

POL-011: Financial Oversight and Fraud Prevention

1. Purpose

This policy establishes the financial-oversight framework for the Athabasca University Students' Union (AUSU). It ensures that AUSU's financial resources are managed responsibly, transparently, and in accordance with AUSU's bylaws, policies, and legal obligations. It also sets out safeguards to prevent, detect, and respond to fraud, misuse of funds, and financial irregularities.

2. Scope

This policy applies to all AUSU financial activities, including budgeting, expenditures, reserves, investments, reporting, internal controls, and record management. It applies to:

- Councillors
- Committee and subgroup members
- Contractors, including the contracted bookkeeper
- Volunteers acting in an AUSU capacity
- Any individual participating in AUSU financial decision-making

3. Policy Statement

AUSU maintains rigorous financial-management practices to protect organizational assets, ensure accurate reporting, and uphold public trust. All financial decisions must:

- comply with AUSU bylaws and policies
- follow approved authority levels
- align with AUSU's mission and fiduciary responsibilities
- adhere to internal-control requirements
- comply with the Conflict of Interest Policy (POL-009)

AUSU is committed to preventing fraud, safeguarding assets, and ensuring that financial risks are identified, monitored, and mitigated in accordance with AUSU's Risk Management Policy.

4. Definitions

Financial Oversight: Monitoring and reviewing AUSU's financial activities to ensure accuracy, compliance, and responsible stewardship.

Fraud: Any intentional deception, theft, falsification, or misuse of AUSU funds or financial records.

Internal Controls: Procedures that protect AUSU assets, ensure accurate reporting, and prevent unauthorized activity.

Reserves: Accumulated surpluses recorded as balance-sheet items, categorized as unrestricted or internally restricted.

Contingency Reserve: A required minimum reserve maintained for unexpected costs or revenue fluctuations.

GL Coding: Assigning transactions to the correct general-ledger categories.

Secure Records: Financial documents containing sensitive information requiring restricted access, including banking credentials, investment statements, and audit-sensitive materials.

Record Types: Categories of documents with specific access and storage rules under OP-004: Records Management.

Policy (POL-###): A public-facing governance document approved by Council. Policies are public unless designated otherwise.

Operational Procedure (OP-###): An internal document that outlines detailed workflows, processes, and implementation steps. Operational Procedures are internal and not public-facing unless explicitly authorized by Council.

5. Responsibilities and Duties

a. AUSU Council

- i. Approves the annual budget and any amendments.
- ii. Reviews and accepts monthly financial statements and disbursement logs.
- iii. Approves financial policies and reserve frameworks.
- iv. Approve budgets
- v. Ensures compliance with bylaws and fiduciary obligations.

b. Council Chair

- i. Oversees Council portfolios and committees.
- ii. Ensures monthly financial reports are presented to Council.
- iii. Assigns GL codes and submits transactions to the bookkeeper in accordance with OP-001: Delegation of Financial Authority Matrix.
- iv. Maintains custody of Secure Records and determines access levels.
- v. Receives and escalates concerns regarding suspected fraud.
- vi. Ensures compliance with POL-009 Conflict of Interest in all financial matters.

c. Finance & Accountability Councillors

- i. Support monthly financial processing and oversight.

- ii. Review financial information and raise concerns to OFHC.
- iii. Assist in monitoring expenditures, reserves, and investments.

d. Digital Citizenship & Community Councillor

- i. Participates in the OFHC.
- ii. Supports transparency and ethical financial practices.
- iii. Assists the Council Chair with committee and portfolio work.

e. Operations & Financial Health Committee (OFHC)

- i. Maintains budget and monitors spending.
- ii. Reviews contracts requiring committee-level oversight.
- iii. Monitors compliance with AUSU's financial policies and internal controls.
- iv. Reviews audit findings and recommends corrective actions.
- v. Provides recommendations to Council on financial and operational matters.

f. Contracted Bookkeeper

- i. Processes GL-coded transactions and maintains accurate bookkeeping records.
- ii. Prepares monthly and quarterly financial statements.
- iii. Flags unusual transactions to the Council Chair.

g. Councillors

- i. Reviews monthly financial statements and reconciliations.
- ii. Follow all financial policies and procedures.
- iii. Have view-only access to financial documents except Secure Records.
- iv. Report suspected irregularities immediately.
- v. Disclose conflicts of interest in accordance with POL-009 Conflict of Interest.

6. Financial Management and Oversight Processes

a. Reserves and Investments

- i. Reserves include unrestricted and internally restricted funds.
- ii. Internally restricted reserves require a Council motion and cannot support the operating budget without Council approval.
- iii. AUSU must maintain at least \$360,000 in the contingency reserve.
- iv. If contingency reserves fall below the minimum, AUSU must develop a plan to rebuild them as soon as possible.
- v. Use of funds from the contingency reserves will require a special resolution of Council as defined in the bylaws.
- vi. Investments must prioritize safety, reasonable returns, and social responsibility.
- vii. OFHC reviews investment performance quarterly.
- viii. Investment advisors must provide an independence statement upon engagement and annually thereafter.

b. Membership Fee Revenue

AUSU assesses a membership fee of \$4.50 per credit on all Athabasca University undergraduate credit-based courses. This fee is collected by the AU Office of the Registrar on AUSU's behalf. Any change to the membership fee requires a Special Resolution of Council, as required under Bylaw 4.12. Membership begins when a student registers in at least one 3-credit AU undergraduate course and ends on the later of the course end date (including extensions) or the date the final grade is posted.

c. Expenditure Management

- i. All spending must follow the approved budget.
- ii. For purchases or contracts over \$5,000, AUSU will consider proposals from at least two vendors where feasible.
- iii. AUSU avoids contracts longer than two years where possible.
- iv. Authority levels for expenditures and contracts are defined in OP-001: Delegation of Financial Authority Matrix.

d. Financial Reporting

- i. Monthly financial statements are prepared by the bookkeeper and reviewed by Council.
- ii. Quarterly financial statements are posted publicly.
- iii. An annual external audit is required, with results reviewed by OFHC and presented to Council.

7. Record Types and Access Controls

- a. Record types, access levels, and storage requirements are governed by OP-004: Records Management.
- b. Secure Records are accessible only to the Council Chair and individuals authorized by the Chair for specific AUSU functions.

8. Fraud Prevention

a. Internal Controls

- i. All transactions must include proper documentation.
- ii. Duties must be separated between coding, processing and reconciling, and authorising transactions.
- iii. Internal reviews and external audits must occur regularly.
- iv. Authority levels for expenditures and contracts are governed by OP-001: Delegation of Financial Authority Matrix.

b. Conflict of Interest

- i. All individuals must disclose conflicts in accordance with POL-009 Conflict of Interest.

- ii. Individuals with conflicts must not participate in related decisions.
- iii. Investment advisors must provide independence statements.

9. Fraud Response

AUSU will follow its internal procedure OP-002: Fraud Response Plan when fraud is suspected or confirmed. This internal procedure outlines investigation steps, reporting requirements, and corrective actions.

10. Monitoring and Evaluation

- a. OFHC monitors financial operations on an ongoing basis and reports findings to Council.
- b. Financial processes may also be evaluated under POL-006: Program Evaluation.

11. Policy Responsibility

Council is the sole authority to approve, amend, or rescind this policy.

12. Related References, Policies, Procedures and Forms

a. References:

This Policy References:

- Bylaws
- OP-004: Records Management
- POL-009 Conflict of Interest
- OP-001: Delegation of Financial Authority Matrix
- OP-002: Fraud Response Plan
- POL-006: Program Evaluation

This Policy is Referenced by:

- POL-012: Risk Management

b. Policy History:

- Original Approval Date: March 09, 2026
- Last Review Date: March 09, 2026
- Review by Date: July 2029