



The University of Western Australia

Financial Governance Structures And Processes

Document History

Document Status:

Draft Ready for Review Final

Document Control:

Vs	Author	Date	Comments	Provided To:
1.	S Logan Director Financial Services	November 2006		Executive Director, Finance and Resources
2.	S Logan Director Financial Services	May 2007		Vice- Chancellor Senior Deputy Vice Chancellor
3.	C Browne Associate Director, Financial Services	July 2011	Update of previous version	Scott Logan Director Financial Services
4.	S Logan Director Financial Services	Sept 2011		Executive Director, Finance and Resources Vice- Chancellor Senior Deputy Vice Chancellor

Purpose

This document has been prepared to complement the Cycle of Planning and Accountability. The purpose of this document is to outline the key financial governance processes undertaken by Financial Services and the context of the role of Financial Services within the University’s Governance/Management structure.

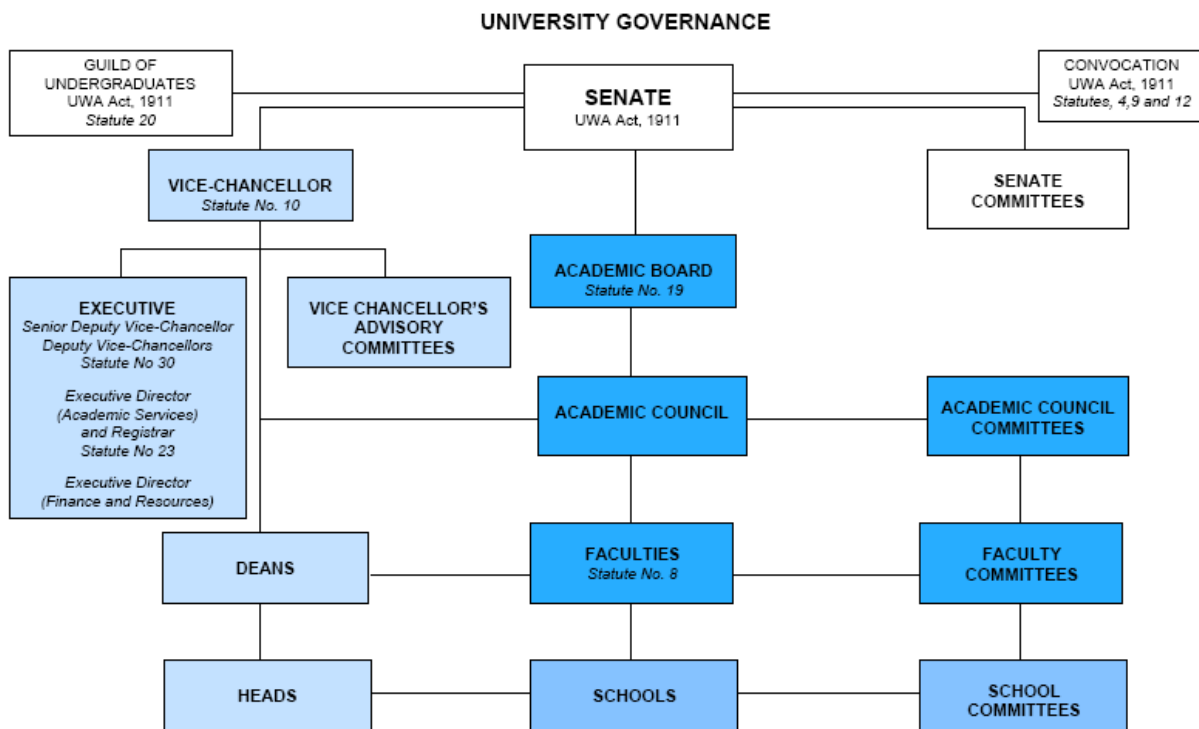
Introduction

The Cycle of Planning and Accountability describes a systematic formal process for ensuring that the University monitors and accounts for its performance against its plans. It is integral to the University’s corporate governance system in that it reflects both external reporting obligations and internal management responsibilities.

The Cycle of Planning and Accountability describes and schedules key steps in the annual planning process for reviewing, evaluating and reporting on performance, and assigns overall responsibility to designated office bearers for these activities.

University Governance and Management Structure

The following diagram illustrates the University’s overall governance structure and the various committees involved.



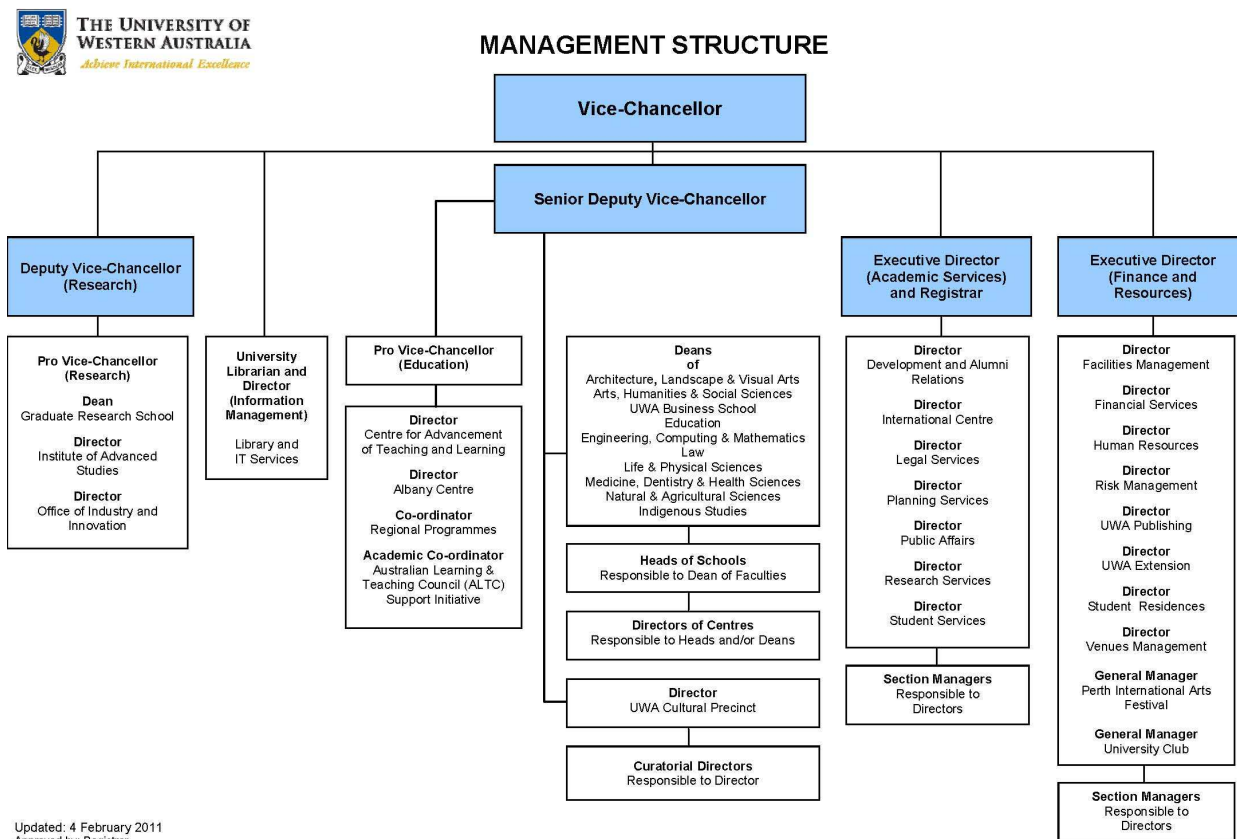
Key roles relevant to the University’s financial management within this structure are as follows:

- **Senate**
The Senate is the University’s governing body established under the University of Western Australia Act 1911 (as amended). The Senate is empowered to act in the interests of the University through

the making of statutes, regulations and by-laws and through the management of the affairs of the University. The current members of the Senate include the Chancellor, members appointed by the Governor, representatives of staff and students as well as members elected by Convocation.¹

- **Strategic Resources Committee**
The Senate sub-committee is responsible for the management and oversight of University resources including monitoring of the University’s financial welfare, campus planning and major physical developments and monitors and makes recommendations in relation to the Investment and Debt Portfolios within a Senate approved policy framework.
- **Audit and Review Committee**
The senate sub-committee is responsible for investigation of financial matters within the University; ensuring policies/arrangements in place for corporate governance, risk and fraud management and ensuring high standards of financial, statutory and operational accountability. The committee receives internal and external reviews, and monitor compliance with recommendations of those reviews and will receive and review the University’s annual report.
- **University Executive**
The Vice-Chancellor under delegated authority of Senate and with the support of the University Executive is responsible for the academic, financial, administrative and other business of the University.
- **Dean**
Statute No. 8 establishes the faculties, which are responsible for the general administration of the courses under their governance. Each faculty is headed by a Dean who has dual responsibility: to the faculty for providing vision, academic leadership and effective management, and to the Vice-Chancellor via the Senior Deputy Vice-Chancellor (SDVC) for the effective leadership and management of the faculty’s human, physical and financial resources located in the schools resourced by the faculty.

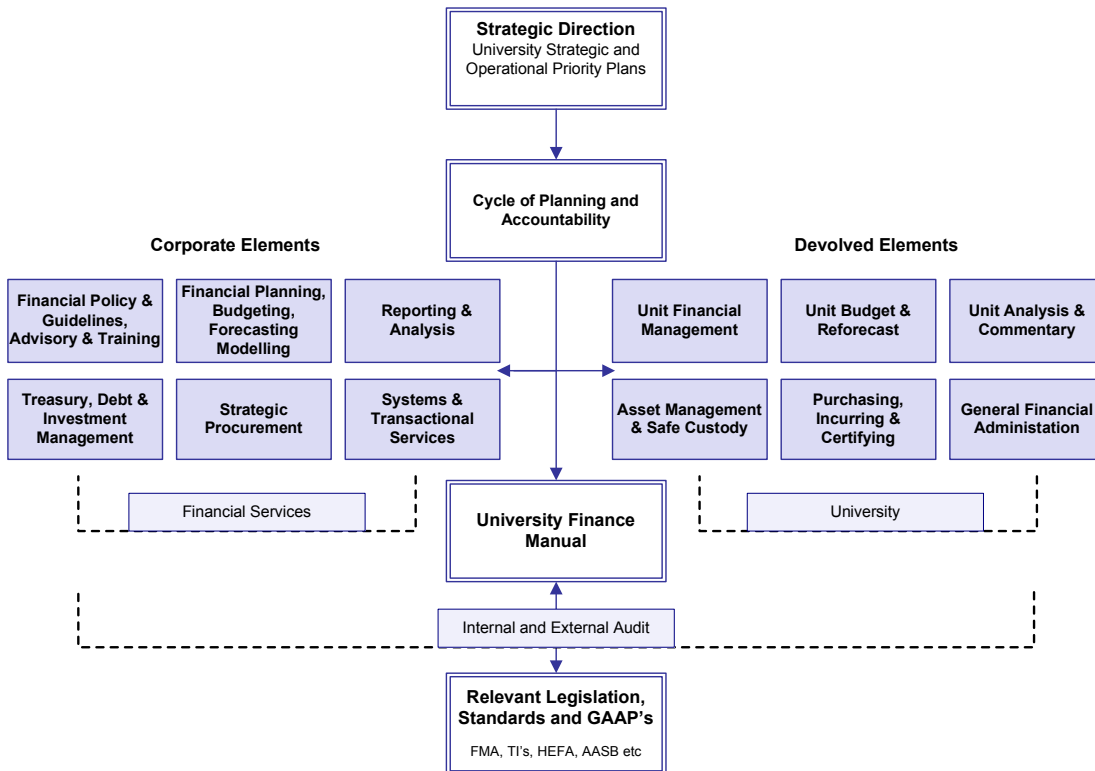
The following diagram illustrates the University’s hierarchical management structure:



Updated: 4 February 2011
Approved by: Registrar
<http://www.secretariat.uwa.edu.au/page/89524>

¹ For the current members of Senate, please refer to <http://calendar.publishing.uwa.edu.au/latest/parta/senate>

The following diagram outlines the financial management framework of the university.

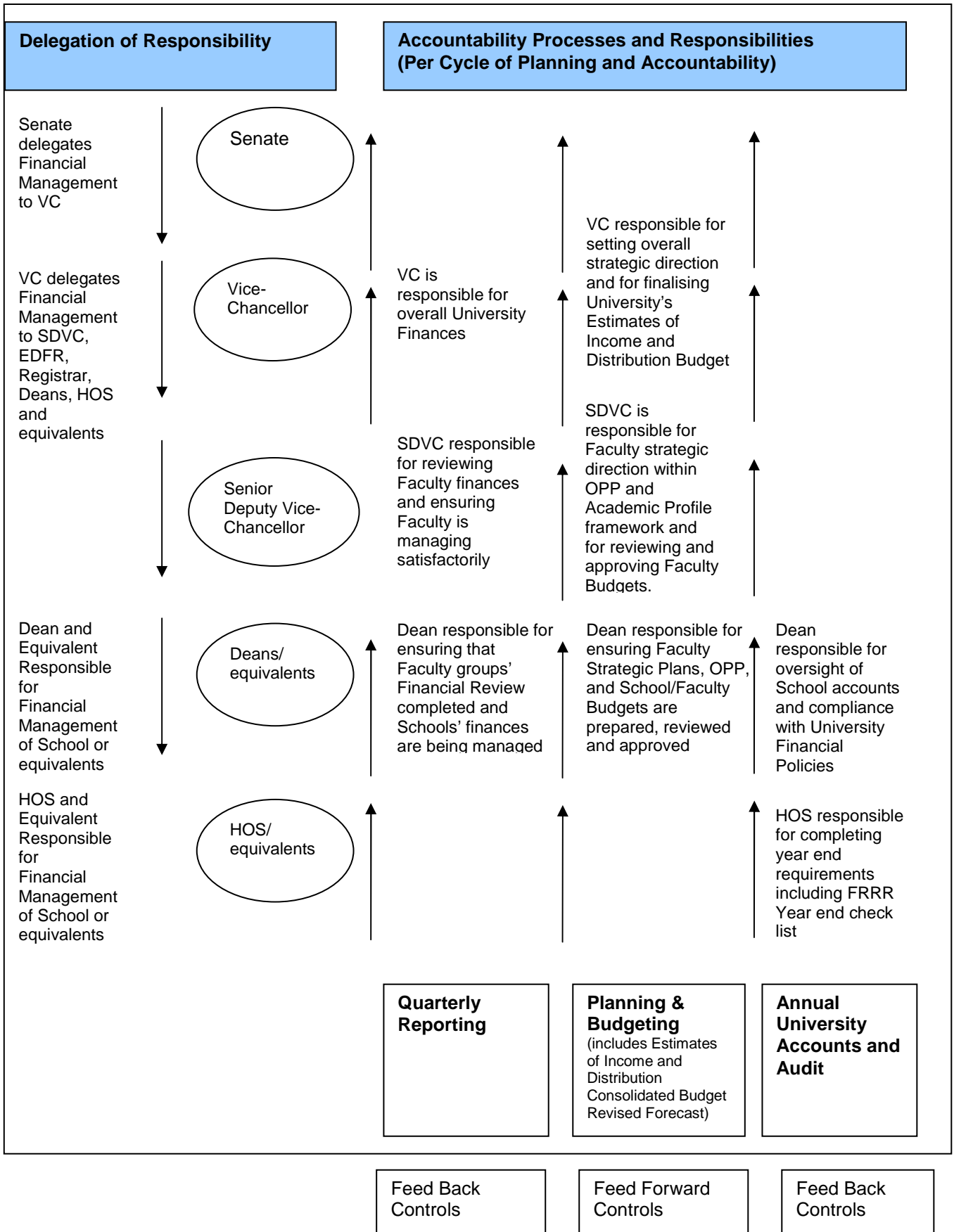


Financial Services is one of the central areas providing corporate financial management and governance processes however a number of other central areas provide corporate elements in key areas such as Research Services, Facilities Management, Student Services etc.

The financial management and governance responsibilities at the devolved level range across a number of University activities including operating, research, centres, affiliates, associated or controlled entities, joint arrangements and institutes. The management structures in place need to ensure that the hierarchical manager monitors all business units and activities under their responsibility.

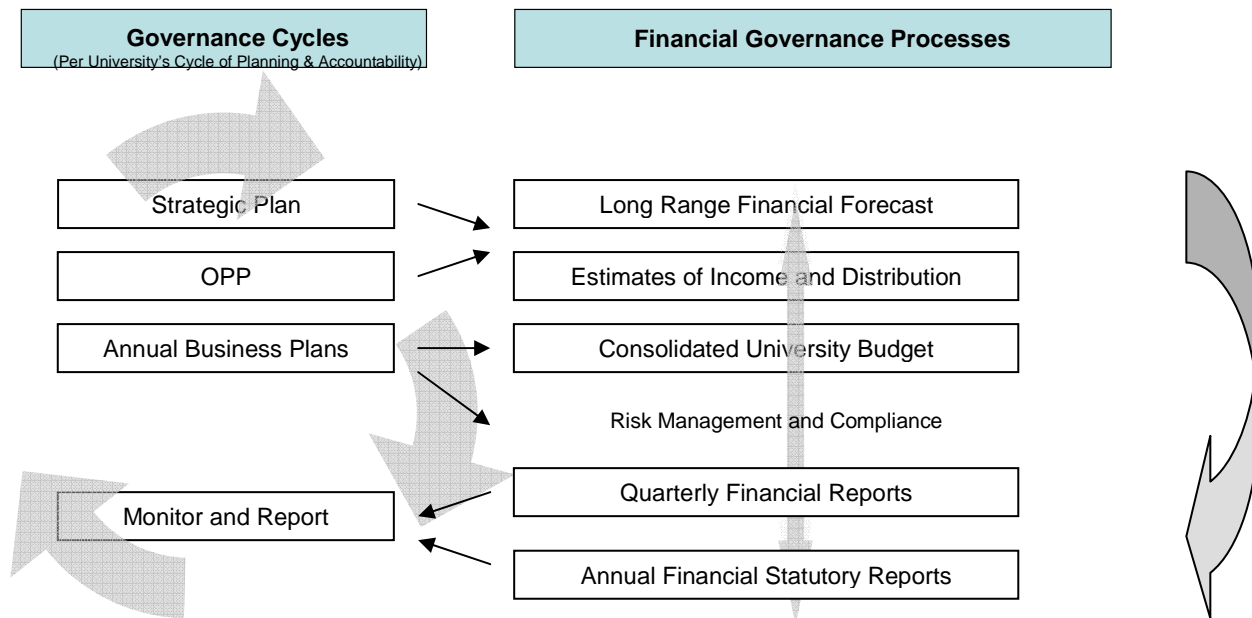
Hierarchical Responsibilities and Accountability Processes

The following diagram provides a higher level outline of the financial responsibilities at each level of hierarchical management and provides a summary of the key financial risk assessment and compliance processes that support these responsibilities across the University.



Financial Services Corporate Processes and Linkages to University Governance

Financial Services undertakes a number of central processes to support the executive and committees in meeting their financial management responsibilities. The following diagram provides an overview of the key cycles.



Long Range Financial Forecast

The development of a long range university consolidated financial planning model enables the modelling of the financial impact of the strategic initiatives and longer term financial trends in The University to be presented annually to Executive Director Finance and Resources (EDFR), Senior Deputy Vice-Chancellor (SDVC) and Vice-Chancellor (VC). The model may be used to estimate the financial impacts of strategies identified in The University's Strategic Plan and Operational Priorities Plan (OPP). Enables a linkage between the planning and budget resource allocation decisions and supports longer term financial sustainability.

Annual Planning and Budget Cycle

The annual Planning and Budget cycle is described in detail by the Cycle of Planning and Accountability document. An annual cycle of events are undertaken to update University-level plans, translate those high-level plans into central and faculty operational plans, and finally review, evaluate and report on the outcomes of those plans. Responsibility for the steps in the Cycle lies with designated key officers of The University.

Financial Services supports the development of the Estimates of Income and Distribution as presented to the Planning and Budget Committee and approved by Senate. The development of the annual estimates commences with the planning and budget workshop at which the Deans/Executive Directors will make a presentation on the finances and plans of their area.

Faculties and equivalent areas will subsequently prepare a three to five year budget. Financial Services will consolidate the faculty budgets to produce an annual University level budgeted income statement, cash flow and balance sheet. The University budget is approved by the Vice-chancellor.

Quarterly Financial Reports

1. Executive report

Faculty/office submits reports to Financial Services including explanations for variation to budget, areas of concern and recovery plans, and quantifying any anticipated variation in the full year result. Financial Services will review, collate and distribute these reports to the executive. The purpose of these reports is to provide the Executive with a high level monitoring/reporting process and does not replace more frequent detailed financial management/reporting activities undertaken by the faculties and schools. Overdrawn areas must be supported by the faculty/office unless the faculty/office is not able to support in which case Vice-chancellor must be advised. All overdrawn areas should be communicated to the Vice Chancellor at least annually. If there are other matters that a Faculty/Office/School/Division is aware of that should result in an area being considered a risk area then they should be brought forward and discussed by the Faculty/Office.

In addition Financial Services will provide University level reports analysing the University performance to budget, key financial data and reporting on financial focus areas.

Extracts of the University level reports are provided to Strategic Resources Committee and Senate.

2. Investment and Debt reports

Financial Services prepares quarterly reports on the performance and position of the investment and debt portfolios for presentation to Strategic Resources Committee and Senate on a quarterly basis.

3. Faculty Financial Review Meetings

Financial Services will assist the Faculties in producing an additional report for the June and December quarters to present at these meetings. Faculty Financial Review Meetings are held between the Senior Deputy Vice Chancellor, Dean and Executive Director Finance and Resources to:

- Review budget projections and risk areas
- Review actual performance and risk areas
- Review recovery plans
- Discuss other faculty financial matters as necessary

For the purposes of these meetings an area will be required to produce a business recovery plan if any of the following have occurred:

- The area is overdrawn in the operating area as reported in the quarterly financial report
- The area has budgeted to be overdrawn in the operating area as reported in the quarterly financial report
- The area has had an annual deficit for the activities in the operating area (as reported in the quarterly financial report) for three successive years
- Other matters result in the area being considered a risk and should be brought to the attention of the executive by the Faculty/Office

Annual University Financial Statements and External Audit

Financial Services produces the University's annual Financial Statements for review by Audit and Review Committee and approval by Senate. Financial Services will coordinate the annual audit undertaken by The Office of the Auditor General. As part of this process all business units are required to sign a checklist to confirm compliance with the University policies, procedures and statutory requirements.

Other activities

Financial Services provides a number of other services to support the University financial management requirements including project evaluation and analysis, course costing or benchmarking.

Appendix A – Committee responsibilities²

Senate

The University was established by The University of Western Australia Act 1911. The Act provides the legislative machinery for administering the University; it establishes the Governing Body (the Senate) which is empowered to 'have the entire control and management of the affairs of the University'. It gives the Senate powers to act in the interests of the University through the making of statutes, regulations and by-laws and through the management of income and expenditure. It provides powers of delegation for the Governing Body, so that day-to-day management of the University can be delegated to officers employed by the University.

Strategic Resources Committee

The role of the committee is to:

- (a) monitor the financial welfare of the University and report to Senate annually on its findings;
- (b) monitor campus planning and advise Senate on major physical developments and associated policy issues;
- (c) monitor policy on staffing resources in the context of the current Priority Staffing and Industrial Relations Objective, and report to Senate annually on its findings;
- (d) within the limits of agreed delegations, make decisions or recommendations to Senate on investments within a framework of strategy approved by the Senate; and
- (e) bring to the Senate's attention emerging strategic issues related to the committee's role which have the potential to impact on the University and which it believes should be addressed by the Executive and/or the Senate.

Audit and Review Committee

The role of the committee is to:

- (a) investigate financial matters within the University, either within an audit programme which it determines or as directed by the Senate;
- (b) satisfy itself that the University has sound policies/arrangements in place for—
 - (i) corporate governance including adherence to ethical standards;
 - (ii) controlling the institution's exposure to risk and minimising its exposure to fraud; and
 - (iii) ensuring high standards of financial, statutory and operational accountability;
- (c) receive summary reports on internal and external reviews, and monitor compliance with recommendations of those reviews;
- (d) (i) receive and review the University's annual report including the financial statements and performance indicators and recommend its adoption by the Senate;
 - (ii) receive other statutory annual reports from within the University;
- (e) sample compliance with specific external or internal legislation or internal policy or review documents from time to time;
- (f)(i) advise the Senate of its findings in relation to assessing the performance and objectivity of the internal audit function and regarding work undertaken under (a) to (e), whether satisfactory or unsatisfactory; and
 - (ii) if the findings are unsatisfactory, identify material matters arising and recommend to the Senate on the advice to be given to the Vice-Chancellor on action to be taken;
- (g) bring to the Senate's attention emerging strategic issues related to the committee's role which have the potential to impact on the University and which the committee believes should be addressed by the Executive and/or the Senate; and
- (h) undertake any other tasks referred to it by the Senate from time to time.

² For latest information and current members refer [Official Publications: Calendar - Calendar](#)

Planning and Budget Committee

The role of the Planning and Budget Committee is to—

(a) advise and make recommendations to the Vice-Chancellor on behalf of the Academic Council on the following matters:

- (i) the formulation of the University's strategic and operational plans;
- (ii) the formulation of the University's budget strategy;
- (iii) the adoption of mechanisms for resource allocation;
- (iv) the structure of the University budget; and
- (v) the setting of priorities and the allocation of funds for major building works and any major re-allocation of space within a faculty or among faculties;

(b) report its advice and recommendations on the matters listed in paragraph (a) to the Academic Council;

(c) review annually the level of tuition fees approved by the deans of faculties for Australian postgraduate and international students;

(d) review annually the financial viability of each transnational programme conducted by the faculties; and

(e) advise and submit recommendations to the Academic Council on policy matters and on major procedural matters relating to University accommodation.

General Services Resource Committee

The role of the General Services Resources Committee is to—

(a) make recommendations to the Planning and Budget Committee with respect to the annual submissions for funding from the University Facilities budget line and the associated distribution of this allocation;

(b) make recommendations to the Planning and Budget Committee with respect to the annual budget submissions for funding from the Community Activities budget line;

(c) make recommendations to the Planning and Budget Committee with respect to the annual budget submission for funding the activities of Unipark;

(d) determine the distribution of the Academic Services component of the University Budget;

(e) determine the distribution of the budget line for University Systems IT Equipment Replacement/Upgrade.

Appendix B – Hierarchical Management responsibilities

Vice-Chancellor and Executive

In order to fulfil its responsibilities effectively the Senate appoints the Vice-Chancellor as its Chief Executive Officer and works in partnership with him to maximise the University's capacity and performance and to ensure its fiscal viability. The Senate delegates operational responsibility to the Vice-Chancellor and monitors, guides and supports the work of the Vice-Chancellor and Executive. It has identified its key activities as the setting of strategic directions, the oversight, audit and review of proper governance processes, the assessment and monitoring of performance against established targets, and the making and amending of University legislation. It has adopted a charter that provides for these roles.

The Vice-Chancellor

Appointed by the Senate, following public advertising and standard recruitment procedures, for a period normally not exceeding seven years.

The Vice-Chancellor appoints an Executive group to assist with his/her responsibilities for the academic, financial, administrative and other business of the University. In 2011 the Executive comprised:

Senior Deputy Vice-Chancellor

Responsible for broad line management of the Faculty Deans and the Dean of the School of Indigenous Studies, for education, staffing policy and cultural activities, and deputising for the Vice-Chancellor in his/her absence

Deputy Vice-Chancellor (Research and Innovation)

Responsible for research and research training, industry liaison and commercialisation

Executive Director (Academic Services) and Registrar

Responsible for all matters relating to the academic administration of the University

Executive Director (Finance and Resources) – Chief Financial Officer

Responsible for all matters relating to finance and resources

Dean

Responsibilities of the Dean are determined by the Vice-Chancellor and include the following:

- To provide effective academic leadership and management of the faculty
- To develop, implement and maintain an academic plan for the faculty
- To prepare and present the faculty's submissions for resources and to administer the resources provided
- To chair the faculty council
- To represent the faculty in the University and externally
- To ensure adherence to the policies of the University and the legal requirements placed on it
- To encourage staff development and a high level of staff performance
- To provide advice to the Vice-Chancellor and Senior Deputy Vice-Chancellor on matters relating to the faculty
- To assume administrative responsibility for other academic and service facilities as may be required by the Vice-Chancellor
- To contribute towards policies which enhance the effectiveness of the University as a whole and to counsel and represent the Vice-Chancellor accordingly
- To undertake any other duties specified by the Vice-Chancellor

Head of School

The Head of School is responsible to the Dean for the academic leadership and management of the School. The Head works in partnership with a School Manager, and together they are responsible for the efficient and effective functioning of the School.

The general responsibilities of the Head of School from a financial management perspective are:

- Strategic Planning and Coordination
- Provide academic leadership in the development and ongoing review of the School's strategic plan and operational priorities
- With the School Manager, ensure compliance with the University's statutory obligations and policies
- Work with the School Manager in overseeing the responsible financial management of the School, including preparation of transparent budgets, allocation of resources and development of marketing plans where appropriate
- Encourage staff to identify and develop new externally funded opportunities for teaching, research and consultancy
- Work with the School Manager in overseeing the management of the physical assets of the School, including office and teaching spaces, and equipment

Internal Audit

The activities of Internal Audit include, but are not limited to, the following:

- Determining the extent of compliance with relevant statutes, regulations, directions, instructions, delegations and standards
- Assessing the currency and reliability of delegations and instructions
- Reviewing and appraising the effectiveness and appropriateness of financial and administrative controls
- Monitoring the adequacy, reliability, integrity and security of accounting and other management information systems
- Reviewing the efficiency and effectiveness of operations
- Examining the validity of measures used to assess the achievement of University operational objectives