

Section 2: Governance

2.1 Overview

The *Education and Training Reform Act 2006* (the Act), the *Education and Training Reform Regulations 2017* (the Regulations) and the constituting orders of school council stipulate the functions and powers of school councils including financial responsibilities. In addition, the Schedule B of the contract of employment for principal class officers outlines the financial responsibilities of principals.

As school funds are public monies, the management of these funds is subject to the requirements of the *Financial Management Act 1994* (Vic), which requires schools to be publicly accountable for the budget planning, allocation and use of those funds. In addition, schools operate in a business environment and their financial practices are subject to various acts and legislation, including but not limited to the *Goods and Services Tax (GST) Act 1999* (Cwth), *Fringe Benefits Tax Act 1986* (Cwth) and *Income Tax Assessment Act 1997* (Cwth).

The guidelines stipulated in this document represent the minimum level of mandatory requirements. Every effort has been made to provide the flexibility needed for the widely varying circumstances of schools, whilst maintaining the level of compliance, control and accountability expected of government establishments.

Where appropriate, authority for financial management has been devolved to provide principals and school councils with more control over the resources available to them. This enables principals and school councils to budget and make effective use of financial resources in accordance with their annual school plan.

2.2 The school council

2.2.1 Mandatory policy (Must do):

Sequence Number	Information
2.2.1.1	Comply with the directions set out in this manual.
2.2.1.2	The school council must maintain records in a form that will: <ul style="list-style-type: none">• ensure that all money payable to the council is properly collected;• ensure that all money expended in the council's name is properly authorised and expended;• ensure that adequate control is maintained over assets held in the name of the council or in the council's custody;• ensure that all liabilities incurred in the council's name are properly authorised;

Sequence Number	Information	
	<ul style="list-style-type: none"> • ensure efficiency and economy of operations, avoid waste and extravagance; and ensure adherence to prescribed Department and school policies. 	
2.2.1.3	Any decisions made must be recorded in the meeting minutes.	
2.2.1.4	<p>At the start of each year, and whenever subsequently necessary, school council must action the following:</p> <ul style="list-style-type: none"> • table, sign and approve end-of-year financial reports; • approve any amendments to the indicative school cash budget for the new year; • nominate and endorse signatories for all school bank accounts; • endorse the list of officers approved to authorise official order forms; • approve any proposed fundraising events for the year; • endorse proposed GST treatment of fundraising events; • endorse the treatment of GST from canteen operations (e.g. input-taxed); • minute whether the subsidised funding of camps or excursions are approved; • minute the profit and loss statement for trading operations (e.g. canteen and uniform shop); • endorse the cash handling policy; • endorse the parent payment policy; • endorse the school electronic funds management policy; • endorse the school purchasing card policy; • endorse the school purchasing card register (of card holders, card limits, cancellations and expiry dates); • approve the current list of volunteers working in the school and any additions to the register during the year; • set dates for school council meetings (with a minimum of 8). <p>Guide to School Council Finance Motions</p>	
2.2.1.5	School councils in Victoria are public entities as defined by the <i>Public Administration Act 2004</i> . School councillors must abide by the Directors' Code of Conduct, issued by the Public Sector Standards	

Sequence Number	Information
2.2.1.6	Obtain the permission of the regional director if they wish to purchase a motor vehicle.
2.2.1.7	Obtain the consent of the executive director, Legal before commencing any legal proceedings.

2.2.2 Prohibited policy (Must not do):

Sequence Number	Information
2.2.2.1	<p>A school council does not have the power to do any of the following:</p> <ul style="list-style-type: none"> • employ a teacher with no fixed date for the termination of that employment; • purchase or acquire for consideration any land or buildings unless authorised by or under the Act, the regulations or a Ministerial Order; • grant any interest in land, including school lands or buildings; • enter into hire purchase agreements; • obtain loan or credit facilities; • form or become a member of a corporation; • provide for any matter or thing outside of Victoria unless it is related to an excursion by students from a school in relation to which the council is constituted or the professional development of staff of that school; • purchase a boat or a plane.

2.3 The principal

The principal is the accountable officer of the school responsible to the Secretary (through the regional director) for financial accounting and reporting, effectiveness of audit and effective use of resources. They are the executive officer of school council and are responsible for implementing school council decisions.

2.3.1 Mandatory policy (Must do):

Sequence Number	Information
2.3.1.1	Ensure that information about the school's financial position, including the Student Resource Package (SRP) position, is made available to school council and its committees.
2.3.1.2	The principal must make available for inspection by any person interested in the work of the school, a copy of the financial statements (balance sheet and operating statement) of the school council certified by the principal and the school council president for the most recent year ending on 31 December.
2.3.1.3	The principal is a public sector employee and their role must be performed consistent with the Public Sector Values. Refer to: Public Sector Values

2.4 Retention of financial records

Schools are responsible for the creation, management and disposal of records (electronic and hardcopy) relating to all aspects of school administration. These records include financial records, among others.

Schools must properly manage records to:

- meet legislative responsibilities;
- ensure records are available when needed and destroyed when permissible;
- meet administrative responsibilities to staff and students.

Schools that properly manage their records are able to store and retrieve valuable information when needed.

2.4.1 Mandatory policy (Must do):

Sequence Number	Information
2.4.1.1	Retain the annual financial statement permanently.
2.4.1.2	Retain other finance records for a minimum of 7 years and taxation records for a minimum of 5 years.
2.4.1.3	Comply with the DET archives and records management policy

2.5 Register of accountable documents

A register must be maintained to catalogue accountable documents such as order books, cheque books and receipt books.

2.5.1 Mandatory policy (Must do):

Sequence Number	Information
2.5.1.1	When accountable documents are received, the date and the first and last serial number of each book must be entered into the register.
2.5.1.2	Accountable documents are to be issued consecutively and, when brought into use, the date of issue and the name of the person to whom issued must be recorded in the register with the receiver acknowledging the issue by initialling the register.
2.5.1.3	When completed, accountable records are to be filed. The date of the last entry in the record is to be entered in the register of accountable documents
2.5.1.4	The accountable records must be stored securely for the required retention period.
2.5.1.5	Where a school has unused accountable documents, for example, superfluous blank cheques, (when the school has closed a bank account) the unused stationary must be shredded, and the accountable documents register must be updated and authorised with the date and reason for the disposal.

Legislative requirements

Legislation

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

- *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
- *Public Administration Act 2004*
- Standing Directions of the Minister of Finance 2018 under the *Financial Management Act 1994* – Section 3.1 - Effective financial governance, 3.2 Oversight and assurance and 3.9 Managing financial information.

Definitions

Directors Code of Conduct

This Code of Conduct is based on the Victorian public sector values and sets the standard of behaviour expected of Directors of public entities and statutory office holders.

Public Sector Values

The values and the Code of Conduct based on the values provide the foundation of the integrity and accountability framework for all public sector employees.

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SRP	Student Resource Package – Main funding mechanism for schools comprising two components. Credit – used for central salaries and Cash – used for school based expenditure.
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Additional resources

- [Code of Conduct for Directors](#)
- [Public Sector Values](#)
- [School Councils](#)
- [School Policy and Advisory Guide – Archives and Records Management](#)

Version and revision control record

Date	Version	Approver	Next Review
01/2020	1.3	Chief Finance Officer - Financial Services Division	01/2021