

Foreign Currency Management Policy

1. Introduction

- 1.1. The University's principal operating activities are based in Australia but an increasing amount of its activities are international. This policy outlines the financial policies relating to these activities.

2. Approved Foreign Currencies

- 2.1 University financial transactions should normally be transacted in Australian dollars.
- 2.2 The University recognises that in some activities a case exists for transactions to be undertaken in other currencies. Accordingly, the University has also approved the following currencies for use in transactions where required:

Currency

United States Dollar

English Pounds Sterling

Euro

New Zealand Dollar

Canadian Dollar

United Arab Emirates Dirham

- 2.3 Requests can be made to the Director, Personnel and Financial Services for additional currencies to be scheduled. Requests must be on the basis of ongoing operational requirements and demonstrate sufficient ongoing volume of transactions to merit approval of the request.
- 2.4 One off requests to receipt or pay in other foreign currencies will generally not be approved.
- 2.5 Due to the significant volume of United States dollars (USD) transacted by the University, a USD bank account is operated. Establishment of a bank account for any other foreign currency will only be considered where transaction volumes in terms of both receipts and payments justify such action. Requests demonstrating transaction volumes should be made to the Director, Personnel and Financial Services for consideration.

3. Minimum Amounts to be Received or Paid in a Foreign Currency

- 3.1. The University incurs significant transaction costs for making payments in a foreign currency.
- 3.2 Bank fees & costs to prepare a payment for an overseas supplier exceed \$25. For a payment under \$50, other methods of payment should be explored first, for instance, by corporate credit card. Likewise, bank fees to receipt foreign currency amounts exceed \$25.

3.3 Accordingly, the minimum amount for a payment or the receipt of an invoice to a foreign currency should not be less than AUD50. If an amount to be paid or receipted is less than \$50, a fee of \$25 will be charged to the account holder.

4. Statement of Accounting Standards AAS 20A – Foreign Currency Translation

4.1 Section 48 to 52 of the standard sets out the accounting standards for recognising foreign currency translations. The following statements include transactions in Accounts Receivable, Accounts Payable & Fixed Assets, and are a summary of the accounting standard as they relate to the University of Wollongong.

4.2 At the date the payment / receivable is recognised, i.e. invoice date, the foreign currency transaction will be measured and recorded in Australian dollars (AUD) using the foreign currency exchange rate on that day.

4.3 Foreign currency payments / receivables outstanding at the balance date, will be translated at the foreign currency exchange rate on that day (unrealised gain or loss).

4.4 Exchange rate differences that arise from the transactions will be recognised in the University of Wollongong's 'Gain & Loss on Foreign Exchange' Object 7701 (realised gain or loss).

4.5 Any gain or loss on an exchange rate difference will be managed centrally within Financial Services.

4.6 Gains or losses will not be distributed to the faculty / department making the purchase or receiving the income.

5. Hedging and Other Currency Risk Management

5.1 The University does not normally hedge against foreign currency transactions as a matter of general practice.

5.2 Where a specific transaction or group of transactions is to occur in a foreign currency and the amount of the transaction exceeds AUD100,000, the Assistant Director Finance should be advised and he may authorise the forward purchase of foreign currency or an alternative hedge.

6. General

6.1 The Accounting procedures relating to foreign currency are as set out in Appendix 1.

Appendix 1 - Accounting Procedures

Foreign currency transaction rate codes are as follows:

<u>Currency</u>	<u>Code</u>	<u>UoW Supplier Code</u>	<u>UoW Customer Code</u>
<u>United States Dollar</u>	<u>USD</u>	<u>USD</u>	<u>USC</u>
<u>English Pounds Sterling</u>	<u>GBP</u>	<u>GBP</u>	<u>GBC</u>
<u>Euro</u>	<u>EUR</u>	<u>EUR</u>	<u>EUC</u>
<u>New Zealand Dollar</u>	<u>NZD</u>	<u>NZD</u>	<u>NZC</u>
<u>Canadian Dollar</u>	<u>CAD</u>	<u>CAD</u>	<u>CAC</u>
<u>United Arab Emirates Dirham</u>	<u>AED</u>	<u>AED</u>	<u>AEC</u>

The Accounts Payable Supervisor and/or Assistant Accountant has the responsibility of daily updating the Currency Codes listed in 2.1.1 and any other Currency Code approved in 2.1.4.

The list of currencies does not necessarily exclude other currencies from being used, however, this will be assessed in line with our business practices, not the individual transaction. For example, the University may start long-term activities with a country that doesn't use the listed currencies. In this case the Finance Manager has the delegation to make the assessment on the information provided.

In most cases the terms of payment or receipts can be limited to the currencies listed in 2.1.1 even though the foreign country may be different to the source of the above currencies. For example, a supply is purchased from Japan; the terms of this payment are negotiated in US dollars.

If a currency other than listed in 2.1.1 is required for a payment or receipt, approval must be sought from the Finance Manager, Personnel & Financial Services. The assessment will be performed in line with University business practices.

The Accounts Payable Supervisor and/or Assistant Accountant has the responsibility of daily updating the Currency Codes listed in 2.1.1 and any other Currency Code approved in 2.1.4.

2. Related Information

2.1. Accounting Standards

2.1.1. AAS 20A – Foreign Currency Translation

3. Contacts

3.1. Financial Contacts

- 3.1.1. Assistant Director, Finance
- 3.1.2. Finance Manager
- 3.1.3. Accounts Payable Supervisor
- 3.1.4. Accounts Receivable Supervisor

3.2. Financial Information Systems Contacts

- 3.2.1. Manager, FISU
- 3.2.2. Systems Accountant