

BRANCH POLICY STATEMENT 2.01
FINANCE AND AUDIT

1. INTRODUCTION/ PURPOSE

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

2. ANNUAL REPORT

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.

Except for procurements processed by the ADAVB Secretariat, personnel shall not utilise personal credit cards to acquire goods or services where the Branch maintains or has access to a corporate credit facility or account. However, personal credit card use is permitted in exceptional circumstances where access to a corporate facility is not possible.

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 The reserves of the Branch shall 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% |
| Total | |

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 to the Branch by direct debit from a bank account or credit card.
- 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 total costs are anticipated to:

- 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 Calling for Tenders

- Where the project involves costs exceed \$25,000 and are 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 Branch Council based on well-documented recommendation from management.

10.3 Tenders and Contracts

Acquisition proposals for tenders or service contracts where total annual costs are anticipated to exceed \$25,000 are subject to Branch Council approval where the proposal:

- exceeds \$25,000 and is less than \$35,000 shall require a formal letter of agreement
- exceeds \$35,000 shall require entry into a formal contract.

This requirement does not apply to the employment of Branch employees which is governed by remuneration, human resources and delegations policies.

All letters or contracts referred to above, must specify their term, which shall not exceed five years unless Branch Council approves a longer period.

All contracts and other documents entered into by the Branch must be executed in accordance with Section 38 of the *Associations Incorporation Reform Act 2012 (Vic)*.

Without limiting that requirement, contracts must be signed by either—

- (a) two members of Branch Council; or
- (b) one member of Branch Council and the Secretary.

In (a) and (b) above Branch Councillors shall be Office Bearers

10.4 Business Case Threshold

A business case is required for any unbudgeted capital expenditure in excess of \$25,000, unless this is urgent and explicitly waived in writing by the Chair of FRAC and the President.

10.5 Unbudgeted Capital Expenditure

Any unbudgeted capital expenditure up to \$25,000 requires prior approval from Branch Council or in urgent cases in writing from the Chair of FRAC and the President to authorise the expenditure.

In 10.4 and 10.5 above any such actions shall be reported at the next Branch Council meeting.

10.6 Recurrent Service Engagements

With regards to thresholds in Clauses 10.2 and 10.3 these should not be exceeded where services are procured from the same provider on a recurrent or ongoing basis (including multiple engagements, extensions or renewals), the Secretariat must maintain a record of such engagements.

Where the cumulative value, frequency or duration of recurrent services with the same provider could reasonably be expected to exceed the thresholds, the Secretariat shall notify the Chair of FRAC and the President.

Such notification shall occur at least quarterly, or earlier where material thresholds are reached or exceeded and reported to Branch Council in the Quarterly Management Reports.

This Clause does not apply to the ongoing employment, costs or standard payroll arrangements for the Branches employees.

11. BANK SIGNATORIES

The CEO and the following Office Bearers shall be bank signatories:

- President
- Vice President
- FRAC Chair
- Immediate Past President

Payments shall be authorised by two of the CEO, Chair of FRAC, the President, Vice President and Immediate Past President.

12. GOVERNANCE AUDITS

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

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| Branch Policy Statement Number | 2.01 |
| Adopted by Council | 20 July 2009 |
| Reviewed by Constitution and Policy Committee | 15 January 2015 14 July 2015 20 August 2015 17 March 2016 22 February 2018 10 February 2022 15 February 2024 06 February 2025 11 September 2025 30 March 2026 |
| Amended by Council | 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 24 February 2025 |
| Relevant Rules | |
| Relevant By-Laws | |
| See also | 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 |

Appendix 1 ADAVB Methods of Procurement Procedures & Guidelines

Appendix 2 Guidance Notes – Conducting a Governance Audit