



**AUSTRALIAN DENTAL ASSOCIATION VICTORIAN BRANCH INC.**

**BRANCH POLICY STATEMENT 2.01**

**FINANCE AND AUDIT**

## **1. INTRODUCTION/ PURPOSE**

This policy provides guidance to Council, Finance Risk and Audit Committee members and Branch staff on the governance and administration of ADAVB finances. The duties of directors and the role of the Finance Risk and Audit Committee should be read in conjunction with this policy.

## **2. ANNUAL REPORT**

### **2.1 In Newsletter**

The short form version of the ADAVB Annual Report shall be approved for distribution to the Members.

### **2.2 Integration with Strategic Overview**

The Annual Report and Strategic Overview shall be integrated, published in full on the Branch homepage and be made available for members on request as a full printed copy.

## **3. METHODS OF PROCUREMENT**

The ADAVB secretariat may use various forms of making purchases, the procedures and guidelines for the utilisation of credit cards, PayPal and online auctions are to be found in Appendix 1.

## **4. RESERVES OF THE BRANCH**

4.1 The contingency and investments reserves of the Branch should be a figure equivalent to one full year's subscriptions.

4.2 That the reserves of the Branch be identified against the following categories:

- Protected (including Benevolent Fund, Leave Provisions, future capital works)
- Contingency
- Investments
- Buildings

## **5. INVESTMENT**

### **5.1 Authority**

The Chair of the Finance Risk and Audit Committee and Chief Executive Officer are jointly authorised to implement investment action recommended by the Branch's financial advisers, according to this Branch Policy Statement, with subsequent report to next meeting of FRAC and mention in Quarterly Management Reports to Council.

### **5.2 Portfolio**

The following objectives shall be adopted for the Branch's investment portfolio:

- To establish and maintain a balanced portfolio with a time horizon of five to ten years.
- To build wealth in excess of inflation over the time horizon by the addition of investments offering capital growth in the medium term.

- To aim for a minimum of one year's Branch subscriptions maintained in reserve against catastrophic contingency.
- To aspire to build reserves, so that they make an increasingly substantial contribution to the generation of non-subscription revenues – in line with the Branch's Strategic Plan.
- To build reserves by the reinvestment of at least half of the dividends and interest earned within the investment portfolio.
- To review portfolio strategy and performance annually, with expert advice.
- To achieve diversification across and within asset classes, using negatively correlated fund managers where appropriate.

In summary, the key objective is to minimise the likelihood of negative returns over a three to five-year period and maintain the real value of the investment portfolio. The Branch is willing to accept a lower return potential associated with a lower tolerance of risk. A secondary objective is to ensure the portfolio generates a solid income stream. A large component of the portfolio will therefore be invested in cash and fixed interest securities.

### 5.3 Investment Strategy

The asset allocation ranges for the **Long Term Pool** are:

Asset Class	Allowable Ranges (Minimum / Maximum)
Defensive Assets	15% to 45%
Cash	0% to 20%
Government Bonds	0% to 10%
Credit	10% to 40%
Growth Assets	55% to 85%
Real Assets	0% to 20%
Domestic Equities	20% to 60%
International Equities	15% to 40%
Uncorrelated Assets	0% to 15%
<b>Total</b>	

Notes:

- The Branch sees its risk profile as moderate on income, moderate on capital and moderate on risk overall.
- The Branch's investment in the premises is not included within this investment portfolio.

## **6. LIABILITY INSURANCE**

- 6.1 The Branch will ensure that there is adequate liability insurance for the Association's Directors and Officers.

## **7. SUBSCRIPTIONS & ACCOUNTS**

- 7.1 Annual subscriptions and accounts may be paid electronically or by cheque or cash. Subscriptions paid monthly may only be paid by setting up an ongoing automatic electronic debit.
- 7.2 Payments as described in 7.1 above should be transferred to the Branch's operating account as soon as practicable.
- 7.3 A fee to recover the cost of administering overdue membership accounts may be charged for members whose subscriptions are in arrears for up to one month, and an additional fee may be charged for members whose subscriptions are in arrears for between one and two months, recognising additional administrative costs associated with the readmission process. Such fees are to be determined annually by Council as part of the budget process.

## **8. SUPPORT FOR DENTAL STUDENT MEMBERS**

- 8.1 Joint support for dentist student societies in Victoria will be provided at a specified amount as agreed by the ADAVB and if appropriate a suitable sponsor. Funding support will align with strategic objectives to engage with student members, and include:
- Dentist student research projects (ADAVB/ eviDent/ Sponsor)
  - Student society administration (as required)
  - Selected activities included in the sponsorship prospectus
- 8.2 To the extent possible, equitable support will be provided to all Victorian dentist student societies.
- 8.3 The annual amount of funding that ADAVB provides for student support shall be as specified within the approved budget.

## **9. TENDER FOR AUDIT**

The tender for audit services shall occur every three to five years.

## **10. PURCHASES**

### **10.1 Equipment and Service Purchases**

Acquisition proposals for major purchases or for service contracts - where costs anticipated:

- exceed \$5000 but less than \$15,000, three price comparisons should be obtained
- exceed \$15,000 but less than \$25,000, three quotations should be obtained from potential suppliers or contractors

## 10.2 Tenders and Contracts

- Tenders to be called whenever services in excess of \$25,000 p.a. value are sought
- Services valued in excess of \$25,000 p.a. and less than \$35,000 p.a. in total are subject to a formal letter of agreement approved by Council
- Where services valued in excess of \$35,000 p.a. in total are sought, a formal contract is required after Council approves the result of the tender.
- Such letters or contracts must specify the length of the agreement, which must not be greater than five years, unless otherwise approved by Council

## 10.3 Calling for Tenders

- Where the project involves costs of less than \$35,000 p.a.; tenders may be invited by direct contact with nominated individuals or organisations
- Where the cost of the project is expected to exceed \$35,000 p.a.; advertising for expressions of interest should be considered.
- Renewal of a tendered service may be approved by Council based on well documented recommendation from management.

## 11. GOVERNANCE AUDITS

In addition to the engagement of external auditors, to assist the Branch in meeting its statutory reporting obligations, the Council and the Finance Risk and Audit Committee conduct governance audits each year. Guidance Notes for these audits are provided at Appendix 2.

<b>Branch Policy Statement Number</b>	<b>2.01</b>
<b>Adopted by Council</b>	<b>20 July 2009</b>
<b>Reviewed by Constitution and Policy Committee</b>	<b>15 January 2015 14 July 2015 20 August 2015 17 March 2016 22 February 2018 10 February 2022 15 February 2024</b>
<b>Amended by Council</b>	<b>6 December 2010 20 June 2011 20 February 2013 17 March 2014 16 March 2016 20 July 2015 12 October 2015 21 March 2016 20 February 2017 27 November 2017 26 March 2018 25 February 2019 30 August 2021 21 February 2022</b>
<b>Relevant Rules</b>	
<b>Relevant By-Laws</b>	
<b>See also</b>	<b>Historical policy reference 613/06, 393/05, 376/05, 83/02, 51/02, 186/01, 181/01, 29/01, 229/00, 67/00, 36/00, 149/98, 20/97, 311-12/96, 169/92</b>

Appendix 1            ADAVB Methods of Procurement Procedures & Guidelines

Appendix 2            Guidance Notes – Conducting a Governance Audit