PURPOSE
- To provide effective financial risk management through internal control processes and procedures.

POLICY GUIDELINES

Financial
- School Council, under its constituting order, is empowered to purchase and maintain goods, equipment and materials subject to section 5.2.6 of the Education and Training Reform Act 2006;
- School Council is responsible for financial decisions, including the approval of the annual Program Budget and ratification of monthly expenditure;
- School Council has responsibility to monitor school funds and invest surplus funds or maximise returns while maintaining a cash flow in any given period;
- All school bank accounts must be in the name of the School Council except the High Yield Account;
- Registered signatories for these accounts must comprise the principal and a co-signatory who must be a member of school council and approved by council as a signatory;
- School bank accounts are not permitted to be overdrawn;
- Transfer of money from one bank account should be authorised by the principal and details of transfers reported to school council each month;
- School Council is required to ensure that school funds are only invested with financial institutions (specifically banks and Credit Unions) which are regulated by the Australian Prudential Regulation Authority (APRA) and are listed by them as an Authorised Deposit-taking Institution (ADIs). A full list of these institutions are listed on the APRA website at http://www.apra.gov.au/adi
- DEECD requires all schools to have a minimum cash reserve of $10,000 for the purpose of meeting unexpected budget variations and/or unplanned events;
- All schools must complete a ‘Financial Commitment Summary’ annually as part of CASES 21 Finance End o year procedures;

Purchasing
- The purchasing of goods and services must be strictly controlled and the authority to sign purchase orders confined to the principal or other designated officer. The names of authorised persons who sign purchase orders should be recorded in school council minutes;
- Credit cards may be issued to the principal or other designated officer as approved by school council. Reconciliation of cards will be approved by the principal and a school council member of the Finance Subcommittee.
- Purchases should be aligned with the school council approved annual program budget, in accordance with DEECD purchasing polices and instructions and the defined purpose of any government grants or with conditions attached to donations or locally raised funds;
- Schools are entitled to claim Goods and Services Tax (GST) credits for the GST component incurred on purchases;
Different purchasing procedures must be followed depending on the estimated value of the good and services. Quotes are required for different purchasing thresholds:

- Less than or equal to $2500 (GST Inc) – a minimum of one quote (verbal or written);
- Greater than $2500 and equal to $25 000 (GST Inc) - a minimum of one written quote;
- Greater than $25 000 and equal to $50 000 (GST Inc) - a minimum of three written quotes;
- Greater than $150 000 (GST Inc) - public tender process.

**Program Budget**

- The school’s strategic plan is the key planning document for school council to establish clear links between the educational needs of students, the program to meet those need and the resources (staff, financial & physical) required to deliver successful outcomes;
- The annual program budget reflects the school’s educational priorities and is the catalyst for integrating student needs, programs and resources at the local level;

**Documents to support this policy include:**

- Internal Control for Victorian Govt. Schools, DEECD 2009
- School Finance manual for Victorian Govt. Schools, DEECD 2009
- School Cash Reserve Benchmark, DEECD 2009

**IMPLEMENTATION**

**Finance**

- Ensure that all financial transactions are recorded through the appropriate DEECD Finance Computer Software, that they are supported by appropriate documentation and that the accounting records report the true financial position of the school in a clear manner;
- Complete Financial reports to be presented at every meeting of the Finance Committee and Financial Statements provided to School Council;
- Program Budget Leaders to receive Annual Sub-Program Budget Report and Sub Program Account Transaction Report each term;
- School Council must approve the Annual Program Budget for both income and expenditure, which is directly linked to the school Strategic Plan and AIP;
- A school purchase order is to be written for all expenditure and can only be signed the Principal, or designated officer.
- All purchase orders are to be accurately coded by the person writing the order and are to directly relate to the School Council approved program budget where the expenditure has been identified and pre-coded to the Chart of Accounts which occurs as part of the annual program budget process;
- All purchase orders are to be entered into CASES 21 Finance program;
- All cheques/EFT payments must be authorised by two persons on behalf of School Council. These 2 persons must include, a Principal Class representative (Principal or Assistant Principal) and an authorised person from School Council (Treasurer or President). The Business Manager is not authorised by DEECD to be a signatory for School Council bank accounts or cheque/EFT payments;
• A statement of all payments made is to be presented to the Finance Committee each month and must be ratified by School Council and documented in School Council official minutes;
• All bank accounts are to be maintained on CASES 21 and monthly financial reports provided to School Council;
• Local Payroll will be conducted fortnightly in line with DEECD payroll;
• Local Payroll reports are to be signed by both the Principal and an authorised representative from School Council, currently Treasurer or President;
• Superannuation is to be paid monthly, and reconciled in accordance with DEECD Guidelines;
• The Assistant Principal approves, authorises and provides to the Business Manager all CRT Invoices for payment. Principal to authorise Invoices from Out of Hours School Care for payment;
• All transactions are to be recorded as close as practicable to the time of occurrence, so that at all times the accounting records reflect the actual financial situation and can be verified;
• Refunds will only be processed upon request by the parent who must produce the original receipt. EFT refunds can only be made to the account of the cardholder that made the original payment and must not be made by cash. A refund request proforma is to be completed and signed by both the parent requesting the refund and the Principal who authorises the reimbursement. EFT refunds must be processed both on the terminal and on Cases21 on the same day. The original receipt and merchant copy of the refund is to be attached to the CASES 21 payment voucher which must be checked and approved by the Principal before processing through the terminal;
• Cash is not to leave the School Grounds for counting purposes, and must be counted by two persons prior to receipting;
• Money received is to be receipted on the day it is received. Receipts are to be issued for every payment received, and a duplicate retained for verification purposes along with relevant documentation;
• Banking is to be completed at least twice weekly, and no more than $500 is to be retained in the safe overnight;
• ATO GST is to be completed each month and recovery made by BAS return to be completed each month. Principal must sign all BAS reports which are then filed for Audit;
• Payments are to be made within 14 days or within the terms of purchase;
• A minimum of $100,000 is the reserve requirement set by the Finance Committee to support the school in the event of an unplanned events and future educational planning;
• Bank Reconciliations are to be completed each month for all bank accounts and are to be provided to the Finance Committee along with the following financial reports: Bank Reconciliations, Detailed Operating Statement, Cash Flow Statement, Annual Sub-Program Summary,
• All school bank accounts and internal controls are audited by Independent Auditors authorised by DEECD;
• Accountable Documents Register must be maintained by Business Manager to record order books and Cheques in use and in stock
• Profit and Loss Statements are to be completed by the OHSC Co-ordinator annually.

Evaluation
This policy will be evaluated on a cyclical basis in accordance with the School Council Policy Review Schedule or as required.

Policy Area: Finance
Ratified School Council: December 2010
Next Review: 2014