



FINANCE POLICY

AUTHORITY

A Policy of the Adelaide University Union (AUU) enacted pursuant to clause 21 of the AUU Constitution

POLICY

1. Objectives

- 1.1 To ensure that the finances of the AUU are managed in a responsible, efficient, and accountable manner.
- 1.2 To ensure that the AUU is able to fund all its services and obligations from year to year, through an appropriate budgeting process.
- 1.3 To ensure that the AUU is financially secure in the long term.
- 1.4 To enable the Finance Committee to oversee the financial affairs of the AUU. (Cross Ref Rules Concerning Standing Committees Clause 5)

2. Definitions

- 2.1 The definitions in Clause 3 of the AUU Constitution apply to this policy.
- 2.2 The following definitions apply to all AUU Documents:

“Cost Centre” means any operating unit of AUU, including, but not limited to, Student Service Units, Operating Departments, Affiliates, Subsidiaries, Commercial Services Units whether the cost centre is a staff department, incorporated association, incorporated company or similar.

“Cost Centre Manager” means the authorised representative of a Cost Centre as agreed with the AUU General Manager.

“Capital Expenditure” means expenditure that in accordance with accepted accounting standards is deemed of a capital nature rather than an operating expense.

“Fixed Cost” means expenditure items determined by the Board from time to time, on the recommendation of the General Manager, which are deemed to be necessarily incurred but may not be subject to the discretionary control of a Cost Centre.

“Commercial Operations” means any operating unit of AUU which has a primary purpose of commercial return on an investment by AUU irrespective of whether the unit provides some service to the student membership of AUU.

“Student Services” means any operating unit of AUU which has a primary purpose of providing services to the student membership of AUU

“Finance Committee”, means the standing committee of Board established by the Rules Concerning Standing Committees.

3. Interpretation

Interpretation of this policy is within the jurisdiction of the President, pursuant to the authority of Board.



4. Budget Preparation

The Dates for all submissions and meetings are outlined within the Schedule to this Policy

4.1 Pre-Budget Meeting

The Chair of the Finance Committee must convene a meeting of the Finance Committee to explain the budgeting process prior to calling for first draft budget submissions requesting funding.

4.2 Budget Submission

Cost Centres requesting funding must prepare a submission that includes the following information, where applicable:

- (a) the budget requested for recurrent expenditure for the coming year;
- (b) the intermediate goals and strategic plans of the group or persons;
- (c) the budget requested for capital expenditure for the coming year
- (d) a review of the utilisation of past funding.

Cost Centres that fail to supply the General Manager with the required budget detail by the due date, without exemption, will be deemed ineligible for funding for the next budget period.

4.3 Preliminary Budgets

The General Manager must prepare and submit to Finance Committee a budget for the following year based on submissions received within clause 4.3. In accordance with the Schedule, the Finance Committee must meet to consider and review the Cost Centre budgets immediately following which the General Manager must inform all Cost Centres of their proposed individual allocations having considered the total funding requirements of AUU for the budget year.

4.4 Final Budget Submission

Following advice received in accordance with clause 4.5 Cost Centres may redraft and submit a revised budget by the date set by Finance Committee

4.5 Final AUU Budget

Following receipt of budget submissions in accordance with clause 4.6 the General Manager will prepare a draft budget for the following year for consideration by Finance Committee for submission to the University

4.6 Notification

Immediately following notification by the University the final budget will be submitted for adoption by the Board. Upon adoption by the AUU Board, the the General Manager will notify all Cost Centres of their final allocations.

5. Budget Administration

- 5.1 The General Manager will be responsible for co-ordinating the preparation of all budget submissions in accordance with this policy
- 5.2 Following the approval of final budgets by the Board, variations can only be made by a subsequent resolution of the Board.
- 5.3 Within one week of the final budget being approved by the University Council, a summary of the AUU budget will be published on the AUU website.



6. Capital Budgeting

6.1 Capital Budget requests for each Cost Centre shall be included with the annual budget submission referred to in clause 4.3.

6.2 Capital Budget Allocation

The written proposals of Cost Centres requesting capital funding, to be included in their annual grant will include, where applicable:

- (a) an outline of the reasons for which the item is needed;
- (b) attached written quotes that outline the full incremental cost of the item, including but not limited to labour costs, on costs, running costs, potential service costs, contingent costs and administrative costs;
- (c) the potential income from the item;
- (d) the potential savings created through purchase of the item;
- (e) the pay back period;
- (f) the expected useful life of the item;
- (g) the expected purchase date, including the dates that any quotes lapse;
- (h) an outline of alternatives available, including alternate quotes and capital items already owned by the AUU;
- (i) whether the item is a replacement of an existing item or an entirely new acquisition;
- (j) in the case of Affiliates, evidence of approval of the submission by the Executive or Council of such Affiliate.

7. Contingencies & Initiatives

7.1 The Board may request the inclusion of a Contingencies & Initiatives line item in the final budget to be used for special one-off expenditures as approved by resolution of the Board.

7.2 Initiatives funding can be provided for from the Contingences and initiatives line item and administered by the board for developmental projects in relation to student service provision.

8. Deficit Funding

Each Cost Centre is responsible for maintaining expenditure levels within the level of the grant and other income generated in the year. In the event that the Cost Centre incurs a loss in the year, the AUU will not provide deficit funding to cover that loss.

9. Depreciation

The assets of the AUU shall be depreciated in accordance with current accounting standards, as set by the Australian Accounting Standards Board (AASB). Where capital consideration has been expended on buildings not owned or leased by the AUU, the AUU consulting accountants will determine an appropriate depreciation rate.

10. Investments

10.1 The Finance Committee may decide that the AUU's funds be invested into any investments permitted by law.



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- 10.3 The precise asset class allocation shall be regularly reviewed by the Finance Committee, taking into account liquidity requirements of the AUU and an acceptable risk profile set by the Board, or in the absence of any such decision, a profile set by it.
- 10.4 The Finance Committee must have an asset allocation sufficient enough to ensure that it is able to fully meet its employee liabilities at any time.
- 10.6 The Finance Committee will ensure that the value of AUU investments does not fall below \$500,000. The value of the minimum investment reserve will be reviewed annually.
- 10.5 Funds surplus to operational requirements shall be transferred to the investment fund on an annual basis. The General Manager will recommend to Finance Committee the appropriate value of funds to be transferred in a given year.

12. Operation of AUU Bank Accounts

12.1 Signatories

The following persons are authorised signatories to operate any AUU bank account:

- President of the AUU
- General Manager
- Marketing Manager
- Office Manager

Any two of the above-authorized signatories must sign in respect of the operation of an AUU bank account.

12.2 Electronic Funds Transfer ("EFT")

The AUU confirms that in operating an AUU bank account payments can be made by EFT.

When using EFT to pay accounts the following will apply:

- For transactions of \$100,000 or less
The General Manager may electronically approve the payment. Such payments must be co-approved by one of the authorised signatories listed above.
- For transactions of \$100,000 or more
Any two of the authorised signatories listed above must approve all such transactions.

13. Capital Expenditure Authorisation (CEA)

- 13.1 All AUU capital expenditures in excess of \$2,000, if provided for in the approved capital budget, must be signed off by the General Manager, prior to purchase.
- 13.2 All AUU capital expenditure up to \$2000 if provided for in the approved capital budget must be approved by the cost centre manager prior to purchase.
- 13.3 All AUU capital expenditures in excess of \$6,000 if not provided for in the approved capital budget, must be approved by the AUU Board. Submissions to Board for authorisation of capital expenditure must be performed in accordance with the procedure outlined in this policy.
- 13.4 All AUU capital expenditure up to \$6,000 if not provided for in the approved capital budget must be approved by the Finance Committee.
- 3.5 The General Manager may approve unbudgeted capital expenditure up to \$5,000, where it is deemed essential for the operations of the AUU and it is needed urgently before the next meeting of the Finance Committee. Any such approvals must be reported to Board.



- 13.6 In determining whether expenditure is covered by this policy, the value of the capital expenditure must be:
- Gross excluding any trade-in or salvage value
 - Inclusive of all related costs such as transportation, customs, sales taxes, installation charges.

14. Development and Preparation of the CEA submission

- 14.1 It is the responsibility of the General Manager to ensure that all submissions for Capital Expenditure Authorisation contain all relevant information to provide the basis for deciding on the feasibility of the capital expense and clearly indicate the most effective means of procuring the goods/services required.
- 14.2 All CEA submissions requiring approval from the AUU Board or its subcommittees will be accompanied by a short memo from the General Manager covering the following points, as appropriate:
- Purpose and justification of Capital Expenditure;
 - Condition of existing equipment if replacement;
 - How will existing equipment be disposed of;
 - If unbudgeted, why;
 - If over budgeted, why;
 - If less than three price quotations, why;
 - If the lowest price quotations was not accepted, why.

15. Cost Estimates

- 15.1 In all CEA submissions, costs estimates based on common set of specifications must be included.
- 15.2 Consultants may be called in to develop specifications. Specifications must include detail documentation, and catalogue cuts, if available, to provide all prospective vendors with a common basis for bidding. Extreme caution must be exercised to ensure that specifications (a) do not cause items to be “overdesigned” for the performance of the job, and (b) are not geared to one vendor.
- 15.3 Upon completion of specifications, cost estimates should be developed.
- 15.3.1 Work to be performed by AUU staff If a portion of the capital expenditure is for work to be performed by the AUU staff, such as equipment installation, an appropriate amount should be included in the capital expense authorisation to cover costs of this labour.
- 15.3.2 Trade-in or Salvage If the capital expenditure is for replacement of an existing asset and the existing asset can be sold or traded, this trade-in value can be deducted from the gross cost to provide a net cost of the capital expenditure. However the gross cost of the expenditure determines the category of the CEA and approvals required.
- 15.3.3 Competitive Quotations Three competitive quotations on the same specifications must be obtained.

16. Payback Calculation

In all instances in which the capital expenditure is expected to have an impact on results, a profit and loss payback calculation must be prepared.



17. Approval of the CEA submission

- 17.1 The General Manager will make a recommendation concerning the approval of a CEA submission to the AUU Board or relevant Board Subcommittee.
- 17.2 All CEA submissions requiring the approval of Board or a Subcommittee will be tabled for approval at the next meeting.
- 17.3 Emergency Approvals It is recognised that on occasion emergencies will arise which require immediate action. In these emergency situations the AUU board may request approval of CEA submission after the event.

18. Capital Expenditure Not Requiring Authorisation

Prior to incurring or committing to capital expenditures involving amounts not requiring specific approval under this policy, the General Manager is to assure that:

- Where applicable, the items were included in the relevant budget presented to board.
- Where applicable, the cost is not in excess of budgeted amounts previously approved by board.
- At least three price quotations have been obtained and are on file.

19. Overruns

- 19.1 If it is learned that an overrun will occur, a new estimate of the total capital cost must immediately be produced. If the overrun is either in excess of 10% of the value of the original CEA, or in excess of \$10,00.00 a new CEA submission must be completed for the difference. The additional CEA submission must clearly indicate that it covers an overrun on an earlier CEA, and a copy of the original CEA submission must be attached.

20. Audit of Accounts

Auditors

The choice of auditors is to be reviewed periodically by the General Manager and the recommendation approved by Board after the Board have received the final audited Annual Report and Management Letter.

21. Reporting

The AUU Board will receive, at least bi-monthly, a Profit & Loss Statement showing Year To Date figures and including variances to budget.

22. Affiliates

[Cross Reference: Rules Concerning Affiliates 5]

Affiliates are subject to the Rules Concerning Affiliates.22.2 Fully affiliated clubs and bodies of the AUU Affiliates who are seeking more funding or resources than can be provided by their affiliate must first consult with their AUU Affiliate. If it is formally agreed between the AUU affiliate and their affiliate that the funding or resources requested cannot be provided by them, then the full affiliate of the AUU Affiliate may approach the AUU directly for the funding or resources required as a separate division. The AUU may then negotiate the nature of the request with the affiliate of the AUU affiliate and has full right to turn down any request and refer the body back to its AUU Affiliate.



23. AUU/University of Adelaide Funding Agreement

The AUU Affiliates and all student groups running events and activities on any of the campuses of the University must refer and adhere to the AUU / University of Adelaide Funding agreement covering all types of events and activities.



HISTORY

Replaces Clause 6 of the Administrative Procedures Policy Code	COPY KEPT
First Enacted 13 December, 2000	COPY KEPT
Revised 22 February, 2000 (Clause 11 and other minor nomenclature changes)	COPY KEPT
Revised 7 March (Clause 7.5)	COPY KEPT
Amended March 2004 (Clause 11)	COPY KEPT
Amended March 2005 (added Clause 15)	COPY KEPT
Amended Aug & Sept 2005 (Clause 13, added Clause 14.2, added Clauses 5.4 to 5.6 & Clause 10.1)	COPY KEPT
Amended January 2006 (Clause 8 replaced)	COPY KEPT
Amended August 2006 (Clause 6.4 amended & Clause 10 replaced)	COPY KEPT
Amended December 2006 (Clause 12 replaced)	COPY KEPT
Amended November 2009	COPY KEPT
Amended January 2010 (Clause 2.2 amended)	COPY KEPT



FINANCE POLICY

SCHEDULE 1: BUDGETING TIME LINE

For Budget Year (t)

<u>Date</u>	<u>Process</u>
15 May	Cost Centres present draft budget to General Manager
26 May	FSC meets to review, revise and approve final draft budget
28 May	FSC submits budget submission to UoA General Manager, Student Services
14 August	UoA budget finalised
17 August	UoA General Manager, Student Services advises AUU of busget allocation
20 August	FSC meets to review, revise, and approve final AUJ budget
17 September	AUU Board approves final budget
18 November	Budget papers due to Council Secretariat
7 December	Budget presented to University Council for ratification

