

## Financial Condition Policy

The financial viability of the School must be protected at all times. The Board of Trustees is ultimately accountable for ensuring that annual financial statements are prepared and submitted to the Auditor General while the management accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Primary School's financial reporting.

In order to maintain an adequate system of internal control:

1. The Management Group takes responsibility for:
  - (a) Ensuring that no unauthorised debt is incurred
  - (b) Compliance with generally accepted accounting practices and principles
  - (c) Using tagged funds for approved purposes only
  - (d) Keeping to the annual budget
  - (e) Only selling or purchasing property with authorisation according to the Primary School's policies and procedures
  - (f) Ensuring that all relevant government returns are completed on time
  - (g) Ensuring that, except in exceptional circumstances <sup>1</sup>, when items are purchased for over \$1,000
    - An analysis is made of comparative prices and quality, unless there is Board agreement on why comparative prices are not appropriate
    - An adequate review has been made of ongoing costs, value and reliability
    - Authorisation from the Board has been received for any spend on single one off goods or services items over \$1,000 unless the item has been approved in the Budget (this excludes salaries, PAYE, GST)
2. In addition, the **Management Group** is responsible for:
  - (a) Ensuring all money owed to the School is collected in a timely manner (refer to Policy on Parental Donations)
  - (b) Ensuring timely payment is made to staff and other creditors
  - (c) Ensuring that no one person has complete authority over the School's financial transactions
  - (d) Ensuring that any changes to the budget are approved by the Board.
3. The following **financial controls** will be in place at all times:
  - (a) The Administrator/ Executive Officer and two others have authority to sign cheques or make internet payments: the Principal<sup>2</sup> and the Board of Trustees Treasurer (for the

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<sup>2</sup> The executive officer may substitute for the Principal

School). Payments cannot signed/ processed by both the Administrator and the Executive Officer.

- (b) Each payment will be signed by two authorised signatories.
- (c) The Executive Officer, who is employed by the Proprietors Trust, will not sign payments for money being transferred from the school to the Proprietors Trust or Kindergarten, as this may be seen as a conflict of interest.
- (d) Receipts will be issued for all income on the day received by any administrative staff. This income will be held in the safe and then banked within 5 working days. If the income is over \$1,000 it will be banked on the same day.
- (e) Details of all transactions will be entered into the School's financial records at least on a fortnightly basis.
- (f) The School financial records will be reviewed by the Board of Trustees Treasurer and taken to every alternate Board meeting for approval.
- (g) The Management Group (including the Principal and others as directed by the Board), accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the School's annual financial reporting. The Board accepts responsibility for the preparation of the annual financial statements and the judgements used in these statements.
- (h) At least once a term the Treasurer will perform the following checks:
  - That the credit card statements are supported by valid invoices
  - That the payroll reports are valid
  - That there are no unusual items in the cashbook that cannot be accounted for
  - That the bank statement balance agrees to the month end cash book balance.
- (i) The annual accounts will be audited.

4. The following **financial reporting** procedures will be followed so that the Board of Trustees and all budget holders are kept informed of the Primary School's financial position:
- (a) The Treasurer will present a summary financial report to the Board at each alternate meeting. This report will compare actual income and expenditure against budget and will also include a brief report explaining any unusual or extraordinary variances from budget and any other matters to be brought to the Board. Prior to each Board meeting the same report will be provided to the Principal and a copy provided to the primary school teachers. This will be a consultative process as the teachers/Principal will be provided with the opportunity to check whether income and expenditure has been allocated to the correct budget line.
  - (b) The Board will receive and minute the presentation of the financial reports at each Board meeting where they are presented.

5. All staff, members of the Board and the school community are informed of this policy and consulted with prior to any changes.

REDRAFT November 2018

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Signed: \_\_\_\_\_

Dated: \_\_\_\_/\_\_\_\_/\_\_\_\_      Review Date: \_\_\_\_/\_\_\_\_/\_\_\_\_