



Department of
Education

FINANCIAL MANAGEMENT IN SCHOOLS
FINANCE AND ACCOUNTING
MANUAL

VERSION: 2.1

PUBLICATION DETAILS

LAST UPDATE: 21 FEBRUARY 2017

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1 STATEMENT OF INTENT

This manual is prepared in compliance with *Treasurer's Instruction 701 Financial Management Manuals*. The guidance contained in this document is mandated by legislation, Australian Accounting Standards, Treasurer's Instructions and departmental policies.

Unless written exemption is given, principals must comply with the guidance stipulated in this manual.

2 BACKGROUND

Section 111(3) of the *School Education Act 1999 (WA)* provides that the Director General may issue directions with respect to the management of school funds. This authority is sub delegated to the Deputy Director General, Finance and Administration and the Director, Schools Resourcing and Support. All instructions stipulated in this document are lawful orders and must be followed.

As school funds are public monies, the management of these funds is subject to the requirements of the *Financial Management Act 2006 (WA)*, which requires principals to be publicly accountable for the budget planning, allocation and use of those funds. In addition, schools operate in a business environment and their financial practices are subject to various acts and legislation, including but not limited to the *Goods and Services Tax (GST) Act 1999 (Cwth)*, *Fringe Benefits Tax Act 1986 (Cwth)* and *Income Tax Assessment Act 1997 (Cwth)*.

The guidelines stipulated in this document represent the minimum level of mandatory requirements. Every effort has been made to provide the flexibility needed for the widely varying circumstances of schools, whilst maintaining the level of compliance, control and accountability expected of government establishments.

Where appropriate, authority for financial management has been devolved to provide principals with more control over the resources available to them. This enables the principals to budget and make effective use of financial resources in accordance with their annual school plan.

The management of school funds is generally vested in the principals under section 111 of the *School Education Act 1999*. In summation:

- a) Principals are responsible for the day-to-day management and control of their school financial resources;
- b) Principals must ensure efficient and effective use of school financial resources; and
- c) All money received, held and expended through school bank accounts must be dealt with in accordance with the procedures outlined in this document.

3 SUMMARY OF KEY FINANCIAL MANAGEMENT DELEGATIONS

Background

The Department of Education's instruments of delegation enable the exercise of any function, power or duty assigned to the Minister or the Director General under legislation or subsidiary legislation by specified positions within the Department.

Although the Minister or Director General remain accountable for any functions or powers they choose to delegate, the officer holding the delegation is personally responsible for the decisions they make.

The list below is a summary of key financial management delegations applicable to principals of schools. Principals should familiarise themselves with the delegations and the functions that they may be required to exercise, including any conditions, limitations or restrictions specified, by referring to the *School Education Act 1999* and the Department's delegations database, which can be accessed via the following link: [Delegations](#).

Section	Summary of Delegation
113(2)	The Deputy Director General Finance & Administration and the Director, Schools Resourcing and Support can authorise a principal to have more than one bank account for school funds.
113(1) & (4)	The Deputy Director General Finance & Administration may approve the bank account used for school funds and to specify the office-holders or class of persons who may jointly operate the bank account.
116(1)	The Deputy Director General Finance and Administration and Regional Executive Directors are authorised to direct how school funds in a school that is closed or amalgamated with another school are to be dealt with and how associated bank accounts are to be operated.
216(2)(a)	For school based expenditure relating to their school, except for land and buildings, principals have the delegated power to acquire, hold, manage, improve, develop and dispose of property or an interest in property of up to \$100 000 in value.
216(2)(b)	Principals have the delegated power to accept any gift, devise or bequest if it is absolute or subject to conditions (to which the Minister agrees) up to a value of \$100 000 for non-Independent Public School principals or to any value for Independent Public School principals.
216(2)(e)	Principals have the delegated power to register motor vehicles owned by the Minister for Education in accordance with the Road Traffic Act 1974.
216(2)(e)	Principals have the delegated power to enter into contracts for the supply and disposal of goods and the supply of services for the Department of Education for the normal operations of the Department in collaboration with the Director, Strategic Procurement. <i>(Please note in regard to this delegation the procurement schedule sets limits of up to \$20 000 in value for Public School principals, or up to \$150 000 in value for Independent Public School principals).</i>

Section	Summary of Delegation
216(2)(f)	Principals of the following schools have the delegated power to enter into contracts for the sale of agricultural stock and produce up to the value of: \$50 000 Kojonup District High School Lockridge Senior High School \$500 000 Cunderdin Campus, WA College of Agriculture Morawa Campus, WA College of Agriculture Narrogin Campus, WA College of Agriculture \$800 000 Denmark Campus, WA College of Agriculture Harvey Campus, WA College of Agriculture
218	Principals can grant a licence for the use of tangible property to a person or an organisation for the use of school property for a period up to two years.
219	Principals can grant licences to local government for community use of tangible property for a period up to two years.

4 AUTHORISATIONS UNDER TREASURER’S INSTRUCTIONS

Background

Treasurer’s Instructions have the force of law. They prescribe the requirements at a minimum level on such matters as accounting for revenue, expenditure and property, the standards of reporting and other such matters necessary to achieve the objects and purposes of the Financial Management Act 2006. Accountable authorities can authorise officers to perform actions under the Treasurer’s Instructions.

In accordance with the *Treasurer’s Instruction 107*, the Director General has authorised the officer so named by position to perform the following duties in schools on behalf of the Director General.

Section	Authorisation
304(3)	Principals and deputy principals are appointed as certifying officers.
304(3)	Principals are authorised to appoint incurring officers.
304(3)	Independent Public School principals are authorised to appoint certifying officers.
807	Principals are authorised to provisionally write-off public property, revenue and other debts up to a value of \$5 000 for which no irreversible action has been taken.
202(1)	Principals are authorised to appoint a non-state government organisation or person as a collection agent.
321(1)	Principals may approve an officer of the school to apply for a corporate credit card approved by the Department for the purpose of carrying out their functions.

5 SYSTEMS, CONTROL AND PLANNING

5.1 ACCOUNTING SYSTEMS

Background

All schools are required to implement accounting and financial management information systems, which ensure compliance with statutory reporting obligations and satisfy 'whole of government' information needs.

Only systems that meet the Department's requirements in terms of functionality, controls and data transfer will be approved.

- (a) **Schools must only implement an accounting system approved by the Deputy Director General Finance and Administration.**
- (b) **Documentation in support of an application to implement an accounting system must include the following:**
- a detailed implementation plan;
 - independent evidence that the manual and automated internal controls of the system and the environment in which the system operates have been reviewed and control requirement satisfied;
 - operational and user documentation; and
 - an outline of training and support arrangements.

5.2 CHART OF ACCOUNTS

Background

A chart of accounts is a list of account titles designed to enable accounting transactions to be properly classified and recorded in order to provide effective control and financial information.

A well-designed chart of accounts will assist in budget preparation and the generation of financial reports according to the financial requirements of the schools and the Department.

- (a) All schools must adopt the relevant standard chart of accounts as prescribed by the Director, Schools Resourcing and Support Directorate.**
- (b) Schools must use, where applicable, all mandatory accounts established by the Schools Resourcing and Support Directorate.**
- (c) Principals must undertake periodical reviews of their chart of accounts to ensure that existing school level accounts or cost elements adequately reflect the prevailing activities and programs of their schools.**

Guidelines

Principals and registrars/business managers are advised to contact their respective Senior Finance Consultant (Schools) for assistance on the chart of accounts or refer to the [Finance for Schools](#) web site.

5.3 INTERNAL CONTROL

Background

Sound internal controls are essential to schools' accountability. Internal control is the combination of systems and methods designed to provide the management and stakeholders with reasonable assurance that:

- *the assets and resources of the school are protected and losses are minimised;*
- *the accounting records are reliable and accurate;*
- *Treasury, audit, accounting and departmental requirements are met;*
- *proper authorisation and certification for financial transactions are provided; and*
- *operational efficiency is promoted.*

- (a) Principals must ensure proper internal control procedures are established by means of:**
 - **appropriate segregation of functional responsibilities;**
 - **segregation of duties, which may be difficult to achieve in the school system, is a vital component of internal control. Where it is not possible, closer scrutiny of the accounting system must occur;**
 - **implementing a system for authorising and recording transactions, which includes clear management/audit trails and adequate control over assets, liabilities, revenue and expenses;**
 - **following sound practices in the performance of duties and functions; and**
 - **ensuring the appointment of personnel with capabilities commensurate with responsibilities.**

Guidelines

An effective internal control structure assists management in ensuring that:

- *business and accounting operations are conducted orderly and efficiently;*
- *errors or irregularities are prevented, or detected and corrected should they occur;*
- *assets, including information assets, are safeguarded from unauthorised use or disposition; and*
- *financial records and other relevant information systems completely and accurately reflect the school's entire operational activities and permit the timely preparation of financial information.*

5.4 FINANCIAL PLANNING AND BUDGETING

Background

Principals are responsible for the day today management of their financial resources. As school funds are public monies, the management of these funds is subject to the requirements of the Financial Management Act 2006 and School Education Act 1999, which requires schools to be publicly accountable for the budget planning and use of those funds.

- (a) Unless it is exempted by the Minister, principals must ensure that a school council/board is established for their schools in accordance with sections 124 to 140 of the School Education Act 1999.**
- (b) Principals must form a finance committee in conjunction with the school council/board to assist in financial planning and control.**
- (c) For the finance committee, principals must ensure:**
 - **staff are invited to participate in the financial planning and management process;**
 - **decisions are made on a consultative basis; and**
 - **decisions do not contravene government legislation and departmental policies.**
- (d) Members of the school council/board and finance committee must not intervene or interfere in the day-to-day management of the school funds or accounting operations.**
- (e) The principal must include in the school's financial plan an annual budget formulated in accordance with the objectives and priorities specified in the school plan.**
- (f) The annual budget must be submitted to the school council/board for endorsement.**
- (g) The budget must be reviewed and, if necessary, revised periodically, e.g. monthly, quarterly or half yearly, to prevent cost over-run.**
- (h) The finance committee must approve all changes to the budget.**

- (i) Endorsement from the school council/board must be obtained for any major revision to the budget, which has an impact on the original programs and priorities.
- (j) The principal must ensure decisions made do not contravene departmental or government policy or procedures.

Guidelines

Principals may invite community representatives to the Finance Committee. For information on Finance Committee refer to [Guidelines on Sample Constitution and Meeting Minutes](#). Centres such as camp schools and behaviour centres are not required to have school councils/boards. Detailed guidelines on budget planning are available on the [Finance for Schools](#) website.

5.5 AUDIT

Background

In accordance with the Financial Management Act 2006, the Department is required to establish and maintain systems that enable the Chief Executive Officer to discharge the responsibility for the efficient and effective financial administration of operations under his or her control. Audit is a risk assurance process which aims to put systems and controls in place to avoid or minimise risks.

Audits of schools are conducted by Audit and Risk Management and Office of the Auditor General.

- (a) The principal must ensure that an auditor (internal and external) is given unrestricted access at all reasonable times to:
 - all accounts and such other information, documents, records and personnel which the auditor considers necessary for audit purposes;
 - school funds; and
 - school property or property under school control.
- (b) Principals must ensure that matters raised on auditors' reports receive prompt attention and action.
- (c) All requests for audits outside of the approved Annual School Audit Program are subject to Audit Committee approval. Any such requests must be through line management.
- (d) Principals must ensure that School Audit Control Self-Assessment Survey issued by Audit and Risk Management is completed and submitted via the Audit and Risk Management Surveys on-line system.
- (e) Regional Executive Director (Public Schools) and the Director, Schools Resourcing and Support Directorate and Director, Workforce Policy and Coordination (Independent Public Schools) must ensure that schools take action to adequately address any deficiencies identified by auditors.

6 SCHOOL FUNDS AND BANK ACCOUNTS

6.1 GENERAL PURPOSE FUND

Background

Under section 109 of the School Education Act 1999 each school is required to set up a General Purpose Fund.

- (a) The principal must establish a General Purpose Fund in which moneys payable to the school for the general operations of the school are credited.
- (b) Funds to be credited to the General Purpose Fund are:
- grants from governments and private sources;
 - school fees, charges and voluntary contributions;
 - proceeds from hire or lease of school facilities;
 - proceeds from investment of General Purpose Fund; and
 - other moneys properly receivable for the purposes of the school, e.g. fundraising, commissions, advertising, sponsorship, donations (other than those established under a Special Purpose Fund) and proceeds from sale of assets.
- (c) Only the principal, or designated officers, may expend moneys forming part of the General Purpose Fund.
- (d) Unexpended moneys from the General Purpose Fund must not be transferred to any “N” type accounts, except for the amounts to be posted to the asset replacement or other reserve accounts.
- (e) The principal must ensure that appropriate revenue and expenditure accounts, including mandatory accounts, are established to properly and separately record each category of the General Purpose Fund receipts and payments.
- (f) Funds, including grants, received in advance must be reported as revenues for the period in which they are receipted. The funds, including all unspent amounts, are not to be transferred out of the revenue accounts, except for the amounts to be posted to the asset replacement and other reserve accounts.

6.2 SPECIAL PURPOSE FUND

Background

Section 110 of the School Education Act 1999 provides for the establishment of Special Purpose Fund to allow schools to receive donations and bequests.

- (a) Principals must obtain approval from the Director, Schools Resourcing and Support Directorate, to open any additional bank account for the purpose of establishing a special purpose fund.

(b) Principals are authorised to accept a gift, devise or bequest as follows:

- **Independent Public Schools – up to any value; and**
- **all other schools - up to a value of \$100 000. Any amount over this value must be accepted by the Deputy Director General, Finance and Administration or the respective Regional Executive Director.**

(c) Moneys that are received for a Special Purpose Fund must be used exclusively for the purpose of the fund.

Guidelines

Section 110 of the School Education Act 1999 provides for the establishment of Special Purpose Fund to allow schools to receive donations and bequests for the benefits of the schools.

Schools may set up one or more deductible gift fund in accordance with the Australian Income Tax Assessment Act 1997. Application for the establishment of a gift fund must be made to the Australian Tax Commissioner for approval. The following deductible gift funds are available to government schools:

- *school building fund;*
- *library fund; and*
- *special gift fund (for special schools only).*

Guidelines on deductible gift funds are available on the web site: [Finance for Schools](#)

6.3 CONTRIBUTIONS, CHARGES AND FEES

Background

Contributions, charges and fees are governed by sections 97 to 108 of the School Education Act 1999 and Regulations 58 to 66.

(a) Principals, in consultation with their school council/boards, and in accordance with the School Education Act 1999, the School Education Regulations 2000 and the Contributions, Charges and Fees Manual determine all contributions and charges requested of parents for the education of their children.

(b) All contributions, charges and fees collected must be separately identified and posted to the appropriate accounts.

6.4 RESERVE ACCOUNTS

Background

Under the accrual basis of accounting the cost of an asset is charged or depreciated progressively over a number of accounting periods according to the asset's expected useful life. This is to match the cost of the asset to the periods benefiting from its use. In the case of a cash based accounting system that is currently used in schools, the entire cost is charged to the period in which the asset is purchased. This can often cause an undue financial burden to a school in a period when some of its assets have to be replaced.

To overcome this, the cost for the use of an asset should be progressively 'charged' to an asset replacement reserve. This will ensure that funds are being set aside, through the annual budget allocation process, to meet the future cost of replacing an asset.

Reserve accounts are established for clearly articulated purposes that are documented in plans with specific outcomes and prescribed timelines.

In addition to the replacement plan it is necessary to assess future planning for the acquisition and purchase of items. If the school's cash flow allows for the purchase in a single year then the purchase cost should be funded in that year. Should the school require time to build up the acquisition costs then funds should be budgeted over a number of years; similar to the principles of a replacement reserve and set aside in the appropriate reserve account.

(a) Principals must establish and assess annually the asset and resource management plan to ensure funds are adequately provided for the:

- **acquisition, additions, major improvements and replacement of assets and**
- **acquisition and replacement of resource items.**

For these purposes, principals must:

- **establish a reserve account for each of the major asset and resource categories, where necessary. Independent Public Schools may establish a general reserve account for the purposes of the school;**
- **review the reserve account balances and determine if the amounts are adequate or surplus to the future replacement requirements; and**
- **transfer by the end of the calendar year any budgeted amounts to the relevant reserve accounts.**

(b) Principals are prohibited from setting up the following:

- **a general reserve account, except for Independent Public Schools;**
- **a reserve account for recurrent or operating expenses; and**
- **a reserve account to warehouse funds.**

Guidelines

Where the balance of a reserve account is no longer required or is more than required, the surplus amount should be re-allocated to other areas in need of funding. The transfer should be approved by the finance committee and endorsed by the school board/council.

6.5 MANAGEMENT OF SCHOOL FUNDS

Background

School funds are considered to be public moneys and must be administered in accordance with the School Education Act 1999, the Financial Management Act 2006 and Treasurer's Instructions.

Principals are responsible for the management of the funds unless another officer is designated by the Deputy Director General Finance and Administration to perform that function.

- (a) Each school is permitted to maintain only one cheque account with a bank for the purpose of day-to-day operation. Where an additional bank account is required the principal must obtain approval from the Director, Schools Resourcing and Support Directorate.**
- (b) Each bank account must be operated jointly by the principal and one or more office holders, or persons nominated by the principal.**
- (c) Bank accounts must not be overdrawn at any time.**
- (d) Moneys held on behalf of a third party can also be credited to the cheque (operating) account in accordance with TI 806 *Accounting for Specific Purpose and Other Money*.**
- (e) Under no circumstances are principals or any employee permitted to borrow money from or enter into an agreement with a financial institution, an organisation, a party or an individual for the purpose of debt financing such as a bank overdraft or factoring.**
- (f) Principals or any employee must not lend money to anyone for any purpose at any time. This includes other schools, school councils/boards, Parents and Citizens' Associations, other organisations, clubs or individuals (including employees).**
- (g) Principals or any employee must not donate money from school funds to other schools, school councils/boards, Parents and Citizens' Associations, organisations, clubs or individuals, except where money is raised from a fundraising event specifically for the purpose of donating it to the recipient/s.**
- (h) Principals or any employee must not cash any cheque for any person out of school funds, except where a school cheque is drawn payable to an officer as a recoup of an advance or petty cash held on behalf of the school.**
- (i) Principals or any employee must not give any change on any cheque, except where such a cheque is drawn on a bank account of the school, Commonwealth or State Government and provided the cheque is presented in payment of an account in the name of the payee of the cheque.**
- (j) Cash out and cash refunds must not be given for credit card or EFTPOS transactions.**

- (k) Funds raised by a student council or student enterprise are regarded as school funds, which must be retained by the school for use by the school as determined by the principal.
- (l) An officer is not to mix personal cash and cheques with public moneys or other school moneys under his or her control. No personal cash and cheques may be kept in the school safe or strongroom without the authorisation of the principal.

Guidelines

Advances to staff are limited to those specified in section 9.10 Advances. For staff whose salary payments have been delayed contact the Personnel and Payroll Contact Centre on 9264 8383 to arrange for immediate payment of their entitlements.

6.6 BANK RECONCILIATION

Background

Bank reconciliation is an essential control process to ensure that accurate accounting occurs for all school transactions. It is done by matching the transaction records (on a bank statement) kept by the bank against the records kept by the school.

- (a) A bank reconciliation statement must be prepared at the end of each month for each bank account.
- (b) Principals must ensure that the balance shown in the reconciliation statement matches with the balance shown in the bank statement.
- (c) Any discrepancy must be clearly stated on the reconciliation statement and appropriate action taken to clear the discrepancy.
- (d) Each reconciliation statement must be checked, signed and dated by the registrar/business manager and principal.

6.7 FINANCIAL TRANSACTION REPORTS ACT

Background

The Financial Transaction Reports Act 1988 (Cth) imposes stringent regulations on bank customers in the opening and operating of bank accounts.

- (a) In opening and maintaining a school bank account principals must comply with the requirements of the Financial Transaction Reports Act 1988.
- (b) The verifying officer, when opening a new school bank account must provide proof of identity in accordance with the Financial Transaction Reports Act 1988.
- (c) The principal must provide the bank with a certificate of identity for other signatories to the account. No further proof of identity is required for these signatories.

- (d) A newly appointed principal must inform the bank that he or she is the new verifying officer of the existing bank account and must provide proof of identity as in the third Procedural dot point above. The principal must ensure that the name of his or her predecessor is withdrawn from the account.

Guidelines

For the purpose of the Financial Transaction Reports Act 1988 (Cth), the principal of a school is the verifying officer of the school bank account.

It is recommended that the principal provides a certificate of identity in the form of a letter to the bank stating the names of the signatories with the respective specimen signatures.

6.8 TAX FILE NUMBER

Background

Schools with cheque, savings or investment accounts are required under the Income Tax Assessment Act 1997 (Cth) to lodge a Tax File Number Exemption Notification Form. Organisations which fail to provide the appropriate information will have tax automatically deducted from their accounts at the highest rate.

- (a) Schools with cheque, savings or investment accounts must lodge a Tax File Number Exemption Notification Form when opening new accounts.

Guidelines

Schools are tax exempt government agencies. Therefore, the "Exemption" field on the Exemption Form should be filled with the following:

- 'NL SECTION 23(e) ITAA' (to indicate a non-lodgement exemption under section 23(e) of the Income Tax Act).

The Tax File Number Exemption Notification Forms are available from the tax office and most banks.

7 CONTROL OF RECEIPTS

7.1 RECEIPTING OF MONEYS

Background

One of the most important aspects of financial management and control is that of proper collection, protection and accounting of all receipts. This includes issuing of a receipt, posting to the accounts and banking of the money collected..

Failure to adopt the appropriate internal control procedures for receipting of all moneys leads to greater risk of fraud and embezzlement.

- (a) Principals must ensure that stringent internal control procedures relating to receipts, particularly cash receipts are established.
- (b) The registrar/business manager and teaching staff are authorised collectors of moneys on school premises.
- (c) Principals are authorised to appoint a non-state government organisation or a person as a collection agent. Unless otherwise directed by the principal, the registrar/business manager is required to perform the following duties:
- the collection of fees, charges and contributions due and payable to school;

- any duties relating to the banking of moneys; and
 - the posting of entries to the debtor's accounts.
- (d) Compensating control measures must be implemented to safeguard the moneys and to protect the officers where there is no segregation of duties.
- (e) Where an officer has not been appointed as a collector but receives moneys in the course of duties performed, the officer is deemed to be a collector and is to comply with the requirements placed upon collectors.
- (f) When cheques are received through the mail, either by post or courier, measures are to be taken to ensure that such postal remittances are properly safeguarded and promptly brought to account.
- (g) All moneys, including postal remittances, received by the school must be receipted immediately and they must be receipted by one or more of the following methods:
- entry on a separate class list;
 - entry on the approved continuous class list;
 - the issue of the school subsidiary receipt;
 - the issue of the school receipt;
 - the issue of a receipt from a school cash register, which must print a numbered receipt bearing the school name; and
 - any other method approved by the Director, Schools Resourcing and Support Directorate.
- (h) Moneys collected and receipted on a class list, a continuous class list or subsidiary receipt must be forwarded to the registrar/business manager daily for final receipting.
- (i) Processes are to be established to account for all receipts. A receipt must be issued on request.
- (j) All receipt books, used, in use and new, must be maintained and safeguarded in accordance with procedure 11.1 Monetary Forms.

Guidelines

It is recommended that mail is opened in the presence of two officers. This provides sound internal control in the initial stages of collection.

Postal remittance register is not mandatory.

Treasurer's Instruction 202(1) allows principals to appoint non-state government organisations or persons as collection agents. Refer to Section 3.1.

7.2 RECEIPT BY CREDIT/DEBIT CARD AND ELECTRONIC BANKING FACILITIES

Background

Credit card, debit card and electronic banking facilities such as EFTPOS, BPay and Internet banking can expedite the collection of moneys payable to a school.

These schemes have both advantages and disadvantages. Moneys collected through a credit card facility, for example, have a greater security from theft and fraud. One of the disadvantages is that the school has to pay a fee on each transaction for the use of the facility.

(a) Where credit cards, debit cards or electronic banking facilities are used in revenue collections, the following procedures must be applied:

- all provisions of the relevant agreements must be adhered to;
- all operating instructions issued by the financial institutions are to be followed;
- necessary recovery and clearance action is taken on dishonour of a credit/debit card transaction;
- all moneys received are promptly brought to account;
- bank reconciliation is to be prepared to account for all moneys receipted through the schemes;
- no cash is to be given for credit card, debit card or EFTPOS transactions; and
- copies of transaction documents are to be attached to a receipt batch for posting to the school accounting system.

Guidelines

A principal may approve the use of any of the schemes for receipting of moneys that are cleared through a bank.

7.3 BANKING OF MONEYS

Background

The frequency of banking is governed by Treasurer's Instruction 206 Banking of Money.

The prompt banking of moneys ensures the security of collections and the maximisation of earnings on their investment.

At times, particularly in remote areas, it is not practicable or cost effective to bank daily.

(a) All moneys received are to be balanced to the receipts issued on a daily basis and banked to the schools bank account as follows:

- All schools except where a bank is more than 100 km (one way) from a school:

Bank within 20 working days or immediately if the total cash collections exceed \$10 000.
- Where a bank is more than 100 km (one way) from a school:

Bank once a term or immediately if the total cash collections exceed

\$10 000.

- (b) Application for approval to vary the frequency of banking as stipulated above can be made to the Deputy Director General Finance and Administration.
- (c) Regardless of the frequency of banking being conducted, all collections must be banked before the end of each school term.
- (d) Principals must ensure proper security and custody measures are established to safeguard moneys left on the school premises and in transit.

Guidelines

When applying for approval to vary the banking frequency, principals are to provide reasons to justify the variation.

7.4 INVESTMENT OF MONEYS

Background

Under section 115 of the School Education Act 1999, schools may invest funds which are surplus to immediate requirements in bank accounts. In accordance with Financial Management Act 2006, schools must invest only with an approved bank (see guidelines for details).

- (a) Schools must only invest in securities with low risk such as:
 - bank accepted or endorsed bills of exchange; or
 - bank deposit.
- (b) The principal must authorise all signatories to investment accounts.
- (c) Payments must not be made direct to third parties from any investment account.
- (d) Funds withdrawn from investments must be returned to the school bank account.
- (e) A register of investments of moneys must be maintained with the following details:
 - amount;
 - investment date;
 - type;
 - name of the financial institution;
 - interest rate and interest due dates; and
 - date of maturity.

Guidelines

The register of investments may take the form of a file containing certificates of all the investments held or a book incorporating the details as described in the last dot point of the policy above.

In this context a bank means:

- an ADI (authorised deposit-taking institution) as defined in section 5 of the Banking Act 1959 of the Commonwealth; or
- a bank authorised under an Act of a State to carry on banking business if:
 - the liabilities of the bank are guaranteed by the Government of the State; or

- *the repayment of all moneys deposited with the bank and all securities issued or backed by the bank are guaranteed by the Government of the State.*

A subsidiary company fully or partly owned by a bank is not a bank unless it is authorised to operate as a bank.

Securities include, but not limited to:

- *stocks, bonds, bills, notes or debentures issued by the Government of the Commonwealth, by the Government of any State or by a statutory authority constituted under a law of the Commonwealth or any State;*
- *bank accepted or endorsed bills of exchange; and*
- *negotiable, convertible or transferable certificate of deposit issued by a bank.*

7.5 MONEY SHORTAGES AND SURPLUSES

Background

Treasurer's Instruction 803 (2) states that, where an officer receives, collects or holds public moneys, that officer is responsible for the safe custody and accounting for those moneys.

Under section 49 of the Financial Management Act 2006, an officer may be held responsible for any loss if it is due to misconduct or disregard of reasonable standards of care in the performance of duties.

- (a) All officers who hold moneys on behalf of the school must be responsible for the safe custody and accounting of those moneys.**
- (b) Principals must establish appropriate procedures relating to the reporting and investigation of shortages and surpluses of moneys.**
- (c) If a shortage is due to a suspicious circumstance, such as suspected fraud, theft or gross negligence by an employee, the principal must report the shortage to their Regional Executive Director for further investigation.**
- (d) All money shortages must be reported to the central office as instructed.**
- (e) Where a surplus occurs it must be banked immediately into the school bank account and credited to the appropriate revenue account.**

Guidelines

Shortages of moneys (cash and cheque) include a cashier's shortages and shortages arising from thefts.

*A shortage identified during the daily reconciliation process (where the amount of money on hand or banked differs from the amount of receipts recorded) **and** shortages due to thefts are not subject to a write-off.*

For more details on cash shortages refer to the web site: [Finance for Schools](#)

7.6 RECOVERY OF DEBTS

Background

All debts or account receivables represent outstanding money due to the school.

Most, if not all, of the debts due to a school consist of fees and charges owing by the students and parents. Recovery of such debts is covered under section 106 of the School Education Act 1999.

- (a) Principals must ensure that all outstanding debts are reviewed regularly for appropriate action.**
- (b) Except for voluntary contributions, principals must ensure that recovery measures are taken to recover any outstanding debts owing to the schools.**

- (c) Principals must ensure that a debtor system is established to record all details of outstanding debts.
- (d) Principals must refer to the [Contributions, Charges and Fees Manual](#) on the recovery of outstanding contributions, charges and fees.
- (e) The costs of recovery for any outstanding debts relating to fees and charges must not be passed on to the parents or students, unless they are overseas students.
- (f) No factoring of debts is permitted.

7.7 DEBT WRITE-OFFS

Background

Under section 48 of the Financial Management Act 2006, amounts in respect of revenue and other debts due to schools may be written off by the Director General or the Minister, subject to and in accordance with the limits prescribed by Financial Management Regulation 7

The amount which may be written off by:

- *the Director General - up to \$100 000;*
- *the Minister - up to \$250 000; and*
- *the Minister with the approval of the Governor - over \$250,000.*

- (a) Application for a debt write-off must not be initiated until all appropriate recovery measures have been taken and the debt is considered irrecoverable.
- (b) Applications for a debt write-off must be made by completing a Debt Write-Off Application form and submitted to Education Business Centre (EBC).
- (c) Principals are authorised to provisionally write off any debt with a value of up to \$5 000. This must be subsequently submitted to the Director General for final approval.
- (d) A register of all amounts and items written off must be established and maintained.

Guidelines

Before a debt may be regarded as irrecoverable, one of the following conditions must be satisfied:

- *the debtor cannot be located; or*
- *it is uneconomical to finalise the recovery action due to the relatively small value of the debt; or*
- *the medical, financial, or domestic circumstances of a particular debtor at that time does not warrant the taking of recovery action or further recovery action; or*
- *legal proceedings through the courts have proved, or on legal advice, would prove unsuccessful.*

An outstanding voluntary contribution is not considered as a debt. Therefore, no write-off is required for any non-payment of a voluntary contribution.

No legal action is to be taken against any parents for the non-payment of contributions, fees and charges. For more details see: [Contributions, Charges and Fees Manual](#)

Money owed by a public school or a state government agency is not required to be written-off if the amount is irrecoverable.

Cash shortages or losses due to thefts are not subject to write-off.

The Debt Write-Off Application Form is obtainable from the website: [Finance for Schools](#)
For property write-off, see the [FMIS Financial Management in Schools: Assets and Resources Manual](#).

7.8 DISHONoured CHEQUES

Background

A cheque may be dishonoured by the drawer's bank. The dishonour of a cheque can be caused by an irregularity with the cheque itself or insufficient funds in the drawer's account to meet payment of the cheque.

- (a) When a cheque has been dishonoured, principal must ensure that prompt action is taken to seek payment for the amount of the dishonoured cheque.
- (b) Proper accounting procedures must be followed to record the dishonoured cheque and the subsequent outcome of the recovery action taken.

Guidelines

A principal may pass on the dishonoured cheque fee charged by the bank to the issuer of the dishonoured cheque.

Refer to the web site for procedures on the recording of dishonoured cheques: [Finance for Schools](#)

8 REQUISITION OF GOODS AND SERVICES

8.1 AUTHORITY TO PURCHASE

Background

Procurement of goods and services are governed by the Department of Treasury and Finance Procurement Practice Guide. Proper procedures and controls must be established in the acquisition of goods and services to ensure that policy are strictly followed.

- (a) Principals may approve any officers as an ordering officer for the purpose of ordering goods and services.
- (b) Principals must place a maximum monetary limit on the value of each acquisition an authorised ordering officer is allowed to order.
- (c) An authorised ordering officer must ensure that:
 - sufficient funds are available to meet the cost of the acquisition; and
 - must certify on the invoice if the goods and services ordered are satisfactorily received.
- (d) In purchasing of goods and services, staff must observe the [Department of Education Purchase Card Terms and Conditions](#).
- (e) School funds must not be used to purchase goods and services for private purposes or for an external entity. This includes the Parents and Citizens' Association, the School Council/Board or a member of the school staff.

Guidelines

Any member of the staff can be appointed as ordering officer. It is recommended that cost centre managers are appointed. .

For details on procurement policies, contact the Strategic Procurement Unit.

8.2 PURCHASE ORDER FORM

Background

A purchase order form is considered as a monetary form and it plays an integral role in the control of the purchase to pay process. Strict control measures must be established in the storage and use of the forms.

The raising of a purchase order is effectively the official engagement of a supplier/contractor to provide the school with goods or services.

- (a) Every purchase must be transacted with a purchase card or a purchase order with the following exceptions:**
 - when petty cash fund is used
 - when renewing a petty cash float
 - when a cash advance is used
 - for tax payments
- (b) In exceptional circumstances, if goods or services have been provided without a purchase order being raised or a purchase card used, a confirming purchase order must be issued. The ordering officer is required to seek the approval of the principal in writing, prior to the issue of the confirming purchase order.**
- (c) Standing purchase orders can be raised for a supplier when a period or term contract for goods or services, including contracts formed under a Common Use Arrangement (CUA) exists with that supplier.**
- (d) The purchase order forms must not be used to purchase goods and services on behalf of private or other organisations.**
- (e) Purchase order forms must be signed by an authorised ordering officer.**
- (f) The supplier invoice should be matched to the purchase order.**
- (g) Principals must ensure that strict control measures over the secure custody and the use of purchase order forms are maintained.**
- (h) A record of purchase order forms must be maintained on the Monetary Forms Register showing the following information:**
 - details of order forms received, issued and on hand;
 - numerical sequence of each purchase order book;
 - signature and details of persons to whom each book was issued and the date issued; and
 - the date each book is returned.
- (i) When purchase orders cannot be located and are presumed lost or stolen, relevant details must be recorded in the [Monetary Forms Register](#)**

Guidelines

Purchase Orders

Ensure that the contract reference number (where applicable) is included on the form. The purchase order or purchase order number should be issued to the supplier to instigate the supply of the goods or delivery of the service.

Where a purchase order has been raised and the invoice is paid using a purchase card, the purchase order should be attached to the invoice and the purchase order and invoice marked with the payment method (for example, the purchasing card receipt number and date) or a copy of the receipt attached, to ensure that payment is not made twice.

Standing Purchase Orders

Standing purchase orders can be created for purchases made under a period or term contract or for a contract implemented under a Common Use Arrangement(CUA).

Following a sourcing / quoting process, as required under State Supply Commission policies, a period or term contract or a contract under a CUA can be established for the supply of specified goods or services over a specified period (for example, seeking quotations from suppliers to establish a contract to supply groceries over one year). The standing order must state the contract reference number, stipulate the goods or services to be supplied, the period of the contract and the pricing basis. This may be the hourly rate(s), or the pricing basis stipulated in the suppliers quotation (for example: "as per the offer accepted /quotation dated day/month/year").

Staff Exit Interview

Ensure that purchase order books and purchase cards are collected at the staff exit interview.

8.3 PURCHASE CARD

Background

The Western Australian Government has encouraged the use of Corporate Credit Card by government departments and statutory authorities.

Schools may apply for and use the approved purchasing card subject to conditions for purchasing goods and services.

POLICY

- (a) Every purchase must be transacted with a purchase card or a purchase order with the following exceptions:**
 - when petty cash fund is used
 - when renewing a petty cash float
 - when a cash advance is used
 - for tax payments
- (a) Principals must ensure that only the departmental approved purchase cards are used.**
- (c) The use of the purchase card is for official purposes only and must be in accordance with the [Department of Education Purchase Card Terms and Conditions](#).**
- (d) A principal can approve the issue of a purchase card to members of the school staff.**
- (e) Cardholders must submit promptly all relevant supporting documents such as tax invoices and credit card payment slips together with the purchasing card monthly statements for clearance by the principal or a nominee.**

- (f) A principal's purchase card statements must be cleared by their immediate line manager or Director General's Nominee. IPS principals can certify their own purchase card expenditure for amounts up to \$1 000.
- (g) The use of a personal private debit or credit card to make purchases for school is not permitted unless in exceptional circumstances where payments by normal school payment processes are not practical or available.

Guidelines

Principals are encouraged to promote the use of purchase cards in schools. Where an officer is required to make frequent purchases for school, it is recommended that the officer be given a purchase card. This would avoid the need for the officer to use his or her own money or personal credit card.

Safe custody, care and control of the purchase card and personal identification number must be maintained at all times.

Schools wishing to apply for a purchase card are advised to contact Strategic Procurement Services for further information.

Refer to the Finance for Schools website for purchase card accounting procedures: [Finance for Schools](#)

8.4 LEASING

Background

Leasing can be a beneficial and cost effective option of acquiring an item over buying it outright.

The decision whether to finance the asset through lease or purchase must be assessed carefully. Schools should ensure that comprehensive analyses of the risks, benefits and costs are conducted prior to entering into leasing arrangements to determine whether leasing is preferable to buying and represents value for money.

Treasurer's Instruction 822 Borrowing prohibits government departments to borrow funds without prior approval. Leasing is a form of borrowing. Therefore, principals must ensure that all leases are arranged through the Department's leasing arrangements in which prior approval has been given through the annual budgeting process.

- (a) All leasing agreements must be arranged through the Department's approved leasing agreements. Under no circumstances are schools allowed to undertake a leasing agreement outside these agreements.
- (b) Before undertaking a lease, principals must ensure that a cost-benefit analysis is performed to determine whether to buy or to lease and to assess their current and future lease liabilities to ensure that they have sufficient funds to meet all other financial needs.
- (c) A lease register must be maintained showing the following details for each of the leases undertaken:
- type of lease;
 - name of the finance company;
 - full description of the leased item;
 - details of leasing charges; and
 - lease commencement and expiring dates.

Guidelines

For information on all leasing agreements, contact the EBC Leasing Officer (92648306).

In performing the cost-benefit analysis it is recommended that principals refer to the Buy vs Lease Analysis spreadsheet available on the web site: [Finance for Schools](#)

9 PAYMENT OF MONEYS

9.1 AUTHORITY TO MAKE PAYMENT

Background

In accordance with the Financial Management Act 2006, the Director General is charged with the responsibility for “control over expenditure ensuring that such expenditure is in accordance with legal requirements”. To assist the Director General in meeting this obligation, the authority to make payments on behalf of a school is delegated to the Principal, whose prescribed duties include the requirement to ensure payments are lawful.

With respect to the payment of moneys and subsequent recording of the transactions, a principal is authorised to appoint officers of the school to undertake such duties.

- (a) The principal and deputy principals are appointed as certifying officers authorised to make lawful payments on behalf of the school. An Independent Public School principal is authorised to appoint any officer as a certifying officer.**
- (b) The principal is authorised and is required to appoint one or more incurring officers for the incurring of account payments.**
- (c) The principal must ensure that a Register of Appointments of Certifying and Incurring officers is maintained. The register must include in respect of each certifying and incurring officer the following details:**
 - name and position title;
 - monetary limit allowed to incur or certify an account for payment;
 - any other conditions (e.g. limited to certain types of expenditure or a certain teaching area);
 - Date of appointment;
 - Date of cessation; and
 - specimen signature.
- (d) No payment of an account shall be made unless it is endorsed by an incurring officer and authorised by a certifying officer.**
- (e) When certifying a payment of an account, an incurring officer is required to certify that the account is correct in respect of the requirements of *Treasurer’s Instruction 304(4) (i) to (vii)*.**
- (f) When authorising a payment of an account from the school bank account, a certifying officer is required to certify that the account is correct in respect of the requirements of *Treasurer’s Instruction 304(4)*. Refer to the guidelines below for details of the requirements.**
- (g) A single officer must not be both the certifying and incurring when certifying and authorising a payment of an account, except for Independent Public Schools for any payment not exceeding \$1 000.**
- (h) All payments must be made against a payment record such as an invoice, a receipt, or a school payment voucher. Where a payment record is not available, the payment should be withheld until one is provided. If a payment record is declared lost, a signed Statutory Declaration form should be prepared.**
- (i) Where a duplicate copy of an account is presented for payment, the incurring officer must investigate the payment and, once satisfied that the claim is legitimate, must endorse that as “not previously paid”.**

Guidelines

The role of an incurring officer is to check and verify any claims (invoices) for payment. The role of an incurring officer is not the same as the role of an ordering officer.

It is recommended that the following officers be appointed as an incurring officer:

- Registrar/business manager; and
- Cost centre manager.

The conditions of appointment of an incurring officer may include the monetary limit and the accounts in which the incurring officer is allowed to certify.

Treasurer's Instruction 304(4) states that:

Before authorising a payment or transfer, the certifying officer must ensure that money is lawfully available for the payment of that account and be satisfied that:

- i. *there is a valid claim;*
- ii. *the creditor's name and address is correctly recorded;*
- iii. (a) *goods have been satisfactorily supplied or services have been satisfactorily performed, except where payment in advance is required as a condition of purchase;*
or
(b) *where the transaction is not of the nature of a payment for goods or services, such as payment of a grant or travel advance, the payment has been approved;*
- iv. *the accounts to be charged are correct and expenditure or transfer of money is correctly classified;*
- v. *rates of charges and calculations are correct;*
- vi. *discount for early payment has been considered, if applicable; and*
- vii. *payment records are in accordance with Treasurer's instruction 308.*

Treasurer's Instruction 308 states that:

- *All payments shall be made on or against a payment record.*
- *The accountable authority shall authorise what constitutes a payment record.*
- *Payment records shall not be processed for payment unless authorised by the certifying officer and, if applicable, certified by the incurring officer in accordance with Treasurer's instruction 304(4).*
- *Appropriate controls shall be established to ensure that all payment records are processed correctly.*
- *Any alterations in an amount of a payment record shall be authorised and recorded in an electronic environment or initialled by the incurring and certifying officers in a manual environment.*
- *In a manual environment there should be no erasures on the payment record, and the writing should be legible and in ink or other indelible form.*
- *Notwithstanding the provisions of paragraph (1), all payment records in a manual environment shall carry the following wording:*
- *for certification by the incurring officer "I certify that this Account is correct in respect of the requirements of Treasurer's instruction 304(4)(i) to (vii)"; and*
- *for authorisation by the certifying officer "I certify that this Account is correct in respect of the requirements of Treasurer's instruction 304(4)".*

A payment record, which includes invoice, receipt and school payment voucher, should provide sufficient data to establish:

- *the name and full address of the claimant;*
- *particulars of the goods or services supplied;*
- *dates of supply or periods of service;*
- *the order, requisition, contract or arrangement under which the goods or services have been supplied;*
- *invoice number;*
- *the amount of the claim;*
- *discounts, if any;*
- *the account to which the posting is to be applied; and*
- *the classification of the expenditure or transfer of money.*

Schools with certification rubber stamps quoting Treasurer's Instruction 304(5) instead of the amended 304(4) may continue to use them. However, all new stamps must quote 304(4), as required under policy items 8.1(e) and (f) above.

For GST purposes the payment record must also have additional details. Refer to the GST guidelines for more details: [Finance for Schools](#)

9.2 PAYMENT BY CHEQUE OR DIRECT CREDIT

Background

Payment by cheque is an integral part of the system of control over the expenditure of moneys. It provides maximum control over authorised expenditure and ensures that any risks associated with cash payments are minimised.

Payments through direct credit such as Bpay and Internet banking facilities are now available to schools. Schools are encouraged to make payments through these facilities provided stringent control measures are instituted.

- (a) With the exception of petty cash expenditure, all payments must be made by cheque, purchasing card or direct credit. Payments via direct debit of a school bank account are prohibited except for payments of recurring nature.**
- (b) Use of debit cards for payment is prohibited.**
- (c) Cheques must be drawn to order, crossed and marked 'Not Negotiable' except where:**
 - the cheque is for an advance, maintained by the school, and is drawn payable to the officer responsible for the advance;
 - the cheque is for specific purpose as detailed in the following dot point below; or
 - the payee requests the opening of the cheque or cash order, but only after the payee has been properly identified.
- (d) Cash cheques must only be drawn for the following advances:**
 - float for a school fete;
 - for camps and excursions; and
 - any other advances considered necessary for efficient management of the funds.
- (e) All cheques must be signed in handwriting by two authorised signatories. Use of facsimile signatures is not permitted.**
- (f) A register of cheque signatories must be maintained. This shall include the specimen signature of each signatory and the details of any conditions of appointment.**
- (g) Officers signing cheques must observe the control measures. For more details, refer to the [Finance for Schools](#) web site.**
- (h) All cheques are to be securely stored and recorded in accordance with the Monetary Forms procedures.**
- (i) If a cheque is lost, the bank must be notified immediately to stop payment (see [8.5 Replacement of Lost Cheque](#)).**

- (j) Except where the terms or conditions of a contract relating to a claim for payment provide for alternate paying arrangements, all payments must be paid within 30 days of the receipt of the invoice, provided that:
- the goods have been received or the services performed to the satisfaction of the receiving or ordering officer; or
 - the payment is made in advance as a condition of purchase.
- (k) Where a payment is made through a direct credit facility, the relevant hard copy receipt must be obtained and batched accordingly.

Guidelines

Schools are encouraged to make payments through direct credit provided stringent control measures are instituted.

Principals can make arrangements for payments that are of recurring nature to be directly charged to the school bank accounts. A payment with the following characteristics would generally be considered as recurring in nature:

- a contract/agreement is signed with a supplier for a regular supply of specific goods or services; and
- payment is made periodically till the expiry of the agreement, which should generally be at least for a period of 12 months or more.

Payments of leases, fuel cards and subscriptions are some of the common examples of recurring nature. A progressive payment would not be considered as recurring in nature.

Direct debit is also allowable in instances where it is a stipulated term under contractual agreements such as purchase card transactions.

9.3 PETTY CASH

Background

For operational efficiency, it is necessary in certain circumstances to make payment by cash. A petty cash is set up to meet such circumstances. Generally, a petty cash is used to fund purchases of a small value. It is essential that there should be an effective system for controlling and recording the drawing and expenditure of petty cash.

- (a) Schools are permitted to maintain more than one petty cash fund to enhance the effectiveness of school payment processes. Each petty cash fund must not exceed \$500 and no one officer is allowed to operate more than one petty cash fund at any time. For Independent Public Schools, principals are authorised to determine the petty cash fund limit.
- (b) Schools operating a petty cash fund must use an imprest system of recording and controlling petty cash expenditure.
- (c) Where a petty cash fund is not available, an officer seeking reimbursement for a minor purchase can use a payment voucher to make the claim (see 9.9 *Reimbursements*).
- (d) Petty cash funds must only be used for purchasing of minor items of up to \$55 (including GST) per claim. For Independent Public Schools, the maximum amount per claim from the petty cash fund is \$200 (including GST)
- (e) Cash advances, salaries or wages must not be paid through petty cash fund.
- (f) A receipt is required for each petty cash recoup. Where a receipt is not available, a payment voucher must be completed by the officer and endorsed by the principal.

- (g) An appropriate account must be established in the school accounting system to record the petty cash advance.
- (h) When the petty cash advance is recouped, the expenditures must be charged against the appropriate expense accounts and not the petty cash advance account.

9.4 RETURNED, UNCOLLECTED AND STALE CHEQUES AND REJECTED ELECTRONIC FUND TRANSFERS

Background

Control over returned, uncollected, and stale cheques is essential to ensure they are not fraudulently cashed and that the interests of those rightfully entitled to the cheques are protected. The maintenance of a register is seen as a minimum requirement to ensure adequate control over these cheques.

Any cheque that has been issued and has remained outstanding for more than 15 months is considered stale. Together with returned and uncollected cheques, stale cheques are subject to the provisions of the Unclaimed Money Act 1990.

- (a) Schools must maintain a register for returned, uncollected and stale cheques or rejected EFT payments.
- (b) If a stale cheque is re-issued, the original cheque must be cancelled.
- (c) All reasonable action must be taken to locate and pay the payees named on these returned, uncollected and stale cheques and rejected EFT.
- (d) Where action to locate the payee is unsuccessful, the returned or uncollected cheque or rejected EFT payment must be cancelled and the amount posted against an appropriate suspense (N type) account entitled Unclaimed Money Account.
- (e) All unclaimed moneys held in the Unclaimed Money Account must be reviewed annually to identify if any of the amounts held, as at 31 December, is 6 years or more from the date of invoice or, in the case of cash, the date the cash was posted to the Unclaimed Money Account.
- (f) The Department of Treasury must be notified of all individual amounts of 6 years or more by 31 March of the following year in accordance with the notification and remittance procedures (see [Unclaimed Money Accounting Procedures](#)).

Guidelines

Any other money not belonging to the school and is not claimed by the owner is also considered as unclaimed money.

9.5 REPLACEMENT OF LOST CHEQUES

Background

The objective of this section is to address, under the appropriate circumstances and without unnecessary delay, the re-issue of cheques whilst minimising the potential for losses associated with replacement of lost cheques.

The legal rights of a payee are affected by whether or not (in terms of the legal principle of delivery) the original cheque was received by the payee.

It should be noted that, delivery is deemed to have taken place when the original cheque was placed in the post. This is whether the payee has expressly, or by implication, requested delivery by post.

- (a) If a payee reports that a cheque in payment of amount due has been received and then subsequently lost, destroyed or stolen the following procedures are to be followed:
- the bank must be immediately contacted to ascertain whether the cheque has been paid; and
 - if the cheque has not been paid, then payment on the cheque must be stopped immediately; and
 - if the cheque has not been paid by the bank, a replacement cheque must be issued as soon as a written indemnity in respect of any loss and expenses that may be incurred by reason of the drawing of a replacement cheque has been received; or
 - if the cheque has been paid by the bank on which it was drawn or is paid before the stop payment notice becomes effective, then the payee must be advised that there is no legal basis for the issue of a replacement cheque.
- (b) If a principal authorises a replacement cheque, any payment made before recovery of the proceeds of the original cheque must be met from the school funds. The amount is to be debited to the appropriate expenditure account.
- (c) Recovery of the proceeds of the original cheque must be sought from the collecting bank or, where a business or person accepted the cheque and paid it into their account, from that business or person. The recovered proceeds are to be credited to the appropriate account.

Guidelines

Schools are advised to refer to the [Finance for Schools](#) web site for examples of appropriate formats for indemnity and declaration forms.

9.6 EXPENDITURE ON HOSPITALITY

Hospitality provided to employees and visitors in the form of food, beverages and recreational activities must refer to the [Expenditure on Hospitality Policy](#).

9.7 ACT OF GRACE PAYMENTS

Background

Act of Grace payments are not payable under a legal liability. If a person suffers a loss or injustice as a result of an act or omission incidental to the services provided by the school, a principal may request an act of grace payment to compensate such a person. Payments may be made on compassionate grounds to relieve financial hardship.

Act of Grace payments are governed by Treasurer's Instruction 319. Principals do not have the authority to make act of grace payments.

- (a) Any request for an act of grace payment must be made in a letter to the Deputy Director General Finance and Administration for approval by the Minister or the Governor.**
- (b) The letter, with the proposed amount and details of the incident or occurrence which gave rise to the request for the Act of Grace payment, must be signed by the principal.**

Guidelines

An act of grace payment should not be requested if a legal claim is being made against the school.

The assessment of claims for act of grace payments in respect of damages to personal property will include the following criteria:

- 1) any contributory negligence on the part of the claimant;*
- 2) any defect or fault on the part of the school;*
- 3) the purchase price and current value of the article lost or damaged; and*
- 4) the cost of repairing or replacing the article.*

An act of grace payment must be approved by:

- the Minister for Education – up to \$250 000; or*
- the Governor – over \$250 000.*

9.8 EMPLOYMENT OF INDIVIDUALS

Background

In the employment of an individual, it is essential to establish if the individual is employed as an employee of the school or an independent contractor. Proper definition of the work performed by individuals is necessary to ensure the school meets its financial obligations under the Income Tax Assessment Act 1997 (Cth), A New Tax System (Goods and Services Tax) Act 1999 (Cth) and Fringe Benefits Tax Assessment Act 1986 (Cth).

- (a) All individuals whose employment status is deemed to be an employee must be paid in accordance with the Income Tax Assessment Act.**
- (b) Principals must not engage a contractor, who is carrying on a business, without an ABN.**

Guidelines

Complications can arise if the employment status of an individual employed by a school is not correctly determined. For example, an individual employed as a "contractor" may deem to be an employee under the Income Tax Assessment Act 1997 (Cth). In such instances, the "contractor" is entitled to the superannuation guarantee payment and the school must comply with the Pay As You Go Withholding Tax rules.

Employing an individual with an ABN does not necessarily mean that the individual is an independent contractor. Therefore, it is essential to check if an individual employed as a contractor is in fact a contractor. Schools are advised to use the Employee/Contractor Decision Tool available on the [Finance for Schools](#) web site to determining the employment status of an individual.

For further assistance in the employment of a worker, contact Human Resource Management on 9264 4892 for advice.

9.9 REIMBURSEMENTS

Background

In certain circumstances, where no other approved payment method is readily available, a staff member may use their own money to make purchases for their school. In such cases, staff can claim reimbursements for expenses incurred on behalf of the schools. Similarly, volunteers buying goods on behalf of the schools are also eligible to claim a reimbursement for the amount incurred.

- (a) If a reimbursement is of a minor value, it must be made through [Petty Cash](#). *If a petty cash is not available, the reimbursement must be made through a school payment voucher, as in (b) below.*
- (b) Any reimbursement in excess of petty cash threshold must be made on a school payment voucher supported by a documentary proof of purchase such as receipt or docket.

Where a documentary proof is not available, a Statutory of Declaration must be provided as proof of purchase and, where necessary, the actual item/s purchased must be presented for sighting by the authorised incurring officer before the reimbursement is approved.

- (c) Where an expense incurred is only partially for school purposes, staff must only be reimbursed the amount incurred on behalf of the school.
- (d) There must be no reimbursement for expenses of a personal or private nature incurred by the staff including membership fees for any professional body or association.

Guidelines

Where an officer is required to buy materials for a school frequently, it is recommended that a school purchase card be issued to the officer.

9.10 ADVANCES

Background

It is necessary for schools to provide temporary advances to staff to undertake certain activities outside of the school premises such as camps, field trips and excursions. To allow the Principals and Registrars to discharge their responsibility to account for the advances provided, it is imperative that strict control measures are established for advances made to staff.

- (a) Principals must not approve any temporary advances including salary advances to staff except where the advances are needed for school-related activities such as excursions.
- (b) An appropriate account must be set up in the school accounting system (N account) to record all advances made.
- (c) When an advance is no longer required, it must be reconciled and cleared. On clearing, the officer holding the advance is to provide documentary evidence for the amount expended, and the balance, if any, is to be returned to the school for credit against the advance account.

Guidelines

Principal is not to provide advances to staff whose salary payments have been delayed. They are to contact the Personnel and Payroll Contact Centre on 9264 8383 to arrange for immediate payment.

To minimise the risk associated with the holding of cash, it is recommended that advances given in cash are kept at a minimum level. If a large advance is required, it is recommended that consideration be given to the issuing of a cheque, or direct credit to the officer's bank account, or that a purchasing card be used.

Once an advance is given, it is the responsibility of the officer holding the advance to safe guard the money and to use the money appropriately.

10 CONTROL OF SCHOOL PROPERTY

10.1 MANAGEMENT OF PROPERTY

Refer to the [FMIS Financial Management in Schools: Assets and Resources Manual](#) for policy and procedures on the management of school property.

10.2 MOTOR VEHICLES

Principals are to refer to the [WA Government Fleet Policy and Guidelines](#) and the [Motor Vehicles Motor Cars and Buses Leased/Purchased by Schools](#) with respect to the use and lease of motor vehicles.

10.3 PRIVATE USE OF SCHOOL PROPERTY

Background

School assets and resources should not be used by staff for private purposes. School facilities and property may be made available to the community in accordance with the School Education Act 1999. For further information refer to the [Community Use of School Facilities and Resources](#) policy and the [Swimming Pools at Schools CEO Instruction](#).

- (a) Fees received from a licence or lease for the use of school property must be credited to the relevant General Purpose Fund revenue accounts.**
- (b) Appropriate records must be maintained to record all licences and leases granted.**

Guidelines

Licences granted for the commercial use of school facilities may be subject to the [Commercial Tenancy \(Retail Shops\) Agreements Act 1985](#). For further advice, contact Strategic Procurement Services.

11 FORMS AND RECORDS

11.1 MONETARY FORMS

Background

Monetary forms are printed forms or documents:

- which, by themselves or when completed, can be exchanged or be used to obtain a consideration; or
- which provide a form of receipt

Therefore, where monetary forms such as cheques and Purchase Order forms are in use, adequate control should be maintained to minimise the risk of fraud or potential loss.

- (a) Principals must ensure that security and safe custody of monetary forms are maintained.**
- (b) A register must be kept for each type of monetary form in use.**
- (c) Monetary forms are to be issued only by officers in positions appointed for such purposes.**
- (d) Procedures are to be implemented for a formal handing over where custody of monetary forms passes from one officer to another.**
- (e) Any destruction of monetary forms is to be witnessed and certified by two officers. The relevant details are to be recorded in the register.**
- (f) Principals are to ensure that a physical stock-take and reconciliation of the monetary forms is conducted at least once a year.**
- (g) If a monetary form is missing principals must undertake appropriate investigation. Details of missing monetary forms must be recorded in the register of monetary forms.**

11.2 RETENTION OF ACCOUNTING RECORDS

Background

Accounting records facilitate auditing by both internal audit and the Office of the Auditor General and act as prima facie evidence in the event of a legal dispute. The retention period prescribed is a minimum requirement and is subject to any other written law, which may require retention for a longer period.

- (a) Accounting records must be retained to provide an adequate audit or management trail of financial transactions.**
- (b) The destruction of accounting records may be approved by the principal and must comply with the following two dot points below.**
- (c) The following accounting records are not to be destroyed until six years after the completion of the audit for the financial year to which they apply:**
 - **journals;**
 - **bank statements;**
 - **receipt books;**
 - **purchase order books;**
 - **cheque books;**
 - **bank deposit slips;**
 - **cash register rolls;**
 - **payment vouchers;**
 - **minor purchases forms and petty cash books;**
 - **paid invoices (including tax invoices);**
 - **postal remittances;**
 - **GST adjustment notes;**
 - **all computer reports acting as, or forming part of a book of original entry;**

- all other original source documents, or the only copies, retained, which act as direct documentary support to the payments and receipt of moneys, raising of charges, pricing worksheets, record of debtors and creditors, and adjustment journals;
 - computer back-up of the school accounting system data files, including the data files from the asset register and billing; and Business Activity Statements (BAS); and
 - Application for the destruction of accounting records must be submitted to the principal for approval with the following details:
 - type of record
 - date of record
 - reference number; and
 - applicant's name and signature.
- (d) Following principal approval, the principal is responsible for the actual destruction of records. Strict measures must be taken to ensure proper disposal of records, for example shredding or burning.
- (e) Accounting records, other than those listed above may be destroyed two years after the completion of the audit for the financial year to which they apply.
- (f) Accounting records listed above, which have been copied onto microfilm or microfiche or other media may be destroyed three years after the completion of the audit for the financial year to which they apply.
- (g) The accounting records must not be sent to Central Office for storage or destruction, unless specifically requested.

Guidelines

Audit is carried out by the Office of the Auditor General annually. Therefore, for the purpose of calculating the retention period, schools are deemed to have been audited as at 30 June each year. Calculation of retention period commences 1 July.

11.3 FINANCIAL STATEMENTS

Background

Under section 61 of the Financial Management Act 2006, the Department is required to submit an annual report to the Minister.

The Department of Treasury also requires financial data to produce the State's consolidated financial statements and government finance statistics for both budgetary and other purposes on a monthly basis.

It is also necessary to fulfil the State's obligations to external users such as the Australian Bureau of Statistics, Australian Loan Council and parliamentary queries.

Schools are therefore required to provide monthly and yearly financial information to the Central Office to meet Departmental reporting obligations

- (a) Principals must ensure that their school accounts for the calendar year are closed on 31 December or as otherwise directed.
- (b) Principals must ensure that the financial information is prepared in an accurate and timely manner, and the relevant information is provided to the Schools Resourcing and Support Directorate, when requested. Refer to the [Reporting Requirements of Schools](#) website.

- (c) Principals must ensure that key financial reports, including the bank reconciliation and comparative budget reports are reviewed and signed. Refer to the [Finance for Schools](#) website for further information.
- (d) Principals must ensure that relevant monthly financial reports are provided to key teaching staff, the finance committee and the school council/board.

12 INSURANCE

12.1 SCHOOL PROPERTY AND MONEY

Background

RiskCover covers all schools, colleges and education centres against loss of cash and property. It does not cover unexplained loss, disappearance, or shortage where such loss is discovered only when undertaking a reconciliation or stocktake. Personal property and moneys are not covered by the policy.

For more details on insurance policy, contact RiskCover on 9264 3333 or email to: riskcover@icwa.wa.gov.au

(a) Employees must:

- ensure cash and cheques must be kept under locked conditions at all times;
- take all reasonable precautions including frequent checks for the safety and protection of the money and property;
- ensure that all keys and duplicate keys of safes and security cabinets must be kept in the personal custody of a responsible officer, and the keys are removed from the premises at night and at all other times when the premises are closed or unoccupied; and
- report to the police immediately in the event of a break-in or when money or property is found to have been stolen.

(b) produce documentary evidence to support any claim for the loss of money or property.

Guidelines

For insurance claims, refer to: [Insurance and Claims Management Guide](#)

For further advice, refer to the Head of Security, Strategic Asset Planning on 9264 4825.

13 MISCELLANEOUS

13.1 INTRA DEPARTMENT CHARGES

Background

In addition to salaries, a significant portion of the school's operating costs are funded by the annual appropriations through the student centred funding model. Therefore, schools when charging another school or a regional education office or the central office for the use of school facilities are not to include those fully funded operating costs.

Schools must not charge each other, regional education offices and central office for the use of school facilities except for costs that have not been funded by the Department. The exception to this policy is the fees charged by camp schools for the provision of camp accommodation and facilities

(a) Pricing of intra department charges must be clearly itemised.

Guidelines

Following are examples of costs that would generally be excluded from intra department charges:

- *fixed costs such as insurance, leases, staff salaries; and*
- *costs such as utilities, cleaning and administration charges that the school would ordinarily incur.*

The relevant mandatory accounts in D8950, D8980 and D8990 range must be used for all intra department charges.

13.2 TRUST ACCOUNTS - UNDER REVIEW

13.3 TRAVEL ALLOWANCE

Background

When travelling on official business, staff are eligible to claim travel allowances according to the award rates. Similarly, staff can claim reimbursement, according to the award rates, if a private vehicle is used for business travel.

(a) Staff travelling on official business must comply with all relevant policies and procedures, including:

- [Official Air Travel](#)
- [Domestic Travelling Allowance](#)
- [International Travelling Allowance](#)
- [Purchasing Card Terms and Conditions](#)

(b) Staff who intend to use their own vehicles when travelling on official business must obtain permission from the principal prior to travel.

(c) All travel allowances and motor vehicle allowance (kilometrage) claims must be in accordance with the relevant award rates. Allowances paid by other arrangements such as petrol vouchers or using an arbitrary rate are strictly prohibited.

(d) All travel allowance and motor vehicle allowance claims must be made through the Department's Human Resource Management Information System.

13.4 CAMPS AND EXCURSIONS - PRICING

Background

With the introduction of the Goods and Services Tax, pricing for a school excursion or camp can be a complicated matter. Schools must ensure that correct pricing is established to comply with the Goods and Services Tax.

(a) Proper costing for camps and excursions must be prepared to ensure that participants are appropriately charged.

(b) Advances given to teachers for camps and excursions must be given in accordance with [section 8.10 Advances](#).

(c) Staff participating in a camp or excursion must comply with the following policies and procedures:

- [Excursions Policy](#)

○ [Outdoor Education and Recreation Activities](#)

Guidelines

The Department provides public liability insurance and worker's compensation insurance cover for employees for school camps and excursions.

Principals are advised to refer to the [Contributions, Charges and Fees Manual](#) for details on costing and notification to students/parents.

When pricing an excursion or a camp, it is recommended the Pricing worksheet be used. The worksheet is available from the web site: [Finance for Schools](#).

13.5 SECURITY

Background

Treasurer's Instruction 803 requires an appropriate level of security to be maintained to safeguard from misuse and losses due to theft or damage over all moneys, public and other property of, or under the control of, the principals.

Principals are to refer to the [School Security](#) policy from the Policies web site for detailed procedures and guidelines in this area.

- (a) The principal must establish appropriate levels of security and control measures for moneys, public and other property of, or under control of the schools, including electronic or magnetic forms of information.
- (b) With respect to strongrooms, safes, strongboxes and other lockable receptacles used for the safe keeping of moneys and other valuable items:
- where an officer is entrusted with a key or combination, the officer must retain personal control of the key or combination until such time as relief from the duty is obtained. Under no circumstances are the keys or details of the combination to be left on premises;
 - duplicate keys and combinations must be held within a package under seal or within a locked drawer or cash box acceptable to both the holder of the original and custodian of the duplicate and kept:
 - within another locked safe or locked key cupboard by the school or by another school;
 - by a bank;
 - by the regional education office; or
 - in another approved place of security;
 - arrangements made in respect of the safe keeping of duplicate keys or combinations must be in writing; and
 - combinations must be changed regularly and appropriate procedures must be established by the principal for the safeguarding of the combination.
- (c) The principal must review all security arrangements regularly.
- (d) Advice in respect of security and security escort services, as may be provided by the Office of Crime Prevention, must be considered when determining or reviewing security arrangements.

- (e) Where the engagement of a security service is required on a regular basis tenders or competitive quotes are to be called.

Guidelines

Refer to the school security policy for further information by clicking on the following link:

School Security

For information on security of premises and security services contact the Department's Security Coordinator.

13.6 HAND-OVER

Background

The procedures for handing over the custody and control of school financial and other resources from a departing officer to an incoming officer are an essential part of the internal control measures. It is necessary to ensure that an official record of the transfer is maintained for the protection of the individual officers should a discrepancy or dispute arise.

- (a) Principals and registrars/business managers, whose duties include the custody and control of moneys, property and monetary forms, must undertake appropriate handover procedures when departing, relieving or being appointed to such a position for a period one term or more.

Guidelines

For detailed guidelines on handover, refer to the relevant handover manual, which is available on the web site: [Finance for Schools](#).

13.7 SURETIES, GUARANTEES AND INDEMNITIES

Background

In accordance with Treasurer's Instruction 821, the issue of sureties (other than indemnities provided incidental to the performance of another function) is limited to the Treasurer.

- (a) A principal or an officer of a school must not grant any surety or guarantee or indemnity which imposes a contingent liability on the school or the Department.
- (b) Applications for the issue of a guarantee or indemnity by the Treasurer must be submitted through the Director of Schools Resourcing and Support.

Guidelines

- a guarantee or indemnity does not include an indemnity granted to persons or officers in the performance of their duties for the school;
- Statutory Guarantee or Statutory Indemnity means a guarantee or indemnity granted or arising under the authority of any statute; and
- surety means a guarantee or indemnity which is not a statutory guarantee or indemnity.

13.8 ACCEPTANCE AND PROVISION OF GIFTS

In the acceptance and provision of gifts, employees must refer to the **Acceptance and Provision of Gifts Policy**.

13.9 SPONSORSHIP

Background

In accordance with sections 216(2)(d) of the School Education Act 1999 and Part 3, Division 7 of the School Education Regulations 2000, schools may enter into an agreement or arrangement for advertising or sponsorship in connection with a school activity.

- (a) Principals must refer to the Incoming Sponsorship to Schools Policy and Procedures for all sponsorship agreements: [Incoming Sponsorship To Schools Policy](#)**
- (b) A separate revenue account must be maintained to record cash receipts from sponsorship agreements.**
- (c) Where an asset or resource is received under such an agreement instead of cash, the asset must be recorded in the asset register according to the [FMIS Financial Management in Schools: Assets and Resources Manual](#).**
- (d) Schools are required to report the total value of sponsorship agreements received in kind to the Schools Resourcing and Support Directorate, as required.**

Guidelines

Refer all queries regarding Incoming Sponsorship to Schools Policy and Procedures to Manager, Corporate Communication and Marketing.

13.10 FRINGE BENEFITS TAX (FBT)

Background

Fringe Benefits Tax (FBT) is a tax payable by employers on the value of certain benefits provided to employees or employees' associates, such as spouse or children, in respect of the employee's employment.

The Department is required to lodge an annual FBT assessment return the grossed-up taxable value of benefits, including benefits provided by schools.

For this purpose, schools are required to maintain the relevant records for submission to the central office.

Some of the benefits on which FBT is payable by the Department are motor vehicles, entertainment, accommodation, free-pass to coast and air-conditioning subsidies.

- (a) Principals must ensure that appropriate records are maintained for fringe benefits provided to the employees.**
- (b) Records relating to FBT must be submitted to the EBC Tax Team for assessment for each FBT year as instructed.**
- (c) FBT records must be retained for seven years from when the relevant FBT return is lodged.**

Guidelines

For further advice on FBT email FinancialServices.Support@education.wa.edu.au.

Schools are advised to refer to [Finance for Schools](#) web site for guidelines on FBT.

13.11 GOODS AND SERVICES TAX

Background

Under the Goods and Services Tax (GST) regime, schools are considered as a business enterprise and are therefore required to comply with the GST rules and regulations.

Regardless of the annual turnover, all schools must register for GST.

(a) Principals must ensure:

- **GST is administered in accordance with the legislation;**
- **officers involved in the acquisition or supply of goods and services for the schools are familiar with GST rules and regulations;**
- **correct prices are charged in the supply of goods and services; and**
- **timely completion and submission of the Business Activity Statements on a monthly basis, except for Independent Public Schools where the Business Activity Statements may be submitted on a quarterly basis.**

(b) In the amalgamation or closure of the school, the principal is to make an application to the Australian Taxation Commissioner to cancel the GST registration 21 days before ceasing to operate.

Guidelines

If the GST deregistration is delayed then the principal is to contact the Senior Finance Consultant (Schools).

For a new school, contact the Senior Financial Consultant (Schools) to organise an Australian Business Number (ABN).

13.12 CLOSURE AND AMALGAMATION OF SCHOOLS

Background

When a school is to be closed or amalgamated, it is imperative that proper procedures are taken to systematically terminate the financial operations of the school. This is to ensure that all outstanding liabilities are cleared and assets fully accounted and distributed.

When a school is closed or amalgamated with another school:

- **Moneys in the school bank account and school property, plant and equipment must be dealt with as directed by the Deputy Director General Finance and Administration or the Regional Executive Director;**
- **The school's bank account can be operated by an officer or officers nominated by the Deputy Director General Finance and Administration for the purpose of giving effect to a direction resulting from the first dot point above; and**
- **The principal or nominated officer is to complete the actions listed in the Closure and Amalgamation Finance Manual and sign the School Closure/Amalgamation Statement - Finance for submission to the**
 - **Regional Executive Director if a public school or**
 - **Director, Schools Resourcing and Support if an Independent Public School.**

Guidelines

Complete the actions listed in the Closure and Amalgamation Finance Manual and the School Closure/Amalgamation Statement – Finance available on the Finance for Schools website.

For detailed guidelines on amalgamations and closures, refer to the relevant amalgamations and closures manual, which is available on [Finance for Schools](#).

13.13 PAYROLL CERTIFICATION REPORT

Background

Salaries form a significant proportion of a school's operating costs. As the size and the nature of the payroll function provides scope for both error and fraud to occur it is necessary to ensure that stringent control procedures are established and adhered to. Certification of a payroll report forms a part of the control procedures.

- (a) In compliance with paragraph (7) of the Treasurer Instruction 506 Pay Records, a principal must certify the Payroll Certification Report to ensure that the employees to be paid are entitled to receive the payment and the amount payable is correct.
- (b) In the absence of the principal, a deputy principal or a nominee (see Guidelines below) must certify the Payroll Certification Report. The Payroll Certification Report must be:
- printed, reviewed, verified and certified fortnightly before close of pay, and
 - upon return from a term break, the past Payroll Certification Reports must be printed, reviewed, verified and certified within three weeks.
- or
- reviewed, verified and certified fortnightly online before the close of pay, and
 - upon return from a term break, the past Payroll Certification Reports must be reviewed, verified and certified online within three weeks.
- (c) Printed, verified and certified Payroll Certification Reports must be retained for two years. The online Payroll Certification will remain in HRMIS to review.

Guidelines

If, on the close of pay week when the principal and the deputy principal are absent, or if the principal is absent and the school does not have a deputy principal, the principal may temporarily appoint another officer to certify the Payroll Certification Report.

If the online process is used then the HRMIS alternate user may certify the report, in the principal's absence.

Close of pay is generally on the close of business on the Friday before the pay week.

It is recommended the Payroll Certification Report be reviewed to allow sufficient time for corrective actions to be identified, reported and actioned. If an alternate user certifies the report on behalf of the principal, it is recommended that the principal reviews that officer's payroll information on return from absence.

Refer to the [Payroll Certification Report Checklist](#).

13.14 COSTING OF GOODS AND SERVICES

Background

In the costing of goods and services supplied to students and other clients, it is important to apply the appropriate method of pricing to ensure that the amount charged is not in breach of the government policy and the School Education Act 1999. Consideration must also be given to whether GST is applicable in the pricing.

- (a) Principals must ensure that appropriate costing methodology is applied when determining the prices to be charged for the supply of goods and services to students and the general community.**
- (b) For voluntary contributions, charges and fees, the cost components must not also include those costs that are already being funded by government grants or other external sources. The amounts costed must not exceed the regulated amounts as specified in Contributions, Charges and Fees Manual.**
- (c) A full cost recovery method may be applied to those goods and services supplied to non-students and private organisations.**
- (d) All prices charged must not be marked up to include a profit margin unless approved by the Director General or the Minister.**

Guidelines

Appropriate records must be retained to substantiate the costing applied.

A worksheet for the costing of voluntary contributions and charges is available on the web site: [Finance for Schools](#).

When pricing an excursion or a camp, it is recommended that a Pricing Worksheet for Excursions and Camps is completed. This information is also available at: [Finance for Schools](#).

14 DEFINITIONS

ACCOUNTABLE AUTHORITY

Under section 52 of the *Financial Management Act 2006* the Director General of the Department of Education Western Australia is the Accountable Authority who shall be responsible to the Minister for Education.

ACT OF GRACE PAYMENT

An act of grace payment, also refer to as ex gratia payment, is a payment (usually by a government entity) made to a person on compassionate grounds rather than a legal obligation. The payment is made to compensate the person for damage, loss or injustice suffered as a result of an event or a situation, which the entity is not legally responsible.

AUTHORISED ORDERING OFFICER

An officer of the establishment staff authorised by the principal to order goods and services for and on behalf of the school.

BANK

An ADI (authorised deposit-taking institution), as defined in section 5 of the Commonwealth Banking Act 1959.

CHART OF ACCOUNTS

A chart of accounts is a list of account titles designed to enable accounting transactions to be properly classified and recorded in order to provide effective control and financial information.

CHIEF EXECUTIVE OFFICER

For this manual, the Chief Executive Officer means the Director General of the Department of Education.

CONTINGENT LIABILITY

A contingent liability is a potential liability that may or may not be incurred by an organisation depending on the outcome of a future event.

FACTORING

Factoring is a financial transaction in which a business sells its accounts receivable (invoices) to a third party (known as factor) at a discount to the amount outstanding. This will allow the business to obtain cash immediately without having to pursue payment from the debtor, who would now have to settle the account with the factor.

INTERNAL CONTROL

Internal control is the combination of systems and methods designed to provide the principal with reasonable assurance that:

- the assets and resources of the school are protected and losses are minimised;
- the accounting records are reliable and accurate;
- Treasury, audit, accounting and departmental requirements are met;
- proper authorisation and certification for financial transactions are provided; and
- operational efficiency is promoted.

MONETARY FORMS

Monetary forms are printed forms or documents:

- which, by themselves or when completed, can be exchanged or be used to obtain a consideration; or
- which provide a form of receipt.

OFFICER

A person who is:

- employed under the *Public Service Act 1978* or at any other written law;
- employed by the Minister;
- employed under the provisions of any industrial award or agreement; or
- short term contract employee.

OTHER MONEYS

Other moneys means moneys, negotiable instruments or securities of any kind collected, received or held by a school for or on behalf of a person or entity other than the school.

OTHER PROPERTY

Property belonging to a person or an organisation that is held by or under the control of the school.

PROPERTY

Property means property of every kind, whether real or personal, tangible or intangible, corporeal or incorporeal, and any interest in property. It does not include money.

PUBLIC MONEYS

All school funds and securities held by a school or any person for purposes of the school. This does not include moneys held for or on behalf of the students, Parents and Citizens' Association or any other person.

PUBLIC PROPERTY

All property, other than public moneys, owned by the school.

SCHOOL FUNDS

All moneys and securities held by a school or any person for the purposes of the school. This does not include moneys held for or on behalf of the students, Parents and Citizens' Association or any other person or organisation.

SCHOOL PROPERTY

'School property' refers to property of every kind, whether real or personal, tangible or intangible, corporeal or incorporeal, and any interest in property.

TREASURER'S INSTRUCTIONS

The Treasurer may prepare and issue and amend instructions in accordance with the *Financial Management Act 2006*, called the Treasurer's Instructions, with respect to financial administration, including the principles, practices and procedures to be observed in the establishment and keeping of accounts.

15 RELEVANT LEGISLATION OR AUTHORITY

School Education Act 1999
School Education Regulations 2000
A New Tax System (Goods and Services Tax) Act 1999
Income Tax Assessment Act 1997
Fringe Benefits Tax Assessment Act 1986
Cash Transaction Reports Act 1988
State Supply Commission Act 1991
Fringe Benefits Tax Act 1986
Financial Management Act 2006
Financial Administration Regulations 2007
Unclaimed Money Act 1990
Treasurer's Instructions
Personal Property Securities Act 2012

16 RELATED DEPARTMENT OF EDUCATION POLICIES

Incoming Sponsorship to Schools
Contributions, Charges and Fees Manual
Excursions: Off School Site Activities
Financial Management in Schools: Assets and Resources
Motor Vehicles – Motor Cars Leased by Schools.
School Security
WA Government Fleet Policies and Guidelines
Schools Councils Policy
Expenditure on Hospitality Policy and Procedures

17 CONTACT INFORMATION

Principal Finance Consultant
Email: FinancialServices.Support@education.wa.edu.au

Senior Finance Consultant (Schools)
Email: FinancialServices.Support@education.wa.edu.au.

Manager, Financial Policy
Email: John.Stanley@education.wa.edu.au

18 HISTORY OF CHANGES

Effective date	Version no.	TRIM no.	Notes
18 November 2014	2.0	D14/0509457	
21 February 2017	2.1	D17/0073447	Minor change to reflect release of online payroll certification.