



# Financial Management Policy and Procedure

## **Purpose**

1. The Australian International Institute of Higher Education ("the Institute") is committed to achieving and demonstrating financial viability in accordance with the requirements of the *Higher Education Standards Framework (Threshold Standards) 2015*. The Institute recognises the critical importance of providing adequate financial and non-financial resources to achieve and sustain high quality educational experiences and outcomes. This Policy provides relevant information on financial management at the Institute.

## **Scope**

2. This Policy applies to:
  - a) all departments and staff of the Institute;
  - b) all financial management activities at the Institute.

## **Definitions**

3. For the purposes of this Policy:
  - a) **Financial records** include all general records, accounting books, documents, securities and records of expenditure and receipts;
  - b) **Financial viability** means the requisite assets and resources available to deliver registered qualifications as per the *Higher Education Standards Framework (Threshold Standards) 2015*.

## **Policy**

### **Principles**

4. The Institute implements processes for effective oversight of financial aspects of its operations and in order for it to remain financially viable and sustainable.
5. The Board of Directors of the Company determines the availability, terms and quantum of funds that will be made available to the higher education operations of the Company overseen by the Governing Council.
6. As the delegated corporate governing body of the higher education operations of the Institute, and in line with provisions in the *AIiHE Governance Framework*, the Governing Council oversees financial management, planning and decision-making in relation to higher education.
7. The CEO oversees operational implementation of the approved budget, and financial and resources management in line with operational priorities.
8. All staff employed at the Institute must ensure that all financial transactions are properly recorded.



9. All staff must take responsibility for the appropriate use of Institute funds and resources, which are only to be used for the Institute's business purposes.
10. The Institute will manage financial operations in such ways as to:
  - a) deliver consistent financial performance;
  - b) demonstrate prudence in the conduct of its financial affairs;
  - c) maintain sufficient levels of liquidity and investment to support key academic functions; and
  - d) anticipate, and respond to, key sector drivers and trends which may affect the Institute's operations.
11. The Institute will establish adequate and rigorous business planning.
12. The Institute will publish relevant financial information for transparency and stakeholder trust.

#### *Authorisations*

13. No funds of the Institute may be committed or expended except by approval of the delegate as specified in Appendix 1 – Schedule of Delegations of Authority within the Institute's *Authority Delegation Policy*.
14. Where a financial delegate has a direct or personal interest in a transaction, neither the delegate, nor any other delegate who reports to him or her, can approve that transaction. The interest should be reported to the immediate supervisor of the financial delegate and recorded appropriately.

#### *Use of Institute funds*

15. The Institute's funds must only be expended on goods and/or services for purposes that are directly related to the Institute. Funds from external sources tied to purposes, such as loans or contributions from other related entities to the Institute, must be used only for the specified purposes.

#### *Ownership of the Institute's property*

16. All items purchased from the Institute's funds are the property of the Institute, unless there is an agreement in writing to the contrary.
17. Where there is a tangible output from a service purchased with Institute funds, e.g. a report, that output is the property of the Institute, unless there is an agreement in writing to the contrary at the time the service was engaged.

#### *Care and use of Institute property*

18. All users of Institute property must:
  - a) treat the Institute's property with care and consideration, in accordance with accepted legal and ethical standards;
  - b) use the Institute's property for the purposes directly related to the Institute only, and in accordance with safe work practices and any relevant Institute procedures;
  - c) ensure that the Institute's property is appropriately secured from damage, theft, or misappropriation.



### *Financial records*

19. All Institute financial transactions must be properly documented and accurately recorded in a timely manner and in accordance with the relevant policies and procedures.
20. Under the *Criminal Code Act 1995 (Cth)*, it is an offence to falsify accounting documents (including altering, concealing, or destroying financial records or failure to make or amend an accounting document) either intentionally or unintentionally, to facilitate or disguise illegitimate financial transactions – penalties may apply.
21. The Institute is committed to ensuring that the law is upheld and that the principles of timely and accurate record keeping are facilitated. Therefore, in accordance with the Institute's *Records Management Policy and Procedure*, all financial transactions must be properly documented and accurately recorded in a timely manner.

### *Integrity*

22. All staff members of the Institute are expected to act in an ethical and honest manner in all aspects of procurement and financial expenditure involving Institute funds.

### *Compliance*

23. All staff of the Institute are required to comply with this Policy and related policies, procedures and plans. Failure to do so may result in disciplinary action in accordance with the *Human Resources Management Policy and Procedure*, and the *Staff Code of Conduct* and may include the withdrawal of Institute privileges, services, and facilities.

## **Procedure**

### **Business planning and budgeting**

24. In order to ensure financial viability and to satisfy regulatory requirements that the financial position, financial performance and cash flows of the Institute are monitored regularly and understood, the Institute will engage in comprehensive planning and review, according to the *Planning Framework*. These planning and review activities establish financial forecasts that account for staffing, facilities and resource funding on the basis of projected student enrolments in order to achieve the strategic objectives of the Institute.
25. As a priority, financial planning, review, and assurance activities include consideration of the Institute's:
  - a) ability to continue to operate sustainably in the future;
  - b) ability to maintain adequate staffing levels and academic leadership in order to support academic quality and integrity;
  - c) capacity to invest in sufficient facilities and infrastructure (physical assets and information communication technology) to support the student learning experience;
  - d) capacity to provide adequate support services to students; and
  - e) business continuity plans and financial and tuition safeguards in the event of disruption or discontinuation of operation.
26. The Governing Council will approve the annual budget and forecast revenues for the Institute, and once these are approved, the Governing Council monitors the Institute's financial performance on a quarterly basis as a component of ongoing business planning.



27. The Institute will undertake ongoing business planning to support its day-to-day operations, which will be mapped over a five-year period in the Institute’s *Business Plan*. The CEO will prepare a quarterly financial status report for review and assessment by the Audit and Risk Committee, who assists the Governing Council and the Institute to remain compliant with relevant regulations.
28. The report will:
  - a) analyse actual operational performance against the financial forecasts provided within the Business Plan;
  - b) explain any significant variances from the financial forecasts and the effect this will have on the operations of the Institute;
  - c) explain any remedial action that has been, or will be, undertaken to achieve the financial forecasts and/or maintain the financial viability of the Institute.

### Annual Financial Statements

29. The Institute prepares Annual Financial Statements in accordance with Australian Accounting Standards.
30. The annual financial statements are independently audited by an appropriately qualified auditor.
31. The Governing Council endorses the Institute’s financial statements and provides them to the Tertiary Education Quality and Standards Agency (TEQSA):
  - a) for each annual financial reporting period;
  - b) in a form approved by TEQSA;
  - c) with a statement by an independent, qualified auditor; and
  - d) within six months of the end of the annual financial reporting period.

### Authority Delegation Schedule

32. This Policy must be read in conjunction with the Institute’s *AIiHE Governance Framework* and *Authority Delegation Policy*. Financial delegations in Appendix 1 – Schedule of Delegations of Authority within the *Authority Delegation Policy* cover expenditure and revenue transactions, capital expenditure, execution of contracts, investment activity, general journal transactions, authority to sign cheques and other banking transactions and write-off or disposal of debts,.

### Responsibilities

33. Management of finances at the Institute is the responsibility of the CEO and is assured by oversight of the Audit and Risk Committee, and through ongoing review conducted by the Governing Council.
34. The Institute’s *Authority Delegation Policy* identifies the organisational positions and/or bodies that are authorised to make decisions on behalf of the Institute, as well as allowable delegations of authority from one organisational position or body to another, and defines the principles that govern the delegation of authority across the organisation, including financial delegation. The *Authority Delegation Policy* sets out those organisational positions and/or bodies that have authority to commit or approve expenditure (of specified amounts) and manage the assets of the Institute.
35. The CEO and financial support staff are responsible for:



- a) administration of the financial accounts in order that records are compliant with this policy, accurate, secure and complete and are available for audit or inspection for a minimum period of seven years;
- b) maintenance of the Institute's accounting and financial management information system;
- c) maintenance of an asset management system that tracks acquisitions, disposals and transfers of the Institute's assets;
- d) receiving course fees and distributing these in accordance with the Institute's policies;
- e) ensuring that funds are held in a secure location and regularly placed into appropriate bank accounts;
- f) management of the Institute's cash flow to ensure that funds are available to support day-to-day operational requirements;
- g) actioning, recording and reporting of the Institute's taxation liabilities/benefits in accordance with legal, statutory and audit requirements, accounting standards and generally accepted accounting principles.



### Associated information

<b>Approving body</b>	Governing Council
<b>Date approved</b>	23 October 2020
<b>Date of effect</b>	Commencement of operation
<b>Next scheduled review</b>	Two years from when policy commence
<b>Policy owner</b>	Chief Executive Officer
<b>Policy contact</b>	Chief Executive Officer
<b>Related AIIHE Documents</b>	<i>Authority Delegation Policy Business Plan Compliance Policy and Framework Fraud Prevention Policy and Procedure AIIHE Governance Framework</i>
<b>Higher Education Standards Framework (Threshold Standards) 2015 (Cth)</b>	Standard 6.2, ss 1 Standard 7.3, ss 1
<b>Other related external instruments/documents</b>	<b>Related Legislation</b> <ul style="list-style-type: none"><li>• <i>Tertiary Education Quality and Standards Agency Act 2011 (Cth)</i></li><li>• <i>Corporations Act 2001 (Cth)</i></li><li>• <i>Criminal Code Act 1995 (Qld)</i></li></ul> <b>Good Practice Documents</b> <ul style="list-style-type: none"><li>• <i>ASIC Information Sheet (INFO 183): Directors and financial reporting</i></li></ul>

### Document history

Version	Author	Changes	Approval Date
1.0	Not applicable	Original version	23 October 2020

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