# Section 18: End of Financial Year reporting (30 June)

## 18.1 Overview

Previously, End of Financial Year (30 June) procedures have predominately been based around the processing of payment summaries. However, as schools’ financial transactions forms part of the Department’s Annual Report and Whole of Government Financial reporting, to increase best practice financial management in schools, additional financial information is now required to be completed.

## 18.2 Prepaid Expenses

### 18.2.1 Mandatory policy (Must do):

| **Sequence Numbers** | **Information** |  |
| --- | --- | --- |
| 18.2.1.1 | Regularly review all prepaid expense balances to ensure that only current balances are recognised in CASES21 using the relevant Chart of Account code 12005 Prepaid expenses. |  |

## 18.3 Accounts receivable and payable balances (ageing balances)

### 18.3.1 Overview

As part of best practice financial management, schools are required to review all accounts receivable and accounts payable balances on a regular basis. This includes reviewing invoices processed in accounts receivable (families and sundry debtors) and accounts payable (creditors) to ensure the most accurate and up-to-date information is available. This practice will ensure that financial reports do not include revenue that will not be collected.

### 18.3.2 Mandatory policy (Must do):

### Account Receivable balances

| **Sequence Numbers** | **Information** |  |
| --- | --- | --- |
| 18.3.2.1 | Must ensure that invoices relating to the month of June are entered by the 30 June into CASES21 Accounts Receivable module.  |  |
| 18.3.2.2 | All account receivable balances must be reviewed to ensure only current balances are recognised in CASES21 Accounts Receivable module. |  |
| 18.3.2.3 | As part of the end of financial year (30 June) schools must review all outstanding invoices, especially old invoices in families and sundry debtor charges (ageing balances). This review is undertaken to determine why they have not been collected and why they remain outstanding. |  |
| 18.3.2.4 | Write off any invoices that are unlikely to be collected and deemed unrecoverable. For example, students who did not attend an excursion or camp will have outstanding invoices that will not be paid by these families. |  |

### Accounts Payable balances

| **Sequence Numbers** | **Information** |  |
| --- | --- | --- |
| 18.3.2.5 | Must ensure that all unpaid invoices as at the 30 June have been entered into the month of June in CASES21 Accounts Payable module. This does not mean that the payment needs to be made from the bank, only that the invoices received are entered into CASES21. Payments are still made within the terms of the purchase. |  |
| 18.3.2.6 | It is recommended that all account payable balances be reviewed to ensure only current balances are recognised in CASES21. |  |
| 18.3.2.7 | The review of old invoices must be undertaken to determine why they remain outstanding or have not been paid within payment terms. Review balances in the aged balances 30-60 days through to 120+ days. |  |
| 18.3.2.8 | Schools must print (hardcopy) or save as PDF the following reports as listed below after the close off for June month-end. These reports and information must be made available upon request by the Department for end of financial year (30 June):* CASE21 Accounts Payable Trial Balance (CR21101) as at 30 June;
* CASE21 Accounts Payable Trial Balance (CR21101) as at 31 July;
* CASES21 Invoice awaiting payment – detailed report (CR21118) as at 30 June;
* CASES21 Invoice awaiting payment – detailed report (CR21118) as at 31 July;
* Invoices;
* Credit voucher payment approved/signed off by the principal.

Refer to: [CASES21 Finance Business Process Guide Section 8 – End of Period.](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) |  |

## 18.4 Operating Leases

### 18.4.1 Mandatory policy (Must do):

| **Sequence Numbers** | **Information** |  |
| --- | --- | --- |
| 18.4.1.1 | Schools must review and keep up-to-date details for operating leases entered into the CASES21 asset module (asset register). |  |
| 18.4.1.2 | Accurate information in relation to the type of asset, the quantity, the monthly lease payment, and the lease term must be recorded in CASES21. |  |

## 18.5 Schools Certification checklist

### 18.5.1 Overview

The schools certification checklist has been developed so schools can undertake a self-assessment for key internal controls, which must be present in each area of governance, finance and assets.

This document is to provide the Department with reasonable assurance that schools have robust and efficient systems in place for monitoring, recording and reporting the school’s financial transactions.

The questions included in the self-assessment checklist covers a broad range of categories and will assist with ensuring financial policy compliance, further reducing the risk of non-compliance by schools.

### 18.5.2 Mandatory policy (Must do):

| **Sequence Numbers** | **Information** |
| --- | --- |
| 18.5.2.1 | Either the Principal or Acting Principal will be required to complete and authorise the schools certification checklist for the end of financial year period ending 30 June. |
| 18.5.2.2 | Spot checks will be performed over a sample of returned attestations and schools will be contacted to provide evidence to verify their attestations. Selected schools will be contacted to provide supporting documentation for the following information: * operating contracts not entered into CASES21 (operating commitments – goods and services);
* capital contracts not entered into CASES21 (capital commitments i.e. capital works and acquisitions);
* receiving compensation from a third party from a legal action (contingent assets);
* any legal action/outstanding law suits (contingent liabilities).

Refer to the definitions table for a more detailed explanation on the above types of supporting documentation that maybe be requested by the Department for the end of financial year period ending 30 June. |

## Legislative requirements

### Legislation

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

* AASB 101 Presentation of Financial Statements, AASB 116 Property, Plant and Equipment, AASB 117 Leases, AASB137 Contingent Liabilities and Contingent Assets and AASB 139 Financial Instruments Recognition and Measurement
* *Financial Management Act 1994*
* Standing Directions of the Minister of Finance 2018 under the *Financial Management Act 1994* - Section 4.1 Planning and managing performance, 5.1 Financial management compliance, 5.2 Annual reporting and 5.3 External reporting and information provision

## Definitions

|  |  |
| --- | --- |
| **Capital commitments** | A capital commitment will arise when a 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). Capital commitments are not recognised in the CASES21 as they occur in the future. |
| **Contingent assets** | 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 that third party. |
| **Contingent liabilities** | 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. For example, 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 Department. |
| **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. In most cases where there is a legal contract, there is a penalty and financial obligation upon rendering the contact void and not continuing with the purchase/service. Operating commitments are not recognised in the CASES21 as they generally occur in the future.Examples of an operating commitment include, but are not limited to, provision of services by contractors, IT services, labour hire, maintenance and annual facility charges.  |
| **Operating leases** | A lease for which the lessee acquires the property for only a small portion of its useful life. An operating lease is commonly used to acquire equipment on a short-term basis.An example of an operating lease is the rental of a photocopier machine or other office equipment. Any lease that is not a capital lease is an operating lease. |
| **Prepaid expenses** | Expenses recognised when a payment has been made to a supplier for goods or services that will be received in a future accounting period. Examples of this are rent paid in advance or license fees paid in advance. Prepayments are recorded by way of a journal into the CASES21 Finance system. These journals are reversed in the relevant future period thus bringing the expense to account in the correct period. (Chart of account code 12005). |
| **Revenues paid in Advance** | Revenue recognised as having been received in advance of them being earned. (Chart of Account code 38002). |

## Additional resources

* [CASES21 Finance Business Process Guide Section 8 – End of Period](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)
* [CASES21 Finance Business Process Guide Section 10 – Balance Day Adjustment](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)
* [CASES21 Finance Business Process Guide Section 11 – End of Year](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)
* [Schools Certification Checklist](https://edugate.eduweb.vic.gov.au/edrms/keyprocess/FS/Pages/FC.aspx)
* [School Policy and Advisory Guide](http://www.education.vic.gov.au/school/principals/spag/Pages/spag.aspx)

## Version and revision control record

| Date | Version | Approver | Next Review |
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