

Racing Queensland Limited

POLICY ON SPENDING BY NON-PROPRIETARY LICENSED CLUBS

DATE POLICY WAS MADE

This policy was made on 1 July 2010.

COMMENCEMENT DATE

This policy comes into effect on 1 July 2010.

PURPOSE

The *Racing Act 2002* (Act) authorises Racing Queensland Limited (Racing Queensland) to make policies for the sound management of the industry. Section 81(t) of the Act requires Racing Queensland to make a policy on spending by non-proprietary licensed clubs.

Licensed race clubs organise and run thoroughbred, harness and greyhound racing meetings in Queensland. They are responsible for the development and maintenance of assets crucial to the Queensland racing industry. They generate revenue and profits and hold assets for the benefit of their members and on behalf of the Queensland racing industry. They operate in an increasingly competitive environment. The welfare of individual clubs and the Queensland racing industry as a whole depends on race clubs instituting sound financial management practices.

Queensland race clubs range from multi-million dollar businesses with substantial administrations to those that race once or twice a year and are administered voluntarily. The corporate governance structures will therefore differ substantially from club to club but the fundamental principles of business management and control remain the same. Race clubs must ensure their expenditure is for legitimate purposes, that they receive value for money and that they have appropriate documentation to support their expenditure.

Racing Queensland helps race clubs administer their finances and monitors race clubs' financial management and performance. This includes providing a Financial Management Procedures Manual (which is available on the Racing Queensland website), a standard chart of accounts and standard annual report, and requiring race clubs to obtain authorisation before undertaking certain types of expenditure.

The purpose of this policy is to help Racing Queensland and licensed race clubs manage the Queensland racing industry's finances, and to ensure race clubs understand their financial roles and responsibilities and have the necessary tools and support to manage their finances soundly.

POLICY STATEMENT

Racing Queensland requires licensed race clubs (race clubs) to manage their finances effectively and accountably for the benefit of the club, the Queensland racing industry, and the public as a whole.

Race clubs must manage their finances, including their expenditure, in accordance with relevant legislation, including the Act, *The Associations Incorporations Act 1981 (Qld)*, and the *Corporations Act 2001 (Cth)*.

Race clubs must also manage and make disclosure about their finances in accordance with rules and procedures set down and administered by Racing Queensland, including the rules of racing, License Conditions and the Financial Management Procedures Manual prepared by Racing Queensland, which is available on the Racing Queensland website.

In relation to expenditure, race clubs should take particular note of the following requirements contained in the Act and the Financial Management Procedures Manual:

- Section 112 of the Act, provides for race clubs to incur expenditure for the encouragement of the code of racing in accordance with any relevant Control Body policies and that race clubs must seek written approval from the Control Body to expend amounts of any charitable, benevolent, patriotic or special purpose.
- Appropriate internal control systems should be established to minimise the risk of misappropriation of race club revenues or fraudulent expenditure, and to ensure that financial disclosure of expenditure is not compromised.
- Internal control systems should include clearly documented authorities for the approval of expenditure by race club officers.
- All expenditures must be supported by appropriate documentation that must be maintained in accordance with the section on “Safeguarding and Retention of Accounting Records” in the Manual.

In addition to the requirements of the Act and the Financial Management Procedures Manual, a race club must obtain prior approval in writing from the Chief Executive Officer of Racing Queensland before:

- undertaking expenditure on any capital item or capital program in excess of \$50,000, or
- undertaking any expenditure on activities not directly related to the conduct or encouragement of racing.

Activities not directly related to the conduct or encouragement of racing include, for example, investing in property or shares, the establishment of gaming facilities and sponsoring non-racing related events.

Racing Queensland will monitor race clubs' financial management and financial performance.

Should Racing Queensland find a race club is not complying with the Financial Management Procedures Manual, relevant legislation or this policy, Queensland Racing will direct the club to take action to rectify the situation.

Should a club refuse to comply with such a direction, Racing Queensland will take appropriate action under the Act, which could include suspending or cancelling the club's license.

APPLICATION

This policy applies to all Licensed Non-proprietary Race Clubs in Queensland, including these clubs' management committees and officers.

DEFINITIONS

“Capital expenditure” refers to the application of funds toward the purchase or construction of items that will not be fully expensed through the club’s Statement of Financial Performance in the year of purchase.

“Charitable purpose” refers to a race club donating money to a benevolent cause not associated with the operations of the race club.

“Encouragement of racing” refers to the application of monies by a race club to the core business and business objectives of the race club – the conduct of thoroughbred, harness or greyhound racing.

“Financial Management Procedures Manual” refers to the publication prepared and distributed by Racing Queensland that provides comprehensive guidelines and standards for race clubs for their financial and business operations.

“Internal control systems” refer to the practices and processes established by race clubs to ensure high standards of corporate governance and financial accountability are in place, and to minimise the risk to race clubs of fraudulent activity or theft.

“Non-Proprietary Race Club” a not-for-profit race club – A non-proprietary race club has a constitution that both:

- (a) provides for the application of all of the Club’s profits and other income to the promotion of the Club’s objects, and
- (b) prohibits the payment of dividends to the members of the Club.

PROCEDURES

Racing Queensland’s Financial Management Procedures Manual details the way clubs must manage their finances, including their expenditure.

Roles and responsibilities

Club committees

Club committees must ensure club expenditure is for legitimate purposes, represents value for money and is supported by appropriate documentation. Club committees must provide accurate, complete and timely information on club finances to Racing Queensland and to their members, and ensure policies are established in respect of the financial operations of the club that are consistent with the principles and guidelines outlined in the Financial Management Procedures Manual. Club committees must comply with a direction from Racing Queensland.

Club treasurer

Club treasurers must ensure club expenditure is for legitimate purposes, represents value for money and is supported by appropriate documentation. Club treasurers must provide club committees with accurate, complete and timely information on club finances to help committees make decisions. They must oversee the internal accounting and stock controls and procedures of the race club and ensure that appropriate standards in that regard are being met and that the risk of misappropriation or fraudulent use of race club monies is minimised. Club treasurers must ensure that all committee members and club officials

comply with the policies and practices the committee establishes for the financial operations of the club.

Club officials

Race club officials must ensure club expenditure is for legitimate purposes, represents value for money and is supported by appropriate documentation. They must provide club committees with accurate, complete and timely information on club finances to help committees make decisions. Club officials must at all times operate in accordance with the financial policies and procedures established by the committee.

Racing Queensland Limited

Racing Queensland provides support and guidance to race clubs, monitors clubs' financial management and financial performance and, if necessary, intervenes to ensure clubs manage their finances appropriately.

Racing Queensland assesses proposed major Capital Expenditure by clubs and any proposed expenditure by clubs not directly related to the conduct or encouragement of racing.

Rules of Racing

Rules of Racing will not be made for this policy.

Review

Review date will be July 2012.

REVISION HISTORY

Version	Date	Description
1.01	July 2010	Board adopted under exceptional circumstances
1.02	September 2010	Board confirmed this policy continued to have effect