

LIABILITIES POLICY

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1 PURPOSE

- 1.1 This policy outlines how liabilities will be recognised, classified, recorded and managed at CQUniversity.
- 1.2 This policy forms part of the University’s financial management practice manual, which contributes towards meeting the University’s obligations under the [Financial and Performance Management Standard 2019](#) (Qld), by ensuring the existence of an effective liability management system that provides for the identification, incurring, measurement, management, satisfying and recording of liabilities together with the prompt identification, monitoring, recording and reporting of capital expenditure commitments while ensuring compliance with relevant statutory and regulatory requirements.

2 SCOPE

- 2.1 This policy applies to all liabilities recognised by the University.

3 POLICY STATEMENT

Recognition of liabilities

- 3.1 The University recognises liabilities in the statement of financial position to determine the overall financial position of the University at a point in time. In accordance with the Australian Accounting Standards Board’s (AASB) [Framework for the Preparation and Presentation of Financial Statements](#), a liability exists in circumstances where the University has a present obligation of economic benefits to other entities for past transactions or events.
- 3.2 Liabilities will only be recognised where it is probable that there will be an outflow of University resources in the form of economic benefits to settle a present obligation to an external party and where the amount of the settlement can be measured reliably.

Categories of liabilities

3.3 The liabilities of the University fall into the following six broad categories.

Trade and other payables

3.4 Liabilities identified as trade and other payables incorporate amounts owing to suppliers for the supply of goods and services. Accrued expenditure for outstanding and unpaid invoices for goods and services are recognised and recorded in accordance with [Expenditure Policy](#).

Provisions

3.5 Liabilities identified as provisions incorporate items for which either the amount or timing of the future outflow of University resources is uncertain and includes such items as provisions for employee benefits such as long service leave and annual leave and provisions to make good leased properties. Provisions are calculated and recorded in accordance with [AASB137 Provisions, Contingent Liabilities and Contingent Assets](#) and [Financial Reporting Requirements for Queensland Government Agencies \(FRR 4D\)](#).

Lease liabilities

3.6 Liabilities identified as lease liabilities incorporate both finance and operating leases. When entering into a lease agreement, it must be assessed as the most cost-effective means of acquiring economic benefits for the University and must not be used as a means to circumvent budgetary controls. Leases are calculated and recorded in accordance with [AASB16 Leases](#), [Financial Reporting Requirements for Queensland Government Agencies \(FRR 4D\)](#) and the Queensland Government's [Queensland Leasing Approval Policy for Public Sector Entities](#).

Borrowings

3.7 Liabilities identified as borrowings may incorporate loan amounts from the Queensland Treasury Corporation (QTC), overdraft facilities or other borrowings. All University borrowings are entered into in accordance with the [Financial Accountability Act 2009](#) (Qld) and the [Statutory Bodies Financial Arrangements Act 1982](#) (Qld).

Contract and Other liabilities

3.8 Contract liabilities represent the University's obligation to transfer goods or services for which the University has received consideration from the customer. Contract liabilities are recognised as revenue when the University performs under the contract.

3.9 Other liabilities incorporate revenue received in advance, advance of funds for student scholarships, unspent Australian Government financial assistance and all other liabilities not specifically mentioned in this policy.

Tax liabilities

3.10 All tax liabilities will be recognised when applicable.

Commitments for capital expenditure

3.11 Capital expenditure for medium to large scale projects will be approved and monitored in accordance with the [Contract Management Policy and Procedure](#), with subsequent commitments identified and recorded in accordance with [Financial Reporting Requirements for Queensland Government Agencies \(FRR 4D\)](#). Where formal contracts are involved, the [Contract Management Policy and Procedure](#) provides direction regarding all aspects of the contract process.

Calculation and recording of liability values

3.12 Liability values will be calculated and recorded in the University's statement of financial position in accordance with the relevant Australian Accounting Standards Board [Accounting Standards](#) and Queensland Government [Financial Reporting Requirements for Queensland Government Agencies \(FRR 4D\)](#).

Internal controls

- 3.13 The Deputy Director Financial Accounting and Operations will ensure liabilities are not incurred without proper authority in accordance with the [Delegation of Authority Policy](#). In satisfying liabilities incurred by the University, the payment principles outlined in the [Expenditure Policy](#) will be applied.

4 RESPONSIBILITIES

Compliance, monitoring and review

- 4.1 The Chief Operating Officer and Deputy Director Financial Accounting and Operations are responsible for implementing, monitoring, reviewing and ensuring compliance with this policy.
- 4.2 Compliance and monitoring will be assessed through monthly reconciliations and regular analytical reviews.

Reporting

- 4.3 No additional reporting is required.

Records management

- 4.4 Employees must manage records in accordance with the [Records Management Policy and Procedure](#). This includes retaining these records in a recognised University recordkeeping information system.
- 4.5 University records must be retained for the minimum periods specified in the relevant [Retention and Disposal Schedule](#). Before disposing of any records, approval must be sought from the Records and Privacy Team (email records@cqu.edu.au).

5 DEFINITIONS

- 5.1 Terms not defined in this document may be in the University [glossary](#).

6 RELATED LEGISLATION AND DOCUMENTS

[Australian Accounting Standards:](#)

- AASB15 Revenue from Contracts with Customers
- AASB16 Leases
- AASB101 (NFP) Presentation of Financial Statements
- AASB119 Employee Benefits
- AASB137 Provisions, Contingent Liabilities and Contingent Assets

[Contract Management Policy and Procedure](#)

[Delegation of Authority Policy](#)

[Expenditure Policy](#)

[Financial Accountability Act 2009](#) (Qld)

[Financial and Performance Management Standard 2019](#) (Qld)

[Financial Reporting Requirements for Queensland Government Agencies \(FRR 4D\)](#)

[Framework for the Preparation and Presentation of Financial Statements](#)

[Queensland Leasing Approval Policy Public Sector Entities](#)

[Statutory Bodies Financial Arrangements Act 1982](#) (Qld)

7 FEEDBACK

7.1 Feedback about this document can be emailed to policy@cqu.edu.au.

8 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
Approval Authority	Council
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Administrator	Chief Operating Officer
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Notes	This document was formerly known as the Liabilities Policy (FMPPM) (last approved on 28/07/2017).