

The Review

The Financial Review Committee's review of ANUSA's financial records has been divided into three key parts:

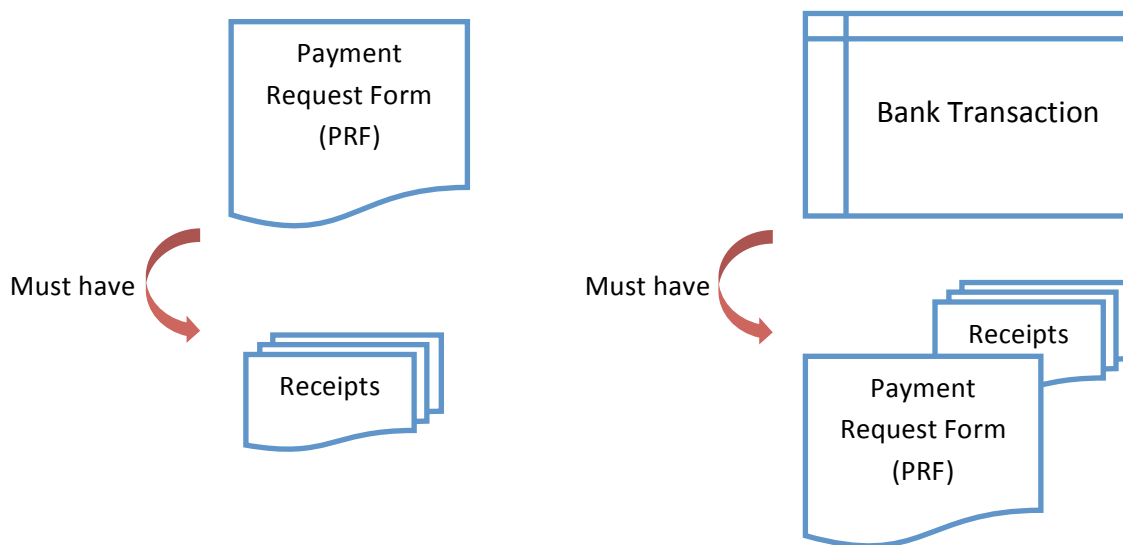
1. Ordinary Transactions (including SEEF)
2. BKSS/2nd hand Book Shop/Online Shop Transactions.
3. GAC Transactions

Ordinary Transactions & SEEF

Process of Review

The review of these transactions is done in two steps:

1. Checking through all PRFs from 1 December 2012 to 31 August 2013 to see whether all appropriate receipts have been attached and whether the PRF has been signed by the Budget Manager, Bookkeeper, Treasurer and President.
2. Cross-checking debit transactions of the ANUSA bank account from 1 December 2012 to 31 August 2013 to see whether there is a matching PRF with attached receipts. All transactions above \$1000 are cross-checked against the PRF/receipts. Transactions below \$1000 are spot-checked.



The Committee's Findings

- Less than 1% of all PRF forms on file were missing receipts and/or a signed statutory declaration.
- While 17% of PRFs do not have the proper signatures.
- Less than 3% of all transactions over \$1000 were found to be missing matching PRF/receipts all together.
- No missing PRF/receipts was found for transactions under \$500

Overall, the Committee is satisfied with the results of its review. The key area for improvement is with regard to missing PRFs for transactions above \$1000. Ideally, for these larger transactions there should be no missing PRFs. A small percentage may be accounted

for by the tendency of the administrative process to lose paperwork, but 3% is perhaps too high.

The statistic that stands out is the rate of missing signatures on the forms. However, the Committee would like to stress that this could be a misleading statistic these signatures are - in practice - more a case of a forgotten formality.¹ That being said, the signing of the PRFs is still the only evidence accessible to all members that proves that the President/Treasurer has indeed considered the contents of the PRFs before authorising the payment. In light of this, the Committee urges the President/Treasurer to improve their compliance rate with this part of the financial process.

Recommendations

Recommendation #1:

Monthly audit meetings between the Committee, the Treasurer and the President

The Committee recommends that the Committee performs a comprehensive audit of the ordinary transactions once at the end of every month. This audit will cover the month's transactions and flag any incomplete or missing paperwork to the President and the Treasurer for correction. Not only will this ensure a higher level of consistent financial accountability throughout the year, it will also reduce the amount of missing/incomplete/unsigned PRFs.

Recommendation #2:

Investigation into the reimbursement process

The Committee notes that members have been using their own money to cover large ANUSA expenses upfront before being reimbursed. This places a fairly large burden on members, especially in regards to large expenditures. The Committee therefore recommends an investigation into the reimbursement process.

Part of this investigation *may* include looking into one of these options below:

1. A petty cash box with a limited spending cap that is:
 - Reconciled at the end of day by the Office Manager.
 - All withdrawals from the box must be pre-approved by the budget manager, President, VP and the Treasurer.
 - Any member who fails to provide the relevant receipts/statutory declaration for their expenditure will have to return the money and will not be allowed to handle anymore ANUSA money
 - All withdrawals from the box must be checked by the Treasurer and the Committee at the end of the month. If both the Treasurer and the Committee are satisfied that no money is missing/has been used inappropriately, then the petty cash box may be refilled for the next month.
2. An ANUSA credit card used in *strict accordance* with the following restrictions:

¹ All members confused/concerned about this finding or any other aspects of the Committee's report are highly encouraged to contact us at sa.frc@anu.edu.au.

- One member of the executive will be responsible for this card and must assume some form of strict and meaningful accountability (subject to legal advice, one idea is somehow tying the card to the individuals honoraria)
- There must be all appropriate legal paperwork including a guarantee
- Any spending on the card must be preapproved by the President, the VP and the Treasurer. There must be some documentation of this approval.
- The card must only be used rarely for when large sums transactions are involved.
- The other members of the Executive and the Committee must be allowed some sort of consistent oversight of the records/statements of the card.

Noting that an unregulated credit card could represent a huge risk to ANUSA's financial accountability processes, the Committee would not recommend having such a card if ALL of the above restrictions cannot be followed.

Recommendation #3:

The reimbursement process should be moved online

The Committee recommends that, in the long-term, the reimbursement process should be moved online. This reduces the risk of paperwork falling through the gaps of the administrative process and will also make the overall process much more efficient. However, a physical record of all transactions must still be kept.

Recommendation #4:

Signing on behalf of Budget Managers

The Committee recommends that the President, VP or Treasurer be allowed to sign on behalf of budget managers who happen to be away. However this process would following strict rules, including but not limited to:

- The email must approve the expenditure for a specific purpose. It does not allow the proxy to make decisions on the budget manager's behalf
- The budget manager be accountable for the spending, not the proxy
- The approval email be printed and attached to the PRF before payment is made
- The PRF from should indicate when a proxy has been used

Recommendation #5

'Office Manager' Debit Account

The Committee recommends that a separate debit account be set up for the Office Manager to cover day-to-day office expenditures. The total amount of money in this account would be preapproved by the Executive and only the office manager will have access to this account. Of course, all transactions would still have to be recorded as per the normal financial process and the Executive and the Committee would have oversight of this account.

BKSS/Second-hand Bookshop

Bryan Kenyon Student Space ('BKSS')

Process of Review

The Committee checked the daily reconciliation forms with the cash deposits by the space managers on ANUSA's bank account. It also did a spot-check of the sales total recorded on VendHQ and compared it to the cash deposits. Unfortunately, the day-to-day balance of the BKSS is held by a staff member who was unavailable for the week that the Committee was conducting its review. Thus, a more comprehensive review of the BKSS finance will be completed when they are available, and included in the first Committee report of next year.

Findings of the Committee

The Committee found no irregularities in the finances of the BKSS thus far. However, the Committee would like to stress that it still has not done a review of the day-to-day balance and a more comprehensive report will be compiled when the relevant staff member returns.

Recommendations

Recommendation #1:

Investigation into the daily reconciliation process

Currently, the BKSS managers are supposed to reconcile the till of the BKSS at the end of everyday with oversight from the Bookkeeper, the Office Manager or any member of the Executive. Then all the money except for the \$50 float is deposited into ANUSA's bank account.

However, there are several issues with this process. Specifically, the Bookkeeper and the Office Manager are often too busy to oversee the daily reconciliation of the till. At these times, there also appears to be no members of the Executive in the office when the till must be reconciled. So, the reconciliation is done without the oversight and the money is not deposited for that day. On average, reconciliation with oversight appears to be done once every three days.

Also, the Commonwealth Bank @ Union Court closes at 4 pm. This means that the BKSS managers have to reconcile the till before the BKSS closes and record any other sales from that afternoon as part of the next day's records.

Hence, the Committee recommends an investigation into reforming this process. Some possibilities that may be considered include scrapping the system of having oversight of the daily reconciliation and daily deposits as it that is not being complied with anyway.

Instead, oversight of the daily reconciliations may only need to be done at the end of the week. Money may also only need to be deposited on Fridays. However, the BKSS managers will be reminded to continue doing daily reconciliations which will be checked against the records of the sales on VendHQ.

Recommendation #2:

Reforming the equipment hire process

The biggest issue with the equipment hire process at the moment is that deposits, along with their booking forms, are being placed in one of three places in the BKSS by any of the four BKSS managers. As there is no official financial record of these deposits, there is bound to be some miscommunication between the managers, and some of the deposits will inevitably be misplaced. Therefore, the Committee recommends buying a lockbox for the BKSS as the designated place where all deposits are to be kept. A separate log book keeping a consistent record of all deposits would also be sensible.

Second-hand Bookshop/Online Shop Transactions

Process of Review

The process of reviewing the second-hand bookshop and the online shop is very complicated. In brief, it includes the following key steps:

- Cross-referencing the account details of book sellers on ANUSA's bank account with the raw data provided by the book sellers.
- Cross-referencing the price that the book was sold for to the amount of money transferred to the book seller (minus ANUSA's commission).
- Cross-referencing debit transactions from the ANUSA PayPal account on Xero to the relevant credit transactions into ANUSA's bank account.

One thing that the Committee has *not* done however, is checking the amount of money transacted to clubs/societies for the ticket sales of their events. This involves very complicated calculations discounting the mark-ups on each individual ticket sold.

The Committee's Findings

The Committee did not find any irregularities in the second-hand bookshop/online shop transactions. However, it must be noted that due to the large amount of individual transactions involved, these checks are only done on a random basis and are by no means comprehensive.

Recommendations

Recommendation #1:

Increased oversight of the ANUSA PayPal account

Currently, the Treasurer is the only one who has complete access to the PayPal account. This is quite risky but was a necessity as PayPal does not allow for accounts with just viewing access. The Committee recommends that the President should also be given complete access to this account. The Committee should also be allowed to have complete access to the account, under strict supervision of the Treasurer, for a limited time frame (i.e. an hour) to complete its internal audit.

GAC Transactions

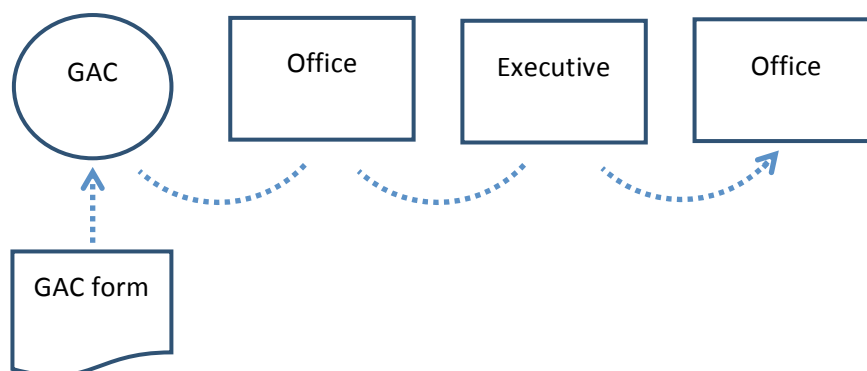
The objective of this review has been to identify areas of significant potential process improvement in the payment of grants.

Payment of Grants Approved by the Grants and Affiliations Committee (GAC)

The life cycle of a grant includes a number of key steps. Grants are first reviewed and approved by the Grants and Affiliations Committee (GAC). Students then hand in their receipts for payment of grant related expenditures. The office then reviews the GAC form. Finally two ANUSA executive members authorise the transaction and a payment is made to the grant recipient.

Each Grant has one 'GAC form' that passes through these steps. The FRC looked at the process and controls involved in the payment of Grants. The GAC committee appears to be functioning effectively based on the FRC's interviews and records. Also, the process that was set up to handle GAC payments appears to be of a high standard (refer to appendix A). However there appear to be some problems with the way this process is being implemented within the office. The FRC believes this may be the main reason for the backlog of grants identified in this report.

Simplified Diagram:



Checks Performed by the FRC

Each grant has its own paper GAC form and reference number. The FRC compared the record of Grants approved by the GAC to the 172 Grant transactions in the banking records of ANUSA. The FRC found that almost all the bank transactions matched those in the Committee's records. However there appear to be some minor clerical errors such as a few GAC reference numbers entered incorrectly. Two instances were identified where a club or society may have been paid their grant twice. This appears to be the result of a clerical error. The FRC will clarify this with the executive.

Overall, transactions appear to have been entered correctly. The payment system ANUSA has set up also appears to be secure. However absolute certainty would require individually investigating each transaction, which the FRC did not do.

GAC has a budgeted expenditure of \$200,000. As of 30/9/13 the FRC estimated total approved grants to be approximately \$108,516 and total grants paid to be approximately \$62,133. The FRC estimates that as of 30/9/13 there was a backlog of 32 Grants that require payment. This backlog was estimated by:

$$\begin{aligned} \text{Backlog} &= \text{Approved Grants} - \text{Grants awaiting receipts} - \text{Grant payments in bank account} \\ 32 &= 265 - 62 - 172 \end{aligned}$$

The FRC considers this backlog an area that needs significant improvement. Possible reasons for this backlog are discussed later in the report.

The FRC checked GAC forms to determine if they had adequate signatures to meet internal compliance standards. The FRC checked 119 GAC forms where grants had been paid. Each form requires two GAC committee signatures and two Authorisation signatures. Three forms were missing one GAC committee signature, while 23 forms were missing one Payment Authorisation signature. Therefore approximately 2.5% of forms reviewed were missing a GAC committee signature and 19.3% were missing a Payment Authorisation signature.

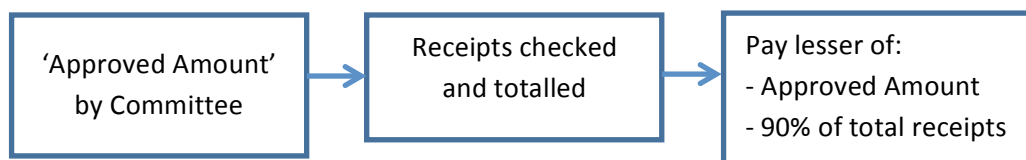
The FRC believes there is significant room for improvement in providing Payment Authorisation Signatures. However the system displayed no significant financial risk, as payment authorisation must still be performed electronically by two executive members.

Please note: The numbers provided by the FRC are estimates and may contain clerical errors.

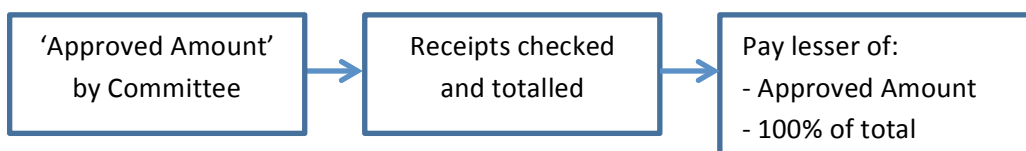
Expense Cap

The rules in the GAC handbook regarding expenditure limits could be made clearer. There may be room for a clearer distinction made between General Grants (the first 3 grants in the handbook) and Secondary Grants (the last 3 grants). The FRC suggests it could be made clearer which grants the expense limit applies to. For example, the handbook could specify that the 90% expense limit doesn't apply to secondary grants.

The expense limit for Grants in 'General Categories' as understood by the FRC is (excluding other caps):



The expense limit for Grants in 'Secondary Categories' as understood by the FRC is (excluding other caps):



There appears to have been some uncertainty within ANUSA regarding how to apply grant spending limits. A spot check of Grant applications revealed a small number of clubs or societies may have been overpaid or underpaid (generally by a relatively small amount). The FRC will follow up on the Grants identified. Changes to the GAC form may improve the process.

Receipts

The FRC recommends the rules regarding receipts be made stricter and more clearly stated. Issues relating to receipts are a major reason why there is a backlog of Grants. The FRC understands that for practical purposes, ANUSA must assume some level of good faith regarding the receipts they receive. Possible receipt rules to consider are:

- Dates on receipts must be reasonable given the date of the event
- Receipts should have individual line items for purchases
- Applicants must cross out expenses not used for the event
- Receipts must be in English and in Australian dollars (except for overseas travel)

The FRC suggests that there be a clear section in the GAC Handbook regarding receipt rules. These rules could also be added to the Grant approval email. The rules could also be more clearly displayed in the ANUSA office.

Approved GAC forms awaiting receipts are placed on the front desk. This has the benefit of giving students quick access. However the FRC thinks this system is too open, and it is too easy for forms to go missing. The FRC recommends the forms be put behind the front desk, and a sign be placed directing students to submit receipts to office staff. A log could also be made of the date and GAC form number when receipts are submitted. This log will allow the FRC to calculate the number of days it takes the office to pay review and pay a grant.

Office Processes

The overall administrative process for a GAC Grant appears to be well designed. There are trays available for individual steps in the process. However there appears to be some problems regarding implementation in the office. The FRC had some trouble locating paperwork for unpaid grants. There also appears to be some uncertainty regarding the function of each tray. Tightening this system would likely reduce delay times. Ideally there should be a rigid and structured system that directs the flow of a GAC form through the office. This includes fixed locations for GAC paperwork that are followed consistently.

There does not appear to be a clear or effective process for dealing with forms that have problems with their receipts (Refer to the “Check Receipts” Diamond in appendix A). The FRC considers this a primary reason why Grants stall. It appears that when there is a problem identified with a receipt, forms are sometimes set aside. The FRC recommends that there be a specific tray (in a fixed location) used for GAC forms identified as having issues. Furthermore, forms in this tray should prompt a review from a designated staff member or executive member.

A member of the executive could be given permission to initiate GAC forms (excluding members responsible for Authorisation). This would allow GAC forms to be processed on days staff are unable to do so.

Ideally there would be more direct communication with the office and the GAC. Also the FRC suggests creating a spread sheet to track GAC forms. The spread sheet could track which stage grants are in the application process. For example, when a form is flagged for inadequate receipts, a box is checked on the spread sheet by the office. This spread sheet could then be viewed online by the GAC committee.

GAC Form

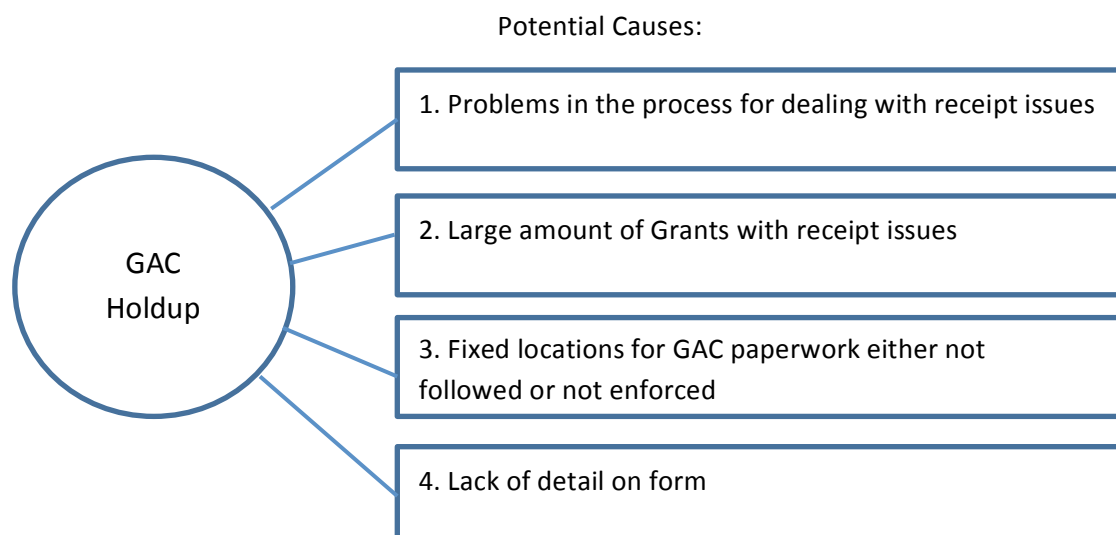
It is recommended that changes are made to the GAC form. The simple structure of ANUSA's Payment Request Form has been working well. However the GAC form would benefit from increasing its level of detail and guidance. This would help to ensure GAC expenditure rules are followed. It would also make it easier to understand Committee decisions. The recommended additions to the GAC form are:

- Checkbox for the specific category of grant approved
- Number of students expected to attend event
- Total of receipts
- Separate section for 'General' and 'Secondary' expense limits.

A more detailed and guided form would likely reduce errors in applying GAC spending restrictions.

Filing System

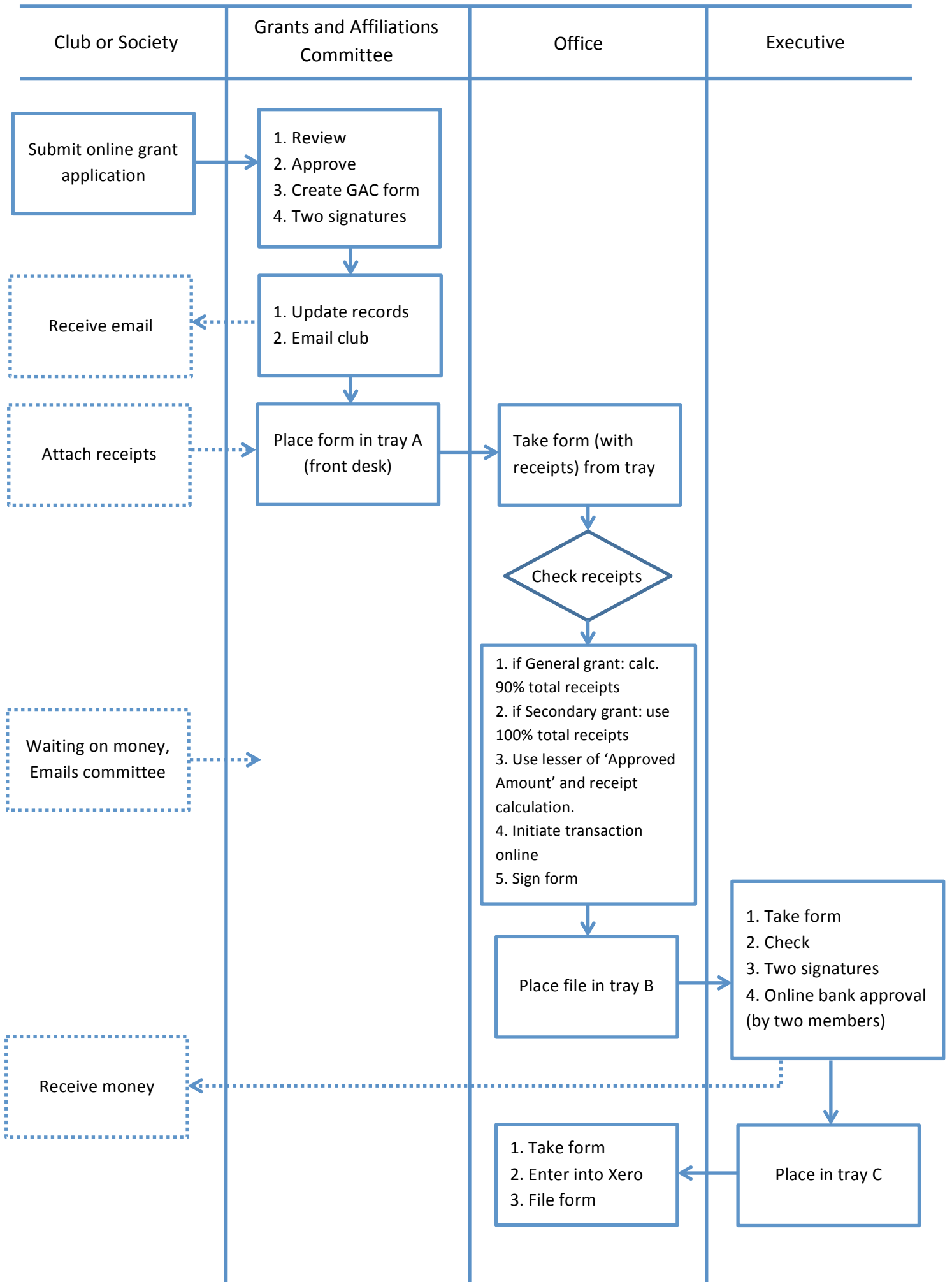
Until last week there was no separate filing system for GAC forms. GAC Forms were dispersed amongst Payment Request Forms and other areas. It was difficult to locate GAC forms due to the inadequate filing system. This is an area in need of significant improvement. A strict filing system for GAC forms should be enforced. Any person who handles a GAC form should understand and follow the filing system. Filing is performed after a transaction is authorised, so it is unlikely to affect payment times. However these issues make it difficult to review grants that have been paid.



Recommendations

1. The GAC handbook should clearly state that the 90% expense limit doesn't apply to secondary grants.
2. Rules regarding receipts be made stricter and defined more clearly
3. Rules regarding receipts be presented in:
 - a. The GAC Handbook
 - b. The Grant approval email.
 - c. More clearly displayed in the ANUSA office.
4. GAC forms awaiting receipts be kept behind the front desk
5. When receipts are submitted, a record be made of the date and GAC reference number.
6. Tightening the GAC form process within the office. Have fixed boxes for process steps.
7. Create a specific tray used for GAC forms (with receipts) identified as having issues.
8. Forms in this tray should prompt a review from a designated staff or executive member
9. A member of the executive be given permission to initiate and process GAC forms (excluding those responsible for Authorisation)
10. Creating a spread sheet to flag GAC forms that have issues
11. More detail added to the GAC form including:
 - a. Checkbox for the specific category of grant approved
 - b. Number of students expected to attend event
 - c. Total of receipts
 - d. Separate section for 'General' and 'Secondary' expense limits.
12. A strict filing system used for GAC forms

Appendix A: GAC Process Tree



Club or Society

Grants and Affiliations Committee

Office

Executive

Submit online grant application

1. Review
2. Approve
3. Create GAC form
4. Two signatures

Receive email

1. Update records
2. Email club

Attach receipts

Place form in tray A
(front desk)

Take form (with receipts) from tray

Check receipts

Waiting on money,
Emails committee

1. if General grant: calc. 90% total receipts
2. if Secondary grant: use 100% total receipts
3. Use lesser of 'Approved Amount' and receipt calculation.
4. Initiate transaction online
5. Sign form

Place file in tray B

1. Take form
2. Check
3. Two signatures
4. Online bank approval (by two members)

Receive money

1. Take form
2. Enter into Xero
3. File form

Place in tray C