Response to Financial Review Committee Report

Ben Yates & Katrina Ha

The following is provided to give some added context from an operational lens about why certain features of ANUSA's financial position are as they are and how key recommendations of the FRC might become possible. In some cases, we also suggest reasons that we don't entirely agree with the view of the FRC.

This response is in no way a critique of the FRC. Riley has done an outstanding job, unparalleled among the work of the FRC in recent times and the FRC report is an important part of our financial governance.

Review of financial policies and protocols

The report is correct that ANUSA has some dated financial policies. This is largely a consequence of not repealing old policies and taking them off the website. It is our view that most policies identified are either in substance still suitable or else have seen their function subsumed into another more current policy and simply need to be repealed and removed from the website. We do not believe that, in substance, there is any gap in our financial governance framework but we do acknowledge it can be simplified and cleaned up.

We will work to complete this review of policies by the end of the year.

Fall in operating profits

The fall in profits should be contextualised by the fact that for the prior reporting period, ANUSA was able to retain rollover (unspent SSAF funds). This was a temporary COVID accommodation and ceased. We now must return unspent funds. Had we returned a similar profit in the last reporting period, we would have been obliged to return funds to ANU.

We must ideally deliver an operating result each year that sees us in SSAF deficit (having spent more than our SSAF income) but in an operating surplus (having spent less than our total income). We achieved this in the last reporting period. This is a key reason why we must increase non-SSAF income. The more non-SSAF income, the larger the

SSAF-deficit/operating-surplus window becomes and the higher we can land our operating profit.

Notwithstanding that we should look to increase our reserves in the medium term, as the FRC correctly identify, it is not necessarily our object to return operating profits, especially significant ones.

Financial strategy

We agree with the comments made by the FRC in this regard. For many years, operating on one-year SSAF cycles, our budgets have been the greatest level of financial strategising we've been able to do. As we move towards a three-year SSAF agreement at the end of this year and given the stabilisation in the SSAF pool over the last three years, we now are in a position to contemplate long-term financial strategy. We do however believe that 3-5 year terms are the longest relevant periods to develop substantive strategy.

We will present an initial draft financial strategy to the SRC this year.

Reserves Policy

We agree with this recommendation and particularly agree that such a policy may create 'trigger points' that ensure the SRC is aware of the impact of decisions on our reserves.

We will present a reserves policy to the SRC this year.

Investment Policy

There are achingly practical reasons why we have tended to keep our reserves in cash or cash equivalent: ANU frequently pays our SSAF invoices months after we issue them. This forces us to operate temporarily on reserves until the invoice is paid.

However, this does not mean we cannot put at least some of the reserves into higher return investments. We should have a low risk tolerance with investments however we cannot keep investments exclusively in cash equivalents in such an inflationary environment, as the FRC notes.

We disagree that a policy is needed to achieve the substantive outcome recommended. The Treasurer will report on progress on this.

Service Prioritisation Strategy

On an internal operational side, this has already been done.

No further action required.

FRC reform

We recommend the Governance Working Group consider this matter.

Ben Yates	Katrina Ha
ANUSA President	**ANUSA Treasurer**
30 April 2023	30 April 2023