

Handout C2

Internal controls: Answer sheet

Statement	Is this statement true or false?	Is this statement true or false?
1. If there is no one else available, it is okay for the person who approved the order of goods to record them as received in the finance system.	False	<i>Separating the approval and receipt of goods or services is an important internal control for purchasing.</i>
2. Even though it is known that 10 purchases will be required for a product (valued at \$3,000 each), it is okay for one written quote to be sought on each occasion.	False	<i>The procurement process should take the total cost of goods and services into account. This purchase should therefore consider the total value as \$30,000 (i.e. 10 purchases of \$3,000 each) and seek three written quotes.</i>
3. Both the finance subcommittee and the school council are responsible for reviewing the financial reports.	True	<i>Most school councils have a finance subcommittee. Both the finance subcommittee (where it exists) and school council review financial reports, and the finance subcommittee recommends action to be taken to the council.</i>
4. An annual stocktake of all assets on the asset register must be conducted.	False	<i>In line with annual reporting of the school's financial accounts, a stocktake of assets must be conducted once every two years.</i>
5. It is okay for the chair of the finance subcommittee to be the school business manager, as long as they are not an employee of the department.	False	<i>The chair of the finance subcommittee cannot be the business manager.</i>
6. The school council approves a budget every three years.	False	<i>Council approves the budget before the start of each new year. An external auditor must audit the school's financial statements at least once every four years.</i>
7. All payments require two signatories: the principal and a nominated councillor.	True	<i>Payments, including those made online, must be approved by two signatories. The business manager cannot be a signatory.</i>
8. A school councillor who has a question about compliance with an internal control can't ask the question unless they are the school council chair.	False	<i>Council is responsible for ensuring that the school maintains and monitors a system of internal controls. All councillors can and should ask questions when they have them.</i>