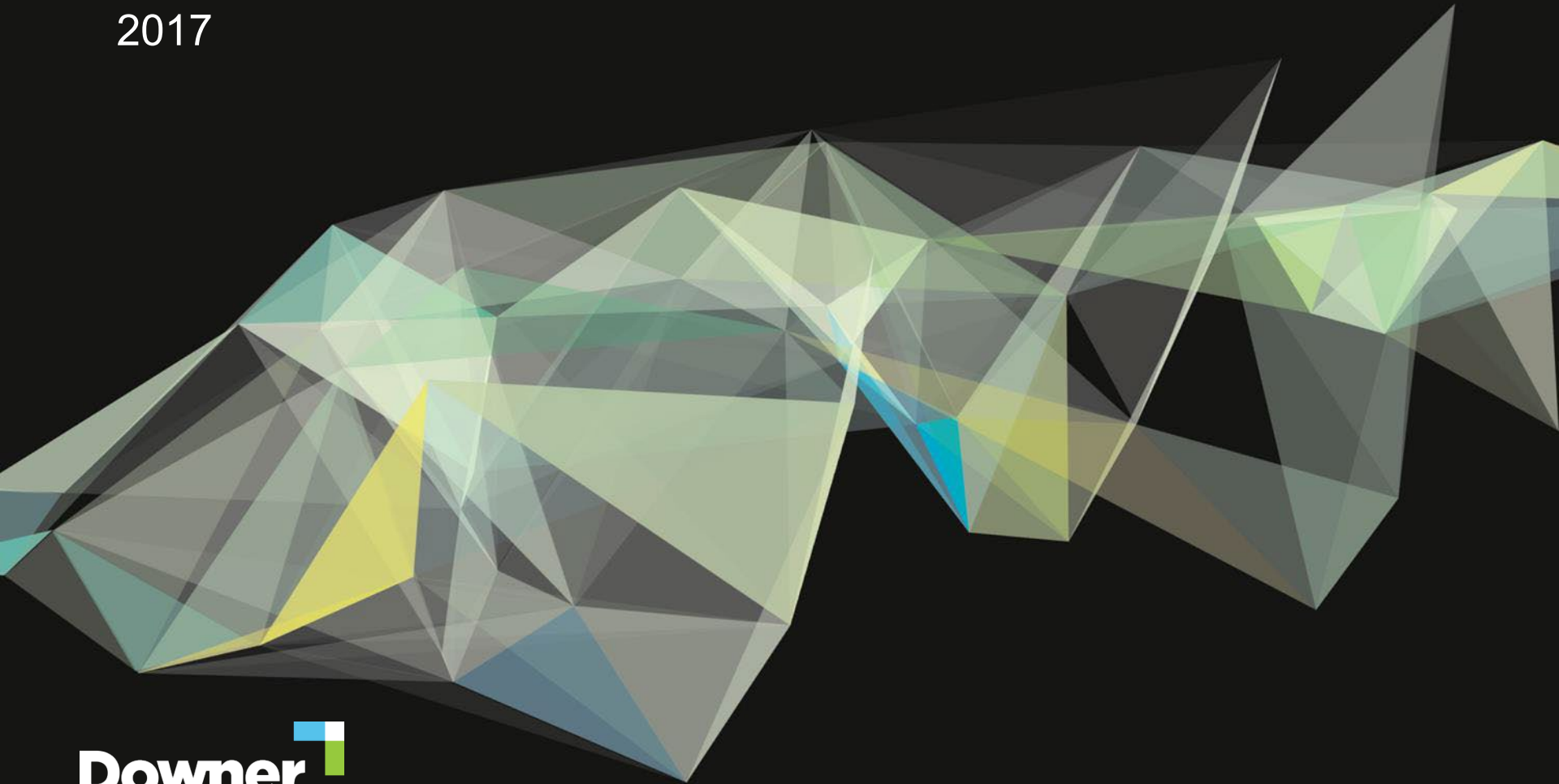


# Awareness Presentation for Financial Delegations Authority Policy

2017



# Module Outline

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This module has been designed to familiarise and highlight key areas you, as an employee, contractor or subcontractor must have knowledge of around the Financial Delegated Authorities.

Please ensure you also read [\*DG-FN-PO004-0500 Financial Delegations\*](#), IS-FN-ST001 Financial Delegated Authorities Framework and any other supporting documentation as it is important you familiarise yourself with the information contained in them.

# Learning Outcomes

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**By the end of this module you will be able to answer questions relating to:**

- The purpose of a Financial Delegations Policy
- The purpose of a Financial Delegated Authorities Framework
- The processes around Delegating Authority
- Responsibilities of personnel who have this Authority
- Key rules
- Relevant references, tools and forms

There will be a short self-paced assessment at the conclusion of this module.

# What is a Financial Delegation Policy?

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A Financial Delegation Policy sets out the minimum requirements and responsibilities in which the Board and Senior Executives of Downer have assigned Financial Authorities to other members of the Downer Management group.

# **What is the purpose of this policy?**

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This Policy and its related documents outline the expectations, requirements and responsibilities of employees that hold a Delegation.

# Who does this apply to?

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This Policy applies to all employees that have been granted a Financial Delegation. All employees need to be aware of this Policy.

# Responsibility

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Ultimate responsibility of the financial performance of the business remains with the Board and its Executives. However the day to day management of financial, operational and administration tasks within the business units will be authorised and governed by nominated management roles throughout the company – these are known as Delegated Authorities.

# Expenditure

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Expenditure should only be committed in the best interest of the company. Where an item of expenditure is not budgeted the Delegation holder should take all reasonable steps to ensure that the expenditure can't be avoided through consultation with their manager and their regional finance team.



# So, What's in it?

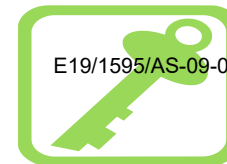
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- The minimum requirements and responsibilities for approval of expenditure
- A breakdown of areas of spending approval and spending limits in each category
- Compliance guidelines regarding approval of expenditure and possible outcomes of breaches of policy
- Guidelines regarding Delegation variations and who can approve these changes

# Delegates Responsibilities

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- It is the responsibility of Delegation Holders to operate within the best interests of the company
- All holders of Financial Delegations must be aware of the budget for their areas prior to spending
- Delegation Holders must communicate this policy to respective divisions, areas, sites and offices (including new staff)
- Delegation Holders are responsible for compliance with this Policy



# Knowledge checkpoint

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- This Policy sets out guidelines detailing Delegation of Financial Authorities on behalf of the Board and senior executive team.
- It is the responsibility of the elected Delegates to ensure company spending is
  - Authorised in accordance with Policy
  - Approved with full consideration of budgets
  - Complies with company Policies and the law

# Financial Delegated Authorities Framework

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- A framework called the Financial Delegated Authorities Framework has been developed that sets out the limits of Delegation approval that is deemed appropriate for each level of management in the business.
- These limits can not be changed or exceeded without prior approval.

# What is a Delegation Framework?

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The Delegation Framework outlines the details of what expenditure can be approved and the financial limits that a particular Delegate can authorise.

The framework includes per instance and annual limits.

# Delegation codes

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- Financial Delegation is assigned to a nominated role via a Delegation code.
- This code pertains to a salary grade/position within the business (usually a management position) and not an individual.
- Therefore, if an individual with current authority changes roles their authority remains with the role and does not carry across into the new position

# Sample - Delegation Framework

## Example:

The purchase of plant & equipment has an individual transaction limit of \$50k and an annual limit of \$2.5m for a D02 (which is a CFO).

Item	D01	D02	D03
Land and buildings	<b>\$2M budgeted</b>	None	None
Leases (land, building, trucks, cars, vans or equipment)*	<b>\$5M Budgeted \$500k Unbudgeted</b>	<b>\$50k subject to annual limit of \$2.5M</b>	<b>\$100k subject to annual limit of \$1M</b>
Building and leasehold improvements			
Plant & equipment			
Mobile plant			
Furniture			
Trucks, Cars, Vans & Utilities			
Capitalised repairs & maintenance	<b>\$250k</b>	<b>\$250k</b>	<b>\$100k</b>
Disposal of fixed assets and leasehold improvements resulting gain/ loss of less than specified value			
IT related equipment	<b>\$25k outside of IT Portal</b>	<b>\$25k outside of IT Portal</b>	Nil outside of IT Portal

# Delegation Limits

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- Authorisation limits are inline with the employees role and dependant upon the level of responsibility for that role.
- This means that set financial limits specifying what a manager can and can not authorise should not exceed the limit of the up line manager.
- This also means that the limit should not be reduced as it is expected that the employee is capable of performing the role.
- Allowing additional expenditure beyond set limits or others to spend monies on behalf of the company is deemed fraudulent

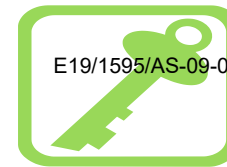


# Approval and sign off

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All expenditure within the Delegated Authority must be authorised and supported by appropriate documentation and an authorising signature.

This can be an electronic approval.



# Knowledge checkpoint

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- The Financial Delegations framework specifies levels of Financial Authority across management job levels in the business.
- All purchases must be supported by appropriate paperwork and authorising signatures in order to comply with this policy.

# Making Changes

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Approval must be obtained from the Chief Financial Officer for any change in Delegation of Authority outlined in this framework

An employee change form needs to be completed to effect the change in Delegation and to enable the updating in the Delegations register and any online approval routes.

# Temporary need to change

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Temporary Delegation is permissible when clearly defined, in writing and only for specific reasons and timeframes

The Delegation Holders manager must approve this temporary change and a IS-FN-FM008.1 Financial Delegations Temporary Reassignment form must be completed in order for this change to be recognised

# The Rules

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- Do not split costs for approval between requests
- Expenditure totals are to include all taxes or levies applied to the cost of goods (GST is an exception)
- Unspent funds must not be used for other purposes
- Foreign currency costs should be converted at the recent month end exchange rates provided by treasury.

# The Rules

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- You must obtain re-approval if capital spending is greater than first forecast.

This applies to:

- 2.5% for mining fleet
  - 5% for all other expenses
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- Professional services must be performed under a written contract stating specific work to be carried out and agreed billing rates and frequency.
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- Delegation **cannot** be cascaded.
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- Investment approval must be accompanied by proposal documentation and a detailed business case

# The Rules

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- External lawyers **cannot** be appointed without approval in writing by the Chief Risk Officer/Group General Counsel, General Counsel Commercial, Group CFO or Company Secretary for legal matters where expenses are expected to exceed AUD \$100,000
- The commercial panel is to be advised of **any** commercial and/or contractual dispute which is expected to have a value/profit impact of AUD\$500,000 or greater
- Some items have an annual limit as well as a transactional, such as capital expenditure

# The Rules

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All accounting adjustments must:

- Be approved prior to adjustments being processed in the general ledger
- Comply with accounting policies, procedures and standards
- Be completed in consultation with the Chief Financial Office if there is any uncertainty



# Monitoring and Maintenance

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- Delegation registers are the responsibility of the CFO's within each division
- ½ yearly reviews are carried out to audit profiles and adjust if needed
- Finance Manager's must maintain all copies of approved IS-FN-FM008.1 Financial Delegations Temporary Reassignment forms as evidence of authority to delegate
- The maintaining of this policy is the responsibility of the CFO

# Compliance

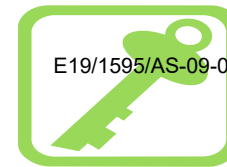
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- Any breach of this policy will be reported to the Delegation managers manager.
- Non compliance is treated seriously and may result in disciplinary action being taken – including potential dismissal

# Where can I find more information?

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This framework along with all associated forms can be located within the IMS on iDowner.



# Knowledge checkpoint

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- Temporary Delegation can be obtained for leave purposes and can be given by the Delegates manager prior to the leave taken. This must also be recorded on a IS-FN-FM008.1 Financial Delegations Temporary Reassignment form.
- Any approved costs must be documented and comply with all guidelines set out in this policy, other Management standards and company operating procedures. Failure to do so is a breach of conduct and may result in disciplinary action.
- This policy will be regularly reviewed and maintained by company CFO's.
- You must review this policy regularly to ensure compliance.
- It is available within the IMS on iDowner.

# Conclusion

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In this module we looked at

1. The purpose of a Financial Delegations Policy
2. The processes around Delegating Authority
3. Responsibilities of Managers who have this Authority
4. Relevant references, tools and forms.

Thankyou for completing the awareness presentation for

**Financial Delegations Policy – [DG-FN-P0004-0500 Financial Delegations](#)**

....please progress to the Knowledge Assessment