

Monash University Procedure

Procedure Title	<u>Borrowings and Other Financing Arrangements Procedure</u>
Parent Policy	Borrowings and Other Financing Arrangements Policy
Date Effective	16-February-2016
Review Date	16-February-2019
Procedure Owner	
Category	Operational
Version Number	1.1
Content Enquiries	Treasury Finance
Scope	
Purpose	Each financial year, the State Government of Victoria nominates a Loan Council Allocation which includes an amount allocated to Monash University. This allocation limits the amount of external funding the University and its controlled entities can enter into in any given financial year. An application is made annually to the State Government of Victoria through the Department of Treasury and Finance for the University's required allocation. Further State Government and internal governance approvals follow once a tender process is concluded.
PROCEDURE STATEMENT	

1. University Borrowings and Financing Arrangements

1.1 Funding requirements will generally be developed through the budget process, with the financing strategy and arrangements approved through Resources and Finance Committee and Council.

1.2 Include relevant approved funding requirements in application for Loan Council allocation (as per section 3).

2. Controlled entities - Request for Borrowing

2.1 Controlled Entities may apply in writing to the Executive Director, Corporate Finance, stating the purpose of the borrowing, amount required, proposed term of borrowing and sources of repayment. It is important to note that such borrowings will form part of the University's overall annual Loan Council Allocation. Applications for a Loan Council Allocation are completed in January each year and are for the following financial year July to June.

2.2 Recommendation to the Senior Vice President and Chief Financial Officer as to whether the purpose for the borrowings and the terms applicable are acceptable. Monash University will determine the best way for the funds to be sourced given the overall borrowing requirements of the University.

2.3 Seek agreement on recommendation from Resources and Finance Committee

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2.4 Confirm the details of the borrowings to the proposing party.

3. Loan Council Allocations

3.1 Initial application for Loan Council allocation, generally in January of each year for the following July to June financial year.

3.2 State Government through the Department of Treasury and Finance approve/non-approve the amount of borrowings. This is generally advised in May of each year.

3.3 Monash University tenders to major trading banks for loan facilities to meet this requirement, generally June/July of each year.

3.4 Submitted loan facility tenders are assessed and ranked and a management recommendation to Resources and Finance Committee drawn up that has considered interest rate risk issues (including fixed versus floating rate).

3.5 Approval of the recommended loan facility is sought from Resources & Finance Committee, generally July/August of each year.

3.6 Monash University seeks the approval of the Minister for Higher Education and Skills and the Treasurer of Victoria of the facility approved by Resources & Finance Committee. This approval is received some time after this request.

3.7 Loan facility agreement is signed off by Monash University.

4. Drawing Down Available Loan Facilities

4.1 Analyse the University's cash requirements and need for borrowings and seek approval for draw down from Executive Director, Corporate Finance and Senior Vice President & Chief Financial Officer.

4.2 Submit draw down request to financial institution.

Responsibility for implementation	1. Senior Vice President and Chief Financial Officer (1.1) Funds Manager, Treasury (1.2) 2. Proposing Party (2.1) Executive Director, Corporate Finance (2.2-2.4) 3. Funds Manager, Treasury (3.1–3.3) Executive Director, Corporate Finance (3.4-3.5) Senior Vice President & Chief Financial Officer (3.6) Senior Vice President & Chief Financial Officer and Executive Director, Corporate Finance (3.7) 4. Funds Manager, Treasury	
Status	Revised	
Approval Body	<i>Academic Quality and Standards procedure</i> <i>Name:</i> <i>Meeting:</i>	Operational procedure Name: Executive Director, Monash HR Date: Date approved

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	<i>Date:</i> <i>Agenda item:</i>	Author:
Definitions	Borrowings and Financing Arrangements: Any financing arrangement provided by a financial institution or other party external to the Monash University Group, including bank loans, overdrafts, finance leases and bond/note issues.	
Legislation Mandating Compliance		
Related Policies		
Related Documents		
SCHEDULE(S)		
Additional mandatory requirements specific to a Faculty or Offshore location Education procedure This field will only be published if required.		
Name of Faculty/Offshore Location		
Procedure Statement		