



FINANCIAL MANAGEMENT POLICY AND PROCEDURES

Purpose

Prudent, rigorous and responsible financial management is a key component of Lincoln Education Australia's (LEA's) higher education operations. Effective financial management and strict financial controls ensure that LEA is operating sustainably, enabling LEA to operate to the highest of educational standards.

The *Financial Management Policy and Procedures* outlines the intelligent, sound and responsible financial management processes at LEA that ensure LEA's operational sustainability. The policy outlines staff responsibilities in financial management, the potential risks to sound financial management, and the processes for financial management review at LEA.

POLICY

Scope

This policy applies to all of LEA's staff involved in financial management processes at LEA.

Principles

All financial management processes at LEA shall be:

- Designed to maintain the financial capacity, capability, and trajectory of LEA.
- Transparent and visible
- Designed to be cost-effective
- Designed in line with LEA's mission, values and overarching financial and strategic direction
- Reflective of the needs of LEA's community and stakeholders
- Designed and implemented ethically.

Ensuring sound financial management processes is essential to complying with Australian legal and regulatory requirements, including the *Higher Education Standards Framework 2015*.

LEA is committed to displaying integrity and transparency throughout all of its financial management processes. Integrity and transparency to not only assist LEA in adhering to its legislative requirements but also ensure LEA is operating ethically and responsibly.



PROCEDURES

Budgeting

The Corporate Governance Board in collaboration with the Finance Manager shall oversee the Budget. The Corporate Governance Board and the Finance Manager shall conduct an annual Budget planning session which shall assess LEA's projected expenditure against its projected financial performance.

The Budget shall be developed to support and align with LEA's strategic objectives and goals. The Corporate Governance Board and Finance Manager shall specifically develop the Budget in line with LEA's current strategies and performance objectives outlined in the Business and Marketing Plan and the Strategic Plan.

The following information, at minimum, shall be taken into account by the Corporate Governance Board in the process of establishing the Budget:

- Current advice and evidence from the Finance Manager
- Consideration of the overall objectives of LEA as described in *Strategic Plan* and *Business and Marketing Plan*
- Intended enrolment targets
- Workforce needs
- Projected revenue
- Fixed expenses
- Projected variable expenses
- Projected cash flow.

All LEA staff members involved in financial decision-making must act in line with the Budget.

Adjustments to the Budget may be made with approval from the appropriate level of authority (see *Delegations Register*).

Business Planning

Business planning is integral to financial management at LEA as it establishes the strategic objectives, risks to financial standing, and projected incomes and expenses for a specified period.

See the *Governance Framework*, *Strategic Plan*, *Business Continuity Plan*, *Workforce Management Plan*, and the *Business and Marketing Plan* for more information.

Risk Management

LEA shall implement robust and comprehensive processes and systems that ensure financial risks are mitigated. Financial risks shall be mitigated by:

- The monitoring of risks



- The effective delegation of risk responsibility
- Effective staff training
- Annual Audits

For more information on risk management please refer to LEA's *Risk Management Framework* and the *Business Continuity Plan*.

Staff Qualifications

LiEA shall only allow appropriately qualified staff to manage financial matters.

Corporate Governance Board members must have expertise in sound financial management and fraud and corruption prevention.

External experts on financial matters shall be engaged to provide advice to the Corporate Governance Board.

A framework of delegations of authority shall be implemented within LEA to ensure that staff members with the appropriate seniority handle purchases.

Training, support, and professional development shall be offered to all staff members. Those involved in financial decision-making shall be provided with specific financial management training and support.

Legal Compliance

LEA shall ensure that all financial management processes are in line with LEA's legislative requirements. Any instances of financial deception or fraud shall be safeguarded against, and any staff members who have engaged in such activities shall be subject to disciplinary measures as per the *Anti-Fraud and Corruption Policy and Procedures*.

See *Compliance Framework Policy* for details on how LEA shall maintain compliance with relevant laws and regulations.

Monitoring

LEA engages in ongoing monitoring of its financial position to ensure that it picks up on emerging risks and new information and prevents fraud and corruption.

Reports generated from monitoring activities shall be taken into consideration in business planning processes.

Financial review and reporting

At the end of each year, the Budget is reviewed. Reports generated from this review shall be taken into consideration in budgeting processes for the following year.



The review takes into account, at a minimum:

- Projected/budgeted figures
- Actual figures
- Fixed expenses
- Estimated variable expenses
- Revenue
- All wage and salary expenditures
- Income and expenditure statements from previous year
- All profit and loss statements from previous year
- All most recent balance sheets
- All most recent aged creditors and debtors reports
- A record of all financial transactions during previous 12 months

A financial report shall be compiled in line with Australian accounting standards.

Auditing

LEA shall employ an independent auditor to conduct annual financial reports. The reports shall evaluate LEA's financial statements to determine LEA's financial stability and sustainability, as well as the accuracy of LEA's financial statements. Furthermore, external audits shall ensure that LEA's financial management processes meet Australian accounting standards. The audit shall ensure that all financial risks are externally evaluated, enabling LEA to implement mitigation processes where necessary.

Business Continuity

LEA shall maintain and update a comprehensive Business Continuity Plan which outlines how LEA shall maintain its operations if risks or threats do eventuate. Furthermore, LEA shall ensure there are financial and tuition safeguards by purchasing insurance. LEA shall purchase:

- Professional Indemnity Insurance
- Public Liability Insurance
- Tuition Assurance Insurance
- Workers' Compensation Insurance.

For more information see LEA's current *Business Continuity Plan, Business and Marketing Plan*, and the *Risk Management Framework*.

Delegations of Authority

As per the *Delegations Register*, any transaction over \$500,000 must be reviewed and approved by the Company Director and transactions in excess of \$100,000 must be reviewed and approved by the Corporate Governance Board or the Chief Executive Officer.



Clear reporting and investigation processes

In the event that financial mismanagement occurs, staff members must be able to comfortably report the incident to LEA, and the appropriate investigation procedures must be followed. For more information see the *Anti-Fraud and Corruption Policy and Procedures*.

Documentation

All delegations of authority must keep detailed records of financial processes and provide periodic reports through the reporting line. Reports must account for all spending, including the rationale for spending.

Documentation is used for monitoring, business planning, and auditing as appropriate.

Compliance

All staff involved in financial management processes at LEA are required to comply with this policy and its procedures, and with related policies and respective procedures. Non-compliance may result in a disciplinary action.

File Number	LEA-GEN-COR-70034-D
Responsible Officer	Chief Executive Officer
Contact Officer	Finance Manager
Legislative Compliance	<ul style="list-style-type: none">• <i>Higher Education Standards Framework (Threshold Standards) 2015</i>• <i>Tertiary Education Quality and Standards Agency Act 2011</i>
Supporting Documents	<ul style="list-style-type: none">• <i>Delegations Register</i>
Related Documents	<ul style="list-style-type: none">• <i>Anti-Fraud and Corruption Policy and Procedures</i>• <i>Business Continuity Plan</i>• <i>Business and Marketing Plan</i>• <i>Governance Framework</i>• <i>Delegations Register</i>• <i>Risk Management Framework</i>• <i>Compliance Framework Framework</i>
Superseded Documents	
Effective Date	1 January 2022
Next Review	3 years from the effective date

Definitions

Business and Marketing Plan: Details how LEA shall reach its financial goals in order to achieve its overall strategic and academic goals.

Business Continuity Plan: Identifies threats and risks LEA faces. The Business Continuity Plan provides risk mitigation strategies and recovery plans to protect LEA's personnel and assets in the event that key operations are disrupted.



Corporate Governance Board: Governing body responsible for oversight of all higher education operations, including the ongoing viability of LEA and the quality of its higher education delivery. The Corporate Governance Board guides the Management and delegates responsibility for academic matters to the Academic Board.

Risk: The threat of uncertainty over the achievement of objectives.

Risk Management: Coordinated activities across LEA which monitor and respond to risks so to minimise their potential harm in the case they eventuate.

Review Schedule

This policy shall be reviewed by the Corporate Governance Board every three years.

Version History			
Version number:	Approved by:	Approval Date:	Revision Notes:
1.0	Corporate Governance Board	17/12/2020	New policy