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## 1 PURPOSE

- 1.1 The purpose of this policy is to provide direction on the definition of University liabilities and to identify the methods by which these liabilities are recognised, classified and recorded. This policy also identifies the associated policy documents that form the basis for the management of the varying liability classifications recognised by the University and the internal control mechanisms that support them.
- 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 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 and to all staff responsible for the incurring, satisfying, management, approval and recording of liability-related activities in accordance with the [Delegation of Authority Policy \(FMPM\)](#) and organisational structure of the Finance and Planning Division and relevant Responsibility Centres.

## 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 liabilities

- 3.2 The University recognises liabilities in the statement of financial position in determining the overall position for the financial year. In accordance with the Australian Accounting Standards Board's (AASB) [Framework for the Preparation and Presentation of Financial Statements](#), a liability exists when in circumstances where the University has a present obligation to an external party.

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 assets of the University fall into the following five broad categories.

### Trade and other payables

3.3.1 Liabilities identified as trade and other payables incorporate amounts owing to suppliers for the supply of goods and services and revenue received in advance of goods or services being provided. Accrued expenditure for outstanding and unpaid invoices for goods and services are recognised and recorded in accordance with [Expenditure Policy \(FMPM\)](#).

### Provisions

3.3.2 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. Provisions are calculated and recorded in accordance with [AASB137 Provisions, Contingent Liabilities and Contingent Assets](#) and [Financial Reporting Requirements for Queensland Government Agencies \(FRR 4D\)](#).

### Leases

3.3.3 Liabilities identified as leases 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 [AASB117 Leases](#), (superseded by AASB 16 *Leases* for reporting periods beginning on or after 1 January 2019) [Financial Reporting Requirements for Queensland Government Agencies \(FRR 4D\)](#) and the Queensland Government's [Leasing in Queensland Public Sector Policy Guidelines](#).

### Borrowings

3.3.4 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](#) and the [Statutory Bodies Financial Arrangements Act 1982](#).

### Other liabilities

3.3.5 Other assets incorporate income tax liabilities and all other liabilities not specifically mentioned in these Principles.

## Commitments for capital expenditure

3.4 The approval of capital expenditure for medium to large scale projects is approved and monitored in accordance with the [Contract Management 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](#) provide direction regarding all aspects of the contract process.

## Calculation and recording of liability values

3.5 All asset values are 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 [Accounting Policy Guidelines](#).

## Internal controls

- 3.6 The Deputy Director, Financial Accounting and Operations will develop and maintain appropriate internal control to ensure that liabilities are not incurred without proper authority in accordance with the [Delegation of Authority Policy \(FMPM\)](#). In satisfying liabilities incurred by the University, the payment principles outlined in the [Expenditure Policy \(FMPM\)](#) will be applied.

## 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](#)

[AASB117 Leases](#) (superceded by AASB 16 *Leases* for reporting periods on or after 1 January 2019)

[AASB119 Employee Benefits](#)

[AASB137 Provisions, Contingent Liabilities and Contingent Assets](#)

[Contract Management Policy](#)

[Contract Management Procedure](#)

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

[Expenditure Policy \(FMPM\)](#)

[Financial Accountability Act 2009](#)

[Financial and Performance Management Standard 2009](#)

[Financial Management Practice Manual](#)

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

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

[Leasing in Queensland Public Sector Policy Guidelines](#)

[Statutory Bodies Financial Arrangements Act 1982](#)

## 7 FEEDBACK

- 7.1 University staff and students may provide feedback about this document by emailing [policy@cqu.edu.au](mailto:policy@cqu.edu.au).

## 8 APPROVAL AND REVIEW DETAILS

<b>Approval and Review</b>	<b>Details</b>
Approval Authority	Council
Advisory Committee to Approval Authority	Audit, Risk and Finance Committee
Administrator	Deputy Vice-Chancellor (Finance and Planning)
Next Review Date	28/07/2020

<b>Approval and Amendment History</b>	<b>Details</b>
Original Approval Authority and Date	Council 14/07/2014
Amendment Authority and Date	Reviewed and Administrative Amendments – Deputy Vice-Chancellor (Finance and Planning) 28/07/2017
Notes	