

# CASH & FINANCIAL MANAGEMENT POLICY

## SCOPE

This policy applies to all staff in all Monash University locations for the management of the University's cash and financial management activities and functions.

## POLICY STATEMENT

The University is committed to maintaining a strong financial position to support excellence and impact across education and research endeavours and engagement in enterprising commercial activities. To support the University's financial position, cash management activities will be undertaken in a prudent manner which efficiently manages risk and demonstrates cost-effectiveness.

This policy outlines the principles for cash management activities and the controls in place for the University's income and expenditure as well as the requirements for staff engaged in the relevant activities and functions.

## 1. General principles and objectives

- 1.1 The University's cash and financial management will be undertaken to facilitate:
  - best practice compliance with all contractual, legislative and regulatory requirements;
  - identification and mitigation of risks arising from cash and financial management activities;
  - ongoing financial support for the University's education, research and commercial endeavours;
  - a controlled and robust framework for the management of University funds; and,
  - accountability and transparency of the University's cash management activity and functions.
- 1.2 Financial risks will be identified across all financial activities and transactions with the potential impact assessed and mitigated appropriately.
- 1.3 The University's liquidity is protected by the maintenance of sufficient cash flow to meet ongoing financial obligations.
  - 1.3.1 Maintenance of the University's cash flow is supported through comprehensive forecasts and processes, governance reporting and regular reconciliations.
- 1.4 Foreign currency risk is identified in relevant transactions and material foreign exchange exposure managed.
  - 1.4.1 Material exposure will be hedged and foreign currency fixed in AUD to mitigate risk of foreign currency loss.
- 1.5 Due diligence is performed on prospective debtor counterparties to minimise credit risk exposure (risk of bad debt).
- 1.6 Effective process controls are implemented to facilitate compliance with all contractual, legislative and regulatory requirements and prevent exposure or loss arising from human error.

## 2. Accounts receivables and revenue handling

- 2.1 The collection and handling of all funds received by the University will be undertaken so that funds are safeguarded, efficiently processed, correctly recorded and reconciled.

Debtor viability (Monash University Australia only)
- 2.2 Prior to the execution of a research contract and/ or services agreements, a debtor viability assessment must be undertaken for external suppliers (debtors) who are engaging with the University, unless an exemption applies. Staff should refer to the [Debtor Viability Procedure](#) for information on the University's debtor viability requirements.
  - 2.2.1 Debtor Viability assessments may also be undertaken for existing research contracts and/or service agreements.

## Accounts receivables and revenue handling

- 2.3 Receivables and monies owed to the University will be processed by Receivables and Revenue Accounting Services (R&R) at Monash University Australia and Finance Unit at Monash University Malaysia to maintain effective University cash flow and to minimise the risk of bad debt.
- 2.4 The University implements controls to facilitate the efficient and compliant receipt of monies owed to the University. The University Cashier(s) coordinates and oversees the handling of cash and management of EFTPOS facilities. The University Cashier must be contacted for advice where cash is received on behalf of the University by staff or students and/or to establish an EFTPOS facility for the receipt of monies electronically.
- 2.5 Ongoing risk assessments will be conducted by Receivables and Revenue Accounting Services for customer accounts to determine an individual risk classification for monitoring the risk of non-payment. The risk classification informs the debt collection process for a particular customer account.
- 2.6 R&R at Monash University Australia and Revenue Accounting Services at Monash University Malaysia facilitate the raising of correct invoices, review of supporting documentation and handling of income and managing the collection of debt.

## Residual funds

- 2.7 Where a surplus balance of funds exists at the conclusion of an externally funded research project, the management of residual funds must be undertaken in accordance with the requirements outlined in the [Residual Funds Procedure].

## 3. Purchasing and payments (expenditure)

### Vendor payments

- 3.1 Monash University enables staff to procure good and services on behalf of the University where there is a demonstrated business need.
- 3.2 The University implements strict controls to ensure that all payments to vendors are genuine business expenses, compliant with legislative requirements and processed efficiently. Staff should refer to the [University's Procurement Policy](#) and [Conflict of Interest Procedure](#) for more information.
- 3.3 Staff must raise and facilitate all purchase requisitions through the e-procurement platform, i.e. Coupa at Monash University Australia and eProcure at Monash University Malaysia prior to any supplier / vendor engagement.
  - 3.3.1 For a list of Vendors or types of services excluded from the purchase order process, refer to [the Payment Services Intranet Site - *forthcoming*].
- 3.4 All purchase requisitions must be approved by the authorised financial delegate for the nominated cost centre prior to the official purchase order being issued to the vendor.
- 3.5 The requesting staff member must facilitate all requirements in Coupa at Monash University Australia and eProcure at Monash University Malaysia for the supplier / vendor payment within the timeframes stipulated for the payment to be processed in accordance with the agreed payment terms.
- 3.6 All payments will be reviewed and approved by Payment Services at Monash University Australia, and the Accounts Payable Team at Monash University Malaysia prior to facilitating payment to the supplier or vendor according to the University's invoicing payment terms.
- 3.7 Where a purchase order is in a foreign currency and meets the requirements for hedging, as outlined in the [Foreign Exchange Hedging Procedure](#), the relevant Faculty or Portfolio should contact the University's Treasury Team at Monash University Australia to assess material exposure and the approach to hedging funds prior to the purchase requisition being raised. Staff should refer to the [University's Foreign Exchange Hedging Procedure](#) for more information.

### Other payments

- 3.8 Payments associated with Monash University Australia's borrowing activities and hedging activity are facilitated by the University's Treasury Team through online banking platforms subject to prescribed approvals as set out in the University's Borrowings Activity Policy.

## 4. Bank account administration

- 4.1 Monash University Australia bank accounts will only be opened and closed on recommendation of the Executive Director, Corporate Finance and approval of the Chief Financial Officer. Monash University Malaysia's Executive Management Committee is responsible for administering the opening and closing of Monash University Malaysia bank accounts
- 4.2 Responsibilities for the administration of bank accounts are segregated across appropriate areas and individuals within Accounts Receivable(s) and Treasury in Corporate Finance at Monash University Australia. For Monash University Malaysia segregation of duties applies across the Treasury Team for reconciliation and the General Ledger Team for systems administration.

- 4.3 All prospective account activity will be reviewed and approved by the supervising staff members with the appropriate authorised financial limit.
- 4.3.1 The nominated account administrator in e-solutions is responsible for maintaining the authorised list of account preparers and approvers, including the management of any requests for amendments.
- 4.4 Bank account activity will be reconciled monthly and audited on an annual basis.
- Authorised signatories**
- 4.5 Corporate Finance (Treasury) manages the list of current signatories on all bank accounts and ensures sufficient coverage in the event of absences of key signatories.
- 4.6 Changes to the list of authorised signatories must be approved by any two of the following:
- 4.6.1 Monash University Australia: by the University's Chief Financial Officer; Executive Director, Corporate Finance; Executive Director, Financial Resources Management; and Director, Research and Revenue Accounting Services.
- 4.6.2 Monash University Malaysia: proposals to change authorised signatories must be submitted to EMC for approval. EMC will advise Monash University Australia's Executive Director, Corporate Finance, and seek approval of the Chief Financial Officer. Approved changes will be submitted to the Company Directors' for final approval.
- 4.7 All changes to the list of authorised signatories are reported to Resources and Finance Committee annually. For Monash University Malaysia changes will be submitted via a Board Resolution to be passed and then reported to Board of Directors

## 5. Monitoring and reporting

### Internal reporting

- 5.1 Corporate Finance reports the year-end financial statements and related notes (scheduled for March) to the Resources & Finance Committee and Audit and Risk Committee for the University and consolidated entities.
- 5.2 Monash University Malaysia will provide year-end financial statements to the Executive Management Committee, the Board of Directors and Monash University Australia's Corporate Finance division.

### External reporting

- 5.3 Corporate Finance, Monash University Australia maintains the requisite information and provide financial reporting to meet external obligations for the management of funds, for example, Government reporting. The Financial Reporting Unit at Monash University Malaysia maintains the requisite information to provide financial reporting for external obligations, as required.

### Recordkeeping

- 5.4 All financial transactions must be properly documented and accurately recorded in a timely manner. All financial information and reports will be maintained in accordance with the University's Record-keeping policy and procedure.

## 6. Breach

- 6.1 The University treats any breach of policies or procedures seriously and encourages reporting of concerns about non-compliance. Any breach of a requirement outlined in this Policy or the associated procedures will be managed in accordance with the applicable Enterprise Agreement or contract terms.

## DEFINITIONS

Cash management	Strategies used to manage the handling of cash ensuring all cash / deposits are credited into approved bank accounts as efficiently as possible, while payments / commitments are made in a timely manner
Debt management	Strategies used for the efficient collection of amounts owing to the enterprise.
Treasury Management	Management of an enterprise's holdings, with the ultimate goal of managing the firm's liquidity and mitigating its operational, financial and reputational risk
Foreign currency	Currency other than the local domestic currency
Hedging	Techniques used to minimize and measure unfavorable risks associated with movements in foreign exchange fluctuations
Loans	The advance of a specified sum of money or line of credit with a commitment to repay the amount owed to another in a future period.

Liquidity	The ability and ease to obtain cash from assets in order to meet obligations or make purchases.
Foreign exchange risk	Risk of financial loss arising from adverse fluctuations in the value of a base currency (AUD) against a foreign currency
Operational risk	Risks associated with the chance of loss stemming from an issue with people, systems, procedures, and external events.
Receivables	Financial commitments owing to the enterprise.
Vendors	An organisation or entity who provide services or goods in exchange for payment

## GOVERNANCE

Supporting procedures	<a href="#">Accounts Receivable Procedure</a> <a href="#">Debtor Viability Procedure</a> <a href="#">Foreign Exchange Hedging Procedure</a> <a href="#">Residual Funds Procedure</a> <a href="#">Revenue Handling Procedure</a> <a href="#">Supplier Payments Procedure</a>
Supporting schedules	Residual Funds Schedule – Monash University Malaysia
Associated policies	<a href="#">Procurement Policy</a> <a href="#">Fraud and Corruption Policy</a>
Policy owner	Chief Financial Officer
Legislation mandating compliance	<a href="#">Monash University Act 2009 (Vic)</a> <a href="#">A New Tax System (Goods and Services Tax) Act 1999 (Cth)</a> <a href="#">Financial Management Act 1994 (Vic)</a> <a href="#">Freedom of Information Act 1982 (Vic)</a> <a href="#">Public Records Act 1973 (Vic)</a>
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