

Statutory Requirements for Committees Policy

Section 1 - Background and Purpose

(1) To ensure La Trobe University staff comply with the mandatory Statutory Requirements which aims to ensure that University Committees are operated in accordance with statutes, regulations, Government policies and Procurement Policies of La Trobe University. Furthermore, to ensure that the Committees Procedures are followed by staff.

Section 2 - Scope

(2) Applies to:

- a. All campuses
- b. All Staff
- c. All Committees

Section 3 - Policy Statement

(3) A statement of significant accounting policies is disclosed in the University's annual accounts and the policies are set out in the [Accounting \(Financial\) Policy](#).

(4) The following parts of the University and all University Companies are regarded as being sufficiently of a commercial character to warrant a commercial approach to their finances and accounting, especially for internal management purposes.

- a. University Companies*
- b. Other Incorporated Entities Approved by Council#
 - i. Bendigo Campus Programs
 - ii. Bendigo Student Association Inc.
 - iii. Wodonga Student Association Inc.
 - iv. La Trobe University Student Union Inc.
- c. Other Unincorporated Entities
 - i. La Trobe University Power Station
 - ii. Residential Services (Including Colleges)
 - iii. Student Services (Eagle Bar & Image Shop)

* These quasi commercial areas of the University, while not technically subject to the [La Trobe University Act 2009](#), are required to comply with the decisions of Council and responsible University committees and authorities as expressed from time in University Policies.

These bodies are required to comply with all University policies.

(5) This Policy applies subject to the conditions detailed in the Procedures for University Committees.

Section 4 - Procedures

Part A - Introduction

(6) These entities include unincorporated bodies, incorporated bodies and companies owned by the University with the following characteristics:

- a. Provision of goods and/or services to the University Community and to persona and/or entities external to the University
- b. Transaction are conducted at 'arms-length'
- c. Normal commercial trading terms apply
- d. Must be self-financing in both the short and long term
- e. Must recover all costs of operation.

Scope Commercial, Trading and Service Areas

General Coverage

(7) Financial Accounting policies are designed to cover the commercial, trading and service operations of the University. They do not provide for the privatisation of any University Facility. Any other income generating activities of the University may fall under the ambit of Financial Accounting Policies, assuming they are of sufficient scale and have received approval from Finance and Resources Committee.

Exceptions

(8) All La Trobe University Companies are required to operate within the Financial Operations policies, noting that there may be exceptions to this general principle in the case of investments in subsidiary companies where the University does not have a 100% interest. In such cases specific advice on the application of Financial Accounting policies and procedures will be provided by Finance Division.

Reporting

(9) Finance and Resources Committee (FRC) from time to time issues guidelines on certain aspects of the finances of these University bodies. For instance, FRC requires that annual budgets be prepared and periodic financial reporting occur and furthermore that specific items are to be included in budgets. (Refer to [Financial Accounting Policy and Procedures](#) and Budgeting and Reporting Policy and Procedures).

Part B - Basic Principles

(10) The fundamental principles of the document and to which reference should be made, if they need to be interpreted, are set out here.

Section 33 (1) of the La Trobe University Act

(11) Section 33 (1) of the [La Trobe University Act](#) provides that:

"All fees and all other monies received by or on behalf of the University under the provisions of this Act or

otherwise shall be applied by the Council solely for the purposes of the University".

(12) This section of the Act defines "the purposes of the University" as the sole criterion on which expenditure must be approved. The University's general financial and operating policies and procedures are designed to ensure as far as possible that this criterion is met. However, if these policies and procedures are silent or incomplete the criterion still applies.

(13) The tests to be applied to ensure that this criterion is met are:

- a. There must be a clear benefit to the University as a result of the expenditure.
- b. The expenditure must be "necessary".
- c. The expenditure must be the most economic way of doing things. Either it is the cheapest alternative or if not there are other clear and justifiable benefits.
- d. Where there is conflict then the interests of the University take precedence over the interests of the third party whether he be student, staff, debtor or creditor.

(14) This requirement has absolute authority over the University and all its constituent parts listed in these Procedures with the exception of those Incorporated Entities approved by Council as listed below:

- a. Bendigo Student Association Inc.
- b. La Trobe University Student Union Inc.
- c. Wodonga Student Association Inc.

(15) The requirements of the Act have persuasive authority in relation to these organisations.

Requirement to Be Self-funding

(16) All the bodies listed in these Procedures are expected to be self-funding in both the short term and the long term. Therefore, the responsible committees and officers are expected to plan and manage the financial affairs of these bodies so as to satisfy this objective.

(17) Finance and Resources Committee may temporarily suspend this requirement when it is satisfied that its attainment is unrealistic or would unreasonably interfere with the attainment of the non-financial objectives of the body concerned. Finance and Resources Committee may limit the extent of the suspension if special circumstances prevail.

(18) The University will not make subventions from general University funds to any of the bodies listed in these Procedures.

(19) The University will charge the unincorporated entities a commercial equivalent central charge.

(20) The basis of all such charges will be determined from time to time by Finance and Resources Committee or, in certain circumstances, by the Chief Financial Officer and ratified by the Finance and Resources Committee.

(21) These charges are known collectively as central cost allocations and for the unincorporated entities they are known as commercial equivalent central charge. They are determined by Finance Division annually for inclusion in the respective budgets. Other charges not listed here will be approved, from time to time, by the Chief Financial Officer on the advice of Divisional Managers.

National Competition Policy

(22) The National Competition Policy represents a commitment by all Australian governments to apply uniform

competition laws to all market participants (Part IV of the Trade Practices Act) and to apply a common set of competition principles to the public sector (Competitive Neutrality Principles).

(23) The principle of competitive neutrality aims to ensure that government businesses do not enjoy any net competitive advantage simply by virtue of their public sector ownership.

(24) The Department of Treasury and Finance released a guide to implementing competitively neutral pricing principles which involve:

- a. establishing the competitively neutral cost by adjusting the output cost for net competitive advantage, and
- b. price setting to fully recover the competitively neutral cost over the medium to long term.

(25) Each organisation must ensure compliance with the University's National Competition Policy.

Part C - Banking

(26) No area of the University is permitted to operate a separate University bank account except by specific authority of Council after recommendation by the Chief Financial Officer. Unless otherwise agreed by Council, all bank accounts are to be maintained with the University's bankers.

(27) No bank accounts may be overdrawn without the express approval of Finance and Resources Committee.

(28) All other banking business of the University is conducted through the general University accounts approved by Council.

Part D - Maintenance of Accounts

(29) All accounts of the University and its constituent parts including all those listed in the preamble of these procedures [with the exception of the Bendigo Students Association Inc. and the Wodonga Students Association Inc.] are required to be maintained within the University's accounting system, under the direction of the Chief Financial Officer.

(30) In respect of the bodies listed in the preamble of these procedures for which accounts are maintained, the Chief Financial Officer will ensure that prompt and accurate financial reporting of the activities of these bodies is observed in accord with the procedures contained in University Policies.

(31) Notwithstanding any authorisations to maintain separate accounts, the Chief Financial Officer has overall responsibility under statute (4.6) for; inter alia, the preparation and custody of the financial records of the University. The Chief Financial Officer must be satisfied that the accounts of all parts of the University are properly maintained.

Part E - Insurances

(32) The operations of all the bodies listed in these procedures with the exception of the Bendigo Students Association Inc., La Trobe University Student Union Inc. and Wodonga Students Association Inc., are subject to normal University insurance policies. These bodies will be charged a share of the University's total premium cost as recommended by Commercial, Legal and Risk.

(33) Any of these bodies may arrange additional insurances related to their operations. Such insurances must be arranged through the University Insurance Office and paid for by the bodies concerned.

(34) All direct and indirect costs associated with the provision of insurance advice and the processing of individual insurance claims will be charged to the appropriate school, department or commercial/trading area. The charges will be based on rates set by Commercial, Legal and Risk from time to time.

Part F - Purchasing

(35) All the bodies listed in these procedures, except the Bendigo Students Association Inc., La Trobe University Student Union Inc. and Wodonga Students Association Inc. are subject to normal University rules and procedures on purchasing and related matters as outlined in the Procurement Policies and Procedures. Some of the bodies involved in the resale of goods have additional authorities as noted in Part J of this Procedure.

Part G - Credit Control

(36) All the bodies listed in these Procedures may only supply goods and services on credit in compliance Finance policy.

Credit policies may vary between the bodies. However, all such policies should include the following elements:

- a. credit application - customer details required
- b. credit authorisation - who is to authorise credit terms
- c. cost of granting credit - account, interest or penalty charge
- d. accounting for receivables - including regular aged balance listings
- e. reporting of receivables - to committee, Finance and Resources Committee
- f. collection procedures - letters, legal action, sanctions.

Part H - Audit

(37) All the bodies listed in these procedures with the exception of the Bendigo Students Association Inc., La Trobe University Student Union Inc., and Wodonga Students Association Inc. are subject to audit by Assurance and Risk of the University and by the State Auditor-General's office.

(38) The State Auditor-General is the external auditor for all incorporated University Companies.

(39) All University Companies will be audited to ensure their compliance with the:

- a. Australian Charities and Not-for-Profit Commission Act 2012,
- b. Australian Accounting Standards (AAS and AASB Directors) and other mandatory professional reporting requirements in Australia, Financial Management Act 1994, Standing Directions 4.2c and applicable Financial Reporting Directions and Guidelines for the preparation of financial statements and
- c. [La Trobe University Act 2009](#).

Part I - Authorities

(40) Finance and Resources Committee has adopted a basic schedule of officers authorised to expend University funds. Authorities Table for the non-recurrently funded areas of the University is available from the Finance Division Web Site.

(41) All authorities are approved and expenditure must be limited to the constraints imposed by those budgets.

(42) Only the major delegations are shown in the Authorities Table for the University Commercial, Trading and Service Areas. Any person holding a delegation of \$5,000 may give authority to approve expenditure up to \$2,000 from funds under their control to no more than two persons within his department provided:

- a. the delegation is recommended to and approved by the Head of the budget unit;
- b. the Chief Financial Officer is advised in writing of the authority to be given and the Chief Financial Officer

approves that person as being suitable to accept that level of authority;

- c. the person giving the authority accepts responsibility for superintendence of the funds under their control; and
- d. the person giving the authority advises the Chief Financial Officer immediately if that authority is to be withdrawn.

(43) Financial authorities must only be used to implement the decision of the relevant Committee.

(44) The General Managers of Commercial Areas are also authorised to purchase goods for resale without specific limit but within the general budget constraints.

(45) Authorisation of Contracts must be in accordance the University's Legal Services Policies.

(46) All expenditure on travel, entertainment and items of a similar nature must be signed by an authorised signatory with a higher level of authority than the claimant.

(47) Each of the bodies is required to submit to Finance and Resources Committee for approval a completed schedule designating the specific authorities and any delegations relating to that organisation, its chairperson and where appropriate its executive officers. (Council 162.8.3)

(48) Refer to table 5 Major Table for Authority for University Commercial, Trading and Service Area.

(49) Except that the General Managers of Commercial Areas have unlimited authority for purchases of stock for resale unless otherwise directed by their direct supervisor or the Finance and Resources Committee.

(50) The Campus Graphics Manager is authorised to approve purchase of goods for "resale" (including issue to University departments, or use in printing work subsequently charged to departments) as per the authorities table, but within the general budget constraints. Amounts greater shall be referred to the Chief Financial Officer for approval.

(51) The rules covering suspension or termination of employment require the Vice-Chancellor or the Head of the Department to take action. For the purposes of this rule, the Chief Executive of each unit shall be regarded as the Head of Department and may advise the Vice-Chancellor.

(52) Authority to be exercised in accordance with Statute 9.1 (Old Series) and Statute 17 (New Series).

Part J - Committees

(53) The relevant committee is the main administrative authority and channel of communication for the bodies to which this policy applies.

(54) Wherever reference is made in these guidelines to the appropriate or relevant committee, the committee concerned is as follows:

- a. La Trobe University Power Station Energy Management Advisory Committee
- b. Incorporated Entities
- c. LTU Student Union Inc. Committee of Management

Section 5 - Definitions

(55) For the purpose of this Policy and Procedure:

- a. Commercial, Trading and Service Areas:
 - i. Those entities, including unincorporated bodies, incorporated bodies and companies owned by the

University with the following characteristics:

- Provision of goods and/or services to the University Community and to persons and/or entities external to the University
- Transactions are conducted at 'arms-length'
- Normal commercial trading terms apply
- Must be self-financing in both the short term and long term
- Must recover all costs of operation.

Status and Details

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Responsible Policy Officer	Jodie Banfield Chief Financial Officer
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