

FINANCIAL MANAGEMENT POLICY AND PROCEDURE

Policy Code	FIN01
Policy Lead	Chief Executive Officer/Principal
Approving Authority	Board of Directors
Approval date	28 June 2024
Commencement date	01 July 2024
Next Review Date	April 2027
Version	2024.2
Relevant legislation or external requirements	<p>Higher Education Standards Framework (Threshold Standards) 2021 (HESFs:6.2.1c, 6.2.1d, 6.2.1i)</p> <p>Education Services for Overseas Students Act 2000</p> <p>Education Services for Overseas Students (TPS Levies) Amendment Act 2021</p> <p>Corporations Act 2001</p> <p>Australian Accounting Standards</p>
Related ASA Documents	<p>Business Continuity Plan</p> <p>Delegations of Authority Policy and Procedure</p> <p>Delegations of Authority Register</p> <p>Fraud Policy and Procedure</p> <p>Governance Charter</p> <p>Privacy Policy</p> <p>Quality Assurance Framework</p> <p>Risk Management Framework</p> <p>Risk Management Policy</p> <p>Risk Management Procedure</p> <p>Strategic Plan</p>

1. Purpose

This Policy and Procedure provides the framework for the prudent management of the ASA Institute of Higher Education's (ASA) financial resources to support the objectives of ASA in providing a high standard of learning and teaching. Accurate and timely financial information allows ASA to assess its progress against its Strategic Plan, student projections and budget, to ensure the viability of its operations and to sustain the quality of higher education that is offered.

2. Scope

This policy applies to all ASA applicants, students, staff, directors, officers, external appointees on any ASA board or committee, volunteers, visitors, and contractors.

3. Principles

ASA is committed to managing its business operations on a sound financial basis, based on effective financial risk management and supported by appropriate procedures and internal controls designed to ensure the integrity of financial reporting.

The following principles are incorporated in all of ASA's financial transactions and dealings:

- all systems and procedures must comply with this Policy, Australian law and Australian accounting standards;
- the financial management system must be transparent, efficient and effective, enabling ease of monitoring and review;

- staff involved in the administration of finances must have appropriate skills, qualifications and experience to perform their duties and meet fit and proper person criteria;
- expenditure and investment of resources must be in accordance with ASA approved plans and budgets; and
- all financial decisions must adhere to this Policy and supporting operating procedures developed from time to time.

4. Definitions

Term	Definition
assets	Assets refer to future economic benefits controlled by ASA due to past transactions or other past events.
budget	An estimate of operating and capital income and expenditure for a set period of time.
Business Continuity Plan	A document that outlines how ASA ensures its critical business functions that will either continue to operate despite serious incidents or disasters that might otherwise have interrupted them, or will be recovered to an operational state within a reasonably short period.
expenditure	Expenditure refers to consumptions or losses of future economic benefits resulting in a decrease in equity during the reporting period, excluding distributions to owners.
financial resources	Cash and assets either held by or available to ASA, including bank accounts, from which future economic benefits are expected to flow to ASA.
income	Income refers to increases in economic benefits during the reporting period in the form of inflows or enhancement of assets or decrease of liabilities.
risk	The possibility of loss, damage, or other adverse or unwelcome circumstance.
risk assessment	The term 'risk assessment' captures the overall process of risk identification, risk analysis and risk evaluation.
risk management	Risk management means a coordinated activity (or activities) to direct and control ASA with regard to risk.
Risk Management Framework	The Risk Management Framework is the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing, and continually improving risk management throughout ASA.
surplus funds	Amounts in excess of short-term operating requirements that may be invested in interest-bearing bank deposits.

5. Policy Statement

To support ASA's financial transactions and business operations, all ASA systems and procedures comply with Australian law and Australian accounting and auditing standards. The financial management system must be transparent, efficient, and effective, enabling ease of monitoring and review. Staff involved in the administration of finances must have appropriate skills, qualifications, and experience to perform their duties and meet fit and proper person criteria. Expenditure and investment of resources must be in accordance with ASA approved plans and budgets.

5.1 Financial Risk Appetite

ASA Institute of Higher Education's financial resources will be managed to achieve:

1. financial performance in accordance with approved ASA plans and budgets;
2. adequate liquidity to meet all financial obligations as and when they fall due;
3. sufficient surplus funds to meet financial obligations in the event of an unexpected event affecting the financial performance of ASA;
4. prudent and cost-effective application of budgeted funds;
5. strategic and operational objectives, goals and targets; and
6. compliance with all relevant Australian legislation and standards, including the Tuition Protection Service.

5.2 Responsibilities

The Board of Directors is responsible for the financial resourcing and management of ASA, ensuring that it operates within a responsible and sustainable financial framework. Delegated officers will keep proper accounts and maintain adequate systems of internal control and will prepare and present financial reports as and when required.

The Board of Directors is responsible for the regular review and monitoring of ASA's financial performance to ensure that objectives and targets are able to be met.

The Audit and Risk Committee has delegated responsibility, *inter alia*, to ensure the effectiveness of the financial policies and procedures that support the integrity of the financial reports and other information produced by the financial management system.

The day-to-day responsibility for ASA's financial management will rest with CEO, who may delegate functions and activities to management and staff as appropriate and in accordance with the Delegations Policy. The CEO will ensure that there are appropriate operating policies and procedures for the administration and management of financial resources and the accounting and recording of transactions, and that they are effective and kept up to date.

The Finance Manager is responsible for maintaining all financial accounts and adequate systems for monitoring and will prepare and present financial reports as and when required.

5.3 Bank Accounts

Bank accounts may only be established with the approval of the Board of Directors. All accounts must be operated in accordance with delegated authority.

Multiple bank accounts and/or term deposits may be maintained by ASA in accordance with good financial practice and to facilitate effective operations and financial management.

5.4 Financial Records

The financial management system is the main tool for recording and monitoring ASA's financial performance and financial position. The financial system provides details of revenue, expenditure, receivables, payables, other assets and liabilities and payroll and should produce financial reports on a monthly, quarterly, annual and/or on a needs basis.

The CEO, or delegate, must ensure that an appropriate, timely, and secure financial management system is established to properly record and track all financial transactions. The system must provide for appropriate controls to ensure the accuracy and integrity of these data and the information produced. These controls include segregation of duties, checking and approval processes and procedures and monthly reconciliations of all accounts. All transaction data must be entered into the system on a timely basis to provide up-to-date information for monitoring the

financial health of ASA and to support decision-making.

Financial data will be backed up, secured and maintained as per good accounting practice compliant with Australian Accounting Standards. Further information is provided in the *Cyber Security Framework and Records and Information Management Policy and Procedure*. The Board will establish, maintain and monitor appropriate delegation authority to officers of ASA.

5.5 Integrity

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

5.6 Reporting

Accounts will be prepared monthly for the current month and the year-to-date, or on such other basis as the Board of Directors requires. These reports will include all relevant financial information.

Other measures of financial performance and financial health may be reported, based on strategic and operational objectives and key performance indicators.

Annual statutory accounts and financial statements will be prepared by ASA and audited independently by a qualified auditor against Australian accounting and auditing standards.

6. Procedure

In order to ensure financial viability and to satisfy regulatory requirements that the financial position, financial performance and cash flows of ASA are monitored regularly and understood, ASA will engage in comprehensive planning and review, according to the *Quality Assurance 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 ASA.

The CEO is authorised to make decisions about staffing, budgets, and infrastructure consistent with those plans and in accordance with the specific delegations of the *Delegations of Authority Policy and Procedure*.

The CEO may in turn delegate authority to selected management and staff for decisions within their delegated authority. The CEO is responsible for the general management and supervision of all other management and staff. The CEO is to hold all staff accountable for adherence to the policy suite and the *Delegations of Authority Policy and Procedure and the Delegations of Authority Register*.

6.1 Budgeting

The Board of Directors in collaboration with the CEO and the Finance Manager shall oversee the Budget. The CEO and the Finance Manager shall conduct planning sessions with the Director International Recruitment (student projected targets), Academic Dean (academic teaching and learning resources), and other members of the senior leadership team, where relevant, to identify and assess ASA's projected expenditure against its projected financial performance.

The Budget shall be developed to support and align with ASA's strategic objectives and goals. The CEO and Finance Manager shall specifically develop the Budget in line with ASA's current strategies and performance objectives outlined in the annual Marketing Plan and the Strategic Plan and present draft documentation to the Board for consideration and final approval.

The following information, at minimum, shall be taken into account by the Board in the process of establishing the Budget:

- current advice and evidence from the Finance Manager

- consideration of the overall objectives of ASA as described in the *Strategic Plan* and annual *Marketing Plan*
- workforce needs as per the *Workforce Plan*, including wage and salary expenditure
- projected/budgeted enrolments and revenue
- fixed expenses
- estimated variable expenses
- cash flow statement for previous year
- projected cash flow.
- all profit and loss statements from previous year
- most recent balance sheet
- most recent aged creditors and debtors report.

All ASA staff members involved in financial decision-making must act in line with the Budget. Adjustments to the Budget may be made with approval from the appropriate level of authority (see *Delegations Register*).

6.2 Risk Management

ASA shall implement robust and comprehensive processes and systems that ensure financial risks are mitigated. Financial risks shall be mitigated by:

- The monitoring of risks
- The effective delegation of risk responsibility
- Effective staff training where relevant and when required
- Annual audits

For more detailed information on risk management refer to the *Risk Management Framework*, *Risk Management Policy* and associated *Procedure* and the *Business Continuity Plan*.

6.3 Staff Qualifications

ASA shall only allow appropriately qualified staff to manage financial matters.

At least one member of the Board must have expertise in sound financial management and fraud and corruption prevention.

External experts on financial matters shall be engaged to provide advice to the Board.

A framework of delegations of authority shall be implemented within ASA to ensure that staff members with the appropriate seniority handle purchases.

Training, support, and professional development shall be offered to all staff members where required. Those involved in financial decision-making shall be provided with specific financial management training and support.

6.4 Legal Compliance

ASA shall ensure that all financial management processes are in line with ASA's legislative requirements. Any instances of financial deception or fraud shall be safeguarded against, and any staff members who have engaged in such activities shall be subject to disciplinary measures as per the *Fraud Policy and Procedure*.

In the event that financial mismanagement occurs, staff members must be able to comfortably report the incident to ASA, and the appropriate investigation procedures must be followed. For more information see the *Fraud Policy and Procedure*.

6.5 Monitoring

ASA engages in ongoing monitoring of its financial position to ensure identification of emerging risks and new information, and prevents fraud and corruption. Reports generated from monitoring activities shall be taken into consideration in business planning processes.

All bank accounts must be reviewed by ASA's accountant for reconciliation. A monthly reconciliation report is to be provided to the CEO by ASA's accountant.

Financial review and reporting

At the end of each financial year, the Budget is reviewed. Reports generated from this review shall be taken into consideration in budgeting processes for the following year as per Section 6.1.

A financial report shall be compiled in line with Australian accounting standards.

Auditing

ASA shall employ an independent auditor to conduct annual financial reports. The reports shall evaluate ASA's financial statements to determine ASA's financial stability and sustainability, as well as the accuracy of ASA's financial statements. Furthermore, external audits shall ensure that ASA's financial management processes meet Australian accounting standards. The audit shall ensure that all financial risks are externally evaluated, enabling ASA to implement mitigation processes where necessary.

Business Continuity

ASA shall maintain and update a comprehensive Business Continuity Plan which outlines how ASA shall maintain its operations if risks or threats do eventuate. Furthermore, ASA shall ensure there are financial and tuition safeguards by purchasing insurance which includes:

- Professional Indemnity Insurance
- Public Liability Insurance
- Tuition Assurance Insurance
- Workers' Compensation Insurance
- Management Liability Insurance
- Cyber Risk Insurance
- Business Insurance.

For more detailed information refer to ASA's current *Business Continuity Plan, annual Marketing Plan*, and the *Risk Management Framework*.

Reporting

Financial reporting against the budget must be provided every quarter to the Board of Directors, and monthly to the CEO. These reports vary depending on the detail required for operational planning, but should include the following information:

- bank and account receivable reports
- details on student payments and refunds
- quarterly tuition fee revenue
- forecasting income statement

- cash flow statements
- outstanding debtors and receivables
- budget overviews
- actual financial performance against budgets
- operating expenses
- break even analysis
- 5-year forecast income statement
- profit and loss statements
- bank reconciliation statements
- annual leave balance and accrual reports

All delegations of authority must keep detailed records of financial processes and provide periodic reports through the reporting line. Reports must account for all spending, including the rationale for spending. Documentation is used for monitoring, business planning, and auditing as appropriate.

7. Relevant HESFs

This Policy and the associated Procedure comply with Higher Education Standards Framework (2021) which specifies that:

Standard 6.2 Corporate Monitoring and Accountability [..]

1. The provider is able to demonstrate, and the corporate governing body assures itself, that the provider is operating effectively and sustainably, including: [...]
 - c. the provider is financially viable and applies, and has the capacity to continue to apply, sufficient financial and other resources to maintain the viability of the entity and its business model, to meet and continue to meet the requirements of the *Higher Education Standards Framework*, to achieve the provider's higher education objectives and performance targets and to sustain the quality of higher education that is offered
 - d. the financial position, financial performance and cash flows of the entity are monitored regularly and understood, financial reporting is materially accurate, financial management meets Australian accounting standards, effective financial safeguards and controls are operating and financial statements are audited independently by a qualified auditor against Australian accounting and auditing standards, [...]
 - i. there are credible business continuity plans and adequately resourced financial and tuition safeguards to mitigate disadvantage to students who are unable to progress in a course of study due to unexpected changes to the higher education provider's operations, including if the provider is unable to provide a course of study, ceases to operate as a provider, loses professional accreditation for a course of study or is otherwise not able to offer a course of study.

8. Version Control

This Policy has been reviewed and approved by the ASA Board of Directors as at April 2024 and is reviewed every three years.

The Policy is published and available on the ASA website <https://www.asahe.edu.au/policies-and-forms/>.

Change and Version Control				
Version	Authored by	Brief Description of the changes	Date Approved:	Effective Date:
2024.2	Project Officer	Document formatting updated to reflect change of Trading Name to ASA Institute of Higher Education	28/06/2024 by CEO	01/07/2024
2024.1	Chief Executive Officer/Principal	Updated policy to include HESF references, changes in regulatory compliances. Benchmarked against 5 other Higher Education Providers.	26/04/2024	08/05/2024
Previous version archived. New Policy code and numbering system implemented.				
3.1		Board of Directors approval	14/01/2021	