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PART 4 EXPENDITURE

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4.1 General Policy

Expenses of the University relate to the consumption or losses of economic benefits or service potential in the form of reductions in assets or increases in liabilities of the University other than those relating to distributions to owners, which result in a decrease in equity during the reporting period.

The University operates on an accrual basis of accounting; therefore expenditure is recorded and recognised in the University financial systems in the period in which the expenditure relates.

The expenditure of the University falls within three broad categories:

(a) salaries and wages and costs associated with the employment of personnel e.g. employer contributions to employee superannuation schemes, pay-roll tax etc;

(b) expenditure on major capital items eg buildings, and capital assets;

(c) all other expenditure relating to the day to day operations of the University.

Managers shall ensure all expenditure of the University is incurred for official University business, except as part of an approved salary packaging arrangement.

The incurring of expenditure by the University on services or goods used for private purposes by officers or employees of the University is strictly prohibited.

If any officer or employee of the University has reason to believe that University expenditure has been incurred on goods or services that are unrelated to official University business, then that person shall inform their manager immediately of the details. On occasions where the officer or employee is unable to contact the manager then the person can contact the Internal Auditor directly.

Upon the discovery of University expenditure which does not relate to any official business of the University the responsible manager shall take immediate action, appropriate for the particular situation.

The Vice-Chancellor shall ensure the University complies with the requirements of the *State Purchasing Policy*.

4.2 Recognition and Recording of Expenditure

Managers shall be responsible for ensuring procedures exist whereby expenditure incurred by the University is allocated to PeopleSoft Chartfields from the University Chart of Accounts that reflect the exact nature of the expenditure.

4.2.1 Responsibilities

(a) managers are responsible for ensuring:

  (i) that staff under their control, involved in the procurement process, are adequately trained in the selection of PeopleSoft Chartfields;

  (ii) that staff are aware of the importance of ensuring that PeopleSoft Chartfields allocated to expenditure correctly portray the nature of the expenditure incurred.

(b) the Senior Management Accountant shall ensure that:

  (i) procedures exist whereby PeopleSoft Chartfields used during the procurement process are reviewed before orders are issued;

  (ii) expenditure in relation to the salaries and wages of the University and the associated on-costs are costed appropriately to the correct PeopleSoft Chartfields;

(c) the Group Manager Finance and Facilities is responsible for ensuring:

(i) adequate systems shall be established and maintained to monitor and ensure the prompt identification, computation and recording of expenses incurred by the University, which will enable the preparation of timely and accurate management and financial reports;

(ii) appropriate recording of expenses occurs arising from consumption, actual loss, or as a provision for a probable loss.

4.3 Authorisation of Expenditure

4.3.1 Delegations of Authority

The Council is responsible for the overall management of the University.

The Council, in terms of its authority, has delegated to managers the authority to commit University funds. This delegation allows managers to put into place the programs and strategies that will lead to the achievement of University objectives.

Council has approved a Schedule of Financial Delegation which are to be exercised by managers detailed in the document subject to budgetary limitations. This delegation gives the authority to managers to commit University funds. Managers shall not exceed their individual delegations.

Managers shall not separate a single supply or service into parts, with the aim of issuing two or more orders or contracts which individually do not exceed the level of financial delegation attached to the position held by that manager.

Managers who authorise the commitment of University funds shall then be held fully accountable for that decision and able to justify the decision to commit University funds to their superiors.

4.3.2 Process of Authorisation

Managers are responsible for ensuring that only authorised officers have assess to these forms and use these forms for official University business.

Managers shall ensure the authorisation process to commit University funds complies with the requirements of current University procedures.

4.4 General Requirements

The expenditure function of the University generates a number of responsibilities for all managers; these include:

(a) the establishment of procedures for the procurement process in the manager's area of responsibility which are consistent with the requirements of the *State Purchasing Policy*. Managers shall refer to the *State Purchasing Policy* and the USQ Purchasing Manual. The three basic policy objectives of the *State Purchasing Policy* are:

  (i) to advance Government priorities;

  (ii) to achieve value for money and;

  (iii) to ensure probity and accountability for outcomes.

(b) the establishment of appropriate controls to ensure that expenditure incurred is for official University business;

(c) the establishment of procedures that result in all expenditure of the area being authorised by an officer with the appropriate level of financial delegation as detailed in the current University Schedule of Financial Delegations;

(d) the establishment of procedures that result in the use of PeopleSoft Chartfields that reflect the nature of the expenditure;

(e) the segregation of duties where staff numbers permit;

(f) the establishment of procedures that ensure official University forms used during the procurement process are completed in compliance with University requirements;

(g) the establishment of a filing process for documentation relating to the procurement process (either payments requests or requisitions and the related supporting information) that results in the retrieval of all documents for future auditing requirements;

(h) the establishment of control procedures that result in the manager's area of responsibility not exceeding their Council approved budget; refer Part 11.3 of this manual for further information;

(i) ensuring that procedures and controls exist that ensure purchasing officers adhere to their level of delegated purchasing authority;

(j) ensuring procedures exist that result in the procurement process being performed in compliance with the requirements of the *State Purchasing Policy* and the USQ Purchasing Manual.

4.5 Competitive Procurement Arrangements

Managers shall be responsible for ensuring that the procurement of all goods and services is a result of competitive procurement arrangements instituted in compliance with the requirements of the *State Purchasing Policy* and USQ Purchasing Manual.

Situations will arise where goods and services can only be obtained from a sole supplier. In these situations the requirement to obtain competitive bids is negated. However the situations where competitive bids are not required must be genuine sole supplier situations.

In instituting competitive procurement arrangements managers shall:

(a) ensure that all goods and services are purchased at the lowest possible price consistent with the appropriate quality standards, delivery requirements and optimum volume levels;

(b) consider the favourable credit terms that can be arranged through various suppliers and the positive effect that such terms can have for the University;

(c) comply with the requirements of the *State Purchasing Policy* and the USQ Purchasing Manual.

4.5.1 Competitive Bids

The number and type of competitive bids required for procurements will depend on the availability and value of the procurement as detailed in the *State Purchasing Policy* and the USQ Purchasing Manual.

(a) where the procurement is likely to exceed $100,000 invitations to suppliers are to be publicly advertised;

(b) where the procurement is likely to exceed $10,000 but unlikely to exceed $100,000 at least three invitations in writing are to be made to genuine competitors known to be capable of supplying the requirement at competitive prices. The number of invitations can exceed three, however the actual number of invitations issued should be governed by an assessment of the benefits to be gained by increasing the competition, to the additional cost involved. The number of invitations shall also be governed by the requirement on the University to ensure suppliers wishing to do business with the University are given a reasonable opportunity to do so;

(c) where the estimated value of the procurement is likely to be between $5,000 and $10,000 the department manager shall ensure at least three invitations in writing are made to genuine competitors;

(d) where the estimated value of the procurement is between $3,000 and $5,000 the cost centre manager shall ensure:

    (i) at least three written or telephone quotes are obtained; and

    (ii) a record of these quotations is maintained.

(e) where the estimated value of the procurement is less than $3,000 the responsible purchasing officer is not compelled to obtain competitive bids. Purchasing officers may obtain one price for the goods and services required, however the officer must be confident that the price offered still results in the University achieving value for money.

    In repeated acquisitions for the same goods or services the purchasing officer is not to continue to use the services of the same supplier indefinitely. The purchasing officer shall make inquiries with other potential suppliers of the goods and services and select one of these alternative suppliers.

4.6 Internal Controls

The Group Manager, Finance and Facilities shall ensure that adequate internal control procedures are developed within the Financial Services Department to ensure accuracy in the processing of requests for payment and to prevent the occurrence of fraud. These internal control procedures shall be reviewed annually by the Group Manager, Finance and Facilities.

The internal controls adopted shall include the following:

(a) payments by the University are generated only after:

  (i) the appropriate goods receipt transactions are completed in the University financial system;

  (ii) the required authorisations have been completed by officers with the appropriate level of financial delegation to commit University funds (as detailed in the current University Schedule of Financial Delegations);

(b) procedures to clarify situations when the invoice from the supplier differs to the goods receipt transaction in the financial systems;

(c) all requests for payments entered into the financial systems are checked by a higher level officer of the Financial Services Department;

(d) the segregation of duties;

(e) monthly reviews and reconciliations of advance accounts to ensure they are promptly finalised;

(f) monthly reviews and reconciliations of expenditure suspense accounts and their clearance;

(g) adequate internal controls are instituted at the University Central Store;

(h) procedures to ensure available credit terms offered by suppliers are complied with.

4.7 Non-Official or Private Expenditure

In a situation where there is some doubt about the validity of claiming particular expenditure (eg where there is doubt that an activity or function relates to the employee's official duties), the Vice-Chancellor should make a determination in relation to the principles of these guidelines. Decisions should be able to withstand the public defensibility test.

In particularly ambiguous situations, advice might also be sought from the Treasury in terms of the *Financial Management Standard*. Examples of expenditure which are generally regarded as non-official or private in nature include:

- Non-official entertainment and travel costs (ie personal video hire fees, an employee's retirement function, luncheons or medium-high cost functions for recognising employees' efforts);
- Tips or gratuities (unless an officer is travelling overseas for official purposes and it is a custom of the region);
- Dinners/functions at an officer's private residence (unless specifically authorised by the Vice-Chancellor);
- Stocking of office bar fridges (except Vice-Chancellors);
- Personal grooming expenses;
- Gifts to staff unless specifically approved by the Vice-Chancellor;
- Parking and traffic offences;
- Child minding fees except where special circumstances arise to suit departmental requirements and at the discretion of the Chief Executive; and
- Floral presentations as a gift and floral tributes unless approved by the Divisional Manager or Vice Chancellor.

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