

# Financial Review Committee – Final Report for 2022-2023

## Executive summary

As of 29/04/2023, at the time of this report, the Financial Review Committee (FRC) is not aware of any circumstances which would lead it to believe that the Australian National University Students' Association (ANUSA) is at risk, financially or legally, through non-compliance with its own financial protocols.

This FRC recommends that ANUSA establish a working group or committee to develop and implement the policy recommendations of this report. It is also recommended that this working group or committee review the role and functions of the FRC itself. This report also contains several recommended alternations to ANUSA's existing framework of financial controls and policies.

## Foreword

The Financial Review Committee (FRC) exists to review the financial controls and compliance of the Australian National University Students' Association (ANUSA). It is also responsible for reporting on the suitability of ANUSA's financial protocols and policy, as set out in ANUSA's constitution. Strong and well-governed finances allow ANUSA to fully deliver and, when appropriate, expand its suite of services available to the undergraduate student body at the Australian National University (ANU).

The FRC is obliged at each Annual General Meeting (AGM) to report on ANUSA's compliance with its financial protocols and the suitability of its protocols overall. The emphasis in ANUSA's Constitution on the FRC assessing the suitability of ANUSA's financial protocols places discussion of policy deficiencies and subsequent development firmly within the FRC's remit. Moreover, the implicit value of retaining a balanced and fiscally responsible budget, in the opinion of the FRC, places comment upon ANUSA's spending within the FRC's remit also.

The FRC recognises the skill with which past and present ANUSA Executives navigate the uncertain and often changing funding environment which faces them. The FRC is pleased to see that the current Executive is undertaking several income-diversification initiatives to limit the impacts of this uncertainty on the services ANUSA provides. The FRC is borne of a need for independent assessment which is inherently critical of ANUSA, however, it wishes to make clear it does not discount the significant amount of work which the Student Representative Council (SRC) and the Executive put into running ANUSA every year.

This report contains a review of the existing financial policies of ANUSA, policy recommendations, discussion of ANUSA's general financial circumstance and the FRC's final recommendations.

## Significant changes since the FRC's Interim Report

Several positive changes have occurred since the FRC delivered its interim report in September 2022.

Addressing each of the Interim Report's key areas of concern, the FRC is pleased to see a significant effort was undertaken to rectify what was a significant deficit in ANUSA's 2022 budget at the time of the FRC's Interim Report, with ANUSA returning a surplus by the end of 2022. Of especial note is the reduction of Student Assistance Grants (SAG) to, in the opinion of the FRC, a more reasonable level of \$150,000 for 2023, rather than the \$332,997.99 spent on SAG in 2022. The FRC is pleased with the 2023 Executive's choice to run two alternate budgets, dependent on the funding environment ANUSA eventually faces. The FRC believes this is a fiscally responsible way to operate for the interim.

In the opinion of the FRC, ANUSA's continual lack of policy governing rollover and reserves represents a significant 'blind spot' in its protocols. To avoid deficits in the future, ANUSA must come to a decision to govern its reserves for the longevity and health of the Association in the long-term.

The FRC is pleased to see the efforts of the last and current Executives to diversify the Association's income away from the current reliance on SSAF.

## Financial protocol review

### ANUSA's compliance with its financial protocols

There have been no circumstances brought to the attention of the FRC that would indicate the Association is in breach of its own financial protocols. No matters have been directly referred to the FRC on this point, as allowed through the Constitution.

### ANUSA's current policies

A key function of the FRC is to continuously review, and provide input to, the Association's financial policies (or otherwise referred to as 'protocols'). Upon review, the current FRC found issue with several policies, especially since it has been a decade since some of these policies were last updated.

Demonstrative of this seeming lack of attention paid by the Association to updating its own protocols is that despite the 2021 FRC finding fault (at times, significant fault) with 7 policies of the Association, these policies have not been changed or even updated since.

In partial agreeance with the 2021 FRC report and recommendations, the following policies are highlighted:

**Table 1 – review of financial policies**

<b><i>Policy:</i></b>	<b><i>Last updated:</i></b>	<b><i>Issues raised by 2021 and 2023 FRCs:</i></b>
Financial Reporting	2014	Relates to and references an outdated constitution. The policy is almost a decade old – financial reporting standards and practises have changed significantly during this time.
Fraud Management	2014	Policy lacks specificity when dealing with the different Associations it deals with. The policy is almost a decade old.
Receipts	2014	Policy references UniBar and BKSS Canteen, highlighting how outdated it is. Physical receipts are on the decline, questioning this policy’s relevance. Unclear whether policy even references the software and processes in use now. Policy is almost a decade old.
Payments	2014	References ANUSA bookshop, PARSA and GAC. Again, policy is almost a decade old. Payment processes appear outdated on sheet.
Writing Off Bad Debt	2016	It is unclear whether the list of bad debtors is maintained or updated. Section 4 should be amended for clarity to read: “after 180 days on the doubtful debt list, ...”.
Debit Card	2020	The delegate matrix has no upper limit, which could be amended as to better govern significant expenses.

The FRC believes ANUSA would find significant value in a review of all its financial policies to ensure that they remain relevant and meaningful to the operations of the Association at present. This is especially important given the significant changes in accounting, purchasing and payment technologies seen in the recent past, largely thanks to the rise in internet banking, shopping and bookkeeping.

## Audited Financial Statement and Budget review

As to explore areas for policy development, and the general financial health of the Association, the Audited Financial Statement and budgets have been reviewed.

### ANUSA’s Audited Financial Statement 2021-22

The Audited Financial Statement (AFS) reflects ANUSA’s previous year of funding and expenditure. Despite this retrospective outlook, however, it is also useful to understand the financial circumstances which face the current Executive and SRC.

The AFS notes several important things. Between 2021-22, operating profits fell 81.6%, despite ANUSA seeing an increase of \$501,355 in SSAF funding in the same period. This is not necessarily a bad thing; ANUSA need not profit, and significant profits may indicate that ANUSA is not providing the full suite of services it could, were it to utilise all the financial resources available to it. Moreover, there are significant challenges with retaining rollover given ANU’s recent change to its policies. However, this trend of falling profits and rising

expenditure should be kept in mind when discussing expanding the Association's budgets or responsibilities.

ANUSA continues to maintain significant reserves of \$2,654,234.74.<sup>1</sup> It may benefit from a comprehensive reserves policy, however, as to dictate when and for how much the reserves can be accessed as to mitigate the temptation of just funding any deficits through the reserves year after year. While this Executive and SRC appear to have ANUSA's financial future firmly within the scope of their efforts, not every SRC is guaranteed to be the same. Furthermore, with only current liabilities ANUSA must ensure it always has cash on hand to settle its debts.<sup>2</sup>

Overall, total equity remained virtually stagnant, increasing by a mere 1.2% between 2021 and 2022, which is reflective of several things. Firstly, ANUSA cannot retain unspent SSAF funds, meaning any profit it is to make, and subsequently any increase in equity it sees, must be sourced from its own operating income. But, ANUSA is currently incredibly reliant on SSAF funds and lacks diversity in its income sources. This should be kept in mind when and if ANUSA secures significant additional funding for postgraduate services in 2023. Diversifying ANUSA's income streams may provide it with an opportunity to improve its equity position in the future, given the inherent challenges with doing so via SSAF. This is something the current Executive says it is prioritising, but also something that should not be lost in a potential expansion of services to the postgraduate body.

### ANUSA's current budgets

The FRC was pleased to see an effort from ANUSA to work *within* its financial constraints in 2023, with two budgets and the choice between them being dependent on revenue streams. The FRC has been advised that the difference between the high- and low-capacity budgets is largely down to whether ANUSA absorbs responsibility for providing services to the postgraduate student body. There is nothing of note to the FRC contained within either budget.

## Policy recommendations

As in the FRC's Interim Report, there are several significant areas which the FRC implores ANUSA explore fully for policy development. These policy recommendations largely concern safeguarding the Association's financial future, to ensure it remains a steadfast advocate and servant of the student body at ANU for years to come. Areas below are outlined for policy development by ANUSA.

### Financial strategy

Overall, the Association lacks a forward-thinking, or even forward-looking, comprehensive financial strategy. This is not to be confused with an investment policy; this policy would put forward ANUSA's financial goals and aspirations for a period of time longer than a

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<sup>1</sup> As of 30/03/2023.

<sup>2</sup> Current liabilities are debts (or bills) due to be paid within the next year. This contrasts with non-current liabilities, which are due in over a year from now. ANUSA has no non-current liabilities, which mostly just highlights that it doesn't have any significant, long-term debts.

presidential term, ideally being between 5 and 10 years. It would also guide larger financial decisions in the future and ensure any significant increases to spending were properly considered.

This strategy is becoming increasingly achievable, and important, with the prospect of 3-year SSAF funding agreements from ANU.

### Reserves policy

A reserves policy is important to clarify and govern the extent to which ANUSA's significant reserves can be used, how quickly they can be spent and what they can be spent on. Developing a reserves policy also allows the Association to consider what its reserves are for. Knowing what its reserves are for, ANUSA can also choose what it believes is an appropriate level of reserves to keep, allowing it to spend or invest all other funding.

### Investment policy

The student associations at other leading universities in Australia, particularly in Melbourne and Sydney, devote small yet notable portions of their budgets to investing for the future. ANUSA keeping its existing reserves entirely in cash or cash equivalents limits its opportunities to earn a return, further diversify its income, expand its services and ultimately avoid inflation.

An investment policy might mirror ANUSA's existing guidelines on ethical procurement and sponsorship, can be student-developed and can be altered by the SRC as circumstances require. It would allow ANUSA more independence with an additional income stream.

### Service prioritisation strategy

When facing a budget deficit, or as ANUSA has for the last 5 years, falling funding, a service prioritisation strategy becomes important. It asks ANUSA to consider what its 'core' role and services are, what fundamental function it serves for the student body and what it believes should be funded still when hard times arise. A services prioritisation strategy means that when deficits or increasingly hostile funding environments arise, as they have and will again, ANUSA is prepared to maintain its finances as well as its most important services.

## Final recommendations

### A working group or subcommittee should be formed to develop and action the FRC's policy recommendations

It remains that, despite its current financial circumstance, ANUSA may benefit from additional controls and policy to adequately manage its spending, and to plan for its future. It is essential that ANUSA review the position of other student unions around Australia to formulate financial policy controls that assure the student body ANUSA can be responsible with their SSAF allocation. Of especial note is the lack of a comprehensive financial strategy or even one long-term, finance-related policy, which applies for a duration longer than a single presidential term.

A working group or subcommittee should be convened to fully consider the recommendations from this FRC, as well as past FRCs, and implement changes of its choosing.

[The role and function of the FRC must be redetermined, or at minimum, reviewed](#)

The FRC has had limited years of success since its inception as a body to provide financial and policy advice, and in some ways oversight, to ANUSA. The student body do not seem to fully engage with the work of the FRC, as evidenced by its partially filled committee each year, and it is yet to be seen whether ANUSA itself takes the FRC's advice seriously.

The FRC, at least in this Committee's experience of the model, is somewhat removed from ANUSA leadership and inhabits a position within the Constitution which does not allow it to affect meaningful change. There is argument to be had over whether ANUSA continues to need an FRC, given its consistent accumulation of in-house knowledge and professional staff who are equipped to deal with matters of policy.

It is possible the aforementioned working group, or subcommittee, could also review the FRC's position as a part of its terms of reference. It is also possible that the SRC could review the FRC itself.

[ANUSA should fully review its suite of financial protocols](#)

ANUSA must review its financial protocols to ensure they are contemporaneous and relevant to the work of the Association today.

## Conclusion

In conclusion, ANUSA should aim to develop new financial policies to fill the regulatory gaps in the Association as set out by the FRC above. Moreover, it should edit and amend its existing policies, conducting a full review, to ensure its regulatory framework remains reflective of the Association's role.

**Sincerely,**

**Riley Curtain**

**Chair, Financial Review Committee, 2022-23.**