# Section 11: Expenditure Management

## 11.1 Overview

School councils may enter into contracts, agreements or arrangements for the supply of goods, services, facilities, materials, equipment and other matters that are required for the conduct of the school including the provision of pre-school programs. This will normally involve procuring, ordering, taking delivery, being invoiced and making payment.

## 11.2 Procuring

### 11.2.1 Mandatory policy (Must do):

| Sequence Number | Information |  |
| --- | --- | --- |
| 11.2.1 | Comply with the [Procurement Policy for Victorian Government Schools](https://edugate.eduweb.vic.gov.au/sites/i/pages/production.aspx#/app/content/2089/support_and_service_(schools)%252Fprocurement,_funding_and_travel%252Fprocurement%252Fprocurement_procedure). |  |
| 11.2.1.2 | Comply with the Department’s [Travel Policy](https://edugate.eduweb.vic.gov.au/sites/i/pages/production.aspx#/app/content/2716/support_and_service_(schools)%252Ffunding,_purchasing_and_travel%252Ftravel_for_department_purposes%252Fstaff_travel_applications). |  |
| 11.2.1.3 | Comply with the Department’s [Gifts, Benefits and Hospitality Policy](https://edugate.eduweb.vic.gov.au/sites/i/pages/production.aspx#/app/content/2627/policies_(corporate)%252Fprocurement%252Fgifts,_benefits_and_hospitality_policy). |  |
| 11.2.1.4 | Comply with the Department’s [Personal Expense Reimbursement](http://www.education.vic.gov.au/hrweb/employcond/Pages/pexpTS.aspx) |  |

## 11.3 Ordering

### 11.3.1 Mandatory policy (Must do):

| Sequence Number | Information |  |
| --- | --- | --- |
| 11.3.1.1 | School council must authorise and minute the names of people delegated to approve purchases and school expenditure. |  |
| 11.3.1.2 | Use a purchase order and obtain prior permission for all school purchases, except for utilities and petty cash items approved by the principal or delegated officer. A standing order can be used for items or services associated with the day to day running of a school, are of an ongoing nature and are purchased for the current year. |  |
| 11.3.1.3 | Officers authorised to approve orders must check that the order: * is for school purposes;
* is within budget;
* is in accordance with the school procurement policy and processes;
* meets any conditions placed on funds that will be used for the purchase;
* there are available funds to meet the commitment.
 |  |
| 11.3.1.4 | Comply with GST requirements [(Refer to section 15 Taxation).](https://www.education.vic.gov.au/school/teachers/management/finance/Pages/guidelines.aspx#link100) |  |

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

| Sequence Number | Information |  |
| --- | --- | --- |
| 11.3.2.1 | Use a school purchase order to obtain goods and services for private use. |  |
| 11.3.2.2 | Issue a duplicate order. Any order issued in replacement of an order not received by a supplier shall state that it is a replacement order. |  |

## 11.4 Taking delivery

### 11.4.1 Mandatory policy (Must do):

| **Sequence Number** | **Information** |  |
| --- | --- | --- |
| 11.4.1.1 | Check that the goods have been delivered and/or the service has been performed and endorse the invoice as such. |  |

## 11.5 Being invoiced

### 11.5.1 Mandatory policy (Must do):

| **Sequence Number** | **Information** |  |
| --- | --- | --- |
| 11.5.1.1 | Check that the goods have been delivered and/or the service has been performed and endorse the invoice as such. |  |
| 11.5.1.2 | Check that the amount on the invoice is no more than 15 per cent more than prices indicated on the purchase order. Where the variation is greater than 15 per cent, specific approval for payment must be obtained from the school council. Where the quantity and price on the invoice is accepted, a notation must be made on the Purchase Order. For example, ’oversupply accepted’ or ‘price increase accepted’. |  |
| 11.5.1.3 | Comply with GST requirements [(Refer to section 15 Taxation).](https://www.education.vic.gov.au/school/teachers/management/finance/Pages/guidelines.aspx#link100) |  |

## 11.6 Payment

### 11.6.1 Mandatory policy (Must do):

| **Sequence Number** | **Information** |  |
| --- | --- | --- |
| 11.6.1.1 | All payments (whether cheque or electronic) drawn on any account kept under the control of school council must be authorised by the principal and a nominated school council member. |  |
| 11.6.1.2 | All payments must only be made on receipt of an invoice and never on the supplier statement alone. |  |
| 11.6.1.3 | All purchase orders, invoices and any other supporting documents (quotes, etc.) must be attached to the payment voucher. |  |
| 11.6.1.4 | Mark all vouchers, invoices and supporting documents as “paid” immediately upon passing accounts for payment. |  |
| 11.6.1.5 | If paying via cheque:* the cheque must be crossed by having two parallel transverse lines drawn across the face of the cheque. The words ‘not negotiable’ are to be written between those lines unless the cheques are printed in this manner;
* the cheque must be drawn to ‘order’ by using any of the following methods:
* cross out the word ‘bearer’;
* cross out the word ‘bearer’ and write or print above it the word ‘order’;
* cheques are to be drawn in numerical sequence;
* individual cheques must be attached to the payment voucher and supporting documentation and presented to the authorising Officers for signature.
 |  |
| 11.6.1.6 | If making electronic payment:* the Direct deposit listing from CASES21 must be printed and attached to the payment vouchers;
* the Direct Credit file must then be uploaded to the bank using the business managers token;
* a copy of the intended payment details from the banking software such as payees and amounts must be printed and attached to the payment vouchers.
 |  |
| 11.6.1.7 | Before authorising a payment, an officer is obliged to ensure that:* the payment voucher is certified by the business manager/bursar;
* the invoice is certified as a receipt of goods or services;
* the relevant authorised purchase orders, certified invoices and correctly endorsed delivery dockets are attached to the payment voucher and marked as paid to prevent duplicate payment;
* the payment is correctly drawn to the payee, as shown on the authorised payment voucher and invoice;
* any cheque issued has been crossed ‘not negotiable’ and drawn to order by crossing out ‘bearer’;
* the amount of the payment agrees with the payment authorised on the payment voucher and invoice;
* funds are available to meet the payment.
 |  |

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

| **Sequence Number** | **Information** |  |
| --- | --- | --- |
| 11.6.2.1 | The business manager, registrar or bursar must not be nominated as a signatory of payment or an authoriser to school bank accounts even if they are a member of school council. |  |
| 11.6.2.2 | Payment must never be made based on supplier statement alone. |  |

## 11.7 Purchasing Card

A school council may enter into an agreement with the whole of government purchasing card supplier to access a purchasing card facility. The current supplier is Westpac.

### 11.7.1 Mandatory policy (Must do):

| **Sequence Number** | **Information** |  |
| --- | --- | --- |
| 11.7.1.1 | Use the whole of government purchasing card supplier. |  |
| 11.7.1.2 | Comply with the [Schools Purchasing Card Department guidelines and procedures.](http://www.education.vic.gov.au/school/teachers/management/finance/Pages/purchasingcard.aspx) |  |
| 11.7.1.3 | Develop and document a policy for the use of the purchasing card. |  |
| 11.7.1.4 | Each cardholder must complete and sign an [Undertaking by the Cardholder form.](http://www.education.vic.gov.au/school/teachers/management/finance/Pages/purchasingcard.aspx) |  |
| 11.7.1.5 | The Purchasing Card Register in CASES21 must be kept up to date. |  |
| 11.7.1.6 | Apply the principles outlined in 11.2, 11.3, 11.4, 11.5 and 11.6 to purchasing card expenditure. |  |
| 11.7.1.7 | School Purchasing card monthly statements, associated documentation and payments, must be approved by the principal. |  |
| 11.7.1.8 | The school council president must approve the principal’s purchasing card expenditure. |  |
| 11.7.1.9 | The school purchasing card monthly statement and associated documentation must be presented to the finance committee for review, approval and to make a recommendation to the school council for ratification of payments. If the school does not have a finance committee, these documents must be provided to school council for review and approval. |  |

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

| **Sequence Number** | **Information** |  |
| --- | --- | --- |
| 11.7.2.1 | A school purchasing card must not be used for non-school purchases. |  |
| 11.7.2.2 | A school must not use a financial institution other than the Government purchasing supplier, which is currently Westpac Banking Corporation.  |  |

## 11.8 Utilities

Under Ministerial Direction, all schools must purchase their electricity from a supplier that the Department has an approved contract with.

Under Ministerial Direction, all schools must purchase their natural gas from the natural gas supplier selected as the Whole of Victorian Government (WoVG) contractor.

### 11.8.1 Mandatory policy (Must do):

| **Sequence Number** | **Information** |  |
| --- | --- | --- |
| 11.8.1.1 | Use the whole of government natural gas and electricity suppliers. |  |

## 11.9 School local payroll

School councils are empowered under Part 2.3 of the *Education and Training Reform Act 2006* to employ some staff.

### 11.9.1 Mandatory policy (Must do):

| **Sequence Number** | **Information** |  |
| --- | --- | --- |
| 11.9.1.1 | Comply with the policy and procedures relating to school council employees as outlined on [HRWeb.](http://www.education.vic.gov.au/hrweb/employcond/Pages/School_Council_Employment.aspx) |  |
| 11.9.1.2 | Maintain a register of Victorian Institute of Teaching (VIT) registration as per Victorian Registration and Qualifications Authority (VRQA) requirements, including each teachers name, registration number, VIT category of registration, expiry and renewal dates of registration. |  |
| 11.9.1.3 | Maintain a register of Working with Children Checks as per VRQA requirements. |  |
| 11.9.1.4 | Must meet superannuation guarantee obligations. |  |
| 11.9.1.5 | Must meet workers compensation obligations. |  |
| 11.9.1.6 | Must have a process in place to authorise hours worked and certify all payroll obligations. |  |

## 11.10 Petty cash

The purpose of petty cash is to meet minor payments for school related purposes other than salary and wages.

### 11.10.1 Mandatory policy (Must do):

| **Sequence Number** | **Information** |  |
| --- | --- | --- |
| 11.10.1.1 | The school council must approve and minute the approval of the petty cash advance amount. |  |
| 11.10.1.2 | The school must have a petty cash policy in place. |  |
| 11.10.1.3 | Any petty cash advance must be maintained under an imprest system. |  |
| 11.10.1.4 | The limit on any one payment must only be $200. |  |
| 11.10.1.5 | Only one officer must be the custodian of a petty cash advance and accountable for it. |  |
| 11.10.1.6 | Cash on hand must be kept in a secure location at all times. |  |
| 11.10.1.7 | The principal, or an officer appointed by the principal, must carry out checks (at least two per year) where they monitor the petty cash balances without having given advance advice of the check. |  |

## Legislative requirements

### Legislation

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

* *Education and Training Reform Act 2006* – Division 4 Accounts and records
* *Education and Training Regulations 2017* – Part 4 – Government School Councils and Parents Clubs.
* *Financial Management Act 1994* – Part 7 Accountability and Reporting
* Standing Directions of the Minister of Finance 2018 under the *Financial Management Act 1994* - Section 3.3 Financial Authorisations, 3.4 Internal Control System and 3.6 Purchasing and prepaid debit cards

## Definitions

| Term | Definition |
| --- | --- |
| CASES21 | CASES21 (Computerised Administrative System Environment in Schools) is the software package provided to Victorian government schools to support school administration, finance and central reporting. |
| Imprest System | A petty cash system whereby a fixed amount is held (the petty cash advance) and replenished at the end of a period or whenever the cash on hand falls below a specified amount. |
| Procurement | Term used to describe the collective group of activities undertaken to obtain goods and / or services from third parties. |
| Purchasing Card | A method of payment utilising a corporate charge card to buy goods or services on behalf of the school. |
| Purchase Order | A document that authorises a purchase transaction. |
| Schools Certification Checklist | The Schools Certification Checklist regarding appropriate school purchasing card usage, is initiated by the Department of Education and Training. The Schools Certification Checklist will be distributed by DET Financial Services Division for reporting as at 30 June each Financial Year. |
| Undertaking by Cardholder | Formal document completed and signed by cardholder and principal prior to card issue, which outlines the conditions, terms and obligations that the cardholder agrees to in relation to his/her usage of the purchasing card. |

## Additional resources

* [CASES21 Finance Business Process Guide Section 3 - Creditors](https://edugate.eduweb.vic.gov.au/edulibrary/Schools/Forms/AllItems.aspx?RootFolder=%2fedulibrary%2fSchools%2fCASES21%2fCASES21%20Finance%2fFinance%20Business%20Process%20Guide&FolderCTID=&View=%7b393E28AF%2d9188%2d49EC%2d9B2F%2d5B1CA6BF217D%7d)
* [HRWeb – School Council Employment](http://www.education.vic.gov.au/hrweb/employcond/Pages/School_Council_Employment.aspx)
* [Procurement Policy for Victorian Government Schools](https://edugate.eduweb.vic.gov.au/sites/i/pages/production.aspx#/app/content/2089/support_and_service_(schools)%252Fprocurement,_funding_and_travel%252Fprocurement%252Fprocurement_procedure).
* [Schools Electronic Funds Management Guidelines](http://www.education.vic.gov.au/school/teachers/management/finance/Pages/guidelines.aspx)
* [School financial guidelines](http://www.education.vic.gov.au/school/teachers/management/finance/Pages/guidelines.aspx)
* [Schools Purchasing Card Department Guidelines and Procedures](https://www.education.vic.gov.au/school/teachers/management/finance/Pages/guidelines.aspx?Redirect=1)
* The Department’s [Travel Policy](https://edugate.eduweb.vic.gov.au/sites/i/pages/production.aspx#/app/content/2716/support_and_service_(schools)%252Ffunding,_purchasing_and_travel%252Ftravel_for_department_purposes%252Fstaff_travel_applications).
* The Department’s [Gifts, Benefits and Hospitality Policy](https://edugate.eduweb.vic.gov.au/sites/i/pages/production.aspx#/app/content/2627/policies_(corporate)%252Fprocurement%252Fgifts,_benefits_and_hospitality_policy).
* The Department’s [Personal Expense Reimbursement](http://www.education.vic.gov.au/hrweb/employcond/Pages/pexpTS.aspx)
* [Whole of Government Utility Contract details](http://www.education.vic.gov.au/school/teachers/management/finance/pages/srpref034.aspx)

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