruction 304 (5) (iii) and (vi) specifies that payments in advance (prepayments) shall only be made in advance when it is a condition of purchase or where a discount is available.

### **5.7.2 Procedure**

Officers seeking to make payment in advance should seek a pro-forma invoice from their supplier, then follow the normal payment procedure to have their invoice paid.

## **5.8 Prevention of Duplicate Payments**

It is the responsibility of all staff involved in the payment process, including those in Finance Department to ensure that invoices are not paid twice. Duplications may result due to a copy of an invoice being sent to the Institute as a reminder to pay, or payment being made on a statement of a vendor's account. It may also occur for reminder notices that inadequately show they are a reminder only (i.e. they may merely be a photocopy of the original invoice).

TI 309, Duplicate Claims, outlines that the acceptance of duplicate claims for payment may result in the multiple payment of accounts, either through error or deliberate intent to defraud the Institute.

To avoid duplicate payments the Incurring Officer shall endorse duplicate claims to indicate they have investigated to ensure a claim has not been previously paid.

## **5.9 Adjustment Notes**

When a supplier has overcharged / undercharged the Institute, a credit / debit to expenditure is processed onto Navision and action is undertaken by the Institute to either obtain a refund from the supplier or make a further remittance to make up the shortfall.

The original invoice will be processed through Navision and a credit / debit adjustment note will be raised against it for the amount the Institute was overcharged/undercharged.

## **5.10 Payment Methods**

### **5.10.1 Background**

In accordance with Treasurer's Instruction 310 of the Financial Management Act (FMA), all payments (except for cash advances and salaries and wages paid in cash in accordance with any written law, industrial award or industrial agreement), shall be by cheque or direct credit using electronic funds transfer to an account at a bank or other financial institution nominated by the creditor, or direct debit of the Institute's operating bank account for payments of a recurring nature.

### **5.10.2 Cheques**

Cheques used by the Institute are computerised and all cheques are marked "Not Negotiable", and are to be signed by a minimum of 2 bank signatories. It is the Institutes preference to make payment electronically either by EFT or Credit Card where possible, as cheques are the least cost effective and least efficient method of payment available to the Institute.

### **5.10.3 Direct Credit by Electronic Funds Transfer (EFT)**

Creditors may opt to have invoices paid electronically by direct credit to their nominated bank account. The creditor must provide full account details, such as title, bank BSB number and bank account number for the payment to be processed successfully. Once the direct credit bank file is prepared in the Accounts Payable System for sending to the bank, the file can be transmitted to the bank via the ANZ Bank's system for payment. The payment file must then be approved by 2 senior managers within the ANZ payment system to be released.

## **5.11 Returned Payments**

### **5.11.1 Background**

In terms of returned payments, the objective of Treasurer's Instruction 310, Payment by cheque or EFT and returned payments of the Financial Management Act (FMA), is to ensure control over returned electronic funds transfer (EFT) payments and returned uncollected cheques and stale cheques so that they are not fraudulently converted and that the interests of those rightfully entitled to the payment are protected.

### **5.11.2 Procedure**

The Finance Department shall:

- maintain a copy of all returned, stopped, uncollected cheques and stale cheques;
- the Finance Office shall follow up all returned EFT payments:
- all reasonable action should be taken to establish the current address of the payee named on returned uncollected cheques, or in the case of returned EFT payments, the correct bank account particulars for the creditor;
- where action to locate the payee of a cheque is unsuccessful, the returned uncollected cheque shall be re-banked and the amount posted against a sundry creditors account;
- stale cheques (i.e. cheques that are unpresented 15 months after the date of creation) are to be posted against a sundry creditors account. The Commonwealth Bank will automatically credit the Institute's operating bank accounts (i.e. the main accounts for the Institute) when an uncleared cheque reaches 15 months old.

### **5.11.3 Sundry Creditors / Unclaimed Monies**

Finance Branch shall annually review the amounts that have been held for more than six years. Any identified amounts shall be credited to the Consolidated Fund in accordance with the requirements of

the Unclaimed Money Act. Instructions are provided by the Department of Treasury and Finance (WA) on how to administer unclaimed monies in accordance with the Unclaimed Money Act.

### **5.12 Reimbursement of Expenses**

Reimbursements when not made via Petty Cash will be paid to WAIS employees via EFT. The Incurring Officer will endorse the account (subject to its validity) and forward it to the Finance Department for processing. The Finance Officer will process the account. The account will be processed consistent with the Payment of Accounts Policy.

### **5.13 Hospitality**

Official hospitality should only be incurred where it is considered essential to facilitate the conduct of Institute business. Hospitality expenditure has the potential to create a Fringe Benefits Tax liability for the Institute. The Institute defines hospitality as an experience whereby the recipient is treated as a guest. All official hospitality expenditure (where practical) must be by a member of the Senior Management Team. Any hospitality provided by Institute Officers must be done so in compliance with the [WAIS Gifts, Benefits and Hospitality Policy](#) which can be found on DMS.

A copy of the written approval is to be attached with any invoice and other supporting documentation. When an officer of the Institute provides hospitality to another person they must provide records to Finance of;

- the date the hospitality occurred
- the location where the hospitality occurred
- the amount spent
- the names of ALL attendees
- if there was alcohol consumed

This information is required by the Institute to determine if any hospitality expenditure could be subject to Fringe Benefits Tax.

### **5.14 Act of Grace Payments (Ex-Gratia)**

#### **5.14.1 Background**

The term 'Ex Gratia' means, as a favour, not compelled by legal right. An Act of Grace payment is generally a means of providing compensation to persons who may have been unfairly disadvantaged by the Institute but who may have no legal claim against it. It is considered in such incidences that there is a moral, rather than legal obligation, to provide compensation to these persons.

Under sections 74(i): "Delegation by Treasurer" and 80 "Act of grace payments" of the Financial Management Act (FMA) the approving of Act of Grace payments has been given to the Minister, the Treasurer or Governor, depending on the value of the payment.

#### **5.14.2 Procedure**

The request for an Act of Grace payment shall be assessed for reasonableness prior to being submitted for approval. Where injustice is suffered, all relevant avenues must be pursued in settling the matter and where required, legal advice has been obtained as to the suitability and amount of compensation.

In complying with Treasurer's Instruction 319, "Act of Grace Payments" of the FMA, the processing of requests for Act of Grace payments shall be undertaken as follows:

- Written request for compensation is referred to the relevant Manager for assessing.
- Manager submits a written claim to the Chief Executive Officer for further assessment.

- the Chief Executive Officer shall ensure details of the proposed payment including full details of the incident or occurrence, which gave rise to the request for an Act of Grace payment, are provided; and
- if required, send a formal reply of acknowledgement to the claimant informing of the action to be undertaken by the Institute to resolve the matter.
- Claim is referred to the Finance and Operations Manager for endorsement.
- Claim is submitted to the accountable authority for authorisation and recommendation.

The accountable authority shall address requests for Act of Grace payments as follows:

- up to \$250,000 is addressed to the Treasurer and submitted to the Minister for the Institute for approval; and
- in excess of \$250,000 to the Treasurer with approval of the Governor.

(refer to the Treasurer's Instructions to ensure up to date amounts)

On approval of claim, Manager forwards a copy of approved response, along with an authorised payment voucher, to the Finance Department.

The Finance Department records details of payment for future reference, financial reporting requirements and audit purposes. Copies of the payment voucher and support documentation are placed onto a registered Institute file.

### **5.15 Salaries, Wages and Superannuation**

The Institute operates on a monthly payroll cycle. Payroll is finalised on at least 3 days prior to payment being made, it is intended that salaries are available in the recipients bank accounts no later than the 15<sup>th</sup> day of each month, this normally means payment will be loaded to ANZ on the 14<sup>th</sup>, earlier if the 15<sup>th</sup> falls on a weekend or public holiday. WAIS has an exemption from the Treasurer to allow a monthly payroll cycle, with most government agencies operating on a fortnightly payroll cycle.

Each payroll is to be checked and signed off by the Chief Executive Officer, and the Finance and Operations Manager, or one other member of the Senior Management Team, prior to being processed through the Institute's bank account. Approvals once loaded to the bank account are to follow the normal payment approval process.

At the conclusion of each payroll cycle, the Finance Department shall prepare a journal to account for all payments made. The Finance Department shall prepare a reconciliation of payroll after each pay cycle, to be signed off by the Finance and Operations Manager.

Refer to section 6 for more detail on Salaries and Wages.

### **5.16 Bank Account Funds Checking**

It is the Institute's responsibility to undertake ongoing checking of approved funds availability to ensure that sufficient funds exist to meet expenditure requirements. This is carried out on a regular basis through daily monitoring of operational bank accounts, periodic bank reconciliations, and cash flow forecasting.

### **5.17 Athlete Benefits**

#### **Background**

WAIS supports athletes across a range of sports and at varying performance levels within a high performance pathway. WAIS provides financial and non-financial benefits to athletes, these are outlined

in the Athlete Benefits Policy. This section of the FMM will outline the financial management of these benefits.

#### Procedures

All benefits and contributions to WAIS athletes must be outlined in individual Athlete Performance Enhancement Plans (APEP's).

All athlete benefits are to be allocated and accounted for in line with the Athlete Benefits Policy, during the budgetary exercise, these may be consolidated by sport program and all of WAIS for presentation purposes.

The WAIS organisational structure identifies the management and administration resources provided to support WAIS athletes. The allocation of management and administration resources to WAIS athletes is quantifiable through the apportionment of time spent by Performance Enhancement Division human resources and overheads.

IASP athletes are not eligible for WAIS Clothing.

### 5.18 Contracts

#### Background

Contracting is an integral part of doing business at the Institute. The delivery of many services and programs often involve contracting with external providers. Effective contract management is consistent with good financial management practice, this includes monitoring of a contractors performance against agreed contractual requirements and / or milestones which in turn enables the early identification of risks and effective risk management.

#### Procedures

The Institute shall create and maintain a register of all contracts that have a dollar value of \$50,000 or more, and results in expenditure by or income to the Institute, or any other contract that is deemed to be significant in nature, as determined by the Finance and Operations Manager.

As per TI 820 as a minimum the register of contracts must contain the following;

- (i) The contract title, or a description of the subject matter of the contract, for example, the goods, services or works to be provided or project to be undertaken;
- (ii) The estimated dollar value of the contract at commencement;
- (iii) Final contract dollar value and the total value of approved variations;
- (iv) Foreign exchange exposure (if applicable);
- (v) The counterparty name and contact details;
- (vi) The commencement date and duration of the contract (if applicable);
- (vii) The name and position of the contract manager; and
- (viii) The scheduling and manner of contractor performance reviews where the agency is the recipient of goods or services (if applicable).

The reference to the dollar value of a contract is to the total value of that contract in Australian Dollars, including GST and any fees, interest or other amounts payable to the contract counterparty and taking into account all extension options available under the contract.

All contracts recorded in the Register of Contracts shall remain on the register for a minimum of 12 months after the end date of the contract.



## 6 Salaries and Wages

### 6.1 Employment Records

Section 49D of the Industrial Relations Act 1979 requires an employer to maintain records for all of its employees.

The minimum information to be recorded for employment records is;

- the employee's full name, address and date of birth;
- the authority for the appointment of that employee and the position held;
- the industrial award or agreement under which the employee is employed including the scale within the award or agreement;
- entitlements to each form of leave to which the employee is entitled, and details (including approvals) of leave taken; and
- any allowances payable to the employee.

This information may be recorded electronically within the Institute's payroll and / or HR information systems.

Notification of any commencements, cessations and variations of employment are to be given in writing on authorised WAIS forms to the Administration Manager and Payroll Officer. Changes to address, bank details, superannuation fund etc. are to be given in writing (email is acceptable) to the Payroll Officer to make the necessary changes to the Payroll System.

### 6.2 Records of Attendance and Time Worked

WAIS records of attendance and time worked are maintained by Sage, in the Micropay payroll system in accordance with Section 49D(2) of the Industrial Relations Act 1979 . Records of attendance and time worked for full time and part time staff are recorded in the Micropay payroll system. Each pay cycle the payroll officer collects and collates time sheets from casual staff, leave applications and any other relevant payroll data. This is sent to Sage to be processed, who then prepare payroll reports for review. Once the payroll is complete the final reports are reviewed and approved by the Finance and Operations Manager and Chief Executive Officer.

### 6.3 Conversion Rates

WAIS employees are paid on a monthly cycle, with full time employees to work 162.5 hours over the course of each month, 7.5 hours per day averaged across 12 months. The conversion rate is calculated automatically by the Institute's payroll system. The calculation for verification of the monthly pay cycle is the authorised annual rate divided by 12. This conversion rate has been adapted as per the requirements of the Public Sector Management Act 1994.

### 6.4 Pay Records

Pay records are prepared for all staff for each pay period. Pay records may be paper based or provided electronically. In accordance the Industrial Relations Act 1979 S49D(2) each pay record must include the following:

- (i) employee's payroll number, where applicable;
- (ii) full name and designation of the employee;
- (iii) the total time worked;
- (iv) the rate payable;



- (v) allowances payable;
- (vi) gross salary or wage earned during the pay period;
- (vii) taxation, other mandatory and voluntary deductions made;
- (viii) net salary or wage due and payable;
- (ix) mode of payment; and
- (x) account(s) to be charged.

The Institute maintains records for the financial year that satisfy the Commonwealth Commissioner of Taxation, these are primarily kept electronically within the Institutes payroll system, however where required, paper records are generated and submitted to the Australian Taxation Office.

WAIS staff members may at any time access particulars of their salary or wage paid, on request to the Payroll Officer.

Employees must nominate in writing at least one bank account or account held by an authorised deposit taking institute to which their net salary will be credited.

Payment of salaries or wages shall be authorised by the Institute's Certifying Officer in accordance with TI 304.

Each payroll is to be checked and authorised by the Chief Executive Officer and another member of the Senior Management Team or the Officer acting in those positions. Each Payroll is to be reconciled at the earliest possible time following each pay period.

### **6.5 Pay Period and Pay in Advance**

Salaries and Wages are paid by the Institute on a monthly basis, payroll is processed at least 3 days prior to the 15<sup>th</sup> of each month, with funds available to staff typically by the 15th.

In accordance of the requirements of the Public Sector Management Act 1974, when payday occurs on a public holiday, or is immediately followed by a public holiday, salaries and wages may be paid 2 days prior to the public holiday.

Provided due notice is given, employees ceasing employment with the Institute during the pay period, may be paid on cessation, or on the first pay following cessation.

Employees who have been granted annual or long service leave may on request be paid in advance all payments of salary or wages and allowances that will fall due during the period of absence; or where a period of annual or long service leave spans multiple financial years, elect to be paid in advance on commencement of the leave in respect of the period up to and including the last payday of the financial year, and on the first payday of the next financial year for the balance of the period of leave..

### **6.6 Deductions**

In accordance with the A New Tax System (Pay As You Go) Act 1999, all deductions made from salaries and wages shall be paid promptly, such as salary sacrifice arrangements, or social club deductions. Mandatory deductions, such as superannuation, PAYG or any other compulsory deductions shall be effected in accordance with any requirement of the written law or a court order and commission shall not be charged on any mandatory deduction. All mandatory deductions must be met from an employee's pay before any voluntary deduction may be made. The accountable authority shall determine the voluntary deductions or categories of voluntary deductions that may be made. A voluntary deduction from the salary or wage of an employee and deductions of amounts owing to an agency shall require the prior authority of the employee in writing. Where the deduction is for contributions to hospital and medical funds or subscriptions to industrially registered employee unions or associations, an official change in general contribution or subscription rate as advised by the fund,

union, or association, shall be considered authorised by the employee unless the employee revokes the authority for such increased deduction. The rate of commission, if any, that may be charged on amounts deducted in respect of voluntary deductions shall be determined by the accountable authority, unless it is negotiated as a result of any written law, industrial award or industrial agreement. In any instance where these commissions do not form part of the revenue of an agency they shall be credited to the Operating Account.

### **6.7 Transfer of Employees**

All WAIS staff are employed on common law contracts, and not under any Public Sector Agreement and not considered public sector employees for the purposes of TI 520 and TI 521, and therefore are not eligible to be transferred to other Public Sector Agencies.

## **7 Taxation**

### **7.1 Introduction**

The Institute is obligated to pay various state and commonwealth taxes including payroll tax, goods and services tax and fringe benefits tax. The Institute is Income Tax Exempt. In order to meet its obligations good records of various transactions are required to be kept, and returns prepared with remittances provided to the relevant agency.

### **7.2 Payroll Tax**

Payroll tax is a tax assessed on the wages paid by the Institute to its employees. The tax is paid at 5.5% on all wages over \$800,000 p.a. When calculating payroll tax payable, officers must include all salaries and wages paid to staff, including;

- Salaries and wages
- Commissions bonuses and allowances
- Directors remuneration
- Superannuation contributions
- Contracting arrangements
- Fringe benefits
- Termination payments

When calculating payroll tax payable officers should refer to information provided by the Department of Finance for up to date guidelines.

### **7.3 Goods and Services Tax**

#### **7.3.1 Background**

The Goods and Services Tax (GST) was introduced on 1 July 2000 by the Commonwealth Government. The GST is a broad-based tax of 10 per cent on most goods, services and other items sold or consumed in Australia. A broad-based tax means that it applies generally to all transactions by all types of taxpayer, with only limited exceptions.

Since 1 July 2000, businesses and other entities registered for the GST have been liable to pay GST on taxable supplies they make in carrying on their enterprise. They have also been entitled to claim input tax credits for the GST component of the price when acquiring goods and services. After the deduction

of such credits, entities must remit to the ATO the net amount of GST on their sales and other taxable supplies.

To claim input tax credits, the Institute must be in possession of a valid tax invoice from its supplier for amounts payable over \$82.50, below this amount evidence of the purchase is all that is needed, such as an EFTPOS receipt.

### **7.3.2 Reporting Requirements**

The Business Activity Statement (BAS) is the form on which the Institute notifies the ATO of its liability for GST, PAYG withholding, PAYG instalment and FBT instalment (or combinations of these).

The BAS is primarily used to:

- report and pay to the ATO the GST the Institute has collected;
- claim GST credits from the ATO.

The Institute lodges its BAS return on a quarterly basis.

## **7.4 Fringe Benefits Tax**

### **7.4.1 Background**

Fringe Benefits Tax (FBT) was introduced on 1 July 1986. It was designed to overcome deficiencies in the income tax law that allowed fringe benefits to be, in effect, a form of tax-free income.

FBT ensures that tax is paid by the employer which provides the tax free fringe benefit in place of, or in addition to, salary or wages of their employees and/or their associates (past, present or future). FBT is separate from income tax and is based on the taxable value of the various fringe benefits provided. The FBT year runs from 1 April to 31 March.

The tax rate for FBT is currently 49% reverting to 47% from 2018. The rate of tax may vary from year to year. Each year the Australian Taxation Office (ATO) will advise employers of the current rate.

The Institute needs to ensure compliance with the requirements of the FBT legislation and the ATO manual: "Fringe Benefit Tax – A Guide for Employers". It is extremely important that all records are maintained for all fringe benefit liabilities in the Institute.

The Institute reports on FBT fringe benefit liabilities based on the entitlements granted to Institute employees including the following:

- Motor Vehicles – use of Motor vehicles by employees for private use (i.e. – travel from work to home);
- Entertainment – including meal entertainment provided to employees for the provision of meal entertainment by way of food, drink or recreation;

### **7.4.2 Reporting Requirements**

FBT is reported at the end of the FBT year after 31 March on a yearly basis. The annual return must be lodged with the ATO by 21 May each year unless an extension of time to lodge has been arranged.

FBT is payable by instalments on a quarterly basis based on the previous year's liability. The amount of the fourth quarter payment is calculated as the liability disclosed in the return reduced by the amount of the instalment payments. If the amount paid as instalments exceeds the annual liability, then the ATO will refund the balance.

### **7.4.3 Payroll Implications**

The FBT liability reported to the ATO as at 31 March has implications for payroll. If the value of reportable fringe benefits exceed \$2,000 for an individual employee in an FBT year (1 April to 31 March),

this amount will be grossed up as per ATO guidelines and reported on the employees payment summary for the corresponding income year (1 July to 30 June). Whilst the tax is payable by the Institute, the reportable fringe benefits recorded on an employee's payment summary could have implications for their eligibility for certain benefits and rebates.

## 8 Financial Reporting

### 8.1 Introduction

Financial statements constitute a general purpose financial report that has been prepared in accordance with Accounting Standards. The Treasurer's Instructions may modify or clarify their application, disclosure, format and wording to provide certainty and to ensure consistency and appropriate reporting across the public sector.

Part XI of Treasurer's Instructions specifies that financial reporting is a form of communication designed to enable Parliament and other users of financial statements to assess the financial operations, financial position and performance of Institute's and statutory authorities. This enables more informed assessments and economic decisions regarding the agency.

The Financial Management Act 2006 (FMA) and Treasurer's Instructions, are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, UIG interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

Changes in accounting policies from the current period and the preceding accounting period are to be disclosed in the financial statements in accordance with the Treasurer's Instructions.

The Model Annual Report for Statutory Authorities, prepared by Department of Treasury, is used as a guide for the Institute in preparing the Statutory Financial Statements.

(refer to Western Australian Financial Administration Bookcase WAFAB  
<http://www.treasury.wa.gov.au>).

The responsibility for producing financial reports for the Institute lies with the Finance and Operations Manager. The reports are prepared within the following criteria:

- Produced in a format acceptable to the Board of Directors and to the Institute for presentation of the annual statements to Parliament.
- Compliant with Australian Accounting Standards.
- Compliant with the FMA (regarding Financial Reporting) and Treasurer's Instructions.

The Institute maintains an accrual based general ledger in its Navision financial management system. Reporting of information is by the accrual method.

### 8.2 Objectives of Financial Reporting

The financial reporting of the entity is required by Parliament as the custodian of community interest, but also may be used by management, other agencies or other interested bodies. Financial reports are central to accountability and are a means of communicating information to the community as a whole and the elected representatives. Financial reports are also a means of disclosing information to determine:

- The economic condition of the reporting entity, having regard to its financial position, performances, financing and investing activities and liquidity and solvency.
- Performance measures to report the ability of the entity to economically acquire resources, and using those resources efficiently and effectively in achieving specified objectives.
- Compliance with statutory requirements, or any regulations, rules, ordinances or directives of a financial nature governing a reporting entity's operations.
- The disclosure of information on financial status, performance and compliance will provide the user with a basis to assess the entity's ability to continue to maintain the level of services provided or the necessity of additional resources or change of services that may be required.

### **8.3 Basis of Accounting**

Financial statements are prepared in accordance with the accounting standards and Treasurer's Instructions.

The statements are prepared on an accrual basis of accounting using the historical cost convention, with the exception of buildings and land assets that are measured at fair value.

The financial statements are presented in Australian dollars rounded to the nearest thousand dollars (\$000).

#### **8.3.1 State Government Grants**

The Institute's primary source of income is through grant funding provided by the Department of Local Government Sport and Cultural Industries (DLGSC). Grants from DLGSC are paid in instalments at times agreed with the Department.

#### **8.3.2 Grant and Other Contributions Revenue**

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Institute obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions are recognised when their value can be reliably determined and the services would be purchased if not donated.

#### **8.3.3 Revenue Recognition**

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Institute has passed control of the goods or other assets or delivery of the service to the customer.

#### **8.3.4 Cash**

For the purpose of the Statement of Cash Flows, cash (includes cash assets and restricted cash assets) includes cash held at within the operating accounts of WAIS and invested in term deposits with terms of less than 3 months until maturity, that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value and cash advances.

#### **8.3.5 Receivables**

Receivables are recognised and carried at original invoice amount, less any allowance for uncollectable amounts (i.e. impairment).

Collectability of receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off.

The allowance for uncollectable amounts (a provision for doubtful debts) is raised where there is objective evidence that the Institute will not be able to collect the amounts.

The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

#### **8.3.6 Investments**

Investments are brought to account at the lower of cost and recoverable amount. Interest revenues are recognised as they are accrued.

#### **8.3.7 Payables**

Payables, including accruals not yet billed, are recognised when the Institute becomes obliged to make future payments as a result of purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

#### **8.3.8 Employee Benefits**

##### **8.3.8.1 Annual Leave and Long Service Leave**

The Institute conducts an annual assessment of annual leave and long service leave liabilities to determine its short term and long term liabilities. Short term annual leave and long service leave liabilities those expected to be settled within 12 months after the end of the reporting date are recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Long term annual and long service leave expected to be settled more than 12 months after the end of the reporting date are measured and reported as per the requirements of AASB 119. WAIS shall conduct an actuarial assessment of leave liabilities every second year to ensure they are being reported accurately.

##### **8.3.8.2 Superannuation**

The institute makes superannuation payments each pay cycle on behalf of all employees to their nominated superannuation fund at the current superannuation guarantee rate. Staff are free to choose their own fund or may elect to have payments made to AMP, WAIS' default fund. Staff may also elect to make additional contributions from their pre-tax salaries to their chosen funds.

##### **8.3.8.3 Provisions – Other Employment On-costs**

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of other expenses and are not included as part of the Institute's employee benefits expense. The related liability is included in employment on-costs provision.

##### **8.3.8.4 Provisions - Other**

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Institute considers the carrying amount approximates net fair value.

#### **8.3.9 Leases**

The Institute leases properties and vehicles where necessary to enable the Institute to perform its functions.

#### **8.3.10 Resources Received or Provided Free of Charge or for Nominal Cost**

Resources received or provided free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

### 8.3.11 Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

## 8.4 Statutory Requirements

### 8.4.1 Background

The Financial Management Act (FMA) Section 57(2), makes the Chief Finance Officer responsible to the accountable authority, as the case may require, for:

- the preparation of financial information to facilitate the discharge of statutory reporting obligations;
- the provision of advice on the effectiveness of accounting and financial management information systems and financial controls in meeting the requirements of the agency;
- the provision of advice concerning the financial implications of, and financial risks to, the agency's current and projected services;
- the development of strategic options for future financial management and capability of the agency; and
- the development of financial management skills within the agency.

The FMA, Section 58 makes the accountable authority, responsible for the effectiveness of accounting and financial management information systems.

### 8.4.2 Annual Reports

Financial statements for the Institute are prepared at the end of each financial year for inclusion in the Annual Report as required under the FMA, Section 61. The financial statements must be submitted to the Auditor General, in accordance with Section 62 and 63 of the FMA, to enable sufficient time to meet Parliamentary deadlines.

The Minister must submit to Parliament (as per the FMA, Section 64) within 90 days after the end of the financial year a copy of both the Annual Report (prepared under Section 61 of the FMA) and copy of the opinion of the Auditor General prepared and signed (as per Section 63 of the FMA).

The Institute must complete the Annual Report in sufficient time to enable the approval of the Annual Report by the Director General and Minister and the publishing of the Annual Report prior to the deadline stated above. This will involve liaising with the Minister's office, Office of the Auditor General, and officers within the Institute to ensure that the deadlines can be achieved.

The Annual Report shall contain:

- Financial statements for the financial year
- Performance indicators and such other information as may be directed by the Treasurer's Instructions
- A report on the operations of the Institute during the financial year
- Proper and adequate notes to the financial statements
- Other financial statements and information as required by the Treasurer's Instruction and the Minister

The financial statements must be accompanied by a Statement of Certification signed by the Chief Finance Officer, and the accountable authority (refer Treasurer's Instruction 947). The Auditor General

is required to prepare and sign an opinion on the financial statements within the specified period of the statements being received.

More specific requirements for the financial statements are contained in Part IX and XI of the Treasurer's Instructions.

The Model Annual Report, which is provided in Treasury's Western Australian Financial Administration Bookcase (WAFAB), is the template to be followed in preparing the Statutory Financial Statements. As per TI 1107 the Institute is considered a Tier 2 agency and should refer to the Illustrative Model Annual Report for Reduced Disclosure Requirements as a guide to the minimum annual reporting requirements of the Australian Accounting Standards and Interpretations.

#### **8.4.2.1 Financial Management Act (FMA)**

In compliance with the requirements of section 61 and 62 of the FMA, Treasurer's Instructions Part IX, 902 and 903, Part XI, 1101, 1102, 1103, 1105, and 1107 for financial reporting of Statutory Authorities, the Institute shall provide the following structure in its Annual Report :

- Report on operations
- Performance Indicators
- Financial statements
- Such other information as the Minister may direct in writing; and
- Certification of Performance Indicators

Financial Statements prepared in accordance with the Act shall include (Treasurer's Instruction Part XI):

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements.
- Statement of Compliance; and
- Certification of Financial Statements

Notes to the Financial Statements (comprising):

- Statement of accounting policies
- Financial position notes
- Operating statement notes
- Schedule of Expenses and Revenues by service
- Schedule of Assets and Liabilities by service
- Cash flows from Operating Activities
- Cash flows from Investing Activities

#### **8.4.2.2 Treasurer's Instructions**

The Institute's financial statements are prepared in accordance with Treasurer's Instruction Part XI Financial Statements which prescribes the minimum disclosure requirements applicable to the preparation of financial statements on an Accrual Basis.



Treasurer's Instructions within Part XI comprise:

1101 Application of Australian Accounting Standards

1102 Statement of Comprehensive Income

1103 Statement of Financial Position

1105 Consolidated Financial Statements

In addition to the requirements of Part XI, some Treasurer's Instructions included in Part IX also apply to the preparation of annual financial statements.

#### **8.4.3 Accounting Standards**

It is the Institute's policy to prepare financial statements in accordance with the Australian Accounting Standards, except where modified by the Treasurer's Instructions.

#### **8.4.4 Certification**

The financial statements on completion are to be certified in accordance with TI 947 and signed by:

- Accountable Authority
- Chief Finance Officer

#### **8.4.5 Related Party Disclosures**

As per the requirements of TI 924 and Australian Accounting Standard AASB 124 "Related Party Disclosures" the Institute is required to disclose any potential related party transactions that have occurred between WAIS and key management personal (KMP), or an entity under the control of a KMP, and their close family members. KMP are those persons having authority and responsibility for planning, directing, and controlling the activities of the Institute, directly or indirectly.

WAIS related parties include;

State Government Ministers;

Members of the WAIS Board;

The WAIS CEO and Senior Management;

And their close family members, including; spouse or domestic partner (including married or de-facto, civil union partnership, but excluding separated or divorced spouse or partner); children over the age of 16, including children of the spouse / partner (including step, adopted, dependant / non-dependant, adult children living / not living at home); and dependants over the age of 16; including dependants of the spouse/partner (i.e. family member supported by the KMP or spouse / partner and may include siblings, elderly parents / grandparents or disabled family members.

An entity includes sole proprietors, partnerships, companies and trusts in which the KMP or their close family member have control or joint control.

A related party transaction is a transfer of resources, services or obligations between the Institute and a related party, regardless of whether a price is charged. Judgement should be used in determining when a transaction is material for collection and disclosure, especially when qualitative assessments are made about the nature of a transaction.

It is considered that:

- (i) Citizen transactions are unlikely to be material for disclosure, and therefore excluded from collection. These transactions are where KMP or their close family members interact with a public sector entity under the same terms and conditions as a public citizen.

- (ii) Business transactions, by which there is the exchange of goods or services through a market (i.e. arm's length), between related parties and a public sector entity could be quantitatively material, and therefore required to be declared when they are above \$50,000.
- (iii) Other sensitive transactions between related parties and the Institute are to be declared, with KMP exercising judgement on the sensitivity and materiality of the transaction to the intent of the standard.

At the end of the reporting period the Finance and Operations Manager will distribute a data collection form to be completed by members of the WAIS Board, CEO and Senior Management to capture information on all entities under their, or their close family members control and any possible related party transactions that may have occurred during the period. Possible transactions related to a Minister and their close family members will be communicated via Treasury. The Finance and Operations Manager will review the data collection forms against all WAIS transactions for the period and those considered material in nature will be disclosed in the Annual report.

#### **8.4.6 Rounding of Figures**

In accordance with TI 948, amounts shown in financial reports are to be shown in whole dollars, with cents rounded to the nearest dollar. For purposes of clarity, and to improve understanding of financial reports figures may also be rounded to the nearest thousand dollars, where appropriate.

#### **8.4.7 Comparative Figures**

As per the requirements of TI 949, published financial statements shall disclose comparative figures for the corresponding item in the financial statement for the immediately preceding financial year. Where the financial statements do not include an item that appeared in the previous financial year, the amount of the previous item shall still be shown. Where the classification of an item has changed from one financial year to the next, the item for that immediately preceding year shall be similarly reclassified for the purposes of comparative amounts, and the nature of the change shall be disclosed by way of a note to the financial statements. If it is not practical to reclassify an amount from the previous financial year, the institute shall disclose the reason for not representing or reclassifying the comparative amounts and the nature of the changes that would have been made if amounts were represented or reclassified. If the Institute undergoes a restructure that results in significant changes to the activities and services provided, no comparative amounts for the preceding financial year shall be shown, the Institute shall disclose by way of a note the reason for non-disclosure of comparative amounts in the financial statements.

#### **8.4.8 Reporting Dates**

Financial Statements for the year end are to be submitted to:

- the Minister (see Section 63(2) of the FMA)
- the Auditor General (see Section 63(1) of the FMA)

The reporting dates set for the Minister and Auditor General need to reflect that the Minister needs sufficient time to present the report to Parliament, within a period of 90 days after the end of the financial year (see Section 64(1) of the FMA).

#### **8.4.9 Auditor General's Opinion and Reports**

In keeping with Section 15 of the Auditor General Act (AGA) the Auditor General shall prepare and sign an opinion on the audit of the Institutes financial statements and performance indicators and transmit their opinion to the Minister and a copy to the Institute within set deadlines.

#### **8.4.10 Tabling of Reports to Parliament**

The Minister is to table the Annual Reports, incorporating the financial statements together with a copy of the opinion of the Auditor General, with both Houses of Parliament within 90 days after the end of the financial year (see FMA Section 64).

#### **8.4.11 Explanatory Statement**

As per TI 945 the Institute is required to publish an explanatory statement within its annual report that explains any major variance to estimates. *‘Major variance’ means variances, when compared to estimate or prior year actual, of: (a) greater than 10% or \$10 million; or (b) variances where qualitative evidence indicates omission of narrative information could potentially mislead readers of financial statements. TI 945 (2) (ii).*

### **8.5 Performance Indicators**

Performance Indicators are to be prepared for inclusion in the Annual Report as required by Treasurer’s Instruction 904, and FMA Section 61.

The Performance Indicators shall be accompanied by a statement declaring whether the Performance Indicators:

- are based on proper records;
- are relevant and appropriate for assisting users to assess the performance of the Institute; and
- fairly represent the performance of the Institute for the financial year.

Performance indicators are prepared by the Performance Team Directors in collaboration with the Corporate Communications Coordinator. The Finance Department will liaise with the relevant staff areas to ensure that the Cost per unit calculations are correct.

### **8.6 Whole of Government Reporting**

#### **8.6.1 Background**

The Department of Treasury informs agencies of their whole of government reporting requirements. Agencies’ financial information is required by Treasury to enable them to complete the State Government’s Consolidated Financial Statements for the year ending 30 June and further reporting requirements throughout each year (monthly and quarterly).

The Strategic Information Management System (SIMS) is the financial database used by Treasury to compile the Consolidated Financial Statements and the Financial Results Reports produced on a monthly, quarterly and annual basis each year. The Institute is required to submit SIMS data on a quarterly basis for the Institute.

The preparation and release of these reports relies very much on the timely and accurate submission of financial data by agencies into SIMS. If supplementary information is also required (e.g. assets, depreciation, and commitments and contingencies at year end), the Treasury will provide the relevant details and deadlines.

#### **8.6.2 Procedures**

Detailed internal procedures will be maintained in a Finance Administration Procedures Manual on an ongoing basis.

### **8.7 General Information in Financial Statements**

TI 952 requires the Institute to present a set of general information in the annual report with the financial statements.

#### **8.7.1 Senior Officers Remuneration**

The Institute prepares details of remuneration paid to members of the Accountable Authority, and also for senior officers of the Institute who are not members of the Accountable Authority, in accordance with TI 952. These are disclosed as notes to the financial statements in the Institute's annual report. The disclosure is to include;

- the total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year; and
- the number of senior officers of departments whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, falls within each band of income of \$10,000; and
- the number of members of the accountable authority (if applicable) and senior officers (other than senior officers reported as members of the accountable authority) of statutory authorities, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, falls within each band of income of \$10,000.

The total of fees, salaries, non-monetary benefits and other benefits referred to above shall include those received, or due and receivable, as a result of being a member of the accountable authority of the Institute and/or holding a management position in the Institute

The term 'non-monetary benefits' shall mean the amount of any fringe benefits as assessed for the purpose of fringe benefits tax and any related fringe benefits tax, or if the reporting entity is exempt from fringe benefits tax, an estimate of the amount of fringe benefits that would have been assessed had the entity not been exempt; and the total of superannuation referred to above shall mean the superannuation expense to the Institute incurred as a result of a person being a member of the accountable authority of a Institute and/or holding a management position in the Institute.

#### **8.7.2 Fairly Presented Financial Statements**

If the Accountable Authority concludes that the financial statements as prepared in accordance of the Treasurer's Instructions do not otherwise present fairly, the Accountable Authority shall disclose by way of a note to the financial statements such information and explanations as necessary to ensure that the financial statements do present fairly such matters.

#### **8.7.3 Revenue, Debts and other Public Property Written Off**

Information regarding the following shall be disclosed by way of a note to the financial statements;

Where the Institute has written off revenue, debts or any other public property, in addition to where these amounts are already disclosed within the financial statements, the Institute shall include details of the authority under which such amounts were written off;

- the Accountable Authority;
- the Minister; and
- Executive Council

Losses of public money, or property through theft, default or otherwise, referred to in TI 803 together with details of recoveries of losses and losses written off.

Gifts of public property made during the financial year.

#### **8.8 Publication and Presentation of Estimates**

The Institute shall prepare budget estimates as per the requirements of Section 40 of the FMA and TI 953. Original budget estimates for the current financial year shall be included in the annual report of the preceding financial year. The Accountable Authority shall submit the estimates for the approval of the

Minister at such times as determined by the Treasurer. The Accountable Authority shall transmit a copy of approved estimates to the Under Treasurer as soon as is practicable.

### **8.9 Contributions by Owners**

As per TI 955 the Institute will record non-reciprocal transfer of assets from another government agency as a contribution from owners as per relevant accounting standards. A non-reciprocal transfer of assets from the Institute to another government agency shall be treated as a distribution to owners as per relevant accounting standards. Transfers of cash are not considered contributions of owners, or distributions to owners. All contributions from owners and distributions to owners are to be recognised at fair value by both the transferee and transferor.

### **8.10 Management Reporting**

The Institute produces a range of internal reports that provide the users of the reports with a summary of the Institute's monthly and year to date position. The reports are derived from Navision and other sources. Section 10 - Management Accounting provides more information on Management Reporting.

## **9 Asset Management**

### **9.1 Introduction**

By definition an asset is a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit. This section deals specifically with non-current assets – assets whose economic benefit will not be consumed completely within 12 months of acquisition.

### **9.2 Acquisition of Assets**

All physical assets controlled by WAIS with a value of more than \$5,000 and a total useful life of more than two years will be included on the Institute's asset register. Physical items with a value of less than \$5,000 are expensed in the year of acquisition. Some of these items will be considered "portable and attractive", such as computer hardware and will be included on the Institute's non-capital asset register. In circumstances where the Institute considers it of value to do so, some physical items that are similar in nature, and individually less than \$5,000 in value but collectively greater than \$5,000 will be grouped together and treated as a single asset.

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

### **9.3 Accounting for Non-Current Assets**

#### **9.3.1 Recognition of Assets**

An item that qualifies to be included in the balance sheet must not only meet the definition of an asset, but pass certain recognition criteria. These being:

- it must be probable that future economic benefits will eventuate from the asset purchase and it must be possible to reliably measure the benefit;
- WAIS must have the capacity to control the future economic benefits; and

- only present abilities to control future economic benefits are assets.
- have an initial purchase price of greater than \$5,000

Some items may meet the definition of an asset, but be their purchase price is less than \$5,000, as per TI 410 these items should be expensed at the time of acquisition, unless they form part of a group of similar assets whose collective value is greater than \$5,000 and it is of benefit to the Institute to group these together as a single asset.

The cost of an asset (non-current) includes:

- all reasonable and necessary costs incurred to place the asset in a position and condition ready for use; and
- all costs incurred which enhance the future economic benefits of the asset beyond those initially expected at acquisition.

### 9.3.2 Leased Assets

Leased or rented assets will be treated as if owned by the Institute where the Institute has control of the leased assets, and the economic benefit of the asset directly benefits the Institute. Insurance and maintenance will be arranged in accordance with any specific requirements of the lease or rental agreement.

Finance leases effectively transfer to the Institute the entire risk and benefits of ownership of the leased items. The Institute's right to the asset and obligations under the finance lease is initially recognised as an asset and liability in the financial records. The asset is amortised over the period during which the Institute is expected to benefit from the use of the leased asset.

### 9.3.3 Depreciation

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is calculated on the straight line basis in accordance with the estimated useful life of each asset class, using rates which are reviewed annually. Useful lives for each class of depreciable asset are;

Buildings and Building Improvements	20 – 40 years
Office Equipment	3 – 10 years
Computer Hardware	3 – 5 years
Computer Software	Written off in the year of acquisition unless an integral part of another asset, in which case it should be depreciated at the rate for that asset class

Motor Vehicles	4 years
Sports Programs	4 – 10 years
Sports Science Equipment	5 – 10 years
Strength and Conditioning – Weight Training Equipment	10 years

#### **9.3.4 Non-Current Assets Classified as Held for Sale**

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately from other assets in the Statement of Financial Position. Assets classified as held for sale are not depreciated or amortised and appear as a current asset. The likelihood of this being reported for the Institute is minimal.

### **9.4 Asset Register**

TI 410 FMA provides direction for the Institute in ensuring that records of public property are maintained in an appropriate asset register. The Institute must ensure that Plant, Equipment and Furniture owned or under the control of the Institute with a value of more than \$5,000 and a useful life of more than two years is recorded.

The following asset registers will be maintained by the Finance & Operations Manager:

- Register of all assets with a book value exceeding \$5,000 and a useful life of more than two years (this will be used for financial reporting purposes), and
- Register of all assets that are either valued at \$5,000 and above, and with a useful life of more than two years, (consistent with FMA provisions). This register is to be maintained in the Accounting system, and is referred to as the “Asset Register”.

All assets must have an asset number barcode affixed to them (where practical).

Assets must be removed from the Accounting system upon disposal.

In compliance with TI 406 a stock take of assets is to be performed on an annual basis. The asset verification test should be carried out by the Department Manager and a person independent to that department, preferably a person from the Finance Department. Material differences between the asset register and stock take must be reported to the Accountable Authority, together with follow up actions, and suggested remedies. The asset register must be adjusted with any discrepancies, which shall be written off, where appropriate with the approval of the Board.

### **9.5 Non-Capital Asset Register**

To manage portable and attractive assets WAIS will maintain a non-capital assets register. Portable and attractive assets are defined as assets that meet the technical definition of an asset but were valued at less than \$5,000 at the time of purchase.

The non-capital assets register will be maintained by the WAIS Finance Department. The register will record all necessary details to monitor the location of the assets and their operational state.



## 9.6 Asset Operation

### 9.6.1 User Responsibilities

Officers are responsible for the security of assets within their control and to ensure that assets are maintained in good working order. If any asset is lost, stolen, damaged or relocated, the Finance department must be advised immediately.

Managers and Program Consultants are responsible for ensuring assets are accounted for and that the Finance Department is advised if and where the assets have been relocated.

Where the asset comprises a motor vehicle, there are specific policies relating to motor vehicles. Institute officers should refer to Motor Vehicle Management Policy. The Treasurer's Instructions define a motor vehicle as;

*For the purposes of these Treasurer's instructions, government motor vehicles shall comprise any motor vehicle of an agency, or any motor vehicle hired or leased by an agency. TI 411 (1)*

### 9.6.2 Examine Existing Asset Performance

To meet service delivery demand, the Institute should examine:

- existing facility performance in terms of functionality and utilisation across the Institute; and
- rationalise the future under-utilised facilities.

In order to undertake the above, the Institute will require an up-to-date Asset Register.

### 9.6.3 Maintenance of Assets and Maintenance Contracts

The Finance & Operations Manager and Chief Executive Officer are authorised to enter maintenance contracts on behalf of the Institute.

With the operation and use of any asset, employees need to comply with OHS in the workplace. In particular, employees should:

- comply with instructions and procedures given or established in the workplace for safe work methods or systems, unless the employee has reasonable cause to believe that to continue such work will expose them or others to danger;
- maintain the workplace in a safe and hygienic condition at all times as far as is practicable;
- use protective clothing and equipment as required;
- store and maintain all personal protective equipment as agreed with the supervisor;
- use equipment only for the purposes designed, and no equipment will be deliberately damaged;
- do not alter machinery so as to increase the risk of an accident;
- report to the immediate supervisor any situation in which they have reason to believe could present a hazard and they cannot correct;
- inform the supervisor when issues are likely to affect their ability to carry out their work in a safe manner;
- report any injury or harm to health that arises in the course of work to the supervisor;
- report to the supervisor any accident, incident or injury to health that arises in the course of work, that may/may not have the potential for more serious consequences;
- follow the workplace procedure for reporting and rectifying hazards;
- co-operate with the supervisor/manager/director in improving safety and health at the workplace;



- attend training course/sessions where appropriate; and
- attend the workplace induction.

### **9.7 Asset Planning**

Asset planning uses ongoing corporate strategic management and planning processes to develop a Capital Investment Plan, which complements the overall, service delivery strategies for the Institute.

Strategic Asset Management is best defined as “the comprehensive management of asset demand, procurement, use, maintenance, operation, rehabilitation, disposal and replacement to maximise the return on investment at the required standard of service”.

The overall benefits in implementing strategic asset management are:

- improvement in ability to meet demands for asset planning;
- better design and control over capital expenditure;
- standardisation of the Institute’s asset identification, information and processes involved in asset management; and
- reduce in the number of maintenance programs in use at WAIS.

### **9.8 Revaluation of Non-Current Physical Assets**

The Institute does not control any assets (land and buildings) required to be measured at fair value as per TI 954.

However as part of regular reviews of other fixed assets under the control of the Institute it shall test assets to determine if revaluation is necessary as per the requirements of AASB 116 and other applicable accounting standards. Property, plant and equipment assets are tested for any indication of impairment where there is reason to believe an assets value may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised.

The risk of impairment is generally limited to circumstances where an asset’s depreciation is materially understated or where the replacement cost is falling. Each relevant class of asset is reviewed annually to verify that the accumulated depreciation reflects the level of consumption or expiration of an asset’s future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each Statement of Financial Position.

### **9.9 Asset Disposals and Write Offs**

All asset disposals are to be approved by the board prior to removal from asset registers, or any accounting treatment. Accounting for disposals shall follow all relevant accounting standards.

Sections 48(1) to (5) of the FMA allows the Minister and Accountable Authorities to write-off amounts in respect of public property, revenue and other debts due to the State or a Statutory Authority.

Financial Management Regulation 7 imposes limits on the amounts that may be written off, in respect of a matter or transaction, by Accountable Authorities, and on the amounts that Ministers of

departments may write off without the prior approval of the Governor. There is no limit imposed on the amounts, which may be written off by a Minister of a Statutory Authority.

In summary, the requirements of this regulation in respect of authority levels for write-offs are as follows:

	<b>Statutory Authority</b>
<b>Up to \$100,000</b>	Accountable Authority,
<b>Up to \$250,000</b>	Responsible Minister
<b>Over \$250,000</b>	Responsible Minister with approval of the Governor

The Finance Officer will assess amounts considered irrecoverable with a recommendation for write-off provided to the Finance & Operations Manager. Further recovery action on amounts outstanding will be pursued (e.g. engagement of a debt collection agency or court action) on the approval of the Finance & Operations Manager. Engagement of a debt collection agency or court action is only to be considered an option to collect outstanding amounts when the benefit or potential benefit outweighs the associated costs.

*Submissions for write-offs by agencies shall provide full details of the proposed write-off including:*

- (i) an audit trail of the original transactions relating to the proposed write-off;*
- (ii) file and other references, as necessary; (iii) the individual amounts to be written-off; and*
- (iii) where appropriate, details of recovery and remedial action taken. TI 807 (2)*

A register of all amounts and items written off shall be kept by WAIS. This procedure is to be followed for all assets and amounts to be written off by the Institute.

## **10 Management Accounting**

### **10.1 Budget Management**

#### **10.1.1 Purpose of Budgets**

The purpose of budgets is to:

- provide a forecast of the organisational revenues and expenditures so as to enable the actual financial operation of the Institute to be measured against the forecast;
- plan for the future and set short-term and long-term targets;
- coordinate functions within the Institute such that all department plans are integrated;
- formally communicate objectives and strategies within the Institute;
- provide a basis for responsibility, i.e. individual managers are made responsible for achieving budget targets;
- ensure a basis for comparing organisational and departmental actual performance with a plan and identifying any deviation from that plan;
- provide a formal authorisation for future expenditure from senior management to individuals who are responsible for expenditure; and
- motivate Institute staff to attain certain targets.

### **10.1.2 Budget Process**

The WAIS budgeting process begins in April, where the Finance & Operations Manager sets the budget timetable and meets with other Senior Managers to discuss the overall parameters which will define the budget. Managers then populate relevant information for their respective section, consistent with the Athlete Performance Enhancement Plans, and provide such information to the Finance & Operations Manager. The Finance & Operations Manager with the support of the other Senior Managers formulates the budget for the ensuing year and for the subsequent four years.

The Finance & Operations Manager consolidates the individual budgets into two draft documents,

- the one-year budget and
- the subsequent four-year budget.

These drafts include provisional capital purchase proposals.

The management group meets regularly during the April – May period and refines the individual budgets and capital purchase proposals with emphasis on strategic goals and available resources. A final draft of each document is adopted by the Audit and Risk Committee in late May and presented to the Board for approval.

Once approved, the one-year budget is uploaded into the finance system.

### **10.1.3 Budget Monitoring**

The purpose of this policy is to ensure major deviations from budget are investigated, documented and relevant action taken.

### **10.1.4 Policy**

All Department and Program variances of actual to budget of greater than \$10,000 for the month and \$20,000 for year to date be investigated, documented, reported to the Board, and relevant action taken.

### **10.1.5 Process**

- The Finance & Operations Manager highlights variances of \$10,000 and greater for the month, and variances of \$20,000 and greater for the year to date on the profit and loss reports.
- The Finance & Operations Manager provides the monthly departmental profit and loss reports to Managers and Program Consultants and requests explanations of variances where required.
- Managers provide explanation of variances in writing (when requested to do so) to the Finance & Operations Manager before the following Board meeting.
- The Finance & Operations Manager reports these reasons and actions or recommendations to the Board.
- Finance and Operations Manager maintains files of the documentation of the monthly reports.

### **10.1.6 Budget Reviews**

A Mid-Year Review of the budget has to be formulated in relevant years where the sporting environment changes to the extent that significant parts of the original budget would be impacted by material fluctuations. In the last two months of every calendar year, the Finance & Operations Manager is to recommend to the Chief Executive Officer whether or not a Mid-Year Review budget is required to be formulated. The Chief Executive Officer has the authority to approve the recommendations to formulate Mid-Year Review budgets.

When a Mid-Year Review budget is required to be formulated, all individual budgets are reviewed in the January / February period so as to ensure the Institute accounts reflect changes in circumstances throughout the financial year. As with the original budget, the management group meet during the

review period and prioritise operational plans and update budgets to take full advantage of the available resources. Once management agrees on the consolidated Mid-Year Review budget, it is presented to the Audit and Risk Committee and the Board for its approval. The approved budgets are then uploaded to the Finance system to be reported against on a monthly basis.

## **10.2 Capital Budgeting**

### **10.2.1 Purpose of Capital Budgeting**

- To ensure WAIS has state of the art equipment for the development of elite athletes;
- To ensure WAIS does not over-commit its resources in the planning for asset acquisitions.

### **10.2.2 Capital Expenditure Process**

During the April/ May budget preparation cycle, departmental managers submit proposals for capital purchases, for the ensuing year and the four out-years (subsequent years) which are consolidated into a Capital Purchase and Replacement Plan document. Management then meet to discuss and prioritise the plan, giving consideration to the available resources and the Institute's strategic direction. The resultant plan becomes an integral part of the annual and subsequent four year budget.

### **10.2.3 Variances in Capital Expenditure**

Where the estimated total cost of capital works is equal to or greater than \$5 million WAIS must within 30 days of awarding the main contract for capital works provide written notice to the Under Treasurer of any variance between the pre-tender and tender outcome, and the reasons for any variance.

### **10.2.4 Asset Investment Program**

The Institute submits an Asset Investment Program (AIP) to the Department of Treasury for publication in the Budget Paper Statement. The AIP must be reviewed regularly by the Institute, and endorsed by the Minister prior to submission.

## **11 Audit**

### **11.1 Purpose of Audit**

The Institute typically conducts two audits per each year, internal and external. Internal Audits are conducted to provide comfort to the Institute that policies and procedures and controls have been appropriately implemented and followed to minimise the risk of loss, and the potential for fraud or other wrong doing. External audits are conducted ultimately to provide an opinion whether the Institutes published financial statements and annual report accurately reflect the financial position of the Institute.

The Board appoints an external auditing firm to conduct an annual internal audit. The Office of the Auditor General conducts an annual external audit of the Institute.

### **11.2 Internal Audit**

The Act requires the accountable authority to establish and maintain an effective internal audit function.

The Institute of Internal Auditors' Professional Practice Framework (PPF) defines Internal Audit as:

“an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

It is essential for the Institute to implement and maintain effective governance processes, systems and controls to enhance risk management and increase the likelihood that established objectives and goals will be achieved. Internal audit helps the Institute accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

*TI 1201*

- (1) *The accountable authority shall ensure that as a minimum, the mission, objectives, independence, status and reporting arrangements and role of the internal audit function are defined in a charter.*
- (2) *The role of the internal audit function shall be defined in accordance with the Professional Practices Framework of The Institute of Internal Auditors, but shall not be inconsistent with the requirements for internal audit in the Act and Treasurer's instructions.*
- (3) *The internal audit function shall have independent status within the agency and:*
  - (i) *shall be responsible through its officer in charge, to:*
    - (a) *the accountable authority; or*
    - (b) *the Audit Committee of the agency, if one has been established by the accountable authority, provided that the Audit Committee is chaired by the accountable authority;*
  - (ii) *shall have no executive or managerial powers, authorities, functions or duties except those relating to the management of the internal audit function;*
  - (iii) *shall not be involved in the day to day operation of the accounting and financial management information and control systems nor in the internal checking system; and*
  - (iv) *shall not be responsible for the detailed development or implementation of new or changed systems.*

To that end the Board has established the Audit and Risk Committee to oversee the audit functions of the Institute. The Audit and Risk Committee meets regularly throughout the year to review the Institutes financial reports, risks, and control measures. They also attend entrance and exit meetings with auditors.

The Accountable Authority is responsible for appointing the Institutes internal auditor.

*The Accountable Authority shall ensure that the Internal Audit Charter includes requirements for planning and timely reporting on the performance of the internal audit function. TI 1202 (1)*

During the conduct of audits, the Institute shall ensure that auditors have complete and timely access at all reasonable times to all public and other money, public and other property, and accounts, information, documents and records of the agency. Every officer of the Institute shall on a timely basis, furnish internal audit with information, advice or explanation on such matters as may be requested, and shall render any assistance necessary for audit purposes, as per the requirements of TI 1202.

The Accountable Authority shall ensure processes are in place for internal audit to regularly and in a timely manner, report on progress and performance relative to its plan authority responsibility and other key operational and strategic matters affecting the function and its purpose. The Accountable Authority shall approve key performance indicators by which the internal audit function's performance may be measured, as per the requirements of TI 1203.

### **11.3 External Audit**

Each year the Office of the Auditor General (OAG) conducts a detailed audit of the Institute's financial position and adequacy of controls put in place to minimise the risk of loss, and the potential for fraud or other wrong doing. The role of is to provide an opinion as to whether the financials and Key Performance Indicator's as presented in the Institute's Annual Report are a true and fair representation of the Institute, and they're produced in accordance of Australian Accounting Standards . The FMA and TI 904 specifies that financial reports are to be submitted to the OAG and the Minister for Review who is to provide an opinion the reports and KPI's have been prepared in accordance with external reporting standards; and has been properly drawn up so as to present fairly the operating results and cash flows of the Institute for the budget year and the financial position at the end of the budget year. The Accountable Authority is to provide certification of the KPI's as per TI 905.

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