

Financial Management Policy

1. Purpose and Scope

This Policy provides principles for conducting financial management transactions, decisions or activities of KOI in accordance with ethical principles, legal requirements, policies and delegations of authority. It clarifies the roles, authority, and responsibilities for those financial management transactions.

2. Scope

This policy applies to KOI staff and other authorised persons operating on behalf of the Institute who are involved in financial management transactions, decisions or activities.

3. Related Documents

This Policy is to be read in conjunction with KOI's:

- Delegations Policy and Administrative Delegations Register
- Staff Code of Conduct
- Conflict of Interest Policy
- Additional Work Policy

The following legislation, regulations and standards informs the application of this policy, together with any other legislation, supporting regulations and standards that apply to this policy:

- Corporations Act 2001
- Financial Reporting Act 1997
- Finance Act 2023
- Education Services for Overseas Students Act 2000
- Income Tax Act 1967
- Australian Accounting Standards

4. Definitions

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| <i>Assets</i> | Assets include cash and cash equivalents, financial instruments, investments, receivables, physical assets, including financial leases (Right of Use assets), and intangible assets, including intellectual property. |
| <i>Liabilities</i> | Financial debts incurred on behalf of KOI, including employment contracts, leases, contacts and other financial obligations in any form. |
| <i>ESOS Act</i> | ESOS Act refers to the Education Services for Overseas Students Act 2000 |

5. Principles of Policy

Effective financial management requires staff to ensure that:

- Funds are used only to pursue the objectives of KOI and in accordance with:
 - Any specified purpose described by the AIBM Council, whether set out in the annual budget or otherwise;
 - Relevant regulations and policies;
 - All applicable laws (including the ESOS Act); and

- In the case of funds provided for a specified purpose by an external party, relevant contracts or other governing document.
 - Internal controls are in place to minimise the risk of fraud and corruption.
 - Financial risks are minimised and monitored in accordance with the Risk Tolerance Statements.
 - Assets are managed for financial and operational purposes, including physical verification, revaluation or assessment for impairment; and
 - Proper records and systems are maintained to ensure regulatory compliance and reporting.

6. Policy

Risk and Internal Controls

Financial Controls

KOI maintains financial controls in accordance with the Risk Management Policy and the Risk Tolerance Statement.

KOI maintains financial management systems and controls to ensure that transactions are recorded on a timely basis, with retrievable appropriate supporting documents, including records of approval.

Internal Controls

KOI's internal controls involve:

- Segregating duties between teams and individuals;
- Appointing appropriately qualified and capable staff;
- Maintaining and implementing current policies, procedures, schedules, and business processes; and
- Timely completion of accounting functions and tasks.

Insurance

KOI maintains an insurance programme in response to the Risk Tolerance Statement and in accordance with the Risk Management Policy.

The insurance programme seeks to provide coverage to protect KOI against potential risks and losses by engaging only with reputable insurers that have appropriate financial capability.

Financial Management

Assets

Cash and cash equivalents and financial investments are monitored to ensure that sufficient liquidity is maintained in order to undertake ongoing operations, and all laws, regulations and contractual requirements are complied with.

The CEO & Dean must approve the opening of all bank accounts. The CEO & Dean also has the authority to decline new account applications or close existing accounts if an account does not meet the requirements of this policy.

The collection and handling of all funds must be conducted in a manner that ensures funds are adequately safeguarded, accurately processed, properly recorded, and reconciled.

KOI is responsible for appropriately recognising, distributing and controlling all funds it receives, including tuition fees received from overseas students or intending students.

Overseas Student Tuition Fees

The Education Services for Overseas Students Act 2000 (ESOS Act) contains requirements regarding the receipt and management of overseas student tuition fees. The following policies are required by the ESOS Act:

a) Tuition fees

An overseas student or intending overseas student is not required to pay more than 50% of the total tuition fees for a course before the student has begun the course unless the student or person responsible for paying those fees chooses to pay more than 50% or the course has a duration of 25 weeks or less (Section 27 of the ESOS Act).

b) Obligation to maintain a designated account

A separate designated account must be maintained by KOI with an Authorised Deposit-taking Institution (ADI) (within the meaning of section 9 of the Corporations Act 2001) to receive tuition fees received from overseas students or intending overseas students (Section 28 of the ESOS Act).

c) Tuition fees paid before course begins

Tuition fees received from a student or intending student must be paid into the designated ADI account within 5 business days of receiving the fees (Section 29 (1) and (2) of the ESOS Act).

d) Retention of funds within designated account

KOI must retain within the designated ADI account a sufficient amount (protected amount) of tuition fees received to repay all tuition fees to every student or intending student who has yet to begin the course that KOI is to provide to the student (Section 29 (3) of the ESOS Act).

e) Withdrawal of funds from designated account

Funds may be withdrawn from the designated account, only if:

- A refund is to be paid to, or in relation to, a relevant student; or
- KOI arranges, under section 46D of the ESOS Act for a relevant student to be offered an alternative course at KOI's expense and the amount is withdrawn to pay the alternative provider in relation to the relevant student; or
- The amount is withdrawn to pay the TPS (Tuition Protection Service) Director under section 50C of the ESOS Act to the relevant student.

Tuition fees of a relevant student cease to be part of the protected amount (and may therefore be withdrawn from the account) once the student begins the course that the provider is to provide to the student.

The amount withdrawn from the designated account must not be more than the amount of tuition fees received by KOI in respect of the relevant student before the course begins (section 29 (4) and (5) of the ESOS Act).

The protected amount is not available for payment to another creditor other than those referred to in section 29 (4) of the ESOS Act.

Liabilities

KOI responsibly manages its financial liabilities to mitigate liquidity risks and ensure the prompt fulfilment of debt obligations in accordance with payment terms.

Borrowings, including financial lease liabilities, are subject to Council or, where relevant, ultimate holding company approval.

Lease liabilities are recognised in accordance with the relevant accounting standards.

Staff leave provisions and superannuation obligations are defined in the relevant employment contracts.

Revenue and Income

Revenue and income must be classified and recognised based on the relevant Accounting Standards, and as defined in the accounting policy disclosed in the annual Financial Report.

Expenditure

Resources are allocated in accordance with KOI's established budgeting processes and reported to the relevant management and governance bodies.

Expenditures for goods and services follow the financial limits set out in the Delegations Register.

Taxation

KOI complies with all local and international tax legislation.

All staff must maintain appropriate records in accordance with both the requirements of applicable legislation and relevant policies and procedures.

7. Accountabilities

All staff entering into transactions on behalf of KOI must:

- Understand and comply with all relevant policies, procedures and schedules and any applicable laws;
- Uphold KOI's ethical culture and report in good faith any suspicion of fraud or corruption.
- Declare any personal interests that may impact KOI in accordance with the Conflict of Interest Policy and the Additional Work Policy.

8. Monitoring and Reporting

The Director Finance and Accounts is responsible for implementing this policy, under delegation from the CEO and Dean. The Director Finance and Accounts is responsible for monitoring, reviewing and ensuring compliance with this policy.

Compliance and monitoring will be assessed through monthly reconciliations and regular analytical reviews as part of month-end and year-end processes.

A regular (monthly) report on KOI's financial position is provided by the Director Finance and Accounts to the CEO and Dean, and through that position to the Council and to the Audit and Risk Committee.

The monthly report will report on actual performance against forecasts, including commentary on material variances, to facilitate reporting to the CEO and Dean, Council and the Audit and Risk Committee, and external regulatory bodies, as required.

Cash flow forecasts are to be prepared on a trimester basis, together with an assessment of the adequacy of financial resources to ensure financial viability for the foreseeable future.

All financial transactions must be properly documented and accurately recorded in a timely manner. All financial information and reports must be maintained in accordance with regulatory requirements and accounting standards.

9. Breaches

KOI treats any breach of its policies and procedures seriously. KOI encourages the reporting of concerns about non-compliance, and manages compliance in accordance with policies, procedures and application of applicable contractual terms. A failure to comply with this policy and any supporting procedures and policies, may result in action by KOI. Such action may include disciplinary and other action up to and including potential termination of employment, or for other persons covered by this policy, the termination of engagements with KOI.

Document control

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