



Financial Management Policy (Including College Specific Procedures)

Latest DET Update: 29/07/2019
First Developed in this Format: October 2019

Purpose |

- To ensure that all legislative and DET financial requirements are met.
- To ensure that Bayside P- 12 College Council complies with the *Education and Training Reform Act 2006 and the Education and Training Reform Regulations 2007 Section 36 (1) and the Financial Management Act 1994*.
- To ensure that all payments made to the college are receipted correctly, banked into the College Council Official Account and auditable.
- To provide reasonable assurance that the financial activities under direct control of the College Council and the financial governance and financial management of the college comply with legislation.

Rationale |

- College Councils must comply with the *Education and Training Reform Act 2006* by ensuring that the college expends all moneys received for proper purposes, keeps records explaining their financial operations and position, follows financial processes and procedures that are effective, regularly audited and designed and managed to reduce risk with a separation of duties.

Implementation |

- The College Council will maintain records in a form that will:
 - Ensure that all money payable to the Council is properly collected;
 - Ensure that all money expended in the Council's name is properly authorised and expended;
 - Ensure that adequate control is maintained over assets held in the name of the Council or in the Council's custody;
 - Ensure that all liabilities incurred in the Council's name are properly authorised;
 - Ensure efficiency and economy of operations, and avoidance of waste and extravagance;
 - Ensure adherence to prescribed DET and college policies
- To ensure that the instructions referred to above are complied with, the College Council will work with the Principal and other appropriate staff to develop necessary processes and procedures.
- Council Minutes will record any decisions that are made, and any motions that are ratified.
- At the start of each year, and whenever subsequently necessary, Council will action the following:
 - Table, sign and approve end-of-year financial reports.
 - Approve any amendments to the college budget for the New Year.
 - Approve any proposed fundraising events for the year.
 - Endorse proposed GST treatment of fundraising events.
 - Endorse the treatment of GST from canteen operations (e.g. input-taxed).



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- Endorse the list of officers approved to sign official order forms.
- Minute whether the funding of camps or excursions are approved.
- Minute the profit and loss statement for trading operations (e.g. canteen if applicable).
- Endorse the college internet banking policy.
- Endorse the financial delegation authority within the college for the approval of orders, invoices, signing of cheques and authorisation of internet banking payments.
- Endorse the college purchasing card policy.
- Endorse the college purchasing card register (of card holders and limits).
- Set dates for meetings (with a minimum of eight).

In addition Council will approve the audited financial statements for the previous year, ensure that an annual Master Budget is approved prior to the commencement of each year, and prepare an annual report including a section relating to financial activities.

- The Principal is responsible for overseeing the day-to-day administration of the college's finances in line with Council decisions. Accordingly the Principal will ensure that:
 - Appropriate financial procedures are developed to ensure the effective and efficient operation of the college in accordance with Department guidelines
 - Information about the college's financial position, including the SRP position, is made available to the Council and its Committees
 - The budget planning process and the administration of the budget throughout the year are supported with full documentation.
- The Principal will make available for inspection by any person interested in the work of the college, a copy of the financial statements of the College Council certified by the Principal and the College Council President for the most recent year ending on 31 December.
- The College Council and the Principal have responsibilities for:
 - Internal Controls
 - Budgeting
 - Financial Reporting
 - Investing
 - Fund Raising
- For full information on these responsibilities please refer to The Financial Manual for Victorian Government Schools Section 2: Governance
- College bank accounts will:
 - Only be opened or closed with the written authority of the College Council
 - Be in the name of the Council, with the exception of the High Yield Investment Account
 - Have the Principal (mandatory) and a Council member registered as co-signatories
 - Be reconciled each month
 - Be audited in accordance with the department's requirements
 - Be maintained on CASES21
 - Be managed according to requirements detailed in the Finance Manual for Victorian Government Schools January 2019.
- The Business Manager, even if a member of Council, may not be a signatory to accounts.
- All payments will be authorised by the Principal and a nominated member of the Council. Signatories should ensure that payment claims are supported by:



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- Properly authorised purchase orders and quotes where applicable
 - Certified invoices
 - Correctly endorsed delivery dockets or proof of receipt of goods or services
 - Have been checked for correctness
 - Quantities or price variance from the approved purchase order
 - Authorisation of any variance of supply or price
 - Ensuring payments are not duplicated
- The College Council will ensure that payment schedules are accurate, the potential for variance and exceptions is built into the budget, and significant expenditure items are accurately costed and follow DET policy.
 - The College will ensure accountable documents are:
 - Recorded in a register which is initialed when documents are issued
 - Issued consecutively
 - Filed when completed
 - Stored securely for the required retention period
 - Shredded if no longer required
 - The Council is empowered to purchase and/or maintain goods, equipment and materials for carrying out its functions, subject to Part 2.3 of the *Education and Training Reform Act 2006*.

Requirements |

- All paid invoices are to be clearly marked “PAID”
- Invoices are to be paid within the permitted credit period – where relevant, invoices are to be paid within time to obtain any discounts being offered;
- Quotes or tenders are to be obtained, as per current Government Purchasing Guidelines (refer below to “Quotation Threshold”) and purchase orders raised and authorised;
- Once authorised, orders are to be recorded on CASES21 to accurately determine commitment against the Annual Master Budget
- With electronic order forms, the commencement date and first order number is to be recorded in the Accountable Documents Register
- Order forms are not to be used for private purchases
- The person receiving the goods is to be different from the person authorising the order
- Goods received are to be checked against delivery docket
- The delivery docket is to be checked against the supplier’s invoice and purchase order
- The person checking the invoices for accuracy, signs and accepts responsibility
- All documents are to be retained

Purchasing |

College Council has authority to purchase or maintain the goods, equipment and material necessary to carry out its functions and must ensure that the college complies with the Department’s Finance Manual for Victorian Government Schools June 2018 including:

- Adhering to purchasing thresholds requirements
- Obtaining best value for money
- Issuing purchase orders for all goods and services purchased
- Not allowing use of a college purchase order to buy items for personal use



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- Confining the authority to sign purchase orders to the principal or a designated officer
- Recording the persons authorised to sign purchase orders in the college council minutes
- Leasing equipment under an operating lease where, at the end of the lease the equipment is returned to the supplier at no further cost to the college
- Not leasing equipment under a finance lease where, at the end of the lease ownership of the equipment would pass to the college on payment of a residual value.

College Council |

- May not purchase a motor vehicle without the written consent of the Regional Director
- Should develop college policy and guidelines for permitted usage
- Must take out a comprehensive insurance policy with specific indemnity to the Crown
- Must register the vehicle in the name of the college council, not in a person's name
- Must purchase vehicles of Australian manufacture.

Quotation Threshold |

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- The budget will be reviewed and monitored over the course of the year.
 - Any changes to the approved budget that affect the 'bottom line' will be minuted at the first available Council Meeting and amended on CASES21 Finance.
 - Council will be encouraged to prepare a three-year forward plan budget.
 - A timeline for budget inputs and finalisation will be established.
 - Council, through the Principal, also will ensure that effective internal control processes and procedures are in place to support financial management, reduce risk and provide clear audit trails for accountability.
 - Correct accounting procedures for issuing and cancelling receipts, electronic receipting of moneys received away from the general administration office will be established.
 - Personal cheques will not be cashed.
 - The college will reconcile receipts to banking, bank receipts as soon as practicable, maintain security for the temporary holding of money and not leave money on the premises during college vacations.
 - The college will undergo an independent financial audit at least once every four years. The audit must be held between January and May and can be arranged during January before students commence.
 - The college will follow DET policy and procedures by ensuring that financial systems and controls are in place to enable contracted auditors to perform all the required field work and issue an audit opinion.
 - The Principal with Council permission may establish a petty cash advance provided:
 - the limit on any one advance is \$200



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- clear records of petty cash expenditure are maintained
 - advances are adjusted at the end of each school year by either the repayment of cash equal to the advance, production of vouchers equal to the advance or production of cash and vouchers equal to the advance.
- The Council will report all cases of suspected or actual theft, wilful damage, arson, irregularity or fraud in connection with the receipt or disposal of money or other property of any kind. Other losses and deficiencies not suspected of being the result of theft, robbery or fraud will be judged on individual merits and where appropriate, advice sought from the Regional Office.
- If the Principal departs the college for longer than two terms, a financial handover statement will be prepared as near as practicable to the last day of duty and ensure all CASES21 records are up-to-date and reflect the handover statement as closely as possible.
- The incoming Principal will verify the correctness of the items in the handover statement and will conduct a stocktake.
- A copy of the most recent stocktake should be in the files.
- Other losses and deficiencies not suspected of being the result of theft, robbery or fraud are to be judged on individual merits. If appropriate, advice will be sought from the Regional Office.
- Please refer also to the college's *Asset Management Policy*, the *Cash Handling Policy*, *Fraud & Corruption Policy*, the *Internet Banking Policy* and the *Archives & Records Management Policy*.

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College Specific Procedures – Purchasing & Financial Delegation Policy |

Purpose |

- To provide an effective and efficient process for acquiring goods identified by College Council for purchase as follows:
 - less than \$2,500 one written or verbal quote
 - \$2,500 - \$25,000 one written quote
 - \$25,000 - \$150,000 three written quotes
 - more than \$150,000 public tender

Rationale |

- The devolution of responsibility for implementation of the approved College Budget means that a wide variety of staff members have authority to purchase goods and services on behalf of the college.
- It is important to have strict internal controls in place relating to college order forms, delegation for signing orders and cheques and Council approved authorised signatories.
- All students will have access to the standard curriculum program.
- All purchases made on behalf of the college must be well monitored, comply with college expectations and reflect the College Council's budgetary intentions.



Implementation |

- The College Council is responsible for the Financial Management of the college.
- College Council ultimately confirms and acknowledges transaction revenue and expenditure by prior approval or ratification.
- The Principal is responsible for the day to day Financial Management of the college and delegates various financial duties to the Business Manager and Administration staff.
- The Principal, Business Manager, Campus Principals and Finance Managers are the only staff with authority to sign off on order forms for purchases on behalf of the college.
- The person receiving the goods must be different from the person authorising the order.
- All purchases made on behalf of the college MUST use a pre-numbered Official order form.
- The College Council President may be an authorised cheque signatory and may be asked to sign in the absence of the College Principal.
- The Business Manager will not be an authorised cheque signatory.
- All cheque payment vouchers, including supporting invoices will be sighted/signed by the College Principal, the Business Manager and ONE other authorised cheque signatory.
- All Financial Management staff working in the Administration Office are to be aware of the required DET Internal Control process and the need to monitor all purchases and payments.
- Goods that arrive at the college that have not been ordered using an official order form, or ordered by staff who do not have budget authority will be returned to the vendor.
- The College Business Manager and Finance Managers will monitor budgets and present all appropriate Finance Reports, including the Annual Program Budget Report to the Finance Committee at each meeting
- Staff members managing budgets will receive regular reports and be responsible for checking goods on receipt. All invoices must be approved for payment by endorsing 'OK to Pay and date.'
- Unspent budget funds will not be carried over to the following year.

Monitoring and review of the implementation of the policy |

- This policy will be reviewed as part of the college's three-year review cycle or when guidelines change (Last updated 2018). The Principal as Executive Officer of College Council, will ensure that the college-level policy complies with the DET's policy and that all staff are familiar with and adhere to it.
- The [Finance Management Policy](#) is available from the DET [School Policy and Advisory Guide](#).
- Answers to the most commonly asked questions about college costs for parents see: [Frequently Asked Questions – For Parents](#)

Date of approval by College Council | November 2019