

Section 12: Trading Operations

12.1 Overview

A school may engage in various trading operations as a service to the school community and/or to supplement school funding. The more common types of trading operations include canteen, out of school hours' care, kindergartens, uniform and book sales.

12.2 Trading Operations

12.2.1 Mandatory policy (Must do):

Sequence Number	Information	
12.2.1.1	School councils must approve all school trading operations and all approvals must be recorded in the school council minutes.	
12.2.1.2	If a trading operation is to be outsourced (e.g. out of school hours' care and canteen licence), the school council must contact Legal Services Division to determine the most appropriate outsourcing agreement.	
12.2.1.3	School council must nominate and minute annually the taxation treatment for each trading operation. The taxation treatment (taxable or input taxed) applies to all transactions for that trading activity, revenue, expenditure and asset acquisition.	
12.2.1.4	The school council or the finance committee must review the viability of trading operations on a regular basis.	
12.2.1.5	A decision to subsidise a loss-making operation must be recorded in school council minutes.	
12.2.1.6	For each trading operation, an annual budget (both revenue and expenditure) must be prepared, presented and approved by either the school council or the finance committee.	
12.2.1.7	For each trading activity, budgets must be monitored and reviewed regularly by the school council or finance committee. Variances identified must be investigated and reported with corrective action taken if required.	
12.2.1.8	For each trading activity, a profit and loss statement must be prepared and presented to school council or finance committee at least annually.	

Sequence Number	Information	
12.2.1.9	Cash handling requirements as outlined in this manual are complied with (Refer to section 10 Receivables Management and Cash Handling).	
12.2.1.10	<p>Schools operating a cash float within a trading operation must adopt the following procedures:</p> <ul style="list-style-type: none"> • The amount of the float must be determined by the school council and must be adequate in terms of the size of the trading operation; • The amount of the float must remain constant from day-to-day; • The float must be locked overnight and during weekends; • The float balance must always be clearly recorded on the schedule of daily takings. <p>At the end of the day's trading, all collections, including the cash change float, are where practicable to be counted by two people. The set change float for the following day is then to be extracted and the remaining cash on hand is to be processed as follows:</p> <ul style="list-style-type: none"> • The amount must be entered in a daily sales book or register, which is to be maintained to record collections, and must be signed by two people where possible; • The amount must be recorded on the bank deposit slip; • The bank deposit slip and collections must be forwarded to the administration office for banking by close of the school day; • The business manager must issue a receipt for the collections and the original is to be affixed to the back of the daily sales book; • The amount collected must be banked, and entered on CASES21. 	
12.2.1.11	All cash, cheques, etc. must be banked intact and where possible, banking carried out daily to avoid having money on the school premises overnight.	
12.2.1.12	Money kept on the premises overnight must be locked in a secure location and checked regularly by more than one person (where practical).	
12.2.1.13	Routinely review and reconcile receivable and billing adjustments (credit notes) for trading operations that run subsidiary systems.	
12.2.1.14	Total of receipts issued must be reconciled with total monies collected.	
12.2.1.15	Money collected away from the school office must be counted by two people (where possible) and a control receipt issued.	

Sequence Number	Information
12.2.1.16	The collectability of trading operations receivables must be monitored regularly and appropriate action taken.
12.2.1.17	Attendance lists must be regularly reconciled with takings where appropriate.
12.2.1.18	All adjustments to receivables (i.e. families or sundry debtors) must be approved by the school council prior to any adjustments being made in CASES21. Adjustment could include the write off-of invoices where the collectability is not going to occur. For example, an invoice processed for an excursion and the student is no longer attending. This invoice entered into CASES21 must be reversed.
12.2.1.19	Schools must comply with expenditure management requirements as outlined in this manual (Refer to section 11 Expenditure management).
12.2.1.20	Schools must comply with the Procurement Policy for Victorian Government Schools .
12.2.1.21	Schools must engage with Legal Services Division with regards any contracts, licences or agreements.
12.2.1.22	To comprehensively depict the financial position of a trading operation schools must, where practical and possible, apportion other expenditure such as utilities, telephone and cleaning costs to the trading operation.
12.2.1.23	Schools must comply with the requirements of school local payroll for employees as outlined in section 11.9 of Expenditure Management.

12.2.2 Prohibited policy (Must not do):

Sequence Number	Information
12.2.2.1	Schools must not pay expenses directly from cash takings.

Legislative requirements

Legislation

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

- Constituting School Council Order.
- *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 3.3 Financial authorisations, 3.4 Internal control system, 3.6 Purchasing and prepaid debit cards.

Definitions

Term	Definition
CASES21	Computerised Administrative System Environment in Schools is the software package provided to Victorian Government schools to support school administration, finance and central reporting.
Receivables	Monies owing to the school for the sale of goods or provision of services.
Subsidiary systems	System external to CASES21 used for financial and/or student management. For example, Kids Wizz and QikKids.
Taxation treatment	The way transactions of a trading operation will be treated for Goods and Services Tax (GST) purposes. Taxable – GST is paid and reclaimed for applicable transactions. Input Taxed – no GST is paid or claimed for any transactions.

Additional resources

- [Cash Handling Best Practice Controls](#)
- [Internal Controls for Victorian Government Schools](#)
- [Legal Services](#)
- [Management of School Trading Operations Guidelines](#)
- [School Policy and Advisory Guide](#)
- [Procurement Policy for Victorian Government Schools](#)

Version and revision control record

Date	Version	Approver	Next Review
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