

Financial Management Policy



Purpose/objective

1. This Policy aims to provide appropriate governance over the financial management of the operations of the Australasian Academy of Higher Education (AAHE). The Policy governs AAHE Executive Management and the relevant Boards and Committees.
2. This Policy is to ensure that the Board of AAHE is effectively overseeing all financial aspects of the operations and that each Board Member is adequately discharging their fiduciary responsibilities as an Officer of AAHE. Each Board Member must make all reasonable efforts through assessment and enquiry to obtain comfort that all financially reporting is a true and accurate reflection of the financial position of AAHE.
3. AAHE will ensure that the Board is demonstrably exercising effective oversight of financial aspects of its operations in order to remain financially viable and sustainable. AAHE will manage its financial resources in a sustainable way to support quality at existing and planned level of activity. The Board Members should ensure that they are financially literate and have access to financial expertise to provide sufficient assurance about financial matters.

Scope

This Policy applies to Executive Management and external members of the relevant Boards and Committees at AAHE.

Definitions

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| Executive Management | Chief Executive Officer, Chief Operating Officer, and other members of AAHE's Executive Management Committee |
| TEQSA | Tertiary Education Quality and Standards Agency |
| Business | Australasian Academy of Higher Education (AAHE) |
| Officer | A person who makes or participates in making decisions that affect the whole, or a substantial part thereof, the Business. And/or, a person who has the capacity to affect significantly the Business' financial standing |
| Board | AAHE Board of Directors |

Other terms used in this document are defined in the AAHE Glossary.

Policy

1. Audit Risk and Finance Committee (ARFC)

- 1.1 The terms of reference and members of the Audit, Risk and Finance Committee (ARFC) are set out in AAHE's Governance Charter.
- 1.2 The Committee will be chaired by an independent Director who is a member of a recognised professional group such as Chartered Accountants Australia & New Zealand or CPA Australia but not the Chair of the Board. There must be at least one other external member who also holds those qualifications and such qualified persons are to be in the majority. The Chief Executive Officer will also be a member of ARF. The Chief Operating Officer will attend ARFC meetings but not be a member.
- 1.3 The Board retains responsibility for decisions, performance and outcomes of ARFC and should therefore continually monitor the Committee's activities. ARFC minutes will be circulated to all Committee members, once approved by ARFC Chair. ARFC will report to the Board on a regular basis. The Committee will meet at least four (4) times annually.
- 1.4 The Committee is to schedule, at least annually, a meeting with the external auditors without management of the entity present, to enable them to have a discussion about any matters of significance that arose during the audit process.
- 1.5 The ARFC will make a recommendation to the Board on the appointment of an appropriately qualified external auditor.
- 1.6 The ARFC will, at least annually, review the performance of all external accounting service providers who are engaged by AAHE to maintain the books and records of the company, provide payroll services, taxation and associated professional financial management activities, and form an opinion on that performance
- 1.7 The ARFC will make recommendations to the Board of Directors on the selection of such providers, the terms of their engagement and setting of performance standards.

2. Financial performance

- 2.1 Executive Management will prepare and present the following Financial Performance Indicators and accompanying explanatory narrative to the ARFC for endorsement:
 - 2.1.1 The Annual Operating Budget
 - 2.1.2 An updated Operating Forecast
 - 2.1.3 Periodic Financial Reports against Budget and/or Forecast.
- 2.2 The ARFC Chair will present the Financial Performance reports to the Board for approval.
- 2.3 Executive Management will periodically produce forward Cash Flow and Balance Sheet projections accompanying the Financial Performance Indicators. The ARFC Chair will present the Cash Flow and Balance Sheet reports to the Board for approval.
- 2.4 The Financial Performance Indicators must be accurate, timely and meaningful and must provide adequate inquiry without ambiguity.
- 2.5 Members of the Audit Risk and Finance Committee must satisfy themselves that AAHE has appropriate resources available for the operations to meet the TEQSA's Higher Education Standards Framework obligations and requirements of the Corporations Act.

3. Annual reporting, taxation and external audit

- 3.1 The Annual Financial Statements will be prepared in accordance with all regulatory requirements, including those of the:
 - 3.1.1 Australian Accounting Standards Board (AASB)
 - 3.1.2 Corporations Act 2001
 - 3.1.3 Tertiary Education Quality and Standards Act 2011.
- 3.2 The Annual Report will be audited by a Registered Company Auditor and supported by the auditor's independence declaration.
- 3.3 A Directors Declaration will be made in accordance with Section 295 of the Corporations Act.
- 3.4 AAHE will prepare and lodge an annual company tax return and Business Activity Statements for GST purposes according to the ATO requirements.

4. Internal financial controls

- 4.1 Executive Management must ensure adequate financial controls are in place for all transactions and that the controls are documented and maintained to meet current and emerging business needs. These controls are set out in the Financial Controls Procedure.
- 4.1 From time to time, the ARFC will assess and review the adequacy of the internal financial controls, ensuring appropriate segregation of duties and the risk of theft, fraud or misappropriation is minimised and report its findings to the Board.
- 4.1 These reviews may be prepared with appropriate external advisors if the Board so chooses.

5. Record keeping and archiving

- 5.1 Executive Management will ensure that all financial transactions, reports and asset register are safely stored, ensuring back-up and redundancy measures are in place and the integrity of the data not threatened or exposed to manipulation or theft. This may be on-site or externally hosted.
- 5.2 All contracts with external parties are to be stored safely and securely. All student details will reside securely within a hosted Student Management System.
- 5.3 Access to current and historical information (at least 7 years) will be immediate and available to appropriate auditors, regulatory bodies and the ARFC.

6. Delegations

AAHE's Delegation of Authority Policy provides a framework for authorisation of all financial transactions. Delegations are conferred by the Board of Director of its power and authority to perform functions to an officer or body of AAHE. Delegations provide formal authority for officers, committees or other bodies to commit AAHE to actions or decisions, incur liability for AAHE or otherwise use the powers provided under law. The Board retains and can exercise all delegated powers and authorities.

7. Insurances

- 7.1 AAHE will arrange appropriate insurance cover in accordance with AAHE Insurance Policy approved by the Board.
- 7.2 Audit Risk and Finance Committee will review the coverage annually to ensure business needs and risk profile are satisfied.

8. Financial procedures

- 8.1 AAHE will have in place a range of operating procedures by which to govern the financial operations of the business, covering all financial transactions.
- 8.2 All procedures and associated amendments are to be approved by the Board, following review by the ARFC.
- 8.3 The ARFC must seek comfort and assurance that all finance operating procedures are adhered to through periodic review.
- 8.4 From time to time, the ARFC will review the financial procedures to ensure they are up-to-date and reflect the current business practices and requirements.

9. Risk management

The Board of Directors, through its ARFC, is responsible for approving the Risk Management Policy and Framework and for monitoring the assessment and management of AAHE's risk and compliance. Risk management will be reported to the Board of Directors on a quarterly basis through the Risk Register and CEO report.

Procedure

The Financial Controls Procedure details the way finance transactions are handled at AAHE.

Related documents and relevant legislation

[Higher Education Standards Framework \(Threshold Standards\) 2021](#)

[National Code of Practice for Providers of Education and Training to Overseas Students 2018](#)

Document information

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