

# FARMS

Financial and resource management for schools manual  
ALL RELEVANT SRB INFORMATION



YOUR VOICE FOR NT PUBLIC EDUCATION

NTCOGSO has developed this simplified guide to FARMS in response to requests from School Representative Body members. It streamlines key financial and resource management functions for school council/school board members.

This document has been produced by NTCOGSO as requested by School Representative Body members to provide a summary guide inclusive of the relevant financial and resource management functions applicable to a School Representative Body.

Headings, preamble, sections and parts of text have been removed for the purposes of simplified guide.

**Important: Members must refer to the full and complete FARMS manual prior to making financial and resource management decisions.**

Click here to access the full FARMS manual:

[Managing finances, resources and infrastructure | Department of Education and Training](#)

Should you have any queries regarding the FARMS manual, please contact [school.finance@education.nt.gov.au](mailto:school.finance@education.nt.gov.au)

# Governance

## Overview

### 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.

Financial and resources management for schools (FARMS) manual is the official guideline for schools approved for publication by the CE under section 112 of the Education Act.

### Scope

This 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.

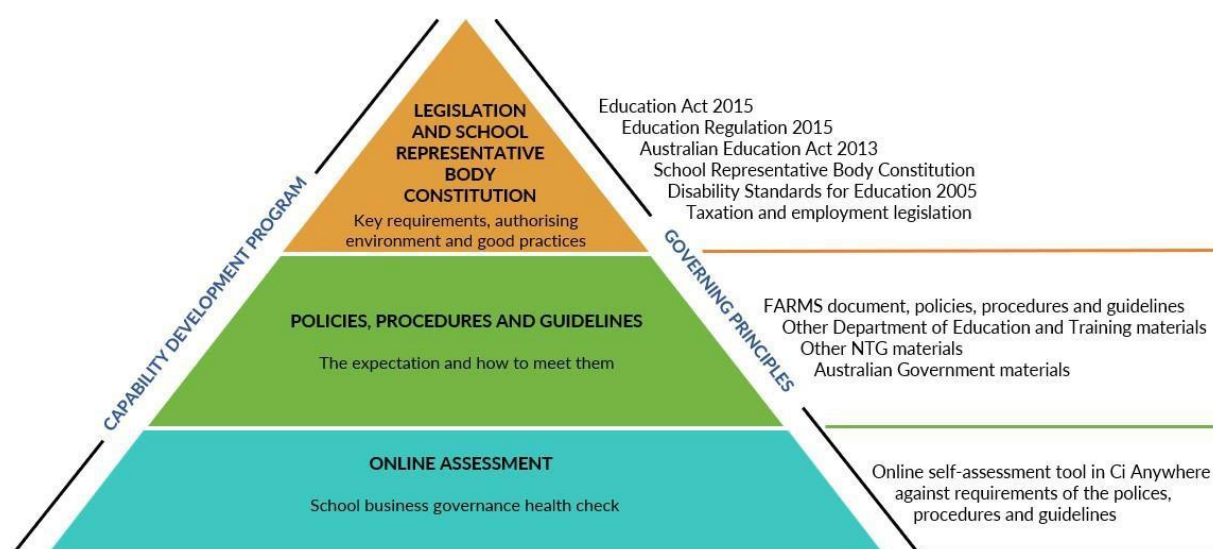
Where an SRB operates with a SMC or MSMC they do not perform all the functions of the SRB. In this case the SMC or MSMC must comply with the FARMS manual requirements.

**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	✓	✓	✗	✓	✗
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.



## 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

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

Risk management and internal controls. For more information on risk management, email [gas.doe@education.nt.gov.au](mailto:gas.doe@education.nt.gov.au)

### Safety management

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)

### Emergency management

Workplace requirements for emergency management is explained in the Emergency management section of the Policy and advisory library. For more information on emergency management, email [emt.doe@education.gov.au](mailto:emt.doe@education.gov.au).

# 1. Accounting

## 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

## 1.4. 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 the 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.

## 1.5. School body responsibilities

### 1.5.1. 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 future year reserve jobs, future year reserve job name changes and future year reserve job closures
- keep separate records of transactions for each account the school has through standard financial record keeping practices.

### 1.5.2. 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.

### 1.5.3. 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).

### 1.5.4. Inventories

School bodies must:

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

### 1.5.5. 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 Accounting section.

### 1.5.6. 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
  - dispose of personal 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.

If School representative bodies enter or gain consent from the Chief Executive of the department to enter into funding agreements with an indemnity or guarantee, it is recommended that schools maintain a register for any guarantees and indemnities given.

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.

### 1.5.7. 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.

### 1.5.8. 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.

## 2. Asset and inventory management

This content is under development.

## 3. Bank accounts

### 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

### 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 bank account maintenance form in CiA

### 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.

## 4. Budget management

### 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.

Schools must use their annual funding in the year that the funding is provided and directed to meet the needs of the current student cohort and improve their outcomes. A portion of their SRM funding can be taken as cash. Schools are recommended to take:

- 10% of their Student funding
- 100% of their Facility funding
- 10% of their Program (Targeted) funding, or
- If approved by the Chief Financial Officer – a higher amount.

Schools develop a budget for their workforce, operational costs, and cash payments through the submission of annual planning scenarios through the SRMMS by the end of November in preparation for the following year.

Requests for cash grant payments can be made for Semester 1 and Semester 2 against the following SRM funding components – student, facility and Program (Targeted) based on the school's budget planning. If necessary, an adjustment to the cash payment for Semester 2 can be made by the end of February.

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

What	SHF or DHF	When
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, excluding any capital, depreciation or amortisation expenses. 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 the Future year reserves subsection in this Budget Management section.

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 2 main reasons to create future year reserves are:

- Students in the current year use resources that will not be replaced until future years. For example, if smart TVs are replaced every 4 years, the funding for this year's students should pay 25% of the cost of the TVs in 4 years' time. Resources consumed by students should be paid for in the same year when possible and practical.
- Purchases are larger than can be budgeted for in one year's funding. For example, if the school wants to create flexible educational environments to engage students in their learning.

Future year reserves must be tied to a specific purpose and must be categorised into one of the following:

- Buildings
- Equipment
- Furniture
- Grounds and playgrounds

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.

Future year reserves funds can only be committed for a period up to 4 years. The time in which the future year reserves are to be spent must be clearly documented, and the school must retain the records. Expenditure cannot be made directly against a future year reserve jobs and the job must not be overstated to manipulate the amount of uncommitted cash held.

There are some situations, where an extension beyond 4 years may be required such as an asset that is not required to be replaced for a longer period of time. The future year reserve timeline may be extended via an approval process.

School bodies must:

- approve a motion to create a new future year reserve job, modifications to a future year reserve plan and future year reserve job closures, including capital works – major and minor from SHF. All motions must be captured in the school body minutes

- endorse individual future year reserves by a motion passed at a meeting, after confirming in-principle approval by the SDE and assessing whether the purpose of the funds meet the school's strategic and operational needs, how the future year reserve funds were costed, and when the funds are planned to be spent
- monitor any funds saved for future year projects to confirm they will be spent as planned.

## 5. Cash management

### 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.

## 6. Financial handover

### 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 in CiA that shows all the resources being handed over. This makes sure both the outgoing 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 statement in CIA 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.

## 7. Funding

### 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 Program (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 seeking to make an application for financial support based on enrolment increases must meet 2 specific conditions to be eligible for consideration through this process. These are:

- the average increase in student enrolments, sustained for 6 months, equates to the lower of:
  - 30% of enrolment size – minimum of 6 additional students, or
  - 20 enrolments.
- the school has incurred additional costs as a result of the enrolment increase in order to maintain a quality education program for all students.

Schools must work with their Assistant director school financial improvement 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 the subsection 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 Introductory 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.

Further information can be found on the Policy and Advisory Library.

## 8. HR for school body employees

Further information can be found on the Policy and Advisory Library.

<https://education.nt.gov.au/policies>

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

Further information can be found on the Policy and Advisory Library.

<https://education.nt.gov.au/policies>

## 10. Infrastructure

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.

DLI 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 DLI. 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 DLI 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.

DLI can provide project-specific advice and recommendations.

- Repairs and maintenance (R&M) – work 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 DLI Repairs and maintenance list for more details on types of repairs. UMR works can be DLI 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 DLI. 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 DLI 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 DLI managed.

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

- NUMR – minor maintenance and general repairs conducted by schools that is necessary to prevent damage or degradation to school infrastructure. DLI is not involved in NUMR. Funding for NUMR is sent to SHF each year. Go to the DLI 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. The Department of Housing, Local Government and Community Development (DHLGCD) 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.

## 10.2. School body responsibilities

### 10.2.1. 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.

## 11. Procurement and expenditure management

### 11.1. 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.

### 11.2. Scope

### 11.3. Procurement Principles

#### 11.3.1. Value for Territory

#### 11.3.2. Ethical behaviour and fair dealing

#### 11.3.3. Open and effective competition

### **11.3.4. Enhancing the capabilities of Territory enterprises and industries**

### **11.3.5. Environmental protection**

## **11.4. Procurement Tiers**

## **11.5. Expenditure Management**

## **11.6. School body responsibilities**

### **11.6.1. 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.

## **12. Reporting**

### **12.1. 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.

## 12.2. 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.

## 12.3. 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.

### 12.3.1. 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
Annual funding allocation – MyBiz	Provides funding allocation for the next year so schools can prepare their annual budget plan.	Beginning of Term 4 of the year prior to the funding year.
SH draft budget – CiA	Plan of expected SHF income for the year using 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.

### 12.3.2. 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.

## 12.4. School body responsibilities

### 12.4.1. 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?

### 12.4.2. 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 Children and Families website.

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

## 13. School financial assurance

### 13.1. 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.

## 13.2. Compliance audits

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

## 13.3. School body responsibilities

### 13.3.1. 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.

### 13.3.2. 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-Finance, 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.

## 14. Taxation

### 14.1. 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.

### 14.2. 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.

### 14.3. School body responsibilities

#### 14.3.1. 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.



### 14.3.2. 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.

### 14.3.3. 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.

## 15. HR for school body employees

Further information can be found on the Policy and Advisory Library

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

Further information can be found on the Policy and Advisory Library

## 17. 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).

### 17.1. 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.

## 17.2. School body responsibilities

### 17.2.1. 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.
- request reimbursement through IPI for repairs and purchases.