

Finance Procedure - Revenue and Income Management

Section 1 - Purpose

(1) This procedure supports the [Finance Management Policy](#) and outlines how revenue and income is managed at Charles Sturt University. This procedure contributes towards meeting the University's obligations under the [Government Sector Audit Act 1983 \(NSW\)](#), by ensuring the existence of an effective revenue (and income) management system.

Scope

(2) This procedure applies to all forms of revenue and income recognised by the University.

Section 2 - Policy

(3) This procedure supports the [Finance Management Policy](#).

Section 3 - Procedure

Recognition of revenue and income

(4) The University will adhere to the Australian Accounting Standards and apply either [AASB 15 Revenue from Contracts with Customers](#), or [AASB 1058 Income of Not-for-Profit Entities](#), depending on the agreement attached to the receipt.

(5) Revenue will be recognised in accordance with AASB 15 Revenue from Contracts with Customers. Revenue will only be recognised in the income statement using the input method. Receipts in relation to unsatisfied performance obligation/s will be suspended on the statement of financial position under contract liabilities until such time as the performance obligation/s are met.

(6) Income will be recognised in accordance with AASB 1058 Income of Not-for-Profit. Income is recognised in the statement of comprehensive income upon receipt.

(7) Detailed guidance and examples on revenue recognition are outlined in a local procedure document maintained by the Division of Finance to support this procedure.

(8) The University receives revenue and income from several sources and recognises this in the financial statements in accordance with the following broad principles. These principles are not applicable across the board; therefore, it is a University requirement that receipts be considered on a case by case basis, with each contract evaluated individually to determine the applicable method and timing of revenue/income recognition.

Revenue Source	Accounting Standard Applied	Notations
Revenue from Commonwealth and State Government Grants (Non-Capital)	AASB 15	Generally, the timing of revenue recognition in the Income Statement is driven by the number of teaching weeks completed. This is based on the Commonwealth Grant Scheme (CGS) payment schedule rather than an activity-based allocation. Student load estimates are reviewed against actual student load, and CGS payments are amended where the university is under its funding cap.
Revenue from Commonwealth and State Government Grants (Capital)	AASB 1058	Capital income is recognised in Income Statement only when the asset is acquired or, for constructed assets based on the input method using expenditure as the driver.
Tuition Fees and Charges – Full Fee- paying Students	AASB 15	Charges are raised upon enrolment for full fee-paying students. At this point revenue is recognised in the Income Statement. Fees are apportioned over years in the case of Session 90 which runs over two years. The prior year allocation is not reversed until December the following year when the process is undertaken again.
Consultancies	AASB 15	Receipts of consultancy activities are recognised upon invoicing. This can be tied to agreed milestones or deliverables. When considering the timing of revenue recognition in relation to Research contracts the revenue will be accounted for over time using the input method.
Tuition Fees and Charges – Government assisted (HECS-HELP/FEE- HELP/SA-HELP/VET FEE-HELP/VET Student Loans)	AASB 15	Student tuition fee contributions are recognised as revenue upon raising of tuition invoices. Revenue relating to Session 90 (crossing over the calendar year) is apportioned at year end.
Sale of Goods/Publications	AASB 15	Revenue resulting from the sale of goods and/or publications is recognised when each performance obligation is met, typically upon delivery of goods to the customer.
Bequests and Donations	AASB 1058	In general donations and bequests do not have sufficiently specific performance obligations attached and are therefore recognised in the Income Statement upon entitlement in accordance with AASB 1058.
Sponsorships	AASB 15 Or AASB 1058	Sponsorships in most cases solicit funding in return for publicity of material value, resulting in a performance obligation. Revenue is recognised as revenue earned in the Income Statement when the invoice is raised. Where there is no performance obligation, AASB 1058 applies, and revenue is recognised as received.
Royalties and Commissions	AASB 15	It is customary for these revenue types to be quantified in arrears of the performance obligation being met. Therefore, the University will recognise royalties and commissions in the Income Statement immediately upon entitlement.
Scholarships	AASB 15 Or AASB 1058 Or AASB 9	Scholarships received by the University for the purpose of awarding to eligible students often give rise to performance obligations. Where there is no obligation to pass Cash to a student, the University recognises the revenue as received (no performance obligations exist) or upon awarding to the student (where performance obligations exist). Where the obligation does exist to pass Cash to a student, AASB 9 is applied and Scholarship revenue and expenditure are eliminated against each other upon awarding. The University has several programs such as Policing and Study Group that have both AASB 15 and AASB 9 components.
Sales of Assets	AASB 15	Revenue from the sale of University assets is recognised when the University has met its performance obligations, typically when control of the asset is passed to the purchaser.
Investment Income	AASB 9	Investment income falls outside the scope of AASB 15 and AASB 1058. Investment income is recognised when the entities right to receive payment is established.

Accrued Revenue

(9) To ensure the accurate reflection of the activities of the reporting period in the University's financial statements and internal management reports, the University reports revenue on an accrual basis.

(10) The necessary revenue accrual journals will be prepared and processed before the close of each reporting period to ensure that transactions are matched to the accounting period in which they are earned.

(11) In preparing the accrual revenue journals, monies that have been received into the University's bank account but not yet receipted will be taken into account where sufficient information is available.

Revenue reversals

(12) The University's recognised revenue will be reversed where it has been raised incorrectly or where previously expected benefits are no longer predicted to occur. Revenue reversals include such items as fee corrections and fee reversals, but do not include fee waivers which are recorded as an expense for the purposes of the University Income Statement.

(13) Fee reversals may be generated by the Student System after enrolment updates are initiated by a student, a daily fee assessment process is generated by Accounts Receivable to post these revenue adjustments to the Finance System. Manual fee corrections may be initiated by Student Administration in line with internal processes for approved remissions which are subsequently processed manually by Accounts Receivable.

Assessment

(14) The University maintains resources that set out the application of accounting standards to the various revenue streams and the reasoning behind the assessment.

(15) Funding agreements/contracts with the grant provider are the source document for assessing the contract and determining the applicable accounting standard.

(16) All new non-research agreements are individually assessed where they do not fall into an existing funding pool. A copy of the agreement and assessment is held in the Finance Grants Register and is linked to the AASB workpapers with a common reference number.

(17) The process for assessing new research contracts is different to non-research grants. On implementation of AASB 15, research contracts were assessed and collectively categorised based on the type of funding and a determination was made on the applicable accounting standard. Due to the volume of research contracts, a sample of new contracts is assessed.

(18) Assessments are undertaken by the Senior Financial Accountant and are approved by the Associate Director, Corporate Services.

Reconciliation

(19) Reconciliations are undertaken on a quarterly basis by the Senior Financial Accountant and are approved by the Associate Director, Corporate Services.

Section 4 - Guidelines and other supporting

information

(20) Detailed local procedures are maintained within Division of Finance to support this procedure.

Section 5 - Glossary

(21) In this procedure:

- a. Contract with the customer – an agreement between two or more parties that creates enforceable rights and obligations.
- b. Contract asset - an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).
- c. Contract liability - an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.
- d. Customer - a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.
- e. Income - Receipts with no sufficiently specific performance obligations attached, typically received to further the cause of the University.
- f. Performance obligation - a promise in a contract to transfer to the customer either:
 - i. a good or service that is distinct, or
 - ii. a series of distinct goods or services that are substantially the same and that have the same pattern of transfer of transfer to the customer.
- g. Revenue - Receipts linked to a legally enforceable contract with a customer containing sufficiently specific performance obligations.
- h. Sufficiently specific performance obligation - judgement will need to be applied when assessing whether a performance obligation is 'sufficiently specific', taking into consideration any conditions specified in the contract or agreement (whether explicit or implied) regarding the promised goods or services. Factors taken into consideration when assessing include:
 - i. the nature or type of the goods or services
 - ii. the cost or value of the goods or services
 - iii. the quantity of the goods or services, and
 - iv. the period over which the goods or services must be transferred.

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