



**Policy: School Fund Account Procedures**

Author: Donna Adam  
Service: Strategic Resource Manager

Last Updated: November 2018

## **I N D E X**

<b>1. Introduction .....</b>	<b>2</b>
<b>2. Legal Framework.....</b>	<b>2</b>
<b>3. Management .....</b>	<b>2</b>
<b>4. Treasurer.....</b>	<b>3</b>
<b>5. Bank Accounts .....</b>	<b>3</b>
<b>6. Operating the Account.....</b>	<b>3</b>
<b>7. Financial Records .....</b>	<b>5</b>
<b>8. Bank Reconciliation.....</b>	<b>6</b>
<b>9. Year End Accounts .....</b>	<b>6</b>
<b>10. Tax Position.....</b>	<b>6</b>
<b>11. Insurance .....</b>	<b>7</b>
<b>12. Role of the Auditor / Verifier.....</b>	<b>7</b>
<b>13. Purchase of Goods/ Services via WLC Suppliers .....</b>	<b>8</b>
<b>14. Departure of Headteacher .....</b>	<b>9</b>
<b>Appendix 1 -Banking Register .....</b>	<b>10</b>
<b>Appendix 2 - Checklist.....</b>	<b>11 -14</b>

|

## 1. Introduction

There are currently two types of income/monies received by schools which must be accounted for separately.

The first type is money received from parents/carers for school meals, school milk and bus tickets (if applicable), which are receipted into the West Lothian Council bank account.

The second type of income is all other money received by the school which referred to as '**school funds**'. Examples of money received as school funds are donations, fund raising activities (including monies raised by Parent Council and given to the school), contributions from parents towards school trips/activities, purchase of school uniform etc.

These funds are administered by the receiving school for the benefit of the school and do not come within the budget of, or under the direct administration of West Lothian Council, Education Services and are receipted into the school fund bank account. The bank account should be held with the Bank of Scotland to enable the monies to be uplifted by the cash uplift service (where applicable).

These procedures aim to support staff with the administration of school funds. All Head Teachers and all staff involved in handling funds must be aware of these procedures. A copy is available to download from the Education Services section on the Council's Intranet page.

These procedures cover all activities where monies are received this includes, but is not limited to income from school fund raising e.g. school disco, sale of uniforms, dress down days, tuck shops, nursery classes and school trips. Should a school need clarification they should contact their Area Business Support Manager.

All schools must use iPayimpact (on line payment software) for receipting individual pupil funds and use FundsMaster for all other payments. FundsMaster software is the accounting package for schools to record their school fund transactions and to enable them to prepare monthly and annual accounts which must include a reconciliation with the school fund bank account.

## 2. Legal Framework

School staff, under the leadership/direction of the Head teacher act as custodians of the funds. As they do so, as employees of the council, it necessarily follows that the council is responsible ultimately for the safekeeping of such monies, and may be called upon to make good any losses that may occur.

The council is therefore entitled to audit the school fund when required and has a responsibility to ensure that adequate financial and administrative control is maintained over these funds.

## 3. Management

Whilst some work may be delegated, the Head teacher is ultimately responsible for the maintenance of proper accounting records, presentation of accounts and ensuring proper use of school fund account(s).

To safeguard the interests of individual staff a School Fund committee **MUST** be formed to authorise expenditure from the school fund and a treasurer appointed.

Action notes from the meetings should be kept to provide a record of decisions and to provide continuity in knowledge of the administration of the fund as staff changes take place. The Head Teacher should share spending plans for the School Fund monies with their Parent Council on a termly basis.

**Annual financial statements MUST be prepared and audited / verified; the audit/verification should be undertaken by a person independent of the School Fund e.g. Area School Business Manager, Administrator from another school, experienced parent or an external auditor (paid for by the school). Further audits of school funds may be undertaken by the council's Internal Audit Section.**

#### 4. Treasurer

The treasurer (usually a member of school office staff) is responsible for the safe custody of the funds, the proper accounting of receipts and payments, reporting to the committee as required on matters related to the funds, and the preparation of the annual accounts.

To safeguard his/her own interests a treasurer leaving office should arrange for the accounts to be prepared locally and verified/audited at that date. The treasurer should also obtain certification from the incoming treasurer (or from the committee) of the amount of cash and bank balances being handed over.

#### 5. Bank Account

A single school fund account must be held with the same bank as the Council which is currently the **Bank of Scotland** to enable the school to use the cash uplift service (where appropriate).

The account should be in the name of the School Fund (e.g. Bathgate Primary School Fund). The account must have a minimum of three signatories including the Head teacher. Cheques / other banking instructions should require two of these signatures. Schools should ensure that any account set up pays interest on accrued balances. Schools should ensure that interest is paid gross of tax.

**The bank account (other than the Imprest account) must be accounted for through FundsMaster.**

#### 6. Operating the Account

The school should obtain a cheque book, a bank pay-in book (if not contained in the cheque books). These should be kept in the school safe.

School fund cash must be kept separate from other funds e.g. WLC imprest cash or school meal money. The cash box(es) should be held in the safe and the keys to cash box/ safe should only be accessed by a limited number of nominated staff and held securely.

##### **Payments:**

Where possible, the school should make payments by cheque rather than cash or ideally via digital banking. This provides a record of the transaction on the bank statement. Details of the amount and payee should be written on the cheque book stub.

Staff must never sign a blank cheque. They must ensure that the cheque is fully completed with the date, the payee and the amount in words and figures. If it is a payment to a supplier for goods, you must have an invoice at the time you write the cheque.

If one cheque signatory is going out of school to make a purchase, then the other signatory should complete the date and payee before signing the cheque. A receipt must be obtained for the purchase. Both cheque signatories are jointly responsible for the cheques that they write.

If you have to cancel a cheque (e.g. because of a mistake when writing it out) you should write the word 'CANCELLED' on it in large letters. Cancelled cheques should be stapled within the cheque book.

**Income:**

Where ever possible schools should encourage parents/carers to make payments on line using iPayimpact, thus reducing risk to pupils and staff in handling cash.

All cash money must be recorded/receipted by the staff in the school office. Money may be collected by teaching or support staff in the classroom, but the money must be taken to the school office on a daily basis with a completed record with the pupil's name and details of the deposit.

Where sealed envelopes are used by a school they are to be taken to the school office on a daily where they will be opened, wherever possible by two staff, and details then entered into iPayimpact for the individual pupils.

If there is a discrepancy between the details on the envelope and the money inside the envelope the parent/carer is to be contacted immediately. Only the value of the actual money received is to be entered into iPayimpact. *Reminder for primary schools: keep school fund income separate from Council income – the envelope may contain payment for a trip and meals at the same time.*

Where individual pupil payment need to be identifiable, then the money must be receipted in the iPayimpact pupil account. If an email address is recorded for the parent an email receipt should be sent immediately from iPayimpact .

If a paper receipt is requested it can be printed then or any time later. All individual payments are recorded against the pupil and can be reported upon within the financial year.

Activities such as 'Dress down day' where pupils would take their £1 coin to class can be marked off as normal, with the bulk money coming to the school office to be recorded in bulk directly into FundsMaster, not on individual pupil accounts in iPayimpact.

Where income is paid into the account via FundsMaster, a duplicate receipt should be used. The top copy should be issued to the depositor and the bottom copy retained.

Reports are run from iPayimpact when banking and the collated report for school funds is input into FundsMaster

For primary schools a separate iPayimpact report is run for milk and meal money paid directly to the school and is used to balance the banking into the council bank account.

Money paid into the school bank account through online banking should be reconciled with iPayimpact reports weekly with details entered into FundsMaster. (Money paid online for meals and milk will be direct credited into the Council bank account and therefore no reconciliation is required from the school).

All income should be banked intact and timeously at least on a weekly basis, if no cash uplift service is available.

The money should be placed in a secure bag or wallet and then sealed. The money should be checked by staff prior to the bag being sealed. This should be evidenced in a banking register or similar record by the initials of both staff members. There should also be a record in the **Banking**

**Register - Appendix 1**, of who has uplifted the money for banking (cash uplift service provider, FMA, School staff).

***If the accumulated sum of the School Fund/s exceeds £15,000 (primary)/£40,000 (secondary) at the end of the school fund year, this should be reported to the Area Business Support Manager.*** This should be tracked on a monthly basis thereafter until the level of the account drops below the trigger value. Schools may achieve these figures as part of supported projects or residential ventures and it is important that the good practice in reporting supports Head teachers in the audit process.

The school fund must be an agenda item for discussion on a termly basis between the Headteacher/ABSM and spending plans agreed with the Parent Council.

## **School Meals**

### *Secondary Schools:*

Parents should be encouraged to pay on line (this way children are not carrying cash around the school and potentially at risk of losing it or having it taken from them). This also reduces the amount of cash handling in the school. **As iPayimpact is linked to SEEMiS all pupils entitled to a free school meal will automatically have credits applied to their accounts.**

### *Primary Schools:*

In primary schools meals are ordered/recorded in the classroom but through iPayimpact. The orders for the class are placed directly into the software package. Those parents who have gone on line and pre ordered their child's meal will already have their choice showing for their child. The other children will request as normal and have their choices ticked. Coloured bands/trays will be given out as per the usual practise in the school.

All school meal monies must now be forwarded to the school office and not taken by catering/kitchen staff.

**As iPayimpact is linked to SEEMiS all pupils entitled to a free school meal will automatically have credits applied to their accounts.**

In iPayimpact pupils have individual accounts and can carry credit for school meals, parents therefore can now pay on line in larger amounts.

As the cash received and the meals ordered will not necessarily match, if ever, there is no requirement to do the meal reconciliation sheet each day. Council central staff are able to run their own reports from iPayimpact detailing the meals ordered from every school.

**Following input of the daily income a report is to be run in iPayimpact listing pupils who have ordered meals and do not have sufficient credit to cover the costs. As per current practise parents are to be immediately contacted to recover the debt.**

At a time agreed with the catering kitchen the administration staff will daily run off a central report for the school from iPayimpact detailing the total numbers for each meal choice.

## **7. Financial Records**

All schools must use the most up to date version of FundsMaster software, currently version 3.1, by Carn software. All schools are to upkeep support payments so when a new version is introduced all schools move to it and uniformity is maintained.

Detailed financial records must be kept of all transactions within the fund.

An invoice or receipt must be obtained as evidence of all expenditure transactions - cash or cheque and cross referenced to accounting records.

All receipts invoices, cheque stubs, bank statements and financial/trading statements must be retained for **six** financial years, plus the current year for audit purposes.

Bank statements are to be requested from the bank on the last day of each calendar month. The statement should be scrutinised for the following:

- Accuracy of entries –check each entry on the bank statement against the deposit and cheque books.
- Direct debit, direct credit and standing orders – check these are valid.
- Interest received.
- Bank charges – check these are appropriate with the bank.

Any item not detailed in FundsMaster will need to be updated before undertaking the bank reconciliation.

## 8. Bank Reconciliation

It is important that a **reconciliation** of the bank statement with FundsMaster is undertaken each calendar month and a record of this is kept.

You should be aware that deposits may take a day or two to appear on the bank statement whilst cheque payments may not appear on bank statements for several weeks. These timing differences should be reflected on the reconciliation statement.

Where possible a person independent of the daily control of the account should perform reconciliations between accounting records and bank statements on a monthly basis with all discrepancies investigated. This ensures the monies are independently monitored and any errors are timeously corrected.

The Head Teacher is to sign each monthly FundsMaster bank reconciliation statement and the ABSM is to check monthly that the procedures are being followed.

## 9. Year End Accounts

At the end of each school session the end of year procedures on FundsMaster are to be completed and the following reports produced: Opening bank statement, closing bank statement, Balance Sheet, Year End School Funds Statement and the final month's Bank Reconciliation. These three reports, the two bank statement and the signed audit/verification statement are to be scanned and forwarded by email to the **Resources Team based in Education HQ, Civic Centre by 31 October each year (www.ipay-fundsmaster@westlothian.gov.uk)**.

## 10. Tax Position

In general, the school fund **does not** required to be registered for VAT .

## 11. Insurance

The council insurance policy applies to money that is the property of the council or for which it is legally liable. For schools, the school is part of the council so school fund money is covered subject to the policy terms and conditions.

However any Parent Teacher Association would be treated as a separate organisation and require its own insurance. Council staff should not be a signatory on a PTA or Parent Council bank account.

Under the terms of the council policy: The school is responsible for all losses below £1,000.

Losses from safes are not covered if the keys or the combination code is left on the premises whilst the establishment is closed for business.

Money must be kept in a safe suitable for the amount held whilst the premises are closed for business. Schools should have Secureline safes and must not hold more than £3,000 (£10K for secondary) overnight.

If staff take money to the bank they should vary the time and route and not more than £2,500 should be carried by a single person.

## 12. Role of the Auditor / Verifier

The auditor / verifier should be someone independent of the management of the fund, for example another suitably experienced member of the school staff or a suitably experienced parent/carer. Schools may audit another school's accounts.

The auditor / verifier must be satisfied that:

- Proper and adequately detailed records of expenditure and income have been kept and made available for the audit;
- Financial statements drawn up are in accordance with the books and papers submitted for audit.
- Satisfy him/herself that the money raised and spent by the School Fund is within the terms of the constitution, or aims and objectives (if any).

The auditor / verifier should use the school Fund Checklist - **Appendix 2** and issue a signed statement that should be kept with the financial statement to which it refers. The auditor should comment on anything that is found to be amiss as the absence of any statement is interpreted as satisfaction with the accounts.

The auditor/verifier should report any findings or recommendations for improving the book-keeping to the Head teacher.

Any financial discrepancies should be reported to the Head teacher, and WLC Internal Audit if considered serious.

It may not always be possible to get a suitably qualified volunteer to audit the school fund and as such a small gift (see clause 13.3 below) from the school funds may be purchased.

***An example of the auditor's statement:***

"I have audited/verified to the best of my knowledge that the Balance Sheet of the \_\_\_\_\_ School Fund in respect of year ended \_\_\_\_\_ 201X\_\_\_\_\_, and the Statement of Funds as at that date, and from the books and papers submitted for audit/verification and from explanations given, and I certify that the foregoing accounts are in accordance therewith."

## 13. Purchase of Goods/ Services via WLC Suppliers/ PECOS

### 13.1 PECOS

Items which are used by the school in pursuit of the education of its pupils, may be purchased from West Lothian Council suppliers via PECOS. This enables schools to benefit from preferred contract rates and to take advantage of the VAT position of the authority.

When a payment is processed locally by a school via PECOS, copy details must be sent to the Education Services finance team within Civic Centre, Livingston, accompanied by a cheque reimbursement equivalent to the invoice total, net of VAT.

Schools should ensure the purchases of items such as PCs, laptops, health and safety equipment etc are made via WLC suppliers to ensure they are supported by corporate IT and meet other relevant corporate policies.

### 13.2 Purchases from Non PECOS Suppliers

Purchases can be made from non PECOS suppliers using the school fund if required. However, the school will NOT be able to re-claim the VAT on such purchases and should follow council procurement procedures as per any other purchase.

### 13.3 Personal Purchases

Personal purchases **cannot** be made through the school fund. The only exception is portable musical instruments that may be purchased on behalf of pupils.

Head teachers may decide to purchase small 'gifts' where exceptional circumstances arise. These may include e.g. small flower arrangements, chocolates and ordinary bottles of wine but such gifts must not include any fortified wines or spirits (as per the HMRC guidelines). Head teachers should ensure there is an equitable approach to all stakeholders.

### 13.4 Purchases on Behalf of Parents/Carers, Staff and Pupils

Schools may offer articles for sale through the school on behalf of commercial organisations for example books, school trips, photographs, year books, diaries and clothing. The purchase of such items must be optional.

Goods and items subject to VAT, such as school photographs, cannot be purchased through the authority's payment systems net of VAT where the goods and services are sold on to parents/carers, staff, pupils or other individuals.

School trips may only be procured through the authority's payment systems net of VAT when they are in pursuit of the education of pupils.

### 13.5 Donations / Fund Raising

Schools should use the school fund to record the receipt of all donations/fundraising from parents and parental bodies including Parent Councils, PTA etc.

## 14. Departure of Head teacher

It will be the new Head teacher, or acting Head teacher's responsibility to ensure that the full year's accounts are prepared and audited. Authorised signatory lists etc should be updated with the bank immediately.

