

The new *Education Act*

INFORMATION SHEET – Finance governing principles for school representative bodies

A new *Education Act* has been passed by the Northern Territory Parliament and is now the law. This information sheet tells you about some of the changes relating to financial accountability for school representative bodies in the *Education Act* and Education Regulations.

Overview

The *Education Act* requires school representative bodies, including school councils and independent public school boards, to adopt a model constitution published by the Department of Education.

The model constitution states that school councils and independent public school boards must ensure the efficient, effective and appropriate use of school funds and resources in accordance with the governing principles of the:

1. *Financial Management Act*
2. Treasurer's Directions
3. *Audit Act*
4. *Procurement Act* and NTG Procurement Principles

To assist school representative bodies in complying with these requirements, a summary of the relevant governing principles is outlined below.

1. *Financial Management Act*

The financial management of Northern Territory Government (NTG) resources is governed by the *Financial Management Act*.

This Act, supported by the Financial Management Regulations and Treasurer's Directions, provides the basis of the NTG financial management framework.

The *Financial Management Act* provides the legal foundation for the government's management of public money and the proper discharge of its powers and responsibilities. It establishes the accounting structures for receipting, recording and reporting of public money, and clear and precise accountability requirements.

Internal control

The *Financial Management Act* provides a number of financial management requirements. One, which is of particular relevance to schools, is the governing principle of internal control.

Procedures of a school, like a government agency, should provide proper internal control. Internal control means the methods and procedures adopted within an entity to do the following:

- promote operational efficiency, effectiveness and economy
- safeguard its assets and manage its liabilities and contingent liabilities
- deter and protect against fraud
- maintain the accuracy and reliability of its accounting information
- ensure compliance with legislative provisions.

2. Treasurer's Directions

The Treasurer's Directions support the *Financial Management Act* and Financial Management Regulations. The Directions explain the legislation and provide detail on the practices and

procedures which must be followed in administration of finances.

Key governing principles of the Treasurer's Directions relating to school representative bodies include:

- a focus on enhancing government investment by ensuring school representative bodies conduct their business appropriately
- keeping relevant stakeholders informed of the school representative body's financial position
- advising key stakeholders of any significant impacts on the school representative body's financial position.

3. *Audit Act*

The *Audit Act* sets out the requirements for the audit of government accounts, and the powers and functions of the Auditor-General. Audit requirements for school representative bodies are outlined in the *Education Act* and Regulations.

The guiding principles of ensuring the independence of the auditor and the requirement to provide assistance to the auditor to undertake their functions apply to school representative bodies.

4. *Procurement Act, Regulations, Directions and Principles*

The *Procurement Act* and Regulations establish the legislative powers and responsibilities of the Minister responsible for procurement, NTG agencies, chief executives and employees. They provide the Minister with the ability to, amongst other things, issue Procurement Directions with respect to the principles, practices and procedures to be observed in the procurement of supplies by and on behalf of the Northern Territory Government.

The procurement principles, set out in the Procurement Directions, apply to school representative bodies.

There are five procurement principles that must underpin any procurement action:

- best value for money

- open and effective competition
- enhancing the capabilities of local business and industry
- environmental protection
- ethical behaviour and fair dealing.

Further information

For further details talk to your school principal or contact the School Finance and Governance team at sfg.det@nt.gov.au

Information is also available at www.education.nt.gov.au, email legislation.services@nt.gov.au or phone 08 8901 4990.