

# Internal Financial Control Policy

Monmia Primary School



MONMIA PRIMARY SCHOOL

- Learn and Achieve -

This policy was last presented to School Council in: 15 November, 2022  
School Council President: Amanda Deakin

## Rationale

### **Financial policy**

A major responsibility of school council under the *Education and Training Reform Act 2006* is to “ensure that all monies coming into the hands of the council are used for proper purposes”.

### **Internal Control**

Internal control is a very important function of the school's overall approach to accountability. The framework of checks and balances identified in good systems of internal control ensure that the assets of the school are safeguarded, that the accounting information produced is accurate and complete, and the information obtained from the school's accounting system can be relied upon and used with confidence by people involved in school decision making and by stakeholders generally.

Internal control is a broad framework of processes, procedures, systems and strategies that schools put in place to ensure the successful and cost-effective delivery of their programs. An integral part of control assessment is analysis of risk. All organisations encounter a degree of risk in the pursuit of their goals and priorities. Internal control systems and mechanisms reduce risk and highlight planning or operational weakness.

The appropriate operation of school accounts, sound budgeting and monitoring processes and appropriate classification of receipts and payments greatly strengthen the financial internal control environment in schools.

The external audit of a school complements the Internal control environment by providing the school with a report on the operation of the controls and highlighting areas, via management letters to the School Council and the principal, where changes and/or improvements may be required.

The school audit program embodies internal control principles and practices and links the audit check of transactions with the assessed financial accountability risk confronting each individual school.

## Aim

### **Validity**

- Ensure that all financial transactions are recorded, that they are soundly supported by appropriate documentation and that the accounting records report the true financial position of the school in a clear manner. This ensures they can be relied upon with confidence to provide a basis for informed financial decision making.

### **Authorisation**

- Ensure that transactions are properly authorised and processed by persons acting within their designated authority.

### **Completeness and Accuracy**

- Give assurance that the financial records include all transactions and that these transactions can be completely verified. That nothing is omitted either purposely or by mistake and that the financial reports represent the whole picture of the school's financial position.

### **Timeliness**

- Ensure that all transactions are recorded as close as practicable to the time of occurrence, so that at all times the accounting records reflect the actual financial situation and can be verified.

### **Security**

- Provide assurance of the safe keeping of assets and records.

### **Physical Existence**

- Ensure that all assets are recorded on the asset register.

### **Account Control**

- All school council bank accounts will operate through CASES 21 finance in accordance with DET requirements.
- Cheque signatories will be in accordance with Education Regulations 2000, Section 7.09(3).
- Bank reconciliations will be undertaken monthly on all school council accounts to ensure accurate financial reports are provided to council.
- Transfers of money from one bank account to another must be authorised by the Principal/delegate/s.
- Council will operate within its financial powers in not undertaking any loans or borrowings or provide any salary advances to staff.

### **Accountable Documents**

- All accountable documents including, blank cheques and purchase order books will recorded in a register.

### **Assets**

- Accountable assets will be recorded in the asset register when purchased or acquired within 30days.
- Council will review and/or formally document a policy in regard to asset disposal.
- Regular stock takes of assets will be undertaken to confirm the asset register is accurate.
- All assets borrowed from the school will be recorded in a loans register.

### **Camps and Excursions**

- Council will formally minute all decisions to subsidise camps and excursions.
- Revenue against expenditure for each camp and excursion will be monitored to ensure all costs are covered.

### **Cash Control**

- The school will ensure that unbanked cash will be kept in a locked safe with restricted access.
- The official account will not be overdrawn at any time. In the event that this may happen copies of relevant bank statements with advice on why this occurred will be presented to council.
- Receipts will be issued promptly to all persons paying money in the school office.
- All reversed/credited charges will be approved by the Business Manager & Bursar.
- The school will ensure that excess cash in the official account will be invested to maximise interest returns.
- As per DET guidelines one person will be responsible for control over petty cash. Reimbursements will only be made on the provision of receipts or authorised statutory declarations where goods are purchased and receipts aren't issued .eg garage sales.
- Where possible the school will take steps to segregate duties in the office to minimise risk of fraud.

### **Chart of Accounts**

- The school is required to receipt and spend funds as per the designated chart of account codes.
- Every effort will be made to ensure the correct coding of data entry, critical for the accuracy of reporting.

### **Investment Transactions**

- School Council will review and/or formally document an investment policy in regard to investment of surplus cash funds annually.
- Investment transfers will be authorised by specified account signatories.
- Investment transactions will be ratified by council.
- Investment transfers will be recorded in an investment transfers register.

### **Purchases**

- The school will follow DET guidelines in relation to obtaining appropriate quotations for purchase and works.  
Less than \$5,000 (GST exclusive) Minimum, of one either written or verbal quotation.  
\$5,000 to \$15,000 (GST exclusive) Minimum of one written quotation  
\$15,000 to \$100,000 (GST exclusive) Minimum of three written quotations if practicable  
Over \$100,000 (GST exclusive) Public tender (if practicable)
- School purchase orders should not be used to obtain goods and services for private use.
- Purchase order forms will be signed by the Principal/delegate/s.  
Once approved, orders should be recorded on Cases21 to accurately determine commitments against budget and to ensure cash flow requirements.

### **Taxation**

#### **FBT**

- The school will maintain detailed records of fringe benefits provided to centrally and locally paid staff.
- The school will ensure it records all appropriate fringe benefits for centrally paid staff to DET via the FBT tracker.

- The school will ensure any fringe benefit for local employees is paid to the ATO.
- GST**
- The school will maintain detailed records relating to the amount of GST payable by it to the ATO and in relation to its entitlement to claim input tax credits.
  - The school will retain a signed copy of each BAS submitted to the ATO and the relevant working papers including the Audit Trail reports.
  - Care will be taken to ensure the school accurate analysis of GST data when making payments & receipting monies.
- Trading Operations**
- The school canteen operates as input taxed for GST purposes; this is reviewed and minuted at school council annually.
  - A profit & loss statement for the school uniform shop is to be prepared annually for school council and audit purposes.

Evaluation

This policy will be reviewed as part of the School Council cyclic review or earlier if required.

Policy Last Reviewed

Nov, 2022

Consultation

Nov, 2022

Approved By

School Council and Principal

Next Scheduled Review Date

2023