

Section 8: Bank accounts

8.1 Overview

Schools can hold their cash in:

- Official bank account
- CBS Linked High Yield Investment account (HYIA)
- Building and Library Accounts.

8.2 School council responsibilities

8.2.1 Mandatory policy (Must do):

Sequence Number	Information
8.2.1.1	All school bank accounts must be in the name of the school council except the HYIA which is held in the name of the school.
8.2.1.2	To ensure schools are able to plan effectively it is essential to prepare a cash flow budget to determine cash requirements in any given period, whilst maintaining the schools' cash reserve benchmark.
8.2.1.3	Schools must seek approval from the Department by emailing schools.finance.support@edumail.vic.gov.au to maintain Beneficiary/Memorial funds in a separate account.

8.2.2 Prohibited policy (Must not do):

Sequence Number	Information
8.2.2.1	School councils must not form or become a member of a corporation. Doing so will contravene the requirements of Section 2.3.6 of the <i>Education and Training Reform Act 2006</i> .
8.2.2.2	Schools must not establish any new investments including, term deposits and at call investment accounts outside of the CBS linked High Yield Investment Account.

8.3 Opening and closing bank accounts

8.3.1 Mandatory policy (Must do):

Sequence Number	Information
8.3.1.1	<p>The principal and school council must ensure that all school bank accounts will:</p> <ul style="list-style-type: none"> • only be opened or closed with the written authority of the school council; • be with an Authorised Deposit-Taking Institution(s) (ADI); • be in the name of the school council, apart from the CBS linked High Yield Investment Account (HYIA); • have the principal (mandatory) and a school council member nominated for this purpose registered as co-signatories; • be maintained regularly and accurately in CASES21; • be managed in accordance to requirements detailed in the Finance Manual for Victorian Government Schools in accordance <i>Financial Management Act 1994</i>.

8.3.2 Prohibited policy (Must not do):

Sequence Number	Information
8.3.2.1	The business manager, registrar or bursar cannot be a signatory or authoriser to any bank account, even if they are a member of school council.

8.4 Bank accounts

8.4.1 Mandatory policy (Must do):

Sequence Number	Information
8.4.1.1	All school bank accounts must be in the name of the school council except the HYIA which is held in the name of the school.
8.4.1.2	All cheques drawn on any account kept under the control of the school council must be signed by the principal as a mandatory signature, and a person nominated by the school council for that purpose. This person must be a member of the school council.
8.4.1.3	All internet payments must also be authorised by the account signatories (principal and nominated member of the school council).

Sequence Number	Information
8.4.1.4	Bank accounts are to be maintained on CASES21 and regular (monthly) financial reports provided to the school council or the finance committee.
8.4.1.5	All bank accounts must be reconciled monthly through the bank reconciliation process.
8.4.1.6	All un-reconciled items identified during the completion of the monthly bank reconciliation process must be investigated and corrective action taken.
8.4.1.7	All stale cheques identified during the completion of the monthly bank reconciliation process must be investigated and corrective action taken.
8.4.1.8	<p>When the Department requests during the financial year-end (30 June) audit, the following information must be made available:</p> <ul style="list-style-type: none"> • A copy of the CASES21 bank reconciliation for all bank accounts (approved by the principal); • Copies of the bank statements, certificates etc. that verifies the balance recorded on the bank reconciliation and in CASES21. <p>The above information may also be requested by the Victorian Auditor-General's Office or as part the school audit program.</p>

8.5 Official account

The school's operating account is the School Council official account.

8.5.1 Mandatory policy (Must do):

Sequence Number	Information
8.5.1.1	Schools may choose the financial institution at which to hold their official account taking into consideration fees and charges and access to a branch for secure depositing of funds.
8.5.1.2	The official account must be maintained on CASES21 and regular (monthly) financial reports must be provided to school council or the finance committee.
8.5.1.3	<p>The official account is used for:</p> <ul style="list-style-type: none"> • the receipt of money provided from local and commonwealth government sources; • locally raised funds such as voluntary contributions, donations and fund-raising activities.

Sequence Number	Information
8.5.1.4	All payments for goods and services must be made from the official account.
8.5.1.5	The account must be reconciled each month to ensure CASES21 reflects the most accurate financial information.
8.5.1.6	All funds transferred between bank accounts must go through the official account.
8.5.1.7	Schools may transfer surplus funds at any time from the official account to the HYIA to maximise interest income. All funds transferred between bank accounts must go through the official account. The transfer of money from one bank account to another must be authorised by the principal and a report detailing transfers presented to school council or finance committee each month.

8.5.2 Prohibited policy (Must not do):

Sequence Number	Information
8.5.2.1	The CASES21 official account or the physical official bank account must not be overdrawn.
8.5.2.2	All payments (i.e. direct debit, BPAY and cheques) must not knowingly be drawn on the official account where there are insufficient funds to meet the payment.
8.5.2.3	Schools must not have funds in excess of their operating reserve in the Official Account unless required for immediate settlement of accounts.

8.6 CBS linked High Yield Investment Account

The HYIA was established by the Department to assist schools with cash flow planning and, in the event of a surplus being identified, to provide schools with a competitive interest rate on the funds invested, while still retaining an 'at call' status for these funds. The HYIA is linked to the Central Banking System (CBS).

8.6.1 Mandatory policy (Must do):

Sequence Number	Information
8.6.1.1	Schools can transfer funds from the CBS linked HYIA into the official account at any time, and vice versa.

Sequence Number	Information
8.6.1.2	Surplus funds (above operating reserve) must be transferred from the official account into the HYIA to maximise interest revenue.
8.6.1.3	The interest gained from the HYIA must be paid directly into the HYIA.
8.6.1.4	The HYIA must be reconciled each month to ensure CASES21 reflects the most accurate financial information.

8.6.2 Prohibited policy (Must not do):

Sequence Number	Information
8.6.2.1	The CASES21 HYIA or the physical HYIA bank account must not become overdrawn.

8.7 Building and Library accounts

The Building and Library accounts have dedicated bank accounts to hold tax-deductible donations received by the school for specific capital improvements. Schools may elect to operate a CBS account for this purpose; however, this is not mandatory.

8.7.1 Mandatory policy (Must do):

Sequence Number	Information
8.7.1.1	<p>The Australian Taxation Office (ATO) specifies that a separate bank account must be established for Deductible Gift Recipient (DGR) funds operated by a school.</p> <p>Schools are to ensure that all tax deductible receipts received by the school are held in the appropriate DGR account both at the bank and in CASES21.</p> <p>More detailed information on tax deductible funds are available on the Tax eduGate site.</p>

8.8 School bank accounts signatories

8.8.1 Mandatory policy (Must do):

Sequence Number	Information	
8.8.1.1	The school council must approve signatories on all school bank accounts.	
8.8.1.2	Retain a register of signatories to all school bank accounts.	
8.8.1.3	The registered mandatory signatory to all school bank accounts must include the principal.	
8.8.1.4	The registered co-signatory to all school bank accounts must include an active school council member.	
8.8.1.5	School bank account signatories must be reviewed on an annual basis and kept up to date with the bank.	
8.8.1.6	Inactive school bank account signatories must be removed from the bank account and register in a timely manner.	

8.9 Information to be retained by schools

8.9.1 Mandatory policy (Must do):

Sequence Number	Information	
8.9.1.1	<p>Schools must retain the following information regarding the investment of all funds:</p> <ul style="list-style-type: none">• Schools council minutes containing the details of changes to account particulars;• Investment register (if required);• Bank statements or certificates;• Relevant CASES21 reports;• Register of signatories to school bank accounts.	

8.10 Unclaimed money

Schools may be entitled to unclaimed money that is sitting in a forgotten bank account.

8.10.1 Mandatory policy (Must do):

Sequence Number	Information	
8.10.1.1	Schools must check (preferably annually) if any unclaimed money is in a forgotten bank account belonging to the school or a committee of the school. This can include: <ul style="list-style-type: none">• Parent Association;• Reunion Account;• Sports Association etc.	
8.10.1.2	Schools must do their own online checking by searching two government websites. These are: <ul style="list-style-type: none">• the State Revenue Office (SRO)• Money Smart, administered by the Australian Securities Investments Commission (ASIC)	

Legislative requirements

Legislation

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

- Australian Accounting Standards - AASB 107 Statement of Cash Flows and AASB 139 Financial Instruments and AASB 101 Presentation of Financial Statements.
- *Banking Act 1959*
- Constituting School Council Orders – 1B.
- *Education and Training Reform Act 2006* – Part 2.3 – Government School Councils.
- *Education and Training Regulations 2017* – Part 4 – Government School Councils and Parents Clubs.
- *Financial Management Act 1994* – Part 3 – Public Ledger and Public Account.
- Standing Directions of the Minister of Finance 2018 under the *Financial Management Act 1994* – Section 3.3 – Financial Authorisations, 3.4 – Internal Control system and 3.7 Managing Risk.

Definitions

Term	Definition
Authorised Deposit-Taking Institutions	Authorised Deposit-Taking Institutions (ADIs) are corporations which are authorised under the <i>Banking Act 1959</i> . ADIs include: <ul style="list-style-type: none">• banks;

- building societies; and
- credit unions.

All ADIs are subject to the same Prudential Standards but the use of the name's 'bank', 'building society' and 'credit union' is subject to corporations meeting certain criteria.

Cash and deposits	Cash and deposits held by a school can be made up of cash on hand and bank accounts, these types of cash and deposits are held to meet short term cash commitments and are readily convertible to cash with an insignificant risk of change in value.
Co-operative bank account	Account used to administer loans raised through a co-operative society for a school infrastructure project. Not to be used to record loan liability.
CBS linked High Yield account	All grants from the Department are deposited directly into the CBS linked HYIA.
Official bank account	Known as the school's operating account. The official account is used for the receipt of money provided from local and commonwealth government sources and locally raised funds such as voluntary contributions, donations and fund-raising activities. All payments for goods and services must be made from the official account. Chart of Account code (10002)
Other accounts – Building and Library	Schools may operate other bank accounts such as Deductible Gift Recipient funds (DGR) approved by the ATO for holding tax deductible funds e.g. building and library funds. The Building and Library accounts are used to hold tax-deductible donations received by the school to save towards specific capital improvements. Chart of Account codes (10003 – Building Fund and 10004 - Library)
Unclaimed money	Money in a forgotten bank account belonging to a school or committee of a school for example, Parents Association, Reunion Account and Sports Association etc.

Additional resources

- [APRA ADI list](#)
- Chart of Accounts for Victorian Government Schools available on the [Finance website](#)
- [School financial guidelines](#)
- [School Policy and Advisory Guide](#)

- Unclaimed money – [State Revenue Office \(SRO\)](#) - Money Smart, administered by the [Australian Securities Investments Commission \(ASIC\)](#)

Version and revision control record

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