Melbourne Archdiocese
Catholic Schools

Finance and Accounting Procedure Manual

- KEY UPDATE SUMMARY

1. Purpose of this Summary

This document provides a concise overview of the key updates, process enhancement and new guidelines introduced in the newly developed Finance and Accounting Procedure Manual. As the full manual is a comprehensive document of over 120 pages, this summary aims to serve as a quick reference guide to help staff familiarise themselves with the most important updates and areas requiring attention.

2. Background

The Finance and Accounting Procedure Manual has been developed to support the overarching Finance and Accounting Policy to provide guidance for financial management across Melbourne Archdiocese Catholic Schools Ltd (MACS). It applies to the MACS Office and schools, including Specialist Schools (MACSS), but excludes MACS Early Years Education (MACSEYE), which is developing its policies and procedures independently.

Developed through extensive stakeholder consultation and in response to the Executive Leadership Team's directive to streamline governance, this procedure manual consolidates and replaces multiple legacy documents, providing greater clarity and consistency for key financial activities.

Key features of the new Procedure Manual include:

- Being underpinned by clear principles of accountability, transparency, compliance, efficiency, and integrity.
- Providing comprehensive coverage of financial processes, including delegations, internal controls, compliance monitoring, asset management, accounts receivable and payable, payroll, taxation, external audit, reporting, budgeting and others.
- Aligning with all relevant legislation, standards, and sector-specific requirements, including those of the Australian Accounting Standards Board (AASB), Australian Charities and Not-for-profits Commission (ACNC), and Victorian Registration and Qualifications Authority (VRQA).
- Strengthening governance through enhanced controls, regular audits, and clearly defined roles and responsibilities.

This Procedure Manual will be published in conjunction with the Finance and Accounting Policy, positioning MACS to maintain strong financial integrity, operational efficiency, and regulatory compliance while supporting the organisation's mission and strategic objectives.

3. Improvements from Previous Policies and Procedures

Consolidated and Standardised Procedure Manual

- The Procedure Manual consolidates multiple legacy finance and accounting policies and procedures into a single, comprehensive document, enhancing consistency, clarity, and compliance across MACS schools.

- The Finance and Accounting Policy and Procedure Manual supersedes the following documents:
    - Debtor Management and Recovery Procedures (approved 20 September 2024)
    - External Audit Policy (approved December 2021)
    - Fixed Assets and Depreciation Policy (approved 24 October 2023)
    - Financial Reporting and Controls Policy (approved 9 November 2022)
    - Operational and Capital Budgets Policy (approved September 2022)
    - Payroll Procedures – MACS Secondary and Specialist Schools (approved August 2024)
    - Principal Financial Handover Policy (approved October 2021)
    - Specified Trading Activities Policy (approved October 2021)
- The Procedure Manual is organised into 19 chapters, each addressing a specific finance and accounting process or activity. Other sections include Appendices, which contain templates, forms and flowchart to assist the implementation of specific process guidelines, as well as Reference Index to help MACS staff navigate through various topics.

Enhanced Governance and Controls through overarching principles

- **Compliance with Delegations:** ensuring that financial authority is exercised appropriately and within approved limits.
- **Sound internal controls and segregation of duties:** to protect MACS assets and mitigate the risk of error, misuse, or fraud.
- **Compliance monitoring and audit:** Regular internal audits and reviews will be conducted, in collaboration with Assurance & Risk team, to monitor compliance with this policy and all related procedures. Identified non-compliance will trigger appropriate corrective actions, which may include additional training, process update, or disciplinary action where required.

4. Summary of Key Updates

The table below outlines major process enhancements as well as new guideline to guide existing financial processes and activities. While this table informs MACS staff of relevant areas of focus, it should be read in conjunction with the full Procedure Manual, which contains the detailed requirements, controls, and responsibilities supporting each financial process.

Chapter	Key updates/New guideline
1. Accounts Receivable	This procedure has been revised to improve income controls, streamline payment processes, and ensure consistent accounts receivable practices across offices and schools. • Introduction of CDFpay, a new online payment and ordering platform supporting debit/credit card and direct debit payments. The platform will be progressively rolled out in 2026 to streamline school fee payments and other school-related transactions (including canteen, uniform shop and excursions). • Families are encouraged to use electronic payment methods to reduce theft and fraud risks associated with cash handling. • New requirement that parents and guardians may make credit card payments for enrolment deposits and application fees only via the approved onsite payment gateway, EFTPOS terminal, or Enquiry Tracker. Where these credit card payment options are not available, payment must be made by Electronic Funds Transfer (EFT) to the school's operating bank account. • New requirement to verify creditworthiness when establishing debtor accounts for non-student services. • Introduction of new billing arrangements for split families, limiting separate debtor accounts to cases supported by court orders explicitly requiring split payments. In all other circumstances, a single debtor account must be established per family for the billing of tuition fees and levies. • Centralisation of year-end doubtful debt provisioning for MACS Office and ICON schools to ensure consistency and accuracy, with standardised templates issued

Chapter	Key updates/New guideline
	to Non-ICON schools to support consistent application.
3. Fixed Asset and Depreciation	This chapter has been significantly strengthened to provide guidance that ensures compliance with AASB requirements, enhances financial reporting accuracy, and aligns with evolving operational needs. • Introduction of new asset classes (Investment Land, Investment Buildings, Infrastructure Assets). • Updated depreciation rates for motor vehicles and IT equipment (now 20%) to better reflect expected useful lives. • Guidance on recognition of Work in Progress (WIP) and is subsequent transfer to the Fixed Asset Register (FAR). • Guidance on determining when an acquisition should be treated as a single asset with multiple components versus multiple individual assets, including the related accounting implications. • Clear distinctions between capital improvements and repairs and maintenance, with direction on the appropriate post-recognition accounting treatment. • Introduction of a stocktake plan, leveraging of Planning & Infrastructure current process for buildings, infrastructure assets and large systems. A risk-based and materiality-focused approach is applied to small furniture and equipment to ensure stocktake efforts are directed to assets of significance. Where stocktake is required, detailed stocktake procedures and sample count sheets provided (Appendices 7 and 8).
4. Intangible Assets	To ensure appropriate assessment and compliance with accounting standards, all requests to capitalise intangible assets must now be submitted to Group Finance with supporting documentation.
6. Accounts Payable and Expense Disbursement	This procedure has been updated to strengthen process controls, improve accountability, and reinforce segregation of duties. • Required approval of requisitions before issuing Purchase Orders, unless specifically exempt. • Confirmation of receipt of goods or services through endorsement of invoices or delivery dockets. • Required three-way matching (approved PO, invoice, delivery confirmation) before payment processing. • Enhanced procedures for supplier masterfile setup and maintenance to strengthen internal controls and reduce the risk of fraud.
11. Payroll	The procedure update incorporates new requirements arising from internal audit findings and aims to strengthen controls for the end-to-end payroll process. Key improvement include: • New requirements have been included to address deficiencies identified during the internal audit, including: - Requirement to update and test payroll systems following EBA changes, including periodical system configuration testing. - Strengthened controls to conduct periodical user access reviews. - Confirmation that salaried staff are paid in accordance with applicable hourly rates. - Requirement of quarterly payroll reconciliation submissions by MACS schools to MACS Office. - Clear guidance on off-cycle payroll processes (terminations, back pay). - Periodic review of employee status and contract information against masterfile and payroll system data, including automated alerts where possible. - Introduction of payroll reconciliation requirements. • Removal of tea money and School Association deductions from payroll processing effective Term 1, 2026 to minimise administrative burden.
12. Credit Card	This new procedure aligns with the FlexiPurchase expense management system and establishes comprehensive guidelines for credit card management and transaction processing for both physical and virtual corporate credit cards.

Chapter	Key updates/New guideline
14. Balance Sheet Reconciliation	The concept of risk-based reconciliation has been introduced to improve accuracy of the reconciliations and support effective allocation of resources. • Accounts assessed as higher risk (based on materiality, volume, or complexity) require more frequent reconciliation. • Included a table, providing reconciliation frequency, risk assessment and supporting documents examples to drive consistency application across schools and Office.
16. Financial Record	In response to schools' requests for clarification regarding financial record requirements and the absence of an existing policy, this procedure has been developed to set out clear obligations for the storage, retention, confidentiality, security, and disposal of financial records for both schools and the office. Responsibility is assigned to senior leaders to ensure compliance across the organisation.
17. Taxation	The Finance and Accounting Policy review identified a gap in taxation guidance. This new procedure sets out the key reporting requirements and accountabilities necessary to ensure compliance with all taxation registrations, withholding obligations, and reporting requirements. It also provides guidance on the application of relevant legislation, including: • **Federal** taxation legislation, including Goods and Services Tax (GST), Fringe Benefits Tax (FBT), and Pay As You Go (PAYG) Withholding. Detailed guidance on GST fundamentals, GST concessions, and pool car FBT compliance is provided in Appendices 16, 17, and 18. • **State** taxation legislation, including Payroll Tax and Land Tax.
Appendices	This designated section consolidates all relevant forms, templates, reference materials and supporting guidance required to facilitate consistent implementation of the updated Procedure Manual across schools and MACS Office.

5. Support & Enquiries

For guidance, clarification or support relating to the Finance and Accounting Procedure Manual, please contact Group Finance at groupfinance@macs.vic.edu.au.

6. Ongoing review and Continuous Improvement

As we continue to review and refine this new procedure manual, we welcome feedback and suggestions from MACS staff. For feedback or suggestions for updates, please contact Group Finance at groupfinance@macs.vic.edu.au.