Finance and Accounting Manual

Reserve Procedures

Approved by the Chief Financial Officer on 7 May 2002
Date of effect: 7 May 2002
Updated for Delegations amendment: 25 June 2010
Updated: 25 September 2012

1. Overview

1.1 Purpose

The purpose of this document is to detail the procedures relating to the creation and use of reserves in the University of Sydney.

1.2 Coverage

The reserves procedure applies to all University staff involved in the creation and use of reserves.

2. Procedures and Guidelines

2.1 General Information

(i) It is prudent financial management to allocate funds for future commitments. The University may establish reserves for these purposes.

(ii) Reserves must only be established for future identifiable projects.

(iii) Reserves will attract interest and this will be credited to the responsibility centre/project combination holding the reserve on a quarterly basis. Reserves must not be established purely to earn interest. Interest will not be credited to responsibility centres where the overall balance of the responsibility centre/project combination is in deficit.

2.2 Creation of a Reserve

The creation of a reserve must be processed via journal entry by the Faculty Finance Team or Financial Management and Analysis.

3. Internal Controls

3.1 Responsibilities/Accountability

Officers	***Responsibilities***
Faculty Finance Teams	• Review faculty requests for transferring to and from reserves and process journals in General Ledger.
Financial Management and Analysis	• Review administration requests for transferring to and from reserves and process journals in General Ledger.
Investment Accountant, Financial Accounting	• Allocate interest on reserves on a quarterly basis.

3.2 PeopleSoft Accounting Entries and Information

(i) Reserves are recorded in the General Ledger using Balance Sheet classifications in the range 1600 to 1699. Reserves may only be recorded in these classifications by manual journal. Income or Expenditure must not be credited or debited directly to these classifications.

(ii) Statutory reserves (Financial) in the range 1600 to 1605 and 1607 to 1615 are used for asset revaluations and are reported in the Annual Accounts. All other reserves are considered University specific reserves and form part of accumulated funds.

(iii) Transfer to reserves and transfer from reserves classifications are used to move funds into and out of reserves. These classifications are in the range 7900 to 7999. The following classification rules must be followed when transferring to or from reserves:

(a) Transfer to Reserves – Financial – Classification 7900
This class must be used for transfers to reserve for all reserve classifications in the ranges 1600 to 1605 and 1607 to 1615. The accounting entries are:
DR Class 7900
CR Reserves Class (1600 to 1605 or 1607 to 1615)

(b) Transfer to Reserves – University – Classification 7901
This class must be used for transfers to reserve for reserve classifications 1650 to 1699. The accounting entries are:
DR Class 7901
CR Reserves Class (1650 to 1699)

(c) Transfer from Reserves – Financial – Classification 7910
This class must be used for transfers from reserve for all reserve classifications in the ranges 1600 to 1605 and 1607 to 1615. The accounting entries are:
DR Reserves Class (1600 to 1605 or 1607 to 1615)
CR Class 7910

(d) Transfer from Reserves – University – Classification 7911
This class must be used for transfers from reserve for reserve classifications 1650 to 1699. The accounting entries are:
DR Reserves Class (1650 to 1699)
CR Class 7911

(iv) For further information please contact your relevant Faculty Finance Team.

3.3 Controls/Reconciliation/Reporting Activities

It is important that reserves are established correctly. Financial Management and Analysis conducts regular integrity checks to ensure that the correct transfer to and from reserve classifications are utilised for reserve movements.

4. Related Information

4.1 Resources and weblinks.

(i) Training Materials

(ii) References

- Finance and Accounting Manual
  sydney.edu.au/finance/about/az.shtml
- University Budget Policy Guidelines
  sydney.edu.au/finance/financial_management/policy_guidelines

4.2 University policies superseded or replaced by this policy:

(i) Finance and Accounting Manual:

- APP1400: Reserves Capital Works/Future Projects

5. Contact and Review

5.1 Contact

Unit:	Financial Management and Analysis
Phone:	9351 – 5891
Fax:	9351 – 5861

5.2 Review

The Chief Financial Officer will approve changes to financial procedures and guidelines and will co-ordinate changes to financial policy, with the Vice-Chancellor delegated to approve University financial and infrastructure policy.

Amendments to forms, schedules and weblinks will be processed by Financial Services.

Amendments to the Finance and Accounting Manual procedures and forms are listed on the Financial Services website under:-

- FAM Amendments
- Amendments to Forms

Please forward suggestions and comments on the Finance and Accounting Manual via the Feedback Form.