# FINANCIAL POLICIES AND PROCEDURES

## SECTION 3: CAPITAL EXPENDITURE, INVESTMENTS & RESERVES

## POLICY 2: CAPITAL EXPENDITURE

### Policy Rationale

[organisation] will undertake capital expenditure in a controlled and prudent manner so the purchase of capital items is warranted and also efficient and effective.

### Policy Statement(s)

[organisation] shall only commit to capital expenditure subsequent to a business case being put forward to, and approved by [organisation]’s Board, following review by [organisation]’s Audit, Finance & Risk Committee.

The criteria for the requirement of a business case (e.g. $ value) and the criteria by which a business case will be approved are to be dictated and approved by [organisation]’s Board.

[organisation]’s capital expenditure commitments must also:

1. Be authorised by staff within Delegated Authorities
2. Be included within the approved annual budget(s). Where the capital expenditure is outside or likely to exceed the budget, [organisation]’s CEO will present a paper to the Board through the Audit, Finance & Risk Committee for approval
3. Include considerations for the cash flow, maintenance and insurance requirements of the capital expenditure
4. Be in accordance with [organisation]’s Procurement Policy and other organisational policies

### Policy Implementation and Related Procedure Documents

The implementation and review of these Capital Expenditure policies are the responsibility of [organisation]’s Audit, Finance & Risk Committee.

[organisation]’s Audit, Finance & Risk Committee will review all Capital Expenditure business cases prior to them being put forward for Board approval, on a [quarterly] basis.

[organisation]’s CFO / Finance Manager will implement systems and procedures to ensure capital expenditure projects are appropriately monitored and recorded.

The following [organisation] policies and frameworks should be referred to in this regard:

* Finance Manual
* Delegated Authorities Policy
* Budgeting & Forecasting Policy
* Accountability, Internal Controls & Audit Policy
* Financial Systems & Procedures Policy
* Purchasing & Payments Policy
* Procurement Policy
* Insurance Policy
* Fixed Assets Policy
* Foreign Exchange Policy
* Borrowing Policy
* Reserves & Restricted Funds Policy
* Risk Management Policy
* Leasing Policy
* Tax Policies

### Legislative Compliance Considerations

* Goods and Services Tax Act 1985
* Tax Administration Act 1994
* Incorporated Society Rules [if an Incorporated Society registered under the 1908 Act]
* Incorporated Society Constitution [if an Incorporated Society registered under the 2022 Act
* Trust Deed [if a Trust]
* Constitution [if a Company]

### Review Protocol

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| --- | --- |
| Policy Reviewed By: | Audit, Finance & Risk Committee |
| Date Reviewed: | [Date] |
| Next Review Date: | [Date] |
| Revokes Policy Reviewed: | [Date] |