The internal certification checklist is for the financial year period of 1 July 2016 to 30 June 2017. The guidance notes are provided for each category of questions in the internal certification checklist.

| **Relates to question number in checklist** | **Activity** | **Related policy/guideline (website)** |
| --- | --- | --- |
|  | **Governance** |  |
| 2-7 | The school council must establish and maintain effective financial governance that includes an appropriate internal management structure and oversight arrangements for the planning, managing and overseeing of financial operations and risk. | School Council Governance (SPAG)  Finance Manual for Victorian Government Schools – Section 2 |
|  | **Budget development, monitoring and performance** |  |
| 9-16 | School council are required to approve the Indicative cash budget for the following year in November. Any amendments to the Indicative cash budget must also be approved by the school council and amended in CASES21. It is DET’s policy that both revenue and expenditure budgets are recorded in CASES21 and will provide a means of measuring whether financial objectives are being achieved. This process aids in decision-making and future planning to ensure that the schools’ resources are being fully utilised.  Schools are under no obligation by the department to engage external auditors to conduct a review of their 31 December financial statements. However, a school may engage an external auditor should they wish to do so. | Finance Manual for Victorian Government Schools – Section 6  A Guide to Budget Management in Victorian Government Schools – Section 6 |
|  | **Financial authorisation** |  |
| 18-19 | **Financial authorisation**  Schools must establish and maintain financial authorisations, to ensure that financial obligations undertaken by staff are within the appropriate levels of authority. Authorised persons must have an understanding of the scope of their financial authorisations, financial limits and managing any conflicts of interest. Some examples would be the approval of orders/invoices, signing cheques and authorisation of internet banking.  The school council must regularly review and endorse any changes to the financial delegation of authority. | Finance Manual for Victorian Government Schools – Section 4 |
| 20-21 | **Segregation of duties:**  Formal separation of duties is a key internal control designed to reduce errors and the risk of fraud. Authorisations of expenditure must be allocated in such a way that no one in an authorised position has control or authority over the end to end process. This is achieved by ensuring that business processes/tasks are shared amongst staff. If this cannot be achieved due to limited resources, compensating safeguards must be established to manage risk. Principals must advise the school council and auditors of any potential risk.  In the case of single operator schools where segregation of duties is not practicable, compensating safeguards must be established to manage potential risk.  In very small schools, principals (or nominees) are advised to randomly (minimum of 2 checks a term) verify the cash handling and the recording process has been correctly undertaken. Please keep a signed record of these random checks for audit purposes.  A pro-forma is available on the [Finance website](http://www.education.vic.gov.au/school/teachers/management/finance/Pages/cases21.aspx) that can be used to conduct the random check for cash handling and retained for audit. | Internal Controls for Victorian Government Schools - Section 4 |
|  | **Risk Management and Internal Controls** |  |
| 23-26 | Schools must establish and maintain effective risk management practices. Principals and staff are accountable for identifying, assessing, prioritising and effectively managing risks within their area of responsibility.  Risk management maximises the ability to deliver on school objectives, promotes sound decision-making for future planning, resource allocation & investment and works to safeguard student and employee wellbeing.  School council, as the key governance body within a school, must also play a role in monitoring and reviewing the key risks to the achievement of the schools goals and targets. | Finance Manual for Victorian Government Schools – Section 3  Risk Management Framework |
| 27-29 | **Fraud**  Schools must report fraud of any nature, regardless of materiality or parties involved, in accordance with the procedures of the Department's Fraud and Corruption Control Framework. School Councils and School Principals are accountable through the Regional Directors to the Secretary of the Department and therefore have responsibility and accountability for implementation of the Fraud and Corruption Control Framework at school level. This includes ensuring appropriate controls are in place to prevent and mitigate the risk of fraud in their schools.  Schools can refer to the following website for more detailed information regarding the Fraud and Corruption policy <http://www.education.vic.gov.au/school/principals/spag/governance/Pages/fraud.aspx>  It is a mandatory requirement under the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, that all cases of suspected or actual theft, wilful damage, arson, irregularity or fraud in connection with the receipt or disposal of money or property of any kind, must be reported to the relevant authorities and action taken. | Finance Manual for Victorian Government Schools – Section 3  Fraud and Corruption (SPAG) |
| 30 – 32 | **Conflict of Interest**  Conflict of Interest arises in circumstances where an employee’s public duty is influenced, or can be seen to be influenced, by a private interest. All employees, including members of the teaching service, school council employees and school councillors, have a responsibility to avoid any dealings that may affect their public duty. Where a conflict is identified, reasonable steps must be taken to address it in order to protect the public interest. The school principal must implement the [Conflict of Interest Framework](http://www.education.vic.gov.au/hrweb/workm/Pages/Conflict-of-Interest.aspx) at school level.  **Declaration of private interest (DPI)**  Declaration made via Edupay of potential conflicts of interest including, but not limited to, other sources of income, any positions of office held in public or private companies, shareholdings and other business interests, relationships with trusts, holdings of real estate, agreements and contracts, other financial interests and any probity issues. | Finance Manual for Victorian Government Schools – Section 3 |
| 33 | **Existence and Retention of accounting records**  Schools are responsible for the creation, management and disposal of financial records. Schools must properly manage records in order to meet legislative responsibilities, ensure records are stored when needed and destroyed when permissible.  Financial and taxations records must be kept for a minimum of seven years. Financial records include periodic financial reports, annual financial reports, invoices, bank statements, receipts and records documenting payment of salaries. Taxation records include Business Activity Statements and PAYG payment summaries. | Finance Manual for Victorian Government Schools – Section 2  Records and Information Management (Records and Information Management) |
| 35-36 | **Computer information systems**  Schools need to have in place controls around the physical security of computer equipment and software to ensure data integrity is secure. It is essential that all staff understand the importance of maintaining a secure password. Passwords must not be disclosed to another person, as security of the system may be breeched and data integrity jeopardised. | Finance Manual for Victorian Government Schools – Section 4  Internal Controls for Victorian Government Schools (Finance) |
|  | **Financial control procedures** |  |
| 38-40 | Schools are required to follow the financial policies and guidelines set by the department in relation to the financial management of the school. Schools are required to ensure that all transactions are entered into CASES21 in a timely manner. Supporting document must be available for all transactions processed in CASES21 in the instance that it is required by the department or external auditors.  An effective internal control framework will ensure that the following:   * Safeguard of assets * Accurate and complete accounting records * Reliable financial information to aid decision making | Finance Manual for Victorian Government Schools – Section 4  Internal Controls for Victorian Government Schools (Finance) |
|  | **Bank accounts** |  |
| 42-52 | Schools must develop a Schools Electronic Funds Management policy that is approved by the school council. The policy must outlines the following:   * use of electronic funds * scope of the implementation * internal controls required * permissions and delegations * retention and storage of documentation etc.   In order to minimise risk, schools should be reminded of the compliance requirements in the *Education Training and Reform Regulations 2007*, section 37(1) revenue and expenditure outlines that all cheques and negotiable instruments drawn on any account kept under the control of a school council, must be authorised by the principal and a nominated member of the school council (cannot include business manager). | Finance Manual for Victorian Government Schools – Section 8  Schools Electronic Funds Management Guidelines (Finance) |
|  | **Investment accounts** |  |
| 54-60 | Schools must have in place an investment policy that has been approved by the school council and is regularly reviewed.  The policy must comply with the Centralised Treasury and Investment Policy and, incorporate any legislative changes that may occur.  Under this policy, where the school is holding a daily average balance of over $2M (excluding transactional cash reserves) , the excess over $2M is to be deposited with Treasury Corporation of Victoria (TCV) or Victoria Financial Management Corporation (VFMC). | Finance Manual for Victorian Government Schools – Section 8  Schools investment policy and guidelines (Finance)  Centralised treasury and investment policy (DTF) |
|  | **Receivables Management and Cash Handling** |  |
| 62-63 | **Cash and cheque handling**  Schools must have in place a Schools Cash Handling policy (SCHP) policy that has been approved by the school council and is regularly reviewed. This is to ensure that all cash and cheques are safeguarded and deposited into the school bank accounts in a regular and timely manner. | Finance Manual for Victorian Government Schools – Section 10  Internal Controls for Victorian Government Schools (Finance) |
| 64 | **Petty cash**  Schools must have in place a petty cash policy. The most effective way to control petty cash is to limit the maximum amount of payment that can be made. As per the schools Finance manual the limit on any single payment is $200. | Finance Manual for Victorian Government Schools – Section 11 |
| 65-73 | **Accounts receivables & Sundry debtors**  Schools must ensure all invoices raised in accounts receivable are received, deposited and recorded in CASES21 in an accurate and timely manner, and supported by appropriate documentation. All outstanding accounts receivable balances must be reviewed regularly to ensure the accuracy of the balances reported to the school council. All unrecoverable invoices written off must be approved by the school council. | Finance Manual for Victorian Government Schools – Section 10 |
| 74 | **Provision for non-recoverable – families**  Schools must review on a regular basis the calculation of the provision for Non-Recoverable (non-payment of family charges) debt to ensure that amount that is estimated is based on accurate accounts receivable balances. Schools are required to have appropriate documentation to verify the calculation of the write off debt that is deemed unrecoverable. | Finance Manual for Victorian Government Schools – Section 10 |
| 75 | **Provision for doubtful debts – sundry debtors**  Schools must review on a regular basis the calculation of the provision for doubtful debt to ensure that the amount estimated is based on accurate accounts receivable balances. Schools are required to have appropriate documentation to verify the calculation of the write off of unrecoverable debt. | Finance Manual for Victorian Government Schools – Section 10 |
|  | **Asset and Inventory Management** |  |
| 77-86 | Assets (including leased and donated) must be entered into CASES21 asset management register on a regular and timely basis. Acquisition, disposal and retirement must be entered in the month of occurrence. Physical stocktake of all assets must be conducted within every two years. | Finance Manual for Victorian Government Schools – Section 13 |
|  | **Liabilities Management** |  |
| 88-90 | **Accounts Payable**  Schools must ensure the accounts payable balances are promptly paid and processed in CASES21 and supported by appropriate documentation. All outstanding accounts payable balances must be reviewed regularly to ensure the accuracy of the balances reported to the school council. | Finance Manual for Victorian Government Schools – Section 14 |
| 91-93 | **Borrowings**  A co-operative loan must only be taken out with TCV for a maximum of fifteen years.  The term of the loan must be the same of the useful life of the asset purchased. | Finance Manual for Victorian Government Schools – Section 14 |
|  | **Funding sources (Government grant revenue and locally raised funds)** |  |
| 95-97 | **Government grants – revenue**  Government grants must be recorded in CASES21 when received. This ensures funding is recorded into the correct general ledger account code and recorded in the month received. | Finance Manual for Victorian Government Schools – Section 9  Chart of Accounts for Victorian Government Schools (Finance) |
| 98-101 | **Locally raised funds**  Schools must have in place controls and procedures in relation to the collection of funds from i.e. parent payments (including essential education items, optional extra and financial voluntary contributions), camps and excursions, trading operations and fundraising activities. Controls that must be in place when collecting cash include the following:   * **Class list** – total cash collected is reconciled to class list. * **Trading operations** – money to be counted by two individuals (where practicable) and a control receipt prepared. Cash then submitted to the general office for reconciliation and banking. * **Electronic receipts, manual receipts or EFTPOS receipts** – official receipt issued for each transaction. Receipts and cash submitted to general office for reconciliation and banking. | Parent Payments (SPAG)  Finance Manual for Victorian Government Schools – Section 9  Internal Controls for Victorian Government Schools (Finance)  Management of School Trading Operations (Finance) |
|  | **Procurement and purchasing cards** |  |
| 103-105 | **Procurement**  Schools must follow the purchasing policy and thresholds as documented in the Finance manual. Schools are required to ensure that payment of an invoice is only processed on receipt of the invoice and after the delivery of goods and services. | Finance Manual for Victorian Government Schools – Section 11 |
| 106-109 | **Purchasing cards**  Schools must document a policy for use of the purchasing card including details of authorised personnel, expenditure limits and practices reflecting DET guidelines. Schools are required to complete a “Statement of Assurance” on a yearly basis. The purchasing card statement must be reconciled on a monthly basis and supported by appropriate documentation i.e. invoice. | Finance Manual for Victorian Government Schools – Section 11  Schools purchasing card - Department guidelines and procedures (Finance) |
|  | **Payroll and Taxation** |  |
| 111-112 | **Central payroll (eduPay)**  The principal must certify the accuracy of every payroll processed in eduPay. The principal must confirm the existence of all employees processed through eduPay. | Finance Manual for Victorian Government Schools – Section 11  eduPay (Human resources - eduPay |
| 115 | **Compliance – Taxation – Fringe Benefits Tax (FBT)**  Schools must assess Fringe Benefits provided to staff (including school council staff), and report the FBT liability incurred to DET in April of each year. | Finance Manual for Victorian Government Schools – Section 15 |
| 116-117 | **Compliance – Taxation – Goods and Services Tax (GST)**  Schools must lodge a Business Activity Statement (BAS). The BAS reports tax entitlements and obligations including Goods and Services Tax (GST) and Pay As You Go (PAYG) tax. Schools are required to pay and charge GST, and must claim back tax as an input tax credit through the Australian Tax Office (ATO). BAS returns, which are generated through CASES21, must be signed by the principal and are to be lodged either monthly or quarterly, in accordance with the agreement made between the school and the ATO. | Finance Manual for Victorian Government Schools – Section 15 |
| 118 | **Fuel tax credit rebates**  Schools must keep appropriate documentation for the calculation of the fuel tax credit rebates claimed via the Business Activity Statement. | Finance Manual for Victorian Government Schools – Section 15 |
|  | **Year end processing (Calendar year - 31 December)** |  |
| 120–121 | Schools must use section 11 of the CASES21 Finance Business Process guide to complete the year-end process (31 December). The checklist included in section 11 provides guidance of all the requirements for the finalisation of the year-end. | Finance Manual for Victorian Government Schools – Section 17  CASES21 Finance Business Process Guide – Section 11 |
|  | **End of Financial Year reporting (30 June)** |  |
| 122 | **Operating leases**  An operating lease is a commitment that arises when the school enters into a legally binding non-cancellable lease agreement/contract. Such as leases for photocopiers, computers, printers and mobile phones. Schools are required to review and update leased asset details in CASES21 asset management register on a regular basis. Including operating lease start and end date, monthly lease payment, quantity and lease terms. | Finance Manual for Victorian Government Schools – Section 18  Finance Manual for Victorian Government Schools – Section 13  CASES21 Finance Business Process Guide – Section 4 |
| 123 | **Operating contracts not entered into CASES21 (Operating commitments – contracts for goods and/or services)**  An operating commitment will arise when the school enters into a legally binding non-cancellable agreement/contract for the future provision of a good and/or service. Examples of an operating commitment include provision of services by contractors, IT services, labour hire, maintenance and annual facility charges. | Finance Manual for Victorian Government Schools – Section 18  Email: [schools.certification@edumail.vic.gov.au](mailto:schools.certification@edumail.vic.gov.au) for advice |
| 124 | **Capital contracts not entered into CASES21 (Capital commitments)**  A capital commitment will arise when school enters into a legally binding non-cancellable agreement/contract for the acquisition of equipment or capital works. A capital commitment does not include maintenance contracts associated with assets held (these are usually an operating commitment).  A capital commitment will arise when there is a signed contract for a tangible asset i.e. building, gymnasium, playground or toilet block. | Finance Manual for Victorian Government Schools – Section 18  Email: [schools.certification@edumail.vic.gov.au](mailto:schools.certification@edumail.vic.gov.au) for advice |
| 125-126 | **Contingent liabilities**  A contingent liability is a potential obligation that may be incurred depending on the outcome of a future event. A contingent liability is one where the outcome of an existing situation is uncertain, and that uncertainty will be resolved by a future event. An example of a contingent liability is where there is an outstanding legal action against the school, but not enough certainty to place the settlement value on the balance sheet. Where a contingent liability may exist, the matter must be referred to the legal division of DET. | Finance Manual for Victorian Government Schools – Section 18  Email: [schools.certification@edumail.vic.gov.au](mailto:schools.certification@edumail.vic.gov.au) for advice |
| 127 | **Contingent assets**  A contingent asset is a potential asset that may arise depending on the outcome of a future event. For example the school has taken legal action against a third party for a breach of contract, and the likely outcome will result in receiving compensation from a third party. | Finance Manual for Victorian Government Schools – Section 18  Email: [schools.certification@edumail.vic.gov.au](mailto:schools.certification@edumail.vic.gov.au) for advice |

**Key Websites**

Conflict of Interest: [Conflict of Interest Framework](http://www.education.vic.gov.au/hrweb/workm/Pages/Conflict-of-Interest.aspx)

Department of Treasury and Finance (DTF): <http://www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Centralised-treasury-and-investment-policy>

Finance: <http://www.education.vic.gov.au/school/teachers/management/finance/Pages/guidelines.aspx?Redirect=1>

* School Financial Guidelines: <http://www.education.vic.gov.au/school/teachers/management/finance/Pages/guidelines.aspx?Redirect=1>
* Finance Manual for Victorian Government Schools: <http://www.education.vic.gov.au/school/teachers/management/finance/Pages/guidelines.aspx?Redirect=1>
* CASES21 Finance: <http://www.education.vic.gov.au/school/teachers/management/finance/Pages/cases21.aspx>
* School Purchasing Cards: <http://www.education.vic.gov.au/school/teachers/management/finance/pages/purchasingcard.aspx>

Fraud and Corruption: [Fraud and Corruption Control Framework](https://edugate.eduweb.vic.gov.au/sites/i/pages/production.aspx#/app/content/2618/policies_(corporate)%252Fintegrity%252Ffraud_and_corruption_control_policy)

Human Resources – eduPay: <http://www.education.vic.gov.au/hrweb/pages/resources/eduPay.aspx>

Records and Information Management: <http://www.education.vic.gov.au/school/teachers/management/Pages/records.aspx>

Risk Management: [DET Risk Management Framework](https://edugate.eduweb.vic.gov.au/sites/i/Pages/production.aspx#/app/content/1923/support_and_service_(corp)%252Fgovernance_and_decision_making%252Frisk_management%252Frisk_management_overview)

School Councils: <http://www.education.vic.gov.au/school/teachers/management/Pages/schoolcouncil.aspx?Redirect=1>

School Policy Advisory Guide (SPAG): <http://www.education.vic.gov.au/school/principals/spag/Pages/spag.aspx>

Tax: <https://edugate.eduweb.vic.gov.au/Services/Finance/Pages/Tax.aspx>