Project and Operations Ledger Account Policy

Section 1 - Purpose

(1) This Policy covers the purpose, set-up, usage, carry-forward and use of residual funds.

(2) This Policy establishes the permitted uses of the two ledgers (Project and Operations Ledgers) within the University finance system, and the authority for governance and procedural ownership of the Project and Operations Ledgers.

Background

(3) This Policy provides clarity on the appropriate uses of the Project and Operations Ledgers within the University financial system, and the governance and controls surrounding set-up and ongoing use for the duration of the Accounts created within the ledgers.

Scope

(4) This Policy applies to all officers, directors, members, employees, consultants and contractors of Macquarie University and its Controlled Entities. Specific application of these principles within the financial ledger systems of the Controlled Entities may vary, due to the array of financial systems used across the Group.

Section 2 - Policy

(5) The University records financial transactions through two ledgers in the Finance systems - the Project and Operations Ledgers.

(6) Major Accounts are mapped to one of the ledgers at inception of the Major Account based on the attributes of the activities that will be recorded in the Major Account, as follows:

Attribute of Activity in Major Account	Operations Ledger	Project Ledger
Nature of transaction	Routine or recurring, typically happen every year	Specific, one-off activities with a clear end date
Funding source	Internal or external funding	Usually externally funded (sometimes with matched internal co-funding)
Financial Reporting requirements	Annual reporting	Life-to-date reporting required, usually to the external Funding Provider
Restrictions on expenditure	In accordance with annual budgetary approvals	Funds must be spent in accordance with the requirements listed in the Written Document
Examples of activities	Teaching Revenue Rental Income Consultancy Income Investment Income	External Research grants Specific purpose donations Property capital projects

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Attribute of Activity in Major Account	Operations Ledger	Project Ledger
Ledger functionality	Unspent surplus within a Major Account at the end of the Financial Year is not available for use in the following year	Unspent surplus within a Major Account at the end of the Financial Year is available for use in the following year, subject to details in the Project and Operations Ledger Account Procedure

Common Features of Both Ledgers

Governance of temporary deficits	To be managed by Faculty and Offices Leadership teams with support from the local finance team
Budgetary considerations	Income and expenditure are subject to review during the annual budget process. External non-cancellable contractual expenditure commitments will be honoured
Revenue Recognition	For Accounts that have external revenue sources e.g. research grants and scholarship funding, separate Accounts are to be created for each revenue source to facilitate appropriate revenue recognition. All income and expenses relating to the activity of the Account must be recorded in the same Account, i.e. separate Accounts for recording solely income to separate Accounts for recording related expenses is not appropriate.
Ownership of equipment purchased from funds in Accounts	Equipment purchased using University funds are the legal property of Macquarie University. Should an employee leave the University, such items will remain the property of the University unless their transfer to another institution has been agreed 1) in writing with the relevant Funding Provider as part of a funding novation agreement OR 2) in accordance with Clause 2.33 (Non-Property Capital Asset Write-Off and Disposal) of the Delegations of Authority Register.
Expenditure authorisation	Authorisation of expenditure is subject to the University's Delegations of Authority Register, Travel Policy, Procurement Policy and Purchasing Policies.
Use of appropriate chart	In cases where the allocation of a Major Account to either the Operations or Project Ledgers is not clear based on the above attributes, a decision on Ledger allocation will be jointly made by the Director, Planning and Performance and the Director, Financial Control and Treasury.
Procedure	Refer to the Project and Operations Ledger Account Procedure which details Major Account setup and maintenance processes.

Section 3 - Procedures

(7) Refer to the Project and Operations Ledger Account Procedure.

Section 4 - Guidelines

(8) Nil.

Section 5 - Definitions

(9) Commonly defined terms are in the University Glossary. The following definitions apply for the purpose of this Policy:

a. Chief Investigator Report means the predominantly non-financial progress report written by the Chief Investigator for the Funding Provider.
b. Controlled Entity (CE) is as defined in the Controlled Entities Policy.
c. Discipline Code means the lowest level of hierarchical organisational structure within Finance One, denoted by

a 4-digit code, e.g. Ancient History belongs to Faculty 2000 (Faculty of Arts), Department 2030 (Department of Ancient History) and Discipline Code 2031. All areas of the University have a discipline code. A discipline code is the parent of a Major Account.

d. Director means a member of a Board of Macquarie University and / or a Controlled Entity.
e. Faculty Residual Non-Research Funds Account means an Account in the Project Ledger of Finance One to which residual non-research funds from Externally Funded Non-Research Accounts and Individual Academic Accounts are transferred after the Carry Forward End Date of these Account types. Funds in this account are for use on strategic non-research activities, at the discretion of the relevant Faculty Executive Dean in consultation with the Deputy Vice-Chancellor (Academic).
f. Faculty Residual Research Funds Account means an Account in the Project Ledger of Finance One to which residual research funds from Externally Funded Research Accounts are transferred after the Carry Forward End Date of that Account type. Funds in this Account are for use on strategic research activities, at the discretion of the relevant Faculty Executive Dean in consultation with the Deputy Vice-Chancellor (Research).
g. Finance Project Ledger Account Set-up Form means the form issued by the Office of Financial Services for gathering all pertinent information and approvals required for the set-up of those Accounts that are not set-up via the Research Services Application Process.
h. Finance Project Ledger Account Amendment Form means the form used to request an amendment to the key terms of an Account, e.g. Account End Date (except for changes to Account End Dates for Research Accounts, as these changes are processed by Research Services).
i. Finance One means the University financial system.
j. Financial Acquittal means a financial report prepared for the purpose of communicating summarised financial transactions for an Account, to the Funding Provider, over an agreed period.
k. Financial Year means 1 January to 31 December.
l. Funding Provider means an external institution (e.g. Australian Research Council (ARC)) or internal department (e.g. Deputy Vice-Chancellor (Research), Deputy Vice-Chancellor (Academic)) that provides funds to be spent for a specific purpose, and over a specific timeframe, as specified in a Written Document.
m. HERDC code means a code assigned to all Accounts to denote which category of research income the Account should be reported under in the annual Higher Education Research Data Collection (HERDC) submission to the Department of Education. Note that non-HERDC reportable Accounts are allocated a “non-HERDC reportable” HERDC code.
n. Major Account means the component of the Finance One Operations and Project Ledgers, within which transactions are grouped. Major Accounts within the Project Ledger, for the purpose of this Procedure, are known as Accounts.
o. Macquarie University Group or Group or the University means Macquarie University and its Controlled Entities.
p. Major Account or Account means the component of the Finance One Operations and Project Ledgers, within which transactions for particular activities within a Discipline Code can be grouped together, to aide monitoring and reporting. Major Accounts within the Project Ledger, for the purpose of this Policy, are known as Accounts.
q. Non-Research Activities means the activities that do not meet the Research Activities definition in this Procedure, but which form part of the core mission of the University, e.g. teaching and learning.
r. Operations Ledger means the component of the Finance One financial system, within which Accounts are located.
s. Project Ledger means the component of the Finance One financial system, within which Accounts are located.
t. Research Activities means creative and systematic work undertaken in order to increase the stock of knowledge – including knowledge of humankind, culture and society – and to devise new applications of available knowledge. The definition encompasses pure and oriented basic research, applied research and experimental development. This definition of Research Activities is consistent with the definition provided by the Department of Education in the Higher Education Research Data Collection (HERDC) guidelines.
u. Research Grant means funding for a research project resulting from an application process which is open to

more than one organisation and which is to some degree investigator driven.

v. Research Services means the Office of Macquarie University that supports researchers with external research grant applications and ongoing research lifecycle management activities.

w. Residual Funds means surplus funds remaining in an Account at the Account End Date.

x. Selection Type means user defined attributes created in Finance One to enhance account structure by tagging additional information. They are used to dissect reports and enquiries in Finance One. Selection Types are the parent attribute of Selection Codes.

y. Selection Code means user defined attributes created in Finance One to enhance Account structure by tagging additional information related to a Selection Code. Selection Codes are children of Selection Types.

z. Sunset Clause means a period of five (5) years in which funds received into an Individual Academic Account can be used, or they will be transferred to the Faculty Residual Non-Research Funds Account, for use as noted in the Policy. At the end of each Financial Year, the carry-forward amount on an Individual Academic Account will be equal to or lower than the sum of the last five (5) years of income into that Account.

aa. Written Document means a document, including an agreement, contract or other written format, that specifies the income source, required use and duration for the funds that will be allocated to the Account. This document will usually be written, or at least approved, by the Funding Provider.

Status and Details

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Responsible Executive	Robin Payne Vice-President, Finance and Resources
Responsible Officer	Ben Gray Deputy Group Chief Financial Officer
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