

# Section 10: Receivables Management and Cash Handling

## 10.1 Overview

Schools can earn revenue from several sources. This may involve invoicing families and sundry debtors as well as the receipt of cash. It is important that schools recognise this revenue in a manner that best matches those that will be eventually paid. Cash receipts must be handled in a manner that minimises any associated risks.

## 10.2 Managing Receivables

A receivable is money owing to the school from the provision of services or the sale of goods and services. It may be owed by families for items such as camps and excursions or third parties (sundry debtors) for items such as hire of school facilities.

### 10.2.1 Mandatory policy (Must do):

Sequence Number	Information	
10.2.1.1	Comply with the <a href="#">DET Parent Payment Policy</a> .	
10.2.1.2	Enter family and sundry debtor invoices into CASES21 in a timely manner using relevant general ledger and GST codes.	
10.2.1.3	Initially review receivables against historical collection rates and make a provision for non-recoverable if appropriate.	
10.2.1.4	Regularly review (preferably monthly) the outstanding family and sundry debtor balances to assess collectability and take any appropriate action.	
10.2.1.5	Ensure that any adjustments to receivables (i.e. families or sundry debtors) have been approved by the school council prior to the adjustment being made. Adjustment could include the write-off of invoices where the collectability is not going to occur. For example, an invoice processed for a camp/excursion that the student is no longer attending. In this case, the invoice entered in CASES21 must be reversed.	
10.2.1.6	Undertake a balance day adjustment for any revenue received in advance. For example, camps/excursions and activities already invoiced and/or paid in advance before the activity is conducted. Refer to <a href="#">CASES21 Finance Business Process Guide - Section 10 Balance Day Adjustments</a> to determine if any balance day adjustments are required to be made.	

Sequence Number	Information
10.2.1.7	<p>If a school engages a third party company for managing parent payments and enters in to CASES21 a bulk general ledger receipt, the following information must be available upon request by the Department or auditors. This includes:</p> <ul style="list-style-type: none"> <li>• clear evidence to what funds have been paid for i.e. camps/excursions or activities and by the student name;</li> <li>• a detailed reconciliation listing each transaction that reconciles to the total bulk general ledger receipt.</li> </ul> <p>To ensure better recording purposes and transparency the school must consider entering Parent Payments in detail via the Families module in CASES21.</p>

### 10.2.2 Prohibited policy (Must not do):

Sequence Number	Information
10.2.2.1	<p>Enter voluntary contributions or donations collections into CASES21 until the revenue/cash has been physically received by the school. Both voluntary contributions and donations are not considered a receivable. These must not be invoiced and must only be recognised on a cash basis or receipt.</p>

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## 10.3 Cash Handling

Cash is the most vulnerable asset of the school. It is essential that schools have robust controls in place to minimise the risk of loss. It is recommended that schools investigate non-cash payment options as a part of their risk minimisation.

### 10.3.1 Mandatory policy (Must do):

Sequence Number	Information
10.3.1.1	<p>Implement a local cash handling policy approved by school council. For example, like having at least two people present when handling cash and a safe and secure place to hold the cash until it is banked.</p>
10.3.1.2	<p>If the school council has approved the use of electronic receipting (BPAY, EFTPOS, third party online revenue collection, etc.) the school must have an electronic funds management policy that is reviewed annually and approved by school council.</p>

Sequence Number	Information	
10.3.1.3	Issue an official receipt immediately for all monies received from all sources (e.g. cash, cheques, EFTPOS, BPAY, etc.) and process through CASES21.	
10.3.1.4	All cheques received by mail must be entered into a remittance book on a timely basis.	
10.3.1.5	The principal or their delegate and one other person must sign all the entries entered in the remittance book. Open cheques must be crossed 'Not Negotiable' immediately upon receipt.	
10.3.1.6	Prior to banking monies, schools must reconcile total receipts with total monies collected (cash, cheques, manual credit card transactions to be banked).	
10.3.1.7	If the school operates an EFTPOS terminal, they must perform settlement on the EFTPOS terminal at the same time as the CASES21 batch is updated.	
10.3.1.8	The segregation of duties between receiving cash and banking activities must be implemented where possible and practical. The method of ensuring this safeguard is to separate those responsibilities for duties which, if combined, would enable an individual person to receive cash and bank cash received. It can be implemented, by alternating sequential tasks, so that no one person has complete responsibility for the entire transaction, provided that some separation occurs between key activities.	
10.3.1.9	If segregation of duties is not practical (limited number of administrative staff are available for the accounting and finance function in a very small school), the principal or nominee must randomly verify the cash handling and recording process has been correctly undertaken. A minimum of two checks to be carried out per term and a signed record of the checks maintained.	
10.3.1.10	<p>If monies are collected away from the office, schools must undertake the following procedure:</p> <ul style="list-style-type: none"> <li>• two people count money (where practical – refer to point 10.3.1.8);</li> <li>• control receipt prepared for total amount;</li> <li>• original control receipt attached to class list/sales book/attendance sheet. Duplicate control receipt retained by the teacher, manager or coordinator;</li> <li>• office staff reconcile list of collections/control receipts with monies handed to office and provide receipt.</li> </ul>	

<b>Sequence Number</b>	<b>Information</b>	
10.3.1.11	All cash, cheques, etc. must be banked intact and in a timely fashion (preferably daily) to avoid having money on school premises overnight.	
10.3.1.12	Money kept on school premises must be locked in a secure location.	
10.3.1.13	In preparing the banking of funds collected, schools must: <ul style="list-style-type: none"> <li>• prepare bank deposit slips in duplicate;</li> <li>• reconcile the total money received with the total amounts recorded in CASES21;</li> <li>• all bank deposit slips must be signed by the depositor.</li> </ul>	
10.3.1.14	Any refunds must be in line with the school's refund policy and must be by cheque or electronic payment and never cash.	
10.3.1.15	On receipt of advice from the bank that a cheque has been dishonoured, the principal or their delegate must communicate with the drawer of the cheque to correct any irregularities or obtain a fresh remittance. Efforts must be made to recover bank charges from the drawer.	

### 10.3.2 Prohibited policy (Must not do):

<b>Sequence Number</b>	<b>Information</b>	
10.3.2.1	Cash personal cheques under any circumstances.	
10.3.2.2	Alter any receipt. If an error is made, the receipt must be cancelled and a new receipt issued. The original of the incorrect receipt must be attached to the copy of the new receipt.	
10.3.2.3	Issue any duplicate receipts. If a duplicate receipt is requested the receipt of money must be acknowledged by a typed note on school letterhead (general ledger receipts) or a copy of a family or sundry debtor statement showing the receipt of money.	
10.3.2.4	Leave money on school premises during vacation periods.	

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## Legislative requirements

### Legislation

The advice in this section was based on requirements outlined in the following legislation:

- Australian accounting standards – AASB 107 Statement of Cash Flows, AASB 139 Financial Instruments and AASB 101 Presentation of Financial Statements.
- Constituting School Council orders.
- *Education and Training Reform Act 2006* – Part 2.3 – Government School Councils.
- *Education and Training Regulations 2017* – Part 4 – Government School Councils and Parents Clubs.
- *Financial Management Act 1994*
- Standing Directions of the Minister of Finance 2018 under the *Financial Management Act 1994* – Section 3.4 Internal Control System.

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## Definitions

Item	Definition
<b>BPAY</b>	Electronic bill payment system that enables payments to be made through a financial institution's online, mobile or telephone banking facility.
<b>CASES21</b>	CASES21 (Computerised Administrative System Environment in Schools) is the software package provided to Victorian government schools to support school administration, finance and central reporting.
<b>Control receipt</b>	A control receipt is a list of total revenue collected for example for a class list/sales for attending an excursion.
<b>Dishonoured cheque</b>	A cheque that has not been paid by the bank due to insufficient funds or some other irregularity.
<b>EFTPOS</b>	An electronic payment system involving electronic funds transfers based on the use of payment cards, such as debit or credit cards, at payment terminals located at points of sale.
<b>Non cash payment options</b>	Options that allow for the payment of monies without using cash or cheques. For example, BPAY, EFTPOS, direct deposit, etc.

Item	Definition
<b>Provision for non-recoverables</b>	An estimate of the receivables (money owed to the school) that will not be recovered or paid.
<b>Segregation of duties</b>	The method of separating those responsibilities or duties which, if combined, would enable an individual person to process and record a complete transaction, such as ordering, receiving, approving and paying for goods. This is an internal control intended to prevent fraud and error to ensure that no one person has complete responsibility for the entire transaction. Functions that must be separated include authorisation, payment, custody and recording.

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## Additional resources

- [Cash handling controls and forms](#)
- [Cash Handling Primer for Victorian Government Schools](#)
- [CASES21 Finance Business Process Guide - Section 1 Families](#)
- [CASES21 Finance Business Process Guide - Section 2 Sundry Debtors](#)
- [CASES21 Finance Business Process Guide - Section 10 Balance Day Adjustments](#)
- [Internal Controls for Victorian Government Schools](#)
- [School Policy and Advisory Guide – Parent Payment Schools Electronic Funds Management Guidelines](#)

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## Version and revision control record

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01/2019	1.2	Chief Finance Officer - Financial Services Division	01/2020