



Model Financial Controls and Procedures for Independent Schools



First published by the Association of Independent Schools of NSW 2016

Second edition published in June 2021

© Association of Independent Schools of New South Wales Limited 2021

The copyright in this document is owned by the Association of Independent Schools of New South Wales Limited (AISNSW), or in the case of some materials, by third parties (third party materials). Permission is provided to AISNSW member schools to reproduce or incorporate elements into documents owned by that school. No part may be reproduced by any process except in accordance with the provisions of the Copyright Act 1968 the National Education Access Licence for Schools (NEALS) (see below) or with express permission (to be obtained in writing).

NEALS is an educational institution situated in Australia which is not conducted for profit, or a body responsible for administering such an institution may copy and communicate the materials, other than third party materials, for the educational purposes of the institution.

Authorised by:

Association of Independent Schools of New South Wales Limited,
Level 12
99 York Street,
Sydney NSW 2000.

ISBN [to be inserted if required] This document is also available on our website at <http://www.aisnsw.edu.au>

Editors:

William Apter [first edition]
Monica Rouel [second edition]
David Buley



PURPOSE 1

1. FINANCIAL CONTROLS AND PROCEDURES

- Benefits Of Financial Controls
- Components Of Controls
- Preventative Controls
- Detective Controls
- Corrective Controls

FINANCIAL GOVERNANCE FRAMEWORK

A copy of the Not-For-Profit Guidelines for Non-Government Schools may be found here

MINIMUM REQUIREMENTS AND RED FLAGS

- a. Policies and Procedures
- b. Segregation of duties

2. PEOPLE

- Recruitment
- Competence
- How Many?
 - Size of school (enrolment)
 - Anticipated number of Finance Office staff (FTE)
 - Comments

ROLE OF FINANCE COMMITTEE

- Finance Committee - Potential Terms Of Reference

3. SECTION 83C OF THE NSW EDUCATION ACT

- Background - "Not-For-Profit" Requirements
 - The complete & current NSW Education Act may be found here

Non-Government Schools Not-For-Profit Advisory Committee

- To assist schools interpret the Act and the Guidelines accurately, the Advisory Committee issues newsletters regularly. These can be found here.

Key Changes In 2018

- UPDATED NFP GUIDELINES

Key Changes In 2019

Key Changes in 2020

- NEW CRITERIA FOR EXPENDITURE OF NSW FUNDS FOR NON-GOVERNMENT SCHOOLS

Demonstrating Compliance

4. MANAGING CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

Background

Checklist

4.1 CONFLICTS OF INTEREST

What Is A Conflict Of Interest?

NESA Requirements

- Section 3.9.3.2 of the Registered and Accredited Individual Non-Government Schools (NSW) Manual

Designing A Policy For Conflict Of Interest

- Example Policy Statement
- Background
- Definitions
- Identifying conflicts
- Requirements
- Application - Steps to Resolve the Conflict
- Whistle Blowing
- Confidentiality
- Retention of records



4.2 RELATED AND THIRD-PARTY TRANSACTIONS

Draft Policy Statement

What Is A Related Party Transaction?

NSW Education Act Requirements

NESA Requirements

Suggested Procedures For Related Party Transactions

- Overview
- Who is a related party?
- What makes a transaction “at arm’s length”?
- Process to monitor and approve related party transactions
- Related Party Transactions Checklist
- Retention of records

4.3 ASSESSING REASONABLE MARKET VALUE

5. BUDGETING AND INTERNAL REPORTING

Financial Control

Checklist

Budget Management

- Budget Development
- Budget Monitoring

The Budget Cycle

Requirements and Red Flags

- i. Proper review and approval of annual budget
- ii. Proper process to prepare budget
- iii. Effective management of cash needs
- iv. Effective internal reporting

6. EXTERNAL AND STATUTORY REPORTING

Financial Controls

Checklist

Key Legislation

Requirements and Red Flags

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

7. DEBT/INVESTMENTS AND BANK ACCOUNTS

Financial Control

Context

Checklist

Requirements and Red Flags

Segregation Of Duties

- Control consideration
- Recommendation
- Possible compensating control*

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Building And Library Accounts

School Cash Reserves

8. CASH HANDLING

Financial Control

Key Legislation

Checklist

Requirements and Red Flags

Segregation Of Duties

Imprest System/Petty Cash Controls Checklist

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Mitigating Weaknesses In Cash Controls



9. PROCUREMENT

Financial Control

Checklist

Procedures

Key Legislation

- Education Act (NSW) 1990

Requirements and Red Flags

Segregation Of Duties

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

10. PAYMENTS

Financial Control

Checklist

Requirements and Red Flags

Segregation Of Duties

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Expense Reimbursement

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Credit And Other Purchase Cards

11. FEES AND DEBTORS

Financial Control

Checklist

Key Legislation

- NSW Education Act 1990

Requirements and Red Flags

Segregation Of Duties

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

12. TRADING OPERATIONS

Financial Control

Checklist

Requirements and Red Flags

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

13. CAMPS AND EXCURSIONS

Financial Control

Checklist

Requirements and Red Flags

14. MANAGING ASSETS

Financial Control

Checklist

Key Legislation

- NSW Education Act 1990

Requirements and Red Flags

Segregation Of Duties

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools



15. PAYROLL

Financial Control

Key Legislation

- a. NSW Education Act 1990
- b. Employment and IR
- c. Tax
- d. Workers Compensation
- e. Superannuation
- Key controls
- Y/N
- Comment

Checklist

Requirements and Red Flags

Segregation Of Duties

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Other Issues

- a. Department of Employment Guidelines
- b. Superannuation and PAYG
- c. Use of contractors
- d. Use of “hobby declarations”
- e. Salary packaging and FBT
- Casuals

16. SCHOLARSHIPS, BURSARIES AND OTHER FEE ASSISTANCE TO STUDENTS

Financial Control

Key Legislation

- a. NSW Education Act
- b. Income Tax Act

Checklist

Requirements and Red Flags

- a. Management of Scholarship and Bursary Funds
- b. Awarding financial assistance

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

17. CAPITAL PROJECTS

Financial Control

Checklist

Requirements and Red Flags

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

18. ACCOUNTING FOR NON-SCHOOL ENTITIES

Financial Control

Key Legislation

- Division 30-15 Income Tax Assessment Act 1997
- The ATO also provides detailed guidance on Gifts and Fundraising for Deductible Gift Recipients

Checklist

Requirements and Red Flags

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

19. OTHER ACCOUNTING ISSUES

19.1 REGULATORY FRAMEWORK



19.2 KEY ACCOUNTING STANDARDS

Standards And Interpretations
Reporting Entity

19.3 CHART OF ACCOUNTS

- i. Purpose
- ii. Structure
- iii. Elements
- iv. Governance

19.4 SELECTION OF ACCOUNTING SOFTWARE

20. WHISTLEBLOWING

What is the New “Whistleblower Legislation”?
When Does It Come into Effect and What is Required?
Does it Apply to Schools?
What Should Schools Do Now?

21. FRAUD

Fraud Policy - Sample

22. FUNDRAISING & SPONSORSHIP

Establish A Fundraising Strategy
Accounting For Sponsorships And Fundraising Events

23. GRANTS

Issues To Consider When Applying For A Grant
Signing The Agreement
Grant Conditions
Budget Preparation
Reporting And Acquittal

- Grant Reporting
- Differences between progress and final reports
- Progress Reports
- Expenditure Statement
- Final Report
- Grant Acquittal

24. TAX AND STATUTORY OBLIGATIONS

Goods And Services Tax (GST)

- Gifts
- Canteens

Fringe Benefits Tax (FBT)
Superannuation Guarantee Levy (SGL)
Pay As You Go Tax (PAYG) – Single Touch Payroll
Business Activity Statement (BAS)
Tax And Duty Exemptions

- Transfer Duty on Motor Vehicles
- Transfer Duty on Land Acquisition or Leases
- Income Tax
- Payroll Tax



25. INSURANCE

Property Damage

Public Liability

- Use or Hire of Non-School Facilities
- External Providers And Public Liability

Business Interruption

Workers' Compensation And Employer's Liability

Professional Indemnity

Directors And Officers' Liability

- Cyber
- Student Accident Plan
- Other Insurance Policies

APPENDICES

1. EDUCATION ACT 1990 - SECTION 83C

Financial assistance not to be provided to schools that operate for profit

2. CHECKLIST FOR SECTION 83C DOCUMENTARY REQUIREMENTS

SECTION 5

- 5.1 Payments to Individuals
 - 5.1.1 Employee salaries, benefits and severance pay
 - 5.1.2 Payments to School Governing Body Members
- 5.2 Payments for Property, Goods and Services
 - 5.2.1 Purchasing Goods and Services
 - 5.2.2 Building and related works
 - 5.2.3 Consultant and professional service fees
 - 5.2.4 Intellectual property
 - 5.2.5 School loans and interest payments
 - 5.2.6 Leasing property and other assets

- 5.2.7 School-related travel

- 5.3 Other Common Payments and Financial Transactions

- 5.3.1 Compensation and Other Ex-gratia Payments

- 5.3.2 Student Scholarships and Cash Prizes

- 5.3.3 Student Fee Discounts

- 5.3.4 Dealing with Bad Debts

SECTION 6

- 6.1 Managing School Assets

- 6.1.1 Disposal of Valuable School Assets

- 6.1.2 School leased assets

- 6.1.3 Community use of school assets and facilities

3. SAMPLE DELEGATION PROTOCOL

4. SAMPLE CONFLICT OF INTEREST DISCLOSURE STATEMENT

5. CHECKLIST TO HELP IDENTIFY CONFLICTS OF INTEREST

6. TEMPLATE - REGISTER OF INTERESTS

DRAFT LETTER TO RESPONSIBLE PERSONS REGARDING RELATED PARTY TRANSACTIONS

RELATED PARTY REGISTER

7. EXTRACT FROM AASB 124 - DEFINITION OF RELATED PARTY

8. AUSTRALIAN ACCOUNTING STANDARDS, INTERPRETATIONS AND FUTURE DEVELOPMENTS

APPENDIX 8.1 AUSTRALIAN ACCOUNTING STANDARDS

Section 1 - Key accounting standards

Section 2 - Other potentially relevant standards

Section 3 - Standards unlikely to be applicable to most schools



Contents 7/9

APPENDIX 8.2 AUSTRALIAN ACCOUNTING STANDARDS BOARD INTERPRETATIONS

Section 1 - Key accounting interpretations

Section 2 - Other potentially relevant interpretations

Section 3 - Interpretations unlikely to be applicable to most schools

APPENDIX 8.3 FUTURE DEVELOPMENTS

APPENDIX 9 - SAMPLE POLICIES

PETTY CASH POLICY

Purpose of the Policy

Procedures

- Issuing Petty Cash
- Reconciling Petty Cash
- Changing the Float

EXPENSE REIMBURSEMENT POLICY

Overview

Personal Expenses

Travel Expenses

Mileage Allowance

Relocation Expenses

Reimbursement Of Expenses

Other Expenses

ASSET MANAGEMENT POLICY AND GUIDELINES

Overview

Assets

Inventory

Asset Management Procedures

Acquisition Procedures

Asset Register

Leased Equipment

Asset Disposal

Asset Identification

Stocktakes

- Discrepancies In Stocktakes Or Loss Of Assets

FINANCE AUTHORISATION POLICY

NEW SUPPLIER POLICY

Purpose of the Policy

Procedures

- Choosing a New Supplier
- Supplier Selection Background Information
- Supplier Selection Review Checklist
- Appointment of Supplier
- Supplier Payment Terms

CORPORATE CREDIT CARD POLICY

Purpose

Eligibility For Corporate Credit Cards

Appropriate Use Of Credit Cards

Card Security

Conditions Of Use

Acquittal Of Monthly Cardholder Statements

Disputed Transactions

Cancellation Of Card

Corporate Credit Card Policy - User Agreement

SCHOOL FEES - SETTING & COLLECTION POLICY

Purpose

Scope

Definitions

Principles

Procedures



Contents 8/9

BANK ACCOUNT POLICY

Purpose of the Policy

Procedures

- Opening Bank Accounts
- Bank Account Authorisations
- Variations To Bank Account Terms And Conditions
- Closing Bank Accounts
- Bank Account Transactions

SCHOLARSHIPS AND BURSARY POLICY

General

Scholarships

- Academic
- Merit
- Bursaries

SCHOOL SCHOLARSHIP {YEAR} APPLICATION FORM

GIFTS AND HOSPITALITY POLICY

Context

Purpose

Gift Definition

Reporting Of Bribes, Potential Bribes And Solicitation Of Gifts

Gifts Of Hospitality

- Gifts/Benefits To Family Members And Other Third Parties
- Register Of Incidents
- Monitoring And Review Of The Policy

CAMPS AND EXCURSIONS POLICY

Planning

Approvals

Duty Of Care

First Aid

Students With Disabilities

Overseas Travel

Emergency Notifications And Communications

Fire Danger Or Ban

Risk Management

Payments

Staffing And Supervision

Teacher Responsibilities

Student Behaviour

Cancellations Or Alterations

Transportation Requirements

Other Requirements



CANTEEN MANAGEMENT GUIDE

Effective Management

Role Of The School Board

General Business Structure Of Canteens

- Formal Management Agreement
- Employing Staff

Stock Management

- Who should be responsible for ordering stock?
- How do I choose a supplier?

Financial Management

- Accounting for canteen money
- School Canteens and the GST
- Accounting for stock

Staff And Volunteers

- Reasons for volunteering
- Student volunteers
- Coordinating a volunteer program
- Advertising
- Retaining volunteers
- Layout of the canteen
- Management of volunteers
- Maintaining volunteer involvement
- Recognising and rewarding volunteers

VEHICLE MANAGEMENT POLICY

Procurement And Utilisation

Vehicle Use

Vehicle Safety And Security

Extended Periods Of Travel

School Buses

Incident/Accident Reporting

Non-Employee Use Of School Vehicles

Pool Vehicles

Definitions

PROCUREMENT POLICY AND PROCEDURES MANUAL

Procurement Principles

- Value for Money
- Probity
- Accountability
- Capability

Aims

Definitions

Implementation



Purpose

This document has been prepared to assist schools in developing and reviewing their own controls and specific policies and procedures relating to:

- complying with general statutory requirements of the financial functions of non-government schools including Section 83 of the revised *1990 NSW Education Act and the Commonwealth Australian Education Act 2013*;
- establishing sound internal control procedures and processes; and
- developing best practice principles resulting in a high level of care and due diligence.



1 Financial Controls and Procedures

Foreword

Financial management plays an essential role in administering finances efficiently and effectively in independent schools. It not only involves understanding the school's financial information and using this information to improve operations, it is also about ensuring that the right policies and procedures are in place to ensure that the financial information the school is using is accurate and can adequately protect the assets of the school. Effective financial management requires firstly robust financial controls & procedures.

Financial control is a process, policy or procedure that is implemented to ensure the safeguarding of assets, ensure accurate and reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations. It plays a role in achieving a school's financial goals and meeting obligations of governance, fiduciary duty and due diligence. Having strong internal financial controls will ensure that the financial information obtained from the school's accounting system can be relied upon and used with confidence by all people involved in financial decision-making. Good internal control protects staff and school resources.

Control and Potential Errors

- a. Completeness** ensures that all records and transactions are included
- b. Accuracy** ensures that the right amounts are recorded in the right places
- c. Authorisation** ensures that approvals, payments, data entry and computer access are correctly authorised
- d. Validity** ensures that an invoice is for work performed or products received and the school has incurred the liability properly
- e. Existence** ensures the existence of assets and liabilities. Has a purchase been recorded for goods or services that have not yet been received? Do all assets on the books actually exist? Is there correct documentation to support the item?
- f. Identifying errors** ensures that procedures are in place to ensure that errors in the system are identified and corrected
- g. Segregation of duties** ensures that certain functions are separated. For example, the person taking cash receipts does not also do the banking



1 Financial Controls and Procedures

Benefits Of Financial Controls

By implementing effective financial controls, the school will benefit by:

- better understanding, and being confident in, its financial position;
- providing accurate financial information that can be used by those responsible for decision-making;
- enabling the school to make more informed decisions on budgets and spending; and
- providing documentary proof for compliance requirements (e.g. ATO, DESE).

Good internal controls and procedures will:

- Help align the school's performance with its overall objectives through continuous monitoring of the performance and activities carried out
- Encourage effective management by allowing management to receive timely and relevant information on performance against targets, as well as key financial data that can indicate variances from targets
- Assist proper financial reporting by maintaining accurate and complete reports required by legislation and management, and minimising time lost in correcting errors and ensuring resources are correctly and efficiently allocated
- Safeguard assets through ensuring the school's physical, intellectual property and monetary assets are protected from fraud, theft and errors
- Deter and detect fraud and error by ensuring the systems can quickly identify errors and frauds if and when they occur, thereby reducing exposure to risks and minimising the chance of detrimental unexpected events



1 Financial Controls and Procedures

Components Of Controls

The Internal Controls Framework developed by the US Committee of Sponsoring Organisations of the Treadway Commission (COSO) has been widely adopted over the last two decades as the standard for internal controls. It sets out five integrated components of effective internal control together with 17 principles. Although specifically designed for public companies in the US, these components and principles are equally applicable to Australian schools:

a. Control environment

The control environment is basically the culture of the school. It is the set of standards, processes and structures providing the basis for carrying out internal controls across the school. Both the board and management need to set the tone and reinforce expectations of staff and suppliers. The control environment will have a widespread impact, whether good or bad, on any school's overall system of internal control.

An effective control environment is an environment where competent people understand their responsibilities, the limits to their authority, are knowledgeable, mindful and committed to doing what is right, and doing it the right way. These people are committed to the school's culture and follow the policies and procedures that are in place to support that culture.

b. Risk assessment

A school needs to understand its operations and assess the risk of events which may impact adversely on it achieving its objectives. Only by first assessing risk can a school determine how to manage these risks by implementing mitigating controls.

c. Control activities

Control activities are the actions the school establishes to manage its risks. The school deploys these controls through its policies and procedures. Segregation of duties is a critical control activity.

d. Information and communication

Good communication and information flow are an essential part of internal control.

e. Monitoring activities

Ongoing evaluations are required to ensure that the components of the internal control system are present and effective. These can be both ongoing and periodic.



1 Financial Controls and Procedures

Components of Control and Summarised Principles

Control Environment	Risk Assessment	Control Activities	Information and Communication	Monitoring Activities
<ol style="list-style-type: none"> 1. Demonstrates commitment to integrity and ethical values 2. Exercise oversight responsibility 3. Establishes structure, authority, and responsibility 4. Demonstrates commitment to competence 5. Enforces accountability 	<ol style="list-style-type: none"> 6. Specific suitable objectives 7. Identifies and analyses risk 8. Assesses fraud risk 9. Identifies and analyses significant change 	<ol style="list-style-type: none"> 10. Selects and develops control activities 11. Selects and develops general controls over technology 12. Develops through policies and procedures 	<ol style="list-style-type: none"> 13. Uses relevant, quality information 14. Communication internally 15. Communicates externally 	<ol style="list-style-type: none"> 16. Conducts ongoing and/or separate evaluations 17. Evaluates and communicates deficiencies



1 Financial Controls and Procedures

Preventative Controls

These controls are designed to discourage errors or irregularities from occurring. They are proactive actions that help ensure objectives are being met.

Preventative controls include: (this is not an exhaustive list)

Segregation of duties

Segregation of duties is one of the key concepts of internal controls. It is also one of the most effective internal controls in combating employee fraud and contributes to a school's system of checks and balances. The concept of segregation of duties is to separate the following responsibilities:

- Custody of assets;
- Record keeping;
- Authorisation; and
- Reconciliation

This means that no one person is responsible for doing everything. For example, the person who enters the invoice into the accounting system is different from the person who approves the payment of the invoice.

This type of control serves two purposes. It ensures there is oversight and review to detect errors; and it helps prevent fraud because it requires at least two people to collude in order to hide a transaction.

In the case of single operator schools where segregation of duties is not practicable, compensating safeguards must be established to manage potential risk. Compensating controls can be preventative, detective or monitoring controls that are executed by an independent, supervisory-level employee or Board member who does not have custody, record-keeping, authorisation or reconciliation responsibilities for the process.

In very small schools, principals (or nominees) are advised to regularly verify the cash handling and the recording process has been correctly undertaken. A signed record of these checks should be kept for audit purposes. This manual includes both segregation of duties recommendations and possible compensating controls by school business function area.

Authorisations

Authorisations may be specific or general. Specific authorisations relate to individual transactions and require formal approval by school personnel who have proper approval authority. A purchase order approval is an example of a "specific" authorisation. It is important to remember that approving a transaction is assuming responsibility for the authenticity of that transaction or verifying it. An example of a general authorisation is matching of vendor invoices to delivery reports and purchase orders prior to payment to ensure that the school is only paying for items actually received and in accordance with negotiated terms and prices.



1 Financial Controls and Procedures

> Preventative Controls Continued

Electronic security

Electronic security must be designed to prevent unauthorised access to systems, software and data. Secure passwords, security tokens (often called two factor authentication or 2FA) and access roles limit access to transactions and data to those required by individuals and authorised for their use. Schools are to have procedures in place to ensure that passwords and tokens are secure and that access roles are regularly reviewed.

Physical security

Physical security must be designed to prevent unauthorised access to school assets and accounting records. Examples of physical security include a safe, vault, locked doors/desk drawers, and card key systems.

Employee background checks

This includes recruitment and reference checks for all teaching and non-teaching roles and a current Working with Children Check. All employees who work in the finance department should have undertaken a criminal records (police) check.

Employee training and professional development

Having a well-trained, competent workforce that allows role rotation of staff will provide opportunities for multi-skilling and will enhance the internal control system of the school. For example, specific “how to” training will support hard controls such as processing accuracy and information quality while values and induction type training will support soft controls as they will set out desirable behaviours and reinforce morale.



1 Financial Controls and Procedures

Detective Controls

These are designed to find errors or irregularities after they have occurred. Detective controls include: (this is not an exhaustive list)

Reconciliations

A reconciliation is the process of comparing transactions and activity to supporting documentation to ensure accuracy and validity. It also involves resolving any discrepancies that may be identified and undertaking corrective action within the month that the anomaly or error is discovered. For example, conducting a bank reconciliation at the end of the month to match or explain the difference between the cash at bank figure in the schools accounting system and the balance shown on the bank statement.

Review of financial statements for irregularities

This may identify errors in transaction processing. For example, reviewing the figures on the operating statement to identify any negative year to date balances that may indicate the incorrect posting of a journal.

Review of actuals to budget

This allows for the identification of variances between actual performance and what was projected or expected. Variances can be analysed, and corrective action taken.

Audits

Audits can be formal or informal. Formal audits can provide an objective independent examination of the financial statements, procedures and controls. This can increase the value and credibility of the financial statements and increase user confidence. It can also identify weaknesses

that may require attention. Informal audits may include 'spot checks' such as an independent person counting the daily banking to verify processes.

Stocktakes

Stocktakes must be used to verify the existence of assets (or inventory) and identify any losses that may have occurred.

Employee monitoring

This must involve activities such as performance reviews, role rotations, multi-skilling, checking hours of work (employees working outside normal hours when there is less supervision), checking when and if annual leave is taken (reluctance to take leave may indicate some inappropriate activity that an employee does not want discovered), etc.

Corrective Controls

These are designed to correct errors or irregularities that have been detected. An example of corrective controls:

Data backups

A functioning system can be restored from data backups in the event of a hardware crash, ransomware attack, or if corrupted or invalid data is identified. Schools must ensure they keep all relevant information on a drive that is automatically backed up daily. Schools are also susceptible to Ransomware attacks whereby hackers lock up critical data and request money to 'unlock' that data. A current backup is often the only remedy against paying the ransom.



1 Financial Controls and Procedures

FINANCIAL GOVERNANCE FRAMEWORK

The essence of the School Board's governance role is to oversee all aspects of the School, appoint the Principal, and ensure a strategic approach to the School's future by setting major objectives, policy frameworks and strategies. The Board must also monitor adherence to systems of risk management, ensure compliance with legal obligations and undertake periodic performance reviews.

It is not the Board's responsibility to become involved in the day to day management and operations of the School. This is the responsibility of the Principal and the School's senior management team.

Successful governance structures minimise problems, optimise performance and accountability. The essence of good governance lies in the ongoing development of a culture within the School that embraces ethics, honesty, transparency and high levels of integrity from all Members of the Board. Under the watchful eyes of its stakeholders, it is vital to recognise that no School can afford to neglect proper and effective governance processes.

Ultimately, it is the Board which is responsible for governance practices and the Board must therefore take responsibility for the processes by which the School is directed, controlled and made accountable. It is a vital ingredient of organisational success for Boards to establish and continually develop effective governance policies and practices.

Schools, irrespective of their size, complexity, history or affiliation, that establish, implement and actually apply (rather than pay lip service to) good governance principles, will be more successful in serving the

needs of their stakeholders. Conflicts of various kinds are common within a school. The role of governance is to manage the conflict and ensure that through ongoing communication the interests of the stakeholders continue to be met.

A number of schools have found it helpful to codify their financial governance framework in a specific document. By summarising the overall context, the framework document acts as both a checklist and as a guide to new and existing Board members, School Management and Finance Department staff.

“A sustainable governance structure should produce stable and effective leadership which underpins achievement of the school's objectives. It should also be sensitive to guarding the vision and values of the past and responsive to changes in community values and the preferences of the immediate stakeholders.”

- Independent Schools Victoria

A copy of the not-for-profit guidelines for non-government schools may be found here:

https://education.nsw.gov.au/content/dam/main-education/about-us/our-people-and-structure/media/documents/DOC19_563153__Not-For-Profit_Guidelines_for_Non-Government_Schools_June_2019.pdf



1 Financial Controls and Procedures

MINIMUM REQUIREMENTS AND RED FLAGS

The School should ensure that its internal controls are planned and executed in a manner consistent with its size and mission, and it segregates, to the extent possible, critical financial management functions.

Set out overleaf, in a tabular format, are suggested minimum, effective and best practice requirements, together with “red flags” of practices and guidelines for not only effective financial custody, but for demonstrating compliance with Section 83C of the *NSW Education Act* which suggests schools pay ongoing attention to:

- a. policies and procedures; and**
- b. segregation of duties.**

It is important to understand that not every school may comply with every section, and in some cases, minimum compliance is all the School may need or be able to reasonably achieve. There is no “one size fits all” solution in any category. Whilst there are minimum standards with which all schools should comply, the best procedures and controls for any individual school will be a function of the size and complexity of its operations, its systems and its informed judgement as to the risk/return from additional processes and controls.

The Department of Education has issued Guidelines which set out suggested records and policies schools could maintain in order to demonstrate their compliance with the requirements of Section 83C of the *NSW Education Act*. These are incorporated into the tables as appropriate.

A full checklist is attached as Appendix 2.

Section 83C is explained in [section 3](#) below.

An important aim of this document is to encourage debate within schools regarding the appropriate controls and procedures and to help enhance overall best practice.



1 Financial Controls and Procedures

a. Policies and Procedures

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
The School has documented financial policies and all Finance Office staff understand these policies and ensure they are followed.	The Guidelines include specific policy and procedures (P & P) in respect of loans, procurement, payments, debtors, assets, payroll, scholarships and capital projects. These are included in the tables in the individual sections. (A link to the guidelines is included) .	Policies are maintained in an online manual that is accessible by all members of the Board and the School's management and staff.	Same as Effective Practice	The School does not have written financial or business operations policies or does not follow them.
The School has written procedures that are consistent with the Board approved policies and are followed by staff.	As above	The school includes in its employee handbook all forms it requires employees to use (e.g. expense reimbursement) and provides these forms online so employees can access them at any time	The school has cross-trained staff in essential Finance Office functions including payroll, cash receipts and cash disbursements.	The school has not documented critical processes and has not cross-trained personnel in critical functions, and so the school is vulnerable in the event of an unplanned absence of an employee on a critical day for his / her responsibilities.
The School has a delegations protocol that clearly sets out who is authorised to make the decisions. A sample is attached as Appendix 3	n/a	The delegations protocol is reviewed at least annually to ensure that is effective and appropriate, and is updated to reflect changes in staff.	Same as Effective Practice	The School does not have a written delegations protocol or can not demonstrate conformity with it.



1 Financial Controls and Procedures

b. Segregation of Duties

Minimum Compliance	Effective Practice	Best Practice	Red Flags
<p>The school effectively utilises its staff (and Board) to segregate duties to the best of its ability given its staffing numbers and other resources.</p>	<p>The school receives a management letter from the auditors regarding the most recent audit and the letter contains only comments and recommendations to management of minor concerns.</p> <p>Members of the Board and/or the Audit Committee meet with the auditors, at least annually, outside of the presence of the School's employees, to ensure opportunity for the auditors to raise any possible issues or concerns.</p>	<p>The School did not receive separate communications from the auditors regarding any observed significant deficiencies or material weaknesses in the most recent audit and the Board discussed directly with the auditors that the absence of this letter is due to the School's good internal controls and not because of management objection.</p> <p>Management's responses are included with any of the auditors' written recommendations or observations. These responses convey a sense of agreement and proactive approach to improving internal controls.</p>	<p>The School does not receive any communications from the auditors apart from its financial statements.</p> <p>The auditors do not meet with members of the Board, or the Audit or Finance Committee at least annually.</p>



2 People

Foreword

Internal control is ultimately about people. It is not merely policy manuals and forms, but people at every level of the organisation who determine the School's control environment. Getting and keeping the right people in the Finance Office is critical.

Recruitment

Although constrained by both their budget and the pool of available candidates, all schools should seek to recruit the best people for every role. Within the Finance Office, they need to consider the candidates' skills but also take steps to reduce the risk of fraud. Good processes for recruitment are important and should include anti-fraud strategies such as:

- ensuring applicants are interviewed by more than one person;
- verifying qualifications, transcripts and other certification or documentation;
- conducting referee checks to validate an applicant's employment history; and
- being aware of potential conflicts of interest in hiring decisions.

Whilst recognising that different schools will have different requirements, given the ongoing increasing complexity of the role, we recommend the recruitment of a Business Manager/Bursar who is a qualified accountant. Under ASIC's class order CO 01/1256, this means a member of CPA Australia, CA ANZ, ICAA, or NIA (or an eligible equivalent foreign body), and who is entitled to use the post-nominal equivalent to the professional standard achieved. This places ongoing professional development obligations on that person.

Competence

Having sought to employ the best people, the School business manager needs to ensure that all Finance Office staff are kept fully informed and have sufficient skills to understand and follow the approved policies and competently carry out the tasks set out in the position descriptions.

Regular assessment, training courses and cross training/rotation of duties (the latter may be easier in larger schools or with part-time staff), are effective ways of accelerating employee development and of increasing the number of persons in the Finance Office who are able to take on greater responsibility.

Senior administrative staff should have a continual learning requirement to ensure their skills remain sharp and they remain abreast of current accounting and finance topics. They also have an obligation to train or explain to administrative staff and teachers the need to comply with approved policies and procedures in order to meet internal control requirements.



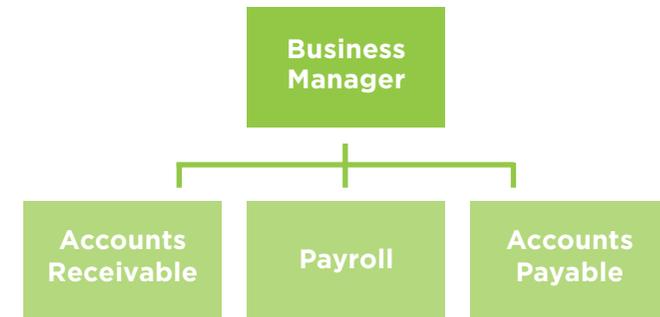
2 People

How Many?

Although this will vary with the complexity of the School's operations, its management systems and the skills and experience of the staff, indicatively an average school may expect to employ the following number in its Finance Office:

Size of school (enrolment)	Anticipated number of Finance Office staff (FTE)	Comments
Under 200	1.5	At this size you will need to carefully consider your management of segregation of duties. Compensating controls such as effective reviews / cross-checking / spot checks and job rotation are important.
200-300	2	
300-500	3	With 3-4 staff you can have an effective division between payroll, accounts payable and accounts receivable. A possible organisation chart for a 4 person Finance Office is set out here.
500-700	4	
Over 700	4.5+	

Possible Organisation Chart - 4 Person Finance Office



2 People

Role Of Finance Committee

Whilst the day to day management of the Finance Office is the responsibility of the Business Manager/Bursar, overall accountability for its effectiveness sits with the Head of School and the Board. The Board frequently delegates its role to a Finance Committee. This committee quite often has the term 'audit' included in the title although if it doesn't, it doesn't necessarily mean that a) it would not encompass audit matters, or b) there would be a separate committee only dealing with audit matters.

In many schools, the Finance Committee may also have responsibility for the School's risk management plan and policies. This will depend on the size of the school and the experience of the Committee members. Conversely, many schools, due to the importance of risk in a school environment, and the potential for litigation, choose to have a separate Risk Committee comprised of members with relevant experience.

Best practice is to have a Finance Committee as a committee of the School's Board meeting at least once per term, however once per month would be the maximum. The formal terms of reference could include the following:

Finance Committee - Potential Terms Of Reference

Review and approve the School's annual budget (including salary increases and fee structure).

Ensure that the annual budget supports the School's strategic plan

Present the recommended budget and proposed fees to the Board for approval and adoption.

Regularly receive and monitor management accounts and report to the Board on progress against the budget.

Ensure there is an adequate internal control system to promote operational efficiency and to minimise financial risk.

Ensure that the School has appropriate policies dealing with debt and investment and that they monitor their implementation

Meet with the School's external auditors at least annually to discuss the financial results for the period.

Review the annual audited financial statements and the auditor's report and follow-up where appropriate.



3 Section 83C of the NSW Education Act

Background - “Not-For-Profit” Requirements

The NSW Department of Education oversees the functions outlined in Section 83C of the *NSW Education Act 1990* which states that to be eligible for funding, non-government schools must not operate for profit.

The not-for-profit definition specifies that:

- School income and assets are not to be used for a purpose other than the operation of the school.
- All payments, including to related parties, are to be at reasonable market value and required for the running of the school.
- Payments must be reasonable given that financial assistance is being provided to the school.
- Payments to members of school governing bodies are prohibited.

The Minister for Education has the authority to audit schools at any time. Schools must cooperate with investigations and provide information to the Department of Education as required.

Section 83C is reproduced below for completeness.

The complete & current *NSW Education Act* may be found here:

<http://www.legislation.nsw.gov.au/fullhtml/inforce/act+8+1990+FIRST+0+N#pt.7-div.3-sec.83c>



83C Financial assistance not to be provided to schools that operate for profit

1. The Minister must not provide financial assistance (whether under this Division or otherwise) to or for the benefit of a school that operates for profit.
2. A school operates for profit (without limiting the circumstances in which it does so) if the Minister is satisfied that—
 - a. any part of its proprietor's assets (in so far as they relate to the school) or its proprietor's income (in so far as it arises from the operation of the school) is used for any purpose other than for the operation of the school, or
 - b. any payment is made by the school to a related entity or other person or body—
 - iii. for property, goods or services at more than reasonable market value, or
 - iv. for property, goods or services that are not required for the operation of the school, or
 - v. for property, goods or services that is in any other way unreasonable in the circumstances having regard to the fact that financial assistance is provided to or for the benefit of the school by the Minister, or
 - c. any payment is made by the school to a person in connection with the person's activities as a member of the governing body of the school unless it is in reimbursement for a payment made by the person in connection with the operation of the school.
3. The regulations may specify whether or not a school operates for profit because of any particular use of assets or income, any particular payment in relation to the school or any other matter. Any such regulation has effect despite anything to the contrary in subsection (2).
4. The Minister is not obliged to terminate the provision of financial assistance because of this section if, following an investigation under this Division, the Minister is satisfied that—
 - a. termination of financial assistance is not justified because of the minor nature of the relevant conduct, or
 - b. more appropriate action can be taken under section 83E.
3. In this section—

asset means an economic resource that may depreciate in value over time.

income means money or other forms of consideration received periodically from the provision of property, goods or services, investments, gifts, donations, grants, financial assistance or any other gain obtained from the use of a school's assets or its proprietor's assets.

payment means a transaction involving consideration (including non-monetary consideration) and includes a commitment to spend or a liability incurred (whether or not the time for payment has arisen).



3 Section 83C of the NSW Education Act

Non-Government Schools Not-For-Profit Advisory Committee

The Non-Government Schools Not-For-Profit Advisory Committee was established in October 2014 under the *NSW Education Act 1990*. The Committee provides advice to the Minister for Education on the compliance of schools and their proprietors with the not-for-profit requirements.

Guidelines issued by the Department of Education explicitly state that, even if that school has a “not for profit” status with the ATO, the OSR or the ACNC, a school may be assessed as operating “for profit” against Section 83C and the Department’s guidelines and accordingly risk cessation of, and possible repayment of, any Government funding.

To assist schools interpret the Act and the Guidelines accurately, the Advisory Committee issues newsletters regularly. These can be found here:

<https://education.nsw.gov.au/about-us/our-people-and-structure/non-government-schools/non-government-schools-not-for-profit-advisory-committee-newsletters>

A copy of the Guidelines is attached as an Appendix.

Key Changes In 2018

The *Statute Law (Miscellaneous Provisions) Act (No. 2) 2018 (NSW)* amended section 83C of the *Education Act* by adding definitions for certain financial accounting terminology (“asset”, “income” and “payment”) for the purposes of the prohibition on giving financial assistance to schools that operate for profit. The NSW Department of Education released a revised set of *NFP Guidelines* dated December 2018.

UPDATED NFP GUIDELINES

Changes to the *NFP Guidelines* included:

- a restructure of the *NFP Guidelines* to emphasise the importance of demonstrating compliance and separating out the different payments that a school makes as a consumer and as a proprietor;
- expanding the requirement for reasonable market value transactions to include warranties, installation costs, ongoing maintenance, procurement standards and local government requirements;
- new policies and procedures required for Land (Mortgages and Loans), Ground Rent/Leases for unimproved Land and Plant and Equipment; and
- an increased focus on common payments and financial transactions with credit/monetary loans, outstanding debts and school fundraising and donations targeted as requiring specific new evidence.

It should be noted that in the updated *NFP Guidelines* “asset” and “income” are given updated definitions but they are different to the definitions in the amended section 83C of the *Education Act* referred to above.

The *NFP Guidelines* are also re-worded so that the proprietor’s obligations (as distinct from the school’s) are highlighted.



3 Section 83C of the NSW Education Act

Key Changes in 2019

The 2019 changes to the *NFP Guidelines* reflected changes to the *Education Act* as amended by the *Statute Law (Miscellaneous Provisions) Act (No 2) 2018 No 68 (NSW)*. The *NFP Guidelines* now reflect the following amended definitions in section 83C:

- **asset:** means an economic resource that may depreciate in value over time
- **income:** means money or other forms of consideration received periodically from the provision of property, goods or services, investments, gifts, donations, grants, financial assistance or any other gain obtained from the use of a school's assets or its proprietor's assets.

The expanded definition of "income" is significant as it now expressly includes income received from the provision of property, investments, gifts or donations or "any other gain obtained from the use of the school's assets or its proprietor's assets". The new definition of "asset" is relevant to understanding the application of that last phrase.

Both these definitions are relevant to various obligations in section 83C in particular, the provision in Section 83C(2)(a) that a school operates for profit if the Minister is satisfied that any part of its proprietor's assets (in so far as they relate to the school) or its proprietor's income (in so far as it arises from the operation of the school) is used for any purpose other than for the operation of the school.

Other changes include:

- re-ordering of some sections of the *NFP Guidelines* (section 8.1 Related Party Transactions was section 8.2 in the 2018 *NFP Guidelines*)
- a shorter definition of "intellectual property" at Section 8.8: intellectual property is intangible property which is protected by law relating to patents, trademarks, copyright or, in some circumstances, common law
- expanded guidance in section 8.13 regarding Compensation, Settlements and Other One-Off Payments: where such payments are made a school should ensure that it has received legal advice that such payment is reasonable and not excessive in the circumstances. Previously schools were only required to ensure settlements and one-off payments were consistent with any professional legal advice
- New definitions of "joint use" and "shared use" which are relevant to the new sections 9.1 and 9.2 of the *NFP Guidelines*.



> Key Changes in 2019 Continued

NEW SECTIONS 9.1 AND 9.2

The introduction of new sections:

9.1: Shared or Joint Use of Assets, and

9.2: Use of Income or Assets for Onsite Ancillary Services

target how schools choose to use their “assets” for community activities. They address, for example, providing school playgrounds, arts centres or meeting halls for activities such as dance/music lessons, electoral activities, community productions, childcare and Out of School Care. The addition of these new sections is significant as, on the face of them, they appear to contradict the operation of section 83C(2)(a).

In other words, the *NFP Guidelines* have introduced some exceptions to the Education Act provisions. Consequently, all schools should not just rely on the wording of the *Education Act* but should also read the NFP Guidelines to ensure that they have the ‘full picture’ of what arrangements may, or may not, result in them being seen to operate “for profit.”

Sections 9.1 and 9.2 now impose several principles to be considered by schools when electing to share or use their assets, even for a commercial profit. Importantly, the sharing of assets and provision of ancillary services should be “lawful and meet all relevant legal, regulatory and policy requirements” including child protection, WHS and student and staff welfare. This means that the school and those who have liabilities under child protection and WHS legislation, in addition to common law duty of care obligations, must understand what their duties are when deciding to offer school assets and provide ancillary services.

The Non-Government Schools Not-for-Profit Advisory Committee newsletters may provide more guidance in the form of case studies for context on these areas.

Key Changes in 2020**NEW CRITERIA FOR EXPENDITURE OF NSW FUNDS FOR NON-GOVERNMENT SCHOOLS**

In 2020, new criteria will apply to the expenditure of NSW Government financial assistance by non-government schools. Schools will still complete a *NSW Financial Accountability Certificate*.

Q1 What is the criteria for 2020?

From 1 January 2020, schools must spend, or commit to spend, the funding in 2020 for providing school education, on any of the below Educational Purposes:

- teaching and ancillary staff salaries
- professional development
- curriculum development
- maintenance
- general operations
- expenditure on capital equipment
- expenditure on capital works for schools classified as having zero capacity to contribute



> Key Changes in 2019 Continued

Q2 What has changed?

There are three changes to appropriate expenditure that will apply from 2020:

1. Recurrent funding is required to be spent, or committed to be spent, by 31 December of the calendar year in which the funding was received.
2. Schools can spend NSW recurrent funding on capital equipment.
3. Schools with a zero percent capacity to contribute to operational costs can spend government funding on capital projects.

Furthermore, in 2020 the school/school authority will also need to certify that 2019 funds have been spent on 2019 Educational Purposes.

Q3 What criteria have stayed the same?

The remaining categories of Educational Purposes will not change. They include:

- teaching and ancillary staff salaries
- professional development
- curriculum development
- maintenance
- general operations

Financial accountability certifications will still need to be signed by ASIC registered auditors.

Q4 What is capital equipment?

Capital equipment generally includes items such as furniture, air-conditioning/heating units, computers, and other ICT technology.

Q5 How does the change benefit schools?

The new criteria will align with Commonwealth guidelines, enabling schools to spend State and Commonwealth Government funding under one set of rules. Harmonising financial acquittal obligations will simplify the process for schools by reducing confusion between the use of funds for NSW Government Funding and Commonwealth Government Funding. This change will reduce the administrative burden on schools, cut red tape and improve accountability.

Q6 What criteria applies for 2019 NSW Government financial assistance?

2019 NSW Government financial assistance must have been spent on providing school education, on any of the below 2019 Educational Purposes:

- teaching and ancillary staff salaries
- professional development
- curriculum development
- maintenance
- general operations



3 Section 83C of the NSW Education Act

Demonstrating Compliance

The Guidelines explicitly accept that most non-government schools are compliant with the requirements of the *Education Act* and operate on a not-for-profit basis. However, they state that schools may be required to demonstrate their compliance if they are subject to a compliance audit or investigation.

Non-government schools in receipt of NSW Government funding may be subject to a compliance audit administered by the NSW Department of Education at any time. Schools may also be issued with a direction to provide specific information to assist the Minister in determining the school's not-for-profit status.

The Guidelines note that, in general, schools will be able to demonstrate compliance by ensuring appropriate financial controls and systems are in place, and that financial transactions are transparent and at market value. Section 4.3 of this manual (below) describes in more detail what reasonable market value means. Evidence that conflicts of interest are being managed in relation to school operations is also a key component in minimising risk of noncompliance. This is addressed in section 4.2.

These Guidelines provide examples of the types of documentary evidence that schools can reasonably be expected to have available in the event of an audit. They specifically state that the examples given are not exhaustive and will depend on the particular circumstances of the school. However, they are intended to serve as a best practice guide. This manual includes the Guidelines documentary requirements both:

- within the tables of Requirements and Red Flags in individual sections (e.g. [Procurement](#), [Fees and debtors](#)); and also
- brought together as [Appendix 2](#).



4 Managing Conflicts of Interest and Related Party Transactions

Foreword

As not-for-profits in receipt of government funds, schools are accountable to two levels of Government for the expenditure of their income. The issue of the management of conflicts of interest and related party transactions at independent schools has become increasingly important following some high profile cases over the last 10 years. This has resulted in recent amendments to the *NSW Education Act* and the NSW Educational Standards Authority (“NESA”) registration requirements for schools and ongoing professional learning requirements for board members.

Background

Whilst the requirements of section 83C of the *NSW Education Act* (set out in Section 3 above) apply to all transactions, they are particularly important in respect of transactions with related third-parties. Hence it is critical that schools have good processes for:

- identifying conflicts of interest;
- identifying and recording transactions with related third-parties; and
- ensuring that all transactions are carried out at reasonable market value or less.

In addition, NESA has recently issued a new *Registration and Accreditation Manual* for non-government schools. This includes new requirements in respect of schools’ management of conflict of interest (3.9.3.2) and related party transactions (3.9.3.3). These are reflected in the sections 4.1 and 4.2 below.

Checklist

Key Controls	Y/N	Comment
Documented policy and procedures to manage both conflicts of interest and related party transactions		
These policy and procedures are followed and records retained		
All related party transactions have supporting documentation to show they are transacted at reasonable market value		
Related Party Register audited annually		



4 Managing Conflicts of Interest and Related Party Transactions

4.1 Conflict of Interest

What Is A Conflict Of Interest?

All employees and other persons working for the School, such as Directors, other officers (including Business Managers) or even volunteers, must act in the best interests of the School. A conflict of interest arises where there is a difference between an individual's personal interests and the best interests of the School such that an independent observer might reasonably conclude that the professional actions of that person are unduly influenced by their personal interests.



4 Managing Conflicts of Interest and Related Party Transactions

4.1 Conflict of Interest

NESA Requirements

NESA requires both a policy and documented processes with respect to the management of a real or perceived conflict.

Section 3.9.3.2 of the Registered and Accredited Individual Non-Government Schools (NSW) Manual:

“Each ‘responsible person’ for a non-government school must avoid situations in which his or her personal interests or the interests of a relative or close associate may conflict either directly or indirectly with decisions made by the governing body, whether the conflict is actual, perceived or potential. Such conflicts of interests include but are not limited to related party transactions described at section 3.9.3.3 below.”

For the sake of clarity: the definitions of Registered and Accredited are below: Registration is a non-government school’s licence to operate. The main purpose of registration is to ensure that the requirements of the Education Act are being, or will be, met. Accreditation authorises a non-government school to nominate candidates for the award of the Record of School Achievement and/or the Higher School Certificate. The main purpose of accreditation is to ensure that the requirements for the Record of School Achievement and/or the Higher School Certificate are being, or will be, met.

Evidence of compliance

The ‘responsible persons’ for a registered non-government school must ensure the school has, and implements, policies and procedures in relation to dealing with a conflict of interest with specific reference to:

- an overarching statement defining conflict of interest within the context of the school’s governance structure
- documented processes for:
 - an annual declaration by each ‘responsible person’ for the school in relation to any actual, perceived or potential conflict
 - maintaining records of the annual declaration of each ‘responsible person’ for the school, and retain such records for a period of seven (7) years before archiving or disposing
 - requiring each ‘responsible person’ attending any at formal school meetings to raise any actual, perceived or potential conflict with regard to items on the agenda for the meeting and for recording in the minutes of the meeting any conflict that is raised
 - each ‘responsible person’ with a conflict of interest (including but not limited to a pecuniary interest or a related party transaction) mitigating the ensuing risk in a way that is acceptable to the other ‘responsible persons’ involved (for example, by absenting themselves from participating in any associated decision-making or advisory role).”



4 Managing Conflicts of Interest and Related Party Transactions

4.1 Conflict of Interest

DESIGNING A POLICY FOR CONFLICT OF INTEREST

Example Policy Statement

The School Board and management ('responsible persons') must avoid situations in which personal interests or the interests of a relative or close associate may conflict either directly or indirectly with decisions made by the governing body, whether the conflict is actual, perceived or potential.

Background

All employees and other persons working for the School, such as Directors or even volunteers, must act in the best interests of the School. A conflict of interest arises where there is a difference between an individual's personal interests and the best interests of the School such that an independent observer might reasonably conclude that the apparent professional actions of that person were unduly influenced by their personal interests.

All persons involved with the school must be made aware that where a conflict of interest does or may arise, this should be disclosed to an appropriate person. Wherever possible the person with the conflict should not play a role in the decision-making process which involves the matter where the conflict does or may exist.

Conflicts of interests are not wrong in themselves, and cannot always be avoided; indeed, most employees and directors will potentially have a number of professional and personal interests and roles. These could include their role as a parent or other relationships, their membership of a club, or their involvement in a business. However, it is important that there is no perception that the person involved in any decision regarding the transaction has or should benefit from it occurring.



4 Managing Conflicts of Interest and Related Party Transactions

4.1 Conflict of Interest

DESIGNING A POLICY FOR CONFLICT OF INTEREST

Definitions

A conflict of interest involves a conflict between the duties of an employee, board member or any other person working for the School (the member) and their private interests which could improperly influence their performance in carrying out their responsibilities in regard to the School and the decisions they might make.

Conflicts

There are three specific types of conflict of interest:

- **Actual** - You **are** being influenced by a conflicting interest. A real conflict exists between the individual's private interests and the interests of the School.
For example - This would occur if an employee or director sold an asset to the School or provided it with services and was able to set the price.
- **Potential** - You **could be** influenced by a conflicting interest. An individual's private interests do not currently conflict with those of the School but could potentially conflict in the future.
For example - An employee can place themselves in a position which could lead to a conflict of interest by accepting a significant gift, but the donor has not yet requested or received anything in return.
- **Perceived** - You **could appear** to be influenced by a conflicting interest. A third party could reasonably believe a conflict exists.
For example - You are reviewing quotes for a service and one of the potential providers is the employer of your spouse, sibling or child. While you believe you can make an impartial decision in the best interests of the school, it could be perceived as being made in your own interest.

Private Interests

Private interests can be divided into two categories:

- **Pecuniary interests** exist where there is financial gain involved, even if money does not specifically change hands. This would include an ongoing financial relationship such as being a paid employee of the School, or selling assets or leasing property to the School. The benefit could be either directly to the member or indirectly through a connected person or body.
- **Non-pecuniary** interests exist when no financial component exists but an interest exists due to relationships, social or cultural ties or involvement in an outside organisation. This can also be called a conflict of interest; although the member does not stand to gain a financial benefit, their decision making at the School could be influenced by their other interests. The test is that there is a conflict of interest if the member's other interest could, or could be seen to, interfere with their ability to decide an issue only in the School's best interests. An example of a non-pecuniary conflict of interest would be an employee of the School acting to give advantage to one of their friends or colleagues, for example, an employee awarding a scholarship or bursary to the child of a relative or friend.



4 Managing Conflicts of Interest and Related Party Transactions

4.1 Conflict of Interest

DESIGNING A POLICY FOR CONFLICT OF INTEREST

Identifying conflicts

Whilst conflicts of interest can be actual, potential or perceived, the following tests can be applied identify them:

- Does a conflict exist between the individual's duty to the School and their private interest?
- What potential for benefits now or in the future exists for the individual as a result of the decision?
- The perception of how a decision or action may be viewed by others; the risk to individual and to the School
- Proportionality – would it appear fair and reasonable to an independent person?
- Presence of mind – what would be the consequences if the issue is ignored; what would be the perception if questioned publicly?
- Promises – what commitments have been made; does an individual stand to gain or lose from the action or decision?

A checklist to help identify conflicts of interest is attached as Appendix 5.

¹ 'Responsible persons' are defined by the *NSW Education Act 1990* as:

- a. the proprietor of the school and, if the proprietor is a corporation, each director or person concerned in the management of the school;
- b. members of the governing body of the school; and
- c. the principal of the school.

Whilst all staff and other workers at the School should consider whether they have a conflict of interest, generally the level of risk will increase with an increasing level of leadership or authority and where multiple functions are carried out by one individual. An annual declaration is required for all 'responsible persons.'¹

Specific areas of high risk to be considered include:

- Financial and economic interests, for example, a shareholding in or directorship of a company dealing with the School by the person concerned or by a partner or immediate member of their family
- Family or private businesses that may have dealings with the School or which may be in competition or conflict with the School
- Family or other relationships with contractors, students, or other staff also working in the School
- Paid outside employment, being a member of a Committee or Advisory Board, employment by a company dealing with the School or in a role related to an aspect of government policy or operations which affects a matter under consideration by the School
- Future employment prospects or plans
- Affiliations with, or membership of, other organisations and associations (e.g. not-for-profits; political; trade unions; professional organisations) that may be dealing with the School or in competition or conflict with the School
- Obligations to professional, community, ethnic, family, or religious groups in a personal or professional capacity



4 Managing Conflicts of Interest and Related Party Transactions

4.1 Conflict of Interest

DESIGNING A POLICY FOR CONFLICT OF INTEREST

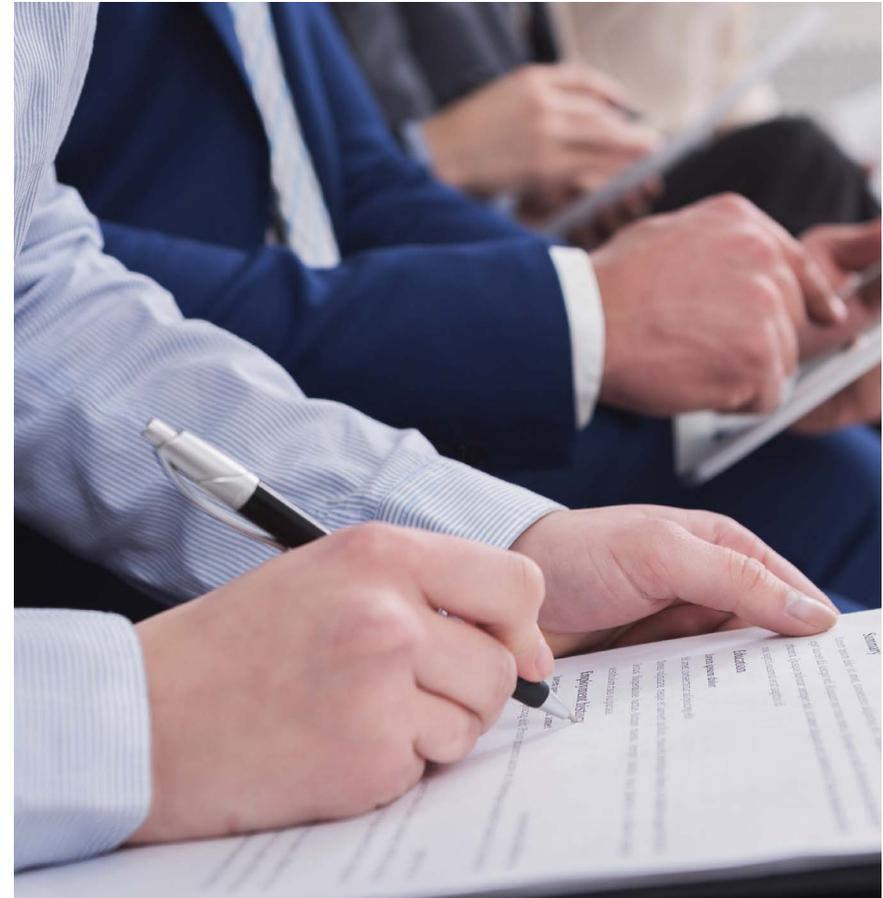
Requirements

Whilst this policy should apply to all School staff and other persons working for the School, such as Directors or volunteers, because of the nature of their role, all 'responsible persons' should be required to:

- complete a [Conflict of Interest Disclosure Statement \(Appendix 4\)](#) at the time they take up their role with the school whether or not they have material conflicts to disclose; and
- update this Statement annually at the start of the School year; and
- where an individual's circumstances have changed since the existing disclosure was submitted, complete an updated statement.

Other members of staff and other persons working for the School, such as volunteers, should be required to complete a Conflict of Interest Disclosure Statement if they have a material conflict.

A copy of the Disclosure Statements will be used to update the [Register of Interests \(template Appendix 6\)](#). This Register will formally be tabled at every Board meeting.



4 Managing Conflicts of Interest and Related Party Transactions

4.1 Conflict of Interest

DESIGNING A POLICY FOR CONFLICT OF INTEREST

Application – Steps to Resolve the Conflict

Where a conflict of interest arises, the person should not be involved or attempt to influence the decision making in regard to a transaction in which the conflict of interest exists. There are a number of steps which could be taken to address the conflict depending on the severity of the conflict. In the event a conflict is raised at a meeting, the conflict itself and the steps taken to manage it will be recorded in the minutes of the meeting. The steps are listed below.

Step	Comment
Register	The conflicted individual informs the School of the existence of a conflict. This is required for all material conflicts
Restrict	The conflicted person is restricted in their participation in the discussion or decision-making process pertaining to a particular subject where a conflict exists
Recruit	A disinterested third party is appointed to oversee part or all of a process where a conflict exists (this method could be employed where multiple School staff or directors are conflicted on a matter)
Remove	The conflicted individual does not participate in any way in a matter where a conflict exists. This would include excusing themselves from a meeting where the matter is under discussion
Relinquish	The private interest creating the conflict is relinquished by the conflicted individual, thus eliminating the conflict
Resign	The conflicted individual resigns from their role with the School

Whistle Blowing

If a member of staff has knowledge that leads them to the assumption that a conflict of interest exists that may not have been disclosed, they should refer their concern to the Head of School or, if that is where the conflict exists, to the Chair of the Board. Alternatively, they could report their concerns to the external auditors.

Confidentiality

The School will ensure that disclosures are to be kept as confidential as possible within the requirements of the law.

Retention of records

The School will ensure that declarations of conflict of interest are retained for at least seven years.



4 Managing Conflicts of Interest and Related Party Transactions

4.2 Related and Third-Party Transactions

Draft Policy Statement

The School Board and management ('responsible persons') are responsible for the School's financial management including the maintenance of a record all related party transactions on a register. This register will be validated annually by an external independent auditor.

What Is A Related Party Transaction?

Related parties and related party transactions are defined in the Section 83C Guidelines as follows:

"A Related Party Transaction includes any transaction through which a 'responsible person'² acting on behalf of the school provides a financial or other tangible benefit to a related party. This may include cash or in-kind payment to a related party for any purpose, including in connection with the supply of property, goods or services to or by the school. For the purposes of these Guidelines, a related party includes (but may not be limited to):

- A member of the school governing body, principal or other responsible person in the school
- A close relative of a member of the school governing body, principal or other decision-making person in the school
- Any company or other entity that owns, controls or has significant influence over the school or vice versa (for example, parent entities or subsidiaries of the school's proprietor)

- Any for-profit or not-for-profit organisations affiliated with the school (for example, affiliated religious groups)
- A company or other entity owned (wholly or partly) by any of the above
- A company or other entity under the control or significant influence of any of the above
- Any third party otherwise acting in concert with any of the above."

NSW Education Act Requirements

Under Section 83C, any payments or other benefits provided by schools to related parties must be:

- a. for property, goods or services required for the operation of the school
- b. at no more than reasonable market value for the property, goods or services
- c. reasonable in the circumstances, having regard to the fact that financial assistance is provided to the school.

The Guidelines also recognise that NESAs has additional related party requirements for the registration of schools.

² 'Responsible persons' are defined by the *NSW Education Act 1990* as:

- a. the proprietor of the school and, if the proprietor is a corporation, each director or person concerned in the management of the school;
 - b. members of the governing body of the school; and
 - c. the principal of the school.
-



4 Managing Conflicts of Interest and Related Party Transactions

4.2 Related and Third-Party Transactions

NESA Requirements

The NESA Manual requires Schools to obtain a formal disclosure from all 'responsible persons' and to maintain a register of all related party transactions which is validated annually by an external independent auditor. Section 3.9.3.2 of the Registered and Accredited Individual Non-Government Schools (NSW) Manual states:

"In the context of a non-government school, a 'related party transaction' includes any transaction through which a 'responsible person' for the school acting on behalf of the school provides a financial or other tangible benefit to a related party (such as themselves or another 'responsible person' for the school or their spouse, other relatives or close associates and other related organisations). As related party transactions involve conflicts of interest or material personal interests, a non-government school must have policies and procedures for financial management including a register of all related party transactions which is validated by an external independent auditor.

Evidence of compliance

- The 'responsible persons' for a registered non-government school must have in place and implement policies and procedures with regards to related party transactions:
- requiring each 'responsible person' for the school to disclose any related party transactions made on behalf of the school's proprietor or governing body
- maintaining a register of all related party transactions and retaining such records for a period of seven (7) years before archiving or disposing. The degree of materiality of the transaction will determine the degree of detail required to be included in the register
- arranging for an external audit of the school's register of all related party transactions on an annual basis
- retaining a record of each external audit report of the register of all related party transactions for a period of seven (7) years before archiving
- notifying NESA if the contract or arrangement with an external auditor is terminated by the school or external auditor prior to the expiry of the term of the contract or arrangement and the reason(s) for that termination."



4 Managing Conflicts of Interest and Related Party Transactions

4.2 Related and Third-Party Transactions

Suggested Procedures For Related Party Transactions

Overview

The School's procedures are that:

- a. all related party transactions and payments will be conducted on an arm's length basis and at reasonable market value to ensure that a financial benefit is not given to a related party;
- b. the process surrounding those transactions must be transparent and fully documented including the maintenance and audit of a register of related party transactions; and
- c. Board approval must be obtained for all related party transactions and payments recognising that the Board can delegate this approval in respect of a class of transactions and on such terms and conditions as the Board sees fit.

Who is a related party?

For the purposes of this Policy (and based on the requirements of both NESA and the s83C Guidelines), the following persons are considered related parties of the School:

Related Parties

All responsible persons and all members of the School's Senior Management Team, including their spouses, de facto spouses, parents, brothers, sisters, and children

Entities controlled by these persons

Any for-profit or not-for-profit organisations affiliated with the school (for example, affiliated religious groups);

A company or other entity owned (wholly or partly) by any of the above organisations or people

A company or other entity under the control or significant influence of any of the above organisations or people

Any third party otherwise acting in concert with any of the above

A person or entity is also a related party of the School at a particular time if the person or entity:

- was a related party at any time within the previous 6 months; or
- the entity believes or has reasonable grounds to believe that it is likely to become a related party of the School at any time in the future.



4 Managing Conflicts of Interest and Related Party Transactions

4.2 Related and Third-Party Transactions

> Suggested Procedures For Related Party Transactions Continued

What is a financial benefit?

The legal definition of the term 'financial benefit' is broad.

A non-exhaustive list of examples includes:

- a. providing finance or property to a related party;
- b. buying or leasing an asset from or selling or leasing an asset to a related party;
- c. supplying services to or receiving services from the related party;
- d. issuing securities or granting options to the related party; and
- e. taking up or releasing an obligation of the related party.

A financial benefit includes giving a financial benefit indirectly through an interposed entity and does not require the payment of money. For the purposes of this Policy, reasonable remuneration within parameters approved by the Board is excluded from the definition of "financial benefit".

What makes a transaction "at arm's length"?

A transaction is at arm's length if the relevant parties have dealt with each other as parties normally do when they are not related, so that the outcome of their dealing is a matter of genuine bargaining, and although not necessarily technically an open market price, the terms are those that might reasonably have been agreed between arm's length parties and "represent reasonable market value." Reasonable market value is explained in [Section 4.3](#).



4 Managing Conflicts of Interest and Related Party Transactions

4.2 Related and Third-Party Transactions

Process to monitor and approve related party transactions

a. New transactions

Where the School proposes to enter into a related party transaction, the following procedure applies:

Related Party Transaction Checklist

The relevant responsible officer must inform the [Business Manager/Head (as appropriate for your school)] about the proposed transaction, including the proposed parties and how they are related, details of the proposed transaction and how arm's length terms may be evidenced.

The [Business Manager/Head (as appropriate for your school)] will review the transaction, and including considering external legal advice where appropriate, and advice from any funding authority (e.g. BGA or AISNSW) in considering the transaction.

The [Business Manager/Head (as appropriate for your school)] will inform and advise the Board of the proposed transaction and obtain the Board's approval for the School to undertake the transaction or approval in respect of a class of transactions.

A register of all Board approvals in respect of related party transactions shall be maintained under the supervision of the [Company Secretary/Business Manager/Head (as appropriate for your school)] and it shall include details of the nature of the transaction, the date of the approval and any key conditions to which the approval is subject.

When Board approval is obtained, the transaction must proceed in accordance with any procedures and conditions outlined by the Board.

b. Annual review

At the beginning of each year, the [Business Manager/Head will write to all responsible persons and all members of the School's Senior Management Team as per [Appendix 6](#) (as appropriate for your school).³ The register of related party transactions will be updated to reflect these disclosures and submitted for audit by the School's auditor.

Retention of records

The School will ensure that records of related party transactions, including the documentation of reasonable market value registers and audit reports thereon, are retained for at least seven years.

³The School should determine who potential related parties are. The minimum requirement is the responsible persons as defined by the Education Act (note 3). We would suggest that staff with influence, such as the SMT, should also be included.



4 Managing Conflicts of Interest and Related Party Transactions

4.3 Assessing Reasonable Market Value

Section 8.2 of the Guidelines includes the following definition:

“Reasonable market value can be broadly defined as the amount that a knowledgeable and willing third party would pay for a specific good or service in an arm’s length transaction from the seller.

The value may be influenced by a range of factors, including the circumstances surrounding the specific transaction. For example, the reasonable market value of urgent school maintenance work may be higher than routine maintenance as the work may need to be completed at short notice or outside of ordinary business hours.

Factors that may influence the reasonable market value of goods and services purchased by schools include:

- a. the quality of the good or service
- b. the location and context of the school
- c. if the good or service is required urgently, at short notice or must be completed within a specified timeframe (e.g. school holidays)
- d. if the good or service is in short supply at the required standard
- e. heritage or related issues (in relation to building and related works).”

For additional guidance on the calculation of reasonable market value please see:

- The Australian Accounting Standards Board standard on fair value measurement (AASB 13) http://www.aasb.gov.au/admin/file/content105/c9/AASB13_09-11.pdf
- ASIC Regulatory Guide 76 on related party transactions <http://asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-76-related-party-transactions/>
- ATO guidance on market value https://www.ato.gov.au/General/Capital-gains-tax/In-detail/Calculating-a-capital-gain-or-loss/Market-valuation-for-tax-purposes/?anchor=What_market_value_means#What_market_value_means

³The School should determine who potential related parties are. The minimum requirement is the responsible persons



5 Budgeting and Internal Reporting

Financial Control

A comprehensive budgetary control system, effectively used, is essential in determining if financial objectives are being met. This is achieved by setting an annual budget (approved by the Board) and the regular comparison of actual results with budget data, highlighting any variances and providing explanations to the Finance Committee or Board (as appropriate).

The budget and reporting system should include:

- Income and expenditure (operating);
- Capital expenditure; and
- Cash flow.

Although operating budgets will usually be for one year, for programs with a longer (or shorter) lifespan, the budget will be formulated over an appropriate length of time. Capital and cash flow budgets will be prepared both for a year and for a longer period (say 5+ years). Many schools with large capital projects may well prepare cash flow forecasts for 20 years ahead to understand the school's debt profile.

Checklist

Key Controls	Y/N	Comment
Annual budgets prepared and approved: I&E Cap Ex Cash flow		
Regular reporting of actual vs. budget and explanation of material variances		
Long-term cash flow maintained, updated and reported		



5 Budgeting and Internal Reporting

Budget Management

An annual budget is a comprehensive financial plan for the school that is calculated from potential revenue and proposed expenditure for the coming year. It is used to plan the course of future events in a school and assists a school board in monitoring actual events against its initial plan and evaluating performance at the end of the year.

The school board has overall responsibility for the school's budget and for seeing that it is developed in a way which ensures that funds expected to be available are put to the best use in terms of the school's strategic plan and its educational policies and priorities. It is through the school budget that cash resources are directed into activities that enable clearly identified school goals to be met.

Inadequate and ineffective oversight of financial performance and budgets may result in programs and expenses not being appropriately controlled and monitored. Budget variance analysis is required to ensure financial issues are addressed in a timely manner and errors or irregularities detected and remedied.

Budget Development

1. Develop an indicative operations budget (revenue and expenditure) and include a capital budget if school is undertaking any capital projects (minor or major).
2. Have the indicative operations budget approved and minuted by the school board prior to the end of the year preceding the budget year. For example, the budget for the 2021 year to be approved by the end of Term 3 in the 2020 year.

3. Enter the indicative budget (both revenue and expenditure) into the school's accounting system prior to the first school board meeting in the budget year.
4. Review and update the indicative budget.
5. Have any changes to the budget approved and minuted by the school board.
6. Update the budget in the school's accounting system.
7. Ensure that the budget entered into the accounting system reconciles with the budget approved by the school board.

Budget Monitoring

1. At each meeting, provide the relevant reports to the finance committee/school board showing actual vs budget results.
2. Review actual performance against budget and identify any variances over a \$ or % threshold.
3. Undertake variance analysis where appropriate including a narrative or commentary.
4. Retain evidence of the review, the results of any analysis and any action undertaken. Minute the discussion at the finance committee and school board meeting.



5 Budgeting and Internal Reporting

The Budget Cycle

The budget cycle provides an overview of the budgeting process. It involves planning, controlling and evaluating the financial position of the school in a continuous improvement cycle that flows from one school year to the next. The planning phase will incorporate the development of specific goals and objectives for the budget year. These goals and objectives will generally link back to the school's strategic plan and desired educational outcomes which will be the underlying drivers of the financial activity as outlined in the Annual Budget.

Budget development involves the estimation of available funds and submitting budget proposals by both internal and external stakeholders. Current year and historical financial data will provide valuable input to the development process.

Budget allocations can be entered into the school's accounting software system following school board approval of the Annual Budget (Nov/Dec) and in readiness for the first school board meeting in February. Always use the chart of accounts codes when developing the budget. This will ensure accuracy for data entry onto the school's accounting system and will make the reports more meaningful to school board. The school board, sub program coordinators and the school management team will monitor the budget against revenue and expenditure during the school year to ensure all expected revenue and expenditure is accounted for and that the schools finances are operating within the approved budget.

Discrepancies will be identified, and corrective action may be required to increase or reduce spending or to re-evaluate programs and activities within the school. The school board must approve any changes that are made to the Annual Budget, for example, if the school receives unexpected revenue not included in the original approved Annual Budget. Evaluation of the school's strategic plan, goals and objectives along with the annual budget will provide information for planning and developing the Annual Budget for the following school year. This cycle will continue from year to year.



5 Budgeting and Internal Reporting

Requirements and Red Flags

i. Proper review and approval of annual budget

Minimum Compliance	Effective Practice	Best Practice	Red Flags
The assumptions for revenues (e.g. fees, enrolments, and other income) and expenses (e.g. staffing, payroll, cap ex and other expenses) and other major cash flows are documented in the budget portion of the Finance Committee papers	The annual budget is grounded in and based on an approved long-range financial model. It is also used to inform longer-term financial projections that anticipate future cash and net asset positions	The budget prominently discloses important financial requirements such as loan covenants and key financial benchmarks selected by Management and Board, and includes expected cash and net asset positions	The school does not have an annual budget
Proposed fee increase, overall salary increases, cap ex and any net contribution or cross-subsidies from separate activities (such as boarding, extra-curricular, trading activities, etc.) are clearly disclosed within the budget and agreed to by the Finance Committee	Same as Minimum Compliance	Same as Minimum Compliance	The Head and/or Business Manager create the budget and that budget is not reviewed or approved by anyone on the Board
The Finance Committee, after due consideration, recommends approval of the budget by the full Board as noted within the minutes of both the Finance Committee and the Board	Same as Minimum Compliance	Same as Minimum Compliance	The annual budget is not approved by the school's governing body



5 Budgeting and Internal Reporting

> Requirements and Red Flags Continued

ii. Proper process to prepare budget

Minimum Compliance	Effective Practice	Best Practice	Red Flags
The annual budget process keeps to a defined, pre-determined timeline that allows sufficient time for careful analysis and discussion	A detailed statement of expected cashflows is part of the budget	All budget items are controlled by an identified budget manager (e.g. Head of Department) and subject to oversight by a specifically identified senior administrator (e.g. Business Manager)	The school does not have a budget process or that process does not include appropriate input from Heads of Department
The budget is appropriately detailed including capital expenditure	The budget format clearly presents appropriate expense subtotals (e.g. costs of tuition, administration, and premises)	The budget includes ratio and sensitivity analysis	The school does not have an adequately detailed budget
	The budget format has revenue subtotals (e.g. donations, tuition, government funding, and other operating revenues)	Same as Effective Practice	Same as above
	Budget accounts are divided by department/function and spending activity is overseen as appropriate	Same as Effective Practice	Same as above
	Procedures for the approval of expenditures are consistent with the assigned budget administrators and are subject to review/approval by the responsible senior administrator	Same as Effective Practice	Same as above
	The budget includes a separate analysis of capital expenditure	Same as Effective Practice	Same as above



5 Budgeting and Internal Reporting

> Requirements and Red Flags Continued

iii. Effective management of cash needs

Minimum Compliance	Effective Practice	Best Practice	Red Flags
The school budget demonstrates that appropriate levels of cash to fund current operations and capital forecasts are adequate to meet future needs	The school has a formal method by which it forecasts available cash and requirements	The school has a multi-year forecast (at least five years) of cash needs and takes necessary actions well in advance	The school does not plan for its cash requirements
The school has processes to manage operating cash and excess cash flow	The cash forecast is <ul style="list-style-type: none"> regularly monitored by comparing actual to forecast; updating the forecasts in future periods; and reviewed by the Board 	Same as Effective Practice	The school has no process to ensure it can meet its current and future obligations. The risk is it may have insufficient funds at some points in time
	The school has access to a line of credit (eg bank overdraft) to smooth cash flow or cover deficit spending	Same as Effective Practice	Same as above
	If lines of credit and other debt arrangements are used to cover deficits, the school has a current and approved plan to reduce future dependence	Same as Effective Practice	Same as above



5 Budgeting and Internal Reporting

> Requirements and Red Flags Continued

iv. Effective internal reporting

Minimum Compliance	Effective Practice	Best Practice	Red Flags
Budget managers are provided with monthly activity reports for their oversight accounts and are held accountable for variances, as appropriate	Same as Minimum Compliance	Budget reporting is prepared on a timely basis and in a format that clearly demonstrates the relationship between current revenues and expenditures and explains variances	<ul style="list-style-type: none"> i. Budget managers are not provided monthly activity reports for their oversight and approval ii. Authority and accountability for financial performance are not aligned
Budgeted amounts are routinely compared with actual results for the same time period. Variances are investigated and formally reported to the Head and Board (via the Finance Committee) at least quarterly	Same as Minimum Compliance but monthly	<ul style="list-style-type: none"> i. Budget managers have appropriate access to sufficiently detailed account activity, as well as monthly reports, to encourage self-diagnosis of actual results and variances from budget ii. The budget vs. actual accounts include a full year forecast 	<ul style="list-style-type: none"> i. As above ii. Budget vs. actual accounts are not regularly prepared on a timely basis and/or not subject to Board review



6 External and Statutory Reporting

Financial Controls

There should be effective controls to ensure that the school meets its external and statutory reporting requirements, both accurately and in a timely manner, and that these are subject to independent audit.

Checklist

Key Controls	Y/N	Comment
Annual timetable of due dates maintained		
Performance against due dates regularly reported (e.g. Date action was due vs. date the action was completed)		
Independent audit results including financial statements and management letter communicated to the Board		

Key Legislation

a. Governance

Corporations Act 2001 (if the School operates as a company)
<http://www.comlaw.gov.au/Series/C2004A00818>

NSW Association Incorporations Act 2009 (if the School operates as an Association)
<http://www.legislation.nsw.gov.au/maintop/view/inforce/act+7+2009+cd+0+N>

Australian Charities and Not-for-Profit Commission Act 2012 (if the school operates as a charity)
<http://www.comlaw.gov.au/Details/C2012A00168>

An example set of accounts prepared by Nexia Australia is on the AISNSW website.

It illustrates one possible format for a not-for-profit, public company - limited by guarantee, which is registered with the Australian Charities and Not-for-profit Commission (ACNC) and operates as a typical non-government school. It may not include all the disclosure relevant to every individual school but can be used as a guide.

b. Funding

Australian Education Act 2013
<http://www.comlaw.gov.au/Details/C2013A00067>

Australian Education Regulations 2013
<http://www.comlaw.gov.au/Details/F2013L01476>

Education Act (NSW) 1990 (especially s83C)
<http://www.legislation.nsw.gov.au/fullhtml/inforce/act+8+1990+FIRST+0+N>



6 External and Statutory Reporting

Requirements and Red Flags

Minimum Compliance	Effective Practice	Best Practice	Red Flags
<p>The School lodges all information and returns by the due date with the appropriate authorities including:</p> <ul style="list-style-type: none"> Annual accounts (ASIC) FBT return DoE FQ DoE census ACNC DoE Annual Report 	<p>The School:</p> <ul style="list-style-type: none"> closes its accounting periods regularly and issues periodic interim financial statements for review by the Finance Committee & Board; provides regular reports to the Board of due dates and actual lodgement dates of returns 	<p>The School prepares reports that are concise and informative allowing all of the members of the Board to easily understand their content and be fully informed of the school's financial position</p>	<p>The Board receives no notification as to whether or not returns or reports have been lodged</p> <p>The Board only receives financial information annually in the form of the completed and lodged audited financial statements</p>
<p>The School is in compliance with requirements for PAYG and superannuation payments</p>	<p>The School files returns and makes payments by the due dates</p>	<p>Same as Effective Practice</p>	<p>The School has received notice that payment has not been received by the due dates</p>
<p>Tax liabilities (especially GST and FBT) are properly calculated and paid</p>	<p>Internal review of all BAS returns</p>	<p>Periodic external review of tax calculations and returns</p>	<p>No process of review nor reporting of BAS returns</p>
<p>External financial reporting is as required by law given the school's circumstances and entity structure</p>	<p>DoE Annual Report is posted to the organisation's website and Audited Financial Statements are available to stakeholders</p>	<p>Same as Effective Practice</p>	<p>School does not comply with the appropriate legislation/ regulations</p>



6 External and Statutory Reporting

> Requirements and Red Flags Continued

Minimum Compliance	Effective Practice	Best Practice	Red Flags
The School's financial results and the financial results of its associated entities (e.g. Foundation, Trusts, Parent and Alumni organisations) are reviewed annually by person(s) independent of their financial processes (including initiating and recording transactions and physical custody of school assets)	All financial statements include a report from the independent auditors indicating the audit procedures that were completed and the results of those procedures	All financial statements include a report from the independent auditors outlining the audit work performed and a summary of the results. The letters should reflect an unqualified opinion indicating that the financial statements present fairly, in all material respects, the results of the entity's operations	The financial statements include a report from the independent auditors outlining the audit work performed and indicating their: <ul style="list-style-type: none"> doubt about the entity's ability to continue as a "going concern" (i.e., they have doubt whether it will be able to stay in business for one year); or opinion that the financial statements do not present fairly the results of the entity's operations
The School's independent auditors are formally appointed by the AGM	Same as Minimum Compliance	The School has tendered audit or the audit firm has rotated senior members (i.e. partner, manager) within the last 5-7 years	The School does not formally appoint or reappoint the auditors at the AGM, nor have any provision for rotating external auditors
The audit is reviewed and accepted by the Finance and/or the Audit Committee	Same as Minimum Compliance	Same as Minimum Compliance	There is no communication between the auditors and the Board/Finance Committee regarding the process or the outcomes of the audit
The auditors convey to the management and the Board its letter of communications in accordance with the current auditing standards	Same as Minimum Compliance	Management responds to the auditor's recommendations for improvement, etc. This reply is reviewed by and agreed to by the Finance Committee	The school receives a letter that outlines substantial material weaknesses or significant deficiencies



6 External and Statutory Reporting

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Specific Example	Potential Control
Over-inflation of School's revenue entitlements from government funding sources.	Employee intentionally inflates student numbers and/ or types of students to obtain higher Government Funding.	Proper documentation to be prepared and retained supporting all returns. Approver of return to review documentation before submission.
Inadequate disclosure in the Financial Statements.	<p>Preparing Special Purpose Financial Statements when, due to the nature of the potential users, General Purpose Financial Statements should be prepared (see 19.2). Note that, in accordance with AASB 1053 (Application of Tiers of Australian Accounting Standards), these can be Reduced Disclosure Regime (RDR) accounts.</p> <p>Failure to consider all the necessary accounting standards and hence inadequate disclosure (examples of standards missed include those in respect of related party transactions, capital commitments, leasing and post-balance sheet events).</p>	<p>Proper review of the requirements for Financial Statements including consideration of whether General Purpose Financial Statements should be prepared (see 19.2).</p> <p>When preparing General Purpose Financial Statements, use a disclosure checklist.</p> <div data-bbox="1458 804 1771 890" style="border: 1px solid blue; border-radius: 15px; padding: 5px; text-align: center;"> <p>An example school accounts is attached.</p> </div>



7 Debt/Investment and Bank Accounts

Financial Control

There needs to be effective controls over the management and disbursement of funds. These include, amongst other controls, adequate segregation of duties and independent review of transactions. The Section 83C guidelines also require schools to ensure that the terms and conditions of their loan agreements are at reasonable market value.

Checklist

Key Controls	Y/N	Comment
At least 2 signatories to each account with delegated limits		
All accounts reconciled at least monthly		
Investment policy exists and is adhered to		

Context

At most schools, payments and receipts take place in the form of electronic transfers although cheques are still used in a few schools. Electronic transfers include any transaction which is initiated electronically and does not require the physical transfer of paper or notes and coins between the two parties. Such transactions include EFT, BPAY, PayPal, the use of credit or other cards and any other direct charges or deposits made to a bank account. Most entities prefer transactions to be done electronically as it reduces costs, error rates and time for transactions to occur. However, it requires schools to fundamentally review their internal controls as, with electronic transfers, many of the controls used for manual bank payments and receipts are missing. For example, as cheques requiring signatures are not used, it's possible that no one in management sees the actual payee and the amount.

Going paperless is worthwhile when it operates well; it is more efficient and, by leaving clear audit trails, is more transparent. However, it can leave your School exposed to a range of different risks to those it has historically faced. Consequently, you need to ensure your internal control systems, policies and procedures are updated to align with the electronic transactions occurring at your School. Some of the control issues over the operation of debt and bank accounts are considered below. Controls over the handling of cash (which hopefully will be reducing in your School) are in [Section 8](#), Procurement in [Section 9](#) and payments themselves (including EFT and cards) are in [Section 10](#).



Requirements and Red Flags

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
All bank accounts to be in the correct legal name of the school and require either two signatories or the banking platform to include controls to eliminate one person creating a payment as well as authorising it. This should also include consideration of whether A and B signatories should be used.	n/a	All new bank accounts opened should be supported by a resolution of the School's Board or Finance Committee.	Same as Effective Practice	Bank accounts <ul style="list-style-type: none"> • Not in School's name • No separation of duties available on the banking platform. • Bank accounts do not require board or finance committee approval
All bank accounts reconciled regularly, at least monthly and reviewed / authorised by senior member of Finance team (Business Manager?)	n/a	Same as Minimum Compliance	Daily review of all bank accounts to ensure no unexpected transactions	Unreconciled bank accounts Reconciliations not reviewed / approved
All staff authorising EFT payments must have unique log on / password. These must not be shared	n/a	Authorisers sign a printout of the summary report supporting the amount transferred	Two-factor authorisation (e.g. password and token)	Culture of sharing of log-ons and/or passwords. Use of non-exclusive IDs
Amount that can be paid by means of electronic transfers will be subject to a maximum limit as set out in the delegations manual	n/a	Same as Minimum Compliance	Same as Minimum Compliance	No approval limits set
School has an investment policy. All investments and loan facilities properly reviewed and approved prior to establishment	Loan agreements obtained for all loans and market value checked and documented (5.2.5)	Policy and all investments and loan facilities approved by Finance Committee and subject to periodic review	Same as Effective Practice	No investment policy No process of approval/review



Segregation Of Duties

Control consideration	Recommendation	Possible compensating control*
Can employee who initiates requests to open bank accounts or other payment portals also authorise such requests with the bank?	Bank resolutions should indicate that two members of the Board/School management team must authorise the opening of bank accounts and payment portals	n/a
Can the employee who coordinates and opens bank accounts or other payment portals also authorise changes in signatories and their authorisation levels?	All changes to accounts/payment portals must be authorised by the two members of the Board/School management team identified in the bank resolutions	n/a
Can someone outside of Finance open and establish bank accounts in the School's name or declare to be the School?	Establishment of all bank accounts (including those not in the School's name but potentially declaring to be the School) should be co-ordinated by a member of Finance team/dept, with full knowledge of the Finance Committee, and this should be confirmed with the bank	n/a
Is the employee who opens and establishes bank accounts also responsible for ensuring that new bank accounts are entered in the general ledger?	The bank should be told to forward confirmations of new accounts to a senior person not involved in opening the GL accounts (e.g. the Business Manager or Head)	n/a



7 Debt/Investment and Bank Accounts

> Segregation Of Duties Continued

Control consideration	Recommendation	Possible compensating control*
<p>Can the employee who establishes bank accounts also perform any of the following functions:</p> <ul style="list-style-type: none"> • record transactions in the general ledger; • receive cash; • generate cash disbursements; • initiate and authorise EFT payments; and • prepare bank reconciliations? 	<p>The employee responsible for establishing bank accounts should be restricted from recording transactions in the general ledger and preparing bank reconciliations</p>	<p>Weaknesses in this area require additional Business Manager oversight even if this is strictly not really a compensating control</p>
<p>Does the employee who prepares bank reconciliations also have any of the following cash receipt or disbursement responsibilities:</p> <ul style="list-style-type: none"> • receive cash receipts; • prepare cash deposits; • generate or print cheques; • execute or authorise EFT transfers or other electronic payments; • sign cheques; • have access to blank cheques; or • review and approve bank reconciliations 	<p>The preparer of bank reconciliations should not have sole responsibility for recording cash receipts or disbursements</p> <p>In addition, bank reconciliations should be reviewed and approved by an employee other than the preparer. As a best practice, the reviewer should be in a supervisory-level position (e.g. Business Manager)</p>	<p>To strengthen controls over the bank reconciliation process, the following compensating controls can be adopted:</p> <ul style="list-style-type: none"> • perform a review of cash receipt & cash disbursement entries in the GL; • perform a regular analytical review of cash receipts and disbursements entries; • compare cash receipts and disbursement amounts to budgets; and • have formal cross-training and job rotation

*In any weak control environment, additional review is recommended but it is not really a “compensating control”



Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Specific Example	Potential control
Employee steals School funds by intercepting, forging or altering a payment	Employee changes EFT payment files prior to the release of money (manipulation in between systems)	Review processes to ensure that EFT files cannot be altered. Ensure the in-built bank controls for segregation of duties are not over-ridden. Consider using a service such as EFTSure (www.eftsure.com.au).
	Employee obtains unauthorised access to a second electronic signatory (and/or token device) for payment approvals	Have and enforce policy that all staff authorised to approve payments not only have their own electronic signature / password / token but that these are not shared
Liabilities misclassified in Financial Statements	Incorrect allocation between current and non-current. In addition to incorrect accounts, this may have consequences such as a failure to identify loan covenant breaches if these include balance sheet ratios eg current ratio	Review of draft Financial Statements by a qualified accountant other than the preparer (e.g. a member of the School's Finance Committee)
Incorrect treatment of interest charges	Incorrect allocation between interest capitalised and expensed. Accounting Standard AASB 123 sets out the basis under which borrowing costs in respect of acquiring or constructing assets should be capitalised rather than expensed	Review as above
Inadequate bank reconciliations	Old reconciling items retained indefinitely on the bank rec GL entries processed as cash items	Formal periodic reviews of bank reconciliations (e.g. at least monthly of all active accounts) including a process for clearing old reconciling items



Building And Library Accounts

The Building and Library Funds should have dedicated bank accounts if they hold tax-deductible donations received by the school for specific purposes. The Australian Taxation Office (ATO) specifies that a separate bank account must be established for Deductible Gift Recipient (DGR) funds operated by a school.

Schools are to ensure that all tax deductible receipts received by the school are held in the appropriate DGR account both at the bank and in the school's accounting system.

School Cash Reserves

A school's Strategic Plan, as the school's key planning document, provides the platform for a school board to establish clear links between the educational outcomes desired, the programs necessary to meet those needs and the resources required to deliver successful outcomes. A transparent budgetary nexus between programs and cash resources is also of fundamental importance in relation to school Strategic Plan goals and objectives that have end-purposes and financial obligations extending into future school years.

The annual budget of each school reflects the school's education priorities and represents the catalyst for integrating student needs, programs and resources at the local level. Budget decisions, within the framework of the school Student Resource Package, establish the key directions of the school in the current and future years. Important resource management decisions also flow from the budgetary processes.

A key issue for schools is the method of arriving at the level of cash reserves that should be maintained to meet unplanned budget variations in conjunction with the level of cash reserve that is available for investment in educational programs.

The importance of having cash available to meet financial obligations when they fall due is as important to schools as it is to business.

As outlined above the critical question for many schools is the level of funds that should constitute the safety net to meet unplanned budget variances of one type or another, together with the cash that is required to pay normal financial obligations as they fall due.

Having identified the level of the safety net, the school is then in a much better position to confidently commit cash reserves that are over and above the safety net requirements.

The identification of an appropriate cash safety net will considerably improve the capacity of school boards to commit other cash reserves to school charter priorities. It will result in a more productive use of cash reserves overall.

During 2008, Price Waterhouse Coopers conducted a review of School Cash Reserve Benchmarks. The key recommendation of this review was that the benchmark should reflect the current fiscal environment, and calculated that an average of TWO MONTHS of a school's calendar year recurrent expenditure excluding expenditure related to building and grounds works, should be considered a minimum cash reserve.



8 Cash Handling

Financial Control

Cash handling is inherently messy and subject to losses (including theft). Despite a significant reduction in the use of cash over the past few years, schools should still have effective controls over the management of cash. These include ensuring that cash is only used for small transactions, effective controls are in place for the receipt and handling of cash and an imprest* or similar system is used.

Key Legislation

Financial Transaction Reports Act 1988

http://www.austrac.gov.au/ftr_act.html

Checklist

Key Controls	Y/N	Comment
Use of imprest system*		
Segregation of cash receiving, processing and bank reconciliation functions		
Consider whether cash transactions are required. Can they be automated / replaced by some form of card system?		

*Imprest system

A petty cash imprest system allows only the replenishment of the expenditure as any replenishment of the float will only be for the amount recorded as spent. For example, if you start the month with \$100 in your petty cash float, spend \$90 of that cash in the month and record that expenditure with petty cash vouchers in the float tin, an amount of \$90 will be then placed in your petty cash float to bring the balance of your petty cash float back to \$100.

The imprest system ensures documentation of how the petty cash is spent. When all of these receipts are totalled at the end of the month and deducted from the opening petty cash float, the calculated value must agree with what is left in the petty cash float. Under the imprest system, only that which is recorded as spent is replenished. At any point, the balance of cash in the float plus receipts of expenditure should equal the opening float amount.



8 Cash Handling

Requirements and Red Flags

Minimum Compliance	Effective Practice	Best Practice	Red Flags
All petty cash expenditures are supported with receipts and appropriate approvals	A process ensuring transactions are documented in a timely fashion and no cash is missing	Same as Effective Practice	Lack of documentation of petty cash / lack of periodic counts / lack of reconciliations
<p>The school has formal procedures:</p> <ul style="list-style-type: none"> • cash receiving, processing and bank rec. functions clearly segregated; • imprest system used for all floats; • minimising cash handling by individuals outside of the Finance Office (i.e., teachers, parents, clubs, etc.); • specifying the handling of cash and reporting, including timely deposits; • ensuring all cash receipts recorded and banked intact (i.e. gross) and, where appropriate, banked daily 	Same as Minimum Compliance	The school has procedures segregating duties among Finance Office staff so that receipt of cash, recording of transactions into the accounting system, custody of the cash and the review of bank statements are all handled and/or overseen by different individuals	<p>The school has no procedures to limit the numbers of persons allowed to accept cash on behalf of the school.</p> <p>The school's petty cash accounts do not reconcile with the receipts obtained for disbursements</p>
The school has a fixed safe and all cash is held in it	The school locks all cash on hand in a fireproof safe	All cash coming into the School is received by the Finance Office staff, recorded and locked in a fireproof safe	<p>Staff accept significant amounts of cash and not required to lodge it with the Finance Office daily.</p> <p>No secure facilities available for cash storage</p> <p>Cash is commonly left in the same place overnight</p>
If the school allows personnel outside of the Finance Office to collect cash, a log of receipts is maintained, and both the collector and the Finance Office staff agree to the amounts presented to the Finance Office	All cash collected by non-Finance personnel is brought to the Finance Office daily for deposit and safeguarding	Same as Effective Practice	Same as above



8 Cash Handling

Segregation Of Duties

Control consideration	Recommendation	Possible compensating control*
<p>Do employees who receive payments also perform any of the following duties:</p> <ul style="list-style-type: none"> • record payments or write-offs; • authorise write-offs or adjustments • reconcile the bank account(s)? 	<p>Employees who are responsible for the receipt of cash should not have access to records or authorise transactions. In addition, the person receiving cash or preparing the deposit should not be responsible for recording cash transactions or the bank reconciliation</p>	<p>To enhance controls over the cash receipt process, two employees should receive and open customer payments and create a list to prepare the bank deposit</p>
<p>Does the employee responsible for preparing the bank deposit also perform any of the following duties:</p> <ul style="list-style-type: none"> • record payments; • record or authorise write-offs or adjustments; or • reconcile the bank account(s)? 	<p>The employee preparing the deposit should not be responsible for recording cash transactions.</p> <p>In addition, the bank reconciliation should be prepared by an employee who is not involved in cash receipt or cash disbursement activities</p>	<p>To enhance controls over the cash receipt process, the following compensating controls could be adopted:</p> <ul style="list-style-type: none"> • two employees should receive and open customer payments and create a list to prepare the bank deposit; • daily reconciliations of cash receipts to bank deposits, including lockbox receipts, could be performed; and • an employee who is independent of the cash receipts and deposit process could periodically confirm accounts receivable balances with customers
<p>Can one employee initiate and approve (release) an EFT payment?</p>	<p>Initiation and approval (release) of EFT payments should be segregated between two employees.</p> <p>NOTE: Best practice would be a tiered-level approval so that payment transfers above a certain threshold are reviewed, approved and released by additional authorisers who have been granted authority in the organisation to release payments over that threshold</p>	<p>n/a</p>

*In any weak control environment, additional review is recommended but it is not really a “compensating control”



8 Cash Handling

Imprest System/Petty Cash Controls Checklist

The most effective way to control petty cash is to limit the amount of cash held in the petty cash fund (box) and limit the amount to be paid out through petty cash reimbursement. Ensuring that all cash held on site is securely stored will reduce the risk of theft.

Imprest System /Petty Cash Controls Checklist	
Objective	Checklist
To ensure that petty cash and other working funds are disbursed only for the proper purposes and are adequately safeguarded and recorded	Is there a separate amount of cash set aside for small purchases, known as petty cash (this is referred to as an imprest account)?
	Is there only one person who can distribute petty cash funds?
	Are the types and amounts of petty cash payments limited? For example, all cash reimbursements over \$100 are paid by EFT or cheque.
	Are advances to employees from the petty cash fund authorised by appropriate personnel?
	Are petty cash transactions periodically monitored, and are increased levels of activity investigated?
	Who reconciles the petty cash and is there another person with oversight to the reconciliation?
	How is the petty cash fund reimbursed? Where a cheque is drawn for cash, there should be two signatories.
	Once reimbursed, are petty cash vouchers and receipts marked to prevent reuse?
	Are unannounced counts of petty cash funds made by an individual other than the custodian?
	Are physical safeguards over petty cash funds, including fire-resistant boxes, vaults and overnight depositories, maintained?



8 Cash Handling

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

For schools, cash theft scenarios have occurred in both the accounts office as well as “high-cash” areas such as canteens, uniform stores, coffee stores, swim centres, and the front office. The typical cash theft scenarios are:

Weakness	Specific example	Potential control
Cash is stolen from School before it is recorded.	Employee accepts payment from a parent / student but does not record the sale and instead pockets the money	Where possible, all cash is received only by specified staff (e.g. Finance Office, Shop) and either cash register or pre-numbered receipt book used for all transactions.
	Employee appropriates cash from daily receipts before it can be deposited in the bank.	As above. In addition, all mail containing receipts to be opened by two staff.
Cash is stolen from School after it is recorded.	Employee (or third party) steals cash from safe or cash tin.	All safes / cash tins to be kept locked and in a secure location.
	Employee makes false entries on a cash register to conceal the fraudulent removal of cash (e.g. voids a sale or processes a refund)	All credits / refunds to require second authoriser approval

Mitigating Weaknesses In Cash Controls

Given the difficulties in managing cash, the most effective control is to seek to reduce the number of cash transactions. An alternative to cash is to switch to ‘cashless’ cards for students. These require parents to formally acquire a card for their child and to top it up via EFT or credit card. Various card solutions are offered to schools and should be considered. A number of schools have successfully used them to reduce the number of cash transactions whilst some have fully eliminated cash transactions.

It’s interesting to note that once some schools have moved to cashless transactions, the operations for which they are used, are suddenly profitable.



9 Procurement

Financial Control

Schools are typically complex and fragmented entities so they must have effective controls over the purchase of goods and services. Suppliers are entitled to believe that a person from a school has the authority to order goods and services, so it is incumbent upon the Finance dept to ensure all employees are aware of procurement procedures. These procedures include the preparation and use of a procurement manual which includes tendering, use of quotes and approval and payment processes. Goods and services that are not specifically for the use of the school should (must?) not be purchased through the school's procurement process.

Checklist

Key Controls	Y/N	Comment
Clear delegation of authorisation limits		
Process for ensuring that all material purchases are at fair market price		
Procurement manual		

Procedures

A draft procurement manual is attached at the end of the document. This sets out the recommended procedures.

Related Party Transactions and Assessing Reasonable Market Value are discussed in Sections [4.2](#) and [4.3](#) respectively.

Key Legislation

Education Act (NSW) 1990

The NSW Education Act was changed in 2014 to clarify and strengthen the requirement that all purchases must be:

- required for the operation of the school only
- at no more than reasonable market value for the property, goods or services
- reasonable in the circumstances, having regard to the fact that financial assistance is provided to the school.

The Guidelines issued in respect of Section 83C offer suggested records which should be maintained to demonstrate compliance with these requirements are set out in [Appendix 2](#).



9 Procurement

Requirements and Red Flags

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
The School has a procurement manual/ policy that is available to all staff	Manual includes appropriate policy & procedures for testing market value (5.2.1 a & 5.2.3 a)	Staff are aware of the manual and follow it in practice	Relevant staff receive training on the procurement procedures and requirements. The procurement manual is subject to periodic review and revision as necessary	No manual or procurement policies/ procedures Procurement procedures not followed
Quotes are obtained for all material purchases	Appropriate records of quotes/tenders maintained (5.2.1 d & 5.2.3 b)	A “tiered” system of obtaining quotes depending upon the value is set out in the procurement manual and followed in practice	Same as Effective Practice	Material purchases are made without obtaining quotes

Note - Related Party Transactions and Assessing Reasonable Market Value are discussed in Sections 4.2 and 4.3 respectively

Imprest System /Petty Cash Controls Checklist

Objective	Procedures	Checklist
To ensure that all purchases of the organisation are made only upon proper authorization of management	Purchase Orders	Do all purchases over a set limit require a purchase order to be raised?
		Are competitive quotations required for specific purchases (e.g. purchases over a specified limit)?
		Are there controls in place to ensure that purchase orders can only be raised for approved suppliers?
	Authorisation and processing of payments	Are all supplier invoices matched with applicable purchasing orders?
		Are all supplier invoices matched with applicable receiving reports?
		Are all supplier invoices reviewed for correctness?
		Are all available discounts taken where appropriate?



Segregation Of Duties

Control consideration	Recommendation	Possible compensating control
<p>Does the employee initiating the purchase order also have the authority to approve it?</p>	<p>Purchase orders should be reviewed and approved by someone other than the employee initiating it (unless they have been delegated approval to purchase up to an approved limit)</p>	<p>A supervisory-level employee independent of the purchasing function reviews a report of total purchases as well as purchases over a predetermined threshold amount from new vendors. This report should be generated outside of the purchasing function (e.g., payments processed through the cash disbursement system)</p>
<p>Do the same employees who are responsible for initiating or approving a purchase order also perform any of the following duties:</p> <ul style="list-style-type: none"> • modify the Vendor Master File • record vendor invoices in the cash disbursement system • receive vendor goods physically or in the system • modify inventory records • reconcile inventory records 	<p>Employees involved in the purchasing function should not have record-keeping responsibilities in the cash disbursement system. Specifically, these employees should not be able to modify the Vendor Master File, record vendor invoices, receive goods, reconcile or write-off inventory or obtain custody of inventory either directly or by influencing the shipment of inventory</p>	<p>A system report of purchase orders issued to vendors should be generated and reviewed by a supervisory-level employee who is not involved in initiating purchase orders with vendors</p>



Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Comment
The documentation of procurement policies and procedures is either absent or inadequate	In the absence of a manual or some form of documentation, poor practices are likely
Multiple quotes are not obtained	The procurement manual should include requirements for quotes (reflecting the amount being purchased/frequency)
No processes to ensure that the provisions of regular services are market tested periodically	As above, the procurement manual should include requirements for quotes. This should include a process of review of suppliers maintained on an approved vendor list
Contracts given to family members or associates	See Related Party Transactions (Section 4.2)
Collusion between supplier/staff member: <ul style="list-style-type: none"> • double invoicing • short quantities/services • goods/services provided to staff, not school 	Collusion is often difficult to spot but is more likely to be deterred or identified in a school which has documented (and applied) procedures including the requirement for tendering and where staff are cross-trained and roles are rotated on occasion.
Lease or buy decisions	Leasing decisions without proper review / full analysis of costs / alternatives



10 Payments

Financial Control

There should be effective controls over payments. These include appropriate authorisation of invoices, expense reimbursements and the use of credit/purchasing cards.

Many organisations have found that mistakes made in their purchasing and accounts payable can be very costly. This is an area that deserves careful attention and there should be many internal controls within the payments systems. Make sure you have a clear and simple list of written procedures for purchases and accounts payable to ensure all staff and volunteers know the processes they are expected to follow.

Some simple but important controls to consider when reviewing payments are:

Accounts Payable Checklist

Objective: To ensure that accounts payable are supported by appropriate documentation, are promptly paid and properly recorded

Procedures	Checklist
Policy	<p>Are all purchasing and accounts payable procedures documented?</p> <p>Are all relevant persons aware of the policies and procedures?</p>
Segregation of duties	<p>Are the authorisation, processing and payment functions clearly segregated?</p>
Authorisation	<p>Does the organisation have a list of persons authorised to approve expenditures?</p> <p>Are all expenditures approved in advance by authorised persons? Are those who process the EFT payments or cheque payments different to those who authorise the expenditure?</p> <p>Are invoices or requests for expense reimbursements supported by appropriate receipts or approval indicating receipt of goods or services? Is this policy effectively communicated to all appropriate persons, including volunteers, in writing?</p> <p>Where payments are made by cheques, are they pre-numbered?</p> <p>Are all cancelled EFT payments and cheques recorded? Is a record of cash payments (e.g. cheque stubs, cheque copies, EFT payments listing) kept by the person processing payments?</p> <p>Are there two persons to authorize all payments, including EFT payments? Are all approved invoices promptly entered into the accounting system or accounts payable register to establish control for payment?</p>



10 Payments

> Accounts Payable Checklist Continued

Procedures	Checklist
Recording of payables	<p>Are unpaid invoices maintained in a distinct unpaid invoice file? Are statements from suppliers regularly compared with open invoice files?</p> <p>Are invoices from unfamiliar or unusual suppliers reviewed and approved for payment by authorised personnel who are independent of the invoice processing function?</p> <p>Are payments entered promptly in the accounting system or recorded in the accounts payable register to avoid double payment?</p>
Payment	<p>Does the organisation have controls in place to ensure payments are not duplicated, i.e. payment on original invoices only – not copies, faxes or statements – and paid invoices are “stamped”?</p> <p>Is the accounts payable register periodically reconciled with the general ledger by a person independent of the invoice processing function?</p> <p>Is a listing of unpaid invoices regularly prepared and periodically reconciled with the general ledger by a person independent of the invoice processing function?</p>
Validation	<p>Are refund cheques from suppliers handled by someone other than the person processing the invoices? Does the organisation check invoices from entities that only supply a PO Box address?</p> <p>Does the organisation check invoices with company names consisting only of initials? Does the organisation check unfamiliar suppliers in the phone book or, for Australia, check their ABN on www.abr.gov.au?</p> <p>Are new suppliers authorised by someone other than the person responsible for the payment process?</p> <p>Are there checks in place for rapidly increasing purchases from one supplier?</p> <p>Are there periodic checks in place to validate any supplier addresses and bank account details against employee/volunteer addresses and bank account details? Is there a process in place to review large billings broken into multiple smaller invoices, each of which is for an amount that would not attract attention?</p>



10 Payments

Accounts Receivable Checklist

Receiving is another important component of the purchasing function and is an area in which the lack of controls can lead to significant financial loss. Stock is another area that is a common target for fraud and error.

Objective: To ensure that receipt of goods and services of the organisation are monitored and recorded appropriately

Procedures	Checklist
Physical Check	<p>Are all goods inspected for condition and independently counted, measured or weighed when received?</p> <p>Are all goods checked against any packing slips and purchase orders?</p>
Receiving report	<p>Are receiving reports used and prepared promptly?</p> <p>Are receiving reports pre-numbered and is the sequence of all numbers accounted for?</p> <p>Are receiving reports promptly provided to those who perform the purchasing and accounts payable function?</p> <p>Are receiving reports controlled so that liability may be determined for materials received but not yet invoiced?</p>



10 Payments

Requirements and Red Flags

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
Evidence is obtained before invoice paid that goods or services were actually received, the agreed-upon quality, price, etc.	Records of receipt of goods/services prior to payment (5.2.1 e , 5.2.3 c & 5.2.4)	Use of: <ul style="list-style-type: none"> • delivery notes / signature of approved recipient / online approval of invoices within a document management system • delegations manual specifying approval limits (type, quantum, etc.) 	Same as Effective Practice	Payment without appropriate documentation
Expenses properly approved	Records of appropriate authorisation (5.2.1 f) Receipts/documentation for all board expense claims (5.1.2 a & b)	Processes to ensure no person authorises payment to themselves and no board member receives payment except reimbursement of school expenses	Same as Effective Practice	Expenses paid without proper authority
Invoices must comply with ATO requirements (e.g. ABN, GST components)	n/a	Same as Minimum Compliance	Same as Minimum Compliance	Invoices paid without ABN
All invoices are recorded	Invoices obtained for all purchases (5.2.1 c and 5.2.2 b)	Use of an invoice/ supplier statement reconciliation or similar to ensure the School is able to take advantage of prompt payment discounts and avoid penalties for late payment	All invoices are recorded in document management system when first received and followed up if not approved for payment	School is unaware of unpaid invoices



10 Payments

Segregation Of Duties

Control consideration	Recommendation	Possible compensating control
<p>Do the same employees who initiate or approve purchase orders also do any of the following:</p> <ul style="list-style-type: none"> • modify the Vendor Master File; • post vendor invoices; • receive vendor goods physically or in the system; • modify inventory records; or • reconcile inventory records? 	<p>Employees involved in purchasing should not have Accounts Payable responsibilities. Specifically, these employees should not be able to modify the Vendor Master File, record invoices, receive goods, reconcile or write-off inventory or obtain custody of inventory.</p>	<p>A system report of purchase orders could be generated and reviewed by a supervisory-level employee who is not involved in initiating purchase orders with vendors</p>
<p>Does the person responsible for approving EFT payments also perform any of the following duties:</p> <ul style="list-style-type: none"> • prepare bank reconciliations; • review and approve the bank recs; • review and authorise journal entries in the general ledger • modify the Vendor Master File? 	<p>Whoever is responsible for approving and releasing EFT payments should not have responsibility for modifying the Vendor Master File, recording vendor invoices and journal entries, or be involved in the bank reconciliation process.</p>	<p>n/a</p>

*In any weak control environment, additional review is recommended but it is not really a “compensating control”



10 Payments

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Comment
Supplier invoices were paid without apparently being reviewed and approved by delegated staff members	The School has set up a facility to automatically pay a supplier (to ensure best price) but fails to get invoices approved/ check goods or services are actually received
There is no process for ensuring that goods and services are properly received before invoice approved for payment	As above
Employee causes the School to make a payment by submitting invoices/claim for fictitious goods or services and/or inflated invoices	Employee creates a shell or fake company and bills the School for services not actually rendered. Invoice authorised by the Employee
	Employee uses related party to collude in inflating invoice prices or falsifying purchases and shares profits with the related party
	Employee re-uses invoices that have already been paid / claimed
	Employee files fraudulent expense report, claiming personal travel, non-existent meals or travel, personal meals, etc.
Inadequate controls over payments	<p>These include:</p> <ul style="list-style-type: none"> • lack of dual signatories; • sharing of passwords; and • delegation of passwords <p>An effective dual signatory system is an important element in the payment cycle and you should review to ensure it is not being compromised by poor practices</p>



10 Payments

Expense Reimbursement

All schools should have HR policies and procedures which include expense reimbursement policies which staff should be aware of and follow in practice.

The Section 83C Guidelines specifically focus on travel expenses. Whilst recognising that schools can exercise discretion in paying for travel expenses required for the operation of the school, they explicitly state that personal travel of any kind cannot be paid for or subsidised by a nongovernment school.

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
Policies and procedures for staff expense reimbursement	Appropriate Policies and Procedures (P&P) for travel expenses (5.2.7 a), including: <ul style="list-style-type: none">• expense required for school operations; and• appropriate approval (5.2.7 b)	P & P are appropriate for the school	Same as Effective Practice	No P & P documents or the procedures are not followed, or are circumvented

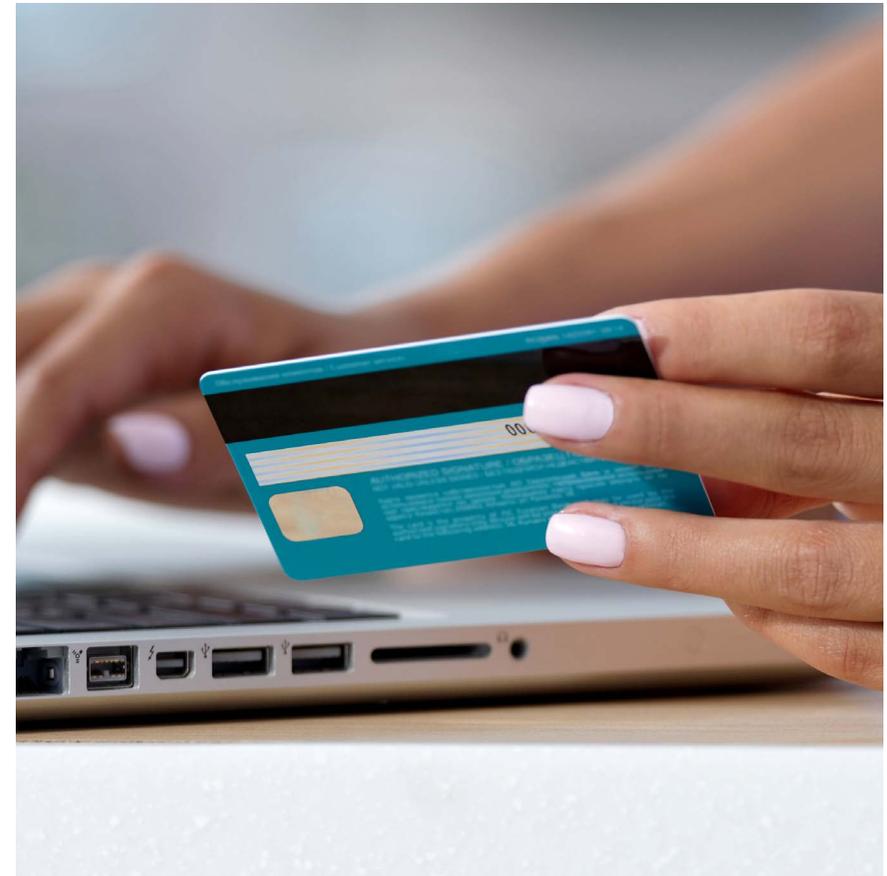


10 Payments

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Comment
Inappropriate travel expenses incurred & paid by the school	This can occur either due to the lack of a travel policy or the failure to make staff aware of it and/or to enforce it
	Employee is authorised to attend professional learning event and travels to another location. Trip is extended to cover a weekend but entire trip's accommodation is paid by the school.

A sample Expense Reimbursement Policy is attached at the end of the document.



10 Payments

Credit And Other Purchase Cards

With the increasing use of internet purchasing and the need to maintain a low level of cash holding, credit or other purchasing cards can be an efficient purchasing tool. Consequently, credit or other cards, such as specific store cards (Bunnings, Officeworks, Caltex) may be provided for use by authorised school personnel. Card expenditure incurred by the

School must clearly be linked to the business of the School. As a matter of practice, the number of cards and the associated limits should be kept as low as practical and be subject to regular (no less than annual) review by the Business Manager. Only staff that have a genuine need and comply with the policy will be issued with a card.

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
Card usage policies	Policy including procedures for allocation and use of cards, monthly approval of expenses and retention of receipts (5.2.1 b)	Card usage policies explained to staff and their written agreement obtained	Same as Effective Practice	No policy documents Expenditure is not authorised by an appropriate manager/supervisor (other than the cardholder)
Adequate processes for the review and approval of cards	As above	Cards are only issued based upon the School's needs and this is regularly reviewed and cards cancelled as appropriate	Same as Effective Practice	
Staff are forbidden to use School cards for personal expenditure	n/a	Cards cancelled if used inappropriately (e. g. personal use, persistent untimely reconciliation / supply of receipts)	Same as Effective Practice	Employees incur personal expenditure on the School's credit card or fail to do reconciliations in a timely manner, or fail to keep supporting documentation to substantiate expenditure

A draft credit card policy is attached at the end of the document. This could be adapted to include other cards such as store cards.



11 Feed and Debtor

Financial Control

With the possible exception of government grants, fees comprise the largest part of a school's income. The fee cycle tends to be complex and involves a number of automated as well as manual processes. There must be effective controls over all of these processes. These include appropriate controls (including authorisation) of billings, credits (e.g. rebates, discounts, bad debts) and over the collection of debts.

Checklist

Key Controls	Y/N	Comment
Adequate processes to ensure all students invoiced and all rebates/discounts approved		
All outstanding fees are followed up and any waivers/bad debts are appropriately approved		

Key Legislation

NSW Education Act 1990

The Guidelines recognise that schools may exercise discretion in offering fee discounts and writing off or selling bad debts. However, they make specific recommendations for documentation to be kept as set out in [Appendix 2](#).

A sample School Fees Setting & Collection Policy is attached.



11 Feed and Debtor

Requirements and Red Flags

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
Process exists to ensure all students are billed promptly for the correct amount (fees and expenses) including bursaries and scholarships (see Section 16).	P & P supporting any fee discounts write-offs, or adjustments (5.3.2)	<ul style="list-style-type: none"> a. Fees - separate fees sub-system used which is generated from the enrolments listing and an approved fees table. This is supported by adequate review and authorisation processes b. Expenses - separate process used to ensure all expenses (e.g. excursions, activity levies) are identified and processed 	Same as Effective Practice	<p>No invoice or incorrect amounts billed to students</p> <p>Discounts given without proper approval</p> <p>Fee Waivers given without authorisation</p>
Special fee arrangements for students whose parents are employees of the school will be clearly documented (including FBT implications) and approved by the Head/ Finance Committee	P & P supporting any fee discounts or adjustments (5.3.2)	Same as Minimum Compliance	Same as Minimum Compliance	No/inadequate documentation and/or no/inadequate approval of arrangements
Aged listing of outstanding fees produced regularly, reviewed by the Business Manager and reported regularly to the Board / Finance Committee	n/a	<p>Regular reminders / chasers provided to overdue debtors</p> <p>Debt collection policy exists and procedures adhered to</p>	Automation of reminder / chaser process.	No formal policy for collection / no debt collection escalation process
School's policy for collection of outstanding fees followed	n/a	Escalation to formal process (debt collector / legal avenues) used as appropriate	Same as Effective Practice	Overdue debtors form a large or increasing proportion of fees
Formal process for authorising credits against fee accounts (including bad debt write offs) exists and including authorisation by the Principal, Business Manager, or in the case of a larger bad debts, by the Board or Finance Committee.	<p>P & P for writing-off bad debts and selling debts (5.3.4 a)</p> <p>Records of proper authorisation of bad debt write-offs maintained (5.3.4 b)</p>	Same as Minimum Compliance	Same as Minimum Compliance	<p>No policy for credits against fee accounts</p> <p>No policy for debt forgiveness</p>



11 Feed and Debtor

Segregation Of Duties

Control consideration	Recommendation	Possible compensating control
<p>a. Is access to the student billing process limited to employees responsible for the operation of the school fees system?</p> <p>b. Are these people different to those responsible for the receipting and banking of School fees?</p>	<p>a. Access should be restricted to just those who actually operate the fees system.</p> <p>b. Best practice is a separation between the preparer of the fee statements and the recorder/receiver of the fee payments, but this may not be possible in smaller teams.</p>	<p>a. n/a</p> <p>b. If the same employee is responsible for both preparing the fees and receipts, ensure your processes for reviewing credits, write offs, reconciliations and unallocated receipts are effective.</p>
<p>Is the employee responsible for initiating adjustments to debtor accounts (e.g. write offs) able to both record as well as authorise the adjustments?</p>	<p>Adjustments and write-offs to customer accounts should be reviewed and approved by an employee who does not have responsibility for recording these transactions. In addition, this employee should not be responsible for preparing the reconciliation of the accounts receivable subsidiary ledger to the GL</p>	<p>At month-end, an accounts receivable ledger system report of adjustments or write-offs recorded to customer accounts is generated for review and approval by a supervisory-level employee who does not have access to record these transactions (e.g. the Business Manager or Head)</p>
<p>Is the employee responsible for recording transactions in the debtors system also responsible for reconciling it to the GL?</p>	<p>An employee who is independent of the debtors process should reconcile transactions to the GL</p>	<p>Both as a compensating control but, in any event, account reconciliations should be reviewed and approved by someone other than the preparer of the reconciliation</p>
<p>Can the employee responsible for collections of overdue debts also modify existing invoices? Specifically, can they modify any of the following fields:</p> <ul style="list-style-type: none"> • invoice amount; • invoice date; or • ageing? 	<p>Employees involved in the collection process should not be able to modify existing invoices. Their access should be restricted to noting in the customer account database and recording credit adjustments?</p>	<p>n/a</p>

*In any weak control environment, additional review is recommended but it is not really a “compensating control”



11 Feed and Debtor

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Comment
Credits given inappropriately	Inadequate documentation of the process and the approval of write-off of bad debts
	Inadequate documentation of the provision of sibling, clergy, or staff discounts within policies and procedures
Failure to pursue overstanding debtors	Unpaid debts “converted” into hardship discounts or scholarships
Delays in receiving outstanding fees	School does not provide or sufficiently advertise to parents “payer-friendly” payment provisions such as on-line portal, credit cards, direct debit etc.
Collection policies overridden by member of management/board	Favourable treatment is given to a member of management/board without formal approval by the entire board of directors. It is important to have processes to manage conflicts of interest such as these.

A sample Expense Reimbursement Policy is attached at the end of the document.



12 Trading Operations

These include the uniform shop, canteen, and other activities where the school is selling goods.

Financial Control

These functions have historically been areas where schools experience losses and theft. Many schools have moved to cashless account systems and have reported improved outcomes (canteens or uniform shops now profitable). There should be effective controls to ensure that all trading activities are properly accounted for and that all assets and proceeds are received. This is important whether the trading activity is directly managed by the School or outsourced to a third-party operator.

Checklist

Key Controls	Y/N	Comment
Budgets are prepared for all trading activities and actual/budget is regularly reviewed		
Appropriate processes are maintained to ensure sales prices/margins approved and all proceeds are collected		
Processes to select and manage third-party operators		
Periodic stock-takes carried out		



12 Trading Operations

Requirements and Red Flags

Minimum Compliance	Effective Practice	Best Practice	Red Flags
Budgets are prepared for all trading activities and actual/ budget is regularly reviewed and differences (especially gross margin) investigated	a. Trading Operations Manager involved in process to give them “ownership”	Same as Effective Practice	No budget or regular review of trading results
If cash transactions: <ul style="list-style-type: none"> till roll/transaction receipts issued; and final tally is counted by two people (where practicable); and control receipt issued before submitted to the Finance Office for rec. and banking 	Consider cashless operations, using some form of student card. If school operations are not profitable (after staff and holding costs) consider price adjustments or outsourcing to a third party operator	Same as Effective Practice	Absence of controls over cash (e.g. no receipts issued, cash not reconciled to till rolls, cash not regularly banked)
All third-party operators are selected (and reviewed) using Procurement as per Section 9	Same as Minimum Compliance	Same as Minimum Compliance	Third-party operators selected without proper tender process



12 Trading Operations

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Comment
Cash handling	<ul style="list-style-type: none">a. Inadequate controls over cash permitting employee theftb. Inadequate controls over inventory permitting employee theft or gifting to studentsc. Storage of cash and regular collection by third party security firm for banking leading to third party theft
Poor systems	Lack of systems to monitor sales, margins, stock levels, etc.
Poor stock control	Inadequate controls over stock levels leading to old/obsolete stock or simply too high stock levels and associated holding costs
Related party conflicts	<p>Sale of goods to related parties at lower/nil price</p> <p>Purchase of goods from related party without proper approval (see also sections 4.2 and 9)</p>

A Sample Canteen Management guide attached.



13 Camps and Excursions

Financial Control

Camps and excursions, because they occur away from the school's grounds, have long been recognised by schools as requiring specific controls over safety including risk assessments and registers as well as consideration of the insurance arrangements. There also need to be effective financial controls to ensure that all camps and excursions are properly accounted for and that all payments are received and suppliers paid.

A Sample Camps and Excursion Policy is attached.

Checklist

Key Controls	Y/N	Comment
All camps and excursions appropriately budgeted, approved and separately recorded		
Adequate process to ensure all students are billed		

Requirements and Red Flags

Minimum Compliance	Effective Practice	Best Practice	Red Flags
Permission slips received from all parents accepting excursion particulars and costs	Electronic process with online acknowledgement and linked to automatic billing	Same as Effective Practice	Lack of process to ensure that proper permissions are obtained from all parents before the camp/excursion Lack of process to ensure all relevant risks have been identified and insured against
Process to ensure camps and excursions are properly costed and all attendees billed	As above plus a requirement of a budget (cost per head) for all camps & excursions	Same as Effective Practice	Lack of processes to ensure all students attending are billed and / or to ensure that all costs are covered Lack of process to ensure all relevant risks have been identified and insured against



14 Managing Assets

Financial Control

Because they are both valuable and (potentially) mobile, there need to be effective controls to safeguard the school's physical assets (stock and fixed assets).

- Stock includes inventory held for resale/consumption such as clothing in the uniform shop and food bought for sale through the canteen.
- Fixed assets include both those the school owns and those it leases.

Checklist

Key Controls	Y/N	Comment
Periodic stock takes carried out		
All sales at fair market value		
Asset register/stock lists maintained and reconciled with GL		

Key Legislation

NSW Education Act 1990

It is a requirement of section 83C of the Act that school assets can only be used for the operation of the school. The Guidelines offer specific suggestions for documentation to be kept in respect of:

- disposal of valuable school assets;
- leased assets; and
- community use of school assets and facilities.



14 Managing Assets

Requirements and Red Flags

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
Assets (stock and fixed assets including all leased assets) acquired using the Procurement procedures in Section 9	Formal lease agreements maintained together with evidence of periodic testing of market value and reasonableness of lease conditions (5.2.6 and 6.1.2)	All potential leases are subject to a proper lease vs buy analysis before acquisition	Same as Effective Practice	No procurement process Failure to follow approved process
Itemised fixed asset register maintained by the School. All additions recorded at the time of purchase.	A register should include the following for each asset: <ol style="list-style-type: none"> a description including who the asset was purchased from the serial number the date and cost of purchase the invoice number the date and method of disposal (if applicable) any amount recovered at disposal (if applicable) (6.1.1 a)	Same as Minimum Compliance	Same as Minimum Compliance	No fixed asset register
Items provided with either a serial number or bar code for identification purposes.	As above	Same as Minimum Compliance	Same as Minimum Compliance	No method of identifying individual assets



14 Managing Assets

> Requirements and Red Flags Continued

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
The asset register reconciled to the relevant fixed asset account in the GL monthly.	n/a	Same as Minimum Compliance	Same as Minimum Compliance	Not reconciled or unexplained differences
Prior written authority from Business Manager to support the removal of an item in the register (sale, w/off, etc.)	P & P and appropriate records for disposal /write-off of assets (6.1.1 c & d)	A record will be maintained of the basis of determining the sale price for any of the assets with reference to what would be considered "market value"	Same as Effective Practice	Unauthorised disposals or disposals not at market value
A routine fixed asset stock-take on a cyclical basis with all differences reported to Business Manager	Appropriate evidence of annual stock takes (6.1.1 b)	Same as Minimum Compliance	Same as Minimum Compliance	Assets not counted or unexplained differences
Assets (stock and fixed assets) are insured at their replacement cost rather than their WDV	n/a	Insurance brokers are made aware of any individually significant items as required for coverage under the insurance policy	Same as Effective Practice	School is under-insured
Proper approval and review processes exist for shared use of assets and facilities	Property shared, other than for reasonable community use, properly documented (6.1.3)	Same as Minimum Compliance	Same as Minimum Compliance	No processes / not followed



14 Managing Assets

Segregation Of Duties

Control consideration	Recommendation	Possible compensating control
<p>Are the employees with access to fixed assets / inventory responsible for periodic physical counts of the fixed assets / inventory?</p>	<p>Periodic physical counts of fixed assets / inventory should be conducted by employees without record-keeping or authorisation responsibilities for these assets.</p>	<p>If regular counts cannot be completed by an independent employee, consider the following:</p> <ul style="list-style-type: none"> counts are performed by two employees; spot checks or surprise counts are performed by someone who does not maintain the inventory.
<p>Does the employee who records adjustments related to discrepancies between the physical count and the fixed asset / inventory system also carry out any of the following functions:</p> <ul style="list-style-type: none"> reconcile the sub-system to the physical count; authorise purchases or disposals of inventory; or maintain physical custody of fixed assets / inventory? 	<p>Adjustments to the fixed asset or inventory systems should be reviewed and approved by a supervisory-level employee who is not involved in the assets and maintenance of the sub-system.</p>	<p>A system report of all adjustments recorded to the fixed asset system is generated for review and approval by a supervisory-level employee who is not involved with the physical count or maintenance of the fixed asset system.</p>
<p>Are employees with physical custody of fixed assets/ inventory able to dispose of the assets without review and authorisation from a supervisory-level employee (e.g. Business Manager)?</p>	<p>Fixed asset/obsolete inventory disposals should be made after review and authorisation from a supervisory-level employee.</p>	<p>A system report of all fixed asset additions and disposals and obsolete inventory disposals is generated for review and approval by a supervisory-level employee. This employee should not have access to record transactions in the fixed asset ledger or GL.</p>
<p>Can one employee initiate, authorise and record a manual adjustment in the fixed assets ledger or in the perpetual inventory system?</p>	<p>All manual adjustments should be reviewed and approved by a supervisory employee prior to being posted.</p>	<p>A system report of all manual adjustments should be generated for review and authorisation by a supervisory-level employee not involved in the inventory/ fixed assets process (custody of assets and/or record keeping).</p>



14 Managing Assets

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Specific Example
Lack of physical security over assets and / or lack of controls	Employee steals computers/laptops/tablets from the School. Employee steals inventory and or supplies from a storeroom.
Inadequate documentation / implementation of asset management policies and procedures	Failure to split between land and buildings such that treated as a single class of asset Incorrect useful life assessments such that depreciation is inadequate
Asset stock-takes are not carried out	Losses and differences are not identified
The asset register is not adequately maintained	Losses and differences are not identified
There is no proper authorisation for asset sales or write-offs	Assets are stolen and written off as damaged and or fully depreciated



Financial Control

Payroll will account for the majority of most schools' expenses so it is critical that there should be effective controls over the employment and payment of staff. This needs to include casual employees and contractors as well as permanent staff. Payroll will be subject to a significant number of transactions and variables in any pay period. The volume of transactions and variables increases the risk of error and fraud.

Key Legislation

a. **NSW Education Act 1990**

As part of operating as “not-for-profit” under the NSW Education Act (as amended in 2014), non-government schools are required to ensure all the payments they make are for the operation of the school, are at no more than reasonable market value and are reasonable, given financial assistance is provided to the school. Whilst the 83C Guidelines issued by the Department of Education in 2015 accept that schools are free to exercise discretion in the employment of school staff and that it is up to a school governing body to determine the market in which the school operates, they contain a number of suggestions for schools to demonstrate compliance. These are set out in [Appendix 2](#).

b. **Employment and IR**

- *Fair Work Act 2009*
<https://www.fwc.gov.au/about-us/legislation-regulations/fair-work-act-2009>
- *Fair Work Regulations 2009*
<https://www.fwc.gov.au/about-us/legislation-regulations/fair-work-regulations-2009>
- *Annual Holidays Act 1944 (NSW)*
<http://www.legislation.nsw.gov.au/fullhtml/inforce/act+31+1944+FIRST+O+N/>
- *Employment Protection Act 1982 (NSW)*
<http://www.legislation.nsw.gov.au/fullhtml/inforce/act+122+1982+FIRST+O+N/>
- *Industrial Relations Act 1996 (NSW)*
<http://www.legislation.nsw.gov.au/maintop/view/inforce/act+17+1996+cd+O+N/>
- *Long Service Leave Act 1955 (NSW)*
<http://www.legislation.nsw.gov.au/fullhtml/inforce/act+38+1955+FIRST+O+N/>



> Key Legislation Continued

c. Employment and IR

- Various Taxation Acts including the *Income Tax Assessment Act 1997*
<http://www.comlaw.gov.au/Details/C2014C00638>
- The ATO has issued a list of major issues and subsidiary questions that have been collated as a result of consultations with the education sector
<https://www.ato.gov.au/Business/Consultation--Business/In-detail/GST-issues-registers/Education--issues-register/>

d. Workers Compensation

- *Workers Compensation Act 1987*
<http://www.legislation.nsw.gov.au/maintop/view/inforce/act+70+1987+cd+O+N>

e. Superannuation

- *Superannuation Guarantee (Administration) Act 1992*
<http://www.comlaw.gov.au/Details/C2014C00644>

Key Controls	Y/N	Comment
Appropriate review and authorisation of all payroll payments including regular reviews of budget vs actual expense		
Appropriate evidence of employment arrangements for all employees		
All payroll and payroll related payments are paid by the due date		



15 Payroll

Payroll Checklist

Many payrolls, even small ones, are now automated, so it is easier to commit fraud or make errors if the internal controls are not tight and the procedures are not set or followed.

Objective: To ensure that: payroll payments are only made upon proper authorisation of management to bona fide employees; payroll payments are properly recorded; and the organisation complies with related legal requirements, such as PAYG and superannuation payments (in Australia).

Procedures	Checklist
Segregation of duties	Are the personnel authorisation, payroll preparation, payroll approval, payroll payment, record keeping and bank reconciliation functions clearly segregated?
Personnel authorisation	Are changes in employment (additions and terminations), salaries, wage rates and payroll deductions authorised by appropriate non-accounting personnel? Do policies and procedures exist for the accounting of annual and sick leave? Are changes in employment status recorded in employee personnel files that are maintained by a person independent of the payroll processing function?
Timekeeping	Are attendance records, including hours worked, overtime and special benefits, reviewed and approved by authorised non-accounting personnel?
Payroll preparation	Is the payroll register kept by person(s) processing payroll cheques? Is there appropriate evidence of employment arrangements for all employees? Are salary payments cross-checked with the payroll register before they are authorised? Is there appropriate review and authorisation of all payroll payments including regular reviews of budget vs actual expense?
Payroll approval and payment	Is there more than one person that can process payroll? Is payment authorisation consistent with that for general payments? Are all payroll and payroll related payments paid by the due date?
Validation	Are there checks in place to ensure that the names on the payroll actually match real people who have been employed?



Requirements and Red Flags

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
<p>Evidence of employment arrangements for all employees (permanent and casual) including:</p> <ul style="list-style-type: none"> a. signed contract of employment, resume, job description, TFN, (Working With Children (“WWC”) certificate, documentation of approved current pay rate, salary packaging, etc. b. appropriate periodic review 	<p>Each employee has contract and job description (5.1.1 a & b). This must include any board member with a paid role (5.1.2 c).</p> <p>Packaged travel allowance must be properly documented (5.2.7 c)</p> <p>Policy to review salaries and benefits (5.1.1 f)</p>	<p>Separate file for each employee containing this information</p>	<p>Information including copies of documents retained within a document management system</p>	<p>Lack of documentation (especially no employment contracts, job descriptions, WWC certificate)</p> <p>None/inappropriate policy failing to take account of conflict of interest</p>
<p>All payroll, payroll packaging and payroll related payments (PAYG, Super, FBT) are properly calculated and paid by the due date</p>	<p>Written authority for salary bank deposit (5.1.1 e)</p>	<p>A forward calendar of due dates is maintained to ensure compliance</p>	<p>Same as Effective Practice</p>	<p>No review of deductions / payments</p> <p>Outstanding payments after due date</p>



15 Payroll

> Requirements and Red Flags Continued

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
A record of annual, sick, parental leave, leave without pay and long service leave maintained for all staff	Policies and procedures maintained (5.1.1 c)	All forms properly authorised before processing and data regularly reviewed to ensure appears reasonable and complete	Information (including copies of documents) retained within a document management system	No polices or procedures No records maintained
Payroll systems have levels of password protection to ensure that no unauthorised person has access to the system	n/a	Same as Minimum Compliance	Same as Minimum Compliance	No authorised people have access to payroll (to view or change information)
A documented procedure exists and is followed ensuring all payroll payments (including severance / termination) are appropriately reviewed and authorised before payment	Evidence of appropriate authorisation including severance and bonuses (5.1.1 d & g) For severance/ex-gratia maintain policies and procedures, explanations and legal documentation (5.3.1 a, b & c)	Separate processes and reviews exist for termination payments and appropriate legal advice is obtained	Same as Effective Practice	Process not documented Process not followed Documentation not obtained/maintained
All general ledger accounts for salaries, PAYG and salary sacrificing are reconciled monthly to the payroll master file records and compared to budget	n/a	Same as Minimum Compliance	Same as Minimum Compliance	Not reconciled Reconciliation differences not followed up / cleared



Segregation Of Duties

Control consideration	Recommendation	Possible compensating control
<p>Can the employees who initiate modifications (e.g., add/delete employees, changes to pay rate) to the Employee Master File ('EMF') also approve or record changes?</p>	<p>All changes to the EMF should be reviewed and approved by a supervisory-level employee.</p> <p>NOTE: Best practice is that no one employee should be able to modify the EMF alone. Modifications should be initiated by one person and reviewed and authorised by another.</p>	<p>A system report of all changes to the EMF should be generated for review. A supervisory-level employee should review this report and match the changes to approved Personnel Action Forms.</p>
<p>Do the employees responsible for maintaining the EMF (e.g., adding / deleting employees, changes to pay) also perform any of the following functions:</p> <ul style="list-style-type: none"> • make decisions regarding hiring or termination; or • access the payroll system or be involved in the payroll process. 	<p>Employees responsible for modifying the EMF should not have access to the payroll system, be involved in the payroll process or make hiring / termination decisions.</p> <p>NOTE 1: The HR module and the payroll module may be part of the same system. However, the employees responsible for processing the payroll should not have access to the HR module or the EMF and vice versa.</p> <p>NOTE 2: For companies where one employee maintains the EMF and processes payroll, this employee should not be able to authorise and execute the pay run.</p>	<p>To enhance controls over the payroll process, the following could be adopted:</p> <ul style="list-style-type: none"> • supervisory-level employee not involved in the payroll process reviews and approves the pre-payment payroll report as well as the final payroll reports after the payroll has been processed. • Gross wages, per the payroll journals and the GL, are reconciled to the PAYG payment summary ('group certificate').
<p>Does the employee responsible for preparing payroll for processing also perform any of the following duties:</p> <ul style="list-style-type: none"> • modify the EMF; • approve the payroll or the EFT file; • post the payroll expense journal in the GL; • reconcile the payroll to the GL. 	<p>The file prepared for processing payroll should be reviewed and approved by an employee who is not involved in the preparation of this payroll file or part of the HR function.</p> <p>An employee outside of the payroll and HR functions should post the payroll journal to the GL.</p> <p>An employee who does not have modification rights to the payroll system should do the recs.</p>	<p>To enhance controls over payroll, consider the following:</p> <ul style="list-style-type: none"> • use of an outside payroll service provider; and • perform periodic analytical reviews of the payroll expense, including budget to actual variance analysis and head count to expense ratios.



Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Specific Example
Employee causes the School to make a payment by making false claims for compensation	<p>Employee adds fictitious employees to the payroll (ghosting)</p> <p>Departed employees maintained on payroll reports for a period of time with payments diverted to a different bank account</p> <p>Employees collude to inflate hours worked for casual staff</p> <p>Employee claims overtime for hours not worked or fail to report leave taken</p> <p>Employees conducting their own business during School work hours (moonlighting)</p>
Lack of authorisation and review controls	<p>No authorisation of casual staff timesheets prior to payment resulting in payment of hours not approved / worked</p> <p>Errors in calculations not identified and/or payments made incorrect (e.g. calculation of LSL provisions, employee entitlements, FBT). These weaknesses may occur for a variety of reasons including incorrect (and unreviewed) standing data or spreadsheets being used and inadequately reviewed.</p> <p>PAYG / Superannuation deducted not actually paid as required by law</p> <p>Staff authorities to direct deposit their pay are not held</p>
Contracts for key management personnel (KMP)	<p>Templates are available for normal staff appointments, but KMP tend to have different conditions and these are often poorly documented or the contract itself is out of date as it has not been updated for the individual's changed position.</p>
Contractor vs employee issues	<p>Many schools take on certain types of workers as contractors rather than employees. As below, FWA has issued guidance on what it calls sham arrangements</p>



Other Issues

a. Department of Employment Guidelines

The Department of Employment s83C guidelines specifically only permit salaries to be paid to employees of the school and require that termination payments should be reasonable in the circumstances, having regard to the fact that financial assistance is provided to the school.

Members of school governing bodies must not be paid remuneration in any kind in connection with their role on the governing body.

[\(See Appendix 2\)](#)

b. Superannuation and PAYG

The calculation and payment of Superannuation Guarantee Levy and PAYG are frequently complex. The ATO has guidance on these payments

Super <https://www.ato.gov.au/Business/Employers-super/> and
PAYG <https://www.ato.gov.au/Business/PAYG-withholding/>

c. Use of contractors

Many schools take on certain types of workers as contractors rather than employees. Fair Work Australia (FWA) prohibits what they describe as “sham” contracting arrangements. It has issued guidance on whether a worker is an employee or a contractor.

<https://www.aisnsw.edu.au/Services/ER/Employment%20Related%20Legislation/FWA%20Fact%20Sheet%20-%20Independent%20Contractors%20and%20Employees.pdf>

d. Use of “hobby declarations”

Many schools use “hobby declarations” provided by contractors. The ATO permit the payment of suppliers who do not provide an ABN without the deduction of tax if the supplier is pursuing a hobby rather than carrying out a business and provide a form to explain and document this.

https://www.ato.gov.au/uploadedFiles/Content/MEI/downloads/BUS38509n3346_5_2012.pdf

It also has issued guidance on the difference between a hobby and a business

<http://www.smallbusiness.wa.gov.au/business-life-cycle/pre-start/hobby-or-business/>

e. Salary packaging and FBT

The ATO has guidance on employer’s FBT requirements (including links to the various FBT Acts themselves).

<https://www.ato.gov.au/Business/Employers/In-detail/GBT---a-guide-for-employers/>

Casuals

Under employment law, staff may become permanent (with related rights such as long service leave and termination requirements) by virtue of their ongoing employment (even if classified as casual). Schools should check their employment records to determine continuity of service.

The NSW Industrial Relations FAQs explains casual employees’ entitlement to long service leave

<http://www.industrialrelations.nsw.gov.au/oirwww/FAQs.page?DCSext.ref=HomePageClick:Quicklinks>



16 Scholarships, Bursaries and Other Fee Assistance to Students

Financial Control

Most schools have a process whereby financial assistance is given to existing or prospective students. This can be in the form of scholarships, bursaries, cash prizes or other financial assistance. Whilst these can be paid from a school's earnings, often they are financed by funds specifically raised or gifted to the school or set aside for that purpose. Consequently, there should be effective controls over:

- a. the management of funds set aside for scholarship, bursaries, etc., (Although these cover all forms of financial assistance to students, this manual will use the usual Australian terminology and refer to them as Scholarship and Bursary Funds); and
- b. the awarding, processing and maintaining records of scholarships, bursaries and cash prizes.

Key Legislation

a. **NSW Education Act 1990**

The s83c Guidelines require schools to exercise discretion in making reasonable payments to students in connection with cash prizes, scholarships and related activities. The requirements are set out in [Appendix 2](#).

b. **Income Tax Act**

The requirements for Deductible Gift Recipient status, that is the tax deductibility of certain donations including Scholarship Funds, is set out in Division 30-15 *Income Tax Assessment Act 1997* <http://www.comlaw.gov.au/Details/C2014C00638>

Checklist

Key Controls	Y/N	Comment
Scholarship and Bursary Funds are appropriately managed, and are used in accordance with the School's mission, donor intent, and applicable legislation		
The School's policies for awarding financial assistance are: i. properly documented ii. periodically reviewed and approved by the Board; iii. applied consistently; iv. reflected in the budget; v. subject to appropriate privacy; vi. properly communicated to its community		



16 Scholarships, Bursaries and Other Fee Assistance to Students

Requirements and Red Flags

a. Management of Scholarship and Bursary Funds (“the Funds”)

Minimum Compliance	Effective Practice	Best Practice	Red Flags
The School reviews investment performance reports on a regular basis and provides these reports regularly to the Board and/or Foundation	The School has a separate Investment Committee of the Board or Foundation whose role is clearly defined. Committee members have appropriate levels of knowledge and expertise for this fiduciary role	The School employs an investment manager and/or relies on knowledgeable members of the Board / Foundation to frequently monitor performance	The School has donor acknowledgement letters for gifts to the Funds but does not have investments or bank accounts that seem to reflect these gifts. Neither the School nor its Board / Foundation perform a regular review of investment performance
The School has policies that use the Funds in accordance with donor intent and restrictions, and complies with all applicable legislation (e.g. DGR).	The School’s budget reflects implementation of these policies and the School follows these policies in practice	The spending policy is balanced between current and future needs so as to guard against erosion of investment assets	The School is spending the Funds but it does not have a spending policy, does not have donor permission or is acting against donor intent. The School’s spending policies and practices are not in compliance with legislation (e.g. DGR)
The School retains documentation of gifts, including executed gift agreements	Same as Minimum Compliance	The School keeps a permanent electronic record of executed gift agreements. These electronic records are maintained on the School’s database and backed up daily. The back-up files are maintained in a secure / offsite location	The School has received recent gifts, but does not have any documentation



16 Scholarships, Bursaries and Other Fee Assistance to Students

> Requirements and Red Flags Continued

b. Awarding financial assistance

Minimum Compliance	Section 83C Guidelines	Effective Practice	Best Practice	Red Flags
The School has written scholarship, bursary and other fee assistance policies	P & P for scholarship and cash prizes (5.3.2 a) Retention of authorisation and payment records (5.3.2 b)	The Board and senior management discuss the school's pricing (including the roles of scholarships, bursaries, etc.) as part of their annual budgeting process	The School's policies for scholarships, bursaries, etc. reflect the strategic initiatives and business strategies set by the Board	The School awards substantial financial assistance but does not have any board-approved policies
The School has explicit, objective processes to assess: a. families' ability to pay the total cost of education at the school; and b. students (merit-based awards)	n/a	The School tracks its financial assistance and understands its ability to fund this level of financial aid for the length of the award, or student's enrolment, or until the parents' financial circumstances are expected to change, as appropriate	Same as Effective Practice	The School awards substantial financial aid, but lacks consistently applied processes for determining who is eligible for awards
The School includes all financial aid in its budget and the effects are considered by the Board when setting fees and approving the budget	n/a	The School includes all financial aid in its long-term financial plans, and the effects are considered by the Board when setting fees and approving the annual budget	The School's multi-year financial plan models the effects of financial assistance decisions on the budgets. The Board uses this to understand the implications on future fee levels, the school's budget and strategic objectives.	The Board is not aware of the School's offerings. The School offers financial assistance but this is not included as part of the School's annual budget
The School has comprehensive policies and maintains all financial aid records securely (physical & electronically)	n/a	The School provides training to key employees on the security of confidential and personal information	The School regularly reviews compliance with policy and any changes in the law, IT and/or operations	Financial assistance information is not locked away / is easily accessible. The School's file servers are not password protected
The School sends information regarding financial assistance to all families	n/a	Same as Minimum Compliance	Financial assistance details are publicly available on the School's website	The School offers aid, but does not have any materials explaining how to apply



16 Scholarships, Bursaries and Other Fee Assistance to Students

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Specific Example
Inadequate authorisation and supporting documentation for the assessment of financial assistance	Bursaries awarded without full consideration of the family's financial circumstances (e.g. financial documentation including tax returns, actual or virtual (e. g. Google Street View) inspection of residence)
Employee misstates discounts and adjustments	Employee intentionally provides unauthorised fee discounts, bursaries, scholarships or fee waivers to related parties
	Employee steals family fee payments and uses unauthorised discounts and bursaries to hide the theft
	Employee converts uncollected fees to scholarship or bursary to conceal deficient collection and/or poor collection policy
Management override the School's financial assistance policies (or agreed allocations of funds) without specific board approval	This can occur for a number of reasons but all instances should be properly reviewed and approved by the board. A related party transaction would be a particular cause for concern



17 Capital Projects

Financial Control

There should be effective controls over capital projects such as the construction of new buildings or major refurbishments. These include proper planning, budgeting and reporting.

Requirements and Red Flags

Minimum Compliance	Section 83C guidelines	Effective Practice	Best Practice	Red Flags
Appropriate system of procurement for capital projects (including tendering, accepting quotes, dealing with specific requirements (e.g. heritage and DA))	Written quotes and approved invoices retained (5.2.2 a & b) Appropriate records for unusual works (e.g. heritage, land remediation) (5.2.2 c) Where required copies of DA, OC, etc. (5.2.2)	Same as Minimum Compliance	Same as Minimum Compliance	Quotes / documentation not obtained or maintained
Significant capital projects are separately approved, budgeted and reported	n/a	Same as Minimum Compliance	Same as Minimum Compliance	Lack of separate monitoring of significant capital projects
Regular reports include expenditure and costs to complete vs. budget	n/a	Same as Minimum Compliance	Same as Minimum Compliance	Post-event notification of cost over-runs
Applications for capital grants are reviewed and authorised	n/a	Same as Minimum Compliance	Applications are reviewed by Board / Finance Committee before submission	Lack of formal review of grant applications
Retention payments and deposits are properly recorded and followed up	n/a	Dates of recovery of deposits are diarised	Same as Effective Practice	No system of recording or following up

Checklist

Key Controls	Y/N	Comment
Approved budget for all capital projects		
Regular reporting of all capital projects		
All grant applications formally reviewed		



Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Specific Example
Inaccurate or inadequately reviewed applications for capital grants	Grant applications submitted which were incorrect or omitted important information
Inadequate budgeting / reporting	Full project costs not considered (e.g. fit out or landscaping as part of a construction project) Recoverable deposits not followed up (eg liquidated damages) Incorrect coding of building works

In addition to the above financial controls, a key risk in respect of capital projects is frequently a lack of proper planning of the project itself. This will be considered further in the Operations Manual but potential weaknesses at the planning stage include:

- inadequate specifications resulting in unfinished projects due to budget over-runs;
- a failure in the master planning process resulting in the finished buildings not actually meeting the School's current or future needs; and
- finished buildings which are not in keeping with the School's standards (for example they may be of a too low or too high standard of specification).



18 Accounting for Non-School Entities

All School-related associations, clubs other entities should be established as legal entities in accordance with applicable regulations. They need to be formed within the School's legal structure or have formed another legal entity that is legally separate from the School and the School's operations.

Financial Control

Most Schools have associated entities such as a Foundation and/or Deductible Gift Recipient Funds ("DGRs") such as Building, Library and Scholarship Funds for which the School staff retain the accounts or perform other administrative functions. It is important that there is a good understanding of the practical and legal issues as well as effective controls over the accounting for transactions in the books of entities.

In addition, Schools will have various alumni, parent and other support organisations. Even assuming that these also are run as separate entities to the School, since many of these groups typically include the school's name as part of their organisation's name or are effectively endorsed by School staff, Schools should take steps to ensure that all activities of such groups are compatible with the School's mission and brand identity.

Key Legislation

Division 30-15 Income Tax Assessment Act 1997

<http://www.comlaw.gov.au/Details/C2014C00638>

The ATO also provides detailed guidance on Gifts and Fundraising for Deductible Gift Recipients

<https://www.ato.gov.au/Non-profit/Gifts-and-fundraising/Deductible-gift-recipients/>

Checklist

Key Controls	Y/N	Comment
Clearly articulated process by which related entities receive approval from the School's senior leadership to operate		
If the School carries out accounting or administrative functions for the entities, proper documentation is prepared and retained		



18 Accounting for Non-School Entities

Requirements and Red Flags

Minimum Compliance	Effective Practice	Best Practice	Red Flags
The School has a clearly articulated process by which the entity must receive approval from the School's senior leadership to operate	Same as Minimum Compliance	A strong, transparent partnership exists between the leadership of all of the entities and the School's senior leadership	The entities are not regularly supervised by School personnel. The entities' financial activities of the entities are not reported or provided to the School
The School has a designated person responsible for ensuring all the entities operate in a manner consistent with the School's mission, the School's image is protected, and any issues are mitigated	Same as Minimum Compliance	The entities' financial records are provided to the School on a regular basis	As above
If not explicitly covered by the School's policies, the entities carry appropriate insurance for all of their activities and staff and/or volunteers	Same as Minimum Compliance	Same as Minimum Compliance	The entities do not carry insurance as needed
All entities are sufficiently supervised to ensure that commitments they make are within the School's control	Same as Minimum Compliance	Same as Minimum Compliance	The entities are not regularly supervised by school personnel
If the School performs an accounting or administrative role for associated entities, it has proper documentation including: <ol style="list-style-type: none"> Entity's name, ABN, TFN, DGR; Organisation chart and Board members; Transaction authority levels for payment and receipt of funds; Approval of donations to the School from the associated entity – copies of approved relevant minutes etc. Detailed analysis of transactions making up statutory account third party notes from prior year's financial statements 	Same as Minimum Compliance	Same as Minimum Compliance	School does not obtain / retain the necessary documentation



18 Accounting for Non-School Entities

Common Weaknesses Observed In Recent Audits Of NSW Non-Government Schools

Weakness	Specific Example
Failure to comply with Laws and Regulations (especially Charitable Fundraising Act and DGR regulations)	Incorrectly applying donations to a DGR or incorrectly using the funds within a DGR. For example, the failure to obtain advice on ATO interpretation of rules; the rules for what constitutes a building are complex and have been subject to change
Entities / transactions in School's name not approved or controlled by the School	Independently run parent supporter groups / fund-raising activities. These need control or, as a minimum, oversight by the School
Poor systems and/or inexperienced staff/office holders	Again, a control to partially counter this weakness is oversight by the School
Failure to consolidate controlled entities	AASB 10 and 2013-8 explain when related entities are "controlled" and hence subsidiaries which should be consolidated into the parent accounts



19 Other Accounting Issues

19.1 Regulatory Framework

Most schools will tend to incorporate themselves as either a company limited by guarantee or as an incorporated association. However, following the creation of the Australian Charities and Not-for-profits Commission (ACNC) as lead regulator for charities, many of the historic differences have been eliminated although some remain. The key characteristics of the two structures may be summarised as follows:

Structure	Relevant Law	Regulators	Abbrev. in name	Members' Liability
Company limited by guarantee	<p>ACNC legislation http://www.acnc.gov.au/ACNC/About_ACNC/ACNC_leg/ACNC/Legal/ACNC_leg.aspx?hkey=b3d40228-24a5-41d2-8873-cb577d565182 Corporations Act 2001 http://www.austlii.edu.au/au/legis/cth/consol_act/ca2001172/</p>	ACNC (lead) and Australian Securities & Investment Commission (ASIC) (for corporate status matters)	Ltd	Limited
Incorporated association	<p>ACNC legislation http://www.acnc.gov.au/ACNC/About_ACNC/ACNC_leg/ACNC/Legal/ACNC_leg.aspx?hkey=b3d40228-24a5-41d2-8873-cb577d565182 NSW Association Incorporations Act 2009 http://www.legislation.nsw.gov.au/maintop/view/inforce/act+7+2009+cd+0+N</p>	ACNC and NSW Office of Fair Trading (OFT)	Inc.	Limited

Historically many not-for-profits have chosen to set themselves up as Incorporated Associations as, for small businesses the costs and the reporting requirements have been slightly less. These benefits potentially remain with the ACNC. However, in our experience, the superior legal certainty provided by the Corporations Law in respect of directors duties and insolvency, together with the ability of ASIC to take appropriate measures in the event of difficulties, would suggest that, except for schools which know that they will remain very small, a company limited by guarantee may be a better structure. In the past couple of years, the NSW Dept of Fair Trading has been encouraging schools to move towards a Company Limited by Guarantee structure once they reach \$2million turnover.



19 Other Accounting Issues

19.2 Key Accounting Standards

Standards And Interpretations

Independent schools have a variety of different potential structures and possible accounting issues, hence it is not possible to be completely prescriptive but, attached as [Appendix 8](#) is a summary of the key accounting standards and interpretations, split between those which are most likely to be:

- applicable to most schools;
- applicable to some schools; and
- not applicable to most schools.

As well as summarising the relevant standard or interpretation, the Appendix also includes a hyperlink to the relevant pronouncement itself.

Also included in this Appendix is a summary of relevant future developments; proposed changes to standards that have not yet been finalised but are likely to impact on schools financial reporting in future periods.



19 Other Accounting Issues

19.2 Key Accounting Standards

Reporting Entity

We believe that most schools are reporting entities and should therefore prepare General Purpose Financial Statements.

Under the AASB Statement of Accounting Concept 1 (SAC 1 - Definition of the Reporting Entity), schools that are reporting entities are required to prepare General Purpose Financial Statements, whereas those which are not may prepare Special Purpose Financial Statements. The latter do not necessarily comply with all disclosure requirements. SAC 1 states that a reporting entity exists where there are, “users who are dependent on general purpose financial reports as a basis for making and evaluating resource allocation decisions.”

It sets out some of the factors which should be considered including both size and the amount of government funding received:

“Financial characteristics that should be considered include the size (for example, value of sales or assets, or number of employees or customers) or indebtedness of an entity. In the case of non-business entities in particular, the amount of resources provided or allocated by governments or other parties to the activities conducted by the entities should be considered. The larger the size or the greater the indebtedness or resources allocated, the more likely it is that there will exist users dependent on general purpose financial reports as a basis for making and evaluating resource allocation decisions.”

There are very few schools that do not have a significant number of employees or creditors, do not incur debts or do not receive substantial government funding. Consequently, although many schools currently assume that, due to their size or other factors, they are not reporting entities, we believe this should be carefully considered and that schools should start from the assumption that they are reporting entities based on the above factors or that they WILL BE reporting entities in the future. Schools which are companies should be aware that ASIC has also issued guidance on this and will investigate potential abuses.

The Accounting Standards Board (in respect of all entities) and ASIC (in respect of companies) pronouncements are:

AASB - SAC1 Definition of the Reporting Entity

http://www.aasb.gov.au/admin/file/content102/c3/SAC1_8-90_2001V.pdf

ASIC - RG 85 - Reporting Requirements of Non-Reporting Entities

<http://download.asic.gov.au/media/1239893/rg85.pdf>



19 Other Accounting Issues

19.3 Chart of Accounts

Many schools have inefficient charts of accounts (COA) which have not been properly reviewed for a long time or reflect a generic structure based on the original software supplier's design. In order to help schools either set up an initial COA or to review its current one to rationalise and simplify it, we set out below a summary of a recent Best Practice Guidance Note issued by the ICAA.⁴ If you are considering revising your COA, we suggest reading the full note as it also contains thoughts on possible pitfalls as well as a list of sundry tips and guidance.

The Note suggests that there are four key stages in the process

i. Purpose

The first stage is to define the purpose of the COA. While the COA provides the structure for the recording of financial information, it is important to consider the following:

- who will use the COA?
- for what purpose will the COA be used? (e.g. what reporting, what subject structure)
- what are the users' information requirements?

It is important to consider the different reporting needs of the COA such as statutory accounting, board reporting, tax, treasury and regulatory requirements. Once the purpose is defined and agreed upon by the key stakeholders, this should be captured in a policy document as the guiding principles underpinning the COA. The COA does not have to be solely a statutory reporting or record keeping tool – it can be a powerful tool to aid analysis and decision making in a business.

ii. Structure

In defining the structure of the COA, it is best to start with the high-level balance sheet and profit & loss account. This can then be broken down into sub-components. The sub-components could provide the statutory view or the management view, (depending on the defined purpose for the COA), the results of the stakeholder review and the business requirements.

⁴ ICAA Best Practice Guidance Note 8, October 2010, <http://www.charteredaccountants.com.au/Industry-Topics/Business-management/Recent-headlines/News-and-updates/Chart-of-Accounts-new-best-practice-guidance-note.aspx>



19 Other Accounting Issues

19.3 Chart of Accounts

iii. Elements

The next stage is to define the different elements of the COA. The elements will vary depending on the system in question. This is where the structure of the COA starts to take shape. Examples of COA elements could be:

- general ledger account
- activity codes
- cost centres
- source codes
- location codes

At this stage, it is important to do some forward planning. The COA will need to accommodate new accounting standards (eg leases), tax legislation or reporting requirements. Accounts may need to be created in advance to allow for the collection of data for comparative disclosures. Remember that you will need to consider how you will compare data from prior years (which will be under the old COA) so you will need to plan for that too.

iv. Governance

Governance is a key aspect of the COA. Once a new COA is created or an existing one reviewed, maintaining the structure requires appropriate controls and processes to be in place. Centralised governance is important, with one person responsible for the ownership and maintenance of the COA. Continual governance and focus on the COA are critical to ensure that the COA remains relevant and meets the business needs.

Training and awareness of the COA, account definitions and policy is important. Training may be appropriate to ensure that users record amounts in the correct account. A summary user guide can assist with ongoing understanding and consistent use of the COA.



19 Other Accounting Issues

19.4 Selection of Accounting Software

There are many accounting software packages schools could use as well as a number of specific “whole-of-school” solutions. How should you go about determining what is best for your school? It is not possible for this manual to provide a solution but following is a set of key questions that you should ask during any selection process, whether for a new school or to change what you already have.

1. Figure out what your school really needs - This is likely to be the single biggest part of the exercise but also the most important. Determine what your school needs before entering into discussions with vendors.

2. Speak to other schools - Once your school knows what it wants, try discussing or visiting other schools (or similar organisations) to see what they use.

3. Check the potential vendors - Try to evaluate the company’s background as well as the specific product. Are they growing or downsizing? Are they likely to be there over the life you need?

4. Integration - How well will the new software integrate with your existing software? How will you access data from before the new system?

5. Scalability - How much will you need to customise the software? How will it cope if the school grows (size and activities)?

6. Fees - open and hidden - In addition to the monthly/annual licencing fees, what are other fees, such as:

- training
- specific customisation
- maintenance (often 18% to 20% of the original implementation price)
- CPI/escalation clauses
- break fees

7. Training - How easy will it be to train users? What training is provided in the implementation costs?

8. Determine who owns your data - To ensure minimal problems if (or when) your school eventually changes software vendor again, ensure that you will not pay an exorbitant fee to get your data. Get this confirmed as part of the initial contract.

9. Have a proper trial before committing - Make sure that you have the opportunity to have a proper trial and ensure the software actually has the features that you want. Don’t be afraid to ask difficult questions in the trial. Include a wide group of users.

10. KPI’s - Ensure that any KPI’s which matter to your school (e.g. reliability, time to respond/fix a problem) are discussed and included in your contract.

11. Upgrades - Does the vendor have a good record on supplying upgrades (e.g. timeliness, bugs)? Are they included in your contract or cost extra? How are they managed (e.g. cloud)?



What is the New “Whistleblower Legislation”?

The Commonwealth Government has introduced changes to the *Corporations Act 2001* (Cth) (Corporations Act) that impose new obligations on particular types of organisations to protect whistleblowers. *The Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019* (Cth) (Whistleblower Law) amends the *Corporations Act* and was assented to on 12 March 2019.

It strengthens and consolidates the obligations of an organisation to protect from detriment individuals who bring wrongdoing to light about the organisation, its employees or officers, or related bodies corporate.

When Does It Come into Effect and What is Required?

The Whistleblower Law commenced on 1 July 2019.

Different parts of the Whistleblower Law however came into effect at different times.

From 1 July 2019 enhanced protections applied to employees that “blow the whistle” and employers will need to comply with these protections.

From 1 January 2020 public companies and large proprietary companies must have a whistleblower policy in place. Failure to comply with this requirement is a criminal offence and significant penalties may apply.

The whistleblower policy must contain procedures for receiving and investigating disclosures and how it will protect whistleblowers. It must also set out how the policy will be made available to employees and officers of the company.

The Government may introduce further regulations closer to the effective dates of the Whistleblower Law that provide further guidance in relation to what’s required or impose additional obligations.

Does it Apply to Schools?

It applies to all organisations including schools who are public companies or large proprietary companies.

A company limited by guarantee is a (type of) public company registered under the *Corporations Act* (as well as ACNC).

Many schools are companies limited by guarantee. **Therefore, if a school is a company limited by guarantee it is a public company and must comply with the Whistleblower Law.** i.e. they must comply with the whistleblower protections after 1 July 2019 and have a whistleblower policy in place from 1 January 2020.

If a school is an incorporated association registered under a state-based law such as an Associations Incorporation Act in a particular state, or established under a particular Act of Parliament, it will not be a public company or large proprietary company and may not be required to comply with the Whistleblower Law.

Schools that are not sure of their status with respect to Whistleblower laws need to seek legal advice so that they can determine if they need to comply with the Whistleblower Law and any related regulations.

Each school should also be aware that even if it is not a public company it may have related entities that are public companies (e.g. a foundation or a company set up to run a business at the school).



What Should Schools Do Now?

Schools should determine their corporate status to establish if the Whistleblower Law applies to them (or any of their related entities). If they are not sure of their status, they should seek legal advice.

Schools that are public companies or large proprietary companies must ensure that they have:

- protections in place for their “whistleblowing employees” in compliance with the provisions of the Whistleblower Law and any related regulations after 1 July 2019
- a whistleblower policy that meets the requirements set out in the Whistleblower Law and any related regulations after 1 January 2020.

This is particularly important as from 1 January 2020 schools who are required to have a policy in place, but do not comply, are committing a criminal offence and may face significant penalties.

Even though the legislation allowed a six-month transition period before public companies and large proprietary companies must have had an actual whistleblowing policy in place, it will be difficult for organisations to offer the protections to employees required under the legislation after 1 July 2019 without a well-thought out whistleblower policy and related procedures and processes in place.

It should be noted that even if a school was not required to have a policy in place under the Whistleblower Law (because it is not a public company or a large proprietary company) it is nevertheless best practice for all organisations to have a whistleblower policy in place and to offer protections to employees who “blow the whistle”.

Schools should also have a clear complaints-handling procedure, as well as an internal grievance process, in place before the commencement of the Whistleblower Law so that issues can be dealt with under these mechanisms rather than being escalated to the point of needing to be dealt with under a whistleblowing program. (SchoolGovernance.net.au)

A sample Whistleblower Policy can be found here: <https://www.aisnsw.edu.au/Resources/WAL%20%20%5BMembers%20Only%5D/Whistleblower%20Policy%20Sample.docx>



All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

The Board and the Principal must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information is to be part of Staff And Board Member Induction.

Fraud Policy - Sample

1. POLICY AIM - For the purposes of this policy, fraud includes all irregularities which could normally be described as theft, deception, fraud, corruption, bribery or impropriety. Fraud adversely affects the school's reputation and puts at risk its ability to achieve its policies and objectives by diverting school's limited resources from the provision of pupil education.

The prevention of fraud and the protection of the School, its staff, students and assets, is the responsibility of every employee of the School.

The Board aims to prevent and eliminate fraud by putting in place procedures and policies to manage, minimise and mitigate fraud or corruption. The Board of this School will not, therefore, tolerate fraud in any area of school activity.

2. CONDUCT - The Governing Body expects all staff, students and governors to demonstrate the highest standards of honesty, probity, openness and integrity in the discharge of their functions. All employees, governors and visitors to the School are expected to comply with the appropriate legislation, codes of conduct, conditions of service, standards of appropriate professional bodies and any other standards, guidelines or instructions relevant to the particular service or activity. This School's Anti-

Fraud and Corruption Policy will sit alongside the Whistleblowing Policy. Staff are reminded of the Seven Principles of School Employment detailed below at Note 1 and that the Governing Body at this School expect all staff to work to these standards.

3. RESPONSE TO SUSPECTED FRAUD AND/OR CORRUPTIVE

PRACTICES - All employees are expected and positively encouraged to raise any concerns relating to suspected fraud and/or corruption that they become aware of. These concerns should be raised rapidly and directly with the Principal or the Chair of the Board, or in his absence, the Deputy Chair. If your concerns involve the Principal or Board, direct your concerns to the school's external auditors.

If you suspect fraud:

DO - make an immediate note of all relevant details including dates, time of the event, record of conversations (including telephone), names of persons present (or description if name not known), if appropriate, vehicle details

DO NOT - confront or accuse anyone directly

- try to investigate the matter yourself
- discuss your suspicions with anyone else than the appropriate person
- be afraid to report a matter on the basis that your suspicions may be groundless; all reports will be treated on the basis that they are made in good faith.

An investigative sub-committee will be appointed where appropriate and will consist of the Chair of the Full Board and the Chair of the Finance Committee plus one member of the Senior Leadership Team.

Once appointed the investigative sub-committee must deal with the matter in the strictest confidence and with expediency.



Establish A Fundraising Strategy

Before undertaking any sort of fundraising event, it is important to spend some time developing a fundraising strategy for the school. The Our Community website (ourcommunity.com.au) contains a simple model for developing a fundraising strategy, and the steps are detailed below.

A fundraising strategy is an ongoing exercise with an annual revision and action plan. A fundraising strategy needs to have the flexibility to be able to react to new opportunities or to curtail activities that are neither practical nor profitable.

The first steps to be followed are:

- Establish your goals. What do you hope to achieve?
- What are the different levels of fundraising required?
- Research past fundraising activities. What worked? Just as importantly, what didn't?
- Work out who your friends and potential friends are and who is willing to support your organisation: businesses, government departments, individuals, families, philanthropic trusts and foundations.
- Conduct market research with members, friends and other interested people to discover their good ideas or those that have worked in their groups to raise money.
- Detail a case to support each prospective fundraising activity.
- Describe and decide on the method in which you plan to raise funds.
- Set an estimated target for each method.
- Set a timeline. Set up a year planner noting good times for the organisation to raise funds. Pay attention to grant deadlines.
- Document your progress so that, if you are struggling, the bells start ringing early enough for you to change tack.
- Ensure you have an evaluation strategy in place.

Remember: if you are asking for money, it is easier to raise money for a specific project or activity rather than for the organisation as a whole. Most people would rather know exactly where their money is being spent.



22 Fundraising and Sponsorship

Accounting For Sponsorships And Fundraising Events

Many schools undertake a range of fundraising activities including fetes, auctions, charity balls, lunches and dinners. In addition, a school may also approach a corporate partner to be involved in sponsoring certain events or functions.

In terms of the accounting treatment for fundraising events, the relevant cash at bank account is debited with the appropriate revenue account credited. Similarly, where sponsorships are obtained, the relevant cash at bank account is debited, with the revenue account "Sponsorship Revenue" credited.

The GST treatment of sponsorships is relatively clear. Sponsorships are normally subject to GST, as they are provided in return for advertising services. Hence, ensure that the tax code is GST.

Schools that receives sponsorship payments (or in-kind supplies) must remit one-eleventh of the gross amount received to the ATO with its next business activity statement (BAS).

Most fundraising events are subject to GST. For example, a school that charges a participant \$198 to attend a black-tie charity fundraising dinner will be required to remit one-eleventh of this amount (i.e. \$18) to the ATO. In turn, the school is entitled to claim back one-eleventh of the GST component included in taxable supplies it has acquired from other suppliers. For example, if the school paid \$88 for the food it is providing at the dinner, it will be entitled to an input tax credit of the \$8 GST included in that cost (i.e. $1/11 \times \$88$).

Election to treat fundraising events as input taxed: There is a special concession provided to endorsed charitable institutions and funds, gift-deductible entities and government schools by Division 40-F of the GST Act. Under section 40-160 of the Act, such organisations may elect to treat a fundraising event as input taxed rather than as a taxable supply generating a GST liability.

This election is optional, applies separately to each fundraising event, and must be made before any transactions take place. The event must also be referred to in the school's records as being treated as input taxed.

Where the election is made, the school must treat all sales it makes in connection with the fundraising event as input taxed – i.e. it cannot pick and choose. This means, for example, that any charity auction or raffles that may be held on the night – which would ordinarily be considered GST-free – must be treated as input taxed.

The main advantage in electing that a fundraising event be treated as input taxed is that, while the school will not be able to claim input tax credits in respect of outgoings it incurs in relation to the fundraising event, it is not required to charge GST on any proceeds it receives from the event.

For example, the school would not be required to issue a tax invoice to each guest when tickets are sent out for the event. A fundraising event is defined in section 40-165 of the GST Act as any of the events listed below that is conducted for the purpose of fundraising and does not form any part of a "series or regular run" of similar events.



22 Fundraising and Sponsorship

> Establish A Fundraising Strategy Continued

The “fundraising events” are defined as:

- a fete, ball, gala, dinner, performance or similar event (a similar event could include a charity auction, cake stall or wine tasting)
- an event comprising sales of goods where the consideration paid for each sale does not (currently) exceed \$20 and:
 - selling such goods is not a normal part of the school’s business
 - the event does not involve the sale of alcohol or tobacco products

An example of such an eligible event would be a flower show where flowers are sold for \$5 each. In addition, the Commissioner can decide on application by the school, that a particular event is a “fundraising event” when satisfied that:

- the school is not in the business of conducting such events
- the proceeds from the event are for the direct benefit of the school’s non-profit or charitable purposes

An example of such an eligible activity could be a golf day or art show.

In relation to the requirement that the event not be part of a series or regular run of such events, the ATO takes the view that a school can hold no more than 15 fundraising events in a financial year before the events will be regarded as forming “part of a series ... of like or similar events” and will therefore fall outside the concession [ATO “Goods and services tax - Fundraising”, 26 September 2008].

Care needs to be taken in relation to the number of similar fundraising events, because if a school holds more than 15 fundraising events in a financial year, the ATO takes the view that none of the events will be eligible for the Div 40-F concession, and the school will have to account for GST for each of the earlier 15 fundraisers (by revising the prior BAS statements it has lodged).

However, by planning in advance, a school could exclude the sales from the 16th and additional fundraisers by forming a non-profit sub-entity to conduct these “excess” events.

The NSW Government Education Legal Issues Bulletin on Conducting Fundraising Activities in Schools can be found here: <https://education.nsw.gov.au/about-us/rights-and-accountability/media/documents/public-legal-issues-bulletins/LIB-36-Conducting-fundraising-activities-in-schools.pdf>



Issues To Consider When Applying For A Grant

Schools receive certain Government funding by virtue of legislation however they can apply for other grants for certain prescribed purposes. This may be an easy option to obtain funding, however schools should fully consider the requirements and obligations lest they be successful in gaining a grant, but then find it difficult to manage.

Successful grant applicants are normally notified of their success in writing, and an information pack is provided to the applicant, with the grant's agreement enclosed for the applicant to sign and return.

In order to fully understand what the requirements and expectations are, it is essential to read the correspondence and attachments carefully. Experienced applicants usually contact the grants body at this stage to ensure that they have a clear understanding of the various aspects of the grant, especially reporting requirements.

One of the most important aspects of grants management is to ensure that the applicant pays particular care in reviewing the grant agreement before signing the agreement. Taking particular care at this stage will minimise the risk of issues and problems arising later in the delivery of the grants program.

Some of the administrative questions that need to be answered before signing the grants agreement include:

- Are all the details (such as names, addresses and phone numbers) correct?
- Is the grant for the same amount as that applied for?
- Is the grant for the same outcomes as detailed in the original submission?
- Do any special conditions apply?
- Can assets be purchased? If yes, what are the conditions applying to their acquisition and treatment at the end of the grant period?
- When and how will the money be paid?
- What are the reporting requirements?
- What are the acquittal requirements?
- By what date does the project need to be completed?
- What are the contact details for the funding agency?
- Are there requirements to be met immediately after the grant is awarded?
- How can the terms of the agreement be varied?
- What are the dispute resolution procedures?
- How is intellectual property identified and dealt with?
- Are there clear guidelines for the ownership of any assets created by a grant?
- How will unspent funds be treated?
- What are the requirements for recognising the funding body, such as the use of logos?



Signing The Agreement

Organisations need to make sure that the person signing the agreement on behalf of the organisation is authorised to do so. Also, the person witnessing the agreement should be authorised to do so. In most circumstances, the governing body is given in-principle approval to apply and the action is duly tabled at the next committee meeting and noted in the organisation's minutes.

The agreement should then be returned to the funding body by registered post or approved digital transmission methods. A copy of the signed agreement should be retained and stored in a secure place.

Where the school has a contract register, the register should be noted with the details of the agreement. If the school does not have a contract register, now might be an appropriate time to create one.

Grant Conditions

If a grant is conditional, it generally means the grantee needs to meet certain milestones or criteria before receiving the grant funds, or where the grantee does not meet those milestones or criteria, funds shall be repaid to the grantor.

Grants may be subject to terms and conditions that may need to be met before the receipt of the funds, determining the way that the grant funds are used or requiring the repayment of grant funds if milestones and criteria are not met.

Examples of conditions may include:

- submissions of periodic progress reports
- submissions of detailed plans and strategies
- milestones being achieved
- expenditure in accordance with the grant purpose

Generally, conditions reflect tangible and concrete events that occur to trigger the obligation to take an action that is outlined in the grant agreement.

Budget Preparation

Grant funding impacts on budgets at two levels: the income received, and the expenditure incurred.

Budgets are an important tool for not-for-profit entities—including schools—that rely on grant funding as a major source of revenue and would not be able to undertake many projects without these funds. Grant funding and expenditure are often included in the not-for-profit annual projected budgets. If this is not done, budgets may require adjustment when the grant funding is confirmed.

Grant funding is often provided for a specific purpose and for the achievement of goals and objectives that align with the policies or objectives of the grant provider, whether a government or private entity. To ensure accountability of the grant funds and to ensure that objectives of the grant program are met, it is important that a comprehensive budget be prepared.



> Budget Preparation Continued

The budget is a planning tool that reflects the financial and resourcing requirements of a grant project and should set out clearly defined target outputs and performance indicators, as well as assigning clear accountabilities for the achievement of those outputs. Although internal management may use a budget to assess viability of projects or to determine which projects should be undertaken, it is likely that the budget will form part of a grant application, and will need to be detailed enough for external users to make an assessment on the scope, viability and components of the project.

A budget should include a clear and detailed breakdown of the projected receipts and payments by major categories (for example, employee expenses, supplies and services) over the life of the grant. Budgets are a means of evaluating performance and should be monitored on an ongoing basis to ensure any likely problems are identified and to ensure the ongoing viability of the project. Major cost variations that are not identified at an early stage have the potential to erode the grant funds, leaving insufficient funds to complete the project. Potentially the funds spent to date may need to be returned if poor financial management is in breach of the contract.

Grants may be paid in instalments based on the achievement of milestones, as defined in an agreed work plan, and therefore the monitoring process is very important to ensure cash is available when needed. The grant provider would assess progress and milestone reports and make payment only when satisfied that the milestone has been achieved.

REPORTING AND ACQUITTAL

The grant agreement that a school enters into with the grants body will detail the reporting and acquittal requirements. It is essential at the outset to understand clearly what is required. Some agreements require only a final report, whereas others, especially large grants, may require progress reports during the life of the grant.

Grant Reporting

Grant reporting requirements may vary from grant to grant, and may even vary between grants rounds and years. Therefore, it is critical to check the requirements thoroughly. Also, different projects may require alternative reporting formats and, if so, these will be agreed with the grants body when the grant agreement is negotiated.

General requirements - Generally, grants bodies will require a number of copies of the report, and they will specify whether the report needs to be in hard copy, electronic form or both. The grants requirement may also specify what additional materials need to be supplied, such as photographs and evaluation reports.

Formal certification - Depending on the specific grant, formal certification may be sought to confirm work completed and/or the accuracy of the financial records. Formal certification may mean a written report from a third party that the work was done to the standard specified. For example, a school may receive funding to build a multipurpose hall. The grants body may require certification from the builder or engineer that the work has been undertaken to the appropriate standard.



Differences between progress and final reports

The major difference between progress and final reports is usually in the amount of detail required and the style of the report. Progress reports provide details of the achievements and activities undertaken on the project for a fixed period of time since the last report. In many cases, progress reports will cover a project period of, for example, three or four months. The reports may be less formal in their structure and style, as they are predominantly for the use of grantors to assess the progress of the project against the objectives and outcomes in the project application. Final reports, however, are widely distributed through the grants body, the internet and by other methods, as appropriate. A more formal style, professional presentation and additional details are therefore expected.

Some suggested headings for both progress and final reports and details of the information to be included are provided below. The use of the headings is not mandatory; however, the information requested must be provided somewhere in both reports.

Progress Reports

In most instances, grant payments will only be made when satisfactory progress reports are received and the agreed outcomes specified in the contract have been achieved. The recommended reports are outlined:

Brief description of the project

This description should summarise:

- the objectives of the project
- the methodology (how the project is being conducted)
- the expected outcomes

Progress against project work plan

Reporting progress against the project's work plan should form the majority of the report. The work plan will:

- identify the major tasks necessary for the project
- list the actions to be undertaken to complete each of these major tasks
- provide performance measures that demonstrate that the various tasks have been successfully completed
- provide a timeline showing when each major task will be started and completed

Activities undertaken to achieve each of the project's major tasks should be documented and outcomes against each task's performance measures reported.

This section should document any difficulties relating to the progress of the project against the work plan and consider the impact of these difficulties on the objectives of the project. It is particularly important that grantors are made aware of any difficulties as they arise, so that they can offer additional advice or assistance to the project where possible.

Progress against the implementation and marketing strategy

The project application provided details of how the project will be implemented and marketed. Progress with the activities to be undertaken and the timeframe must be included.

A communication strategy identifying how the progress and outcomes of the project will be communicated to relevant audiences should also have been detailed in the grant application. Progress should be reported, including any emerging ideas for maximising the communications strategy.



> Progress Report Continued

Progress against the evaluation plan

An evaluation plan with performance measures for the project was detailed in the grant application. A review of the progress of the project against the performance measures should be reported in this section. It should include information on the collection of data and the progress of processes for conducting the final evaluation of the extent to which the aims and objectives of the project have been met.

Progress reports to grantors should explain any changes to performance indicators since the last progress report.

Expenditure Statement

A financial statement of the expenditure of the project against the budget is usually required so proper record keeping with expenditure noted in the required categories should be set up at the inception of the project.

Final Report

The final grant payment might only be made upon the reception of a satisfactory final report that shows that the agreed outcomes and performance measures for the project have been achieved, with an audited expenditure statement as outlined below. This may require the school to ensure sufficient funds are available to complete the project until the retention amount has been received.

Executive summary

The executive summary should provide an overview of the project's aim and objectives, methodology, outcomes, findings, evaluation outcomes and recommendations.

Background

This section should summarise background information relevant to the project, including how the need for the project was identified and the development of the methodology. Where appropriate (for example in primary research) a literature review may be included.

Methodology

This section should describe the methodology employed in the project and discuss activities and progress of the project against the work plan. Activities undertaken to achieve each of the project's major tasks should be documented, and outcomes against each task's performance measures reported.

Explanations for deviations from the work plan should be provided, in particular, where they reflect problems with any parts of the methodology used for the project. Other problems encountered (such as with the external environment) should also be reported in order to help avoid similar problems for future projects.

Outcomes and findings

This section should provide detail on the project outcomes measured against each task's performance measures, and how these relate to practical use in the workplace and contribute to long-term change.



> Final Report Continued

Variations and any action taken

It is not uncommon for organisations to have to vary the conditions of the grant to allow for unexpected delays, or additional expenditures. Where such changes occur, the report should outline the changes made and the action taken to address any issues that may arise.

Evaluation

This section should report and provide discussion on the evaluation of the project including assessment of:

- the extent to which the stated aims and objectives of the project have been met
- the quality of project management
- the achievement of project performance measures
- the quality of outcomes
- the impact of the project
- variations and any actions to be taken

Communication

This section should outline how the outcomes and results of the project have been communicated to key stakeholders or other relevant groups, and any feedback received.

Extension of results

This section should outline how the findings of the project and any resources developed will continue to be maintained and used in the future.

Recommendations

This section should detail recommendations arising from the project.

Audited expenditure statement

Under the grants contract, an audited expenditure statement is often required to accompany the final report. The statement should show expenditure against the budget provided in the grant application, and the accompanying audit report should be prepared by a registered company auditor or CPA (holding a Public Practice Certificate), subject to the requirements of the grant contract.



Grant Acquittal

The grants body will specify how the grant will be acquitted. The process normally involves two stages: financial acquittal; and performance report, which are outlined below.

Financial acquittal

The financial acquittal date is normally specified in the grants agreement. A set of financial statements is normally required, and these may be independently audited. Particular issues that may have to be addressed during the acquittal are the treatment of excess funds (usually cannot be retained), ownership of any assets arising and records retained.

Performance report

The performance report details the extent to which the school has met the outcomes specified in the grants agreement. There are many ways to evaluate your event, program or activity, and how well it meets the outcomes specified in the grants agreement.

One method is to use evaluation forms for participants, such as:

- collating statistics: How many participants? Which organisations? How many flyers were handed out?
- questionnaires, which could be given out beforehand to determine the impact of your event, program or activity
- one-on-one or group interviews of participants or volunteers
- a suggestion box
- a cost-benefit analysis of the promotion and advertising: How much coverage did you receive? What was the cost of promotion and advertising?

Another way to do this is to make sure that the activity's performance measures closely reflect the outcome of the funding agreement – if there is a logical flow from the broad outcome to the lower-level performance indicators then it is easier to demonstrate that the activity has met the outcomes.

The performance report should distinguish between outputs and outcomes.



24 Tax and Statutory Obligations

Goods And Services Tax (GST)

All schools are registered with an Australian Business Number (ABN) and are registered for GST. As a GST-registered business, you need to issue tax invoices to your customers, collect GST and send it to the ATO with your business activity statement (BAS). Schools must comply with the GST law in every respect. Schools can check their own, and their suppliers' ABN details at [ABR Business Search](#).

The principal of each school must approve and lodge a Business Activity Statement (BAS) with the Australian Taxation Office (ATO) each month within the required timeframe, and as early as possible when in a GST refund position. The business manager of the school can be the preparer of the Business Activity Statement (BAS).

Gifts

A gift made to an NFP organisation is not considered payment for a sale and is not subject to GST. The value of a gift is also excluded when calculating the NFP organisation's GST turnover.

For a payment to be considered a gift it must be made voluntarily, and the payer cannot receive a material benefit in return:

- A payment is not voluntary when there is an obligation to make the payment or the NFP organisation is contractually obliged to use the payment in a specific way.
- A benefit is not a material benefit if it is an item of insubstantial value that cannot be put to a use or is not marketable, such as a pin or a ribbon. An item of greater value, such as a ticket to a dinner, or an item that has a use or function, such as a pen or a book, is a material benefit.

Canteens

If an NFP organisation (for example, a parents and citizens association) operates a school canteen on the grounds of a primary or secondary school, it can choose to treat all sales of food through the canteen as input taxed.

If an organisation chooses to treat all sales of food through a school canteen as input taxed, they:

- must keep records containing details about its choice (for example, in accounts or meeting minutes)
- do not need to notify us of their choice.

This means that the organisation does not remit GST on its sales and cannot claim GST credits for its purchases.

As input taxed sales are not included when calculating the GST turnover for GST registration purposes, choosing to treat all sales of food as input taxed may mean that the organisation does not have to register for GST.

If the organisation is registered for GST, treating all sales of food as input taxed makes managing GST easier. Without this concession, some sales of food would be GST-free and others taxable. For example, the sale of fresh fruit is GST-free, and the sale of a meat pie is taxable.

Once the organisation chooses to treat all sales of food as input taxed, it cannot revoke that choice for 12 months. Additionally, the organisation cannot make another choice to treat all sales of food as input taxed within 12 months after the previous choice was revoked.



24 Tax and Statutory Obligations

Fringe Benefits Tax (FBT)

Employers are required to include, on an employee's payment summary, the amount of grossed up fringe benefits (referred to as Reportable Fringe Benefits or RFB) provided to that employee in the FBT year (1 April to 31 March) where the gross taxable value of the fringe benefits is greater than \$,000. This will apply to the school level payroll if employees are provided with taxable benefits.

Examples of Fringe Benefits include:

[https://www.ato.gov.au/General/Fringe-benefits-tax-\(FBT\)/](https://www.ato.gov.au/General/Fringe-benefits-tax-(FBT)/)

Fringe benefits which are excluded from the payment summary reporting requirement include:

- car parking fringe benefits aside from eligible car parking expense payments and
- entertainment by way of food and drinks and benefits associated with entertainment such as travel and accommodation.

The above fringe benefits will still be subject to FBT. Schools will need to keep detailed records of fringe benefits provided to an individual and any benefits provided to associates of the employees such as spouse or child. (These will also be included on the payment summary of the employee). FBT Tracker is a Department of Education and Training online FBT recording tool that is located on the DoE Tax Unit website. This tool provides resources and information related to FBT that can facilitate improved FBT reporting by schools. It should be noted that FBT Tracker records FBT details for employees paid on central payroll. If a school provides fringe benefits to employees paid on the school level payroll, they will need to keep their own records relating to FBT. The FBT Tracker can be used as a guide. An annual Fringe Benefits Tax (FBT) return is also required if applicable.

FBT Exempt Benefits

These are items which are allowable deductions to the employer and are not subject to or are exempt from FBT. The most commonly packaged item in this category is superannuation.



24 Tax and Statutory Obligations

Superannuation Guarantee Levy (SGL)

The Superannuation Guarantee (Administration) Act 1992 requires employers to pay contributions to a complying superannuation fund, on behalf of each employee. The Superannuation Guarantee Act defines an employee as: 'An individual who received payment in the form of salary or wages in return for their labour or services. Also an employee is someone who receives payment for work under a contract wholly or principally for labour'.

Generally if an employee is paid \$450 or more in a month the employer is obliged to make superannuation contributions on their behalf. This is called Superannuation Guarantee (SG). Currently the minimum rate that must be contributed is 9.5% although this is scheduled to increase to 10% from 1 July 2021.

School councils as employers must meet the Superannuation Guarantee requirements for the following employees:

- Casual Relief teachers
- Staff employed on a casual, part or full time basis regardless of whether they have superannuation cover provided by another employer.

School council is not required to pay Superannuation Guarantee contributions in the following cases:

- Casual and part time employee, less than 18 years old working less than 30 hours per week
- Employees who are paid less than \$450 in a month regardless of the period over which the payment accrued, including staff employed under the Children's Services Award 2010.

- Where an incorporated company, regardless of the number of employees or contracts is engaged by the school council
- Where a school council has contracted with an unincorporated contractor
- If a partnership (unincorporated contractors) enters into a contract with a school council and the contract is with the partnership and not a particular person

Choice of Fund

Since 1 July 2005, most employees are able to choose the superannuation fund to receive the employer compulsory payments for Superannuation Guarantee. To ensure compliance with the Act schools will need to determine which employees paid on the school level payroll are eligible to be offered Choice of Fund (refer to ATO website). Due to the nature of their employment casual relief teachers (CRT) are considered for the purposes of the Act as 'new' employees each time a school employs them regardless of whether the CRT has previously been employed by the school. Where the employment of the CRT does not exceed 28 continuous days of employment then schools are not required to provide a standard Choice form to the CRT. Where a school employs staff on an annual basis involving ad hoc attendance, schools are to provide a Standard Choice form to these employees.

The Act requires the employer to appoint a default superannuation fund to receive the compulsory employer superannuation contributions for those employees who do not exercise choice.



24 Tax and Statutory Obligations

Pay As You Go Tax (PAYG) – Single Touch Payroll

Obligations to employees and other workers come from a variety of sources – federal, state/territory laws, industrial awards and agreements, tribunal decisions and contracts of employment (whether they are written or verbal). PAYG obligations as an employer are to:

- Pay correct wages – within the pay period
- Issue pay advice slips
- Forward PAYG tax instalments to the ATO make appropriate payment under the Superannuation Guarantee Legislation
- Report SGL payments to employees

Schools will need to understand and apply the PAYG Withholding requirements to all locally paid staff and contract personnel. The Pay As You Go Withholding (PAYGW) system requires employers to withhold certain amounts from salary and wages each pay period, as supported by the employee's TFN declaration and remit these amounts to the ATO through the BAS.

The current PAYG Withholding Tax Tables should be used to ensure the correct rate of tax is being withheld. These rates can be located and printed from the ATO website or alternately schools can access the online version of the tax withheld calculator also available from the ATO website.



24 Tax and Statutory Obligations

Business Activity Statement (BAS)

A BAS is the single form schools complete and return to the ATO to report obligations and entitlements relating to:

- GST
- Pay As You Go (PAYG) amounts withheld from payments to employees or withheld from contractors

Schools should prepare their BAS and submit it electronically via the ATO Business Portal. Once the BAS has been submitted a receipt number will be provided. A copy of the prepared BAS and the receipt should be printed and retained for audit.

Lodgement Dates

Key lodgement dates including BAS, PAYG, superannuation, etc for businesses including schools can be found at the Australian Taxation Office website at [Key Lodgement Dates for Businesses](#). Where a due date falls on a day that is not a business day (that is, the due date is a Saturday, a Sunday or a public holiday), lodgement or payment may be made on the first business day after the due date. The only exception is the December BAS due 21st January which can be lodged within the first two weeks of February. This exemption is available to all schools providing approval has been granted by the ATO through a submission from the Departments' Tax Compliance Unit.

ATO Online Service System

AUSKey has now been discontinued (as of March 2020) to make way for new digital services the Australian Taxation Office (ATO) has developed. The replacement is:

- [myGovID](#) – an authentication service that allows you to prove who you are online
- [Relationship Authorisation Manager \(RAM\)](#) – allows you to link your myGovID to an Australian Business Number (ABN) and manage who can act on behalf of your business online.

Schools should check that their:

- ABN details are up to date in the [Australian Business Register](#)
- [nominated AUSkey users](#) have been transferred to myGovID.

Payment Summaries

Payment Summaries are no longer required as all schools should now be using the Single Touch Payroll system whereby payroll and superannuation data are lodged directly with the ATO. Employees are therefore able to complete their tax return immediately after the final pay run for the year.



24 Tax and Statutory Obligations

Tax And Duty Exemptions

Transfer Duty on Motor Vehicles

Non-profit charitable organisations – including schools - are exempt from paying stamp duty on motor vehicle transfers. Schools can complete an application for exemption from duty (motor vehicle and insurance-charitable organisations). If successful, a letter of exemption will be provided by Revenue NSW which can be provided to the RMS when registering the motor vehicle. A copy of the application form can be found here: <https://www.revenue.nsw.gov.au/help-centre/resources-library/oda006.pdf>

Transfer Duty on Land Acquisition or Leases

Charitable and benevolent bodies are exempt from paying transfer duties on land acquisition and lease of land. A copy of the application for exemption can be found here: <https://www.revenue.nsw.gov.au/help-centre/resources-library/oda048.pdf>

Income Tax

Educational organisations are income tax exempt and therefore:

- do not need to pay income tax or lodge income tax returns, unless specifically asked by the ATO.
- do not need to get confirmation of its exemption from the ATO.

Should the school undergo major changes to its structure or activities, it should carry out a review to check if the school is still exempt from paying income tax.

Payroll Tax

Non-profit schools and educational institutions that provide education at or below the secondary level are exempt from paying payroll tax on their wages. To apply for an exemption from payroll tax, you must provide:

- a completed [application for exemption from payroll tax](#) form
- the organisation's last audited annual report
- details of the day to day activities and services provided by the organisation
- details of other jurisdictions where wages are paid
- any other relevant information in support of your application



Property Damage

Serious damage to property can lead to near or even complete destruction of a school. Property insurance can protect the school's buildings and the contents within (e.g. teaching equipment, furniture) in the event of unforeseen damage/loss caused by an insured 'peril'. Usually, such perils include fire, explosions, storms, floods, theft, accidental damage, vandalism, etc.

As with other insurance benefits, the exact coverage will vary between different policies. When checking the policy's contents, you should also ensure that the limits are high enough to cover the potential financial risks brought by damages/losses to a school's buildings and expensive equipment.

Public Liability

The school's management are liable for any legal responsibilities to any third-party injuries for losses or injury caused by the school. Public liability insurance protects the Board against legal liabilities arising from accidental bodily injury to third parties (other than employees) and damage/destruction to their property (e.g. visitors' vehicles).

Use or Hire of Non-School Facilities

Schools regularly use municipal/shire council facilities, shopping centres or other facilities to conduct educational programs, fund raising activities and functions for the benefit of students and the local school community. Schools may be required to provide evidence of Public Liability insurance cover for the use of those Non-School facilities. This evidence takes the form of a Public & Products Liability Certificate of Currency.

External Providers And Public Liability

Ensure that external providers have public liability insurance. Before a service starts, request a copy of the certificate of currency and check the policy is: - current and with a reputable insurer - for the minimum sum per occurrence of \$10 million.

Business Interruption

In the event of unforeseen mishaps such as a fire or flood, school operations may be interrupted. However, there are still a myriad of expenses that schools will need to pay, ranging from staff salaries to the rent of alternative space while repair work is in progress. Business interruption insurance safeguards schools against such financial burdens by taking care of the extra costs.

Workers' Compensation And Employer's Liability

Although school employees typically have a lower risk of occupational hazards or accidents than (say) construction workers, just like other businesses, schools are required to ensure compensation insurance is in place for them. This form of insurance covers the medical costs and loss of salary of the employees when accidents happen.

Additionally, employers should also secure liability insurance to protect themselves against legal liabilities for bodily injury, illness, and death that happened in the workplace.



Professional Indemnity

Although school staff are typically well trained and educated, sometimes there are still chances that they might fail to carry out their duties adequately, competently and professionally. This is when professional indemnity insurance comes in useful, which provides schools protection against any losses, damages, and lawsuit expenses arising from the failure of employees acting in their normal capacity.

Directors And Officers' Liability

Schools are a type of organisation with multiple stakeholders, such as employees, parents, students, banks, Government, alumni, etc. Since they are held accountable to so many parties, there may be higher risks of lawsuits as a result of decisions made by those charged with Governance. Directors & Officers' (D&O) liability insurance protects directors, officers, trustees, and board members from legal liability costs. As representatives of schools, they are potentially exposed to a wide range of lawsuits, which can include anything from alleged breach of duty, misleading statement, wrongdoing act to fraud and misconduct.

Cyber

A school's computer system (and the network it resides on) stores thousands of pieces of sensitive and confidential data, including personal medical and financial information of students and staff, including sometimes billing details such as bank accounts and credit cards. Hence, they are considered high value targets for cyber-attackers. Common coverage of cyber insurance includes benefits for cyber extortion, forensics, notification costs to customers (e.g. students and parents) following a breach, etc.

Student Accident Plan

Claim records from AON Insurance show that the majority of insurance claims by schools relate to injuries to students. Typical causes of serious injury include rugby scrums, diving or falling into water, falling into campfires, striking objects while running and being hit by falling structures. Injuries range from fractured fingers to quadriplegia, and the impact can resonate beyond the victim and their family, across the entire school community. Student Accident Insurance provides monetary relief to assist parents in the event of accidental injury.



Other Insurance Policies

Other types of insurance policies that schools should consider include:

- **Employment Practices Liability** - Damages and defence costs in the event of actions taken by employees relating to wrongful dismissal, discrimination, and sexual harassment.
- **Employee Fraud (Crime)** - Employee fraud insurance covers the financial damages resulting from fraud committed by employees or third parties to ensure the continuation of your enterprise. Fraud mostly consists of dishonesty, forgery, theft or embezzlement.
- **Business Travel** - Business travel insurance provides cover for unexpected events including medical and emergency assistance for employees and their eligible dependants while undertaking business travel. It usually includes cover for a range of items including, but not limited to, loss of baggage, money and travel documents, loss of deposits and cancellation expenses.
- **Motor Vehicle** - Comprehensive own damage, and third-party property damage liability.
- **Statutory Liability** - Penalties and defence costs arising out of an unintentional breach of legislation (e.g. acts relating to occupational health & safety, workers' compensation, and environmental).
- **Voluntary Workers Accident Plan** - Lump sum and weekly benefits for accidental death or injury to volunteer workers whilst engaged in activities for the organisation.
- **Journey** - Cover for direct travel to and from an employee's place or residence to their place of business. Cover is provided for Death and Capital Benefits and Injury Weekly benefits only.
- **Network Security and Privacy** - First and third party costs associated with a breach, ranging from legal expenses, data restoration and customer breach notification; to business interruption and brand and reputation damage.
- **Kidnap, Ransom and Extortion** - Ransom monies and negotiation expenses in the event of kidnap of students, employees or members of their family resulting from threats to cause harm.
- **Extra Territorial Workers' Compensation** - Legal liability to pay compensation (including common law damages) to an employee domiciled in Australia who sustains injury, disease or death anywhere in the world outside of their Australian State or Territory of domicile, in circumstances where a Workers' Compensation policy may not adequately respond.



APPENDICES



Financial assistance not to be provided to schools that operate for profit

1. The Minister must not provide financial assistance (whether under this Division or otherwise) to or for the benefit of a school that operates for profit.
2. A school operates for profit (without limiting the circumstances in which it does so) if the Minister is satisfied that:
 - a. any part of its proprietor's assets (in so far as they relate to the school) or its proprietor's income (in so far as it arises from the operation of the school) is used for any purpose other than for the operation of the school, or
 - b. any payment is made by the school to a related entity or other person or body:
 - iii. for property, goods or services at more than reasonable market value, or
 - iv. for property, goods or services that are not required for the operation of the school, or
 - v. for property, goods or services that is in any other way unreasonable in the circumstances having regard to the fact that financial assistance is provided to or for the benefit of the school by the Minister, or
 - c. any payment is made by the school to a person in connection with the person's activities as a member of the governing body of the school unless it is in reimbursement for a payment made by the person in connection with the operation of the school.
3. The regulations may specify whether or not a school operates for profit because of any particular use of assets or income, any particular payment in relation to the school or any other matter. Any such regulation has effect despite anything to the contrary in subsection (2).
4. The Minister is not obliged to terminate the provision of financial assistance because of this section if, following an investigation under this Division, the Minister is satisfied that:
 - a. termination of financial assistance is not justified because of the minor nature of the relevant conduct, or
 - b. more appropriate action can be taken under section 83E.



Sections 5 and 6 of the Guidelines include the requirements of Section 83C and specific records or policies which schools could have to demonstrate compliance.

SECTION 5

Requirement

Any payment must be:

- a. for property, goods or services required for the operation of the school;
- b. at no more than reasonable market value for the property, goods or services; and
- c. reasonable in the circumstances, having regard to the fact that financial assistance is provided to the school.

Documentation

The Guidelines suggest records which could be maintained to demonstrate compliance with these requirements in respect of:

- a. payments to individuals (Guidelines 5.1);
- b. payments for property, goods and services (Guidelines 5.2); and
- c. other common payments and financial services (Guidelines 5.3).

SECTION 6

Requirement

A school operates for profit if any part of its proprietor's assets (as they relate to the school) is used for any purpose other than for the operation of the school.

Documentation

The Guidelines suggest records which could be maintained to demonstrate compliance with these requirements in respect of managing school assets.



SECTION 5

5.1 Payments to Individuals

5.1.1 Employee salaries, benefits and severance pay

Whilst the Guidelines accept that schools are free to exercise discretion in the employment of school staff and that it is up to a school governing body to determine the market in which the school operates, they contain the following suggestions for schools to demonstrate compliance:

Guideline suggestions	Retained Y/N	Comment
An employment contract or letter of offer for each school employee		
A written job description for each school employee		
Personnel policies and procedures that address matters such as staff leave, overtime, allowances and the recording of staff attendance that are appropriate within the context of the school		
Evidence of employee payroll payments being authorised by the school Principal or another appropriate school delegate		
Written authorisation from all school employees to deposit salaries directly into the employee's nominated bank account		
An appropriate policy for determining the salaries and other benefits of decision-making and other employees within the school that appropriately manages conflicts of interest and ensures probity and accountability		
Appropriate records to support employee-related payments in addition to salary such as severance packages or bonuses, including documented reasons for the payment		

5.1.2 Payments to School Governing Body Members

Section 83C explicitly forbids non-government schools receiving NSW Government funding from paying remuneration to members of their school governing body. A payment can only be made to a member of a governing body as reimbursement for a payment made in connection with the operation of the School. The Guidelines suggest the following records are maintained to demonstrate compliance:

Guideline suggestions	Retained Y/N	Comment
Receipts for all purchases by school governing body members who have been reimbursed by the school		
Documented reasons for all reimbursed purchases		
An employment contract and/or statement of duties for any other paid role held in the school by school governing body members in accordance with employee salaries, benefits and severance packages as above		



SECTION 5

5.2 Payments for Property, Goods and Services

5.2.1 Purchasing Goods and Services

The following records could be maintained:

Guideline suggestions	Retained Y/N	Comment
A school purchasing manual that includes policies and procedures for testing the market value of purchases at different cost thresholds appropriate within the context of the school		Draft manual attached
A school credit card policy that outlines procedures for the allocation and use of credit cards, monthly acquittal of credit card expenditure by an appropriate delegate (not the cardholder) and submission/retention of purchase receipts		Draft policy attached
Appropriate records detailing all payments made by the school, including supplier invoices for all school purchases		
Appropriate records of quotes and/or tenders obtained for the purchase of property, goods or services by the school in accordance with the school's purchasing manual		
Appropriate records of goods and services purchased by the school being certified as received prior to supplier payment		
Appropriate records authorising school payments by an appropriate school delegate		



SECTION 5

5.2.2 Building and related works

The Guidelines accept that schools may exercise discretion in constructing and maintaining built assets required for the operation of the school and that reasonable market value may be influenced by a range of factors including timeliness, the quality of the building finish and materials.

Where payments are made for building and related works, the Guidelines require schools to ensure that they can readily substantiate that work of that value was completed at the school. For new buildings, this may include retaining copies of relevant planning approvals and construction certificates.

The following records could be maintained:

Guideline suggestions	Retained Y/N	Comment
Written quotes for all building and related works (excluding routine maintenance work) that appropriately details the scope of works obtained in accordance with the school's purchasing manual		
Appropriate records supporting all payments for building and related works made by the school (including all supplier invoices), in accordance with Purchasing Goods and Services 5.2.1 above		
Appropriate records supporting any payments for building or related works that could be considered unusual for any reason (for example, work to heritage listed buildings or land remediation).		
For new buildings and other substantial works, where applicable: <ol style="list-style-type: none"> copies of the development consent or "stamped plans"; and copies of the construction and/or occupation certificate 		

5.2.3 Consultant and professional service fees

The following records could be maintained:

Guideline suggestions	Retained Y/N	Comment
Appropriate evidence of the market value of the professional services being tested in accordance with the school's purchasing manual prior to the engagement of the relevant consultant or expert		
A copy of a services agreement or contract detailing the nature of any professional services provided by consultants or experts to the school, including an estimate of the total expected cost		
Appropriate evidence that any professional services paid for by the school were received, such as copies of any reports or other documents produced by the relevant consultant or expert		



SECTION 5

5.2.4 Intellectual property

The following records could be maintained to demonstrate compliance:

Guideline suggestions	Retained Y/N	Comment
Appropriate evidence of the intellectual property supplied to the school, such as a copy of the licence agreement or assignment document		

5.2.5 School loans and interest payments

The Guidelines accept that schools may exercise discretion in taking out loans and other finance required for the operation of the school. However, the terms and conditions must be at reasonable market value (as explained in [section 4.3](#) above). The following records could be maintained to demonstrate compliance:

Guideline suggestions	Retained Y/N	Comment
Formal loan agreements to support all loans and other finance taken out by the school		
Appropriate documented reasons to support any loan or other finance with a combined rate of interest and fees that could be considered unusually high for an equivalent loan in the circumstances		

5.2.6 Leasing property and other assets

The Guidelines suggest the following records be maintained:

Guideline suggestions	Retained Y/N	Comment
A formal lease agreement for all school leases and similar arrangements		
Evidence of the market value of the lease being tested in accordance with the school's purchasing manual		



SECTION 5

5.2.7 School-related travel

The Guidelines recognise that schools can exercise discretion in paying for travel expenses required for the operation of the school. This may include paying for teachers or other school employees to attend training, development or relevant conferences. Schools are also permitted to allow staff to undertake activities such as study leave, the terms of which should generally be specified in the individual's employment contract. However, personal travel of any kind cannot be paid for or subsidised by a nongovernment school.

Where a school employee has a travel allowance included in their salary package, this should be supported by an employment contract or equivalent document that complies with the Payroll requirements in section 5.1 above. The Guidelines suggest the following records be maintained:

Guideline suggestions	Retained Y/N	Comment
Policies and procedures for the payment of school-related travel expenses appropriate within the context of the school		
<p>Appropriate evidence that all travel expenses paid for by the school were</p> <ul style="list-style-type: none"> required for the operation of the school and not personal in nature; and approved by the school Principal or another appropriate school delegate 		
Where a travel allowance forms part of the salary package of a school employee, an employment contract or equivalent detailing the nature of the allowance in accordance with the Payroll requirements in 5.1 above		



SECTION 5

5.3 Other Common Payments and Financial Transactions

5.3.1 Compensation and Other Ex-gratia Payments

The Guidelines also recognise that schools may have to make one-off compensation or other ex-gratia payments and require the same standards of reasonableness for these payments. They suggest the following records are maintained to demonstrate compliance:

Guideline suggestions	Retained Y/N	Comment
Appropriate legal documentation supporting any compensation or related payments made by the school (such as a copy of a deed of settlement)		
Appropriate records detailing the reasons for any compensation or other ex-gratia payments made by the school		
Policies and procedures to support any routine compensation or other ex-gratia payments made by the school		

5.3.2 Student Scholarships and Cash Prizes

The Guidelines require schools to exercise discretion in making reasonable payments to students in connection with cash prizes, scholarships and related activities. They suggest the following records are maintained to demonstrate compliance:

Guideline suggestions	Retained Y/N	Comment
Policies and procedures supporting any student scholarship or cash prize routinely awarded by the school		
Appropriate records supporting any payments made by the school in connection with a student scholarship or cash prize, including that the payment was authorised by an appropriate delegate within the school		



SECTION 5

5.3.3 Student Fee Discounts

The Guidelines recognise that schools may exercise discretion in offering fee discounts. However they offer specific suggestions for documentation to be kept:

Guideline suggestions	Retained Y/N	Comment
Policies and procedures supporting any student fee discounts or adjustments		

5.3.4 Dealing with Bad Debts

The Guidelines recognise that schools may exercise discretion in writing off or selling bad debts. However they offer specific suggestions for documentation to be kept:

Guideline suggestions	Retained Y/N	Comment
Policies and procedures for writing-off bad debts appropriate within the context of the school and, where this is legally allowed, for selling debts		
Appropriate records supporting all bad debts written-off by the school, including records of authorisation by an appropriate school delegate		



SECTION 6

6.1 Managing School Assets

6.1.1 Disposal of Valuable School Assets

Schools must only dispose of valuable assets at reasonable market value. The Guidelines recognise that whether a school asset is valuable will depend on the circumstances. As examples, they recognise that school computers approaching the end of their useful life will generally not be considered valuable school assets. However, a new desktop computer still in its original packaging would be considered a valuable school asset.

The Guidelines suggest the following records be maintained to demonstrate compliance:

Guideline suggestions	Retained Y/N	Comment
<p>A school asset register listing the details of all schools assets above a nominated value appropriate within the context of the school.</p> <p>A register should include the following:</p> <ol style="list-style-type: none"> a description of the asset the serial number of the asset the date and cost of purchase of the asset the invoice number for the purchase the date and method of disposal (if applicable) any amount recovered at disposal (if applicable) 		
Appropriate evidence of annual asset stocktakes being completed by the school		
Policies and procedures for disposing or writing-off valuable school assets		
Appropriate records supporting the disposal or write-off of any valuable school asset, including that the disposal or write-off was approved by an appropriate delegate within the school		



SECTION 6

6.1.2 School leased assets

The Guidelines recognise that schools may lease school-owned property or assets to third parties, including leasing the school canteen or the school uniform shop to a private operator. Where a school receives a non-financial benefit from the lease of school-owned property or assets to a third party (such as the school canteen), it is acceptable for the lease arrangement to be on terms that are reasonable in the circumstances. However, they require that other lease arrangements entered into by schools, such as the leasing of a school-owned investment property, should be at no less than reasonable market value.

The Guidelines suggest the following records are maintained to demonstrate compliance:

Guideline suggestions	Retained Y/N	Comment
Formal lease agreements (or equivalent) supporting all leases of school property and assets		
Evidence of the market rent of leased property and assets being tested prior to the school entering into a lease agreement for the property or assets in accordance with relevant school policies and procedures		
Evidence that the terms of the lease are reasonable in the circumstances where the lease is for the benefit of the school.		

6.1.3 Community use of school assets and facilities

The Guidelines recognise that it is common practice for schools to have various arrangements for the community or shared use of school assets and facilities by individuals and groups and that schools may exercise discretion in determining whether it is appropriate in the circumstances to charge a fee for any reasonable community or shared use of a school asset or facility. They suggest that the use of school assets or facilities will generally be considered reasonable community or shared use if the school can terminate use of the school assets or facilities by the relevant group or person at short notice, without incurring a financial or other penalty under a formal agreement (or equivalent); and the school ordinarily has access to the relevant assets or facilities for exclusive use during school hours.

The Guidelines suggest the following records are maintained to demonstrate compliance:

Guideline suggestions	Retained Y/N	Comment
Any use of school property or assets that is not for reasonable community use, is documented through a formal lease agreement (or similar) consistent with the "School leased assets" above		



Item		Activity	Authority
Banking	Accounts	Opening and closing bank accounts	School Board
		Authorised Signatories to bank accounts	School Board members x 2 Head and Business Manager
	Cheques	Cheque signing (dual)	Any two authorised signatories
		Holder of cheques	Business Manager
	Credit Cards	Allocation of cards	School Board
		Card Limits	School Board
	On-line	Administrator of on-line access	Business Manager
		Administrator access authority & limits	School Board
		Setting EFT transfer limits	School Board
		EFT transfers to creditors	Any two authorised signatories
Payroll authorisation		Any two authorised signatories	
Loans & Investments	Loans to Staff or other persons	School Board	
	Loans to associated organisations	School Board	
	Loans to non-associated organisations	School Board	
	Entering into borrowing/overdraft facilities - Temp <\$200k	Business Manager in consultation with Finance Com m.	
	Entering into borrowing/overdraft facilities - Temp >\$200k	Head in consultation with School Board	
	Entering into borrowing/overdraft facilities - Long Term	School Board	
	Investment of Funds - approved policy	School Board	
	Investment placement including rate and term	Business Manager	



Item		Activity	Authority
Information Technology		Allocation of access	IT Manager & Business Manager/Head
Budget	Approval	annual recurrent budget	School Board
		annual capital budget	School Board
		Re-allocation - up to \$25k	Business Manager
		Re-allocation - \$25k and over	Finance Committee
Fixed Assets	Purchase (capital expenditure)	within budget - \$100k or more	School Board
		within budget - >\$1k and <\$100k	Head & Business Manager
		within budget - \$1k or less	Budget account holder
		outside budget	School Board
	Sale/Disposal	\$50k or more	School Board
		Less than \$50k	Head & Business Manager
Operating / Recurrent Expenditure within approved budget and cash flow		\$50,000 or more	Head
		\$5,000 to less than \$50,000	Business Manager
		\$1,000 to less than \$5,000	Head of Campus, IT Manager, Directors of Development or Professional Learning
		Less than \$1,000	Department Head
Fees	Setting	Annual fees	School Board
		Discounts	School Board
		Special fee allowances and levies	Head
	Bad Debts	Write off recommendation	Head & Business Manager
		write off endorsed and approved	Finance Committee



Item		Activity	Authority
Students	Scholarships	Policy setting with regards to type, value and selection criteria	School Board
		Awarding	Head / sub-committee?
	Bursaries / Hardship	Policy setting with regards to type, value and selection criteria	School Board
		Awarding	Head / sub-committee?
	Prizes	Awarding	Head
	Staffing	Employment	Senior Positions
Employment of other staff aligned to MEA			Head
Employment of other staff non-aligned to MEA			Head
Remuneration		Head	School Board
		Business Manager	School Board
		Other Senior Staff - non-MEA aligned	School Board
		Other Staff - MEA aligned	Head
Leasing	Capital assets	Capital cost greater than \$50,000 and period more than 4 years	School Board
		Amount and period less than the above	Business Manager
	Real Property	Rental agreement greater than 12 months	School Board
		Rental agreement less/equal to 12 months	Business Manager
Hire of Premises	Associated organisations	Head	
	Non-Associated organisations	School Board	
Other	Honorarium or Ex Gratia Payment	School Board	
	Directors Fees	School Board	
	Contractual agreements for more than one year /over \$50,000 pa	School Board	



Notes

- Delegation is on basis that approved operating budgets in various categories should not be exceeded. Any expenditure, outside of budget, as noted above, should be approved by the School Board before proceeding. (materiality?)
- Delegation limits apply to the position even if it is being held by a person in an acting capacity.
- The delegation limits relate to the gross cost excluding GST but include trade-ins, allowances etc. The transaction should not be considered in parts or by instalments or broken into costs of individual items making up the whole.
- Established delegation limits must not be exceeded by splitting transactions.
- For purchases greater than \$[] a minimum of two competitive quotations should be sought, for purchases greater than \$[] a minimum of three.



This form is to be completed by any Responsible Person who has a real or perceived conflict of interest or a potential conflict of interest in undertaking their duties. A copy of the completed and signed form is to be retained by [].

I, (insert full name) _____

(insert address) _____

hereby declare conflict of interest considered to be:

- Actual
- Potential
- Perceived
- Nil

Please provide a brief outline of the nature of the conflict if applicable (details may be included privately in a separate confidential envelope if appropriate).

Please detail the arrangements proposed to resolve/manage/ the conflict if noted above (attach separately if appropriate).

I, (insert full name) _____ hereby agree to:

- update this disclosure throughout the period of my tenure as a Responsible Person on an annual basis or until such time as the conflict ceases to exist, or at such a time a conflict arises;
- comply with any conditions or restrictions imposed by the school to manage, mitigate or eliminate any actual, potential or perceived conflict of interest and/or commitment.

Signed: _____

Date: _____

Review by Chair of Board

I, (insert full name) _____ have reviewed the conflict of interest disclosure (and plan) and have taken the following action in relation to this matter:

Signed: _____

Date: _____



In assessing whether you have an actual, perceived or potential conflict of interests, it may be helpful to ask yourself the following questions. The test when assessing the situation is to ask yourself: “Could this conflict with my duties at the School?”

If you answer YES to any of the questions below, you may have an **actual**, reasonably **perceived** or **potential** conflict of interest. (Source: ICAC⁵)

Would I or anyone associated with me benefit from or be detrimentally affected by my proposed decision or action?	
Could there be benefits for me in the future that could cast doubt on my objectivity?	
Do I have a current or previous personal, professional or financial relationship or association of any significance with an interested party?	
Would my reputation or that of a relative, friend or associate stand to be enhanced or damaged because of the proposed decision or action?	
Do I or a relative, friend or associate of theirs stand to gain or lose financially in some covert or unexpected way?	
Do I hold any personal or professional views or biases that may lead others to reasonably conclude that I am not an appropriate person to deal with the matter?	
Have I contributed in a private capacity in any way to the matter my Department/the School is dealing with?	
Have I made any promises or commitments in relation to the matter?	
Have I received a benefit or hospitality from someone who stands to gain or lose from my proposed decision or action?	
Am I a member of an association, club or professional organisation or do I have particular ties and affiliations with organisations or individuals who stand to gain or lose by my proposed decision or action?	
Could this situation have an influence on any future employment opportunities outside my current School duties?	
Could there be any other benefits or factors that could cast doubts on my objectivity?	

If the answer to any of these questions is yes or if you still have any doubts about your proposed decision or action, you should seek direction from the School’s Business Manager or Head.

⁵ICAC Toolkit, *Managing Conflicts of Interest in the Public Sector*, 2004.



As part of the preparation of our Annual Accounts, we are required to collate information on transactions between the School and related parties. This information will potentially require disclosure in the notes to the accounts in accordance with [AASB 124](#) and the NESA requirements.

Related parties include directors, senior management and persons connected to them e.g. by virtue of family relationship or business partnership. For your further information, an extract from the AASB giving a detailed definition of related parties is included as Appendix 2 to this letter.

Transactions potentially requiring disclosure include:

- a. purchases, sales, leases and donations (including donations which are made in furtherance of the School's objects) of goods, property, money and other assets such as intellectual property rights to or from the related party;
- b. the supply of services by the related party to the School, and the supply of services by the School to the related party. Supplying services includes providing the use of goods, property and other assets and finance arrangements such as making loans and giving guarantees and indemnities; and
- c. any other payments and other benefits which are made to related parties.

We would, therefore, be grateful you could supply details of any such transactions on the pro-forma attached at Appendix 1 by <date>. If there are no such transactions, please return Appendix 1 marked "nil return".

In addition to the items disclosed at items (a) to (c) above, we are required to disclose the aggregate amount of expenses reimbursed to trustees/board members. However, you do not need to supply this information as central records are maintained of these expenses. [Delete if not applicable].

You do not need to include amounts received by you under your contract of employment with the School. [Include where this letter is sent to employees].

Yours sincerely, etc.





Related Party Register

Name:

Item	Name of transacting party (if different from above)	Relationship between Responsible Person and transacting party	Description of transaction	Amount of transaction and of any outstanding balances	Date transaction approved by School Board and basis for approval
1					
2					
3					
4					



A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

- a. A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to a reporting entity if any of the following conditions applies:
 - i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. both entities are joint ventures of the same third party.
 - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. the entity is controlled or jointly controlled by a person identified in (a).
 - vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.



APPENDIX 8.1 AUSTRALIAN ACCOUNTING STANDARDS

This chapter contains three sections:

Section 1 - those accounting standards expected to be applicable to most schools;

Section 2 - those accounting standards that may be applicable to some schools; and

Section 3 - those accounting standards that are not expected to be applicable to most schools.

Section 1 - Key Accounting Standard

Reference	Summary of accounting standard	Hyperlink to standard
AASB 10	Consolidated Financial Statements This standard sets out the principles of presentation and preparation of the financial statements where the reporting entity controls one or more other entities.	AASB 10
AASB 101	Presentation of Financial Statements This standard sets out overall requirements for the presentation of general purpose financial statements, guidelines for their structure and minimum requirements for their content.	AASB 101
AASB 107	Statement of Cash Flows This standard sets out the structure and content of the statement of cash flows.	AASB 107
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors This standard sets out the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure required upon any changes in accounting policies and accounting estimates and the correction of errors.	AASB 108
AASB 110	Events after the Reporting Period This standard sets out the disclosures required for events after the reporting period and the circumstances when an entity should adjust its financial statements for such events.	AASB 110
AASB 116	Property, Plant and Equipment This standard sets out the accounting treatment for property, plant and equipment including recognition, depreciation and impairment.	AASB 116
AASB 117	Leases This standard establishes the criteria for assessment of leases as either operating or finance leases and sets out the accounting treatment and disclosure requirements in respect of each type. It is applicable to both lessees and lessors.	AASB 117



APPENDIX 8.1 AUSTRALIAN ACCOUNTING STANDARDS

> Section 1 - Key Accounting Standards Continued

Reference	Summary of accounting standard	Hyperlink to standard
AASB 118	Revenue This standard sets out the conditions for revenue recognition for certain types of transactions.	AASB 118
AASB 119	Employee Benefits This standard sets out the accounting treatment and disclosure requirements of employee benefits, including wages and salaries, social security contributions, annual leave, sick leave, bonuses, non-monetary benefits, retirement benefits and termination benefits.	AASB 119
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance This standard sets out the conditions for recognition and disclosure requirements applicable to government grants and other forms of government assistance.	AASB 120
AASB 124	Related Party Disclosures This standard sets out the necessary disclosures that should be made with respect to transactions with related parties.	AASB 124
AASB 136	Impairment of Assets This standard sets out the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount.	AASB 136
AASB 137	Provisions, Contingent Liabilities and Contingent Assets This standard sets out the appropriate recognition criteria and measurement bases for provisions, contingent liabilities and contingent assets and disclosure requirements within the financial statements.	AASB 137
AASB 1004	Contributions This standard sets out the accounting treatment of contributions and donations to not-for-profit entities.	AASB 1004
AASB 1048	Interpretation of Standards This standard provides a listing of Australian Interpretations.	AASB 1048
AASB 1053	Application of Tiers of Australian Accounting Standards This standard sets out the application of the Tiers of Australian Accounting Standards to different categories of entities preparing general purpose financial statements.	AASB 1053



APPENDIX 8.1 AUSTRALIAN ACCOUNTING STANDARDS

Section 2 - Other Potentially Relevant Standards

Reference	Summary of accounting standard	Hyperlink to standard
AASB 3	<p>Business Combinations</p> <p>This standard sets out the reporting requirements when the acquisition of another business is made, for example when the share capital of another company is purchased.</p>	AASB 3
AASB 5	<p>Non-current Assets Held for Sale and Discontinued Operations</p> <p>This standard sets out the conditions for classification, and the reporting requirements of, significant operations and assets of the business that have been, or are to be, discontinued or sold.</p>	AASB 5
AASB 7	<p>Financial Instruments: Disclosures</p> <p>This standard sets out the disclosure requirements associated with financial assets and financial liabilities.</p>	AASB 7
AASB 12	<p>Disclosure of Interests in Other Entities</p> <p>This standard sets out the disclosure requirements in cases where the reporting entity has an interest (shareholding) in other entities.</p>	AASB 12
AASB 13	<p>Fair Value Measurement</p> <p>This standard establishes a framework for the measurement of fair value and sets out the disclosures required when such measurement is incorporated into the financial report.</p>	AASB 13
AASB 102	<p>Inventories</p> <p>This standard sets out the reporting requirements for inventories.</p>	AASB 102
AASB 123	<p>Borrowing Costs</p> <p>This standard sets out the methodology by which borrowing costs that are directly attributable to the acquisition, construction or production of certain assets should be capitalised as part of the cost of that asset.</p>	AASB 123
AASB 127	<p>Separate Financial Statements</p> <p>This standard sets out the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate (rather than consolidated) financial statements.</p>	AASB 127
AASB 132	<p>Financial Instruments: Presentation</p> <p>This standard sets out the principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.</p>	AASB 132



APPENDIX 8.1 AUSTRALIAN ACCOUNTING STANDARDS

> Section 2 - Other Potentially Relevant Standards Continued

Reference	Summary of accounting standard	Hyperlink to standard
AASB 128	<p>Investments in Associates and Joint Ventures</p> <p>This standard sets out the accounting treatment for investments in associates and the requirements for application of the equity method when accounting for investments in associates and joint ventures.</p>	AASB 128
AASB 138	<p>Intangible Assets</p> <p>This standard sets out the accounting treatment for intangible assets, including recognition criteria and disclosures.</p>	AASB 138
AASB 139	<p>Financial Instruments: Recognition and Measurement</p> <p>This standard sets out the principles for recognition and measurement of financial assets and financial liabilities.</p>	AASB 139
AASB 140	<p>Investment Property</p> <p>This standard sets out the accounting treatment and disclosures for investment property.</p>	AASB 140
AASB 1054	<p>Australian Additional Disclosures</p> <p>This standard sets out the Australian specific disclosure requirements that are in addition to disclosure requirements in International Financial Reporting Standards.</p>	AASB 1054
AASB 1057	<p>Application of Australian Accounting Standards</p> <p>This standard sets out the types of entities and financial statements to which Australian Accounting Standards apply.</p>	AASB 1057



APPENDIX 8.1 AUSTRALIAN ACCOUNTING STANDARDS

Section 3 - Standards Unlikely to be Applicable to Most Schools

Reference	Summary of accounting standard	Hyperlink to standard
AASB 1	First-time Adoption of Australian Accounting Standards This standard sets out the requirements when financial statements are prepared under the Australian Accounting Standards for the first time.	AASB 1
AASB 2	Share-based Payments This standard sets out the accounting treatment and disclosures required when an entity offers shares or share options to staff or other parties.	AASB 2
AASB 4	Insurance Contracts This standard sets out the reporting requirements for insurers, i.e. entities that issue insurance contracts.	AASB 4
AASB 6	Exploration for and Evaluation of Mineral Resources This standard sets out the reporting requirements for entities involved with the mineral exploration and evaluation.	AASB 6
AASB 8	Operating Segments This standard sets out the segmental reporting requirements, applicable only to for-profit entities whose debt or equity instruments are publicly traded.	AASB 8
AASB 11	Joint Arrangements This standard sets out the reporting requirements in cases where the reporting entity has an interest in operations that are controlled jointly with other parties.	AASB 11
AASB 14	Regulatory Deferral Accounts This standard sets out the requirements applicable to entities that provide goods or services to customers at a price that is subject to restrictions by regulatory bodies or government.	AASB 14
AASB 111	Construction Contracts This standard sets out the accounting treatment and allocation of revenue and costs associated with construction contracts. It is applicable only to entities which undertake construction work.	AASB 111



APPENDIX 8.1 AUSTRALIAN ACCOUNTING STANDARDS

> Section 3 - Standards Unlikely to be Applicable to Most Schools Continued

Reference	Summary of accounting standard	Hyperlink to standard
AASB 112	Income Taxes This standard sets out the accounting treatment for income taxes.	AASB 112
AASB 121	The Effects of Changes in Foreign Exchange Rates This standard sets out how foreign currency transactions and foreign operations should be presented in the financial statements.	AASB 121
AASB 129	Financial Reporting in Hyperinflationary Economies This standard sets out the principles for financial reporting by entities whose functional currency is that of a hyperinflationary economy.	AASB 129
AASB 133	Earnings per Share This standard sets out the principles for the determination and presentation of earnings per share.	AASB 133
AASB 134	Interim Financial Reporting This standard sets out the minimum content of an interim financial report.	AASB 134
AASB 141	Agriculture This standard sets out the accounting treatment and disclosures related to agricultural activity.	AASB 141
AASB 1023	General Insurance Contracts This standard sets out the reporting requirements for insurers that issue general insurance contracts.	AASB 1023
AASB 1031	Materiality This standard provides guidance on the application of materiality. This standard is withdrawn for financial years beginning on or after 1 July 2015.	AASB 1031
AASB 1038	Life Insurance Contracts This standard sets out the reporting requirements for insurers that issue life insurance contracts.	AASB 1038



APPENDIX 8.1 AUSTRALIAN ACCOUNTING STANDARDS

> Section 3 - Standards Unlikely to be Applicable to Most Schools Continued

Reference	Summary of accounting standard	Hyperlink to standard
AASB 1039	Concise Financial Reports This standard sets out the minimum content requirements of a concise financial report.	AASB 1039
AASB 1049	Whole of Government and General Government Sector Financial Reporting This standard sets out the requirements for government general purpose financial statements.	AASB 1049
AASB 1050	Administered Items This standard sets out the requirements for government departments relating to administered items.	AASB 1050
AASB 1051	Land Under Roads This standard sets out the requirements for financial reporting of land under roads in government financial statements.	AASB 1051
AASB 1052	Disaggregated Disclosures This standard sets out the principles for reporting financial information by local governments and government departments.	AASB 1052
AASB 1055	Budgetary Reporting This standard sets out the budgetary disclosure requirements in government financial statements.	AASB 1055
AASB 1056	Superannuation Entities This standard sets out the requirements for the general purpose financial statements of superannuation entities.	AASB 1056



APPENDIX 8.2 AUSTRALIAN ACCOUNTING STANDARDS BOARD INTERPRETATIONS

This chapter contains three sections:

Section 1 - those accounting interpretations expected to be applicable to most schools;

Section 2 - those accounting interpretations that may be applicable to some schools; and

Section 3 - those accounting interpretations that are not expected to be applicable to most schools.

Section 1- Key Accounting Interpretations

Reference	Summary of interpretation	Hyperlink to standard
Interpretation 110	<p>Government Assistance – No Specific Relation to Operating Activities</p> <p>This interpretation provides clarification that government assistance is to be recognised in accordance with AASB 120 and not credited directly to equity.</p>	Interpretation 110
Interpretation 115	<p>Operating Leases – Incentives</p> <p>This interpretation provides guidance in accounting for incentives related to entering or renewing operating lease agreements.</p>	Interpretation 115
Interpretation 132	<p>Intangible Assets – Web Site Costs</p> <p>This interpretation provides guidance on accounting for the costs of developing a website.</p>	Interpretation 132
Interpretation 1031	<p>Accounting for the Goods and Services Tax (GST)</p> <p>This interpretation provides guidance in accounting for GST.</p>	Interpretation 1031



APPENDIX 8.2 AUSTRALIAN ACCOUNTING STANDARDS BOARD INTERPRETATIONS

Section 2 - Other Potentially Relevant Interpretations

Reference	Summary of interpretation	Hyperlink to standard
Interpretation 4	Determining whether an Arrangement contains a Lease This interpretation provides guidance in determining whether a commercial contract should be accounted for as a lease.	Interpretation 4
Interpretation 9	Reassessment of Embedded Derivatives This interpretation provides clarification of the requirements when accounting for embedded derivatives under AASB 139 .	Interpretation 9
Interpretation 1030	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods This interpretation specifies that certain depreciation methods of long-lived assets are prohibited.	Interpretation 1030

Section 3 - Interpretations Unlikely to be Applicable to Most Schools

Reference	Summary of interpretation	Hyperlink to standard
Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities This interpretation provides guidance on changes in the estimated cost of decommissioning an asset.	Interpretation 1
Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments This interpretation provides guidance when accounting for specialised financial instruments.	Interpretation 2
Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds This interpretation provides guidance in accounting for interests in funds that have been established for particular purposes.	Interpretation 5
Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment This interpretation provides guidance which only relates to the Electronic Equipment industry.	Interpretation 6
Interpretation 7	Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies This interpretation provides guidance for entities in hyperinflationary economies.	Interpretation 7
Interpretation 10	Interim Financial Reporting and Impairment This interpretation provides guidance relating to goodwill impairment considerations in interim financial reports.	Interpretation 10



APPENDIX 8.2 AUSTRALIAN ACCOUNTING STANDARDS BOARD INTERPRETATIONS

> Section 3 - Interpretations Unlikely to be Applicable to Most Schools Continued

Reference	Summary of interpretation	Hyperlink to standard
Interpretation 12	Service Concession Arrangements This interpretation provides guidance relating to infrastructure that forms the basis of a public-to-private service concession.	Interpretation 12
Interpretation 13	Customer Loyalty Programmes This interpretation provides guidance relating to accounting for rewards points granted to customers.	Interpretation 13
Interpretation 14	AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction This interpretation provides guidance in accounting for defined benefit superannuation funds.	Interpretation 14
Interpretation 15	Agreements for the Construction of Real Estate This interpretation provides guidance specific to the construction industry relating to revenue recognition.	Interpretation 15
Interpretation 16	Hedges of a Net Investment in a Foreign Operation This interpretation provides guidance relevant to entities that have offshore investments.	Interpretation 16
Interpretation 17	Distributions of Non-cash Assets to Owners This interpretation provides guidance in accounting for dividends that are not paid in cash.	Interpretation 17
Interpretation 18	Transfers of Assets from Customers This interpretation provides guidance in accounting for assets received from customers as part of an agreement to provide future services and/or goods.	Interpretation 18
Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments This interpretation provides guidance to entities which negotiate with suppliers to settle liabilities by issuing shares.	Interpretation 19
Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine This interpretation provides guidance specific to the mining industry.	Interpretation 20
Interpretation 21	Levies This interpretation provides guidance in accounting for government levies such as royalties.	Interpretation 21
Interpretation 107	Introduction of the Euro This interpretation provides guidance on accounting for the transition to the Euro.	Interpretation 107
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders This interpretation provides guidance on accounting for income taxes.	Interpretation 125



APPENDIX 8.2 AUSTRALIAN ACCOUNTING STANDARDS BOARD INTERPRETATIONS

> Section 3 - Interpretations Unlikely to be Applicable to Most Schools Continued

Reference	Summary of interpretation	Hyperlink to standard
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease This interpretation provides guidance in accounting for complex transactions primarily designed to achieve tax benefits.	Interpretation 127
Interpretation 129	Service Concession Arrangements: Disclosures This interpretation contains disclosure requirements relating to service concession arrangements.	Interpretation 129
Interpretation 131	Revenue – Barter Transactions Involving Advertising Services This interpretation provides guidance for recognising revenue from sale of advertisements.	Interpretation 131
Interpretation 1003	Australian Petroleum Resource Rent Tax This interpretation clarifies the accounting for Australian Petroleum Resource Rent Tax.	Interpretation 1003
Interpretation 1019	The Superannuation Contributions Surcharge This interpretation provides guidance specific to superannuation plans.	Interpretation 1019
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities This interpretation provides guidance in accounting for transfers of assets or net assets between government-owned entities.	Interpretation 1038
Interpretation 1042	Subscriber Acquisition Costs in the Telecommunications Industry This interpretation provides guidance specific to the telecommunications industry.	Interpretation 1042
Interpretation 1047	Professional Indemnity Claims Liabilities in Medical Defence Organisations This interpretation provides guidance specific to Medical Defence Organisations	Interpretation 1047
Interpretation 1052	Tax Consolidation Accounting This interpretation provides guidance in accounting for tax consolidated groups.	Interpretation 1052
Interpretation 1055	Accounting for Road Earthworks This interpretation provides guidance specific to accounting for road infrastructure.	Interpretation 1055



APPENDIX 8.3 FUTURE DEVELOPMENTS

This section lists those proposed changes to Australian Accounting Standards that have not yet been finalised but are likely to impact the financial reporting of schools in future periods.

Reference	Summary of proposed changes	Hyperlink to standard
AASB 9	<p>Financial Instruments</p> <p>This standard sets out the reporting requirements associated with financial assets and financial liabilities. This Standard replaces AASB 139 for reporting periods beginning on or after 1 January 2018, with early adoption permitted.</p>	AASB 9
AASB 15	<p>Revenue from Contracts with Customers</p> <p>This standard is the new comprehensive revenue recognition standard, replacing AASB 118 Revenue and a number of other pronouncements. This Standard replaces AASB 118 for reporting periods beginning on or after 1 January 2018, with early adoption permitted.</p>	AASB 15
ED 242	<p>Leases</p> <p>This exposure draft proposes that an entity should recognise assets and liabilities arising from a lease, including operating leases. It will require the recognition of a liability to make lease payments and a 'right-of-use' asset for arrangements currently classified as operating leases.</p>	ED 242
ED 260	<p>Income of Not-for-Profit Entities</p> <p>This exposure draft proposes requirements for the recognition, measurement and disclosure of income of Australian not-for-profit entities. It includes guidance to assist with the application of AASB 15 and replacement of AASB 1004.</p>	ED 260
ED 269	<p>Recoverable Amount of Non-cash-generating Specialised Assets of Not-for-Profit Entities</p> <p>This exposure draft proposes to amend AASB 136 Impairment of Assets to remove references to using depreciated replacement cost as a measure of value in use for not-for-profit entities. It considers that many assets of not-for-profit entities are not held primarily for their ability to generate net cash inflows and are instead specialised assets held for continuing use of their service capacity.</p>	ED 269
ED 270	<p>Reporting Service Performance Information</p> <p>This exposure draft proposes requirements for a not-for-profit entity to report its service performance objectives and performance indicators relating to the delivery of social goods or services.</p>	ED 270



GENERAL GUIDANCE

These policies should be read and used where schools feel they suit their circumstances. They are a guide only and schools may edit these policies as they see fit. Due to the diversity of schools within the sector, no single policy will suit every school.

PETTY CASH POLICY

Purpose of the Policy

Petty cash should be used to pay for small expenses up to {insert maximum amount here, usually up to \$100} where payments through accounts payable or credit card are not justified or appropriate.

Procedures

Issuing Petty Cash

Petty cash vouchers must be completed before any cash is taken from the petty cash float.

Only up to {insert maximum amount here, usually up to \$100} can be disbursed at any one time.

All petty cash vouchers issued must be approved by {insert relevant job title here}.

Once the petty cash is spent, a receipt or invoice should be attached to the voucher and returned to petty cash with any balance of monies unspent.

All completed vouchers must have the following details included: issue date of voucher

- name of person that issued the voucher
- amount of monies disbursed
- details of expense
- tax invoice or receipt
- name and signature of approving person.

Reconciling Petty Cash

The petty cash float is to be reconciled regularly but no less than {insert time here, at least monthly is recommended}. This is the responsibility of {insert relevant job title here}.

All petty cash expenditure must be entered into the school's financial system once the petty cash has been reconciled.

The balance of monies and vouchers must equal the petty cash float amount before reimbursement can be made.

Reimbursement of petty cash will be authorised by {insert relevant job title here}.

Changing the Float

From time to time, it may be appropriate to review the balance of cash held for petty cash purposes. A change in the float balance can only be made by {business manager or Principal}.



EXPENSE REIMBURSEMENT POLICY

Overview

A school employee may be eligible for reimbursement of reasonable out of pocket expenses necessarily incurred in the course of their authorised duties in the following circumstances:

- expenses associated with an overnight absence from home or part day duties away from their base location
- work-related travel expenses such as use of a private motor vehicle
- travel and removal expenses on relocation
- expenses incurred in using private vehicles
- expenses incurred in providing for teaching resources
- expenses incurred during excursions or camps
- other out of pocket expenses considered necessary and reasonable such as private phone usage.

The following types of fees have been determined as not reimbursable by the school:

- Fees associated with professional registration or certification
- Fees associated with licensing or professional memberships
- Working with Children Checks
- Union membership dues

Base Location for Allowance Purposes

All employees must have a base location determined for allowance purposes which in most instances is the place at which the employee ordinarily performs his or her duties. In the case of an employee who does not ordinarily perform his or her duties at any one place the employee must determine a base location for allowance purposes.



Expense Reimbursement Policy

Personal Expenses

Employees whose duties require them to be absent from their base location overnight or who have approval to undertake work-related travel, will be reimbursed reasonable out of pocket expenses for meals, accommodation and incidentals. Employees who are absent from their base location and the absence does not extend overnight may be reimbursed in respect of the cost of meals and other reasonable out of pocket expenses.

Reimbursement for meals, accommodation and incidental expenses are subject to the following conditions:

- reimbursement is in addition to the cost of conveyance except where the cost of conveyance includes the cost of meals or sleeping accommodation or both.
- an employee must normally have travelled in excess of 24 km radius from their base location to be eligible to make a claim for personal expenses.

In circumstances where an employee with dependants is transferred or promoted to a position but unable to secure a residence suitable for themselves and their dependants and as a consequence is required to:

- live away from home and pay board and lodging; or
- pay board and lodging for themselves and their dependants; or
- incur additional expenditure;

the employee may be reimbursed such allowance as the school considers reasonable, provided it does not result in a payment that exceeds the relevant amounts set by the Australian Taxation Office (ATO) as adjusted from time to time.



Expense Reimbursement Policy

Travel Expenses

An employee who is required to travel from their base in the course of their authorised duties will be reimbursed for work-related travel expenses. Conveyance should be by public transport, unless it is deemed impracticable or it is considered efficient or more economical for an employee to travel by an alternative form of transport.

Mileage Allowance

An employee who:

- is required to travel in the course of their duty; or
- travels to a new location as part of relocating their residence and is eligible for relocation expenses (see below)

may be authorised to use their private vehicle where travel by public transport is not practicable or it is considered expeditious or more economical for an employee to travel by motor vehicle. The employee's motor vehicle must be registered, have full comprehensive insurance, which includes liability at law for damages and an endorsed indemnity to the employer and the driver must hold a current driver's licence.

An employee is required to obtain prior approval to use their private vehicle.

An employee who is authorised to use their private vehicle is eligible to be paid an allowance to cover the cost of using the vehicle by the most direct route. The allowance is calculated based on the distance travelled from the employee's base location to the destination. The normal cost of travelling to and from home to the base location cannot be claimed. Where the employee commences travel from home to the destination and/or completes the travel from the destination to home, only the excess distance between home and base location can be claimed if the normal mode of travel is by motor vehicle.

As soon as practicable after the travel, the employee is required to submit a claim (either written or via the school's expenses management portal) that sets out the date, the purpose of the trip, the number of kilometres travelled, and the type of vehicle used. It is expected that mileage claims will be submitted in the same financial year in which the travel occurred.

The rate(s) payable to employees is that set by the ATO as adjusted from time to time. Claims will be paid at the mileage rate applicable on the date of travel. It is an ATO requirement that where an employee is paid an allowance for the use of a private motor vehicle (other than for transport or removal to a new location), it is to be included on the employee's Payment Summary. As a result, claims for use of a private motor vehicle must be processed through the school's payroll and taxed accordingly. The employee should keep records of their reimbursements and lodge relevant vehicle expenses with their tax return.



Expense Reimbursement Policy

Relocation Expenses

For the purpose of this section: Eligible employee is defined as an ongoing employee who is required to relocate their residence owing to:

- promotion to an advertised vacancy;
- transfer following an official instruction

Dependant is defined as a person maintained by and permanently domiciled with an eligible employee, including a spouse, a child under 16 years of age, a full-time student child and a parent.

Where the time or distance to be travelled requires a relocation of residence, an eligible employee may be reimbursed the necessary and reasonable expenses incurred for travel, meals, accommodation and the cost of removing household furniture and personal belongings by the most direct route in respect of the employee and their dependants.

The cost of removing household furniture and personal belongings includes the cost of comprehensive insurance cover for those items whilst in transit, up to a maximum cover of \$45,000 {to be reviewed}.

Where an eligible employee uses their private motor vehicle for transport to the new location the employee will be reimbursed at the appropriate rate set by the ATO, as adjusted from time to time.

Where more than one employee is eligible to be reimbursed removal expenses in respect of the same relocation, only one of the employees will be eligible to be reimbursed removal expenses.

Reimbursement of travel and removal expenses is not available in the case of a transfer arising from the request, fault, or misconduct of the employee; or An employee is required to obtain approval for payment of relocation expenses prior to making any arrangements to relocate.



Expense Reimbursement Policy

Reimbursement Of Expenses

Employees will be reimbursed allowable expenses that were actually incurred in the course of their approved official travel provided those expenses were reasonable. An expense will be considered reasonable where it does not exceed the relevant amounts set by the ATO as adjusted from time to time.

Reimbursement will be for actual expenditure, and will not exceed the relevant ATO rates, unless otherwise approved by the school. Reimbursement for expenses is subject to the provision of evidence of expenditure.

To claim reimbursement, an employee must submit official receipts substantiating allowable expenses incurred. Where the school is satisfied it is not reasonably practicable to obtain a receipt, other satisfactory evidence of expenditure may be accepted. Official receipts or other satisfactory evidence of expenditure must be provided as soon as practicable upon return from travel.

Upon request an employee may be provided with an advance for the expected costs associated with work-related travel (Note: A per diem allowance may be payable to an employee). As soon as practicable after the event, the employee will provide the school with an account of all expenses incurred together with receipts (and where necessary a statement) and any balance owed to the school.

Other Expenses

Where an employee incurs expenses in excess of the amounts set out above or an expense in circumstances other than set out above, the school may authorise reimbursement of such expenses as are considered reasonable.

Where an employee is incurring expenses for (say) teaching resources such as stationery, books, or other materials, the teacher should endeavour to have these purchases pre-approved by the relevant supervisor prior to incurring the expense for which the employee would expect reimbursement.



ASSET MANAGEMENT POLICY AND GUIDELINES

Overview

The policy and procedure guideline is designed to give all staff the information for the recognition and management of non-current physical assets. The information provided will define assets and inventory items and detail the procedures for their management.

Further references which you may find useful are:

- Asset Management Accountability Framework 2016
- Fair Value Measurement of Non-Financial Physical Assets 2015
- Framework for the Preparation and Presentation of Financial Statements 2014
- Financial Management Act 1994
- Australian Accounting Standards (in particular AAS29)

Assets have a GST exclusive value of equal to or greater than \$5,000



Asset Management Policy and Guidelines

Assets

The accounting definition of an asset is “Assets represent service potential or future economic benefits controlled by the entity as a result of past transactions or other past events”. This definition assumes that:

1. The asset will in fact generate a positive contribution for the entity – i.e. the service potential will be realised
2. The asset possesses a value that can be measured reliably
3. The estimated value is above the minimum amount specified in a recognition threshold

Non-current physical assets are assets that are tangible – i.e. they have a physical nature and a useful life beyond the current accounting period, typically one year.

Non-current physical assets differ from inventory items by virtue of the fact that inventory items are ‘consumable’ (used up, expended, have a limited life, are on sold), or under the recognition threshold for the category.

The term ‘service potential’ means essentially the usefulness of a resource to an entity in achieving the entity’s objectives. It represents the benefit to an entity from utilising a resource. Assets provide the means to meet departmental objectives.

The definition of the asset also includes the term “controlled”. Control of an asset is usually evidenced by an entity’s:

- ability to use the asset to achieve its objectives
- ability to restrict or change access to the asset
- ability to surrender the asset to another entity
- ability to dispose of the asset
- obligation to bear the risks associated with holding the asset

The key question for determining control is: does the entity have the authority to decide if and how the asset will be used? The ‘recognition threshold’ is the minimum dollar value of an item as determined under the Financial Management Act 1994 Part 5. The general threshold is set at \$5,000. Any items acquired that are under this threshold should be tracked using the asset categories for items less than \$5,000.

Assets are usually single items valued over the recognition threshold, but for the initial fit out of a classroom or special purpose room the furniture may be aggregated and entered as one asset.



Asset Management Policy and Guidelines

Inventory

Inventory may be divided into two types – trade (canteen stock, school uniforms, stationery, books and office equipment such as calculators that are sold to pupils and staff) and consumable items used in the day-to-day running of the school. They are items you need to monitor and manage for the efficient running of the school and for insurance purposes. Inventory items need to be recorded separately and are not recorded on the asset register.

Asset Management Procedures

The procedures for the acquisition and management of assets over \$5,000 and items under \$5,000 are divided into seven sub-categories. The sub-categories are:

- Acquisition Procedures
- Items under \$5000
- Asset Registers
- Asset Disposal Procedures
- Asset Identification
- Stocktakes
- Discrepancies in Stocktakes or Loss of Assets

Acquisition Procedures

Goods should be purchased in accordance with the policy outlined in the school's Procurement Policy. Depending on the value of the goods involved, oral or written quotations or tenders are required when acquisitions are being made. The quotations, including a record of any verbal quotations received, and tender documents are to be attached and filed with the purchase documentation.

ITEMS LESS THAN \$5,000

Whilst the recognition threshold for assets is set at \$5,000, the school has indicated a requirement to track items over \$1,000. A category can be created in the asset register (for example, a prefix starting 'AA') in order for schools to record items under the threshold.

The items are purchased as per the purchasing guidelines and when the invoice is paid it is charged to the appropriate expense account. When the items are entered into the asset register, the purchase cost should be used. The items are expensed immediately, cannot be capitalised and are not subject to depreciation.



Asset Management Policy and Guidelines

Asset Register

Schools need to record all assets with a value of \$5,000 or more in an asset register. Assets must be added to the asset register within 30 days of acquisition.

To successfully manage and account for each asset, certain details are required. Each asset must have the following information:

- Asset description
- Asset category
- Asset quantity
- Asset location
- Date of acquisition
- Purchase cost
- Useful life

Additional information that is not mandatory but will help with the identification of the asset includes:

- Asset type
- Serial number
- Make / Manufacturer
- Model

Asset Description: The asset description must be meaningful. The description should allow anyone undertaking a stocktake to identify the item.

Asset Category: The asset category is selected from the list of approved categories.

Date of Acquisition: When the assets are added to the Asset Register the date of acquisition is one of the mandatory fields. Usually the acquisition date is taken as the receipt date for the item. Technically, the goods remain the property of the supplier until such time as payment is received by the supplier.

Purchase Cost: The purchase cost is the cost of the asset as shown on the purchase order / invoice and is exclusive of GST. The cost of the asset must include any freight charged for the delivery of the asset, and any installation charges.

Useful Life: For specific pieces of plant and equipment, it is required to determine a useful life of the item so that a depreciation rate can be calculated. This may also be necessary to determine maintenance or servicing requirements, or protocols with respect to safety.

Serial Number: This data is used to distinguish like items.

Make / Manufacturer: Like the serial number and model information, this field is used to store information that will distinguish like items.

Model: As with serial number and manufacturer information, the model field allows for easier identification of an asset.



Asset Management Policy and Guidelines

Leased Equipment

The additional information required to record leased assets is:

- Lease start date
- Lease end date
- Monthly lease cost
- Lessor
- Operating Lease

The usual types of equipment leased would be photocopiers, motor vehicles or canteen equipment. The purchase cost of the asset should be recorded as \$0.00. The monthly lease payments should be coded to:

- Leased Equipment
- Motor Vehicles – Lease / Rental

At the end of the lease the items would be returned to the lessor in accordance with the terms of the operating lease. At this time the asset would be released from the asset register.

If the school then purchased the item from the lessor, and the cost of the item was less than \$5,000, the item would be created as a new asset in a separate asset category.

It should be noted that the new accounting standard (AASB16) for Leases now dictates how the value of the asset and the value of the liability are to be recorded in the school's financial statements.

Asset Disposal

An asset that is surplus to requirements, unserviceable, obsolete, transferred, retired or lost is released/disposed from the asset register. If the asset is to be sold, then the proceeds of the sale must be recorded in the asset register along with the disposal date and disposal type.

Note that assets removed from the school, whether fully depreciated or not, whether sold, given away or otherwise disposed of, require approval from relevant personnel, usually the Business Manager.

Asset Identification

The guide suggests engraving the school name and equipment number on assets or installing a non-removable sticker wherever practical. For delicate items that can't be engraved the guide recommended marking the asset with an ultraviolet pen. These are not the only methods of 'tagging' the assets. Schools may like to consider bar coding the assets. Each asset should have a unique identifying number which should be entered into the asset register.

Library Books

The cost of purchasing Library books should be expensed. The only exception where a library book can be capitalised is where the cost of an individual book is greater than or equal to \$5,000 exclusive of GST.



Asset Management Policy and Guidelines

Stocktakes

A stocktake of all accountable assets is recommended annually or at least once every two years. This would indicate that rolling stocktakes of assets would be acceptable providing that all assets are verified at least once every two years. The guidelines also state that the verification 'should be conducted by someone other than to whom the asset has been assigned'.

Schools could choose to conduct the stocktake (verification) by some of the following means:

- Certain asset categories or groups of asset each month or in particular months
- During each term
- During school holiday periods

For attractive items or shared items (e.g. cameras) it would be prudent to sight these items at least once a term.

For high value items, it is advisable to tag the items with RFID tags.

When carrying out stocktakes or asset verifications, regardless of the method used, the following procedures must be observed:

- The principal should nominate the date or period of time for the stocktake to occur.
- A stocktaking officer should be appointed by the principal to conduct and supervise the stocktake.
- Stocktake sheets listing all assets held by the school, by name, should be prepared from the asset register.

- The stocktake sheets should list the serial numbers or other unique identifying reference against each asset to assist with asset recognition.
- On the appointed date, the areas designated for the stocktake should be systematically checked for assets listed on the appropriate stocktake sheet by the stocktake officer and one other person. The quantity of each item must be recorded on the stocktake sheet. The serial numbers or unique identifiers should also be confirmed on the stocktake sheet.
- Items encountered that match the definition of an asset that are not on the stocktake sheet should be recorded on the stocktake sheet for checking on the asset register.
- On completion of the physical check of each stocktake sheet the stocktake officer must reconcile the count on the stocktake sheet against the records on the asset register.
- Where discrepancies are disclosed the items involved are subject to a recount.

All stocktake sheets must be signed by the officers who conducted the count, and all discrepancies advised to the principal in writing.



Asset Management Policy and Guidelines

Discrepancies In Stocktakes Or Loss Of Assets

When a stocktake reveals a substantial discrepancy (for example items of equipment / furniture located that are not in the register and / or loss of equipment / furniture recorded on the register), the following action should be taken:

- In the case of items not being recorded in the register, the matter must be drawn to the attention of the principal.
- In the case of loss of equipment, an officer is to be appointed by the principal to conduct an investigation. The principal should be provided with a written report of the discrepancies stating what action has been taken to locate the missing items.
- The principal recommends to the school council the appropriate action that should be taken in light of the findings of the investigation. All cases of suspected or actual theft, wilful damage, arson, irregularity or fraud in receipt or disposal of money or other property of any kind, should be reported to the Board and Audit Partner.



FINANCE AUTHORISATION POLICY

Purpose of the Policy

All finance transactions as noted in this policy are to be authorised by the noted authorised person prior to the transaction being undertaken.

This policy is to be read in conjunction with other specific finance policies where relevant.

Procedures

Prior to any of the following finance transactions being undertaken, the authorising person noted must authorise the transaction.

Where additional policy is noted, this policy must also be adhered to when undertaking the finance transaction.

Finance Transaction	Authorised Person	Additional Policy
Bank Accounts	{insert relevant job title here}	{insert policy name, or number here}
Issuing Petty Cash	{insert relevant job title here}	{insert policy name, or number here}
Business Credit Card	{insert relevant job title here}	{insert policy name, or number here}
Authorising New Customers	{insert relevant job title here}	{insert policy name, or number here}
Authorising New Suppliers	{insert relevant job title here}	{insert policy name, or number here}
Purchasing Stock	{insert relevant job title here}	{insert policy name, or number here}
Purchasing Assets/ Equipment	{insert relevant job title here}	{insert policy name, or number here}
Debt Collection	{insert relevant job title here}	{insert policy name, or number here}
Payment of Invoices	{insert relevant job title here}	{insert policy name, or number here}
{insert other finance transactions here}	{insert relevant job title here}	{insert policy name, or number here}



NEW SUPPLIER POLICY

Purpose of the Policy

Control over new suppliers is a critical internal control and fraud prevention measure. All new suppliers to the school must be reviewed and accepted in accordance with this policy to ensure that the supplier service is aligned with the business objectives.

Procedures

Choosing a New Supplier

A new supplier must provide our school with {insert the priorities required from your suppliers, such as quality product, great service, competitive pricing, efficient delivery etc.}.

For each new supplier the following information table must be completed prior to agreeing to services.

Supplier Selection Background Information

Business Name of Supplier: _____

Location of Supplier: _____

Products/Services provided by supplier: _____
(Attach a list if necessary)

Name of business owner/ sales representative: _____

How many years has the supplier been trading?: _____

Supplier Selection Review Checklist

For each new supplier being considered the following checklist must be completed. Is the supplier pricing competitive? How was this confirmed? Attach evidence:

What are the payment terms for this supplier?: _____

Can those payment terms be met by the accounts dept?: _____

What is the return policy for this supplier?: _____

Does the supplier provide warranties, guarantees etc.?: _____

Are the supplier's representatives knowledgeable of the products/ services and our industry?: _____

Is there an alternative to this supplier, has the alternative supplier been considered?: _____

What are the delivery services of the supplier?: _____

Has a credit check been undertaken for the supplier (attach to this checklist)?: _____

Has the Personal Property Securities Register (PPSR) been reviewed?: _____

Has the supplier been trade checked (attach this to this checklist)?: _____

{insert additional information required to assist in the decision of appointing a new supplier}



New Supplier Policy

> Procedures Continued

Appointment of Supplier

The appointment of a new supplier will be authorised by {insert relevant job title here}.

All relevant details of the supplier will be entered into the financial system by {insert relevant job title here} once approval is obtained from {insert relevant job title here}.

{Insert relevant job title here} will review information entered into the financial system and independently verify the bank account or other payment details of the supplier to ensure payments made are to the correct supplier.

The supplier master file will be within {insert time frame here, recommended one week} of the new supplier being approved.

Supplier Payment Terms

All purchases sent to suppliers must be supported by a purchase order, or whatever system the school uses.

Payment terms for all suppliers must be reviewed by {insert relevant job title here} every {insert timing of review here, recommended at least once a year}. Following this review each supplier must be approached to seek improved payment terms by {insert relevant job title here}.

All supplier payment terms must be a minimum of {insert relevant payment terms, remember the longer the terms the more time you have to pay}.

Any variation to the above must be authorised by {insert relevant job title here}.

All supplier payments are to be reviewed {insert timing of review here, recommended at least once a quarter} to ensure that payment terms are adhered to. For payments made to any suppliers earlier or later than the agreed terms {insert relevant job title here} will prepare a report that details the reasons why payment terms have not been adhered to.

This report will be reviewed and authorised by {insert relevant job title here}.



CORPORATE CREDIT CARD POLICY

Purpose

<SCHOOL NAME> promotes a culture of open, honest and accountable responsibility of its financial resources. The school is accountable to both the Federal and NSW State governments for the manner in which funding provided by government is expended. Similarly, it is responsible to parents for the manner in which funds provided through school fees are expended. The purpose of this policy is to establish clear and definitive requirements about how corporate credit cards provided to <School Name> employees are to be issued and utilised. This is to ensure that from an audit perspective all credit card expenditure is appropriately authorised and is for an approved, documented purpose. Clear guidance about the use of corporate credit cards and store cards is a protection for all staff issued with these cards to ensure they understand their responsibilities and obligations.

Eligibility For Corporate Credit Cards

Staff members in each of the following roles are eligible to be issued with a corporate credit card:

- Principals
- Director of Schools
- Assistant Directors
- Heads of Department
- Staff undertaking overseas travel for employment related purposes, for example, leading a group of students on an overseas excursion. Corporate credit cards issued for this purpose will be temporary only.

The Business Manager (Head of Financial Services, Operations Manager) will coordinate the application process.



Corporate Credit Card Policy

Appropriate Use Of Credit Cards

The following are the types of expenditure that can be incurred using a corporate credit card:

- Domestic travel related expenses- including air fares, taxi fares (where Cabcharge is not available), parking expenses, tolls (where an E-Tag is not fitted);
- Meals when travelling for work related purposes;
- Accommodation and incidentals whilst staying in a hotel for work related purposes;
- Hire cars (including the purchase of fuel for a hire car);
- Costs incurred while traveling overseas for approved work-related purposes;
- Prepayment of course/conference fees (domestic and overseas);
- Subscriptions;
- Infrequent purchase of low value/routine business-related consumable items, such as catering for courses and functions;
- Cost of official “out of pocket” expenses including approved hospitality costs;
- Items only available or best procured by internet purchase.

Card Security

The physical security of the corporate credit card is the cardholder’s personal responsibility. Cards should be maintained in a secure manner and guarded against improper use. If the card is lost or stolen, it must be immediately reported by notifying the bank issuing the card and the school’s finance department. A new card will be arranged through the school’s finance department.

When using corporate cards online, cardholders should endeavour to take the following precautions:

- Ensure that when using the card over the internet, it is only used with reputable companies;
- Never include card numbers in emails;
- Never disclose any PIN issued with the card to a third party nor carry it with the card;
- Ensure sufficient documentation is kept regarding all transactions and that payment receipts are checked at the time of each payment to ensure the correct amount is charged;
- Notify the Finance Department immediately of any suspected unauthorised transactions on the card account.



Corporate Credit Card Policy

Conditions Of Use

In accepting a corporate credit card, the cardholder accepts the following conditions of use:

- Expenditure on the card is the cardholder's responsibility and the cardholder is personally accountable for all expenditure charged to the card.
- Cards must be signed immediately on receipt by the cardholder.
- Every purchase made using a corporate credit card must be substantiated by a tax invoice/receipt and the purpose of the expenditure noted. If supporting documentation is not available, or has been lost, the cardholder should document the nature of the expense.
- Cards must only be used for authorised school purposes. Cards should not be used for personal expenditure. If by exception, the card is used to purchase personal items, the expenditure should be reimbursed the next business day or as soon as possible after the expense has been incurred.
- Credit limits should not be exceeded.
- Cash advances are not permitted.
- Credit card holders are to ensure that procurement policies procedures about the purchase of goods and services, the use of preferred suppliers and the obtaining of quotes, are followed.

- The card should not be provided to other employees of the school as control of expenditure may be compromised. If other staff use your credit card - it is you who is responsible for obtaining the documentation and approval.

Failure to comply with these requirements could result in the card being withdrawn and potential disciplinary action. In the event of loss or theft of the card through negligence or non-compliance with these requirements, any liability incurred on the card may be passed on to the cardholder.

ACKNOWLEDGEMENT

Before an employee can be issued with a credit card, they are to formally acknowledge the requirements set out in this policy by signing the acknowledgement form (Attached). The acknowledgement will be retained in their personnel file with Human Resources.



Corporate Credit Card Policy

Acquittal Of Monthly Cardholder Statements

All cardholders are required to reconcile the monthly credit card statement to the expense form, attach all receipts for payments made on the credit card and have the expense statement authorised by {insert relevant job title here}. Upon completion and authorisation of the monthly expense statement, these documents are to be forwarded to {insert relevant job title here} for payment of the credit card statement. Cardholder statements must be authorised by a superior, and never be authorised by a person in a subordinate role.

School Leadership

All school staff that are card holders must reconcile each of their monthly statements and submit it with receipts to their supervisor for certification. Once certified the paperwork must be sent to the Finance Department. This process should be completed within five working days of receipt of the statement.

Principals

In the case of principals, the cardholder should reconcile the statement. Statements and related paperwork are then to be processed by the Finance Department and filed at the school.

Temporary credit cards issued for travel purposes

Cardholders must reconcile each monthly statement issued for the period that the card is valid and submit it with receipts to their supervisor for certification. This process should be completed within five working days of receipt of the statement. In the case of school staff, statements and related paperwork are then to be processed and filed at the school. In the case of casual staff, once certified the paperwork must be sent to the Finance Department.

Disputed Transactions

Cardholders are to notify the Finance Department of any disputed transactions. The Finance Department will provide guidance as to appropriate actions.

Cancellation Of Card

If a cardholder resigns or employment is terminated; the cardholder must return the card to the Head of the Finance Department for cancellation. All transactions must be cleared prior to the employee leaving. If a cardholder breaches the conditions of use the card may be cancelled.

POLICY DATES

Policy date of completion and adoption: _____

Date of next review: _____

Authorised by: _____



Corporate Credit Card Policy

Corporate Credit Card Policy – User Agreement

CARDHOLDER ACKNOWLEDGEMENT

<School Name> Leadership, Principals and Team Leaders of excursions issued with a corporate credit card are in a position of trust in regard to the use of school funds. All expenditure charged to my credit card is subject to examination and approval by my supervisor to ensure its appropriateness and compliance with the policy conditions. Improper use of that trust may result in my card being withdrawn and may render me liable to disciplinary and possible legal action.

The corporate card is issued with the following conditions:

1. My credit card is only to be used for official school business purposes and for approved types of expenditure. Should personal expenditure occur, the value of that expenditure will be recovered from me.
2. My credit card is issued in my name and is only to be used by myself.
3. I am personally responsible for the safe keeping of the card.
4. I am responsible for purchases made on the card until I can validate those purchases via submitting the relevant documentation.
5. I will not lend the card to other employees.
6. In the event that my card is lost or stolen, I will report the loss immediately to the bank issuing the card and the Head of the Finance Department.
7. I will not disclose or carry with the card any PIN issued with the card.
8. I will reconcile monthly cardholder statements within 5 working days of the date of receipt.

9. I understand that repeated failure to acquit monthly statements in a timely fashion may result in my credit card being cancelled.
10. I will retain all tax invoices/receipts and submit them when reconciling the monthly cardholder statement.
11. Where, in exceptional circumstances, no documentation is available to support a particular transaction I will provide a written explanation detailing the nature of the expense and that it is business-related.
12. I will not exceed credit limits.
13. I understand that cash withdrawals are not permitted.
14. In the event of my termination of employment or in the case of a temporary card when the travel for which it was issued is completed, I will immediately return the credit card and ensure the credit card account is properly reconciled and certified.
15. I will, at all times, comply with the <School Name> Corporate Credit Card Policy.

I acknowledge that I have read and understand the conditions set out above and that I will, at all times, comply with the stipulated requirements.

Signature of Cardholder: _____

Name and Position: _____

Date: _____



SCHOOL FEES - SETTING & COLLECTION POLICY

Purpose

Fees and Levies collected at <School Name> are essential in providing a high-quality Independent education for all students. The fees and levies are used for the following purposes, which are aligned to the Vision and Mission of <School Name>:

- Provide teaching, administrative, classroom support and facilities
- Provide essential resources, materials, facilities and equipment
- Assist with providing activities such as excursions
- Support the school's building program
- Maintain buildings, grounds and other facilities

Parents are required to make a commitment to support Independent education financially by paying fees as a necessary contribution to the costs of delivering an Independent education.

For those families experiencing short or long-term genuine inability to pay fees, we are committed to providing support to ensure that enrolment is not compromised. Please contact the Principal for further information concerning the concession application process.

Scope

This policy applies to all children enrolled at <School Name> from Kindergarten through to Year 12.

Definitions

School Fees: For the purpose of this policy statement, School Fees shall include the total cost of educating a child and thus comprises tuition, levies, all recurrent charges and building levies.

Application Fee: The fee associated with processing an application for student enrolment into the school.

Enrolment Fee: School fees paid in advance as a deposit, associated with securing a student enrolment into the school, after an offer of enrolment has been made by the school.

Role of the School Board: <School Name> Board is responsible for the financial management of the school, including the setting and collecting of school fees in accordance with the school's policies and guidelines.



School Fees - Setting & Collection Policy

Principles

1. The School shall ensure that school fees charged reflect the socio-economic status of the school community, in the context of the policy rationale.
2. Financial grounds shall never be the reason for the non-enrolment or exclusion of any child from < school >.
3. The collection of school fees shall be approached in the spirit of the schools mission and values.
4. The withholding of access to students from normal pastoral and curriculum provision shall not be used as a fee collection strategy.
5. Families with limited capacity to pay school fees may claim a school fee concession. The Principal may, from time to time, request financial information from families to support applications for fee concessions or any other concessions. Requests for fee concessions shall be treated with dignity, fairness, compassion and confidentiality.
6. Families with eligible means tested family concession cards (e.g. Pensioner Concession Card) may apply for school fee concessions.
7. The confidentiality of all information pertaining to parents and/or guardians and the payment of school fees shall be maintained.
8. Where parents and/or guardians have the capacity to pay fees, the collection of school fees shall be actively pursued.

Procedures

1. School fees are to be announced to the school community before the end of the previous school year. Fees and all discounts shall be clearly advertised and easily accessible to parents. This includes fee brochures, school websites and parent newsletters.
2. On completion of the Application for Enrolment Form parents and/or guardians will be provided with the School's current fee policy and fee schedule. Any clarification needed by parents and/or guardians about the policy shall be given at the initial enrolment interview. Acknowledgement of the fee collection policy and procedures is on the Application for Enrolment form which shall be signed by both parents and/or guardians. In the case of sole custodial parent or guardian, one signature will suffice.
3. Annual fees and charges including maximum increases shall be set by the School Board and confirmed by the School Board at the Annual General Meeting in November of the preceding year.
4. Application for Enrolment fee shall be \$xxx.00 and will be non-refundable.
5. Acceptance of Enrolment fee shall be \$xxx.00 and will be deducted from the tuition fees in the year of enrolment. Where circumstances beyond the control of the parents result in an acceptance of enrolment not being fulfilled the Principal shall give consideration to a refund of the Acceptance of Enrolment fee. Where circumstances are within parents control the fee will be non-refundable.



School Fees - Setting & Collection Policy

> Procedures Continued

6. Sibling Discounts - Students and families may be eligible for sibling discounts including families who receive automatic fee discounts as holders of eligible means tested family concession cards. The level of sibling discounts set by the School Board are:

- First child enrolled 0%
- Second child enrolled 20% of that child's tuition fee
- Third child enrolled 40% of that child's tuition fee
- Fourth child enrolled and beyond 100% of that child's tuition fee

Fee discounts shall only apply to tuition fees and not to any other annual fees and charges.

7. Attendance of Students to Compulsory Excursions - Financial grounds shall never be the reason for the non-enrolment or exclusion of any child from a School and the withholding of access to students from normal and curriculum provision shall not be used as a fee collection strategy.

8. Split Debtor Accounts - Principals of Schools enter into a contract with parents/guardians at the time of enrolment. The Principal agrees to deliver the described educational services and in return the party (ies) agree to pay an amount as described in the School Fee Schedule.

The signed enrolment form is a contract between the parents/guardians and the Principal. This contract is enforceable by the Principal – usually to recover unpaid fees agreed to in its conditions – against any party who is a signatory. The parties are said to be 'jointly and severally liable', which means the Principal can enforce the contract against one or both.

This right does not change if the relationship status between the parties changes (e.g. through a divorce or separation). Just as the Principal remains bound to deliver the education to the child, both parents remain jointly and severally liable to pay the full fee amount. Therefore, the Principal may continue to send each parent a full account of the outstanding school fees. The Principal is not bound by any agreement between the parents or resulting from family law proceedings about how fees are apportioned following the end of their relationship. A parent is not excused from liability to the Principal because they pay child support to the other parent.

Requests for Split Billing must be approved by the Principal and a Change in Debtor Invoicing Arrangements School Fee Information Form completed and signed by both parties with the amended apportionment of fee liability equalling 100% of all fees.

It is noted that changes to the enrolment agreement cannot modify the rights and responsibilities that both parents have under statute, and their status as partners with the Principal in the education of their child. The fact that a parent pays no or discounted fees does not affect that parent's right to be involved in their child's education to the same degree as the full fee paying parent.



School Fees - Setting & Collection Policy

> Procedures Continued

9. Fee Collection - At the beginning of the school year, parents/guardians will receive an Annual Statement outlining their Child/children's annual fees and associated levies and charges. Camp fees will be costed accordingly, and parents will be required to pay the camp fee in full prior to the designated activity.

A range of options is available to parents/guardians to pay the annual fees and charges:

Option 1 - Direct Debit Payment of account by weekly, fortnightly or monthly payments automatically to the School from a nominated bank account under agreement with the School. Account must be finalised by 31 October in each year.

Option 2 - Payment in full by end of Term 1 Payment in full by Cash / Cheque / EFTPOS / BPAY

Option 3 - Payment in four instalments (per Term) The first instalment is to be paid by 28th February, the second by 31 May, the third by 31 August and the balance by 31 October in each year.

A Payment Options form together with Direct Debit form will be sent to parents with accounts or can be printed from the school website. Every family is expected to complete the Payment Options form and return it to the School Administration Office as soon as practicable after receiving their account.

Parents who are in receipt of Centerlink Payments may choose to have their fees paid through CentrePay. If using this method, every effort must be made to ensure that fees are paid in full by the end of the school year.

Parents who have financial difficulties in meeting their obligation to the School are invited to meet with the Principal to request a fee concession. Requests for fee concessions shall be treated with dignity, fairness, compassion and confidentiality.



School Fees - Setting & Collection Policy

> Procedures Continued

10. Unpaid Fees - Every parent who enrolls their child/children in the school has an obligation to pay their school fees as a matter of justice to the whole school community.

Where parents have the capacity to pay fees and have not made any attempt to pay fees by the due date, or leave the school with unpaid fees, then the collection of school fees shall be actively pursued. The School procedures for recovery of fees are:

- A written communication shall be sent to the parents, bringing promptly to their attention the outstanding balance.
- Should there be no response with 14 days, an appropriate person(s) shall approach the parents on a personal basis, in a sensitive, discreet and confidential manner.
- If the personal approach cannot be made, or no action results from it with another 14 days, a formal registered letter from the school Principal shall be sent to remind parents of their financial obligations and invite parents to meet with the Principal to discuss the matter within a specified timeframe.
- Should there be no response or action with 14 days of the letter, the school Principal shall send a formal registered letter with a final notice, seeking payment and outlining the possible outcomes, i.e. referring the matter to a solicitor/debt collector, which could occur if payment is not received within the specified timeframe.

- Should there be no response or action from the parent/guardian then the matter will be referred, with the approval of the school Board, to a debt collection agency or a solicitor to recover outstanding fees and any additional costs.
- In the event that debt collection agent is not successful in contacting the parent or establishing a payment plan, the School, with the Board's approval, may consider initiating court proceedings.
- The Debt Collection Agency is to contact the school Principal or their designate before any enforcement proceedings are taken, such as Property Seizure, Sale Order, Earnings Appropriation Order, or any other enforcement action. Schools shall obtain written approval from the Chair of the Board.
- The School shall keep a comprehensive documentation of each attempt to resolve the problems of outstanding fees.
- Under normal circumstances a child enrolled in the School should not be refused on-going enrolment because their parents have not paid fees.

11. Withdrawal of Students

The school must be given 14 days notice in writing prior to the withdrawing their child\children. An Enrolment Cancellation Form is available from the School Administration. Without such notice the School reserves the right to charge a full-term's fee in lieu of notice. In the event of a temporary withdrawal, families wishing to hold a place for a student/s taking extended leave will be charged the full tuition fee.



BANK ACCOUNT POLICY

Purpose

This policy sets out the requirements for use of bank accounts, including opening, closing authorisation, variations to terms and conditions, reconciliation of bank accounts and bank account transactions.

Procedures

Opening Bank Accounts

Any new bank accounts to be opened for the business must have the authorisation of {insert relevant job title here}

For each new bank account opened, the financial system must be updated, and the bank account registered by {insert relevant job title here}

Bank Account Authorisations

For monies withdrawn from any bank account, whether by cheque, EFT or other online payment method, there must be {insert number of persons to authorise payments, recommended two} persons authorising for each payment. The authorised persons for bank account payments are:

{insert relevant job title here}

{insert relevant job title here}

{insert relevant job title here} etc.

Each payment made must be supported by invoice, receipt or other appropriate documentation and the authorisations must be attached to this documentation prior to payment.

Variations To Bank Account Terms And Conditions

Any variations to banking arrangements can be made or varied by {insert relevant job title here}

{insert relevant job title here} is responsible for updating the financial system and/or bank account register with the new information.

Closing Bank Accounts

Where it is decided that a bank account is no longer necessary, {insert relevant job title here} will authorise the closure of the bank account.

The {insert relevant job title here, recommended bookkeeper or finance person} will then be required to complete the following:

- ensure all transactions with respect to the account (including cheques drawn) have been completed;
- lodge with the bank a letter, signed by {insert number of persons to authorise, recommended two} authorised signatories advising of the closure of the account;
- meet the bank's requirements with respect to account closure; and
- update the financial system and bank account register.



Bank Account Policy

> Procedures Continued

Bank Account Transactions

All deposits received must be banked within {insert number of days from receipt, recommended two}.

Unallocated direct deposits of more than {insert number of months, recommended one} will be investigated fully to determine source of deposit. Where the source cannot be identified, the deposit will be allocated to {insert financial account to authorise payments, recommended setting up a suspense account to keep these funds separate and identifiable}.

Cheques outstanding for more than {insert number of months, recommended twelve months in line with banks policy} will be reallocated back to the business through the financial system.

Where a payment stop on a cheque is required, this will be authorised by {insert relevant job title here}.

{insert relevant job title here} will be responsible for carrying out the following duties regarding payment stop on a cheque:

- ensuring the cheque has not already been presented at the bank
- getting authorisation to action the stop payment using appropriate forms from the bank
- ensuring the bank receives notification of the stop payment notice
- receiving confirmation of action from the bank of the stop payment
- ensuring the details of the stop payment are kept in the stop payment folder.



SCHOLARSHIPS AND BURSARY POLICY

General

By {March/April} each year, the Board will approve the total figure available for scholarships and bursaries for the subsequent year, inclusive of any funds available for that purpose within the Scholarship and Bursaries fund.

The Principal will then bring a recommendation to the Board for the award of scholarships and bursaries within the approved figure. The first round is submitted in May and monthly thereafter until total funding is expended.

By December each year, the Principal will review each current bursary and scholarship and advise the Board if he thinks that any of the Awards should be revoked.

Note: No bursary or scholarship may be promised or awarded without the prior approval of the Board.

Scholarships

Scholarships {may be/are not} means tested.

The Principal will bear in mind the range and number of scholarships across the various year groups in the school and will attempt, where possible to establish or maintain parity across the year groups.

Scholarships are only awarded from Year 7 onwards and are usually for the student's duration at the school, dependent on a successful annual review by the Principal.

The normal range of scholarships offered on the restructured fee scale will be between {0-100%} of tuition fees.

Where an academic and merit scholarship are awarded to the same student, the combined total would normally equal 0-100%. If the Principal feels that there is a special case for awarding a scholarship above this range, he will make a separate presentation to the Board for approval. Any scholarship offered in this way, must fall within the overall guidelines of the scholarship policy.

The value of any scholarship that is not taken can be re-allocated, at the recommendation of the Principal and following the criteria established for all scholarships. Any scholarship allowance not allocated is not transferable to the subsequent year.



Scholarships and Bursary Policy

The categories of Scholarship are:

Academic

The Principal, on behalf of the Board, assesses applicants for Academic Scholarship based on their results in the ACER Scholarship Tests or equivalent, and their former school record and results, which may include NAPLAN results (or equivalent).

Merit

Merit Scholarships are awarded after presentation of personal curriculum vitae and interview with the Principal on behalf of the Board, based on the school's Merit Scholarship evaluation model.

The Principal, on behalf of the Board, assesses applicants for Merit Scholarship based on their written application and their performance at interview.

Bursaries

Bursaries are means tested.

The Principal, on behalf of the Board, assesses applicants for Bursaries based on their results in the ACER Scholarship Tests and/or their former school record and results, including NAPLAN results (or equivalent), their written application, school visit and their interview with the Principal, if practical to hold one.

Bursaries are usually dependent on a successful annual review by the Principal and may be subject to a means test. There is no automatic right of continuation of a bursary.

Existing (parents of) students may apply for a bursary. In this event, previous payment history will be taken into consideration. Award of a bursary will be contingent on the creation of a written payment agreement. Prospective new students applying for a Bursary to cover part or all of their fees will be required to demonstrate their need for assistance, by a means test. The decision to recommend a Bursary to the Scholarship and Bursary Committee is at the discretion of the Principal. The decision to award a Bursary is at the discretion of the Board.

Satisfaction of any means test does not automatically qualify a student for the award or re-award of a bursary.

Parents of students wishing to apply for a Bursary should make an appointment to meet with the Principal and provide any information required to make an informed assessment of the situation. The application should then be forwarded to the Board, noting the Business Manager may be informed as part of the process.

Where members of staff make application, the Principal is to submit the Bursary application directly to the Board in confidence.



Scholarships and Bursary Policy

(School Letterhead)

SCHOOL SCHOLARSHIP {YEAR} APPLICATION FORM

Name: _____

Address: _____

Date of Birth: _____

Current School: _____

Current Year at School: _____

Religion: _____

Parent's Name: _____

Parent's Mobile Phone: _____

Parent's Email: _____

Date of Application: _____

Parent's Signature: _____

In order for us to get to know the child better, applicants must submit a Personal Response with the application form. The response should be hand written. Choose one of the three topics below:

1. Describe a person who has made a significant influence on your life,
or
2. Describe a momentous experience, achievement or challenge you have undertaken and its impact on you, **or**
3. Topic of your choice.

Applicants may be required to attend an interview.

Attachments required:

- Personal Response
- Most recent school report
- Summary of recent co-curricular involvement and/or/ leadership experiences (1-2 Pages)
- Statement of Financial Position (form supplied)

Applications must be received by the closing date of {closing date}



Scholarships and Bursary Policy

Statement of Financial Position

Child's Name:

Name of Supporting Parent 1: _____

Occupation: _____

Full Time Part Time Self-Employed Casual Home Duties (circle)

Address: _____

Name of Supporting Parent 2:

Occupation: _____

Full Time Part Time Self-Employed Casual Home Duties (circle)

Address: _____

Relationship Status of Parents:

Married Divorced Separated De-Facto Widowed Never Married

Preferred Contact Number: _____

Preferred Contact Email Address: _____

Other Children: Other dependents/Family Circumstances:

Other dependents/Family Circumstances:

Were you receiving a Family Tax Benefit as at June 30, {year}?

Yes No

Please describe your financial circumstances and/or your background which might help us to understand more about your financial position:

Does anyone else contribute to the costs of the education of your child (such as grandparents, uncles, friends of the family, philanthropic organisations)?

Yes No

If yes, how much do they contribute? _____

Please include the Income Tax Returns for the last two financial years for all supporting parents. Self-employed applicants need to provide a summary of their financial situation, including net profit, for the last two years.

Gender	Age	School/Chilcare	Fees	Scholarship/Discount



Scholarships and Bursary Policy

Annual Income - Details of Your Earnings

	Parent 1	Parent 2	Other
Gross Annual Salary/ Wages			
Bonuses			
Investment Rental Income			
Dividends			
Interest			
Child Support			
Centrelink Benefits			
Any other income			
TOTAL ANNUAL INCOME	\$	\$	\$

Please advise details of the most recent major family holiday:

Year: _____

Destination: _____

Duration: _____

Costs: _____

Self-employed applicants, please provide a summary of your financial situation, including net profit, for the last two years.



Scholarships and Bursary Policy

Annual Expenditure - Details of Your Expenditure

	Parent 1	Parent 2	Other
Annual Home Loan Repayment			
Annual Rental Expenditure			
Other Personal Loans			
Interest on Credit Cards			
Utilities & Communication (e.g. water, electricity, rates, phones, internet)			
Educational Expenses			
Child Support Expenses			
Other living expenses (e.g. food, clothing)			
Motor Vehicle expenses			
Insurance Costs (e.g. health, car & home)			
Entertainment expenses			
Vacation expenses			
Household expenses (e.g. cleaning, lawnmowing, landscaping, etc)			
Other expenses			
TOTAL ANNUAL EXPENDITURE	\$	\$	\$

Additional comments relating to income and expenditure: _____



Scholarships and Bursary Policy

Assets and Liabilities

VALUE OF ASSETS - DETAILS OF WHAT YOU OWN (as at 30 June {year})	Value
Value of residential home	
Address of residential home:	
Total value of investment properties (list addresses of investment properties)	
Total value of deposit/savings accounts	
Total value of motor vehicles, boats and caravans (list make model & year)	
Total value of combined superannuation	
Total value of any other assets (e.g. art works, antiques)	
TOTAL VALUE OF ASSETS	\$
Comments:	
VALUE OF LIABILITIES - DETAILS OF WHAT YOU OWE (as at 30 June {year})	Value
Outstanding mortgage on residential home	
Outstanding mortgages of investment properties	
Outstanding loans on motor vehicles, boats, caravans	
Outstanding loans to finance shares and other financial investments	
Other personal loans, debts and credit card balances	
Other liabilities	
TOTAL LIABILITIES	\$
Comments:	

Declaration

I/we confirm that the information contained in this application is correct.

Signature (Supporting Parent 1): _____

Date: _____

Signature (Supporting Parent 2): _____

Date: _____

Please note that if you are offered this scholarship, we may require independent verification of the details in this application and a signed Statutory Declaration from you.



GIFTS AND HOSPITALITY POLICY

Context

1. The <School>'s management and staff are responsible for the application of the school's assets, which include tuition fees paid by parents as well as the State and Federal Government Grants it receives. They are also responsible for upholding the reputation of the school which has been built over the years. The School Council wishes to be proactive in addressing the risks associated with any assertion that the Council, its staff or members of the School Community are not managing these assets with integrity and honesty.
2. To offer, give, seek or receive a gift or benefit with the intention of influencing the behaviour of any person to act contrary to the rules of honesty and integrity is considered to be in breach of the School's ethos and the values observed by the School. Such a breach will jeopardise the School's reputation.
3. To offer, give, seek or receive a gift or benefit can also create the perception within the School Community that a person is seeking to be, or is, susceptible to compromising another person's integrity and impartiality.

Purpose

4. This Policy applies to all Board members, staff employed by the School Council and persons associated with School business including parents who hold office or are involved with the School's various sporting clubs and associations (all known as School personnel). It describes the expectations of the School Council in respect to gifts. A breach of this Policy by a member of School personnel may constitute a disciplinary matter and cause serious damage to the School's reputation. Appropriate disciplinary measures will be taken.
5. This Policy outlines the expectations of the School Council towards the giving and receipt of gifts between persons dealing with School business. The School Council does not expect to cease the practice of modest gift giving as tokens of appreciation within the School Community. Rather the School Council is expecting there to be transparency in respect to such gift giving practices. The Policy is seeking to eradicate any attempt to undermine the honesty and integrity of the School's processes.



Gifts and Hospitality Policy

Gift Definition

6. For the purposes of this Policy a gift is viewed as including items, entertainment, rewards, monetary sums, accommodation and hospitality. That list of examples is not exhaustive.
7. This Policy does not prohibit:
 - normal and appropriate hospitality and entertainment with parents and School business associates or supporters that does not raise speculation as to the veracity of its purpose;
 - charitable gifts by students or groups of students on behalf of the School raised through fundraising activities;
 - gifts to the various public deductible gift recipient funds operated to benefit the School that are given in accordance with the relevant legislation;
 - gifts as tokens of appreciation up to the value of \$100;
 - gifts that do not create a conflict of interest.

A non- exhaustive list of examples of significant gifts creating a real or perceived conflict of interest that are prohibited under this Policy include:

- accommodation e.g. holiday accommodation provided to staff by parents either free of charge or far below market value;
 - travel and accommodation provided by suppliers or prospective suppliers to the School;
 - cases of wine and other gifts with a value in excess of \$100;
 - entertainment of a disproportionate value that creates the perception of a conflict of interest.
8. Staff must not accept gifts or hospitality offered as an inducement to purchase regardless of their monetary value. Examples of inducement include a bookshop offering teachers a personal dinner for two to the value of \$75 for every \$1000 of textbook orders or an employment agency offering administrative staff theatre tickets valued at \$80 for each temporary person employed.



Gifts and Hospitality Policy

Reporting Of Bribes, Potential Bribes And Solicitation Of Gifts

9. Bribes and potential bribes, including significant gifts and the witnessing of the solicitation of a bribe or a significant gift must be reported as soon as possible.
10. School personnel who are offered a bribe, or believes the offer of a significant gift or benefit is a bribe, or believes that they have witnessed another member of School personnel soliciting a significant gift or benefit in order to undertake a specific action, must notify the Business Manager or other Senior Manager of the incident as soon as possible. This initial notification should occur within 24 hours of the incident (excluding weekends and public holidays) if possible and it can be in either verbal or written form. If the incident involves a staff member's Senior Manager the staff member must notify another Senior Manager. If the incident involves the Principal the staff member should advise the Business Manager or the Chairman of the School Board.
11. The staff member must follow the initial notification with the submission of a written report. The written report must be submitted within 48 hours to whoever the staff member made the initial notification. The report should include:
 - the name(s) of those involved and their contact details (if known),
 - the date, time and place of the offer/presentation/solicitation,
 - the circumstances of the offer/solicitation, e.g. what it involved and what the staff member thinks it was intended to persuade him/her to do,
 - any action the staff member took at the time, e.g. what the staff member said or did at the time,
 - any other relevant details, and
 - the staff member's signature and date on which the submission was lodged. The staff member must retain a copy of the report.
12. When a Senior Manager receives an initial notification they must report the incident to the Business Manager. On receipt of an initial notification, the Business Manager must assess the situation on a case by case basis and make a determination as to if and how to pursue the matter. In circumstances where the recipient is the Principal, Business Manager or a Board Member on the School Board reporting is escalated to the Chairman of the School Board or possibly the External Auditor if the Chairman of the School Council is the recipient.
13. Where it is determined by the Business Manager that the reported incident involves or is likely to involve corrupt conduct the Principal and the Chairman of the School Board must be notified.
14. The Business Manager will immediately initiate appropriate action in regard to disposal of the significant gift/handling of the incident.
15. Following investigation by the Business Manager, deliberations and management of the incident, if it is determined that the gift can be accepted (i.e. that there was no corrupt dealings), the outcome of the investigation needs to be recorded and placed on the recipients personal file. The Business Manager will consult with other Senior Managers and the School Board Chairman in determining such exclusions. These outcomes will be reported to the School Board via the relevant Committee.



Gifts and Hospitality Policy

Gifts Of Hospitality

16. School personnel will at times be offered hospitality (e.g. food and drinks) in relation to work-related and School functions or similar activities as part of their role in representing the School or managing School business. As a general rule it is acceptable for School personnel to accept modest offers of hospitality of the type that the School itself would offer for similar activities. Staff members should not accept extravagant hospitality, regular or frequent hospitality, or any hospitality designed to influence the decision-making process of School personnel.
17. Staff members should report offers of extravagant hospitality to their Senior Manager or the Business Manager.

Gifts/Benefits To Family Members And Other Third Parties

18. Offers of gifts and/or benefits made to family members of School personnel or third parties with which they are associated to avoid the requirements of this Policy should not be accepted.

Register Of Incidents

19. The Business Manager will maintain a “Register of Incidents” in the context of this Policy containing details of matters reported to him in accordance with this Policy. The contents of that Register will be laid open on an annual basis to the Risk Audit and Compliance Committee.

Monitoring And Review Of The Policy

20. The Risk Audit and Compliance Committee will review this Policy on a regular basis along with summary reports of any incidents reported in accordance with this Policy. Any comments on this Policy should be forwarded to the Business Manager.



CAMPS AND EXCURSIONS POLICY

Introduction

Excursions and camps are seen as an integral part of the curriculum as they enable students to explore, extend and enrich their learning and their social skills development, in a non-school setting. Excursions and camps complement and are an important aspect of the educational programs offered at the school.

Planning

The principal is responsible for the conduct of all excursions and must ensure that a planning and approvals process is undertaken and that the details for the excursion are entered on a daily planner.

Important: Principals, teachers, school councillors and others involved in school excursions, must anticipate the possibility of litigation following an incident or injury. They must be prepared for a detailed examination of their planning, (including risk management planning), actions and the curriculum role of any activity.

While the degree of planning involved will depend on the nature and likelihood of the risks involved, the conduct of any excursion or activity should take into account the following:

- Educational purpose of the excursion and its contribution to the curriculum
- Board approval requirements for excursions and staff travel
- Maintenance of full excursion records, including clear documentation of the planning process
- Suitability of the environment and/or venue for the excursion
- Informed consent from parents or carers
- Adequate student and staff medical information
- Adequate student preparation and clear behaviour expectations
- The importance of providing an inclusive excursion experience for all students, including students with disabilities and additional needs
- Requirements for any adventure activities (these involve greater than normal risk
- there are additional considerations associated with these activities)
- Appropriate educational programs and supervision for students not participating in the excursion and remaining at school.



Camps and Excursions Policy

Approvals

All excursions and camps must be approved before they can take place.

Staff wishing to organise an excursion or camp must complete an excursion/camp proposal form and lodge this for approval by the Principal (or their nominee) for the approval of all single-day excursions or to the School Board for approval of:

- Overnight excursions
- Camps
- Interstate visits
- International visits
- Excursions requiring sea or air travel, weekends or vacations
- Adventure activities

Duty Of Care

All school staff attending the camp or excursion owe a duty of care to the students. This means that they must ensure that reasonable steps are taken to prevent any reasonably foreseeable harm to students. This duty is non-delegable, which means that it cannot be delegated to external camp or education providers, parents or volunteers. The designated teacher in charge has ultimate responsibility for all students in their care.

External education providers, paraprofessionals and volunteers must have appropriate certification (e.g. Working with Children Check) and ensure that supervision guidelines are followed. Prior to the camp or excursion/camp, parent/carers should be made aware that the school provides student accident cover and that they may need to make their own arrangements for insurance cover.

School excursion organisers should also confirm with the Business Manager whether the school's insurance policies do cover volunteer staff as many policies do.

First Aid

At least one member of staff responsible for each group of students will hold an appropriate first aid qualification. For adventure activities, the minimum acceptable level of first aid training is the senior first aid certificate (often referred to as a level 2 first aid qualification) or its competency based equivalent HLTAID003 Apply First Aid.

For remote activities, a higher level of first aid training is required appropriate to the setting, such as Wilderness First Aid or its competency based equivalent THHGHS11A Manage casualty in a remote area. Staff must also have a first aid kit appropriate to the excursion/camp location and activities undertaken.



Camps and Excursions Policy

Students With Disabilities

Students should not be denied attendance to any excursion or camp because of disability or medical condition. Parents and carers will be consulted about reasonable adjustments that may be implemented by the school to enable the student to safely attend the excursion or camp.

Principals will ensure that appropriate emergency and risk management planning is undertaken for students with disabilities attending excursions and camps.

Overseas Travel

The Smartraveller website is the Australian Government, Department of Foreign Affairs and Trade (DFAT), travel advisory and consular assistance service. This site also provides useful travel information and tips (<https://smartraveller.gov.au/>).

(*School Name*) will ensure that they:

- comply with any DFAT travel advice current for the proposed location;
- subscribe to receive automatic travel advice updates from the Smartraveller website both prior to the excursion and when overseas;
- review their risk assessment if there are any changes to the DFAT travel advice.

The cost of medical and hospital treatment is high in some countries; therefore, trip organisers should investigate insurance coverage for students, staff, and volunteers prior to departure, and ensure it covers the entire trip.

Emergency Notifications And Communications

In the event of an emergency, to ensure information is provided to emergency services, (*School Name*) will notify the:

- the School Board of any approved school camp or excursion at least three weeks beforehand using the Student Activity Locator online form. A user guide has been developed to help schools complete the online form, see: Student Activity Locator - User Guide
- the School's compliance officer
- Department of Foreign Affairs and Trade (DFAT) of overseas travel plans so that DFAT can help staff and students remain safe and secure while overseas.

Parents or carers will be advised of the telephone numbers (both during and outside school hours) for the designated school contact person in the event of an emergency.

Arrangements for communicating with parents in the event of an emergency, cancellation or recall of the excursion will be made.

Consent forms will remain at the school with the designated school contact person and copies of each form will be taken on the excursion by the teacher in charge. In the event of an emergency, accident or injury:

- staff on the excursion will:
 - take emergency action as documented in the excursion and camp's emergency and risk management plan
 - immediately notify the school principal



Camps and Excursions Policy

Fire Danger Or Ban

The Principal may need to cancel excursions and camps at short notice on days of extreme fire danger or total fire ban. On such days, the Department of Education and The Association of Independent Schools of NSW will liaise with fire authorities to obtain up to date information for communication to schools that may be affected by wildfire, including schools with students attending camps in areas affected by wildfire. If an excursion is not cancelled, special fire safety precautions will be required.

When required, (*School Name*) will follow the Department's emergency management (bushfires) procedures for off-site activities.

Risk Management

For excursions requiring school board approval, an excursion risk assessment plan will be completed which includes consideration of risks across the entire excursion (including transportation, activities undertaken and excursion venues).

Venue managers and activity providers should be consulted in the preparation of the school's risk management plan and where appropriate, the risk management plans of venues or activity providers should be used to inform the school risk assessment process.

Payments

All efforts will be made not to exclude students simply for financial reasons. Parents experiencing financial difficulty, who wish for their children to attend an excursion/camp, are invited to discuss alternative arrangements with the Principal.

All families will be given sufficient time to make payments for excursions/camps. Parents will be provided with permission forms and excursion information clearly stating payment finalisation dates. Children whose payment have not been finalised at least 24 hours prior to the departure date will not be allowed to attend unless alternative payment arrangements have been organised with the Principal.

Staffing And Supervision

Principals should consider the appropriate level of experience, qualifications and skills required of staff members (including volunteers, instructors, etc) to allow them to provide effective supervision in general and for planned activities (as applicable). There must be appropriate levels of supervision in view of the activities undertaken and students involved.



Camps and Excursions Policy

Teacher Responsibilities

Teachers participating in an excursion and/or camps will:

- understand the purpose of the program and its connection to student learning
- be aware of their supervisory responsibilities throughout the program
- know who is the nominated member of staff who will provide first aid if required
- know the exact location of students they are responsible for at all times including during travel.

In addition, the nominated teacher-in-charge will:

- know the exact location of students at all times including during travel
- maintain a record of telephone contacts for the supervising staff accompanying the excursion
- know who the school contact person is and their phone number
- have a copy of the names of family contacts for all students and staff on the excursion
- have copies of the parental approval and medical advice forms for those students on the excursion
- maintain a copy of the completed approval form (including all attachments) submitted to the school council

Student Behaviour

Only students that have displayed safe and reliable behaviour at school will be permitted to participate in school excursions and camps. Parents will be notified if their child is in danger of losing the privilege to participate in an excursion or camp due to poor behaviour at school.

The decision to exclude a student will be made by the Principal, Deputy Principal, in consultation with the organising teacher. Both parents/carers and the student will be informed about this decision prior to the excursion/camp.

Disciplinary measures still apply to students on camps and excursion. In extreme cases the camp or excursion staff, following consultation with, and the approval of, the principal or their nominee, may determine that a student should return home during a camp or excursion.

In such circumstances, the parent/carer will be advised:

- of the circumstance associated with the decision to send the student home
- of the time when the parents/carers may collect their child from the camp or excursion
- of the anticipated time that the student will arrive home
- of any costs associated with the student's return which will be the responsibility of the parents/carers



Camps and Excursions Policy

Cancellations Or Alterations

- Principals should inform parents that any costs associated with the student returning from an excursion early due to illness or serious misbehaviour are the responsibility of the parent.
- Parents should be advised of possible cancellations or alterations, and any cancellation fees imposed on the parents by third parties.
- With respect to arrangements between the school and third parties, principals should:
 - carefully negotiate terms and conditions with third parties (e.g. travel agents, travel insurance companies, camp providers, specialist instructors, expedition providers) prior to accepting arrangements
 - ensure the terms of any travel insurance offered to the school by the third party are satisfactory.

Transportation Requirements

- If using public transport, authorities should be consulted on appropriate travel times and at least a fortnight's notice of travel provided
- Excursions that run late, failing to meet times agreed to with private bus operators, are likely to incur significant costs.

Other Requirements

- Communication requirements and equipment.
- Obtain up-to-date advice and any necessary approvals/permits from relevant organisations/ authorities.
- Staff and students must have appropriate clothing and personal equipment.
- Group or technical equipment must be in good condition and suitable for the activities undertake.
- Appropriate educational programs and supervision will be provided for students remaining at the school during the absence of staff accompanying the excursion.
- The regional director must be informed in advance if an excursion will leave the school unoccupied.
- Any information which has been provided by specialists in the activities proposed.
- Requirements for interstate or overseas excursions.
- Where external providers have been engaged to deliver specific activities or programs for students, or provide other services, the school retains responsibility for its students. The duty of care of the school staff to students cannot be delegated to a third party.
- The excursion meets the requirements of any school-level policy or procedures.



CANTEEN MANAGEMENT GUIDE

Effective Management

In addition to providing the school community with nutritious and affordable foods, the canteen should be based on good management practices and be financially self-sustaining.

Experience shows that, with good management and marketing practices, a canteen can provide healthy foods and also be financially viable.

The school canteen is a small business. Like any business, it requires good management practices to be efficient and successful. Effective canteen management requires that:

- everyone involved knows its goals and objectives and is familiar with its policies
- canteen staff and committee develop an implementation plan to achieve policy goals
- day-to-day operational procedures are structured and enforced
- staff are adequately trained and supervised
- staff carry out efficient stock management, accounting and financial procedures
- staff are familiar with and comply with relevant legal requirements regarding food safety and occupational health and safety standards.

Role Of The School Board

The school board has the authority to operate the school canteen.

This authority can also be delegated to a club or association that is not a sub-committee of the school board, or it can be sub-leased to a private contractor under a licence.

The school Board oversees the operation of the school canteen, including its policies, employment of staff, the disbursement of any profits and the recoupment of losses. The day-to-day operations of the canteen are managed either by a paid worker or a volunteer. School boards usually form a canteen committee to manage canteen issues. All profits from the canteen are transferred to the school. Income from the canteen must be adequate to meet expenses incurred including provision for staff superannuation, sick leave, annual leave and other benefits and depreciation.

If a school canteen is sub-leased to a private contractor, the school board should ensure that the contract specifies that food be sold in accordance with the Australian Department of Health - Guidelines for Healthy Foods and Drinks Supplied in School Canteens: [https://www1.health.gov.au/internet/main/publishing.nsf/Content/5FFB6A30ECEE9321CA257BF0001DAB17/\\$File/Canteen%20guidelines.pdf](https://www1.health.gov.au/internet/main/publishing.nsf/Content/5FFB6A30ECEE9321CA257BF0001DAB17/$File/Canteen%20guidelines.pdf).

The school board should also ensure that it has oversight of the operation (including stocktaking, trading, profit and loss statements) of the school canteen and other school food services. Many school boards are now recognising that an important aim of the canteen, in addition to being financially viable, is to provide nutritious foods and promote healthy eating. This aim should be acknowledged in the canteen policy.



Canteen Management Guide

General Business Structure Of Canteens

School canteens may operate under a variety of management structures, depending on the individual characteristics and needs of the school. Most canteens in schools are run under the direction of, and are accountable to, the school council. Schools may decide to provide a food service to students in several ways:

- **Scenario 1: Full-time paid canteen manager plus paid staff and/or volunteers.** The canteen manager is present at all times and their work is supported by paid staff and possibly volunteers.
- **Scenario 2: Part-time paid canteen manager plus volunteer staff.** The canteen manager will attend the canteen in the morning to allocate tasks to volunteer staff and return in the afternoon to finish operations for the day.
- **Scenario 3: Fully staffed by volunteers.** The canteen is staffed by a volunteer canteen manager with volunteer staff. It may alternatively be staffed by a group of volunteers, each of whom is rostered and responsible for the operation of the canteen on particular days.
- **Scenario 4: External food services management company.** Management of the canteen is contracted to an external food services management company, which is responsible for staffing the canteen.
- **Scenario 5: External off-site caterer.** Schools without their own canteens may order food from an off-site caterer, such as the local milk bar, sandwich shop or canteen lunch specialist caterer.

When deciding a management structure for the school food service, school councils should consider the type and extent of the food service the school needs. For example, a small school wanting to provide a canteen service once or twice a week may be able to do this with volunteer support or external catering. However, a secondary school requiring a more extensive food service, including breakfast, may need to employ a full-time canteen manager.

Formal Management Agreement

A formal management agreement detailing the terms and conditions of the management structure should be drawn up and signed by the relevant management parties, which will usually be the school council and principal, or the school council or principal and private contractor.



Canteen Management Guide

> General Business Structure Of Canteens Continued

Employing Staff

Employing canteen staff is the role of the school board with approval from the principal. When employing paid and voluntary canteen staff, it is important to follow good staff management procedures:

- following the correct industrial award or agreement
- having a formal job description and interview process
- drawing up an official employment contract
- providing a staff supervisor
- having a performance review process
- providing adequate training
- establishing a complaints resolution procedure.

For more information on employment and management of staff for school canteens, including job descriptions, pay rates, employer entitlements and relevant awards, contact the Australian School Canteens Association (<https://www.asca.com.au/>)

Stock Management

The purchase of goods is a significant canteen expense and therefore it is critical that this process is organised and efficient. It is important to:

- buy products at the best price
- buy appropriate quantities
- ensure safe, high-quality products
- order at the appropriate time.

Who should be responsible for ordering stock?

Only one person in the canteen should be responsible for ordering stock, which includes foods, drinks, packaging, utensils, first aid and cleaning materials. Ideally this will be the canteen manager, or a person who oversees most of the canteen and has the largest time involvement.

Allocating this responsibility to only one person is important as it prevents confusion and overordering, maintains consistency and ensures maximum efficiency.

Canteens generally return higher profits when they restrict the number of suppliers and range of stock. Restricting the number of suppliers can be beneficial as it allows canteen staff to develop management rapport with a supplier. This can also result in special services and treatment, such as discounts and better quality of service.

Minimising the range of stock assists in reducing slow turnover items, which can lead to spoilage. It will also allow you to use employees and volunteers with less training given there are less products to work with.

Both of these practices will also result in more efficient ordering with fewer orders needing to be placed. It is important to ensure that when minimising the range of stock in a canteen the range and variety of nutritious foods, such as fruit and vegetables, is not reduced.



Canteen Management Guide

> Stock Management Continued

How do I choose a supplier?

The following pointers should help you in selecting a good supplier. An ideal supplier:

- is located locally
- has been recommended by other school canteens
- delivers frequently, and will do so at a convenient and suitable time for the canteen
- delivers stock in good condition, for example ice-cream which is always frozen and fruit and vegetables which are always fresh
- delivers stock with the maximum shelf life
- follows appropriate storage, handling and food safety requirements, such as adequate refrigeration for chilled and frozen goods and shade and cover for fresh produce
- uses adequate packaging and handling procedures to ensure products are not damaged

- offers an adequate range of products
- communicates well, keeping you informed of price changes, specials and product availability
- offers competitive prices, as well as specials, discounts and incentives
- offers taste-testing opportunities or free samples to trial
- provides free promotional material in line with your healthy canteen policy, such as posters
- promoting healthy food products
- offers incentives, such as equipment rewards
- offers convenient and acceptable payment procedures, including method of payment and settlement terms.

HINT: Never select food or drink products that fail to reflect nutrition standards detailed in the canteen policy even if the supplier can offer a lucrative deal, such as bargain prices or equipment rewards.



Canteen Management Guide

Financial Management

In order for a canteen to be financially viable, income from selling food must either be equal to or greater than the expenses involved in running the canteen.

Accurate costing of foods plays a very important part in determining income. A financially successful canteen also requires efficient management of all canteen resources.

The following section details why it is important to:

- account for all canteen money
- account for all stock
- determine the cost price of pre-packaged items and recipes
- determine the selling price of pre-packaged items and recipes per serve.

Accounting for canteen money

The canteen needs to ensure that all canteen money can be accurately tracked at all times. Management of money involves:

- running off cash registers at the end of each trading period during the day (if applicable)
- counting money and balancing cash registers at the end of each day
- maintaining a standard float
- banking each day and keeping minimal money in the canteen

- accurately recording payment of all orders and invoices
- accurately recording all cheques
- accurately recording all petty cash expenses.

It is recommended that all stock should be paid for by electronic transfer, with petty cash being used only for the purchase of items of a minor or unexpected nature. Only a small petty cash float should be kept.

School Canteens and the GST

School-operated canteens are non-profit bodies under GST legislation and can choose from two GST methods for reporting their transactions for tax purposes – ‘input taxed’ or ‘fully taxed GST’.

The ATO recommends that schools that operate profitable canteens use the input taxed method. Schools using the input taxed method do not need to report any GST-inclusive transactions on the Business Activity Statement (BAS) to the Australian Taxation Office.

Where costs, such as electricity, cleaning, insurance, etc., are jointly used by both the school and the canteen these costs will need to be ‘split’ between the school and the canteen. For example, where a bill is for the whole school, no input tax credits can be claimed on the portion of costs that relate to the canteen.

In these instances, the invoice should be split charged with the school share charged as GST inclusive and the canteen share charged as input taxed.



Canteen Management Guide

> Financial Management Continued

Accounting for stock

The canteen should be able to account for stock numbers, so that incoming stock always balances outgoing stock. This ensures that an accurate income can be recorded. Records should include goods which are disposed of due to being past their expiry date, items used in meal deals, taste testings and freebies. It is important to check deliveries to ensure that all stock ordered has been supplied. Accurate monitoring of stock should allow you to determine if stock is missing.

HINT: Inform the school community of price changes in the school newsletter. You don't necessarily need to wait until the menu is altered to change individual prices.

Changes in price can be due to:

- seasonal availability, particularly of fruit and vegetables
- bulk purchase
- discounted items and sales
- competitive prices
- incentives
- taste-testing opportunities or trial of free samples.

The cost price of recipes is the amount it costs the canteen to make a meal, snack or drinks which use a variety of ingredients and packaging. To determine the cost price of recipes, the cost of all ingredients and packaging is taken into account. Remember to cost out recipes accurately by including all ingredients, even the butter or chutney which is used in sandwiches. Underestimating the cost of recipes – even for small quantities of ingredients – can affect profits in the long term.

Many canteens also include overhead costs, such as wages, electricity, gas, water and equipment expenses. The canteen may also wish to take into account specials, discounts and equipment subsidies that are provided by the supplier.

It is important for the canteen to have standard recipes with strict quantities of ingredients and standard serving sizes in order to accurately price recipes, for example a consistent quantity of filling each time for sandwiches.

HINT: Using portion-control equipment assists in making serves of foods and drinks accurate and consistent according to the recipe. This could be as simple as using a tablespoon instead of a 'handful' of sultanas. Also avoid unnecessary packaging and wrapping. This not only reduces the cost of products but also helps the environment.



Canteen Management Guide

Staff And Volunteers

The school canteen manager plays a vital role in the coordination and management of the canteen's volunteers.

Volunteers can be:

- parents
- people from the wider community
- students.

Reasons for volunteering

- Contributing to, and being part of, the school community.
- Giving something to the school.
- Learning about food and nutrition.
- Increasing knowledge and skills in the areas of cooking and food preparation, food hygiene and safety, nutrition, customer service and cash handling.
- Making new friends and enjoying opportunities to socialise.

What to expect

- Allow volunteers time to adjust to their role, gain confidence and improve their skills.
- Be realistic - be prepared to do most of the work yourself.
- Be a good role model.
- Communicate clearly.

Student volunteers

Students can help design posters and flyers promoting healthy eating or they can help to think of new menu ideas. Talk to teachers to see if students can work on developing promotional materials as a class activity. Get students to write a letter to parents requesting volunteer help – you could use these student articles in the school newsletter. Student volunteers need adequate supervision. It is also important to make sure that volunteering does not interfere with their studies.



Canteen Management Guide

> Staff and Volunteers Continued

Coordinating a volunteer program

Coordinating a volunteer program involves:

- recruiting
- retaining
- recognising and rewarding.

Recruiting volunteers

- Identify how many volunteers you will need to make a regular commitment and how many you will need only to provide casual assistance. It's a good idea to plan for the year, keeping in mind special days or events when additional volunteer assistance will be required.
- Assume that volunteers will come and go. Develop a list of interested volunteers who will fill casual positions and prevent an unexpected shortage of assistance.

- Plan rosters so that volunteers know how much time is required and the length of commitment expected.
- Develop a job description for the volunteer positions available so that volunteers know what is expected of them. This should include a list of specific tasks involved, skills and training required, level of responsibility, and personal attributes which would be looked upon favourably, such as own transport.
- Offer a range of tasks or jobs to choose from so that volunteers have options. For example, a volunteer may not feel comfortable dealing with customers but is happy to be involved with food preparation. Some voluntary jobs may also allow volunteers to assist in their own time, for example researching new recipes or assisting with promotion and marketing.
- It is imperative that all volunteers have had an up to date Working With Children Check (WWCC).

HINT: Include a canteen roster when advertising for volunteers that indicates which gaps need to be filled. This enables readers to see what the commitment involves.



Canteen Management Guide

> Staff and Volunteers Continued

Advertising

It is important to advertise regularly and widely to keep the community informed and aware of volunteer opportunities.

Options for advertising could include:

- weekly school newsletters
- school website
- school orientation information for new parents
- orientation evenings
- parents' evenings
- local newspaper.

Advertisements can be targeted at:

- students' parents and families
- churches
- Senior Citizens' Association
- Volunteering Australia.

Retaining volunteers

Once volunteers have been recruited, it is important to provide a positive and rewarding working environment so that they feel comfortable and appreciated. It is important that volunteers are welcomed and introduced to canteen and school staff on their first day, given a tour and have policy and procedures explained.

Provide new volunteers with a volunteer's canteen information kit which should contain:

- an introductory letter (including contact information for the canteen)
- the roster
- the canteen policy
- the canteen menu
- food hygiene information.

Volunteers should be provided with information about:

- the layout of the canteen
- how to operate machinery and equipment
- food hygiene requirements
- emergency drills and evaluation procedures
- how to handle difficult students.
- how to manage customer complaints and feedback
- procedures to follow if they are ill when rostered on
- where the roster is located
- where to locate contact numbers, including emergency contacts
- school times, including lunch and recess.

HINT: Discuss any times when the volunteer is not able to assist, for example during holidays or because of medical appointments or special occasions so that you can plan ahead.



Canteen Management Guide

> Staff and Volunteers Continued

Layout of the canteen

- Provide schedules on the wall which outline time-based tasks, for example when to place pizzas in the oven.
- Keep instruction books near equipment for easy reference.
- Place food hygiene reminders around the canteen.
- Provide recipe information on the wall, for example how long a sandwich should be toasted for and serving sizes of sandwich ingredients.
- Label drawers and cupboards with their contents. This will cut down the amount of time a volunteer may take to search for items.

Management of volunteers

- Maintain confidentiality of their personal details.
- Be sensitive to their current level of knowledge and skills.
- Ensure that volunteers feel confident in all aspects of their duties, such as food hygiene regulations. Be aware that they may be reluctant to ask for clarification, so keep a check and be ready to ask if there is anything they need help with.
- Keep volunteers informed of changes and developments in the canteen and school, such as decisions made at canteen committee meetings.
- Include volunteers in decision making.
- Provide volunteers with the opportunity to share their knowledge and skills.
- Ensure that all volunteers renew their Working With Children Check (the Check is valid for 5 years).



Canteen Management Guide

> Staff and Volunteers Continued

Maintaining volunteer involvement

- Ensure that volunteers have adequate breaks.
- Provide volunteers with a variety of tasks.
- Provide the opportunity for volunteers to develop additional skills to increase their job satisfaction and prevent boredom.
- Introduce a 'buddy' system, such as pairing volunteers to prepare sandwiches together. Working in pairs or in a team can be rewarding, contribute to team building and prevent isolation. It is also a great way for new recruits to work with more experienced volunteers.
- Run a 'Bring a Friend' day.
- Organise social occasions, such as sitting down for lunch together, or organising a larger-scale function such as a dinner out.

Recognising and rewarding volunteers

Recognising and rewarding volunteers is vital if they are to feel valued and appreciated. It is also important to provide incentives to keep volunteers motivated. These actions will result in better service and will encourage longer periods of commitment. Discuss with the school principal the idea of applying for external volunteers' awards and funding.

Strategies to reward volunteers could include:

- thanking volunteers for their assistance on a daily basis
- acknowledging volunteers in the school newsletter, at assembly and at school events
- providing formal acknowledgement of their assistance with a certificate at the end of each year and perhaps a personal letter or small gift
- pinning up photographs of volunteers in the canteen with their name (if they wish)
- providing professional development and training opportunities, such as attending canteen expos - offering a complimentary healthy lunch
- planning special events during Volunteers' Week - ensuring the canteen is a happy, pleasant place to work.



VEHICLE MANAGEMENT POLICY

PROCUREMENT AND MANAGEMENT PROCEDURES FOR ALL VEHICLES OWNED OR LEASED

Procurement And Utilisation

Site Managers must:

- maximise business utilisation of vehicles;
- confirm the vehicle is licensed;
- confirm the vehicle is only used for approved purposes;
- confirm vehicle maintenance is carried out in accordance with manufacturer recommendations;
- maintain the value of the vehicle asset (allowing for reasonable wear and tear);
- monitor vehicle cost against budget;
- maintain a register of authorised drivers
- maintain a copy of every new or discontinued registration; and
- maintain a register of all plated vehicles and undertake an annual vehicle stocktake.

Vehicle Use

Site Managers must:

- determine suitability of drivers before approving employees and non-employees to drive school-owned vehicles;

- confirm vehicles are driven only for approved purposes;
- for extended periods of travel confirm all extended period of travel journey plans, and checks have been performed prior to vehicle use;
- confirm detailed logbook entries which show origin, destination, purpose and odometer readings for every business trip and driver details are recorded.

Employees must:

- obtain annual approval from their Site Manager to drive a school vehicle (Vehicle Booking Form)
- obtain Site Manager approval before transporting passengers;
- only use vehicles for approved purposes;
- confirm the vehicle is in a suitable condition to drive; and
- record detailed logbook entries which show origin, destination, purpose and odometer readings for every business trip.

Employees must not:

- travel interstate in school-owned vehicles unless approval is obtained from the Principal.
- Sufficient records are kept to identify the driver of a vehicle at all times—regardless of whether the trip is considered business or private use.



Vehicle Management Policy

Vehicle Safety And Security

Site Managers must:

- confirm that vehicles are safe to drive;
- for extended periods of travel, undertake a vehicle risk assessment based on local conditions, identifying potential hazards, and establish control measures be undertaken to minimize risks; and
- confirm that overnight parking is secure.

Extended Periods Of Travel

Site Managers must:

- determine if a journey plan is required, and if necessary, confirm a journey plan has been devised that addresses driving risk for their location;
- review, and if applicable, approve driver travel itineraries and journey plans; and
- arrange any training required to equip the driver with skills required to handle the vehicle and to prepare for adverse events.

Employees must:

- prepare a travel itinerary and submit to their Site Manager;
- if the distance or conditions requires a journey plan, prepare a journey plan;
- check the vehicle for roadworthiness;

- pack suitable supplies and safety equipment; and
- undertake training required to equip with skills required to handle the vehicle and to prepare for adverse events.

*Suitable supplies and safety equipment could include but are not limited to – food, water, first aid kit, satellite phone.

School Buses

Site Managers must:

- abide with the special legislative requirements for school buses;
- confirm annual inspections are conducted, and that buses contain required safety features; and
- confirm all school buses (owned or leased) have lap sash seat belts.

Incident/Accident Reporting

Site Managers must

- report accidents and incidents with insurance implications to insurance provider.

Employees must:

- report vehicle incidents and accidents immediately to Site Managers using the incident management report; and
- comply with police reporting requirements.



Vehicle Management Policy

Non-Employee Use Of School Vehicles

Site Managers must:

- assess the purpose and suitability of the driver and if appropriate, approve the use of a school vehicle by a non-employee;
- determine suitability of non-employees to drive a school vehicle and if satisfied, approve the Vehicle Booking Form
- only allow authorised persons to drive school vehicles for approved purposes;
- provide non-employees with a copy of the Vehicle Management Policy and Procedures and highlight to them the procedures they need to follow including:
 - vehicle use;
 - preparatory measures for extended periods of travel; and
 - procedures for reporting accidents or incidents.

PROCUREMENT AND MANAGEMENT PROCEDURES SPECIFIC FOR PASSENGER AND LIGHT COMMERCIAL < 4.5 TONNE FLEET VEHICLES

Site Managers must

- liaise with the Finance Office to process procurement approval for all passenger and light commercial < 4.5 tonne fleet vehicles.

Pool Vehicles

Employees must:

- complete an application form (Vehicle Booking Form) to drive a school vehicle each calendar year, prior to driving a vehicle;
- book a vehicle from their vehicle booking office; and
- cancel bookings which are no longer required to enable the vehicle to be rebooked.

PROCUREMENT AND MANAGEMENT OF PASSENGER > 4.5 TONNE AND OTHER FLEET VEHICLES

Site Managers must:

- evaluate value for money and operational need on an ongoing basis, disposing of vehicles no longer required;
- prepare an approved business case is required for purchases > \$250,000;
- obtain approval to initiate a purchase order for purchases < \$250,000.

*Site Managers must follow the procurement policy guidelines for purchasing vehicles.



Vehicle Management Policy

Definitions

EXTENDED PERIODS OF TRAVEL A more extensive journey, for example of more than two hours duration and that involves travel outside the metropolitan area.

FLEET VEHICLES All vehicles owned and leased by the school.

GROSS VEHICLE MASS (GVM) Means the maximum loaded mass of the vehicle as specified by the manufacturer; or by the Department of Transport if the manufacturer has not specified a maximum loaded mass; or the vehicle has been modified to the extent that the manufacturer's specification is no longer appropriate.

HOME GARAGING Taking a pool vehicle home on other than a one-off basis.

LIGHT COMMERCIAL VEHICLE A goods (and/or passenger) vehicle with a Gross Vehicle Mass not exceeding 4.5 tonnes.

OTHER FLEET VEHICLE Includes (but is not limited to) utes, tractors, trailers, ride-on lawnmowers, and golf buggies.

PASSENGER > 4.5 TONNE (P>4.5T) FLEET VEHICLE Includes (but is not limited to) buses and trucks.

PASSENGER AND LIGHT COMMERCIAL (PLC<4.5T) FLEET VEHICLES Passenger and light commercial vehicles less than < 4.5 tonne.

PLC Passenger and Light Commercial vehicle

SCHOOL BUS A motor vehicle that:

- a. is equipped to carry more than 8 adult persons;
- b. is at the material time being used to pick up, transport and set down school children, and
- c. is solely or principally used for the purpose mentioned in (b).

SITE MANAGER Property Officers, including Principals, College Managers and Department Managers, who have executive responsibility for overall management and control of any school vehicle, or purchase decision involving a school vehicle, or who has responsibility for directing a driver of a school vehicle.

VEHICLE Any vehicle registered by the school and includes (but is not limited to) cars, buses, trucks, trailers, ride on mowers, street sweepers, or any device that requires a Department of Transport vehicle registration plate. The following vehicles are excluded: aeroplanes; boats; or agricultural machinery.

VEHICLE MANAGEMENT OFFICE The division assigned responsibility for managing the school's vehicle fleet and vehicle policies (usually the property office or Finance Office)



PROCUREMENT POLICY AND PROCEDURES MANUAL

PROCUREMENT PRINCIPLES

All Schools procurement activity must be carried out in accordance with the key principles of:

- Value for money;
- Probity;
- Accountability; and
- Capability

Value for Money

Value for money is defined as the making of procurement-related decisions based on a range of financial and non-financial factors to ensure that the goods and/or services procured achieve the optimal outcomes by balancing cost, quality and the ability to meet the required specification/s. Value for money must be a demonstrable consideration in all procurement activities.

Probity

Maintaining the community's confidence in the procurement activities of independent schools is essential. The adherence to high standards of integrity and impartiality are the necessary preconditions to achieve good probity standards. For example:

- Integrity through evidence based decision making;
- Avoid any activities which impinge, or could reasonably be seen to impinge on impartiality;
- Conduct procurement activity in the best interests of the school, with consideration of ethical use of taxpayer funding (due to recurrent funding);
- Conduct procurement activity without prejudice or unjustified preference;
- Decline gifts, gratuities or any other benefits which may be seen to influence procurement-related decisions; and,
- Conduct procurement activities without favour for suppliers with whom there is a personal or family relationship.

Where a conflict of interest arises, the person or persons involved must act to undertake all steps necessary to limit risk and correctly manage the conflict of interest in accordance with the Conflict of Interest Policy and Conflict of Interest Framework.



Procurement Policy and Procedures Manual

Accountability

The school's procurement activity must be carried out with the required level of accountability, as determined by the School Board. Only appropriately designated persons can procure goods and/or services and this procurement can occur only where the required approvals have been obtained.

Capability

Persons undertaking procurement activities for the school must be appropriately skilled to carry out the required procurement activities.

The Principal will be responsible for attesting that all persons at the school who undertake procurement activities are capable of undertaking these activities in accordance with this Policy.

Aims

This policy aims to establish a purchasing framework that will:

1. Deliver best value for money in terms of price, quality and service
2. Promote the efficient, effective and ethical use of resources
3. Ensure probity, accountability and transparency
4. Satisfy legal and contractual obligations
5. Encourage competition and attract diocesan suppliers

Definitions

Assets

1. Furniture or Equipment costing \$5000.00 or more and
2. Portable and attractive items, being non-consumable items that have a value below the \$5000.00, which are susceptible to loss or theft due to their portable nature and attractiveness for personal use or resale. Examples of items often meeting this definition include: laptop computers, mobile phones, cameras – digital/film/video, lite-pros/projectors, printers, televisions, power tools, DVD/video players, other audio-visual equipment and IPADs.

Market Value

Market value is defined as “the amount which would be paid by a knowledgeable, willing party at arms-length to the seller”.

The school can demonstrate they are paying reasonable market value for property, goods or services for example by an open tender process, obtaining multiple quotes, or by reference to what others have paid in a similar market.



Procurement Policy and Procedures Manual

> Definitions Continued

Conflicts of Interest

The Registered and Accredited Individual Non-Government Schools (NSW) Manual in section 3.9.3.2 addresses the issue of conflicts of interest.

Each 'responsible person' for a non-government school must avoid situations in which his or her personal interests or the interests of a relative or close associate may conflict either directly or indirectly with the decisions made by the governing body, whether the conflict is actual, perceived or potential. Such conflicts of interests include but are not limited to related party transactions.

Responsible person

- a. Each director or person concerned in the management of the school, or
- b. A member of the governing body of the school, or c) The principal of the school

Related Party Transactions Register

In the context of a non-government school, a 'related party transaction' includes any transaction through which a 'responsible person' for the school acting on behalf of the school provides a financial or other tangible benefit to a related party (such as themselves or another 'responsible person' for the school or their spouse, other relatives or close associates and other related organisations). As related party transactions involve conflicts of interest or material personal interests, a non-government school must have policies and procedures for financial management including a register of all related party transactions which is validated by an external independent auditor.



Procurement Policy and Procedures Manual

Implementation

Supplier Selection

1. The school may select a supplier for goods and services using a number of method, including:
 - a. Direct sourcing from a particular supplier
 - b. Obtaining written or verbal quotes from suppliers
 - c. Calling for tenders, either selectively or open
2. The method used is determined by a number of factors including:
 - a. The estimated cost of the goods or services
 - b. Product quality, availability and competitiveness of the market
 - c. Supplier performance, reputation and service history
3. Supplier Selection Procedures
 - 3.1 Minor Level Procurement (less than \$2,000.00) Goods and Services costing less than \$2,000 may be purchased without a written quotation provided that the purchaser knows the approximate cost, and that cost is reasonable and consistent with market rates. The cost would normally be ascertained from a quote (verbal or written), on-line enquiry, or frequent and recent past dealings.
 - 3.2 Medium Level Procurement (between \$2,000 and \$20,000)
 - 3.2.1 Where goods/services are required which have a total cost of between \$2,000 and \$20,000, a reputable supplier with a history of delivering a competitive quality that at least one written quote is obtained and attached to the purchase requisition, and the quoted cost is reasonable and consistent with the market rate at least two quotes should be obtained from genuine competitors at least annually and stored in a file in the Finance office.
 - 3.3 Major Level Procurement (greater than \$20,000)
 - 3.3.1 Where goods/services are required which have a cost greater than \$20,000, a competitive pricing process is to be used.
 - 3.3.2 For purchases between \$20,000 and \$100,000 at least three written quotes are to be obtained from competitive suppliers and attached to the successful purchase requisition. School Board approval is required to determine successful quote.
 - 3.3.3 For purchases over \$100,000 the purchase should be submitted to formal tender. Depending on the subject matter, expressions of interest may precede the calling of either an open or selective tender. Prior to inviting tenders, a specification document must be produced in sufficient detail to make clear exactly what is required.
 - 3.3.4 A three person Tender Committee comprising of the Principal, School Board Chairperson and Business Manager



Procurement Policy and Procedures Manual

4. Following are additional factors relevant to supplier selection

4.1 Policy Prohibitions/Restrictions

4.1.1 Conflicts of interest – The purchase of goods and services from business entities owned or controlled by relatives, business associates or close personal friends is prohibited without the prior approval of the Principal.

4.1.2 Prepayment of purchase orders – Prepayment of purchase orders is discouraged and shall only occur when a supplier cannot be found. (Occasionally suppliers become insolvent and insistence on pre-payment for purchases could be an indicator of financial problems and school exposure to such risk is to be kept to a minimum).

4.2 Policy Exemptions/Exclusions/Modifications

4.2.1 Proprietary Goods and Services – A purchase normally subject to a competitive pricing process may be excluded from this requirement if the goods or service are held under patent, trademark or copyright, or for some other reason there is only one supplier of that particular product or service. In this situation, prior to accepting the quote, the purchaser must notate the submitted quote accordingly and attach it to the purchase requisition for approval by the responsible person.

4.2.2 Approve Exception – The Principal may approve, in writing, an exception is to be submitted for endorsement by the School Board at the next available meeting. The submission must include the reasons for the exception decision, with reference to the objectives of this purchasing policy.

4.2.3 Subject to being able to deliver equivalent purchase value, local suppliers and those with whom it relies for custom should be given preference over the other suppliers.

5. Purchase Process-Requisitioning System

5.1 Generally all school purchasing is to be done through the current requisitioning and ordering system, whether it be a paper system or an online portal.

5.2 Credit Card Purchases The school holds a credit card which is utilised when a purchase can be only completed using this transaction method. The Principal/Assistant Principal and Administration Staff have authorisation to utilise the school credit card.

5.3 Petty Cash Purchases A petty cash float is maintained by the Administration staff to cover minor (<\$100) and infrequent acquisitions requiring a cash purchase of less than \$100. All expenditure must be documented by a tax invoice.

5.4 Purchases using Personal Funds Staff may incur school expenditure which is funded from personal finances (e.g. cash or personal credit card). Reimbursement of this expenditure can be claimed by providing an invoice from supplier. Assets or items costing in excess of \$200 should not be acquired using personal funds.

5.5 Personal Expenditure

All purchasing must occur for legitimate school business purposes only. Any purchase that includes an element of private expenditure is to be funded by private means (e.g. Cash debit or personal credit card), with any business expense component being recouped via Reimbursement Claim.



Procurement Policy and Procedures Manual

5.6 Employee Travel (Accommodation, Meals), Professional Development Expenditure. Subject to any provisions contained in separate specific policy documents the following general rules apply to expenditure in the above areas

5.6.1 Accommodation and Meal expenditure incurred while travelling overnight for school business is to be kept within reasonable limits.

5.7 Gifts Any school funded gifts for departing, grieving, sick employees etc are to be approved explicitly by the Principal or delegate and issued through him/her on behalf of the school. The definition of gifts includes vouchers, flowers meals, entertainment etc. Personally funded gifts are at the discretion of the employee, but cannot be reimbursed by the school.

6. Payment Process

6.1 Suppliers are paid by cheque or EFT as soon as is reasonably possible following receipt of the monthly statement or invoice.

6.2 All payments require a dual payment authority. Payments, whether by cheque or digital means, are to be authorised by two signatories (Normally the Principal and Business Manager)

6.3 Authorisation for the payment is recorded on the voucher at 'Authorised by' The Principal/Business Manager are responsible for authorising payment after checking that the purchase requisition has been correctly approved and the supporting paperwork is in order.

7. Failure to meet the Purchasing Policy Standards Serious or repeated breaches of the Purchasing Policy may lead to an investigation and an appropriate sanction or grievance may be applied.

