



Policy Document Administrator	Director of Finance
Policy Document Approver	Finance, Risk, Audit, and Compliance Committee
Responsible Body/Person	Director of Finance
Next Review date	May 2027
Superseded documents	none
Related documents	Anti-Fraud Policy Bank Account Authority Register Code of Conduct Policy Credit Card Policy Credit Card Guidelines Investment Policy Financial Delegations Policy & Schedule Whistleblower Policy
Related HE Standards	6.2.1d
Related National Code Standards	None
Glossary	Definitions for any words in Bold in this document can be found in the Policy Glossary . The first instance of each defined term has been outlined in bold.

1. PURPOSE

To provide the framework for implementing sound financial internal controls and management procedures. These controls and procedures are meant to:

- enhance the accuracy and reliability of financial information,
- safeguard the assets and records of the company,
- ensure compliance with internal policies as well as external regulations, including federal and state regulations,
- achieve effective and efficient operations,
- reduce exposure to financial risks, and
- prevent and detect fraud and error.

2. DEFINITIONS

The following definitions apply for the purpose of this Policy:

ADP refers to Automatic Data Processing, a provider of payroll and HR solutions for businesses.

CommBiz is Commonwealth Bank's secure online banking platform designed for businesses.

COO is the **Chief Operating Officer** of the AUT.

Policy is the **Financial Internal Controls and Management Procedures Policy**.

Financial Controls and Procedures is also **Financial Internal Controls and Management Procedures Policy**, as well as the underlying financial internal controls and management procedures listed in the Policy itself.

Schedule of Delegations is the **Financial Delegations Policy & Schedule** document that specifies the authorities given to the Board, senior executives, and other AUT staff.

3. SCOPE

This policy applies to the AUT in relation to its accounting, finance, and payroll procedures.

4. POLICY STATEMENT

The University establishes effective financial controls and procedures as part of its broader risk management practice. These financial controls and procedures contribute to the efficient administration of the AUT and support the prevention and detection of fraud.

5. POLICY APPLICATION

Principles

The University applies the following principles in establishing financial internal controls and management procedures.

Control environment

- 5.1. The control environment is an element of the University's culture. The Council and senior management must set the tone regarding the importance of internal controls and high standards of conduct. The Council is assisted in carrying out its responsibilities by its sub-committees, including FRAC, which provides financial oversight and reports directly to the Council.
- 5.2. Having qualified, trustworthy and experienced personnel improves the probability that work will be done properly and that internal control objectives will be achieved. The AUT adheres to this principle in its recruitment procedures. The AUT conducts background and reference checks to verify new employees' skills, qualifications, backgrounds, and personal traits.
- 5.3. The AUT maintains its integrity and ethical values through policies such as the Code of Conduct Policy and Whistleblower Policy.
- 5.4. The AUT follows the *Schedule of Delegations* approved by the Council in relation to the approval, authorisation, and verification of transactions.
- 5.5. Financial internal controls and procedures include proper segregation of duties and responsibilities. Ideally, three different persons perform the following essential functions:
 - authorisation or approval of a transaction,
 - recording of a transaction,
 - custody of assets (cash and other assets).

This is to ensure that no one person will have sole control over a transaction and that there is a system of checks and balances in place. For example, it is easier for mistakes to be made or for fraud to occur if one person handles the books (recording), prepares and signs the cheques (authorisation), and has

access to the bank account (custody). A separate person handling the books will be able to verify an unauthorised or erroneous cheque disbursement authorised by another person by comparing the bank statement with the accounting records.

- 5.6. The maker, checker, and officer procedure is similar to the principle of segregation of duties. However, the purpose here is to allow for checking another person's work and ensure that mistakes are detected. An example of this procedure is as follows:
- one person prepares the cheque or EFT payment (maker),
 - another verifies the correctness and validity of details on the cheque/EFT entry (checker), and
 - another approves and signs the cheque or releases the EFT transaction (officer).
- 5.7. Regarding the security of assets, access to equipment, securities, cash, and other assets is restricted in accordance with authorisations. In addition, access may be restricted through physical controls such as locks, security systems, and passwords. Assets are periodically counted and compared to amounts shown on control records.
- 5.8. Financial controls and procedures on investments are covered separately. Refer to the AUT Investment Policy.
- 5.9. Controls over data centre operations, system software, hardware acquisition and maintenance, and access security are implemented. However, these controls are not documented in this Policy.
- 5.10. Financial controls and procedures are documented so that employees may understand what is expected and required. This also supports the continuity of sound procedures in case of personnel changes.

Risk assessment

- 5.11. Finance personnel identify risks in the areas of accounting, financial reporting, payroll, compliance, and information systems (related to accounting and payroll). Financial controls and procedures are developed to manage these risks.

Control activities

- 5.12. Financial controls and procedures are detailed in the Appendix of this Policy. These mitigate risks in the following areas:
- Cash receipts
 - Cash disbursements
 - Contracts and liabilities
 - Vendor listing
 - Compliance with taxation requirements
 - Employment and payroll
 - Employment expenses
 - DGR funds

- Fixed assets
- Financial reporting
- Accounting and Payroll Software / System.
- Record Keeping

5.13. Financial controls and procedures used by AUT are a mix of preventative, detective, and corrective controls. Examples are as follows:

- Preventative – segregation of duties, Schedule of Delegations, and verifications.
- Detective – reconciliations, reviews, and data analysis (e.g., budget vs. actual),
- Corrective – data back-ups, additional training, and changes to policies and procedures.

Monitoring financial controls and procedures

5.14. Financial controls and procedures are monitored to assess whether their objectives are being met. Monitoring occurs during the annual financial audit and/or through the Finance personnel's regular assessment of financial controls and procedures.

5.15. Finance personnel must promptly address any identified weaknesses in the financial controls and procedures. Necessary adjustments should be implemented to maintain effectiveness. All updates on financial controls and procedures must be documented and included in the next review of the policy.

5.16. The documented financial controls and procedures are reported to FRAC and reviewed in accordance with the period indicated in the FRAC Workplan and AUT Policy Framework Policy.

6. QUALITY ASSURANCE

Effectiveness of the policy may be assessed through:

- the results of the annual financial audit of the AUT by an independent, ASIC registered auditor, specifically if there are no significant audit issues raised.
- no incidents of fraud within the company.

7. RELATED DOCUMENTS AND LEGISLATION

Corporations Act 2001 (Cath)

Fair Work Act 2009 (Ch)

Higher Education Support Act (HESA) 2003 (CT)

Taxation Administration Act 1953 (Cth)

8. VERSION HISTORY

Version	Approved by	Approval Date	Effective Date	Changes made
1	A&RMC	6 August 2010	6 August 2010	new

2	A&RMC	19 May 2011	19 May 2011	modified
3	A&RMC	22 May 2012	22 May 2012	modified
4	A&RMC	30 May 2013	30 May 2013	modified
5	A&RMC	27 May 2014	27 May 2014	modified
6	A&RMC	25 May 2015	25 May 2015	modified
7	A&RMC	1 June 2016	1 June 2016	modified
8	A&RMC	29 May 2017	29 May 2017	modified
9	A&RMC	14 August 2017	14 August 2017	modified
10	A&RMC	18 June 2018	18 June 2018	modified
11	A&RMC	31 May 2019	31 May 2019	modified
12	A&RMC	4 May 2020	4 May 2020	modified
13	FRAC	17 May 2021	17 May 2021	Modified, ACT 'Policy' format and style applied.
14	FRAC	16 May 2022	16 May 2022	Minor editorial changes, changes in job or position titles
15	FRAC	15 October 2023	15 October 2023	modified
16	FRAC	12 May 2025	12 May 2025	Use of AUT policy template Procedures on recordkeeping Editorial changes

Any hard copy of this electronic document may not be current as the University regularly reviews its policies. The latest version can be found online at www.actheology.edu.au/Repository/Policy.



APPENDIX: Financial Internal Controls and Management Procedures

Cash Receipts

Objectives

Based on the nature of AUT's cash receipt transactions, financial controls and procedures for cash receipts are generally to ensure that:

- Cash intended for the company is appropriately credited to the AUT's bank account.
- Cheque payments are promptly deposited.
- Cash receipts are properly recorded.

Process	Description of financial controls and procedures
Segregation of duties	• Cash and cheques should only be received by non-finance staff. • For operational efficiency, finance personnel may deposit the cash and cheques received by non-finance personnel. • Non-finance personnel must confirm the deposit by signing on the bank receipt. • Finance personnel are responsible for recording the cash and cheque receipts in the books and performing bank reconciliations. The Vice-Chancellor, or COO, or their designate reviews and signs the bank reconciliation report. Note: Total cash received in actual currency or coins for one year amount to only around \$300. Hence, financial controls and procedures adopted for cash receipts are based on minimal risk of loss.
Receipts a. FEE-HELP b. Other receipts	The bulk of the AUT's receipts come from the Department of Education, where payment is directly credited to AUT's bank account. Direct payment to AUT's account minimises the probability of mishandling collections. <u>Department of Education remittances</u> 1. The schedule of remittances for the year is obtained from the Department of Education website, which the Director of Finance can access. 2. Finance personnel must ensure that FEE-HELP payments are credited to AUT's nominated bank account by the specified due date. The nature of other collections includes: – Affiliation fees and other AUT fees are paid by Affiliated Colleges by direct credit to AUT's bank account. – Donations coursed through the AUT Foundation are also paid electronically into the AUT's Foundation bank account. – Small-value and low volume payments such as for-student transcripts, student fees, books, conference registration fees, are received by EFT, credit card, or cash.
Invoicing	Invoices must include accurate details: customer name, address, nature of sale, amount, tax amount, and payment terms. AUT normally issues invoices for: – Affiliation and other fees to Affiliated Colleges. – Administration fees for transcripts and testamurs. – Sale of goods (e.g., books).
Deposit	<u>Cash and cheque receipts</u> – All receipts should be deposited no later than the next banking day.

	- If the deposit is under \$100 and includes fewer than three cheques, deposits may be made within two to three banking days or by the end of the week at the latest. - Undeposited funds must be securely stored under lock and key <u>Credit card payments</u> Credit card payments may be made via the link provided in the AUT invoice or through the AUT portal. These payments are processed through Stripe, a secure online payment and credit card processing platform. The security of credit card details is managed entirely by Stripe. Where practicable, duties related to receipt handling and processing should be segregated to enhance financial controls and procedures.
Recording and bank reconciliation	<u>Proper recording of cash receipts</u> 1. Bank reconciliation a. Bank reconciliations are performed daily. A monthly bank reconciliation report should be prepared by finance personnel to ensure all deposit transactions have been accurately recorded. b. Any unreconciled balances must be brought to the COO's attention and resolved within 45 days. c. Where possible, the Vice-Chancellor, or COO, or their designate reviews and signs off on the monthly bank reconciliation report. In their absence, any authorisers under the <i>Schedule of Delegations</i>, other than the finance personnel, may review and sign off on the report. d. Monthly bank reconciliations should be kept on file and available for review by the Vice-Chancellor, COO, or their designate and the external auditor. 2. Supporting documents Supporting documents should be kept for audit trail. These include: i. FEE-HELP payment schedules from the Department of Education ii. Bank deposit receipts iii. Credit card transactions report from Stripe.
Credit policy and controls	Payment terms: • Affiliated Colleges: 30-day credit terms • Students: 7-day payment terms • Transcripts and Testamurs: Prepayment required prior to issuance • New/Other customers: Payment in advance by cash, direct deposit, or credit card is required prior to supply or service delivery.

Cash Disbursements

Objectives

Financial controls and procedures for cash disbursements ensure that:

- Management properly approves and authorises expenses and disbursements at the point of commitment based on the *Schedule of Delegations*.
- Expenses and disbursements are for valid business purposes only.
- All expenses and disbursements are properly recorded.

Process	Description of financial controls and procedures
	AUT disburses funds through: • Cheque payments

	• Direct debit from AUT's bank account (e.g., regular payment to suppliers and service providers such as Optus, Canon, etc.) • Electronic fund transfers (EFT) and international money transfers (IMT) via CommBiz • Monthly FEE-HELP payments by EFT to Colleges thru CommBiz • Fund Transfers to and from bank accounts • Petty Cash (Imprest system at \$300 fund)- Since electronic banking enables instantaneous fund transfers, AUT enforces stringent financial controls and procedures to mitigate associated risks, even with the strong security features provided by banking platforms
Segregation of duties	No one person should handle any disbursement transaction in its entirety. This reduces the risk of unauthorized payments and concealment of fraud through record manipulation. 1. Recording of disbursements and the actual disbursing function should always be kept separate. For example, finance personnel maintain the records and hence, should not be given signing authority. 2. There must be two cheque signatories or authorizers for any one payment. Each signatory or authoriser is expected to maintain his/her independent judgment of a disbursement transaction.
Pre-approval of expenditures, authorisation of payments & processing of disbursements	The Council maintains oversight over the company's disbursements through its approval of the <i>Schedule of Delegations</i>. Please refer to <i>Approval of Expenditure and Payment Guidelines</i>. <u>Pre-approval of expenses</u> All expenses must be pre-approved according to the Schedule of Delegations. Below are the different types of expenditures with the corresponding pre-approval process: A. Expenses covered by contracts and/or agreements (e.g., utility bills, service contracts such as that with ReadyTech, Silverband, and others). - Contracts are approved based on the Schedule of Delegations. - Normally, a business case is presented before a contract or agreement is approved. In most cases, proposals or quotations from at least three suppliers are needed before a contract is approved. In cases where three proposals are not available, or not considered necessary, approvers should give extra attention to assessing the reasonableness of the proposed contract. B. Travel and meeting reimbursements by AUT employees, committee members, and Affiliated Colleges staff. - Governed by the Meeting Expense Claims Rules, which contain guidelines on what can be reimbursed. C. Mandatory payments (e.g., superannuation, taxes) - These are computed based on government regulations or fixed formulas. D. Payroll - These are based on salary rates approved by the Council before the start of each year and adjusted for any pre-approved leaves, overtime, etc. E. FEE-HELP - Based on schedules previously advised to Affiliated Colleges. - The payment schedule is computed based on estimated FEE-HELP before the census date and actual FEE-HELP after the census is confirmed. F. Ad hoc purchases (e.g., office supplies, capital expenditures, others) - Must be pre-approved or comply with existing guidelines (e.g., Meeting Expense Claim rules).

	- Approval or disapproval of each proposed purchase will be based on the approver's judgment, whether the approver deems the purchase to be necessary or important for operations or in achieving AUT objectives. <u>Approval of invoices, reimbursements, and other expenditures for payment</u> All invoices, reimbursements, and other expenses must be approved for payment based on the <i>Schedule of Delegations</i>. A. Financial controls and procedures on processing disbursements: Finance personnel must ensure the following before processing any disbursement: - Expense authenticity has been verified (e.g., contractor payment supported by a Letter of Engagement). - The expense was pre-approved per the Schedule of Delegations. - Compliance with internal operating policies is confirmed (e.g., travel policy, others); deviations must be approved by the Vice-Chancellor or their designate. - Taxes are properly accounted for. - Invoices are accurate and posted to the correct expense accounts. - All expenses are supported by relevant documentation. To avoid duplicate payments: - Follow AUT's invoice referencing system. - Cross-check for previously recorded/processed invoices or claims. - Perform monthly reviews of purchases from regular suppliers. This is to ensure expense incurred for the month are properly billed. - Maintain updated spreadsheets for tracking paid grants, scholarships, and reimbursements. - Monitor vendor invoices for unusual frequency or amounts. - Compare competitor pricing for non-recurring purchases over \$2,000. - Investigate invoice discrepancies with contracts or historical billing. - Investigate invoice for unusual supply of goods or services. B. Approval of expenses for payment in Xero accounting software (paperless process) 1. Bills are created in Xero using a distinct reference number to ensure that no same expenditure is approved for payment. Please refer to AUT's Invoice Referencing System. 2. Supporting documents (invoices, claim forms) are attached as PDFs and stored in both Xero's File Library and AUT's Shared Documents Intranet, filed by processing date. 3. Finance personnel annotate the bill to inform approvers of: • deviations from the expenditure guidelines, • errors in supporting documents that may require correction in the final payment, • one-off approval of the deviation if based on legitimate reasons. 4. All bills are then submitted for approval in Xero, and the relevant approver is notified. 5. Following the <i>Schedule of Delegations</i>, the approver shall review the bills and supporting documents and approve or reject accordingly. <u>Authorisation of fund disbursements</u> The person approving an expense should not be one of the two individuals authorizing the actual disbursement via CommBiz or cheque, except when no other authorized signatories are available (e.g., on leave or travel). In such cases, the unavailable third authoriser must review and sign off on the transaction post-facto.
Cheque Payments	1. Each cheque payment must be supported by a cheque voucher and supporting documents.

	2. Cheques must be pre-numbered and sequentially issued. 3. Once a cheque is prepared, all supporting documents must be stamped "Paid" to prevent duplicate payments. 4. All cheques must be stamped "Not Negotiable/Payee Account Only," except for petty cash reimbursements, which are cashed. Any deviation must have the Vice-Chancellor's approval. 5. All cheques already approved and signed by the signatories should be given to and released by non-finance personnel responsible for handling the cheque. 6. Maintain a record of issued cheques, including cheque numbers, date, and payee. 7. All cancelled cheques must be: i. Mutilated and marked "cancelled." ii. Kept on file and accounted for 8. Unused cheques or cheque books must be stored securely in a safe. Finance personnel must not have access to the safe. 9. From time to time, a designated AUT Officer without access to cheque books should physically check and sequentially account for: i. Unused cheque books ii. Cancelled cheques. This is to ensure that there are no missing cheques and that all cheques issued have been entered into the books. 10. If a cheque is lost or rejected (e.g., by small overseas banks) and the payee requests an electronic payment: - The original cheque must be returned to AUT, if practicable. - A stop payment must be initiated via CommBiz before processing the EFT or IMT. - Documentation of the stop payment must be: - o Submitted to the approving authority before EFT/IMT approval - o Attached to both the electronic payment documentation and the original cheque voucher - Reversals must be reflected in the accounting system and signed off in the bank reconciliation by the approving authority.
CommBiz payments	1. Finance personnel must email CommBiz authorisers with: - A summary of payments or transactions for authorization - Supporting documents as attachments - A copy of the Xero-generated summary report confirming approval before processing payments. - The Xero expense approver must be copied in the email. 2. Non-Paperless Process If using a non-paperless process: - all CommBiz payments must be documented with a printed copy of the transaction, including the corresponding transaction details. - Finance personnel must ensure that the payment is authorised based on <i>the Schedule of Delegations</i> and is made to the correct payee. 3. Signatories and approving authorities should verify the payee, bank account details, and payment amount and have all supporting documents with them before electronically authorising payment. 4. Authorisers in CommBiz should conduct a random audit by checking the bank account details against the Contacts Masterlist. Finance personnel must be able to explain any discrepancy or change in the bank account used.

Fund transfers	1. Electronic fund transfers between AUT bank accounts should be authorised based on the Schedule of Delegations. 2. Any changes in the fund transfer set-up must be approved per the <i>Schedule of Delegations</i>.
Petty cash	1. AUT follows the Imprest system for petty cash.

Contracts and Liabilities

Objectives

- To ensure compliance with government regulations relevant to engaging contractors.
- To ensure that all purchases and contracts of the organisation are made only upon proper authorisation of management.
- To ensure that AUT has no overdue liabilities.

Process	Description of financial controls and procedures
Engaging individuals as contractors	1. Prior to engaging individuals to work for AUT, finance personnel must verify the nature of the engagement – if employee or contractor and advise the Vice-Chancellor or supervisor responsible for hiring accordingly. (ATO's Employee/Contractor tool can be used as a guide) 2. If the individual is a contractor, there should be a corresponding letter of engagement or contract agreed upon and signed by both AUT and the individual before commencing work. The contractor must provide a valid Australian Business Number (ABN) and Invoice. If no ABN is provided, tax should be withheld from the payment at the applicable government tax rate. Financial controls and procedures for new suppliers must be followed. 3. In cases where the supplier is not required to quote an ABN finance personnel must request a Statement by a Supplier form from the supplier to justify exemption from tax withholding.
Quotation and approval	4. At least three quotations from different suppliers/contractors must be collected and assessed before (a) purchasing a new supply or service and (b) undertaking capital expenditures. This is to ensure the best quality of product or service and value of money is being served. Any exemption from this procedure will only be allowed for valid reasons and subject to appropriate safeguards, including the approval of two signatories. 5. Approval of contracts must align with the approval limits ~~or~~ indicated in the <i>Schedule of Delegations</i>.
Recording and payments	6. Recording and payment of liabilities a. Upon receipt of paper invoices, finance personnel must: – Stamp them as 'Received' with the date of receipt. – Promptly record them in the system, and – Stamp them as "Entered" to prevent duplicate entries. Scanned copies of all paper invoices must be saved in the designated Finance file. b. Expenses should be accrued, and liabilities recognized in a timely manner to reflect the true financial position of AUT. c. Suppliers' invoices should be monitored weekly to ensure that there are no overdue liabilities. Payments for overdue accounts must be processed immediately unless a dispute remains unresolved.

	d. Finance personnel must conduct a monthly review of all liabilities, including tax obligations, to ensure that AUT remains current with all payment responsibilities, particularly those relating to taxation.
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Vendor Listing

Objectives

- To ensure the authenticity of AUT suppliers.
- To ensure the accuracy of GST reports submitted to the Australian Taxation Office.

Process	Description of financial controls and procedures
Maintain accurate records and reports	1. The authenticity of a new supplier must be verified by checking their business registration on the Australian Business Register and/or ABN Lookup website. 2. Relevant supplier information – including ABN, bank details, and address must be accurately recorded in the accounting system. 3. Ensure no duplicate supplier records in the system. 4. The appropriate tax code must be applied based on the nature of the supply and supplier's GST registration. 5. A review of supplier listings and their ABN and GST registration status should be conducted every quarter as part of the month-end/quarterly process. 6. Any changes to the supplier's bank details must be verified via a phone call or email (from a trusted email address). This step is essential to prevent fraud and identity theft. Supporting documentation evidencing the change must be uploaded to the contact's file in Xero. 7. An official list (in Excel format) of supplier contacts in Xero, containing bank details must be maintained and updated. Any new supplier entry or change in bank details must be reflected in the list. Discrepancies between current and previous versions must be justifiable by finance personnel. 8. Approvers should be given a copy of the official list – referred to as the Contacts Masterlist - at least once a year. The list should be used to randomly verify bank details during the payment process. Note: The Contacts Masterlist is a consolidated document that includes both suppliers listed in Xero and employees listed in ADP.
Overseas suppliers	9. Ensure that overseas suppliers are not listed on the Department of Foreign Affairs and Trade's Consolidated List, a list of all persons and entities listed under Australian sanctions laws. Listed persons and entities are subject to targeted financial sanctions.

Compliance with Taxation Requirements

Objectives

- To ensure timely compliance with taxation requirements and accurate amounts are reported to the ATO.
- To detect FBT implication of rewards schemes.

Process	Description of financial controls and procedures
Tax compliance	- Finance personnel must ensure the timely lodgement and payment of all relevant taxes and statutory obligation, including: - Goods and Services Tax (GST) - Pay As You Go (PAYG) withholding - Superannuation - Fringe Benefit Tax (FBT) - Franking credits - Finance personnel must stay informed about changes to taxation and superannuation legislation applicable to AUT's operations. - External advice should be sought from qualified consultants when necessary. - Calculations must be reviewed and endorsed by the Director of Finance prior to lodgement and payment. - Copies of all reference documents, calculations, and lodgement forms must be retained for a minimum of seven years, in accordance with ATO audit requirements.
Rewards schemes	- AUT will not cover staff members' initial membership fees or renewal fees for hotel, travel and similar 'frequent customer' rewards schemes. These remain the responsibility of individual staff members, unless otherwise approved by the Council. - The Director of Finance is responsible for keeping staff updated on current FBT obligations and ensuring that any benefits received do not expose ATO to FBT liabilities. - Staff members must maintain a separate record of reward points accrued through private and business-related travel, especially where AUT has funded the business travel. - If reward points earned from AUT-funded business travel are redeemed for private purposes (e.g., personal travel or accommodation), the benefit attracts FBT. This must be disclosed to both the Director of Finance and the Vice-Chancellor, or where the reward points are redeemed by the Vice-Chancellor, to the Council. The staff member may be required to reimburse AUT for the FBT liability, unless otherwise resolved. Upon a staff member's retirement or cessation of employment, the Council may resolve that the staff member redeem any outstanding reward point balances at a value determined by the Chancellor.

Employment and Payroll

Objectives

- To ensure compliance with government regulations relevant to engaging employees.
- To ensure that:
 - Payroll payments are only made upon proper authorisation of management to bona fide employees,
 - Payroll payments are properly recorded,
 - The organisation complies with related legal requirements, such as PAYG and superannuation payments (in Australia),
 - Employees are kept updated with current trends and regulations and ensure compliance with external regulations.

Process	Description of financial controls and procedures
A. Engaging individuals as employees	
	1. Before engaging individuals to work for AUT, finance personnel must verify the nature of the engagement – whether as an employee or contractor and advise the Vice-Chancellor or supervisor responsible for hiring. (ATO's Employee/Contractor tool can be used as a guide) 2. If applicable, pre-employment screening must be completed. This may include reference checks, credit checks (for key positions only), Working With Children checks, and criminal history record checks. 3. If the individual is to be engaged as an employee, a letter of engagement must be issued. Once accepted, it should be signed and returned to AUT. Finance personnel are responsible for determining the appropriate Award (Higher Education – Academic Staff Award or Higher Education General Staff Award) to be applied in the letter of engagement. 4. Relevant onboarding documents must be provided to the employee. These include; – Fair Work Information Statement – Fair Work Casual Employment Information Statement – WH&S working from home form – Relevant AUT policies (e.g., Leave Policy, TOIL policy, etc.), and – Others applicable documentation 5. The employee must submit relevant forms, including: – Tax File number (TFN) declaration completed online through the employee's myGov account. A printout or PDF summary of this form should be submitted. – Superannuation Choice form – AUT Employment form
B. Payroll	
Segregation of duties	1. Finance personnel are responsible for payroll processing, record-keeping, and bank reconciliations. The approving authority is responsible for payroll approval, payment authorisation, and validation.
AUT staff timekeeping	2. Timesheet Submission and Approval – PDF timesheets, signed by the employee and verified by the supervisor, must be submitted monthly to the finance personnel. – Finance personnel should conduct a reasonableness check of the accuracy of the indicated work hours and leave hours. – Once verified, timesheets should be submitted to the Vice-Chancellor for approval for payment. – Leave and Time off in Lieu (TOIL) applications should be submitted online for the supervisor's approval. – If online submission is not possible, staff must obtain email approval from their supervisor. – Any leave or TOIL used must be recorded on the timesheet. 3. TOIL and Overtime – Accrual of TOIL or overtime must be approved by the supervisor. – Taking TOIL must also be approved by the supervisor. – TOIL not taken after three months of will be paid as overtime unless there is an agreed plan for it to be used at a future date.

Payroll preparation, payroll approval, and validation	4. Payroll Software and Processing - Payroll software is outsourced from ADP. - Finance personnel should process payroll based on the timesheet submitted by the employees. - Leave and TOIL taken that are approved online are automatically reflected in the ADP online timesheet. - A Leave Audit Report showing employees' approved leave during the payroll period, must be downloaded from ADP. 5. Pre-Payroll Approval Requirements Before payroll processing, the following must be submitted to the Vice-Chancellor or his designate for approval: - Timesheets approved by the relevant supervisor. - Leave Audit Report. - Payroll computation and other relevant documents. 6. Pre-pay Confirmation Report Once payroll is processed: - a Pre-Pay Confirmation report is generated from ADP and is used to check the following: a. accuracy of hours worked, leave taken, TOIL taken, and TOIL accrued (ensuring these data in the payroll system are consistent with the employees' timesheet). b. changes made to the payroll record since the last payroll process. The following should be indicated or attached in the report: - Reconciliation of monthly pay and superannuation against fixed monthly salary and superannuation. Discrepancies should only arise from non-fixed income (e.g., performance bonus, leave loading, overtime, leave without pay, maternity leave, etc.) - Explanation of audit messages or any changes made to the payroll record since the last payroll. - Variance report comparing gross salary and tax differences between the current and previous month. 7. Payroll Approval and Finalisation - The Pre-pay Confirmation report with corresponding attachments and annotations must be submitted to the Director of Finance and the Vice-Chancellor or designate for review, approval and signature. - Finalise the payroll after approval is received. 8. Payroll Execution - Generate the payroll report upon finalising the payroll. - Download the ABA File for processing in CommBiz. - Finance personnel must submit the signed Pre-Pay Confirmation Report and supporting documentations to the approving authorities according to the Schedule of Delegations for verification before authorising payroll payment on CommBiz. 9. Single Touch Payroll (STP) Compliance - As ATO requirements, STP payroll data must be authorised on the ADP website and lodged with the ATO on or before the date of payment to employees. - Finance personnel must ensure that the data is accurate. - The Vice-Chancellor or his designate must sign off the STP report before lodgement. 10. Leave and TOIL Monitoring
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	Finance personnel must monitor all leave and TOIL and ensure accurate entry into the payroll system. 11. Payslip Distribution - AUT staff can access their payslip online. - Finance personnel email payslips to employees who do not have online access. 12. Employee Support All employee inquiries related to payroll must be handled promptly.
Performance review and changes to employment	Performance Review and Start-of-year Payroll Preparations 13. Performance reviews of AUT employees must be conducted annually. 14. A duty statement (which includes job title, job description, roles and responsibilities, salary level, annual salary, superannuation, etc.) must be prepared and signed by both employee and supervisor before or at the beginning of each year. Copies must be retained by the employee, supervisor, and Finance personnel. 15. Before processing payroll for the new calendar year, finance personnel must verify the position, job level, and any other changes in employment (e.g., working hours). This should be done in consultation with supervisors and the Vice-Chancellor. 16. Any changes to the Vice-Chancellor's pay must be approved according to the Schedule of Delegation.
Record keeping	17. Finance personnel must maintain a file for each employee, including: - Tax file number declaration, - Choice of Superannuation form – in case of SMSF, the ABN, bank details, and electronic service address for delivery of contribution messages, - Employment form and employee declaration confirming understanding of relevant AUT policies, - Appointment documents - instructions from the employee regarding salary sacrifice and bank account details. Finance personnel must check the authenticity of any direction to change payroll information, - instructions from management regarding changes in salary and benefits.
Review	18. Annual Payroll Masterfile Review A review of the payroll Masterfile should be conducted annually by the Director of Finance and Financial Accountant. The following must be done during the annual review: - Reconciliation of payroll Masterfile with ADP report - Identification of anomalies in payroll information (e.g., duplicate bank details, TFNs, etc.). - Verification that all leave taken is supervisor-approved- - Reconciliation of salary and superannuation with approved salary levels. - Removal of employees not engaged for 36 months from the payroll system. 19. End-of-Financial-Year Review Prior to lodging financial year data with the ATO, conduct reconciliation of: - Salary - PAYG withholding - Superannuation - Reportable fringe benefits - Allowances - Other payroll data - Employees address data in FY reports

	20. Compliance Review – Regularly review employment and payroll procedures to ensure compliance with: • Modern Award • Fair Work regulations • Any other applicable legislation. – Seek professional legal advice as needed.
C. Personnel training	
	1. AUT is encouraged to maintain a personnel training and development budget. 2. AUT is also encouraged to subscribe to relevant books and to help employees stay informed about current trends and regulations.

Employee Expenses

Objectives

- To ensure all employee reimbursements are genuine business expenses.
- To reduce the risk of fraudulent activity.
- To ensure adherence to the *Credit Card Policy*.
- To ensure that corporate credit cards are used for legitimate business purposes.

Process	Description of financial controls and procedures
A. Reimbursements	
Substantiation, review, and approval	1. All employee reimbursements must be submitted to finance personnel for review. Reimbursements must be substantiated by providing a copy of receipts or tax invoices and descriptions of the expenses. If, in any case, a receipt or tax invoice cannot be provided, an employee must provide an explanation or alternative evidence that a business expense has been made on behalf of the AUT. 2. Finance personnel should check the authenticity and purpose of the reimbursement as well as the accuracy of the amount being reimbursed, before submitting for approval. 3. The Vice-Chancellor must approve all employee reimbursements subject to the approving limit per the <i>Schedule of Delegations</i> . In the absence of the Vice-Chancellor, another approver based on the <i>Schedule of Delegations</i> can approve employee reimbursements within the delegation limit. 4. Vice-Chancellor's purchases not paid by credit card should be approved by other approvers based on the <i>Schedule of Delegations</i> . All other reimbursements must be submitted to the Chancellor or FRAC Chair for approval.
B. Credit card expenses <i>Financial controls and procedures on the use of AUT credit cards should be read in conjunction with the AUT's Credit Card Policy.</i>	
Application for a new credit card	1. Ensure that the eligibility criteria for becoming a corporate credit card holder, as well as the assigned credit limits, are adhered to as outlined in the Credit Card Policy.
Use of the credit card	2. Corporate credit cards must be used exclusively for business expenses. 3. Cardholders must always use the AUT credit card in a secure manner.

	4. The cardholder must immediately report lost and/or stolen credit cards to the bank.
Substantiation	5. All corporate credit card purchases must be properly substantiated. 6. A copy of the receipt or tax invoice must be submitted for each expense item shown in the credit card statement. This should be submitted within five working days following the end of the credit card statement period to facilitate timely review, reconciliation, and approval. 7. The business purpose of each expense should be clearly described. 8. For FBT purposes, expenses relating to the provision of entertainment must include details of the total number of staff in attendance and the total number of attendees. 9. Each cardholder must sign off on their credit card statement, confirming that all expenses are business-related and adequately described in the statement.
Review and approval	10. Finance personnel must review all credit card statements and supporting documents to confirm that expenses are bona fide and AUT-related before submitting for approval. Any potentially inappropriate purchases must be queried, investigated, and reported to the Vice-Chancellor, or in the case of the Vice-Chancellor's potentially inappropriate purchases, to the FRAC Chair or Chancellor. 11. If a disputed transaction appears on a statement, the cardholder or finance personnel must resolve the issue with the bank or issuer of the credit card. 12. The Vice-Chancellor approves and signs other cardholders' credit card statements, with all supporting documents attached. 13. Finance personnel must submit the Vice-Chancellor's monthly credit card statement and substantiating documents to the FRAC Chair (copied to the Chancellor) for approval. The FRAC Chair's written approval must be submitted with the credit card statement to authorisers of payment. 14. Finance personnel must notify the Vice-Chancellor of any unusual credit card transactions, or in the case of Vice-Chancellor's unusual credit card transactions, to the FRAC Chair or Chancellor, including but not limited to: - Over the limit expenses, - Unscrupulous expenses, - Disputed transactions, - Unauthorised and/or unexplained expenses, and - other irregular transactions.
Recording of credit card expenses and record keeping	15. All credit card transactions must be accurately recorded in the books using the correct account and tax code. 16. Finance personnel must reconcile recorded expenses against the monthly statement. 17. All receipts and tax invoices must be attached to the monthly statement, saved in the Finance file and attached to the bill created in Xero. These records must be kept for seven years for accounting and tax audit purposes.
Payment of credit card	18. Finance personnel must ensure that all credit card expenses are approved by an authorised person before processing payment. 19. Payment of credit card expenses must be processed before the due date to avoid late charges. 20. If a payment needs to be made early to avoid exceeding the credit limit, finance personnel must seek approval based on the <i>Schedule of Delegations</i> before processing the payment. Ensure that proper substantiation and review are done accordingly.
Withdrawal of credit cards	21. Upon a cardholder's end of employment with the AUT, the corporate credit card must be returned to the Director of Finance no later than the last day of work. The returned credit card must be securely destroyed.

	22. Finance personnel must arrange for the cancellation of the corporate credit card with the credit facility provider. 23. Non-compliance with the Credit Card Policy or the Financial Internal Controls and Management Procedures Policy may result in the cancellation of the corporate credit card. Any suspected fraudulent use will result in immediate cancellation and may lead to disciplinary action.
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Deductible Gift Recipient (DGR) Funds

Objectives

- Procedures for processing donations raised under the AUT's DGR status have been established for purposes of regulatory compliance.

Process	Description of financial controls and procedures
Donation process	Finance personnel must ensure the following procedures are adhered to: • Usage of Funds Deed: Affiliated Colleges seeking to raise funds under the AUT's DGR status must submit a signed <i>Usage of Funds Deed</i> before any donations are processed. • Purpose of Donations: The intended use of donations must align with the categories outlined in the DGR Guidelines for Affiliated Colleges. Any purposes falling outside these categories must receive prior approval from the Council before moneys are raised. • Deposit Confirmation: Donations must not be released to Affiliated Colleges until the funds have been deposited into the AUT Foundation's bank account and cleared, particularly in the case of cheque deposits. • Authorisation of Fund Transfers: The authorisation of fund transfers to Affiliated Colleges must comply with the <i>Schedule of Delegations</i>. • Issuance of Receipts: A password-protected PDF copy of the Tax Deductible Gift Receipt must be issued to the donor.
Acquittal	An acquittal process must be implemented to ensure donations provided to Affiliated Colleges are used in accordance with the stated objectives. This includes requiring Affiliated Colleges to certify, at the end of each calendar year, that the donations received via AUT have been used to support AUT objectives.
Compliance	Finance personnel must also ensure compliance with all relevant statutory regulations governing the operation of a DGR. • Management must regularly review compliance with ACNC requirements using the ACNC compliance checklist. • Management must regularly review compliance with ATO requirements using the ATO's self-governance checklist for not-for-profit organisations.

Fixed Assets

Objectives

- Financial controls and procedures are needed to safeguard AUT's fixed assets (e.g., the AUT office, office furniture, and equipment).

Process	Description of financial controls and procedures
	1. Finance personnel must maintain an updated fixed asset register that records all acquisitions, the useful life of each asset, location of the asset, current and accumulated depreciation, net book value, and any disposals. 2. On an annual basis, the AUT will rely on generally available economic and industry data and internal information to assess possible impairment. AUT management will inform FRAC, which will, in turn, advise the Council of any impairment. This internal assessment will be augmented every three years by an independent, reliable third-party valuation of the AUT's fixed assets, unless there are major developments that strongly suggest a possible impairment, in which case a property valuation shall be obtained in the same reporting period even if this is before the regular 3-year cycle. 3. Where possible, a physical inventory of fixed assets should be conducted at least once a year. Computers are to be recorded and decommissioned using the IT label system used by the AUT IT Manager, ensuring consistent identification of staff users. 4. The useful life of AUT's fixed assets, apart from the AUT Office, will be assessed upon acquisition, following the AUT's accounting policy on fixed assets. These assets will be depreciated over their useful lives. 5. All fixed asset acquisitions and disposals must be authorised based on the <i>Schedule of Delegations</i>.

Financial Reporting

Objectives

- To ensure the accuracy and reliability of financial information.

Process	Description of financial controls and procedures
Keeping accurate records	1. Finance personnel must conduct the following accounting procedures each month and maintain appropriate records: – Bank reconciliation – Reconciliation of subsidiary ledgers (e.g., fixed asset register) with the General Ledger – Review of monthly accounting entries – Review of accruals – Analysis of monthly revenues and expenses against the approved budget, with explanations for significant variances – Review of ageing accounts payables, including tax payables – Review of receivables, if any. Overdue accounts should be followed up closely – Review of investment performance and compliance with the investment policy 2. The Vice-Chancellor or COO must review and sign off on monthly general journal entries and bank reconciliation reports to ensure integrity of financial records. 3. Monthly management accounts (balance sheet, profit and loss, cash flow statement, actual versus budget comparison, and other relevant reports) must be submitted to the Vice-Chancellor for review and information. 4. The finance personnel should conduct a comprehensive yearend review and reconciliation of all accounts.
Compliance with accounting standards	Finance personnel must: 5. Ensure compliance with the Australian Accounting Standard (AASB).

	6. Stay informed about changes and updates to AASB and financial reporting requirements.
Changes to the accounting treatment	7. Any proposed changes to the accounting treatment must be reported to FRAC. Changes to accounting policies must be approved by FRAC before implementation. If the proposed change in accounting treatment or policy is material, it must also be approved by the Council prior to implementation.
Safeguarding financial records in Excel worksheets	8. Finance personnel must ensure that soft copies of important financial records, including FEE-HELP reconciliations and other documents in Excel worksheets, are protected from editing by other users through the use of passwords.
External review of financial records	9. The AUT retains an external auditor to conduct an annual audit of its financial records. - The Council, by delegation to FRAC, appoints an external auditor, who, in turn, reports directly to the Council. - An auditor rotation policy will be implemented to safeguard the auditor's independence: - The maximum rotation period is five consecutive years. - A one-time extension of up to two additional years may be granted, subject to Council approval before the end of the fifth year. - Rotation applies to key personnel who plays a significant role in the audit, such as the audit partner, field audit team leader, and others.

Accounting and Payroll Software / Systems

Objectives

- Ensure financial controls and procedures over access security and access level are implemented.

Process	Description of financial controls and procedures
1. Xero accounting software	• Only authorised users have access to financial systems, with access levels strictly defined: - Approvers are granted both approval and payment access. - The Financial Accountant has Adviser access, including bank account administration rights. - The Director of Finance has Adviser access without bank account administration rights. • A two-step authentication process, as mandated by the government, is implemented. • The AUT must arrange for backup of its data on Xero.
2. ADP payroll software	• Administrative access is restricted solely to finance personnel. • A two-step authentication process, as mandated by the government, is implemented. • Finance personnel must maintain soft copies of the following: - monthly payroll, superannuation, PAYG, and STP reports (PDF) - employees' salary, super, and PAYG (Excel) - employee records and Employee Master File (PDF and Excel)

	iv. End-of-Financial-Year reports (PDF and Excel) The above documents are stored in a secure online folder accessible only to finance personnel.
3. Banking (CBA CommBiz)	- Only finance personnel and authorised bank signatories are granted access to AUT's banking system. - Finance personnel can create transactions but do not have administrative access. - Authorisers are not permitted to create bank transactions, except for fund transfers between AUT bank accounts.
4. Confidential financial information in Excel files	These files must be protected by a password, known only to finance personnel and the Vice-Chancellor.
5. System security on employee termination	Upon the end of employment or directorship, authorised bank signatory or authorised user and their access must be removed from all AUT accounting, banking, and payroll systems.

Record Keeping

Objectives

- Ensure financial records are kept securely and systematically.
- Ensure compliance with the regulatory requirements of government agencies such as the ATO and ACNC.

Process	Description of financial controls and procedures
	- Finance personnel must retain financial, operational and payroll records for a minimum of seven years. - All records must be kept in electronic format, stored systematically and be readily accessible. AUT uses Xero accounting software to manage all accounting transactions and supporting documents. - Confidential records and sensitive data must be stored securely, such as password protection. Access to these records is restricted. - Digital records must be regularly backed up to prevent data loss - Where necessary, important records should also be kept in printed copy.
What records to keep?	The following records must be kept: - Financial statements and audit - Signed audited financial statements - Audit materials and reconciliation - Audit reports - Accounting records - transaction records - bank reconciliations, bank statements or transaction history - journal entries - reconciliation reports - investment reports, transactions and worksheets

	f. debtors list – payments accepted on account g. creditors list – payments to suppliers on account h. calculations and worksheets, including those for month-end and yearend reporting 3. FEE-HELP a. Correspondences from the Department of Education b. FEE-HELP schedules c. FEE-HELP remittance advice d. Calculations and worksheets 4. Purchase / expense records a. tax invoices or receipts for business expenses b. cheque book records c. cash payments records d. credit card statements e. records from platforms or accounts such as CommBiz and Stripe. 5. Sales records a. cash receipts records b. records from platforms or accounts such as CommBiz and Stripe. 6. Taxation 5.1 Goods and services tax (GST) a. activity statements, lodgements and payments b. calculations and worksheets c. Statement by a supplier d. PAYG payment summaries –where ABN not quoted e. PAYG where ABN not quoted – Annual report 5.2 Fringe benefit tax (FBT) a. FBT lodgements b. calculations and worksheets c. Employee declarations 5.3 Franking credits a. Application for Franking Credit Refund lodgements b. calculations and worksheets 6. Employment and super a. Tax File Number declarations b. Choice of superannuation fund c. Wages records d. Single Touch Payroll (STP) reports e. PAYG payment summaries or income statements f. PAYG withholding (PAYGW) payment summary – annual reports. g. Superannuation deduction report and payment confirmation report h. PAYG payment confirmation report i. Pay slips j. Payroll data reconciliations k. Calculations and worksheets 7. Independent contractor and supplier records a. contracts or written agreements b. invoices issued and received c. amounts paid d. payment summaries or income statements issued e. superannuation payments (if applicable) f. voluntary requests made by an independent contractor for you to withhold tax amounts from payments g. tax you withheld from payments when a supplier doesn't quote their ABN.
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	8. Fixed Assets a. List of fixed assets including depreciation schedule b. Invoices and approvals on the purchase of fixed assets 9. Reports a. Management reports b. Budgets c. Reports to government agencies and other external reports d. FRAC papers e. Quality reports 10. Other financial documents that deemed to be important to support any financial transactions.
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