

# FARMS

Financial and resource management for schools manual –  
transitional content



# Contents

<b>Governance</b> .....	<b>8</b>
Overview .....	8
Authority.....	8
Scope .....	9
School resource and governance framework.....	10
Governing principles.....	11
Overarching policy.....	11
Related legislation and resources .....	12
<b>1. Accounting</b> .....	<b>13</b>
1.1. Overview.....	13
1.2. Scope .....	13
1.3. Non-application of other Acts.....	13
1.4. Reporting entities.....	14
1.5. Cash and school-held funds .....	14
1.6. School body responsibilities.....	14
1.6.1. Chart of accounts .....	14
1.6.2. Assets .....	14
1.6.3. Bank accounts .....	14
1.6.4. Inventories .....	15
1.6.5. Plant and equipment.....	15
1.6.6. Limits on powers to enter into agreements .....	15
1.6.7. Engaging contractors .....	16
1.6.8. Leases.....	16
1.7. Principal responsibilities .....	17
1.7.1. Australian Accounting Standards Board .....	17
1.7.2. Basis of accounting .....	17
1.7.3. Mandated software .....	17
1.7.4. Deletions and reversals .....	18
1.7.5. Chart of accounts .....	18
1.7.6. Journals.....	18
1.7.7. Assets.....	19
1.7.8. Trade debtors and interest receivables.....	19
1.7.9. Prepayments.....	19
1.7.10. Inventories.....	20
1.7.11. School contributions.....	20
1.7.12. Plant and equipment.....	20
1.7.13. Liabilities .....	21

1.7.14. Leases .....	22
1.7.15. Trade creditors.....	22
1.7.16. Bonds, deposits held, trust monies and agency accounts.....	22
1.7.17. Employee deductions .....	23
1.7.18. Goods and services tax and pay as you go withholding.....	23
1.7.19. Accrued expenses and accrued salaries.....	24
1.7.20. Income received in advance.....	24
1.7.21. Employee entitlements .....	24
1.7.22. Superannuation payable .....	24
1.7.23. Grants with performance obligations.....	25
1.7.24. Provisions.....	25
1.7.25. Equity.....	25
1.7.26. Income .....	26
1.7.27. Other income .....	26
1.7.28. Expenses .....	26
1.7.29. Other expenses.....	27
1.7.30. Back to school payment scheme.....	27
1.7.31. End of period processes.....	28
1.7.32. Limits on powers to enter into agreements.....	28
1.7.33. Engaging contractors.....	28
1.7.34. Ci Anywhere delegations.....	28
1.7.35. Losses .....	29
1.7.36. Postponements.....	29
1.7.37. Waivers .....	30
1.7.38. Write-offs .....	30
<b>2. Asset and inventory management.....</b>	<b>31</b>
<b>3. Bank accounts .....</b>	<b>31</b>
3.1. Overview.....	31
3.2. School body responsibilities.....	31
3.2.1. Signatories.....	31
3.2.2. Opening bank accounts.....	32
3.2.3. Closing bank accounts .....	33
3.2.4. Debit cards .....	33
3.2.5. Term deposits.....	33
3.3. Principal responsibilities .....	34
3.3.1. Signatories.....	34
3.3.2. Opening bank accounts.....	34
3.3.3. Closing bank accounts .....	34
3.3.4. Operating bank accounts .....	34
3.3.5. Debit cards.....	35

3.3.6. Term deposits.....	36
3.3.7. Direct debits .....	36
3.3.8. Electronic funds transfer .....	36
<b>4. Budget management.....</b>	<b>36</b>
4.1. Overview.....	37
4.2. School body responsibilities.....	37
4.2.1. Annual budget management cycle .....	37
4.2.2. Cash benchmark.....	38
4.2.3. Future year reserves .....	39
4.3. Principal responsibilities .....	40
4.3.1. Annual budget management cycle .....	40
4.3.2. Department-held funds budget .....	41
4.3.3. School-held funds budget .....	42
4.3.4. Consolidated budget .....	43
4.3.5. Cash benchmark.....	44
4.3.6. Future year reserves .....	44
4.3.7. School resourcing fund .....	44
4.3.8. School contributions .....	45
<b>5. Cash management.....</b>	<b>45</b>
5.1. Overview.....	45
5.2. Cash benchmark .....	46
5.3. Principal responsibilities .....	46
5.3.1. Cash handling .....	46
5.3.2. Cash receipting.....	46
5.3.3. Custody of cash .....	47
5.3.4. Transporting cash .....	48
5.3.5. Storing cash.....	48
5.3.6. Petty cash.....	48
5.3.7. Load and go cards.....	49
5.3.8. Point of sale floats .....	50
5.3.9. Temporary floats.....	50
5.3.10. Banking cash and cheques .....	51
5.3.11. Providing banking services .....	51
<b>6. Financial handover .....</b>	<b>51</b>
6.1. Overview.....	52
6.2. School body responsibilities.....	52
6.3. Principal responsibilities .....	52
6.3.1. General requirements .....	52
6.3.2. Temporary principal absences or where no principal is appointed .....	52

6.3.3. Outgoing principals .....	53
6.3.4. Incoming principals.....	53
6.3.5. School employee handover .....	53
<b>7. Funding.....</b>	<b>54</b>
7.1. Overview.....	54
7.2. Back to school payment scheme.....	54
7.3. Money raising activity requirements.....	55
7.4. Applications for financial support.....	55
7.5. Chief Executive approved activities for schools to raise money.....	55
7.6. Chief Executive approval required for these activities for schools to raise money .....	56
7.6.1. Grants from external sources.....	56
7.6.2. Fundraising raffles and ticketed events .....	56
7.6.3. Trading activities that are not pre-approved .....	56
7.7. Ownership and control of funds .....	57
7.8. School body responsibilities.....	57
7.8.1. General requirements .....	57
7.9. Principal responsibilities .....	58
7.9.1. Department-held funds.....	58
7.9.2. Recurrent funds transferred to school-held funds .....	58
7.9.3. Money raised carrying out activities approved by the Chief Executive.....	58
7.9.4. Funds from sources other than the Department of Education.....	58
<b>8. Procurement and expenditure management .....</b>	<b>59</b>
8.1. Overview.....	59
8.2. Scope .....	60
8.3. Procurement principles.....	60
8.3.1. Value for Territory.....	60
8.3.2. Ethical behaviour and fair dealing .....	61
8.3.3. Open and effective competition.....	61
8.3.4. Enhancing the capabilities of Territory enterprises and industries .....	61
8.3.5. Environmental protection .....	62
8.4. Procurement tiers .....	62
8.5. Expenditure management .....	63
8.6. School body responsibilities.....	63
8.6.1. General responsibilities .....	63
8.7. Principal responsibilities .....	63
8.7.1. General responsibilities .....	63
8.8. School employee responsibilities.....	64
8.8.1. General responsibilities .....	64
<b>9. Reporting.....</b>	<b>64</b>

9.1. Overview.....	64
9.2. Statutory financial reporting.....	64
9.3. Reports available for school bodies.....	64
9.3.1. Mandated reports that must be provided to the school body .....	65
9.3.2. Optional reports that may be provided to the school body .....	66
9.4. School body responsibilities.....	66
9.4.1. Review and analyse financial reports .....	66
9.4.2. Non-financial reporting .....	67
9.5. Principal responsibilities .....	67
9.5.1. Review and analyse financial reports .....	67
9.5.2. Prepare, distribute, and submit financial reports and acquittals.....	67
9.5.3. Non-financial reporting .....	69
9.5.4. Protecting information .....	69
9.6. Delegated officers' responsibilities.....	69
9.6.1. Review and analyse financial reports .....	69
<b>10. School financial assurance .....</b>	<b>69</b>
10.1. Overview .....	70
10.2. Compliance audits .....	71
10.3. School body responsibilities .....	71
10.3.1. Auditors.....	71
10.3.2. Annual audited financial report.....	71
10.4. Principal responsibilities.....	72
10.4.1. Auditors.....	72
10.4.2. Annual audited financial report.....	72
10.5. Auditor responsibilities.....	72
10.5.1. General responsibilities.....	72
<b>11. Taxation .....</b>	<b>73</b>
11.1. Overview .....	73
11.2. Income tax.....	73
11.3. School body responsibilities .....	74
11.3.1. Australian business numbers .....	74
11.3.2. Goods and services tax .....	74
11.3.3. Deductible gift recipients .....	74
11.4. Principal responsibilities.....	75
11.4.1. General responsibilities.....	75
11.4.2. Goods and services tax .....	75
11.4.3. Deductible gift recipients .....	76
11.4.4. Australian business numbers .....	76
11.4.5. myGovID.....	76
11.4.6. ATO online services for business.....	77

11.4.7. Fringe benefits tax .....	77
11.4.8. Fringe benefits tax and vehicles.....	78
11.4.9. Pay as you go .....	79
11.4.10. Business activity statements .....	79
11.4.11. Fuel tax credits.....	79
11.4.12. Superannuation .....	79
11.4.13. Payroll tax.....	80
11.4.14. People required to link myGovID to the school .....	80
<b>12. HR for school body employees.....</b>	<b>80</b>
<b>13. HR for Northern Territory public sector school employees.....</b>	<b>81</b>
<b>14. Infrastructure .....</b>	<b>81</b>
14.1. Overview .....	81
14.2. School body responsibilities .....	82
14.2.1. General responsibilities.....	82
14.3. Principal responsibilities .....	83
14.3.1. Capital works - major.....	83
14.3.2. Capital works - minor .....	83
14.3.3. Repairs and maintenance.....	83
14.3.4. Government employee housing .....	84
14.3.5. Government employee housing domestic furniture .....	84
14.3.6. Furniture, fittings and equipment .....	84
14.4. School employee responsibilities.....	84
14.4.1. General responsibilities.....	84
<b>15. Acronyms and definitions .....</b>	<b>85</b>
15.1. Acronyms.....	85
15.2. Definitions.....	89

# Governance

## Overview

The Northern Territory (NT) Department of Education (the department) provides education to young Territorians from the early years to adulthood and in 6 regions across 1.35 million square kilometres. The department's 4,400 employees provide services to 225 early childhood centres and more than 34,000 students through 153 government, or public, schools and homeland learning centres and via distance education or home education. The department is also the registrar for 39 non-government schools with 10,647 students and helps Quality Education and Care NT (QECNT) regulate 225 early childhood education and care services.

The department's strategic priorities for 2021–2025 are to:

- strengthen instruction for young Territorians
- improve cultural responsiveness
- engage every child and student in learning
- build the foundations for learning
- support successful transitions beyond schooling
- provide differentiated support for early childhood education and care services, schools and communities
- build an expert education workforce.

Parents and communities are critical in achieving these priorities. The *Education Act 2015* (Education Act) recognises the importance of parents and communities in the governance of NT Government (NTG) schools through school representative bodies (SRB), and principals must take reasonable steps to establish these under section 102(b) of the Education Act. Where it's not practical to establish an SRB, under section 116(2) of the Education Act principals may establish a parent consultative group instead.

If an SRB has not been established, has been abolished or is not operating effectively, the Minister for Education must establish a school management council (SMC) or multi-school management council (MSMC). An SMC or MSMC must also be established if a joint SRB is proposed. The Minister for Education appoints people to SMCs and MSMCs under section 118(4) of the Education Act.

Please note - documents referenced throughout this FARMS manual's transitional content may still be under development and will be finalised by 2025.

School Business Services (SBS) can be contacted at [school.finance@education.nt.gov.au](mailto:school.finance@education.nt.gov.au) for any queries relating to content of this manual.

## Authority

The Education Act and the Education Regulations 2015 (Education Regulations) are the laws that cover the functions of school bodies and financial and resource management in NTG schools.

This version of the FARMS manual contains transitional content. It has been developed so schools can familiarise themselves with the content and begin transitioning to meet the requirements, where necessary, prior to publication of the Chief Executive (CE) approved guidelines under section 112 of the Education Act. These new guidelines will have extra content that may be different from this transitional



content based on feedback from users or changes to the operational or strategic environments of NTG schools.

## Scope

This Financial and resource management for schools (FARMS) manual applies to all gazetted NTG schools and school bodies for their financial and resource management functions, in line with the Education Act. School bodies include:

- school councils – SRBs for NTG schools that are not independent public schools (IPS)
- IPS school boards – SRBs for NTG schools that are IPS
- joint school representative bodies – SRBs for more than one government school
- school or multi-school management councils.

The FARMS manual does not apply to parent consultative groups. These groups do not have powers in controlling or managing a government school or its finances. These groups also don't perform any function of an SRB, as explained under section 117(2) of the Education Act.

Where an SRB operates with a SMC or MSMC they do not perform all the functions of the SRB. In this case the SMC or MSMC must comply with the FARMS manual requirements.

Table 1: Financial and resource management functions by school body types

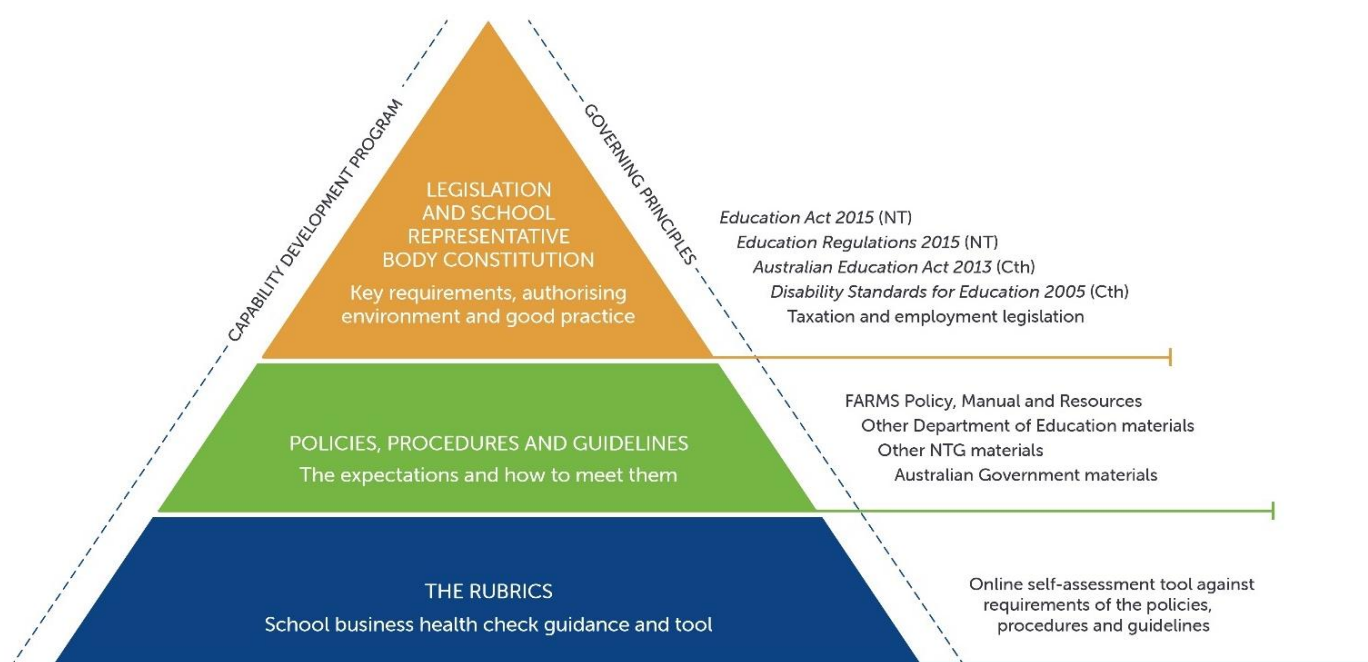
School body financial and resource management functions Education Act, sections 107 and 119	SRB	Joint SRB	SRB under a SMC or MSMC	SMC or MSMC	SMC with a Joint SRB
From time to time, assess these needs and make recommendations to the CE about satisfying them: <ul style="list-style-type: none"> <li>• the needs of the school for buildings, facilities and equipment</li> <li>• the needs of students, teachers and other employees</li> </ul>	✓	✓	✗	✓	✗
Within the scope allowed by the functions conferred on the body, determine what the money allocated by the Agency to the school is spent on, and spend that money	✓	✗	✗	✓	✓
Decide if and how community organisations can use the school's buildings or grounds when they're not being used by the school	✓	✓	✗	✓	✗
Control the school's buildings and grounds, including any work carried out on them, with the CE's written approval	✓	✗	✗	✓	✓
Control the way services of a kind prescribed by regulation are provided for the school	✓	✗	✗	✓	✓
In line with the <i>Fair Work Act 2009</i> (Cth) and relevant awards, employ people on terms and conditions are approved in writing by the CE	✓	✗	✗	✓	✓
If approved by the CE, carry out money raising activities for the school and spend that money accordingly	✓	✓	✗	✓	✗

School body financial and resource management functions Education Act, sections 107 and 119	SRB	Joint SRB	SRB under a SMC or MSMC	SMC or MSMC	SMC with a Joint SRB
Determine fees that may be charged for providing a student with any approved materials, services or facilities not covered by section 75(2) that a student's parent chooses to have provided to the student	✓	✗	✗	✓	✓
Seek voluntary contributions from parents of students enrolled in the school for a purpose prescribed by regulation	✓	✗	✗	✓	✓
Perform any other functions as directed by the CE	✓	✓	✗	✓	✓

## School resource and governance framework

This FARMS manual is part of the school resource and governance framework. The framework includes requirements for school business operations, school body constitutions, policies, procedures and guidelines. It also includes tools to support schools to perform self-assessments against these requirements.

Image 1: The school resource and governance framework



## Governing principles

There are 6 governing principles in the school resource and governance framework. Examples of how each principle may be shown include:

1. Quality leadership – promoting effective, efficient and appropriate delivery of services to the community and government through authority and clear direction.
2. Transparency – reporting the department’s performance to key stakeholders, demonstrating effective, efficient and appropriate use of public resources.
3. Accountability – engaging the key stakeholders for the decision.
4. Integrity – advising and assisting the government objectively and impartially.
5. Commitment – remaining responsive to the changing needs of students, the community and the government.
6. Performance – successfully delivering government programs and services to schools to improve overall results.

## Overarching policy

Principals and school bodies must:

- meet the mandatory requirements set out in this mandatory FARMS manual
- act within the governing principles and demonstrate good decision making
- meet all statutory and legislative requirements relating to school financial and resource management
- work in partnership to achieve good financial governance, including keeping each other informed of decisions and rationale
- work effectively within the total available resources of the school
- use school resources in a strategic manner to deliver quality education programs that meet the targeted learning and wellbeing needs of the school’s student cohort
- use recurrent funding in the year provided for that year’s student cohort
- complete and implement school-wide procedures that include appropriate internal controls to make sure school resources are used as planned, in an accountable way.

The department provides policy, guidance and support resources in key areas of:

- governance in all matters relating to conduct and ethical behaviour, conflict of interest, fraud control, gifts and benefits and risk management. For more information on governance, email [schoolgovernance@education.nt.gov.au](mailto:schoolgovernance@education.nt.gov.au)
- risk management and internal controls. For more information on risk management, email [qas.doe@education.nt.gov.au](mailto:qas.doe@education.nt.gov.au)
- workplace requirements for safety management including safety of students and workers. For more information on safety management, email [whs.det@education.nt.gov.au](mailto:whs.det@education.nt.gov.au)
- workplace requirements for emergency management. For more information on emergency management, email [emt.doe@education.gov.au](mailto:emt.doe@education.gov.au).

For all department policies and resources go to the [Policy and advisory library](#).

## Related legislation and resources

Related legislation includes:

- *A New Tax System (Goods and Services) Act 1999 (Cth)*
- *Audit Act 1995*
- *Australian Education Act 2013 (Cth)*
- *Banking Act 1959 (Cth)*
- *Care and Protection of Children Act 2007*
- *Disability Standards for Education 2005 (Cth)*
- *Education Act 2015*
- *Education Regulations 2015*
- *Education and Care Services (National Uniform Legislation) Act 2011*
- *Education and Care Service National Law (Cth)*
- *Education and Care Services (Infringement Notice) National Regulations 2019*
- *Fair Work Act 2009 (Cth)*
- *Financial Management Act 1995*
- *Fringe Benefits Tax Assessment Act 1986 (Cth)*
- *Fuel Tax Act 2006 (Cth)*
- *Higher Education Act 2004*
- *Higher Education Regulations 2006*
- *Income Tax Assessment Act 1936 (Cth)*
- *Independent Commissioner Against Corruption Act 2017*
- *Information Act 2002*
- *Federation Funding Agreement – Education and Skills:*
  - *Central Australia Plan On-Country Learning*
  - *National School Chaplaincy Program*
  - *National Student Wellbeing Program and Student Wellbeing Boost*
  - *Preschool Reform Agreement*
- *Northern Territory Work Health and Safety (National Uniform Legislation) Act 2011*
- *Office of the Commissioner of Public Employment by-laws*
- *Procurement Act 1995*
- *Public Sector Employment and Management Act 1993*
- *Teacher Registration (Northern Territory) Act 2004*
- *Teacher Registration (Northern Territory) Regulations 2004.*

# 1. Accounting

This is a transitional section of the FARMS manual. It has been developed so schools can familiarise themselves with the content and begin transitioning to meet the requirements, where necessary, prior to publication of the CE approved guidelines under section 112 of the Education Act. These new guidelines will have extra content that may be different from this transitional content based on feedback from users or changes to the operational or strategic environments of NTG schools.

## 1.1. Overview

School bodies must keep records of any money received and any dealings with that money, under section 111(1) of the Education Act. These financial records must be kept in the way outlined in the Education Regulations, as stated under section 111(2) of the Education Act.

NTG schools receive annual funding from the department. These funds are held in department-held funds (DHF). NTG schools also have funds held in school body managed bank accounts. These funds are called school-held funds (SHF). This section of the FARMS manual is to help NTG schools keep consistent financial records of their SHF.

SHF include:

- recurrent funding transferred from DHF
- other grant funding received as SHF
- fundraising
- all other funds generated by NTG schools that must be received into school bank accounts.

All SHF transactions are recorded by department employees in the Ci Anywhere (CiA) system. These Northern Territory Public Sector (NTPS) employees may be based in the school or in other locations servicing the school.

School financial records must also comply with the standards of the Australian Accounting Standards Board (AASB), unless specifically noted otherwise. This section provides high-level information about the AASB standards and additional requirements for schools. It is intended for people who are familiar with accounting terms and practices, but also includes some definitions and explanations for people who aren't. For more detailed information, refer to the relevant AASB.

This section outlines financial record-keeping requirements for assets, liabilities, equity, income and expenses. Schools are not required to record cost of sales separately.

## 1.2. Scope

This section applies to SHF only.

## 1.3. Non-application of other Acts

The *Financial Management Act 1995*, the *Audit Act 1995* and the *Procurement Act 1995* do not apply to school bodies under the Education Act, section 115. This means there are different financial reporting requirements for NT agencies and for the school body SHF.

The best practice financial management principles of these Acts are reflected throughout the guidance material for school bodies, and school bodies should have regard to the principles of these Acts.

## 1.4. Reporting entities

NTG schools do not meet the Statement of Accounting Concepts SAC 1 – Definition of the Reporting Entity, so do not need to prepare general purpose financial reports.

## 1.5. Cash and school-held funds

A NTG school's cash assets include all money in bank accounts, undeposited funds, floats, petty cash, term deposits, advances and investments. Responsibilities for cash held at the school are explained in this FARMS manual, in the Cash management section. The responsibilities for the school's bank accounts are explained in the Bank accounts section.

SHF are all the funds held by the school, managed by the principal, and overseen by the school body. This includes all cash assets, the school's other assets, and all its liabilities.

## 1.6. School body responsibilities

### 1.6.1. Chart of accounts

The chart of accounts is a standard list of how certain transactions and activities must be coded in CiA. Schools can create jobs specific to their school in the chart of accounts to help with monitoring and reporting.

School bodies must:

- approve a motion how to create new reserves jobs, reserve job name changes and reserve job closures
- keep separate records of transactions for each account the school has through standard financial record keeping practices.

### 1.6.2. Assets

School bodies must:

- review assets and approve a motion passed at a meeting to dispose of assets and liabilities, including,
  - school asset write-offs, this does not include NTG assets such as buildings and land
  - transfers of school assets to other schools
  - disposal of school assets by sale.

### 1.6.3. Bank accounts

More information is in this FARMS manual's Bank accounts section.

School bodies must:

- deposit interest earned on money in a bank account to that account
- deposit money allocated by the department to the NTG school and money granted under the Education Act section 109 into an official bank account opened under the Education Regulations, regulation 34(1).

### 1.6.4. Inventories

School bodies must:

- approve a motion passed at a meeting for write-offs of stock on hand if required.

### 1.6.5. Plant and equipment

School bodies must:

- approve a motion passed at a meeting for write-offs of school body plant and equipment, including motor vehicles, if required
- approve a motion passed at a meeting for the school body to enter into any CE approved finance leases.

For more information on losses, write-offs, and postponements, go to this FARMS manual's Risk management and internal controls section.

### 1.6.6. Limits on powers to enter into agreements

An SRB is a body corporate able to enter into agreements and acquire, hold, deal with and dispose of real and personal property, as explained under section 106 of the Education Act. Real property is land and anything attached to the land, like buildings. The school site is an NTG asset, not an asset of the NTG school. Personal property is property owned by individuals. Regulation 29 of the Education Regulations limits some of the powers of an SRB to enter into agreements.

SMCs and MSMCs can enter into agreements on behalf of SRBs.

School bodies must:

- gain CE approval every time it wants to:
  - borrow or lend money, this includes ordering and using credit cards
  - acquire or dispose of real property
  - give an indemnity or guarantee
  - enter into a contract or other arrangement to build or improve a building or other structure on the land
  - enter into funding agreements other than those specified in this FARMS manual's Funding section.
- consider the use of independently obtained legal advice when thinking about entering into legal instruments such as contracts and agreements. All instruments should be carefully reviewed and assessed for risk and potential tax implications before being signed.

School bodies must not:

- enter into a derivative transaction or buy or sell shares, debentures or other securities of a corporation. These are different types of financial contracts and financial interests that would tie up school funds from being able to be used to support students.

### 1.6.7. Engaging contractors

School bodies can enter into agreements consistent with the limits on powers to enter agreements under regulation 29 of the Education Regulations. This means school bodies can engage contractors to perform services for schools such as cleaning and grounds maintenance.

For financial services like budgeting and bookkeeping, NTG schools and school bodies must only employ NTPS employees, such as an NTPS school-based business manager or an NTPS finance bureau business manager. This is to prevent a conflict of interest occurring, for example, where the service provider could manage payments to themselves through CiA.

Only in exceptional circumstances, such as workforce shortages or to cover a specific skills gap, schools may outsource financial services to a qualified service provider under terms and conditions approved by the CE.

School bodies must:

- only engage external contractors to provide financial services once NTPS employee options are exhausted
- only engage financial services contractors in compliance with the CE's terms and conditions, using:
  - the nominated panel established and administered by the NTG or
  - the consultancy contract form approved by the CE.

School bodies must not:

- employ a person to provide financial services
- contract a person employed by the school body or an NTPS school employee to provide financial services.

### 1.6.8. Leases

Finance leases are where schools make regular payments to use an asset, and at the end of the contract after a final, or residual, payment, the school owns the asset. Finance leases are a type of borrowing and schools must not enter into a finance lease without CE approval.

Schools may choose to use operating leases rather than finance leases. In an operating lease, the school makes regular payments to use an asset, but it doesn't own the asset at the end of the lease. Operating leases are not considered borrowing, so schools do not need CE approval to enter into an operating lease agreement.

Under this FARMS manual, school bodies have CE approval to enter finance leases for the following items under the following conditions. Separate written CE approval is needed to enter into a finance lease that does not meet these conditions.

The CE approves school bodies to enter into finance leases for:

- photocopiers or printers
- smart boards, smart TVs or similar.

These conditions must be met for the CE approval for a finance lease to be valid:

- the finance lease terms and conditions must not include a guarantee or indemnity



- the leased asset must be insured to cover the full payout cost of the contract if the asset is lost, destroyed or unrepairable
- the lease expense is included in the SHF budget, and the impact on uncommitted cash in the current and future years of the lease is considered
- the correct accounting treatment is used to account for the lease. See this FARMS manual's Accounting section for more information.

## 1.7. Principal responsibilities

### 1.7.1. Australian Accounting Standards Board

The AASB is an Australian Government agency that sets accounting standards for consistency, comparability and transparency in financial recording and reporting.

Principals must:

- keep financial records that comply with the accounting standards published by the AASB, unless other requirements have been recorded in approved policies and procedures for NTG schools.

For more information about accounting standards, go to the AASB website.

### 1.7.2. Basis of accounting

NTG schools use a combination of cash and accrual accounting. All Australian Government and state governments use accrual accounting, but the Australian Taxation Office (ATO) allows schools to report on a cash basis for taxation.

The cash accounting method recognises transactions when cash is received or paid. The accrual accounting method recognises revenue and expenditure when the transactions or other events occur. This may not be the same date the cash is received or paid .

Principals must:

- keep all financial records using accrual accounting methods at the end of the school financial calendar year except where specifically directed otherwise in these guidelines and related processes
- enter monthly journals to:
  - recognise accrued employee entitlements
  - recognise grant income for grants with performance obligations
  - recognise school contribution expenditure to match the related expenditure in DHF
  - record any material accrual transactions. For schools, a transaction is material if it could reasonably be anticipated to influence decision making
- report monthly to the ATO on a cash basis.

### 1.7.3. Mandated software

CiA is the system used to record information relating to school-held resources. It is managed by the department.

Principals must:

- record all receipts, expenditure, transactions and payroll information in CiA.

Principals must not:

- maintain ledgers outside the CiA system without written approval from the Chief Financial Officer (CFO). Before introducing a receipting module in CiA, schools may record receipts in a different system before they switch to entering them into CiA each day.

#### 1.7.4. Deletions and reversals

In CiA, suspended transactions may be deleted because they have not been finalised. Once transactions are finalised, they can only be adjusted through reversals.

#### 1.7.5. Chart of accounts

A chart of accounts is an index of every type of account in an accounting system. It helps to organise transactions for reporting. The CiA chart of accounts includes school numbers, natural account numbers, job codes and reporting categories.

Natural account numbers are specific numbers used to name different assets, liabilities, equity, income and expenses. For example, 61142 is the natural account number for wages expenses. Job codes are used for specific activities at the school, such as canteen. Reporting categories are tags for specific groups of job codes to help report on related jobs.

Every transaction in CiA must use a natural account number and a job code. Sometimes, jobs may need to be linked to reporting categories.

Each transaction will have a unique school number attached to it. CiA automatically includes the school number in most cases .

Principals must:

- use the mandatory natural account numbers, mandatory job codes and mandatory reporting categories when available
- record all transactions with a natural account number and job code
- get school body endorsement and senior director education (SDE) approval to create new or renamed future year reserves jobs in CiA.

#### 1.7.6. Journals

A journal is a way to record a transaction in CiA. Journal entries record transactions in at least 2 places. This is known as double-entry accounting. For example, when a cash sale is recorded, it increases both the income account and the bank account.

Principals must:

- approve journals in line with the school's delegations document
- keep supporting documentation for recorded journals.

### 1.7.7. Assets

Assets are resources bought or controlled by a school that are used to produce future economic benefits. For example: if a school buys a smart TV and it can be used into the future, it is an asset because the school will receive future benefits from it. If the smart TV is not working and is unrepairable, it is not an asset because no future benefits will be received.

An asset can be transferred between NTG schools when control of the school changes or where a principal agrees to accept and use an asset when the previous school doesn't need it anymore. The school body, SMC or MSMC must approve the transfer. If none of these are operational, the transfer may be approved by the SDE.

Principals must:

- recognise and record assets on the balance sheet when:
  - it is probable that the future economic benefits of the asset will flow to the school
  - the asset has a cost or other value that can be measured reliably
- record assets according to the requirement of the chart of accounts
- record the decision to write-off assets in line with the school's delegations document
- disclose assets in the notes to the school's financial statements if the amounts involved are material and recognition is not possible.

### 1.7.8. Trade debtors and interest receivables

The trade debtors account in CiA shows the amounts that are legally owed to the school by customers. Interest receivables shows interest that has been earned by the school, but not yet received.

Principals must:

- recognise and record trade debtors when goods and services have been supplied and can be reliably measured
- recognise interest receivables when able to be reliably measured
- contact SBS for advice if considering using a debt recovery service.

Principals must not:

- issue invoices for funds that are not legally required to be paid, such as parent voluntary contributions
- make students debtors. Any invoices must be made to their parent or guardian
- manipulate reported payables to manage financial statement performance.

### 1.7.9. Prepayments

Prepayments are payments made in one reporting period for a good or service the school expects to receive or consume in a future period. Prepayments commonly include software licences and subscriptions, rental of plant and equipment, and insurance.

Principals must:

- record prepayments related to the current year as expenses on initial entry
- record prepayments for future years as assets on entry and journal to expenses in period one of the related year.

### 1.7.10. Inventories

Inventories are government school assets, or stock, that are kept for sale in the ordinary course of school business, such as school uniforms and stationery.

Principals must:

- calculate stock value based on the last invoiced cost of items net of goods and services tax (GST)
- review and record stock values on 31 December and when stocktakes are performed for principal financial handovers
- keep invoice copies showing the last cost of stock, for audit purposes
- write-off stock when it has been lost or is no longer in a saleable condition
- investigate stock losses, undertake recovery actions, and report high-level outcomes to the school body
- record written-off stock as an expense
- keep supporting documentation, including minutes of a school body's resolution, approving the write-off
- record the write-off in the losses register.

### 1.7.11. School contributions

School contributions are how schools can transfer funds from their SHF to their DHF. For more information go to this FARMS manual's Budget management section.

Principals must:

- for contributions from grants with performance obligations:
  - record a purchase journal, or bill, for the contribution value against an unused school contribution asset account with the default CiA job code, using a unique supplier for school contributions, such as Department of Education-school contribution
  - record monthly journals to reconcile CiA to the monthly expenditure against the contribution in the DHF
- record a journal in period 12 or 13 to reflect any surplus or deficit remaining in the DHF contribution.

### 1.7.12. Plant and equipment

Plant and equipment are tangible items that:

- are kept for use in the production or supply of goods or services, for rental to others, or for administrative purposes
- are expected to be used during more than one period.

Most plant and equipment related to NTG schools is recorded in an NTG asset register so is not recorded in the schools CiA records. Plant and equipment that is not recorded in an NTG asset register, such as school body vehicles or photocopiers, are recorded in CiA and the government school asset register and are depreciated as needed.

Depreciation is a way to reflect an asset's decline in value. This may be due to physical wear and tear, technical advancement making the asset obsolete, or a fall in demand for the goods and services produced by the asset.

Principals must:

- record plant and equipment with an original cost or fair value of greater than or equal to \$10,000, exclusive of GST, as an asset on the CiA balance sheet
- record plant and equipment items with an individual cost or fair value less than \$10,000, excluding GST, that are part of a functional unit with a total value of \$10,000 or more, excluding GST, as an asset on the CiA balance sheet
- record donated assets at fair value
- gain school body approval to write-off the carrying amount or fair value of disposed school body property, plant and equipment
- apply the straight-line depreciation method to assets using the functionality in CiA
- use the current effective life of depreciating assets guide from the ATO to determine an asset's effective life for depreciation
- record leased equipment on the balance sheet and depreciate as required
- make sure asset depreciation is current to the writing-off date .

Principals must not:

- group together plant and equipment that are not part of a functional unit for recognition purposes
- recognise assets that cannot be measured reliably or do not meet accounting tests for recognition
- record an asset in CiA if it falls under the NTG reporting requirements.

### 1.7.13. Liabilities

Liabilities are obligations the school has because of things that have happened in the past. Settling these obligations is expected to result from an outflow of resources, like paying cash.

Commitments are not liabilities. Commitments are the intention to give up resources, not something that is already an obligation. Commitments may become liabilities when the intention to give up the resources becomes an obligation.

Future intentions are not liabilities. Future intentions are plans that have not yet been realised sufficiently to be considered commitments.

Principals must:

- recognise and record liabilities on the balance sheet when:
  - it is probable that an outflow of economic resources for economic benefits will be required
  - the liabilities have a cost or other value that can be measured reliably
- record liabilities according to their nature or function

- record cluster, or regional, funding and capital grants as a liability on receipt if there is a contract with the school. Other cluster funding and capital are recorded as income
- record liabilities as current if they must be settled within 12 months, or as non-current if the expected life is greater than 12 months
- disclose material liabilities or commitments in the notes to the school's audited financial statements if the amounts involved are material and recognition is not possible.

Principals must not:

- record commitments or future intentions on the balance sheet.

### 1.7.14. Leases

Principals must:

- make sure any finance leases entered into by the school body meet the requirements for approval under 5.6.8 Leases of this section in this FARMS manual, or other written approval has been gained from the CE prior to entering into the agreement.

Principals must not:

- support school bodies to enter finance leases without CE approval
- record operating and finance leases of less than \$10,000, less than 12 months duration or for intangible assets, such as computer software, as expenses when payments are made
- record operating and finance leases of more than \$10,000 for tangible assets as both an asset and a liability.

### 1.7.15. Trade creditors

The trade creditors account in CiA shows funds the schools must legally pay for goods or services that have been received and invoiced or formally agreed with the supplier.

Principals must:

- enter and approve all undisputed supplier invoices in CiA when goods or services have been received and invoiced
- enter disputed invoices in CiA when they are received but leave them unapproved until the dispute is resolved
- pay all undisputed invoices within the terms agreed with the supplier.

Principals must not:

- manipulate reported trade creditors to manage financial statement performance.

### 1.7.16. Bonds, deposits held, trust monies and agency accounts

There are limited circumstances where schools can accept funds that do not belong to them and record these as liabilities. Accepting funds to be held for the benefit of others may create a trust relationship, and each instance should be considered carefully before accepting funds.

Funds schools might hold that do not belong to them include bonds held as security deposits for lockers or laptops, school social club monies, deposits for school excursions held for parents, book club payments where the school is acting as an agent for the book club, or scholarship funds held in trust for students.

Principals must:

- maintain records of all funds held on behalf of others and the conditions related to those funds
- make a written agreement with the chair of the social club, if social club funds are held in a liability account, that contains the following information and renew the agreement as required or when a new chair is elected:
  - a process for how funds are collected
  - who can access the funds on behalf of the social club
  - all payments will be made as reimbursements from the liability account and must have a receipt or docket to be reimbursed
  - the school's supplier accounts and GST registration will not be used for social club activities
  - the social club's activities are only to support the social interaction and wellbeing of the employees of the school, all social club activities must meet community standards and individuals will conduct themselves in compliance with the NTPS Code of conduct
  - any funds remaining in the social club liability account by 24 December will be transferred to the school to use for school purposes
- record funds held on behalf of others as current liabilities
- retain any interest generated from funds held to be used for school purposes, unless there is a specific written agreement to the contrary
- transfer unclaimed or forfeited security bonds or deposits to income at least annually
- notify the school body of any unclaimed security bonds or deposits transferred to income
- return funds held on behalf of others promptly when the conditions for holding the funds are no longer applicable.

Principals must not:

- accept funds to be held in school body bank accounts if the funds do not contribute to achieving the school's outcomes; do not meet community standards or expectations; or could damage the reputation of the school, the department or the NTG.

### 1.7.17. Employee deductions

Employees may choose to, or be required to, have deductions from their pay sent to third parties. If an employee chooses to have expenses deducted from their pay, the employee should set these up as payments to separate bank accounts.

Principals must:

- keep records authorising employee deductions
- pay deductions to the required third parties in a prompt fashion.

Principals must not:

- approve employee deductions or any other arrangements for novated leases of vehicles through school body accounts.

### 1.7.18. Goods and services tax and pay as you go withholding

Principals must:

- record GST and pay as you go (PAYG) withholding collected and paid as liabilities, as shown in the CiA chart of accounts
- pay GST and PAYG collected monthly to the ATO.

### 1.7.19. Accrued expenses and accrued salaries

Accrued expenses are liabilities to pay for received goods or services that have not been invoiced by the supplier. Common accrued expenses include electricity, water and sewerage charges. Accrued salaries are the salaries or wages employees have earned but are not yet paid.

Principals must:

- only record and recognise accrued expenses and accrued salaries in CiA for 31 December of each year
- use expected remuneration to calculate the liability for salaries and wages earned by an employee but not paid to them
- maintain records of accrual calculations
- reverse all accruals on the first day of the next period.

### 1.7.20. Income received in advance

Income received in advance is where schools receive funds before the good or service is provided. An example of when schools may receive unearned revenue is advance payments for outside school hours care (OSHC).

Principals must:

- record income received in advance related to the current year as income on initial entry
- record income received in advance for future years as a liability on entry and journal to income on 1 January of the related year.

### 1.7.21. Employee entitlements

Employee entitlement liabilities are benefits employees are entitled to from past events that are expected to be paid in the future. Employee benefits may include annual leave and loading, long-service leave, time off in lieu and rostered days off.

Principals must:

- record employee benefit liabilities monthly as required by the award or contractual arrangements.

### 1.7.22. Superannuation payable

Superannuation is payable for school body employees as detailed in the applicable legislation.

Principals must:

- record superannuation liabilities as part of each pay run
- pay superannuation through a clearing house



- pay superannuation on all eligible employee ordinary time earnings, unless you have a superannuation guarantee (SG) employer shortfall exemption certificate for a specific employee
- pay superannuation for contractors if you pay them for their labour
- pay superannuation monthly through the school's superannuation clearing house to the employees' choice of complying superannuation fund, complying retirement savings account, or the employee's stapled fund if an employee does not provide a fund choice
- process employees' superannuation salary sacrifices.

### 1.7.23. Grants with performance obligations

Schools hold unacquitted grant liabilities when they receive grant funding with contractual performance obligations that have not yet been met. The liabilities reduce as the school meets the performance obligations.

Principals must:

- prior to recognising and recording grants other than recurrent grant income from the department:
  - determine if a contract exists between the school and the contract provider
  - determine if a contract includes performance obligations of the school and the grant provider
  - determine the grant amount
- record the grant as an unacquitted grant liability on receipt if there is a contract with performance obligations of the school. For grants that do not meet these criteria go to 5.7.26 Income of this FARMS manual's Accounting section
- record unacquitted grant liabilities using a job code and identify the funding source
- record a journal each month to recognise grant income and reduce unacquitted grant liabilities as the school meets the performance obligations.

### 1.7.24. Provisions

Provisions are funds that are set aside to cover probable future expense. Provisions may include:

- bad or doubtful debts – such as to account for invoices issued by the school that are not likely to be paid by customers
- asset impairments – such as due to a decline in the market value of an asset or the asset has physical damage.

Principals must:

- keep evidence of any provisions for audit purposes, such as the quoted value of an asset.

### 1.7.25. Equity

Equity is what is left if you take away the total liabilities from the total assets. For example, if a school had a million dollars of assets and \$450,000 of liabilities, they would have \$550,000 equity, because \$1,000,000 minus \$450,000 equals \$550,000. The equity is mainly the surpluses from prior years.

Principals must not:

- make any direct entries to equity accounts in CiA without prior advice from SBS.

## 1.7.26. Income

School bodies get most of their income from recurrent funding paid from DHF. School bodies may also receive other grants from the department for specific purposes. School bodies can also raise funds from activities approved by the CE. For more information go to this FARMS manual's Funding section.

Principals must:

- record all income in CiA, coded to line up with the school's approved budget and with meaningful descriptions
- keep evidence to support each income transaction
- record recurrent income from the DHF in CiA when the school body gains controls of the funds, that is when funds are cleared in the bank account
- record grants as income on initial receipt in CiA, where there are no contractual performance obligations
- record grants as income in CiA as contractual obligations are met, where there is a contractual performance obligation
- record income from the sale of goods and services in CiA upon providing the goods or services
- record income from forfeited security bonds, for example locker deposits where the conditions for the return of the bond are not met, to a suitable income account from the liability account where they were receipted.

Principals must not:

- record funds as income when receipting security bonds, deposits held on behalf of others, trust monies, or when acting as an agent for others.

## 1.7.27. Other income

Other income may include:

- capital grants from the Australian Government, either received directly or via the department
- capital or cyclical maintenance (CM) grants or specific maintenance (SM) repairs funding from the department
- capital grants or minor new works funding from another NTG department
- cluster funding.

Principals must:

- record all other income in CiA, coded to line up with the school's approved budget, nature and function of the funds and with meaningful descriptions
- keep evidence to support all other income transactions.

## 1.7.28. Expenses

Expenses may include:

- purchases of goods or services
- repairs and maintenance costs

- capital improvements funded by the school recorded on an NTG asset register
- asset expenses, such as depreciation and losses incurred when disposing of a non-current asset, like plant and equipment
- employee costs, including wages and superannuation
- financial fees, such as bank charges.

Principals must:

- record all expenses, coded to line up with the school's approved budget, the nature and function of the expense and with meaningful descriptions
- keep documentation to support each expense transaction
- make payments to individuals through direct deposit; if this is not possible, document the reasons for another payment method.

Principals must not:

- record funds as expenses when returning or distributing security bonds, deposits held on behalf of others, trust monies, or when acting as an agent for others
- make cash payments from school managed funds except for petty cash and floats. For more information go to petty cash in this FARMS manual's Cash management section
- make payments to individuals that could be capable of being cashed by that individual or another.

### 1.7.29. Other expenses

Other expenses may include:

- expenses related to any source of capital grant funding
- cluster, regional, or network funding returned to the department or transferred to another school
- equity transferred to another school or to the department
- adjustments to prior year expenses.

Principals must:

- record all other expenses in CiA, coded to line up with the school's approved budget, the nature and function of the expenses and with meaningful descriptions
- keep documentation to support all other expense transactions
- make sure payments go to the intended recipient where required.

### 1.7.30. Back to school payment scheme

The Back to school payment scheme (BTS) is an NTG initiative to help families with certain school related costs for educational items at the start of the school year. Educational items can only be bought from eligible students' schools. BTS funds are sent to schools to hold on behalf of eligible students until the students use it. For more information, go to this FARMS manual's Funding section.

Principals must:

- record BTS funds received from the department as liabilities

- record the BTS entitlements used by eligible students to purchase eligible items as income by journaling funds from the liability account to the income accounts and GST account as required.

Principals must not:

- record BTS funds as income until the income has been earned by providing goods and services to students. Go to this FARMS manual's Funding section for more information on recording income from purchases made with funds from the BTS.

### 1.7.31. End of period processes

There are specific financial reporting periods and processes that must be completed at certain times throughout the year. These processes are performed to reduce the risk of incomplete, inaccurate or misleading information in the financial records and reports that inform decision making. These processes also reduce the risk of not meeting legal and compliance reporting requirements.

Principals must:

- complete the end of month processes in the required time
- complete the end of calendar financial year processes in the required time
- complete the end of payroll financial year processes in the required time
- complete the annual report in the required time.

### 1.7.32. Limits on powers to enter into agreements

Principals must:

- work collaboratively with school representative bodies in representing the best interests of the school in financial matters and contractual relationships
- make sure processes are in place in schools to monitor school body contractual relationships and acquiring or disposing of property.

### 1.7.33. Engaging contractors

Principals must:

- support the school body through managing all contractual arrangements consistent with:
  - the limits on powers to enter into agreements and procurement and expenditure guidelines. For more information go to this FARMS manual's Procurement and expenditure management section
  - the engagement of contractors to provide financial services requirements.

### 1.7.34. Ci Anywhere delegations

In CiA there are limits to the amounts that can be processed based on the user's logged-in position. Delegations are listed at Table 2: Ci Anywhere school general ledger delegations.

Table 2: Ci Anywhere school general ledger delegations

Description	Principal	Business Manager	Finance Officer	School Manager
Document file financial delegation	\$1,000,000	\$500,000	\$50,000	\$2,500
Document requisition financial delegation	\$100,000	\$50,000	\$2,500	\$2,500
Purchase order financial delegation	\$100,000	\$50,000	\$2,500	\$2,500
Purchase order amend financial delegation	\$100,000	\$50,000	\$2,500	\$2,500
MYRequisition financial delegation	\$100,000	\$50,000	\$2,500	\$2,500
Order financial delegation sample	\$100,000	\$50,000	\$2,500	\$2,500
Sales quotation financial delegation sample	\$100,000	\$50,000	\$2,500	\$2,500
Stock requisition financial delegation sample	\$100,000	\$50,000	\$2,500	\$2,500
Expense delegation	\$100,000	\$50,000	\$2,500	\$2,500
Travel delegation	\$100,000	\$50,000	\$2,500	\$2,500
Purchase card dissection limit	\$100,000	\$50,000	\$2,500	\$2,500
Purchase card transaction limit	\$100,000	\$50,000	\$2,500	\$2,500

Principals must:

- be aware of the delegations in CiA
- contact SBS if transactions are required that exceed the principal's limits.

### 1.7.35. Losses

SHF losses occur when there is a loss of money or property held by the government school.

Losses can occur from:

- property being damaged, breaking down, outdated or no longer used
- overpayments and debts that cannot be recovered, such as salary overpayments
- spending funds without approval
- amounts receivable that cannot be recovered.

Principals must:

- report losses to the school body, including outcomes of investigations taken
- notify their SDE and the police or the Independent Commissioner against Corruption (ICAC) of suspected theft, fraud, misappropriation or other criminal acts where required
- check recovery actions are authorised by a delegated officer, in line with the school's delegations document
- record losses in a loss register and review annually.

### 1.7.36. Postponements

A postponement involves temporarily delaying the recovery of a loss. A postponement may include:

- an agreement to delay the recovery action
- a repayment plan or schedule
- a temporary reduction in the value of agreed repayments
- repayment holidays, such as an agreement to skip a repayment or suspend repayments for a given period.

Principals must:

- check requests for postponements include:
  - details of the loss, including the value
  - the agreed recovery action and recovery achieved to date
  - proposed terms of the postponement
  - reasons for requesting postponement.
- authorise postponements in line with the school's delegations document
- record authorised postponements in a postponement register.

### 1.7.37. Waivers

A financial waiver involves ceasing to recover a loss, now or at any time in the future. Waivers are generally not supported for school body employee debt.

Principals must:

- check requests for waivers include:
  - details of the loss, including the value
  - the agreed recovery action and recovery achieved to date
  - reasons for requesting the waiver.
- check waivers are authorised by a delegated officer in line with the school's delegations document
- record waivers in a loss register and review annually.

### 1.7.38. Write-offs

A write-off means ceasing to recover a loss. Write-offs do not prevent a school from recovering a loss in the future if circumstances allow.

Principals must:

- check that requests for write-offs include the:
  - amount to be written-off
  - name of the debtor or details of property to be written-off
  - reason for the write-off
  - details of recovery actions taken, if any.
- check write-offs are authorised by a delegated officer, in line with the school's delegations document.

## 2. Asset and inventory management

Please go to the PAL for related information.

Content under development.

## 3. Bank accounts

This is a transitional section of the FARMS manual. It has been developed so schools can familiarise themselves with the content and begin transitioning to meet the requirements, where necessary, prior to publication of the CE approved guidelines under section 112 of the Education Act. These new guidelines will have extra content that may be different from this transitional content based on feedback from users or changes to the operational or strategic environments of NTG schools.

### 3.1. Overview

SHF are held in school body bank accounts. All school bodies must have at least one official bank account in the name of the school body opened under regulation 34(1) of the Education Regulations. Recurrent funding transferred from the school's DHF and any money granted from the department under the Education Act, section 109, must be deposited into this official bank account, as detailed in the Education Regulations, regulation 34(4).

School bodies may choose to open other additional bank accounts to meet the school's operational needs, as stated in the Education Regulations, regulation 34(1). The CE must approve all new school body bank accounts. Under the Education Regulations, regulation 34(12), payments from bank accounts must be authorised by at least 2 people who are registered with the bank as signatories to the accounts. Under Regulation 34(10) of the Education Regulations school bodies must nominate who will be signatories to their bank accounts. Unneeded school bank accounts must be closed.

This FARMS manual section covers the requirements and responsibilities for bank account signatories; the opening, closing and operating of bank accounts; and specific requirements for school debit cards, term deposits and electronic funds transfers.

Go to this FARMS manual's Cash management section for information on load and go style cards.

### 3.2. School body responsibilities

#### 3.2.1. Signatories

Signatories to school body bank accounts have the power to be one of 2 signatories to approve payments from a nominated bank account. Approvals may be made by signing documents or by approving payments electronically in electronic banking software.

The CE approve the nomination of school body bank account signatories that meet these criteria:

- holds one of these positions at the school:
  - NTPS school employees, including the principal
  - the principal's manager or their regional delegate
  - the school body chair or treasurer.
- has a reasonable understanding of:

- the school’s finances, including its budget
- their responsibilities to not authorise payments outside the budget or those that will exceed the resources of the school
- their responsibility to declare and manage any potential perceived or actual conflicts of interest for specific payments and decline to authorise payments where there is a concern with conflicts of interest.
- is 18 years or older
- is not involved in a relationship with another signatory that could lead to a perception of collusion or undue influence
- is not declared bankrupt, is not under current investigation for a serious crime, or has not been convicted of fraud.

If school bodies want to nominate signatories to the school bank accounts who do not meet these criteria, they need written approval from the CE before giving them access to the accounts .

School bodies must:

- nominate and approve to the bank at least 3 people and a maximum of 8 people to be signatories to the school bank accounts
- make sure all nominated signatories meet the signatory criteria in 7.2.1. Signatories in this section or have been approved as signatories by the CE in writing
- approve changes to signatories and keep records of the approvals in the motions register
- remove signatories to accounts if they are no longer required to act as a signatory or if they no longer meet the signatory criteria in 7.2.1. Signatories in this section.

### 3.2.2. Opening bank accounts

School bodies must:

- open and maintain an official bank account under the name of the school body with an authorised deposit-taking institution (ADI) under the Education Regulations, regulation 34(1), and they may open other bank accounts with an ADI as required
- approve any new bank accounts before applications are submitted for CE approval. The school body approval must be signed by the chair and detail:
  - the ADI the school body wants to use
  - the type of account to be opened
  - why the new bank account is needed
  - support for the new bank account
  - if the new bank account will replace an existing bank account, and if the existing bank account will be closed
  - the internal controls in place at the school about procurement and existing bank accounts. These may be in the form of a school procedure
  - any other relevant information for term deposit applications
  - interest rates that apply to the product for investment accounts, including new term deposits and term deposits being extended for more than 12 months



- in addition, if relevant, include from the school body chair for CE approval extra information for debit card applications, such as:
  - the process to transfer funds from the school's main operating account to the debit card account
  - the transaction limit and card limit for the debit card
  - whose name will be on the debit card, where it will be stored and who will have access to it.

School management councils and multi-school management councils may:

- open bank accounts with an ADI on behalf of a joint school representative body.

School bodies must not:

- open bank accounts without CE approval, including rolling over term deposits beyond 12 months total.

### 3.2.3. Closing bank accounts

School bodies must:

- review all bank accounts, including debit cards and investment accounts, to determine if they are still required. The review must be recorded in a motion passed at a meeting at least annually at the first or second meeting after the annual general meeting (AGM). Extra reviews may occur during the year if required
- approve bank accounts to be closed when they are no longer required and record the motion passed at a meeting in the motions register.

School bodies must not:

- close an official school body bank account opened under the Education Regulations, regulation 34(1), without approval from the CE.

### 3.2.4. Debit cards

School bodies must:

- set a maximum balance for each individual debit card. This balance may be changed temporarily or permanently with a school body motion passed at a meeting
- complete and approve the School debit card procedures template.

### 3.2.5. Term deposits

Term deposits are one way of increasing the interest earned on funds that will not be immediately used. High-yield savings accounts may also be used to increase interest earned and only need to be approved by the CE when they are first opened.

Term deposits are bank accounts, so each time a new term deposit is created, it is considered opening a new bank account and requires CE approval. Term deposits will only be approved if they are for 12 months or less. The CE pre-approves existing approved term deposits of less than 12 months to be rolled over without additional approval as long as the total term does not exceed 12 months.

School bodies must:

- record motions passed at meetings to roll over existing approved term deposits on maturity
- apply to the CE to open a new bank account if creating a new term deposit.

### 3.3. Principal responsibilities

#### 3.3.1. Signatories

Principals must:

- support school bodies to meet their responsibilities for school signatories.

#### 3.3.2. Opening bank accounts

Principals must:

- record the official bank account as the main bank account in CiA – 11115 - Main Bank Account
- complete an application form for new bank accounts and submit to the CFO
- support the school body to identify bank accounts needed and bank accounts that should be closed. The numbers and type of bank accounts available in CiA is explained in the Ci Anywhere business managers guide.
- keep evidence of the approval of each bank account. For more information about record keeping go to this FARMS manual's Risk management and internal controls section.

#### 3.3.3. Closing bank accounts

Principals must:

- record the approval to close the bank account in the school body minutes
- check all pending payments to suppliers have cleared
- cancel automatic payments or direct debit arrangements the school has with suppliers or customers
- transfer any funds in the account to another account held by the school or to an account of another school as advised in writing by the department
- notify customers that the school's bank account information has changed and give them the new bank account details
- notify the bank in writing that the bank account is to be closed and maintain evidence the account is closed
- notify SBS to deactivate the account in CiA.

#### 3.3.4. Operating bank accounts

Principals must:

- record all bank accounts and transactions in CiA
- limit and control access to online banking systems
- make sure all signatories are current

- inform banks of changes to signatories and keep records of this communication
- make sure funds transferred between accounts are authorised by 2 signatories and evidence is attached in CiA
- reconcile all bank accounts to CiA records at least monthly, even if there has been no activity in the accounts. Depending on the number of transactions, schools may need to reconcile bank accounts weekly or daily
- make sure all recurrent grant funds and grants issued under section 109 of the Education Act are deposited into the school's official bank account
- make sure any EFTPOS devices do not transfer funds to a third-party foreign bank account prior to transferring to the school
- budget for any merchant fees if the amounts will be material. Schools may pass on merchant fees to customers, but this must be clearly communicated before transactions are processed
- make sure any bank account interest is paid into the account where the interest was earned.

Principals must not:

- hold funds in school bank accounts on behalf of individuals, the community or an external organisation except where clearly related to the school's objectives
- allow signatories to sign for transactions where they have a perceived or actual conflict of interest
- be a signatory for payments where the principal benefits personally, including reimbursing themselves, or allow other signatories to sign for payments where that signatory would benefit personally.

### 3.3.5. Debit cards

Principals must:

- if the school wants a debit card, complete a school debit card procedure template as part of the process to open the account and implement the procedure
- give all school employees access to the debit card procedure
- keep debit cards in a secure location until their authorised use
- transfer funds to debit card accounts only after the account has been reconciled. The amount transferred must match the reconciled payments
- reconcile debit card accounts before transferring extra funds to the account, and at least monthly
- make sure cash is only withdrawn from a debit card by the cardholder to pay excursion suppliers where the expenditure is pre-approved, and it is proper to pay in cash. For example, to give cash to students to buy their own lunches at a market during an excursion.

Principals must not:

- allow debit cards to be linked to the school's main operating bank account
- allow debit cards to be removed from secure storage or carried by a person until an authorised purchase is about to occur
- allow debit cards to be used for purchases that have not been preapproved by 2 signatories.

### 3.3.6. Term deposits

Principals must:

- make sure funds are available to be used for the current student cohort and to meet the school's financial commitments as required
- make recommendations to the school body on maximising interest earned on funds not currently required.

### 3.3.7. Direct debits

Direct debits are automatic transactions where suppliers transfer money from a school bank account without approval from the school for each individual payment .

Due to the risks associated with ongoing, unmanaged and unapproved payments from school bank accounts, direct debits are not appropriate in a school environment.

Principals must not:

- allow direct debits to be authorised from school bank accounts except for approved time-limited lease payments.

### 3.3.8. Electronic funds transfer

Principals must:

- buy or lease any required payment terminals, such as EFTPOS machines, from an NT enterprise where possible, in line with the school procurement requirements. For more information about school procurement go to this FARMS manual's Procurement and expenditure management section
- be aware of transaction charges, operating procedures and security issues that apply to the use of payment terminals, and account for these in the school-held (SH) budget
- identify and manage risks associated with payment terminals, including reliance on electrical and telecommunications infrastructure. For more information about risk management go to this FARMS manual's Risk management and internal controls section
- store payment terminals, such as EFTPOS machines, securely when unattended.

Principals must not:

- use PayID or any other method where a mobile phone is attached to a school bank account to send or receive payments in school body bank accounts
- permit payments for the school to be made through personal payment terminals
- use payment devices that hold funds in a third-party account prior to transfer to the school account, like international financial companies such as PayPal and Square.

## 4. Budget management

This is a transitional section of the FARMS manual. It has been developed so schools can familiarise themselves with the content and begin transitioning to meet the requirements, where necessary, prior to publication of the CE approved guidelines under section 112 of the Education Act. These new guidelines will have extra content that may be different from this transitional content based on feedback from users or changes to the operational or strategic environments of NTG schools.

## 4.1. Overview

This section explains the requirements for school budget management. It includes the annual budget management cycle, cash benchmark, future year reserves, school resourcing fund, and school contributions.

Budget management is the process of assessing, setting goals, planning, acting, reviewing, and adjusting the use of resources. Schools and school bodies use school resources in a targeted way to deliver quality education programs that meet the learning, wellbeing and engagement needs of the school's students.

Each year schools develop annual budgets for January to December of the next year. There are separate budgets for SHF and DHF. These are the SH budget and the department-held (DH) budget. These budgets are consolidated to confirm the school is planning to manage within the total available resources and fully use the annual funding provided.

A budget considers how much funding the school has available from previous years and how much funding the school expects to receive in the new year. Schools record in their budgets the expenses planned to meet employee expenses and the operational needs of the school, as well as actions from the school's explicit improvement agenda (EIA) and annual school improvement plan (ASIP).

The budget needs to consider and include all school resources, as these will influence the school's money.

School resources include money and other resources, such as:

- school buildings and assets
- school students, employees, volunteers and community.

School body funds are held in school bank accounts and the budgets are recorded in the CiA system. School body funds are recorded in the SH budget and school bodies approve this.

Other NTG school funds are held by the department. These are recorded in the DH budgets and the DH budgets are submitted by the principal in the school resourcing model management system (SRMMS). DHF are mainly used to employ NTPS school employees, such as teachers, and to transfer semester allocations to the SHF.

The department also holds funds specifically allocated to individual schools for expenses such as the principal's salary. These are centrally managed funds and schools are not involved in budgeting for these funds.

## 4.2. School body responsibilities

### 4.2.1. Annual budget management cycle

Each year new ASIPs and new budgets are developed. Both need to be ready to action when the new year starts in January, so they are developed late in the year for the next year. There are parts where budgets and ASIPs rely on each other, so they are developed at the same time.

The budget management cycle involves:

- assessing the needs of the school
- setting goals to achieve
- planning how to achieve these goals
- acting to make things happen

- reviewing what has happened compared to what was planned
- adjusting actions or budgets based on the review.

Table 3: What school bodies must do for the annual budget management cycle

What	SHF or DHF	When
Work with the principal to create a shared understanding of: <ul style="list-style-type: none"> <li>• the needs of the school for buildings, facilities and equipment – Education Act, section 107(1)(d)(i)</li> <li>• how the building and grounds of the school can be used, including facility hire costs in line with the Community use of school facilities policy and guidelines – Education Act, section 107(1)(g)</li> <li>• activities for raising money – Education Act, section 107(1)(l)</li> <li>• fees that may be charged to students for provision of approved materials and services or facilities not part of the standard curriculum program, including those purchased with BTS money – Education Act, section 107(1)(m)</li> <li>• annual voluntary parent contributions – Education Act, section 107(1)(n)</li> <li>• the educational needs of the community and how the educational policies of the NTG are to be implemented – Education Act, section 107(1)(a) and (b)</li> <li>• the school's strategic direction to be recorded in the ASIP</li> </ul>	Both	October and November
Endorse the SH draft budget – Education Act, section 107(1)(e), approve annual voluntary parent contributions and BTS offerings	SHF	By last school body meeting of the year
Oversee the school's performance against the SH draft budget by reading financial reports – Education Act, section 107(1)(e)	SHF	Monthly, until SH budget is finalised – estimated January-March
Approve the SH budget – Education Act, section 107(1)(e)	SHF	When available after budget finalisation – usually first meeting after the AGM
Provide oversight of the school's performance against the SH budget by reading financial reports – Education Act, section 107(1)(e)	SHF	Monthly – estimated April-December
Approve adjustments to the SH budget if required – Education Act, section 107(1)(e)	SHF	As required

#### 4.2.2. Cash benchmark

The cash benchmark is the benchmark amount of cash schools should keep as uncommitted in their SH budgets. The benchmark amount is one month of average school expenditure based on the school's last

year of expenditure. Maintaining the school's uncommitted SHF at the cash benchmark level reduces the chance that schools will not have enough cash to pay suppliers and employees when they are due, even if there have been unexpected expenses or reduced or delayed income. Maintaining the cash benchmark funds as uncommitted is a risk mitigation strategy.

Maintaining uncommitted cash at higher levels than the cash benchmark prevents funds from being used for the students they were provided for. All SHF above the cash benchmark level should be committed to use in the current year, according to the student needs profile of the school. It may be appropriate to commit some of these funds to be spent in future years to replace resources used by the current students or for specific strategic improvement actions. For more information go to 8.2.3 future year reserves of this section in this FARMS manual.

If there is expected to be a material difference in expenditure in the current year, compared to the previous year, school bodies may wish to work to an adjusted cash benchmark, for example higher or lower than the default cash benchmark. The assumptions and calculations for the adjusted cash benchmark must be recorded.

School bodies must:

- budget to keep the cash benchmark funds uncommitted
- budget to spend all funds above the cash benchmark according to the school's operational needs and student needs profile
- approve a motion passed at a meeting for an adjusted cash benchmark if needed.

### 4.2.3. Future year reserves

Schools must spend their annual recurrent funding on the students of that year but sometimes there are reasons funds should be saved to be spent in future years. These funds are called future year reserves. The two main reasons to create future year reserves are:

1. Students in the current year use resources that will not be replaced until future years. For example, if smart TVs are replaced every 5 years, the funding for this year's students should pay 1/5th of the cost of the TVs in 5 years' time. Resources consumed by students should be paid for in the same year when possible and practical.
2. Purchases are larger than can be budgeted for in one year's funding. For example, if the school wants to purchase a bus to support their attendance strategy.

Fundraising for specific purposes should also be spent in the year it is raised if possible. All fundraising should be allocated to a specific purpose before being raised and remaining funds at the end of the year may be recorded as future year reserves if it meets all the criteria.

Future year reserves can only be created or added to after funds have been allocated to meet the operational needs of the school.

Future year reserves indicate the intentions of the school at the time they are planned and the expectation is that the funds will be used for the planned purpose. Future year reserves may need to be reconsidered if circumstances change.

School bodies must:

- endorse individual future year reserves by a motion passed at a meeting, after confirming the operational needs of the school have been met, looking at whether the purpose of the funds meets

the school's strategic and operational needs, how the reserve funds were costed, and when the funds are planned to be spent

- approve future year reserves through budget approval
- keep records detailing the purpose and times for expenditure of future year reserves
- monitor any funds saved for future year projects to confirm they will be spent as planned or, if circumstances have changed, requiring changes to the reserve funds
- use the funds for the purpose intended once the funding goal is met, unless circumstances change and the appropriate process to change reserves jobs is followed.

## 4.3. Principal responsibilities

### 4.3.1. Annual budget management cycle

Table 4: What principals must do for the annual management cycle

What	SHF or DHF	When
Create a SRMMS annual planning scenario	DHF	October
Begin developing the SH draft budget	SHF	October
Engage with the wider school community, such as school body, parents, students, employee and canteen operators to create a shared understanding of the school's strategic direction and draft the ASIP in line with the EIA	Both	October
Update the SRMMS annual planning scenario with the published preliminary funding and anticipated variations	DHF	October
Complete the SH draft budget and present it to the school body for endorsement	SHF	By last school body meeting of the year
Submit draft ASIP	Both	By end of week 5, Term 4
Update and submit the SRMMS annual planning scenario	DHF	By COB 30 November
Record the endorsed SH draft budget in CiA	SHF	By COB 15 December
Submit final ASIP	Both	By end of week 9 Term 4
Implement the SH draft budget and DH budget from the beginning of the calendar year	Both	From 1 January
Review and adjust the SH draft budget as required	SHF	From 1 January to when the SH budget is approved



What	SHF or DHF	When
Create a SRMMS projection scenario, update monthly and analyse changes in projected surplus or deficit	DHF	Early February, then monthly
Analyse financial reports. Find reasons for differences from the budgets and future options	Both	Monthly
Adjust and submit the SRMMS projection scenario after the final funding update	DHF	April
Adjust the SH draft budget if required and seek school body approval for the SH budget	SHF	When available after budget finalisation – usually first meeting after the AGM
Make changes to the SH budget within the school body preapproved limits and seek school body approval if changes are required outside these levels	SHF	Ongoing

### 4.3.2. Department-held funds budget

School resourcing model (SRM) funds are allocated to schools each year and held in the department on behalf of the school. These are the school's DHF and are mainly used to fund NTPS school employees. Some of the DHF are transferred to the SHF as recurrent grants to fund the operation of the school facilities, provide student and employee consumables, fund school body employees and implement strategic initiatives. Principals enter the DH budget in the SRMMS.

Principals must:

- review the most current student data to estimate funding for the next year
- consider if the employee levels, including teaching, non-teaching and school body employees, are suitable to meet the needs in the next year and are achievable within the school's total available resources
- consider if current employee levels are likely to remain the same in future years with anticipated student changes. If not, create plans to transition to the anticipated employee levels, including how the current year budget should be used to support the transition
- consider if the school will be carrying forward a DHF deficit from the previous year
- plan to use the annual funding for the year during the year, according to the student needs profile of the school. Consider the proportion of students with additional needs, English as an additional language or dialect learners and Aboriginal students, so programs respond to these student needs
- consider the recommended maximum cash allocation percentages by funding stream in the SRMMS, and document decision making if a higher percentage is required
- transfer all non-urgent minor repairs (NUMR) to SHF
- transfer facility funds to SHF to cover planned facility expenditure in the SH budget, up to the full amount of the facility funds provided

- transfer sufficient funds from DHF to SHF to make sure the school can meet its operational needs and strategic priorities in the ASIP within the total available funds
- transfer cash to SHF based on how it will be spent in each semester
- plan to use the different funding streams for the purpose they were provided. For example, students with disability funding should be used for expenses related to supporting students with a disability. Funds must only be used for other purposes once these needs are accounted for
- consider if the school will carry forward a deficit and consider the school's possible school resourcing fund contribution
- enter planned DHF expenditure in the SRMS scenarios and submit in the required times
- review the fortnightly DHF payroll reports promptly to identify any potential overpayments to employees and take action to investigate and resolve
- email your financial improvement manager for support within 2 weeks of identifying or suspecting the school cannot manage within its available resources.

Principals must not:

- submit SRM scenarios in deficit without advice from SBS.

### 4.3.3. School-held funds budget

SHF can be transferred from the NTG school's DHF as a recurrent grant or be received into school body bank accounts from other sources. These funds are mainly used for operating the school's facilities, providing employee and student consumables, and strategic initiatives. The SH budget is recorded in CiA.

Principals must:

- include in the SH budget:
  - calculated estimates of operational expenditure including facility operations and employee and student consumables
  - strategic expenditure required for ASIP strategies
  - any future year reserves jobs
  - any school contributions
  - funding transferred from DHF
  - job budgets with monthly income and expenditure
  - uncommitted cash benchmark funds
  - any planned finance leases, capital works, minor new works or assets purchased
- use good decision making practices, including keeping records of:
  - how estimates were calculated
  - the reasons for key decisions
  - the key actions for each job, and the delegate responsible for the job performance and budget
  - how planned profits from trading and fundraising activities are to be used to benefit the school
  - considerations of impacts on projected future year budgets
- attach supporting documents in CiA

- identify how funds for specific student needs are being used for those needs, for example students from an Aboriginal background and students with a disability
- budget to give funds received for the current student cohort against expenditure incurred by the current cohort. Create future year reserves jobs if these funds need to be spent in future years. This applies to all funds, including trading and fundraising profits. For more information go to this FARMS manual's Funding section
- budget for the use of all school funds above the cash benchmark
- fully cost trading activities, including use of administrative employees and facilities. If the activity is not fully self-funded, document the reasons the school will continue the activity
- cash flow income and expenditure consistently with planned accrual entries
- provide the school body with the SH draft budget for endorsement prior to the commencement of the budget year
- adjust the SH draft budget as required
- seek school body approval for the SH budget at the first meeting after the AGM and have the school body pass a motion of preapproved alteration limits for the principal to make adjustments to the SH Budget
- after the school body approval of the SH budget:
  - monitor the school's financial performance against the budget and report to the school body.
  - use the SH forecast tool to consider SH budget revisions
  - seek school body approval for any SH budget revision outside the school body preapproved alteration limits.

Principals must not:

- budget more than \$5,000 to a discretionary job, such as a contingency job or principal's initiative job where the expenditure is not specifically given to an activity
- use funds given to a discretionary job except for unplanned emergencies.

#### 4.3.4. Consolidated budget

The SH and DH budgets need to be considered together because they are the consolidated funds available to the school.

Principals must:

- make sure the school is operating effectively within the total available resources, considering both the DHF and SHF
- seek prompt advice from their financial improvement manager if they identify or suspect the school cannot manage within the total available funds, or where the school will not be able to use their annual resources for the current student cohort
- work with their SDE and their financial improvement manager if the school cannot manage within the total available funds or will not be able to use their annual resources for the current student cohort.

### 4.3.5. Cash benchmark

Principals must:

- budget so the default or adjusted cash benchmark remains uncommitted in the SH budget
- budget and use uncommitted funds above the default or adjusted cash benchmark funds, to support the school's strategic and operational goals
- seek support from SBS within 2 weeks if the cash benchmark funds cannot remain uncommitted
- seek school body approval for any adjustments to the cash benchmark

### 4.3.6. Future year reserves

Principals must:

- identify resources consumed by current students that cannot be replaced efficiently until future years. Create future year reserves jobs if the amounts are material
- identify large expenses that cannot be budgeted for in a single year. Create future year reserves jobs if needed to accumulate the required funds over more than 1 budget year so funds are available when required
- identify if the SH and DH budgets are likely to be sustainable in future years. If student numbers are decreasing and the future anticipated funding would not provide sufficient funds to transition employees in a suitable period, consider creating a future year reserves to fund the transition. This is part of the school's strategic workforce planning
- make sure all future year reserves jobs are:
  - tied to a specific purpose in line with the schools' EIA, ASIP or operational needs
  - costed using the best available information
  - spent within a maximum of 5 years, except with approval from the SDE
  - endorsed by the school body
  - submitted to and approved by the SDE
  - documented with records kept of the purpose, time limit, calculation, school body endorsement and Department of Infrastructure, Planning and Logistics (DIPL) reference numbers for proposed infrastructure projects
  - carried over to future years intact and transferred to income in the year they will be spent
- gain SDE approval and school body endorsement if a future year reserves job:
  - has changes to planned timing or monetary requirements
  - is cancelled
  - needs to be rolled over beyond 5 years.

### 4.3.7. School resourcing fund

The department may repurpose unspent NTG school funding through the school resourcing fund to schools with identified needs. Funds are repurposed by adjustments to impacted schools' budgets. Principals should consider the school's possible contribution to the school resourcing fund and incorporate this in budget considerations.

Principals must:

- adjust budgets and activities if school resourcing funds have been redirected in the final budget.

Principals must not:

- overstate future-year reserves jobs to manipulate the amount of uncommitted cash used to calculate the school resourcing fund contributions.

### 4.3.8. School contributions

The school contributions process supports NTG schools to operate effectively within their available resources by transferring funds from their SHF to their DHF. The preliminary and final DH budget submission processes are the way schools transfer funds from their DHF to their SHF. The combination of these 2 processes lets schools move their funds to where they will be spent. More information on the accounting treatment of school contributions can be found in this FARMS manual's Accounting section.

School contributions can do one of 2 things:

1. Balance the DHF budget if more expenditure has occurred than initially planned.
2. Recruit employees under NTPS employment conditions, including associated employee and operational costs, where the funds to pay the employees were received in SHF.

Principals must:

- include school contributions in the SH budget
- include school contributions in the anticipated variations for the preliminary annual planning SRMMS scenario submission and in the final submission if a planned contribution has not yet been recorded in the DH budget
- pay school contributions for Semester 1 by the end of Term 1, week 4, and for semester 2 by the end of Term 3, week 4
- submit separate applications for each semester if contributions are required for the full calendar year
- make applications for semester one contributions between January and April and Semester 2 contributions between July and November.

## 5. Cash management

This is a transitional section of the FARMS manual. It has been developed so schools can familiarise themselves with the content and begin transitioning to meet the requirements, where necessary, prior to publication of the CE approved guidelines under section 112 of the Education Act. These new guidelines will have extra content that may be different from this transitional content based on feedback from users or changes to the operational or strategic environments of NTG schools.

### 5.1. Overview

Cash management is about how the physical cash at schools is handled. It is an operational activity managed by principals.

Cash collected by the school is the most vulnerable asset of the school. Cash forms part of SHF and is received by the school and held securely on school premises before being deposited in school body bank accounts. Principals must have strong internal controls in place to minimise the risk of cash losses.

This section includes information on cash handling, receipting, custody, transporting, storing, petty cash, load and go cards, point of sale floats, temporary floats, and banking cash and cheques. These requirements protect both the school's assets and the people involved in handling the cash.

## 5.2. Cash benchmark

The cash benchmark is a calculation to determine the amount of SHF that must remain uncommitted in the SHF budget. For more information about the cash benchmark go to this FARMS manual's Budget management section.

## 5.3. Principal responsibilities

### 5.3.1. Cash handling

Cash must be handled in a way that minimises the risk of losses and protects the school's assets and employees.

Principals must:

- minimise the amount of cash held by the school through prompt banking, accepting electronic payments and avoiding the use of petty cash where possible
- implement physical security controls to keep cash secure, like storing cash in a locked safe before depositing it in the bank
- train employees to handle cash
- move cash using a strong cash box and have 2 employees present when collecting cash from registers
- assess cash handling risks and implement risk mitigation strategies as required.

### 5.3.2. Cash receipting

Schools receive cash for things like buying food at the canteen, uniform sales and excursion money.

Principals must:

- accept:
  - only Australian bank notes and coins
  - 5c, 10c, 20c and 50c coins up to \$5 combined
  - \$1 coins up to \$10, and \$2 coins up to \$20
  - larger quantities of coins at the discretion of the principal
  - cash only at the front office, the canteen or another designated cash receipting site recorded in writing.
- make sure:
  - the designated cash receipting sites, such as the front offices and canteen, at the school have effective internal controls in place
  - cash collected away from a cash receipting site for acceptable business reasons must be taken to a cash receipting site at least daily and receipted. Acceptable business reasons include class

collection of funds from students of \$20 or less per student, approved fundraising activities or school community events and curriculum activities

- cash is counted by 2 trained employees in a secure room wherever possible.
- issue:
  - a tax invoice within 28 days for cash sales greater than \$82.50 when requested. This is an ATO requirement
  - an official receipt from non-canteen receipting sites to acknowledge the receipt of cash.

Principals are responsible for ensuring an official receipt from non-canteen receipting sites is issued that includes:

- a unique receipt number
- the school's Australian business number (ABN)
- the date the cash was received
- the amount of cash received
- the purpose of the cash collected
- employees cancelling and retaining any receipts with errors and re-issuing of a new receipt
- employees reconciling cash received to receipts daily
- employees recording all cash receipts in CiA daily. For more information about cash recording go to this FARMS manual's Accounting section
- employees investigating and resolving any discrepancies where cash received does not reconcile to receipts issued
- employees reporting losses of cash received to the school body
- employees to write-off losses of cash that cannot be recovered .

Principals must not:

- accept foreign currency
- alter any receipt. If an error is made, the receipt must be cancelled and a new receipt issued.

### 5.3.3. Custody of cash

When cash changes hands, custody of the cash moves from one person to another.

Principals must:

- keep records of transfers of cash custody through:
  - official receipts where cash is received at a non-canteen receipting site
  - completing petty cash docket where cash is provided in advance for a purchase or in arrears for a reimbursement
  - completing a petty cash custodian form when a person is made custodian
  - completing cash custody docket where cash custody is transferred.

For more information go to the Cash custody guidelines.

### 5.3.4. Transporting cash

Principals must:

- consider if:
  - cash-in-transit insurance is required to mitigate risks
  - the person transporting the cash should be escorted
- make sure cash is carried in bags that do not appear to be specifically for carrying cash
- make sure deposits are made at various times of the day using different routes and different people if possible
- make sure people transporting cash are trained on actions to take in case of robbery.

### 5.3.5. Storing cash

Cash held on school grounds must be held in safe, locked containers such as safes, fireproof lockable cabinets, cash registers or locked petty cash boxes. If possible, these should not be accessible or visible to non-authorized users. For more information about internal controls for the physical security of cash go to this FARMS manual's Risk management and internal controls section.

### 5.3.6. Petty cash

Reimbursements for purchases made on behalf of the school should be paid by depositing to bank accounts. Petty cash funds can be used for reimbursing low value expenses or to provide cash in advance for approved low value purchases.

Managing petty cash can be time consuming for administrative employees, and there are risks of cash losses and inappropriate purchasing practices. Schools may choose not to use petty cash at their school .

Principals must:

- pre-approve purchases made with petty cash before the purchases are made, consistent with all other types of school expenditure
- include expenditure from petty cash as part of the SHF budget, consistent with all other types of school expenditure
- limit:
  - petty cash transactions to a maximum of \$50 per transaction. The school may set a lower limit
  - the amount of petty cash held in the school to \$200 per campus, unless authorised to hold higher amounts. Seek advice from SBS if additional petty cash floats are required
- record all expenditure paid from the petty cash float on a petty cash form that documents:
  - the date of the payment
  - the goods or services obtained using the petty cash
  - the signature of the person collecting the cash and the petty cash custodian
  - who the petty cash was given to
  - if the petty cash provided was a reimbursement or an advance.
- require petty cash users to provide a receipt or paid tax invoice. If a tax invoice or receipt is not possible, the user should complete a statutory declaration including how the funds were used and



why the receipt or tax invoice was not available. Statutory declarations prevent the school from claiming GST on the purchases. If petty cash users repeatedly do not provide receipts when available, consider if that person should have continued access to petty cash and document why they should retain access or have access removed

- implement physical security controls to ensure petty cash and petty cash forms are kept secure
- appoint a custodian of the petty cash float who is a full time school-based employee
- document the custodian of the petty cash float in the school's financial handover statement
- report losses of petty cash to the school body
- write-off losses of petty cash that have ceased to be recoverable
- review the need for the petty cash float annually and close it if it's no longer needed
- reconcile:
  - the petty cash before the float is replenished, ensuring petty cash on hand plus supporting documentation and receipts add up to the total petty cash float amount
  - petty cash at least monthly or more often if required.
- bank the petty cash float by 24 December, even if employees are onsite, and during school holidays if the float will be unattended for 3 weeks or more.

Principals must not:

- allow:
  - transactions to be split into smaller amounts to avoid the petty cash maximum of \$50 per transaction
  - petty cash to be used to pay for any official travel related expenses. For more information about travel, go to this FARMS manual's Governance section
  - wages and allowances, personal expenses of any nature, including borrowing or entertainment expenses to be paid using petty cash
- leave petty cash on school premises during holiday periods when the school is unattended.

### 5.3.7. Load and go cards

Load and go style cards are where funds are transferred from school bank accounts to a card and funds can be used with a personal identification number or similar single-user access. Fund transfers to a load and go card are cash advances and need to be accounted for in a similar way to petty cash.

Principals must:

- record load and go cards in a CiA float asset account
- pre-approve purchases made with load and go cards before purchases are made, consistent with all other types of school expenditure
- include expenditure from load and go cards as part of the SHF budget, consistent with all other types of school expenditure
- make sure receipts for expenditure from the card are kept
- only allow a statutory declaration to be used to account for payments from a load and go card where a cash withdrawal has been pre-approved for activities that require cash, for example giving cash to students on an excursion to buy their own lunch at a market

- make sure CiA shows if all approved funds were not spent and take these into account if reloading the card for another purpose.

### 5.3.8. Point of sale floats

Schools may have cash registers that require floats so they can give change.

Principals must:

- seek approval through the SBS email if:
  - point of sale float amounts required exceed \$200 per float
- also seek approval through the SBS email if floats required exceed:
  - for small schools – 2 floats
  - for medium schools – 4 floats
  - for large schools – 6 floats
- have a documented end of day procedure for all point of sale floats
- make sure floats are banked whenever the school does not have administration employees working on site for 3 weeks or more, including during the mid-year break and over the end of year break
- make sure all floats are banked by 24 December each year, even if administrative employees remain on site.

### 5.3.9. Temporary floats

Sometimes schools may need small floats for other temporary activities, such as fundraising events or student small business activities.

Principals must:

- keep records of all temporary floats issued, including the:
  - purpose
  - planned date the float will be issued and returned
  - actual date the float was issued and returned
  - amount
  - person given custody.
- record the float on the balance sheet when issued and returned in full. Any difference must be recorded as income or expenditure
- make sure temporary floats are as small as practical for the purpose and should not exceed \$200
- make sure all floats are banked by 24 December each year.

### 5.3.10. Banking cash and cheques

Principals must:

- deposit:
  - all cash to the right school bank account at least weekly
  - cash receipts intact and not use for other purposes before banking
- assess the risk of the levels of cash held at the school and bank more often to reduce risks. Large schools are likely to need to bank daily, and more than once a day in peak times
- consider more physical security to reduce risk if the school's remoteness prevents frequent banking
- reconcile all cash and cheques received to receipts before banking
- make sure the person who prepares the deposit slip is not the person who deposits the money at the bank wherever possible
- investigate and resolve any discrepancies where cash and cheques received do not reconcile to receipts issued
- use a bank that is close to the school or an Australia Post outlet if it accepts cash deposits.

Principals must not:

- use cash held to pay for expenses before cash being deposited into the school's bank account
- leave cash on school premises during holiday periods when the school is unattended for 3 weeks or more.

### 5.3.11. Providing banking services

Schools are not banks, so they should not provide bank like services.

Bank like services include activities such as:

- receiving payments on behalf of individuals or organisations as an intermediary
- giving change to individuals or organisations in exchange for the same funds in higher denominations
- holding funds on behalf of individuals, groups or organisations, like funds being held in a bank account
- withholding funds from employees' entitlements for payments of personal expenses or for deferred payment to the employee.

## 6. Financial handover

This is a transitional section of the FARMS manual. It has been developed so schools can familiarise themselves with the content and begin transitioning to meet the requirements, where necessary, prior to publication of the CE approved guidelines under section 112 of the Education Act. These new guidelines will have extra content that may be different from this transitional content based on feedback from users or changes to the operational or strategic environments of NTG schools.

## 6.1. Overview

Principals have custody of a school's financial and physical assets, which means they protect and keep the school's assets safe. Some of the school's assets are physical, like uniforms to sell to students, cameras for use in the classroom or the facilities and grounds. Other assets are financial and held in bank accounts or recorded in the school's financial records.

When a principal leaves a school for longer than 2 terms, the incoming principal takes custody of the assets. Both the outgoing principal and the incoming principal complete a financial handover statement that shows all the resources being handed over. This makes sure both the outgoing and incoming principals have a clear understanding of the resources that are changing custody.

If a principal is absent from the school, a suitable person needs to take custody of the school's assets to protect the assets and to manage emergencies if required.

Other employees at the school with financial and resource management responsibilities may have custody of school assets specific to their job. When they leave, these employees need to complete an exit checklist for school-based employees with financial and resource management responsibilities.

A financial handover makes sure there is a transparent and accountable record of school assets' custody. These requirements are on top of the usual induction and entry or exit procedures for NTG employees and school body employees.

## 6.2. School body responsibilities

School bodies must:

- note the completed financial handover document tabled by an incoming principal
- note the completed exit checklist for school employees with financial and resource management responsibilities tabled when these employees leave the school.

## 6.3. Principal responsibilities

### 6.3.1. General requirements

Principals must:

- maintain and store securely the key financial and resource management information document
- limit access to the key financial and resource management information document to the principal and the business manager
- make sure it is clear who the responsible officer is if the principal is absent from the school.

### 6.3.2. Temporary principal absences or where no principal is appointed

Principals must make sure it is clear who the responsible officer for school assets is if:

- the principal is temporarily absent from the school during the school term
- the principal is temporarily absent from the school community during term breaks
- the principal is leaving the school for 2 terms or more and there is likely to be a period when no principal is appointed to the school.

Principals must pass custody of the school's physical assets to the suitable person:

Department of **Education** – FARMS manual – transitional content

Please note: Some resources referenced within FARMS are still under development to be released in 2025

Published September 2024

Page 52 of 101

- for temporary absences from the school during the school term:
  - to a member of the school leadership team, including an onsite business manager. No handover documentation is required, but this person must be aware they have custody.
- for temporary absences from the school community during term breaks:
  - to a member of the school leadership team, including an onsite business manager. If there will be no members of the school leadership team in the community during the period, custody should be passed to the person nominated by the department's Regional Services division. The temporary school custody form must be completed and provided to Regional Services, which will hold a duplicate set of school keys.

When the principal is leaving the school for 2 or more terms, and it is anticipated a new principal will not be in the school or school community promptly:

- follow the procedure in this section's 10.3.2. Temporary principal absences or where no principal is appointed for temporary absences from the school community during term breaks, in addition to the outgoing principal requirements in 10.3.3. Outgoing principals.

### 6.3.3. Outgoing principals

If leaving the school for 2 or more terms, outgoing principals must:

- complete and submit the school financial handover statement to the nominated Regional Services person and provide a copy to the business manager
- sign and submit the key financial and resource management information document, as near as practical to the last day of duty at the school and submit the school financial handover statement to Regional Services and provide a copy to the business manager.

### 6.3.4. Incoming principals

If contracted for 2 or more terms, incoming principals must:

- verify the correctness of the information in the school financial handover statement, with the support of the school business manager, submit the statement within 2 weeks of commencement to the nominated person in Regional Services, and table the statement at the next school body meeting or provide to the school management council members if applicable
- if the outgoing principal did not complete the financial handover statement or keep the key financial and resource management information document current, consult with the nominated Regional Services person to determine a suitable way to complete the required information transparently.

### 6.3.5. School employee handover

Principals must:

- make sure the exit checklist for school employees with financial and resource management responsibilities is completed during their last week at the school and tabled at the next school body meeting
- make sure all school assets held in custody by the employee are returned to the school before they cease employment with the school.

## 7. Funding

This is a transitional section of the FARMS manual. It has been developed so schools can familiarise themselves with the content and begin transitioning to meet the requirements, where necessary, prior to publication of the CE approved guidelines under section 112 of the Education Act. These new guidelines will have extra content that may be different from this transitional content based on feedback from users or changes to the operational or strategic environments of NTG schools.

### 7.1. Overview

The Education Act and Education Regulations set out the governing arrangements for NTG school funding.

SRM funding comes from the NTG and the Australian Government. Schools have accountabilities under both the Education Act and the *Australian Education Act 2013 (Cth)*.

The department uses the SRM to calculate how much funding it provides to each school based on student needs. All SRM funding must be used by schools to match the school's student needs profile and improve outcomes. The SRM funding must be used in the year it's provided for that year's students. This may include committing some of these funds for future expenditure related to this cohort or longer term strategic projects.

SRM funds are provided to NTG schools in 3 ways. As:

1. SHF – managed by the principal with school body oversight
2. DHF – managed by the principal in accordance with the annual workforce plan
3. centrally held funds – managed by the department on behalf of individual schools .

The money of school bodies consists of:

- recurrent funding transferred to SHF from the school's DHF, including student needs-based funding model funds, facility funding, NUMR and targeted funding under section 110(1)(a) of the Education Act
- money raised from CE approved activities to be spent on or for the school under section 110(1)(b) of the Education Act
- other grants made to the school from the department under section 110(1)(c) of the Education Act.

For SRB where a multi-school management council or school management council has been established, the school management council manages the funds on the SRB's behalf. Go to Table 1: Financial and resource management functions by school body types in this FARMS manual's Introduction for more information.

This section explains the activities schools can do to raise money and whether additional CE approval is required, ownership and control of funds, and funding from sources other than the department.

### 7.2. Back to school payment scheme

BTS money is not school funding because the funds are provided to be distributed to parents. Parents use the funds to buy goods and services from the school, so the school's income from the sale of goods and services will increase.

### 7.3. Money raising activity requirements

All activities to raise money by NTG schools must meet the following requirements unless otherwise stated in writing by the CE:

- be consistent with community standards
- not reduce resources available to support students
- have a plan for how the funds raised will be spent before the activity happens and the money must be spent for the purpose it was raised, as stated in the Education Act, section 107(1)(l).

### 7.4. Applications for financial support

Schools may apply for additional financial support from the department where events have impacted the school's ability to maintain education programs. Schools must work with their financial improvement manager and SDE prior to submitting applications.

### 7.5. Chief Executive approved activities for schools to raise money

The CE approves school bodies to raise funds to be spent on or for the school through money raising activities. No extra approvals are needed for activities that comply with the pre-approved activities requirements. The CE reserves the right to assess specific activities on their merits and can rescind approval to proceed, even if the activity is listed in the CE approved activities.

CE approved activities for schools to raise money include:

- selling educational resources to members of the school community on a cost recovery basis. All costs should be considered when developing the sale price and the calculations documented. Cost recovery may include the purchase cost of the good or service, freight, administrative costs such as cleaning, packaging, and employee costs related to managing and selling the goods and services. Sales may include items and services such as uniforms, stationery, textbooks, student ID cards, year books, elective subject fees and subscriptions to educational software not used as part of the core educational program. School photos may also be sold by the school if the school has purchased photos from a supplier or has generated the photos in-house. Parents may purchase these resources using their BTS entitlement. Section 107(1)(m) of the Education Act relates
- selling items no longer required by the school, such as replaced IT equipment
- hiring out school facilities or property when they are not needed for school purposes for the benefit of the whole community. Section 107(1)(f) of the Education Act relates
- accepting voluntary parent contributions, including donations to the school, if the purpose for the use of the voluntary contributions has been determined before it's accepted. Section 107(1)(n) of the Education Act relates
- accepting voluntary contributions as a registered deductible gift recipient (DGR) for a school building fund for works consistent with NT requirements for school infrastructure, or a library fund. For more information about DGRs go to this FARMS manual's Taxation section
- accepting donations for a specific purpose of the school
- entering into grant agreements with other NTG agencies if the school body has the power to enter into the specific agreement. For more information about school body limitations of power to enter into agreements go to this FARMS manual's Accounting section
- running a school canteen for the school's students and employees

- fundraising events held on or off the school premises, including fetes, dances, concerts, other community events, and sales of food or other goods
- fundraising raffles and events where the total value of ticket or entry fees are \$5,000 or less
- holding or administering funds on behalf of others if either:
  - directed by the department
  - the funds benefit the students at the school
  - the funds further the school's achievement of its strategic or operational goals.

## 7.6. Chief Executive approval required for these activities for schools to raise money

Schools must have written approval from the CE to undertake any activities to raise money that are not listed in 11.5 Chief Executive approved activities for schools to raise money. Schools will need to apply for each individual activity, but in some cases, the CE may publish written approval that authorises more than one school to accept funds from a certain source or activity.

All activities that require CE approval must be discussed with the relevant SDE prior to being submitted to the CE.

### 7.6.1. Grants from external sources

Schools may be eligible to apply for funding or grants from sources other than NTG agencies. These include funds from other governments and philanthropic organisations. Written CE approval is required to accept funding from these sources. For more information go to this FARMS manual's Governance section

### 7.6.2. Fundraising raffles and ticketed events

For fundraising raffles and events where the ticket or entry fees are over \$5,000 there are other regulations that may apply to these events, in addition to the requirement for CE approval that are reviewed as part of the approval process.

### 7.6.3. Trading activities that are not pre-approved

Trading activities are activities that require the use of the school's ABN, generate profits and must adhere to other legislation, such as taxation.

Some trading activities are included in the CE pre-approved activities. The CE must approve on a case-by-case basis trading activities such as early childhood care, opportunity shops and OSHC.

Trading activities must:

- be approved and monitored by the school body
- benefit the school community
- operate as not-for-profit
- be identified in the financial records for all related income, expenditure, assets and liabilities
- be included in the school's annual financial audit.



Trading activities must not:

- adversely affect student's learning or the resources available to support them
- create unacceptable risks or potential liabilities to the school community, the school body, the department or the NTG.

## 7.7. Ownership and control of funds

All SHF in school body official bank accounts are held on behalf of the Minister for Education as stated in the Education Regulations, regulation 34(5). School bodies oversee and control these funds by approving SHF annual budgets and monitoring performance. The principal controls the everyday management of the SHF and the DHF.

SHF are used to run the operational aspects of the school, including facilities, teaching and learning programs, employing school body employees, professional development for employees, community and student engagement, and strategic school improvement.

School bodies own and control funds raised through CE approved activities and grants from the department under section 109 of the Education Act when the funds are held in bank accounts other than the school body official bank account, as allowed under regulation 34(6) of the Education Regulations. If the school body stops operating, or the school closes or becomes insolvent, these funds are held on behalf of the minister to distribute as determined by the minister.

There are also times when schools will administer funding on behalf of others but do not have control or ownership of the funds.

## 7.8. School body responsibilities

### 7.8.1. General requirements

School bodies must:

- meet their responsibilities for all SHF, including funds raised by the school, as detailed in this FARMS manual
- record motions passed at meetings to:
  - approve the fees to be charged for hiring school facilities
  - approve the voluntary contributions to be requested and how the funds raised will be spent
  - approve trading activities and how the funds raised will be spent
  - make sure goods and services used in the educational context are sold on a cost recovery basis, including any transport or administration costs. How the sales price is calculated must be documented
  - approve the goods and services that will be offered to parents to buy with their BTS funds
  - approve fundraising events and how the funds raised will be spent
  - approve all other activities to raise money and how the funds will be spent
  - approve future year reserves jobs.

School bodies must not:

- raise money from activities that are not approved by the CE.

## 7.9. Principal responsibilities

### 7.9.1. Department-held funds

Funds held for the NTG school in DHF are subject to the requirements of the *Financial Management Act 1995*, the *Procurement Act 1995* and the *Audit Act 1995*. The Treasurer's Directions also apply to these funds. These funds belong to the Minister for Education on behalf of the NTG.

Principals must:

- comply with the requirements for the use of NTG funds by agencies
- comply with their responsibilities for DHF detailed in this FARMS manual.

### 7.9.2. Recurrent funds transferred to school-held funds

Principals must:

- comply with their responsibilities for SHF detailed in this FARMS manual
- receipt recurrent funding in the official school bank account and retain in that account until:
  - it is expended for the purpose it was provided
  - it is transferred to a debit card account compliant with the debit card requirements. For more information go to this FARMS manual's Bank accounts section
  - it is transferred to a higher interest earning account, such as a term deposit
  - the principal is directed to transfer the funds to another school or agency account by the CE.

### 7.9.3. Money raised carrying out activities approved by the Chief Executive

Principals must:

- make sure money raising activities are approved by the CE before doing them
- make sure money held by the school on behalf of others is consistent with activities approved by the CE and money raising requirements
- recommend to the school body the fees to be charged for hire of school facilities, making sure all costs are covered by the hire fee, the user has suitable insurance, and the agreement is made in writing and has suitable terms and conditions to protect the school
- recommend to the school body an amount to be requested for voluntary contributions and how funds raised will be used.

### 7.9.4. Funds from sources other than the Department of Education

Schools may receive funding from sources other than the department if approved by the CE and the funding meets the money raising requirements.

Requirements principals must apply to accepting funds from other sources include:

- having internal controls in place to prevent the school generating or receiving funding that is not approved by the CE or not consistent with the money raising requirements
- making sure these requirements are in place before accepting funds from any source:
  - the funding or grant is CE approved
  - any funding or other agreements entered are in line with the limits on power to enter agreements
  - a copy of any funding or other agreement is kept in line with school record-keeping requirements. For more information go to this FARMS manual's Governance section
  - the funds received are correctly recorded in CiA. (For more information go to this FARMS manual's Accounting section)
  - the funding or grant is accounted for during the SHF budget preparation process and lines up with the school's improvement planning. For more information go to this FARMS manual's Budget management section
  - the funding or grant is spent in line with the funding or other agreement
  - all funding or grant agreement reporting obligations can be met.
- complying with the requirements for bonds, deposits held, trust monies and agency accounts detailed in this FARMS manual's Accounting section if funds are being held on behalf of others.

## 8. Procurement and expenditure management

This is a transitional section of the FARMS manual. It has been developed so schools can familiarise themselves with the content and begin transitioning to meet the requirements, where necessary, prior to publication of the CE approved guidelines under section 112 of the Education Act. These new guidelines will have extra content that may be different from this transitional content based on feedback from users or changes to the operational or strategic environments of NTG schools.

### 8.1. Overview

NTG schools use money from the government, known as public funds, to operate. Transparent and accountable practices in the use of public funds are essential to maintain the public's confidence that public funds are used responsibly. This is a higher level of scrutiny compared to private sector entities.

School bodies approve budgets, which authorise how the SHF should be spent. Procurement is a strategic process to source the goods and services approved to be purchased in the budget to make the best use of the school's funds. The procurement process maintains proper accountability and transparency for the use of public funds.

Expenditure management is a combination of processes to make sure the funds authorised to be spent in the budget are used for the goods and services procured. It includes ordering, taking delivery of goods, being invoiced and making payment.

Principals are responsible for the administration and control of the school's operations so are responsible for day-to-day expenditure management. School bodies oversee this. For large procurement activities using SHF, a school body member may be asked to participate in the process.

This section covers the procurement principles, procurement tiers and expenditure management.

## 8.2. Scope

Procurement and expenditure management by NTG agencies is regulated by the *Financial Management Act 1995*, and the supporting Treasurer's Directions, the *Procurement Act 1995* and the *Audit Act 1995*. This means that any funds spent from the DHF must comply with the requirements of these Acts. These requirements also apply when NTG schools use SHF when working with NTG agencies, such as for capital works and minor new works projects.

The Education Act, section 115, says that the *Financial Management Act 1995*, the *Procurement Act 1995* and the *Audit Act 1995* do not apply to school bodies. This means that funds spent from school-held bank accounts are not required to comply with the requirements of those Acts, except as described above. However, the model constitution for NT school bodies requires school bodies to ensure the effective, efficient and proper use of school funds and resources having regard to the principles of the *Financial Management Act 1995*, Treasurer's Directions, the *Audit Act 1995* and the *Procurement Act 1995*.

This section applies to procurement and expenditure management from SHF where NTG agency requirements do not apply. The principles of the *Procurement Act 1995* are particularly relevant to this section and have been considered in the requirements for expenditure management for school body funds.

The procurement process in this section does not apply where schools:

- provide funds or transfer assets to other NTG schools
- make payments for or relating to payroll, taxation, superannuation or workers compensation
- make payments for employee travel booked through a mandated system
- transfer funds between school body bank accounts
- do not have a choice of utility provider
- use SHF for school contributions.

## 8.3. Procurement principles

These procurement principles must be demonstrable considerations in all SHF procurement activities irrespective of value and risk:

- value for the Territory
- ethical behaviour and fair dealing
- open and effective competition
- enhancing the capabilities of Territory enterprises and industries
- environmental protection.

### 8.3.1. Value for Territory

Procurement expenditure that delivers procurement outcomes while meeting the NTG economic, social, environmental and cultural objectives is considered Value for Territory.

This means procurement expenditure must:

- clearly define procurement objectives and line up with the strategic objectives of the NTG, the department and the school

- adopt a value and risk approach to guide activities throughout the procurement lifecycle
- make sure procurement is open to competition and supports the participation of Territory enterprises
- assess responses based on fair and objective criteria and analysis
- balance price and non-price considerations
- make sure the people doing procurement activities have the skills needed for their accountabilities and responsibilities.

### 8.3.2. Ethical behaviour and fair dealing

Establish confidence in business, industry and the public on the probity, or honesty and decency, accountability and benefits of SHF procurement activities.

This means principals must:

- maintain probity, by being honest and decent, in all procurement activities
- implement and follow delegation and decision making frameworks
- consult stakeholders openly, regularly and effectively
- communicate clearly and consistently to business and industry on decisions, performance and complaints processes
- make sure procurement activities promote and enforce safe working standards and conditions.

### 8.3.3. Open and effective competition

Procurement activities foster a competitive and innovative business environment to drive opportunities for the NT.

This means principals must:

- communicate regularly with businesses and industry about school procurement activities
- adopt procurement practices that comply with local and international trade obligations and promote competition for the benefit of the NT
- collaborate with business and industry to ensure they have notice, opportunity and time to effectively participate
- adopt strategies that improve productivity, competitiveness, innovation and capacity building
- provide meaningful feedback to business and industry on responses, performance and competitiveness.

### 8.3.4. Enhancing the capabilities of Territory enterprises and industries

Procurement activities support the growth, development and sustainability of Territory enterprises and industries.

This means principals must:

- adopt procurement practices that develop the capability, capacity and sustainability of Territory enterprises and industries
- implement procurement strategies to improve Aboriginal participation

- collaborate with Territory enterprises and industries to provide upskilling opportunities to improve performance and competitiveness
- make sure businesses and government are connected across industries and regions
- adopt procurement practices that support and promote innovation in the Territory.

### 8.3.5. Environmental protection

Procurement activities promote the protection of the environment through harm-minimisation and sustainable practices.

This means principals must:

- ensure suppliers comply with environmental policies, strategies and legislation designed to protect the environment
- collaborate with potential suppliers to develop and implement environmentally sustainable approaches
- consider and mitigate the potential environmental impacts arising from NTG procurement activities
- avoid materials derived from threatened species or environments
- promote the development and acceptance of products and processes that have a low environmental impact.

## 8.4. Procurement tiers

Different procurement activities are required for different monetary values of procurement. If something will cost more, there will be a higher level of accountability. These levels are called procurement tiers.

Table 5: Procurement tiers for SHF

Tier	Description	Requirement
Tier 1	Supplies with an estimated value of less than \$15,000	Obtain at least one written quote or supplies may be directly purchased without a written quote where the supplies are low value and low risk, freely available off the shelf and can be purchased locally
Tier 2	Supplies with an estimated value of \$15,000 or greater but less than \$100,000	Obtain at least 3 written quotes showing that local enterprises have been considered where possible
Tier 3	Supplies with an estimated value of \$100,000 or greater but less than \$500,000	Public tender
Tier 4	Supplies with an estimated value of \$500,000 or greater but less than \$5 million	Public tender
Tier 5	Supplies with an estimated value of \$5 million or greater	Public tender

## 8.5. Expenditure management

Expenditure management processes include ordering, taking delivery of goods, being invoiced and making payment. These processes are detailed in the School expenditure management guidelines. The overall process will be the same for each school, but each school will have individual details related to their school. To allow for this, each school will have an individual expenditure management process document.

## 8.6. School body responsibilities

### 8.6.1. General responsibilities

School bodies must:

- monitor procurement activities for demonstrable evidence that they have considered the procurement principles and procurement tier requirements
- monitor school expenditure against budget
- approve individual school procurement procedures in line with the school procurement guidelines
- approve individual school expenditure management procedures in line with the school expenditure management guidelines
- approve individual school procurement delegations if they are in addition to the CiA delegations. Go to Table 2: Ci Anywhere school general ledger delegations in the Accounting section of this FARMS manual for more information
- declare and record any actual or potential perceived conflict of interest for specific procurement activities involving school body members and the actions taken to mitigate the risk. School body members must use the conflict of interest procedures applicable to them.

## 8.7. Principal responsibilities

### 8.7.1. General responsibilities

Principals must:

- keep records of evidence to demonstrate that there has been regard to the procurement principles during the procurement process
- comply with department's procurement delegations
- comply with the School procurement guidelines and School procurement procedure
- comply with the School expenditure management guidelines and School expenditure management procedure
- comply with the published CiA financial delegations for expenditure activities recorded in CiA.

Principals must not:

- undertake procurement activities that exceed their delegation.

## 8.8. School employee responsibilities

### 8.8.1. General responsibilities

School employees must comply with:

- procurement delegations in the school's delegations document
- the school procurement guidelines and school procurement procedure
- the school expenditure management guidelines and school expenditure management procedure
- the published CiA financial delegations for expenditure activities entered in the financial records system, unless higher level delegations are recorded in the approved school's delegations document.

## 9. Reporting

This is a transitional section of the FARMS manual. It has been developed so schools can familiarise themselves with the content and begin transitioning to meet the requirements, where necessary, prior to publication of the CE approved guidelines under section 112 of the Education Act. These new guidelines will have extra content that may be different from this transitional content based on feedback from users or changes to the operational or strategic environments of NTG schools.

### 9.1. Overview

Reporting supports decision making and meets compliance requirements. Reports can be someone providing information, providing data in a specific format, or extracting premade reports from a system like CiA.

School bodies need financial reports to perform their duties in line with the Education Act. Principals and school bodies review and analyse reports to make decisions about allocating resources and providing governance over school operations.

Principals also need reports to help them operate and manage the school. Principals must also make sure the school prepares and distributes reports to other users as required. Principals and school body members may also need to provide reports to others to meet their responsibilities.

This FARMS manual section explains the requirements and responsibilities for statutory reporting, mandated and optional school body reports, non-financial reporting and protecting information.

### 9.2. Statutory financial reporting

School bodies are registered Australian businesses and employers, so they have statutory, or legal, reporting responsibilities. The principal manages statutory financial reporting on behalf of the school body. This includes providing information to the ATO, superannuation funds, the department and employees of the school.

### 9.3. Reports available for school bodies

Many financial reports are available to school bodies. The mandated reports that must be provided to the school body give them the information they need to meet their financial management responsibilities. These mandated reports must be given to the school body members at least 3 days before the next meeting, unless the school body says they want to receive reports as soon as they are available.



Optional reports can also be provided to the school body. By recording a motion at a meeting, school bodies can choose to receive any of these reports, and when they want to receive the reports.

The school body may change this decision at any meeting of the year by passing a new motion. Motions to change reports will take effect for the next month or next meeting, whichever comes first. Motions about reports to be provided to the school body remain in effect until the next AGM unless changed.

### 9.3.1. Mandated reports that must be provided to the school body

Table 6: Mandated monthly reports that must be provided to the school body for the next meeting

Report	Details	Available
Monthly consolidated finance summary – CiA	Consolidated financial snapshot of the SHF and DHF prepared by the school	After day 10 of each month
School-held funds balance sheet – CiA	Overview of the SHF cash held, property and equipment, or school assets, and what is owed from the SHF, for example school liabilities	After day 10 of each month
School-held funds job budget variance – Executive Information Enquiry – CiA	Overview of how individual activities, or job codes, are performing against budget, including commitments such as outstanding purchase orders.  Detailed comparison or summary report available	After day 10 of each month

Table 7: Mandated annual or irregular reports that must be provided to the school body for the next meeting

Report	Details	Available
FARMS manual updates that affect school bodies	Updates to the FARMS manual	As released
Preliminary funding advice and final funding advice – MyBiz	Provides indicative funding for the next year so schools can prepare their draft budgets. The final funding advice for the year is provided when all student data has been finalised to be included in the SRM calculations so schools can review their budgets	Beginning of Term 4 of the current year. End of term 1 of the funding year
SH draft budget – CiA	Plan of expected SHF income for the year using preliminary DH funding for the next year, and how it will be spent throughout the year to meet the school's operational and strategic needs	By last meeting of the year
SH budget – CiA	Plan of expected SHF income for the year using final DH funding, and how it will be spent throughout the year to meet the school's operational and strategic needs	At first meeting after the AGM. When budget updates are proposed

### 9.3.2. Optional reports that may be provided to the school body

Table 8: Reports that may be provided to the school body if it requests them

Report	Details	Available
DHF Corporate expense report – MyBiz	Monthly year to date (YTD) and month review of the department-held, school managed funds' performance against budget	After day 10 of each month
SHF Individual job-specific cost report– CiA	In-depth analysis of selected job codes either YTD or by period	After day 10 of each month or as requested
SHF Profit and loss versus budget – CiA	Overview of income and expenses against budget. Can be shown as either YTD or by period	After day 10 of each month or as requested

School bodies may ask to receive customised financial reports in addition to the reports in Table 8: Reports that may be provided to the school body if it requests them. These types of reports can be time consuming to prepare, and the principal may decline to meet the request if it would create an unacceptable administrative burden.

It is recommended that the school body receives copies of the optional reports in the first or second meetings after the AGM. This will help them decide if they want to keep receiving the optional reports.

## 9.4. School body responsibilities

### 9.4.1. Review and analyse financial reports

School bodies review financial reports to understand how the school is performing during the year compared to the school body's approved financial plan – the budget. The reports also give a snapshot of the ongoing position of the school's finances, including how much cash is uncommitted. This can help school bodies to consider the long-term sustainability of the school's use of its resources.

School bodies must:

- review the school body financial reports to understand how the school is performing in the current year and if its resource use is sustainable
- pass a motion at a meeting to:
  - receive one or more of the optional reports that may be provided to school bodies
  - receive reports as soon as they are available
  - nominate how the reports will be provided, for example email or printed
  - alter or replace a previous motion passed at a meeting about reports provided to the school body.

It is recommended that school bodies, including finance committees, think about these questions when analysing financial reports. These questions help to find out if the school is on track and what may need adjusting:

- Does the school have enough cash to meet its current and future commitments?

- Is the spending in the year so far consistent with the ASIP and the department's strategy? Is the spending planned for future year projects consistent with these?
- Is there any uncommitted cash available that could be used to support the current students at the school in this year?
- Is there a big difference between the actual paid employees in the SRMMS compared to the submitted SRMMS plan and current scenario?

## 9.4.2. Non-financial reporting

School bodies and individual school body members have non-financial reporting responsibilities. Some of the main ones include:

- If school body members suspect improper conduct, they must report it under *the Independent Commissioner Against Corruption Act 2017*. For more information on how to report, go to the Office of the Independent Commissioner Against Corruption NT website.
- School body members must declare conflicts of interest as they arise.
- If school body members believe a child is being, or has been, harmed or exploited, they must report their concerns under the *Care and Protection of Children Act 2007*. For more information about mandatory reporting, go to the Department of Territory Families, Housing and Communities website.

To learn more about school bodies' non-financial reporting responsibilities, go to the Parent and community involvement in schools policy and Guidelines.

## 9.5. Principal responsibilities

### 9.5.1. Review and analyse financial reports

Principals review and analyse financial reports and relevant supporting information to monitor compliance and inform decision making about the use of school resources to achieve planned outcomes. These decisions are implemented to create school improvement.

Principals must:

- review all school body reports for accuracy and completeness and make corrections to the financial records if required
- help school body members understand the information in the reports to inform their decision making
- review any additional reports noted in the school finance monthly processes, school finance annual processes and school finance end of payroll year processes
- use reports to inform decision making in the use of school resources.

### 9.5.2. Prepare, distribute, and submit financial reports and acquittals

Principals must prepare reports for different audiences, including the school body and the department. Some reporting is mandatory statutory reporting, which the principal manages on behalf of the school body.

Principals must provide or submit the following reports or information to:

- the department:
  - monthly reporting by the due date in the school finance monthly processes
  - end of year reporting by the due date set in the school finance end of payroll year processes
  - signed audited financial reports as soon as possible after receipt, but no later than 31 March
  - end of payroll year reporting by the due date set in the school finance end of payroll year processes
  - preliminary, or indicative SRMMS budgets by 30 November
  - final SRMMS budgets by the notified date, usually early in Term 2
  - school annual report including audited financial statements prior to 31 March. For more information about school annual reports go to eLearn
  - provide acquittals as required by grant terms and conditions
  - ad hoc information requests as required
- School body:
  - the mandated reports that must be provided to school bodies as recorded in a resolution or at least 3 days prior to each meeting, or more frequently providing all monthly reports since the last meeting. This may result in more than one month's worth of data being provided
  - the optional reports that may be provided to school bodies if requested as recorded in a resolution
- SMC:
  - if a school management council is in place, its members receive the school body reports on behalf of the school bodies under it
- Delegates:
  - job cost and job transaction reports for jobs related to the delegation monthly when available
- DIPL:
  - urgent minor repairs (UMR) acquittals
  - reporting related to individual school projects
- Other funding bodies:
  - reports, acquittals and information as required by the funding agreements
- Financial statement auditors:
  - information required to complete the financial statement audit
- Employees:
  - pay slips containing the legislated information and within the required times
- ATO:
  - this FARMS manual's Taxation section contains information about statutory reporting for taxation
- Superannuation funds:
  - this FARMS manual's Taxation section contains information about superannuation reporting.

### 9.5.3. Non-financial reporting

Principals have non-financial reporting responsibilities, including:

- student progress, enrolment and attendance. Go to eLearn for more information on the NT assessment, reporting and data schedules
- school improvement strategies
- school surveys
- work health and safety
- conflicts of interest
- improper conduct
- age grade census
- nationally consistent collection of data reporting.

### 9.5.4. Protecting information

While Principals must distribute and publish certain financial information to keep the school and the community informed, they must also establish processes to protect personal or sensitive information.

## 9.6. Delegated officers' responsibilities

### 9.6.1. Review and analyse financial reports

Delegates must:

- review and analyse the listed reports for their area of responsibility, including:
  - CiA job cost
  - CiA job transactions
- request additional information if needed to determine if the area of delegation is performing as budgeted and the activities are occurring as planned
- take any actions within their delegation to make sure the area of delegation will perform within budget by the end of the activity and the required outcomes will be met, or
- discuss with the principal options for the area of delegation to be completed within budget and with the required outcomes.

## 10. School financial assurance

This is a transitional section of the FARMS manual. It has been developed so schools can familiarise themselves with the content and begin transitioning to meet the requirements, where necessary, prior to publication of the CE approved guidelines under section 112 of the Education Act. These new guidelines will have extra content that may be different from this transitional content based on feedback from users or changes to the operational or strategic environments of NTG schools.

## 10.1. Overview

Under the Education Regulations, NTG schools must maintain books of each account of the school body and make payments out of the account as authorised by the school body.

Regulation 36(d) of the Education Regulations requires each account of a school body to be audited by a person who is:

- member of the Institute of Chartered Accountants, Institute of Public Accountants or CPA Australia and
- appointed to audit the account by the school body or the CE and is not appointed to audit the accounts of the school body for a term of more than 3 years.

Regulation 36(f) of the Education Regulations requires the person who audits an account of the school body to prepare a written report – the audit, that includes:

- a statement of receipts, payments and balance on hand for the account
- any other information that is directed in writing by the CE to be included
- the report is presented to the next annual general meeting held in accordance with regulation 26(1)(b)

and

- a copy of the audit is sent to the CE as soon as practicable after the annual general meeting to which it is presented.

School financial assurance is a process performed by people outside of the school to review the school's financial data and confirm it accurately reflects the school's position. This type of review is normally called a financial audit.

A compliance audit examines how the school has complied with certain requirements.

School audits may be initiated by schools or the department.

The most common school initiated audits are end of school financial year audits of the total school finances and other financial audits to comply with grant requirements. Schools may also choose to initiate other audits to meet their needs.

The department may initiate school audits in response to:

- independent review recommendations, such as from the ICAC
- risks across all schools
- risks at individual or at groups of schools
- a scheduled program of school audits.

Most audits will look at school finances, but some audits may look at how schools comply with policies or legislation. The department uses different ways to choose schools for audits based on the audit's purpose.

Ways schools may be chosen include:

- random sampling
- previous audit results

- consultations
- data analysis
- value or volume of transactions.

This section overviews the requirements for compliance audits, annual audited financial reports and the appointment of auditors.

## 10.2. Compliance audits

A program of compliance audits for schools is being developed. School bodies and principals must participate in these audits as required.

## 10.3. School body responsibilities

### 10.3.1. Auditors

School bodies must select an auditor for their annual financial report audit from a list of authorised school auditors issued by the CE. The CE will determine the terms of the engagement. Contracts signed with non-authorised school auditors to audit the 2023 accounts will be honoured. If these contracts also contain agreements for auditing the 2024 and 2025 accounts these will also be honoured. Existing school auditors will be given an opportunity to apply to become an authorised school auditor.

School bodies must:

- select an auditor from the list of approved auditors nominated by the CE
- honour contracts signed with non-CE nominated auditors for the 2023 accounts audit and for 2024 and 2025 if the agreement was made at the time of the agreement for the 2023 accounts.

### 10.3.2. Annual audited financial report

When the audit is complete, the school body will receive a copy of the audited financial report, and the auditor will express an opinion about the report. Acceptable audit opinions are either:

- an unqualified audit report
- a modified audit report, where the qualification is based on the auditor's inability to express an opinion on the completeness of the school's cash records.

If the auditor provides a modified audit report with any other qualifications, the principal must seek support from SBS, whether the school body or principal agree with the auditor's findings or not.

School bodies must:

- review the audited financial report to confirm it is a true representation of the school's income and expenditure for the year and balance of each account on 31 December of the year
- check the audit opinion is acceptable
- review the management letter recommendations and monitor the principal's implementation of the recommendations.

## 10.4. Principal responsibilities

### 10.4.1. Auditors

The principal must:

give the auditor access to the required CiA reports, bank account records, supporting documentation, money held by the school, subsidiary ledgers such as Retail Manager, certificates, employment information and other information as the auditor thinks necessary in relation to the audit

- participate in audit tasks as instructed by the department
- direct school employees to support the auditor as required during any scheduled school visits
- attend entry and exit meetings with the auditor
- provide information, advice or explanation as the auditor thinks necessary in relation to the audit
- attempt to work with the auditor to resolve any issues prior to the AGM and if there is a disagreement or difference of opinion, promptly seek support from SBS
- seek support from SBS if the auditor has provided, or is likely to provide, an unacceptable opinion, whether the school body or principal agree with the auditor's findings or not
- distribute the audit report to school body members promptly once it is received and no later than 2 weeks before the AGM
- present the audited financial report at the AGM.

### 10.4.2. Annual audited financial report

Principals must:

- review the audited financial report to confirm it is a true representation of the school's income and expenditure for the year and balance of each account on 31 December of the year
- check the audit opinion is acceptable and if not contact SBS
- submit the audit report to SBS promptly after it is signed by the school body chair, or SDE for school management councils
- review the management letter recommendations, implement the recommendations unless otherwise advised by SBS, and keep the school body informed of progress in implementing the recommendations.

## 10.5. Auditor responsibilities

### 10.5.1. General responsibilities

The CE will provide written directions for authorised school auditors. The FARMS manual forms part of those directions. Annual financial report audit scope details and annual focus areas will be provided at an annual briefing. Directions for other audits will be provided as required.



Authorised school auditors must:

- perform school audits in compliance with the written directions provided by the CE under the Education Regulations, regulation 36(f)(ii)
- attend, or send a representative to attend, annual school audit briefings when advised
- maintain authorised school auditor status for the full period of the engagement.

Non-authorised auditors appointed prior to this FARMS manual section taking effect are encouraged to comply with the requirements of authorised school auditors and seek to become authorised school auditors.

## 11. Taxation

This is a transitional section of the FARMS manual. It has been developed so schools can familiarise themselves with the content and begin transitioning to meet the requirements, where necessary, prior to publication of the CE approved guidelines under section 112 of the Education Act. These new guidelines will have extra content that may be different from this transitional content based on feedback from users or changes to the operational or strategic environments of NTG schools.

### 11.1. Overview

School bodies are body corporates under section 106 of the Education Act and must comply with relevant Australian Government, state and territory taxation requirements for SHF. The principal manages the school's compliance with taxation requirements for SHF on behalf of the school body. Taxation matters related to the school's DHF are managed by the department and other NTG agencies.

This FARMS manual section briefly overviews the various taxation requirements of SHF for income tax, ABN, GST, fringe benefits tax (FBT), DGR, PAYG, business activity statements (BAS), fuel tax credits (FTC), superannuation, payroll tax and MyGov IDs in schools. It also explains where there are extra requirements to the relevant legislation.

The section is not intended to be a comprehensive guide to school taxation requirements. For detailed information on taxation information, refer to the ATO website and the other relevant legislation. A good overview of GST is available in the "GST for Schools guide" that was provided to all school business managers. Contact SBS if you need another copy.

Compliance involves record keeping, data submissions and payments:

- for each pay run processed
- monthly
- annually
- after the end of the financial year – 1 July to 30 June
- after the end of the FBT year – 1 April to 31 March.

### 11.2. Income tax

Schools are exempt from income tax because they meet the definition of a state or territory body in section 24AK of the *Income Tax Assessment Act 1936*. There is no income tax exemption certificate for this, so if schools need to provide evidence that they are exempt from income tax, they should quote

section 24AK of the *Income Tax Assessment Act 1936* and refer people to the ABN Lookup website, which identifies the school as a government entity.

## 11.3. School body responsibilities

### 11.3.1. Australian business numbers

ABNs are unique numbers used to identify business names and companies. When NTG schools are created, or gazetted, the school bodies are registered for an ABN as NTG entities registered for GST.

School bodies must not:

- have more than one ABN
- form or become a member of a corporation.

### 11.3.2. Goods and services tax

GST is a broad-based tax on most goods, services and other items sold or consumed in Australia. School bodies collect GST when they make sales with GST and pay GST when they purchase things with GST.

School bodies have options to not charge GST on their canteen sales or sales for specific fundraising events. These options are called input tax elections. If schools make an election or elections, they cannot claim back any GST on purchases they have made to make the sale. To make an input tax canteen election, the canteen must be run by the school body, not an external contractor.

Input tax elections can be made for individual fundraising events or for a series of similar events if there are 15 or fewer similar events. If there are more than 15 similar events, it is considered a normal part of the school's business and GST must be charged .

School bodies must:

- record motions passed at meetings approving input taxed fundraising event elections for individual fundraising events or groups of events if sales are to be treated as input taxed
- at the first or second meeting after the AGM:
  - record a motion passed at the meeting that a review of input taxed elections for canteen and fundraising events has occurred
  - record a motion passed at the meeting approving or revoking input taxed elections for canteens if the input tax election is changed.

### 11.3.3. Deductible gift recipients

Schools can apply to become DGRs for endorsed education categories, including school building funds and school library funds. This allows schools to receive income tax deductible gifts and donations for those purposes. Each year, schools that are registered DGRs need to assess their compliance with the DGR requirements.

School bodies must:

- at the first or second meeting after the AGM, record a motion passed at the meeting that an annual self-assessment of the school's DGR status and compliance has been performed and any change in DGR status

- provide general oversight for the school's compliance with DGR requirements by reviewing financial reports to determine if DGR funds have only been spent for DGR purposes and ask the principal questions where compliance is unclear.

## 11.4. Principal responsibilities

### 11.4.1. General responsibilities

As the operational leaders of their schools, principals make sure the school meets its statutory compliance requirements for SHF and DHF, including taxation obligations.

Principals must:

- make sure the school meets its statutory requirements for SHF
- make sure key employees are recruited with adequate knowledge to make sure the school complies with its statutory obligations
- make sure key employees remain up to date with legislative requirements relevant to the school's statutory obligations
- provide information as required by the department to support compliance with taxation requirements for expenditure from DHF.

### 11.4.2. Goods and services tax

Schools need to record GST collected and GST paid accurately and completely. There are specific rules relating to not-for-profits and NTG schools that need to be understood when recording GST. The main areas are:

- camps and excursions
- fundraising events
- school canteens
- food sales
- events and performances
- sale of capital assets
- sale of goods
- sale of uniforms.

Schools have been provided with a detailed electronic GST Guide for Schools. Contact SBS if you need another copy.

Principals must:

- comply with the GST law in every respect
- only pay on valid tax invoices, or invoices with a statement by a supplier not quoting an ABN
- support the school body to record a motion passed at a meeting to make an input taxed fundraising event election to treat a fundraising event, of 15 or fewer similar events, as input taxed if required
- support the school body to make an input taxed school canteen election to treat sales of food and beverage as input taxed if required, and revoke the election if required

- support the school body to review all GST input taxed elections at least annually at the first or second meeting after the AGM and record a motion passed at the meeting that this is has occurred.

### 11.4.3. Deductible gift recipients

Principals must:

- comply with the DGR requirements of the ATO
- annually assess their compliance with the DGR requirements for an existing registered DGR and report on compliance to the school body
- notify the ATO if a change in DGR status takes effect.

Principals must not:

- issue tax deductible school receipts for donations unless the funds are for the school's registered DGR
- issue tax deductible school receipts for donations that do not comply with the DGR endorsement requirements
- use funds received by the DGR fund for any purpose other than the endorsed purpose.

### 11.4.4. Australian business numbers

Principals must:

- update the school's ABN details through the Australian business register (ABR) as required. Updates are required if the school changes name, postal address or DGR status
- confirm that suppliers' ABN and GST statuses match the invoice through the ABN Lookup online tool prior to making payments
- withhold the proper amount of withholding tax from a payment against a completed statement by the supplier not quoting an ABN if there is reason to suspect the supplier should not complete the form.

Principals must not:

- let the school have a trading name. Any previous trading names must be deactivated on the ABR
- engage in transactions with suppliers without an ABN unless they provide a completed statement by the supplier not quoting an ABN and the school has no reason to suspect the supplier should not complete the form.

### 11.4.5. myGovID

MyGov and myGovID are different. MyGov is used for personal interactions with government and must not be linked to the school.

MyGovID is used for business interactions with Australian government and is provided to individual users. These users can link their myGovID to the businesses they need to. Schools need a number of people to link their myGovID to the school to make sure the school can add and remove linked myGovIDs as required, and always have the necessary access for the school to interact with the relevant Australian government systems.

MyGovID makes it possible to access online services for the school. Systems with myGovID links that may be relevant to NT government schools are listed and continue to expand:

- Relationship authorisation manager (RAM): an Australian Government authorisation service that allows users to act on behalf of a business online. CiA uses this system, and it is required to access online services for the school.
- Access manager: an ATO system used to customise access and permissions for ATO online services.
- ABR: allows users to update ABN details and manage authorisations.
- Employer support payment scheme: an online claim system for employers of reservists.
- Integrated revenue application (INTRA): a portal to lodge payroll tax to the Territory Revenue Office.
- InvoiceNTG: allows suppliers of the NTG to lodge invoices for online payment.
- Online services for business: a system for businesses to report and manage their tax and superannuation. This replaced the ATO Business portal.
- NT Vocational education and training (VET) portal - allows registered training organisations to submit VET activity.

Principals must:

- make sure the business manager and at least one other NTPS school or relevant corporate employee at a higher acting level than the business manager has their myGovID linked to the school, for example, the principal, assistant principal, regional services officer, bureau business manager
- determine if a third NTPS school or relevant corporate employee requires a linked myGovID. An officer at a lower level than the business manager can be linked to the school as a third person but must not be provided with myGovID administrator access.

#### 11.4.6. ATO online services for business

These services must be authorised through RAM using the myGovID. You will then be able to access the online services for the school.

Principals must:

- keep the ATO contacts up to date with a minimum of 2 registered contacts per school, preferably the business manager and principal. SMC and MSMC may want to add the SDE or a nominated regional services delegate
- check the balance of the school's ATO account details - Integrated client account at least monthly and take action to reconcile the balance if it is not zero.

#### 11.4.7. Fringe benefits tax

Fringe benefits tax is a tax paid by employers on certain benefits provided to their employees, or to their employees' families or other associates. A fringe benefit is like a payment to an employee, but in a different form to salary or wages.

FBT is paid by the department for fringe benefits provided to NTPS employees by the NTG, such as remote housing. The school must provide the department with FBT information if NTPS school employees

use school property that may be subject to FBT. School bodies must pay FBT for fringe benefits provided to any school body employee from SHF.

The FBT year is from 1 April to 31 March.

Minor fringe benefits are exempt from FBT. These are benefits of less than a specified amount that it would be unreasonable to treat as a fringe benefit. The more frequently and regularly a minor benefit is provided, the less it is likely that it will qualify as an exempt benefit. Keep records of private use of school property and all benefits provided that may be subject to FBT, even if these do not result in fringe benefits tax being payable.

### 11.4.8. Fringe benefits tax and vehicles

Some vehicles are NTG Fleet vehicles, and some vehicles are school vehicles. Care needs to be taken to make sure the appropriate records are kept for the type of vehicle and type of employee, as shown in Table 9: Fringe benefits tax for home garaging and private use of vehicles.

Table 9: Fringe benefits tax for home garaging and private use of vehicles

Vehicle	NTPS school employee	School body employee
NTG Fleet vehicle	FBT paid from DHF and reported to the ATO by the Department of Corporate and Digital Development (DCDD). Details are recorded through the Vehicle Booking System	FBT paid from SHF and reported to the ATO by the school. Details are recorded through the School Vehicle Booking Register
School vehicle	FBT paid from DHF and reported to the ATO by DCDD. Details are recorded through the School Vehicle Booking Register and provided to DCDD	FBT paid from SHF and reported to the ATO by the school. Details are recorded through the School Vehicle Booking Register

Principals must:

- comply with the FBT law in every respect
- make sure the required data is captured to report FBT
- budget for anticipated FBT expenses in the DHF or SHF as required
- conduct an FBT review quarterly
- register for FBT with the ATO if the school must pay FBT from SHF
- determine if providing the fringe benefit is a proper use of the school's funds or property prior to providing the benefit.

Principals must not:

- permit salary sacrificing arrangements with school body employees, other than before tax salary sacrifice for superannuation
- permit novated lease arrangements for school body employees to be managed through CiA.

### 11.4.9. Pay as you go

Schools collect PAYG withholding tax from school body employees to help employees meet their end of year tax liabilities and to meet ATO requirements. PAYG withholding may also apply to payments to contractors. The amount of PAYG withholding is determined by an employee's circumstances provided by the employee on their TFN declaration. Financial services in the department provides the ATO with the annual PAYG reports for all NTG schools from their SHF, recorded in CiA.

For more information, go to the ATO website.

Principals must:

- comply with the PAYG law in every respect
- make sure all employee information, including tax declarations, is maintained in CiA
- pay PAYG withholding by the due date.

### 11.4.10. Business activity statements

A BAS is a tax return prepared by a business to report a wide range of taxation obligations, including GST, FBT, PAYG and FTC. Schools use the BAS to report their monthly GST liabilities, quarterly FBT instalments and periodic FTC claims.

Principals must:

- lodge the BAS electronically through the ATO's online services for business within the required time
- lodge the BAS monthly
- lodge the BAS on a cash, not accrual, basis
- make sure any tax refunds are paid into the school's official bank account
- if a contractor is being used to prepare or submit the BAS on behalf of the school, ensure they are a registered BAS agent.

### 11.4.11. Fuel tax credits

Fuel tax credits provide schools with a credit for the fuel tax, or excise or customs duty, that is included in the price of fuel used in schools.

The credits are claimed on the BAS after a school is registered for fuel tax credits. The ATO website provides more detailed information on usage and eligibility.

Principals must:

- comply with the FTC law in every respect
- register the school with the ATO if they want to claim FTC.

### 11.4.12. Superannuation

All Australian employees over age 18 are entitled to have superannuation contributions paid from their employment. The SG is the minimum amount employers must pay. The SG is described as a percentage of an employee's ordinary time earnings. Funds are paid into eligible employees' chosen funds or their stapled superannuation fund if they have not made a choice of fund.

Superannuation details are entered into CiA when employees are established in the system, and payment of superannuation is initiated by the school each month.

If the SG is not paid to the right fund on or before the due date, schools must pay a SG charge.

Principals must:

- comply with the superannuation law in every respect
- monitor the operation of superannuation processing through the payroll reports
- pay the SG monthly
- lodge SG charge statement if an employee's SG has not been paid to the right fund on or before the quarterly superannuation dates – 28 October, 28 January, 28 April and 28 July
- pay any SG charges incurred.

### 11.4.13. Payroll tax

Payroll tax is an NT tax administered by the TRO. It is a tax on wages paid by employers with taxable wages more than the specified amount per month. There are specific definitions of what is classed as taxable wages and what is excluded. The rate is a percentage of the taxable wages, and the return is lodged monthly through INTRA, an online system accessed by a myGovID linked to the school. Payroll tax related to NTPS employees is managed centrally. Schools must pay any required payroll tax on school body employees from SHF.

Principals must:

- comply with the payroll tax law in every respect
- monitor the school's taxable wages to determine if payroll tax becomes payable
- register with the TRO and pay the required payroll tax if taxable wages are more than the required amount.

### 11.4.14. People required to link myGovID to the school

People required to link myGovID to the school must:

- create a myGovID and update their authorised list in RAM to access school online services as required
- update their authorised list in RAM to remove access to school online services when they're no longer at the school or are not required to maintain a linked myGovID.

People required to link myGovID to the school must not:

- allow personal myGov accounts to be linked to the school's BAS or other records.

## 12. HR for school body employees

Content under development.

Please go to the PAL for related information.



## 13. HR for Northern Territory public sector school employees

Content under development.

Please go to the PAL for related information.

## 14. Infrastructure

The information in this section is a summary of key responsibilities and does not replace the full requirements in the current policies and procedures.

An update to the policies and procedures in the school infrastructure handbook is currently underway. Once complete, it will be linked to this FARMS manual content on the PAL.

For more information on anything in this section, please contact the department's Infrastructure Planning and Investment branch (IPI) on [infrastructure.DET@education.nt.gov.au](mailto:infrastructure.DET@education.nt.gov.au).

### 14.1. Overview

All school buildings and facilities need regular inspections, maintenance and assessment of whether they are meeting the needs of the school community. Sometimes there will be a need for urgent repairs.

DIPL is the NTG's construction authority and is responsible for managing building and property maintenance needs for the department. Most infrastructure, building and property management needs of school facilities are covered by the work performed by DIPL. This includes:

- Capital works – infrastructure projects that create or improve government owned assets and the construction or installation of facilities and fixtures associated with, and forming an integral part of, those works, that are categorised as either:
  - major works – construction projects where the estimated value exceeds \$1 million – GST exclusive, regardless of the funding source
  - minor works – construction projects where the estimated value is \$1 million – GST exclusive, or less, regardless of funding source.
- Capital works can be school managed, but because of the significant regulatory and compliance requirements, it is preferred that DIPL manages infrastructure projects that require a building permit or would if they were undertaken in a building control area, a consent to construct as a result of being on Aboriginal land, or for the purposes of constructing play equipment requiring compliance with relevant Australian standards.

DIPL can provide project-specific advice and recommendations.

- Repairs and maintenance (R&M) – works to maintain existing assets in working condition or to keep an asset functioning at its required capacity. This excludes works that enhance the asset significantly or extend its useful life. Repairs and maintenance works can be:
  - unforeseen maintenance or UMR – unforeseen works that cannot be predicted to occur at a given point in time and must be actioned immediately for health, safety or security reasons. Go to the DIPL Repairs and maintenance list for more details on types of repairs. UMR works can be DIPL managed or school managed.
  - CM – regular recurring preventative or statutory maintenance to ensure a critical asset will not break down. CM undertaken on mechanical, for example air conditioning plant or fire detection

systems and equipment and electrical systems is managed by DIPL. Some other CM is managed by schools, like CCTV, tree assessments and playground inspections.

- SM – maintenance works to restore or keep the integrity of an asset to a good operational condition. SM is usually DIPL managed because it often requires statutory compliance and a range of approvals
- disaster maintenance – maintenance works undertaken because of a natural disaster or unforeseen event causing major damage or destruction. Immediate repairs to secure and make safe are undertaken and are DIPL managed.

The department's IPI also supports schools to navigate and access eligible funding programs, including funding programs managed by DIPL. Some programs include:

- NUMR – minor maintenance and general repairs conducted by schools that is necessary to prevent damage or degradation to school infrastructure. DIPL is not involved in NUMR. Funding for NUMR is sent to SHF each year. Go to the DIPL Repairs and maintenance list for more details on types of repairs
- government employee housing (GEH) – provides remote housing for eligible employees living and working in approved remote locations. Territory Families, Housing and Communities (TFHC) manages GEH and coordinates allocation, maintenance, refurbishment and security upgrades
- domestic furniture for remote employees in GEH. The Domestic furniture for government employee housing policy and guidelines shows processes to obtain and replace domestic furniture
- furniture, fittings and equipment (FFE) – are coordinated through IPI, and funding may be approved to purchase non-consumable curriculum and office or classroom equipment for new and refurbished capital works projects.

## 14.2. School body responsibilities

### 14.2.1. General responsibilities

School bodies must:

- under section 107(d) of the Education Act, assess the school's needs for buildings and facilities and provide recommendations
- approve the use of SHF for capital works and NUMR
- approve the use and conditions of use of school facilities for the benefit of the school community when they are not required for school purposes, in line with section 107(f) of the Education Act. For more information go to this FARMS manual's Funding section
- exercise general control over the buildings and grounds of the school, including, with CE consent, control of any terms and conditions approved in writing by the CE, and the conduct of work carried out in or on them, as stated in the Education Act, section 107(g)
- have demonstrable regard to the NTG procurement principles during procurement activities
- comply with this FARMS manual's procurement and expenditure management requirements and project management requirements, such as delivering the project in line with its scope and allocated funding.

## 14.3. Principal responsibilities

### 14.3.1. Capital works – major

Principals must:

- consult with the department for major works proposals identified through strategic plans or the master planning process
- support school bodies to approve future year reserves from SHF for major capital works
- contribute to project planning, design and construction through formal project management processes.

### 14.3.2. Capital works – minor

Principals must:

- identify and submit bid applications for minor capital works to improve or upgrade school buildings and facilities
- consult with the relevant Senior Director Education to ensure proposed minor work bids align with the department's strategic plans
- consult IPI and gain department approval, via DIPL, on minor works projects before proceeding with any work that is school or DIPL managed
- support school bodies to approve future year reserves from SHF for minor capital works.

### 14.3.3. Repairs and maintenance

DIPL's Delivery Maintenance team should be the first contact for schools in Barkly, Big Rivers, excluding Katherine, and East Arnhem regions. For repairs and maintenance listed under school managed UMR, schools in these areas can engage directly with local contractors in community, provided the nature of the repairs is within the prescribed thresholds for UMR.

Principals must:

- refer to the DIPL Repairs and maintenance list to confirm whether it's DIPL's or the school's responsibility for the repair and maintenance type
- report DIPL managed UMR needs to DIPL
- coordinate and pay for school managed UMR through SHF
- submit UMR acquittals to be reimbursed for UMR expenditure in the required times
- fully use NUMR annual funding for the allowed purposes
- coordinate ongoing operational maintenance for school buildings, which are either managed through SHF or through DHF, using government panel contracts. Ongoing operational maintenance responsibilities of schools include:
  - cleaning and waste management services
  - grounds and tree maintenance
  - fire and emergency procedures
  - indoor air quality

- termite and pest control
- playground compliance and inspections.

#### 14.3.4. Government employee housing

Principals must:

- work with Regional Services division's School Operations team to make sure there is GEH available for remote NTPS school employees
- assist with coordinating GEH access and lease signing.

For more information about GEH go to the TFHC website.

#### 14.3.5. Government employee housing domestic furniture

Principals must:

- make sure GEH dwellings are suitably furnished and maintain a register of the GEH furniture assets in houses used by school employees
- work with IPI to identify furniture needs, provide furniture condition reports, and purchase and acquire furniture items
- seek quotes following department procurement guidelines for repairs or maintenance to domestic furniture for GEH and provide details to IPI
- purchase or arrange IPI-approved purchases or repairs
- request reimbursement through IPI for repairs and purchases.

#### 14.3.6. Furniture, fittings and equipment

Principals must:

- identify FFE needs to optimise space utilisation, enhance resource management and create flexible teaching areas
- work with IPI for FFE requirements.

### 14.4. School employee responsibilities

#### 14.4.1. General responsibilities

NTPS school employees and school body employees must:

- report R&M and UMR needs as required
- support principal enquiries for applications for capital works, minor and major, FFE and operational maintenance
- comply with GEH policies if applicable.

## 15. Acronyms and definitions

These acronyms and definitions are used throughout the FARMS manual.

### 15.1. Acronyms

#### A

Acronym	Full form
AASB	Australian Accounting Standards Board
ABN	Australian business number
ABR	Australian business register
ADI	Authorised deposit-taking institution
AGM	Annual general meeting
ASIP	Annual school improvement plan
ATO	Australian Taxation Office

#### B

Acronym	Full form
BAS	Business activity statement
BTS	Back to school payment scheme

#### C

Acronym	Full form
CE	Chief Executive Officer of the Department of Education
CFO	Chief Financial Officer of the Department of Education
CiA	Ci Anywhere
CM	Cyclical maintenance
COB	Close of business
Cth	Commonwealth

#### D

Acronym	Full form
DCDD	Department of Corporate and Digital Development
DGR	Deductible gift recipient
DH	Department-held
DHF	Department-held funds
DIPL	Department of Infrastructure, Planning and Logistics

## E

Acronym	Full form
EIA	Explicit improvement agenda

## F

Acronym	Full form
FARMS	Financial and resource management for schools
FBT	Fringe benefits tax
FFE	Furniture, fittings and equipment
FTC	Fuel tax credits

## G

Acronym	Full form
GAS	Government accounting system
GEH	Government employee housing
GST	Goods and services tax

## H

## I

Acronym	Full form
ICAC	Independent Commissioner Against Corruption
INTRA	Integrated Revenue Application
IPI	Infrastructure Planning and Investment branch of the Department of Education
IPS	Independent public school

## J

## K

## L

## M

Acronym	Full form
MSMC	Multi-school management council

## N

Acronym	Full form
NT	Northern Territory
NTG	Northern Territory Government
NTPS	Northern Territory public sector
NUMR	Non-urgent minor repairs

## O

Acronym	Full form
OSHC	Outside school hours care

## P

Acronym	Full form
PAL	Policy and advisory library
PAYG	Pay as you go

## Q

Acronym	Full form
QECNT	Quality Education and Care NT branch of the Department of Education

## R

Acronym	Full form
R&M	Repairs and maintenance
RAM	Relationship authorisation manager

## S

Acronym	Full form
SDE	Senior director education
SG	Superannuation guarantee
SH	School-held
SHF	School-held funds
SM	Specific maintenance
SMC	School management council
SRB	School representative body
SBS	School Resourcing Improvement and Services team of the Department of Education
SRM	School resourcing model
SRMMS	School Resourcing Model Management System

## T

Acronym	Full form
TFHC	Department of Territory Families, Housing and Communities
TFN	Tax file number

## U

Acronym	Full form
UMR	Urgent minor repairs

## V

Acronym	Full form
VET	Vocational education and training

## W

## X

## Y

## Z



## 15.2. Definitions

### A

Term	Definition
Accrual accounting	A method of recording information in the financial records when a transaction or event occurs, even if cash has not changed hands
Accrued expenses	Liabilities, or debts, to pay for received good or services that have not been invoiced by the supplier
Age grade census	An annual national census that provides a snapshot of student and employee data in schools. It is a requirement for NTG schools to provide this information to the Australian Government under the <i>Australian Education Act 2013 (Cth)</i> , section 77(2)(f)
Annual general meeting	A meeting required by school body constitutions with specific actions that must occur at the meeting
Annual planning scenario	A tool in the SRMMS used by principals to plan for the funding year
Annual school improvement plan	A plan developed by the school each year with identified goals, targets and strategies to improve students' outcomes and achieve the longer term EIA
Assets – financial	Financial resources controlled by the NTG school because of past events from which future economic benefits are expected to flow. School-held financial assets are recorded in CiA financial records. Some NTG school financial assets are held on behalf of the minister, and some may be owned by the school body
Assets – physical	<p>NTG school physical assets are school-held tangible items. If the physical item meets certain recognition criteria, it must be recorded as an asset on a balance sheet. NTG school physical assets that do not belong to the school body must be recorded as NTG assets such as school land and buildings. Treasurer's Direction A2.2 Property, plant and equipment relates. Other assets will be recorded on the school body balance sheet in CiA as plant and equipment if they meet the recognition criteria for assets in the FARMS manual Accounting section.</p> <p>Assets recorded in CiA or in a school-held asset register may belong to either the school body or be held on behalf of the minister, depending on the source of the funds used to purchase the assets</p>
Audit	An official inspection of the school's accounts or compliance with policy
Auditor	A person who performs an official inspection of accounts or compliance with policy
Australian Accounting Standards Board	The AASB is an Australian Government agency that develops and maintains financial reporting standards applicable to entities in the private and public sectors of the Australian economy
Australian business number	A unique number used to identify Australian business names and companies
Australian business register	An online system to allow users to update ABN details and manage authorisations
Australian Government	The government of Australia at the federal level. Note: also known as Commonwealth when referencing national legislation

Term	Definition
Australian Taxation Office	The Australian government's main revenue collection agency
Authorised deposit-taking institution	A body corporate that has an authority to carry on banking business in Australia as defined in Part I and section 9(3) of the <i>Banking Act 1959</i>

## B

Term	Definition
Back to school payment scheme	An NTG initiative to assist families with certain school related costs at the beginning of the school year
Benchmark funds	School-held cash funds to the value of one month operational expenditure from the previous year, kept uncommitted as a risk-mitigation strategy
Benefit	Like a gift in that it is valuable to the receiver, but it is usually less tangible. Benefits can include preferential treatment, privileged access to confidential information, favours, discounts and loyalty programs, a new job or promotion or promises of a new job or promotion.
Business activity statement	A report of tax information for a defined period provided to the ATO
Business manager	A department employee who is a member of the school leadership team and responsible for supporting the principal in school business matters, particularly financial management and record keeping, statutory compliance and management of non-teaching employees and facilities, including safety and emergency management. Includes school and bureau-based business managers. Some schools may have more than one employee working in business manager roles with different titles, and larger schools may have more than one NTPS employee that would be considered a business manager. Other titles include operations manager, finance manager and administration manager. This role is also sometimes referred to as the registrar

## C

Term	Definition
Calendar year	The year used by schools as their financial reporting year: 1 January to 31 December
Capital works – major	Works undertaken to create a new asset or space, or to change the use, function or layout of an existing asset or space where the project value exceeds \$1 million, GST exclusive
Capital works – minor	Works undertaken to create a new asset or space, or to change the use, function or layout of an existing asset or space where the project value is under \$1 million, GST exclusive
Cash assets	All bank accounts, undeposited funds, floats or petty cash, term deposits, advances and investments
Cash benchmark	The average of one month of the school's previous 12-month operational expenditure, excluding any capital, or depreciation expenses, to be retained as uncommitted funds when budgeting

Term	Definition
Cash benchmark – adjusted	An adjusted cash benchmark approved by the school body.
Cash received	Cash that is received into SHF and managed by schools and school bodies
Chart of accounts	An index of every type of account in an accounting system, which helps to organise transactions for reporting
Ci Anywhere	Software used to record information relating to school body resources, managed by the department
Cluster funding	Used to describe funding provided to a school or schools by the department to be spent on behalf of several schools or distributed to several schools
Conflict of interest	A situation where a conflict arises for a person or group between competing interests. These are often, but not always, interests of public duty versus private interests and can be reasonably perceived, potential or actual conflicts of interest
Constitution	A school constitution is the set of rules that define how the school is governed
Contract	A legally binding agreement reached between 2 parties, which the courts have the authority and obligation to enforce
Creditors	Liabilities to pay for goods or services that have been received and invoiced or formally agreed with the supplier

## D

Term	Definition
Debtors	Amounts owed to a school that remain uncollected at the end of a reporting period
Deductible gift recipients	Organisations that have registered to be able to accept tax deductible donations for specific purposes and to meet certain requirements of the registration
Delegated officer	The person authorised in the school's delegations document to perform specific functions
Delegation	When someone who has authority and responsibility for a specific task officially appoints another person with the authority and responsibility for that task. That person has delegation to perform that task
Department-held budget	The budget submitted by the principal in the SRMMS for the use of the NTG school's DHF
Department-held funds	Most of the funding under the school SRM, managed by principals and held in the department's Government accounting system (GAS) ledger
Depreciation	A way to reflect the decline in value of an asset

## E

Term	Definition
Eligible student	For the BTS payment scheme, a student enrolled in an eligible school, including NTG schools or NT non-government schools established under the Education Act
Equity	What is left if you take away the total liabilities from the total assets

Term	Definition
Explicit improvement agenda	A plan for school improvement based on the recommendations received following a school review

## F

Term	Definition
Facility funding	Funding given to schools for facility operational costs, previously known as Fixed other funding
Final funding	The final annual funding under the SRM calculated for schools in Term 1 of the funding year
Finance leases	A legally binding agreement where regular payments are made to permit the use of an asset, and a final residual payment at the end of the contract transfers ownership of the asset
Financial year	For SHF recorded in CiA, the financial year is 1 January to 31 December. The payroll year and financial year for the department is 1 July to 30 June. Even though schools' DHF are subject to the department's financial year, they are managed to line up with the SHF financial year
Fringe benefits tax	A tax employer's pay on benefits paid to an employee, or their associate, such as a family member, in addition to their salary or wages to comply with the <i>Fringe Benefits Tax Act 1986</i> (Cth)
Fringe benefits tax year	1 April – 31 March. Used as the reporting period for fringe benefits tax
Fuel tax credits	Money spent on fuel can be claimed back as credits in the circumstances under the <i>Fuel Tax Act 2006</i> (Cth)
Funding agreement	An agreement where financial assistance is provided by a funder to help achieve the recipient's own organisational goals in a document that outlines the terms, conditions, obligations and accountability of the funder and the recipient
Fundraising	Activities approved by the CE for raising money to be expended on, or in relation to, the school
Furniture, fittings and equipment	Non-consumable curriculum, office or classroom specific equipment for new and refurbished capital works projects. These are physical assets. FFE belong to the NTG unless they meet the criteria for ownership by the school body
Future year projects	Jobs used as a 2 to 5 year savings goal for a particular project that allows identified approved funds to be carried forward into future year reserves. Also called reserves jobs
Future year reserves	SHF identified to be spent in future years. These are identified as R jobs in CiA

## G

Term	Definition
<i>Gazette</i>	A publication that records the business and proceedings of the NTG and is authorised to publish public or legal notices

Term	Definition
General ledger	A record of financial transactions, including income, expenditure, debts owed, and assets owned
Goods and services tax	A general consumption tax legislated by <i>A New Tax System Goods and Services Tax Act 1999</i> (Cth)
Government employee housing	Housing provided to eligible employees where there is a limited or non-existent rental market
Government school	A school declared by government Gazette notice as a government school under the Education Act, section 73(1). This includes schools that have been declared independent public schools by the Education Act, section 74 (1)
Guarantee	Taking on the responsibility for another's debt or contractual performance if that other person does not pay or perform

## H

Term	Definition
Housing	See Government employee housing

## I

Term	Definition
Indemnity	Agreeing to compensate, protect or insure another person or entity against future financial loss, damage or liability
Independent public school	A government school designated by Gazette notice as a school that has greater autonomy to provide education to children and young persons in the community it serves. The Education Act, section 74(2) relates
Infrastructure Planning and Investment	A branch in the department to support schools to navigate and access eligible funding programs, including funding programs managed by DIPL and TFHC
Input tax elections	Documented choices schools may make about certain transactions being treated as input taxed
Input taxed	As defined in section 9.30 of the <i>A New Tax System Goods and Services Tax Act 1999</i> (Cth), this refers to there being no entitlement to an input tax credit for the things that are acquired or imported to make the supply
Integrated client account	The ATO records of interactions with clients
Integrated revenue application	An online system used by the NTG for employers to pay any payroll tax
Internal controls	A set of activities that are included in normal operating procedures to look after assets and minimise errors

## J

Term	Definition
Job codes	Codes in CiA used to identify specific activities at the school such as the canteen. They are like cost centres in GAS
Joint school representative body	A type of school representative body for more than one government school, as stated in the Education Act, section 103(4)(c). Joint school representative bodies do not have all the functions of other school representative bodies. Details are under section 107(2) of the Education Act
Journal	Noun – a transaction recorded in an accounting system like CiA or GAS Verb – to transfer funds in an accounting system by manually creating a journal

## K

## L

Term	Definition
Liabilities	Present obligations of a school that arise from past events

## M

Term	Definition
Mandatory reporting	Reporting that must be made under specific circumstances in the <i>Care and Protection of Children Act 2007</i> and the <i>Independent Commissioner Against Corruption Act 2017</i>
Material	There are many different definitions of material which are used in different situations. For keeping school body financial records and reporting, a transaction or financial record can be considered material if, due to its nature or size, it could reasonably be anticipated to influence decision making. Material will vary by school
Minister	The Minister for Education in the NTG
Motion	A formal proposal to do something, order something to be done or express a particular opinion that a school council considers, discusses and votes on. Once a motion is passed, it becomes a resolution
Multi-school management council	A school body established under the Education Act, section 118(1)(b)
MyBiz	A reporting site for schools managed by the NTG to provide principals and business managers with key performance and management reports for their school
MyGov	A system used by the Australian Government for individuals to interact with government
MyGovID	A system used by the Australian Government for individuals to interact with government

## N

Term	Definition
Natural account numbers	Specific numbers used to name different assets, liabilities, equity, income and expenses in CiCiA
Nominal Gift	An item given or offered during a business relationship and includes token gifts, that is often mass produced like, pens, cups, mugs, calendars, stationery, or items with company logo on them.
Non-urgent minor repairs	General or minor repairs
Northern Territory Public Sector (NTPS) employee	An employee under NTPS employment conditions and subject to the <i>Public Sector Employment and Management Act 1993</i> . Employment may be ongoing or permanent, fixed term contract or temporary, or casual
Not-for-profit	Where the main objective is not the generation of profits. The AASB's Not-for-profit entity standard-setting framework – October 2020 provides more information. Not for profit school body activities may make a profit, but any profit made must be used towards the purposes of the activity or the NTG school as a whole

## O

Term	Definition
Official bank account	A bank account required to be opened by all school bodies in the name of the school body by regulation 34(1) of the Education Regulations
Operating lease	An agreement where regular payments are made to permit the use of an asset, without transferring ownership at the end of the lease
Operational costs	May include general non-employee related expenses such as printing, stationery, computers and Microsoft Office licences
Optional projection scenario	School initiated projection scenario in the SRMMS to adjust the proposed cash to be transferred to SHF in response to budget adjustments
Other bank accounts	Bank accounts that school bodies may open with the approval of the CE that are not official bank accounts created under section 34(1) of the Education Regulations
Outside school hours care	A program of care for children outside standard school hours

## P

Term	Definition
Parent	A child's father, mother or any other person who has parental responsibility for that child, including a person who is regarded as a parent of the child under Aboriginal or Torres Strait Islander customary law or tradition. The definition of a parent does not include a person standing in place of the parent on a temporary basis

Term	Definition
Parent consultative group	A group established under section 116 of the Education Act. Principals must establish a parent consultative group when a school management council exists. A parent consultative group is unincorporated and acts as an advisory group to the principal, rather than as a decision making group. It does not have financial powers and responsibilities, which are instead carried out by the school management council
Pay as you go	The tax required by the <i>Taxation Administration Act 1953</i> (Cth) for employers to withhold from their employees' pay to send to the ATO
PayID	A payment platform for instant payment transfer linking a mobile phone or email address to a bank account
Preschool	Quality early childhood education delivered for a minimum of 15 hours per week, 600 hours per year, as part of a school
Principal	The department employee responsible for the leadership, operation and management of the school. Performs the functions of the accountable officer and the executive officer for the school body
Private use	Use of resources for private reasons, not reasons determined by employment or professional responsibilities
Procurement	A strategic process to line up resource use with strategic goals and maintain proper accountability and transparency for the use of public funds. The procurement process includes the transactional purchasing process
Projection scenario	A tool within the SRMMS used by principals to manage their school budget throughout the year
Provisions	Funds set aside to cover probable future expenses
Purchasing	A transactional process to approve and pay for goods and services

## Q

## R

Term	Definition
Real property	Land and anything attached to the land
Recognise	Used as an accounting term where a transaction meets criteria to be recorded in financial records
Recurrent funding	Funding transferred to SHF from the school's DHF. May include SNBFF funding, facility funding, students with disability funding and targeted funding
Registered BAS agent	A provider permitted to provide tax agent, BAS and tax or financial, advice services as they are registered with the Tax Practitioners Board
Repairs and maintenance	Works undertaken to keep an asset in working condition
Reporting categories	Tags against specific jobs in CiA to help reporting related jobs
Reserves jobs	Jobs used as a 2 to 5 year savings goal for a particular project that allows identified approved funds to be carried forward into future year reserves. Also called future year reserves



Term	Definition
Resolution	A confirmed decision, supported by a majority of votes of members present at a school body meeting, and acts as a binding decision of a school council. A resolution must be recorded in the minutes
Revenue	Income generated by grants, donations, sales of goods and services and other operations of the school
Risk management	Applying judgement, experience and competence to determine the suitable levels of assurance in a situation

## S

Term	Definition
School	A government school or non-government school as defined under the Education Act, section 5
School body	The Education Regulations, regulation 21, defines a school body as a school representative body, school management council or a multi-school management council. School representative bodies are established by the minister under the Education Act, section 2, and include independent public school boards, school councils, and joint school representative bodies. The Education Regulations definition of school bodies is used in the FARMS manual as a more inclusive term than school representative bodies
School body employee	An employee engaged by a school body
School budget	School's proposed use of school resources
School Business Services	A Financial Services team in the department providing direct support to schools in financial and resource management
School community	School-based department employees, school body employees, parents, carers, students and other persons who have a direct involvement or interest in the school
School contribution	Funds transferred from SHF to DHF
School council	A school representative body for any government school other than independent public schools as referred to under section 103(4)(b) of the Education Act
School employees	NTPS school employees and school body employees
School-held budget	The school body's approved budget for the SHF
School-held draft budget	A budget for the SHF of a school, endorsed by the school body at the end of the previous year and evolving until the SH budget is approved by the school body after the annual DHF are finalised for the year
School-held funds	Funds held in school body bank accounts managed through CiA. Funds may be held on behalf of the minister, held on behalf of other parties, or owned by the school body. Education Regulations, regulation 34(4), states requirements for school bodies to deposit money in official bank accounts

Term	Definition
School improvement plan	A plan for an individual school's improvement
School leadership	The principal and others in school leadership roles supporting the principal in implementing educational and resource management. Usually includes assistant principals and business managers, and may include others such as faculty heads
School management council	A school management council established under section 118(1)(a) of the Education Act
School number	A unique 3 digit number used to identify schools in CiA. The number is the organisation ID defined in the Education directory and used by the department's data warehouse
School per student rate	Unique per student rate for each school based on student needs
School property	Property that is owned or leased on behalf of the school by the minister, and property that is owned or leased by the school body
School representative body	As defined in Part 2, Division 2 of the Education Act and Part 5 of the Education Regulations. There are 3 types of school representative bodies: school council, independent public school board, and joint school representative body
School resource and governance framework	Provides the requirements for school business operations, school body constitutions, policies, procedures, and guidelines and tools to support compliance
School resources	Resources used or managed by the school including school managed funds, the school workforce, school assets, and school infrastructure
School resourcing model	The funding model used by the department to resource schools
School resourcing model management system	The system used by school leadership to plan and monitor their annual use and allocation of resources received through the SRM
School review	A review conducted in all NTG schools every 4 years as an opportunity for the school to review and reflect on its current practice, areas for improvement and evidence of progress made towards improving the quality of teaching and learning and student outcomes
Senior director education	A regional position in the department who is the line manager of school principals in that region
Senior director school operations	A position in the department who manages school operations

Term	Definition
Standard curriculum program	The provision of teaching and learning activities, instructional support and instructional materials for delivery of the following: <ul style="list-style-type: none"> <li>the Early Years Learning Framework</li> <li>the Australian Curriculum</li> <li>the senior secondary NT Certificate of Education and Training</li> <li>VET</li> </ul>
Stock on hand	School assets that are kept for sale in the ordinary course of school business, such as school uniforms and stationery
Students with disability	Children, students or learners who require special assistance or adjustments and support because of cognitive, physical, social, emotional or sensory impairment that impacts their ability to participate in education on the same basis as their peers. Also refers to the funding provided to support these students
Substantial gift	A gift of considerable value that is worth more than \$100
Superannuation	Money put aside by a person's employer over their working life for them to live on when they retire from work
Superannuation guarantee	The minimum amount of superannuation employers must pay for employees to avoid the super guarantee charge under the <i>Superannuation Guarantee (Administration) Act 1992</i> (Cth)
Supply	As defined in section 9-10 of the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth), any form of supply whatsoever including, but not limited to, a supply of goods and services

## T

Term	Definition
Targeted funding	Additional funding allocated to schools to address areas of student need outside of the SNBFF or for specific or unique programs
Tax file number	A unique number to identify taxpayers, assigned by the ATO and used to identify PAYG withheld amounts sent to the ATO on behalf of employees
Threshold amount	The threshold amount for minor new works set out in the Treasurer's Directions issued under section 38 of the <i>Financial Management Act 1995</i>
Time off in lieu	If certain conditions are met, an employee may take time off during normal working hours in lieu of other forms of payment for work already performed outside usual work hours
Trading activities	Activities to raise funds that require the use of the school's ABN, generates profits, and must adhere to other legislation such as taxation

## U

Term	Definition
Unacquitted grant	Grant funding with contractual performance obligations that have not yet been met
Unearned revenue	Money received before the good or service is provided

Term	Definition
Urgent minor repairs	Urgent repair action needed, usually for safety reasons

## V

Term	Definition
Vehicle booking system	An electronic system to record the use of NT vehicles and report any FBT implications
Vocational education and training	Course where teaching and training is designed to teach knowledge and specific practical skills required for the workplace

## W

Term	Definition
Waiver	A financial waiver is ceasing to recover a loss, now or at any time in the future. Waiver is also used in early childhood education and care for regulated preschools and early learning centres
Write-off	Where an asset is removed from the financial records because it is no longer under the control of the school or no longer is functional

## X

## Y

## Z

<b>Document title</b>	FARMS
<b>Contact details</b>	School Business Services, <a href="mailto:school.finance@education.nt.gov.au">school.finance@education.nt.gov.au</a>
<b>Approved by</b>	Chief Financial Officer
<b>Date approved</b>	17 April 2024
<b>TRM number</b>	50:D24:15967

Version	Date	Author	Changes made
1	April 2024	Finance Systems Innovation, Financial Services	Version 1 is 50:D24:15967 Transitional content to support schools to transition to the FARMS manual requirements prior to publication of Chief Executive Officer approved guidelines under section 112 of the <i>Education Act 2015</i>
2	September 2024	School Business Services	Version 2 is 50:D24:98811 Administrative amendments approved by Senior Director School Business Services, refer to 50:D24:57069 made to streamline Introduction section to governance focus incorporating Chapters 1 – 4 effectively removing these 4 chapters which changed the numbering system.