Melbourne Archdiocese
Catholic Schools

Bank, Loan, Receipting and Bank Accounts Policy

Schools

1. Introduction

Melbourne Archdiocese Catholic Schools Ltd (MACS) is a company limited by guarantee, established in 2021 by the Archbishop of the Catholic Archdiocese of Melbourne to assume responsibility for the governance and operation of MACS schools across the Archdiocese of Melbourne. MACS subsequently established Melbourne Archdiocese Catholic Specialist Schools Ltd (MACSS) to deliver educational services to children with diverse needs, and Melbourne Archdiocese Catholic Schools Early Years Education (MACSEYE) to provide early years care and education services.

The Statement of Mission set out in the MACS Constitution, and in the constitutions of its subsidiaries, MACSS and MACSEYE, articulates the Archbishop's expectations of Catholic education within the Archdiocese. It provides an essential context and foundation for the organisation, and for the direction that the MACS Board must observe in pursuing the company's objects.

The Board is responsible for ensuring that all policies and procedures relating to the operations of MACS and its subsidiaries are consistent with the Statement of Mission, the company's objects, and any directions issued by the Archbishop from time to time.

2. Purpose

This policy establishes a system of banking and loan management for Melbourne Archdiocese Catholic Schools Ltd (MACS) schools and Melbourne Archdiocese Catholic Early Years Education Ltd (MACSEYE) services to promote efficiency, minimise risk of asset loss, and ensure the reliability of bank and loan account opening, transacting and closing. Additionally, this policy sets out the circumstances in which MACS schools can enter into loan agreements.

3. Scope

This policy applies to:

- MACS and MACS schools, including specialist schools operated by the MACS subsidiary, MACSS, and school boarding premises operated by MACS schools
- principals/directors in MACS schools and MACSEYE services
- school advisory councils in MACS schools
- bank and loan transactions and records for MACS schools and MACSEYE services
- the Planning Building Finance Committee
- banking, capital projects and loan transactions and records for MACS schools and MACSEYE services

4. Principles

The following principles apply in MACS schools and MACSEYE services for banking, receipting and loans:

- schools/services may hold cash and transact in approved bank accounts and loan accounts only
- transactions are governed by the applicable MACS delegations instruments and policies
- funds are not to be held outside approved bank or loan accounts under any circumstances

5. Policy

1. Approved bank and loan accounts

1.1 Schools and services are permitted to operate the following types of approved bank and loan accounts:

1.1.1 general operating bank account

1.1.2 investment account (e.g. term deposit or higher interest account)

1.1.3 deductible gift recipient bank accounts, including school building fund, scholarship fund or library accounts

1.1.4 school-hosted principals' network and school-controlled parent and friends bank accounts

1.1.5 loan accounts.

1.2 Approved bank and loan accounts must be held in the legal name of the school or services, with the addition of a suitable identifier (e.g. [school name] General Account or [school name] Scholarship Fund).

1.3 The Catholic Development Fund (CDF) is the only approved provider for banking and loan arrangements for MACS schools and MACSEYE services

1.4 Schools and services are required to open, transact and manage school and services loan accounts in accordance with this policy.

2. Opening bank and loan accounts

2.1 Schools and services may open an approved bank or loan account only with the express written approval of the assigned delegate detailed in the delegation instrument.

3. Transacting in bank and loan accounts

3.1 Electronic funds transfer (EFT), cheque and direct debit are the only acceptable methods of processing payments in approved bank and loan accounts.

3.2 Sole signatories are not allowed for any approved bank or loan account, under any circumstances.

3.3 Transactions in approved bank and loan accounts need to comply with this policy and other relevant MACS policies at all times.

4. Responsibility for banking and loan controls

4.1 In MACS primary schools and attached MACSEYE services, the principal, with the support of the business manager, has primary responsibility for internal banking and loan controls, and for creating a control environment that is compliant with MACS' policies and procedures.

4.2 In MACS secondary, special and special assistance schools and attached MACSEYE services, the business manager has the primary responsibility for internal banking and loan controls, and for creating a control environment that is compliant with MACS' policies and procedures.

4.3 Responsibilities detailed in 4.1 and 4.2 include the responsibility to ensure that staff responsible for the receipting, payment, banking and loan functions have adequate knowledge, skills and abilities to function within and contribute to an effective internal control environment, including providing access to appropriate training on topics relevant to their job responsibilities.

5. Receipting, banking and payment functions risk

5.1 Schools and services receive and bank payments from families, usually via EFT, BPAY, direct debit, credit card, cash or cheque.

5.2 Other school or service income, such as donations and fundraising activities, is sometimes received as cash.

5.3 Schools and services make numerous and frequent payments to a wide range of suppliers, including small suppliers who may not be registered for goods and services tax, and large payments associated with payroll and capital projects.

5.4 The use of cash, large numbers of small transactions, large payment transactions, and difficulties in ensuring adequate segregation of duties amongst limited staff increases the risk associated with receipting, banking and payment.

5.5 While there will always be some residual risk where payments are made and cash and other forms of payment are received, schools are required to comply with this policy and the other MACS policies to reduce the risk associated with handling cash, credit cards and other receipts, and making payments to suppliers.

6. Receipting, banking and payment control objectives

6.1 Underpinned by the relevant MACS policies and procedures, the principal (MACS primary schools and attached MACSEYE services) and business manager (MACS secondary, special and special assistance schools and attached MACSEYE services) are required to establish and maintain a system of internal receipting and banking controls that satisfies objectives in the following categories:

6.1.1 financial risks are identified and effectively managed

6.1.2 safeguarding the school assets

6.1.3 reliability and integrity of receipting, payment and banking information

6.1.4 compliance with MACS policies and procedures

6.1.5 economical and efficient use of school resources.

7. Separation of duties

7.1 No one person is to have complete control over more than one key function or activity (e.g. receipting, banking, making payments or reconciling).

7.2 Duties are separated so that one person's work routinely serves as a check on another's work.

7.3 Where a duty cannot be separated, the work should be routinely checked by a person independent of and senior to the person undertaking the processing duty.

8. Risk management of bank and loan accounts

8.1 All school and services bank and loan accounts are to be disclosed in school or service financial statements and management reports.

8.2 The principal, business manager and approved signatory banking delegates are required to implement sufficient controls to assure the financial integrity of banking and loan transactions, bank accounts and loan accounts.

8.3 Bank account signatories are expressly limited to the delegates named in the delegation instruments.

8.4 Blank cheques should not be signed under any circumstances.

8.5 With the exception of petty cash reimbursements to school or services staff, cash payments to suppliers should not be made under any circumstances.

8.6 New suppliers' name and bank account details and changes to supplier name and bank account changes must be independently verified and approved before payment is made to that supplier.

8.7 Banking usernames and passwords are unique to the authorising delegate and are to be kept secured, changed periodically and not shared under any circumstances.

8.8 Financing of infrastructure assets requires a strategic approach to evaluate and contain the risk exposure to MACS.

8.9 Schools and services are required to prepare a five-year cash flow to demonstrate their ability to service the proposed loan.

8.10 Depending on the value and term of the loan, CDF may require cash flows to be extended for the period of the loan.

9. Reconciling bank and loan accounts

9.1 All school and services bank and loan accounts are to be reconciled, reviewed and approved by the assigned delegate detailed in the delegation instruments.

10. Adding or removing bank signatories

10.1 Adding and removing signatories to the school or services bank accounts can only occur with the approval of the appropriate delegate, as detailed in the delegation instrument.

11. Loans for school and services capital projects

11.1 School and services capital projects require the prior approval of the approved delegate, as detailed in the relevant delegation instrument.

11.2 All school and services capital projects must be included in the school's approved capital budget.

12. School and services loans

12.1 Loans are not a form of revenue and do not replace the need for schools or services to generate sufficient cash flow to service the school's or services' operating requirements.

12.2 Schools and services should aim to finance capital works and new assets to the greatest extent possible from Australian and Victorian government capital grants, available interest factor subsidies (e.g. the Supplementary Capital Fund for MACS primary schools) and the school or service retained earnings.

12.3 Schools and services may consider loans to finance approved capital projects within the school or services' approved capital budget

12.4 Schools and services are not to enter into:

- 12.4.1 loan arrangements which involve the repayment of interest only, with the exclusion of new secondary schools/campuses or schools that have obtained special approval from the MACS office
- 12.4.2 loans to fund non-capital projects or recurrent expenditure.

13. School or services loan term

13.1 The term of a school or services' loan is not to exceed the expected economic life of the funded asset.

13.2 The recommended terms for school loans are:

- 13.2.1 loans <\$500,000, less than 10 years
- 13.2.2 loans ≥\$500,000, a maximum of 15 years
- 13.2.3 loans for land acquisition for educational purposes, for established schools or services, up to 20 years
- 13.2.4 loans for land acquisition for new schools or services and/or campuses, up to 40 years.

14. Loan covenants

14.1 CDF may apply covenants to commercial loans such as requiring schools or services to provide audited financial accounts, advice on school or services enrolment numbers or other financial and enrolment-related metrics.

14.2 Where a covenant has been attached to a loan, the school or services are required to ensure the reporting requirements pertinent to the covenant are executed in a timely manner as and when required.

15. Closing bank and loan accounts

15.1 Schools or services may close an approved bank account only with the express written approval of the assigned delegate detailed in the delegation instrument.

15.2 School and services loan accounts may be closed when the loan is extinguished.

16. **Timely and accurate review and reconciliation**
   16.1 Receipting, banking, payment and loan transactions are to be completed by employees who have sufficient understanding of the school's or services' accounting and financial systems to verify that recorded transactions actually took place and were made in accordance with the relevant MACS policies and procedures.
   16.2 Bank and loan statements, debtor payments, supplier payments and other bank and loan account transactions are to be reconciled in accordance with Financial Reporting and Controls Policy: MACS schools and compared with the school's or services' accounting system sub-ledger reports to verify their reasonableness, accuracy and completeness.

17. **Evaluation of controls and record-keeping**
   17.1 Banking and loan account function and activities are subject to evaluation by school or services internal control systems.
   17.2 Banking and loan records are part of the school's or services' financial records and should be retained in line with the MACS Financial Records and Accountable Documents Management Policy and be made available to auditors and other approved organisations.

6. Definitions

Definitions of standard terms used in this policy are available in the Glossary of Terms and should be used where applicable.

Loan

Money received from Catholic Development Fund (CDF) in exchange for future payment of the principal, interest and other finance charges.

Major capital projects

Major capital projects are projects ≥$100,000 for MACS primary schools and attached MACSEYE services, and ≥$300,000 for MACS secondary, special and special assistance schools and attached MACSEYE services.

Planning, Building Finance Committee

The Planning, Building Finance Committee (PBFC) was established by the Archbishop to advise the Archbishop on capital projects, the acquisition, sale and lease of land and buildings, and MACS schools and MACSEYE services operating under the authority of the Archbishop of Melbourne.

7. Related Policies and Documents

Deductible Gift Recipient Policy – Schools
Financial Records and Accountable Documents Management Policy – Schools
Financial Reporting and Controls Policy - Schools
Procurement Supplier/Contractor Evaluation Policy - MACS office
Parents and Friends Policy - Schools
MACS Primary School Financial Delegation Instrument
MACS Secondary School Financial Delegation Instrument (includes Special and Special Assistance Schools)

8. References

CDF Loan Disbursement
CDF Online
PBFC Project Application Form

9. Policy Information

Sponsoring executive	Director, Finance, Infrastructure and Digital
Policy owner	Director, Finance, Infrastructure and Digital
Approving authority	MACS Executive Director
Assigned board committee	Finance and audit
Approval date	Updated to new branding only; no changes to content – April 2026
Risk rating	Moderate
Review by	November 2028
Publication	CEVN, Gabriel

Policy Database Information

Assigned framework	Financial
New policy	New