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1 PURPOSE

- 1.1 The purpose of this policy is to outline the principles of expense management across the University to ensure the consistent and prompt identification, authorisation, payment and recording of expenditure.
- 1.2 This policy also contributes towards meeting the University's obligations under the [Financial and Performance Management Standard 2009](#) by ensuring the existence of an effective expense management system to ensure the payment of appropriate and approved expenditure and to ensure compliance with statutory and regulatory requirements.

2 SCOPE

- 2.1 This policy applies to all forms of expenditure recognised by the University and to all staff responsible for the recording, approval and processing of expenditure-related activities in accordance with the [Delegation of Authority Policy \(FMPM\)](#) and organisational structure of the Finance and Planning Division.

3 POLICY STATEMENT

- 3.1 The [Financial Management Practice Manual](#) (FMPM) is the University's financial management policy framework. As such, this policy forms part of and must be read in conjunction with the FMPM.

Recognition of expenditure

- 3.2 The University recognises expenditure in the operating statement in determining the overall result for each reporting period. In accordance with the Australian Accounting Standards Board's (AASB) [Framework for the Preparation and Presentation of Financial Statements](#), expenditure will only be recognised when a decrease in future economic benefits that is related to a decrease in an asset or an increase to a liability has arisen and that these benefits can be measured reliably.

- 3.3 In circumstances where the decrease in future economic benefits can be identified immediately, or soon after acquisition, the expenditure will be recorded in the operating statement immediately. Examples of such expenditure would include the payment of salaries and wages costs, the purchase of portable and attractive items and the payment of expenses relating to day-to-day operations. However, in circumstances where the decrease in future economic benefits is expected to occur over several accounting periods, the expenditure will be recognised on the basis of systematic and rational allocation procedures. Examples of such expenditure would include the depreciation of property, plant and equipment.

Categories of expenditure

- 3.4 The expenditure of the University falls into three broad categories:
- salaries and wages costs associated with the employment of staff, e.g. wages, superannuation, payroll tax, WorkCover, etc
 - expenditure on capital items, e.g. buildings, motor vehicles and portable and attractive items such as computers, iPads, iPhones and specialist laboratory equipment, and
 - expenditure relating to the day-to-day operations of the University, e.g. electricity, telephone, stationery.
- 3.5 In determining when each category of expenditure will be recognised in the operating statement, the principles of expenditure recognition as identified in sections 3.2 and 3.3 above will be applied.

Accrued expenditure

- 3.6 To ensure the accurate reflection of the activities of the reporting period in the University's financial statements and internal management reports, the University reports expenditure on an accrual basis.
- 3.7 The necessary expenditure accrual journals will be prepared and processed through the finance management system before the close of each reporting period to ensure that transactions are matched to the accounting period in which they are incurred.
- 3.8 In preparing the accrual expenditure journals, outstanding invoices for goods and services that have been received will be taken into account.

Goods receipt and payment

- 3.9 Only goods or services that have been incurred in the name of the University, or its affiliates, for legitimate and lawful purposes will be authorised for payment. All staff should be familiar with the [Procurement Principles, Policy and Procedures](#) prior to making a commitment for payment on behalf of the University. Instructions for receipting and payment of goods and services through the Finance Management system can be found on the university [Moodle](#) site. Staff should also refer to the [Corporate Credit Card Procedure](#) for payments under \$3,000. In any event all financial delegation approvals must be in accordance with the [Delegation of Authority Policy \(FMPPM\)](#).
- 3.10 When approving an invoice or purchase order for payment, the onus is on the authorising officer to ensure that they have necessary financial delegation for both the type of payment and costing being used.
- 3.11 Accounts Payable will have in place processes to ensure that all invoices are paid within the University's payment terms, unless specific payment terms have been negotiated with the creditor in accordance with the [Procurement Procedure](#).

Outstanding cheques

- 3.12 All practical means will be undertaken to remind vendors in possession of an outstanding cheque to present the cheque to their financial institution or request a re-issue from the University.
- 3.13 The process to cancel a cheque will commence if the cheque remains unrepresented after six months. Upon cancellation, the funds will be transferred to the unclaimed monies account. 12 months from the date of issue the funds will be restated as income.

- 3.14 The Treasury Team Leader will maintain and monitor an outstanding cheques listing and will have in place processes to ensure that vendors are given appropriate reminders regarding outstanding and unrepresented cheques in their possession.

4 RESPONSIBILITIES

Compliance, monitoring and review

- 4.1 The Deputy Director, Financial Accounting and Operations is responsible for managing the implementation of this policy and for ensuring that its provisions are adhered to and applied consistently across the University.
- 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 Staff must maintain all records relevant to administering this policy in a recognised University recordkeeping system.

5 DEFINITIONS

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

6 RELATED LEGISLATION AND DOCUMENTS

[AASB101 \(NFP\) Presentation of Financial Statements](#)

[Delegation of Authority Policy \(FMPM\)](#)

[Financial Accountability Act 2009](#)

[Financial and Performance Management Standard 2009](#)

[Financial Management Practice Manual](#)

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

7 FEEDBACK

- 7.1 University staff and students may provide feedback about this document by emailing policy@cqu.edu.au.

8 APPROVAL AND REVIEW DETAILS

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