

PRIVATE SCHOOL FUNDS

ADMINISTRATION, ACCOUNTING & AUDITING GUIDANCE

This guidance forms part of the Telford & Wrekin Council
Financial Regulations for Schools

Produced by Telford & Wrekin Audit & Information Governance

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1. INTRODUCTION

- 1.1 This guidance manual has been prepared in order to provide practical advice on the sound management and administration of school funds resulting from NAHT Recommended Good Practices, OFSTED and Telford & Wrekin Council requirements.
- 1.2 The manual is not meant to be prescriptive although the principles are essential to sound financial practice. Schools should tailor the advice given here to their own practical situations. The manual is, however, regarded as a supporting document to the Schools Financial Regulations and sets certain basic minimum requirements that must be met by all schools **(Minimum standards are printed in bold throughout the guide)**.
- 1.3 In addition to accounting procedures, advice is also given on school fund constitution, tax, insurance, and charitable status.
- 1.4 Voluntary funds frequently provide schools with substantial additional sources of finance. Although not public money, school funds are administered by employees of the LA in normal work time and therefore minimum standards are expected. In addition, parents, pupils and benefactors who contribute to the fund are entitled to minimum levels of financial stewardship and accountability

2. DEFINITION AND PURPOSE OF SCHOOL FUND

- 2.1 NAHT Guidelines define a school fund as "a fund containing other than official monies of the funding authority (i.e. LA), which is controlled wholly or in part by a Head teacher or Principal by reason of his or her employment at the school".
- 2.2 The general purpose of the fund is to act as a processing account to enable the financing and accounting for extra curricular activities (e.g. trips) and to generally support the school from non-LA sources, e.g. fundraising, charitable donations, sponsorship, uniform sales, tuck shops, breakfast and after school clubs etc.
- 2.3 **School funds should be for the benefit of the pupils of the school, not any other body or members of staff. Unless saving for a specific project, funds should be spent for the benefit of those pupils who raised them, (see section 16 Use of the Fund).**

3. RESPONSIBILITIES

- 3.1 The following sections (4 to 8) are intended to provide guidance on who is responsible for the various sections of School Funds.

4. THE HEAD TEACHER

- 4.1 The ultimate responsibility for the control of all voluntary funds operated within the school by school staff lies with the Head teacher. This responsibility does not extend to Governor accounts or PTA funds unless specifically stated, and may rest with another nominated person under charitable status. **(Telford & Wrekin Council do not recommend Head teachers being involved in the financial administration of Governor accounts or PTA funds due to the possibility of conflicts of interests)**

- 4.2 **The Head teacher is responsible for the security of the cheque books, petty cash and debit cards.**

- 4.3 Separate school funds with separate bank accounts are often run by schools with nursery classes, breakfast clubs and after school clubs. Such funds should not be treated differently from other funds with the same standards and audit requirements applying. The Head teacher is ultimately responsible for such a fund.

- 4.4 The administration of the fund may well be delegated to another member of staff (e.g. bursar, administrator or another teacher). This is recommended but may not always be practicable. The Head teacher must ensure that the member of staff has time to undertake the role. **Where day to day administration is delegated the Head teacher should examine regularly (normally monthly, following completion of the bank reconciliation) the ledgers, bank statements and other records of the fund to ensure:**

- i. **The records are up-to-date and accurate**
- ii. **Bank reconciliations are being performed correctly and promptly**
- iii. **Bank statements are being reconciled to the ledger correctly and promptly**
- iv. **Petty cash is being accounted for and is correct**

- 4.5 A number of transactions should be checked, i.e. expenditure is supported by a voucher and is recorded properly, and income has been recorded, receipted and banked promptly.

- 4.6 Examination of the records offers some protection both to the Head teacher and administering staff. **The examination of the accounts should be evidenced on records by an initial and date.** Should any dispute occur, the Head teacher would then have clear evidence that their responsibility has been properly discharged.
- 4.7 The Head teacher should determine
- ❖ cheque signatories
 - ❖ debit card holders
 - ❖ who is authorised to approve expenditure
 - ❖ appointment of suitably qualified auditors
- 4.8 **The Head teacher should ensure annual accounts are drawn up in an approved form, audited and presented to Governors within a reasonable period of time after the end of the fund's financial year. Telford & Wrekin Council consider within 6 months to be a reasonable period.**
- 4.9 **A copy of the audited accounts signed by the Auditor and a certificate of audit certified by Governors (see appendix 11), should be sent to The Audit & Information Governance Manager. The location address is: Telford & Wrekin Council, Whitechapel House, Priorslee, Telford, TF2 9FN. The postal address is: Telford & Wrekin Council, Darby House, Lawn Central, Town Centre, Telford, TF3 4JA.**
- 4.10 **The Head teacher should report any suspected irregularities immediately to the Governing Body and to The Audit & Information Governance Manager.**

5. THE GOVERNORS

- 5.1 Governors have a general responsibility for the oversight of the management of school funds. Head teachers are accountable to Governors for the good management of funds, which is normally discharged through the presentation of annual audited accounts. **Governors must ensure that this is done, preferably within 6 months of the end of the school fund year. The Governing body must present a copy of the audited accounts to all parents, this is a requirement under the Council's Financial Regulations for Schools with Delegated Budgets.**
- 5.2 **The Articles of Government should include a statement to the effect that "the Head teacher shall submit to Governors not less frequently than once each year a certified statement of all school funds".**

- 5.3 **Governors should consider the approval of a School Fund Constitution. See example at Appendix 12**
- 5.4 Governors (unless Trustees under charitable status) have no statutory right of access to the school fund during the year but have the right of inspection and to seek explanation or clarification when the accounts are presented to them.
- 5.5 **Governors should ensure that a record is kept of all voluntary school funds operating in the school and should be consulted on the appointment of auditors.**
- 5.6 **The Governors should report any suspected irregularities immediately to The Audit & Information Governance Manager. The location address is: Telford & Wrekin Council, Whitechapel House, Priorslee, Telford, TF2 9FN
The postal address is: Telford & Wrekin Council, Darby House, Lawn Central, Town Centre, Telford, TF3 4JA.**

6. THE LOCAL AUTHORITY

- 6.1 The LA is responsible for setting minimum standards and guidance on the operation of voluntary funds and for ensuring that articles of Government are adhered to.
- 6.2 **The LA's Head of Finance reserves the right of access to any voluntary fund administered by its own staff and to conduct investigations on the suspicion or reporting of fraud or irregularity on the fund. Financial Regulations for Schools with delegated budgets section 22 refers.**

7. INTERNAL AUDIT

- 7.1 Internal Audit will be provided by Telford & Wrekin Council, Audit & Information Governance, who have a duty to give advice on the operation of voluntary funds and comment on the adequacy of systems during routine school audits.
- 7.2 Audit & Information Governance are responsible for carrying out investigations into suspected fraud and irregularity reported by the LA or the school.
- 7.3 The school, in accordance with section 34 of this guidance manual, should select an appropriate auditor to audit the school fund. Although Telford & Wrekin, Audit & Information Governance are not responsible for end of year financial audits, a school fund audit can be provided. Quotes will be based on the value of the fund(s), numbers of

transactions and number of bank accounts and will be provided on request by the Audit & Information Governance Manager.

8. SCHOOL FUND AUDITOR

- 8.1 **The auditor has a responsibility to audit the accounts in accordance with this guidance manual and any professional standards that they are subject to. See section 32.**

9. BASIC PRINCIPLES

- 9.1 The following sections (10 to 16) are intended to illustrate some of the basic principles involved in the operation of School Funds.

10. SEPARATION OF FUNDS

- 10.1 **It is important that school fund monies are kept totally separate from all other monies in the school.** Do not mix or borrow between school fund, imprest, dinner or other monies, as errors are likely to occur. Monies held on school premises must be clearly labelled and held securely and separately, otherwise cash balances cannot be independently verified to school fund records.

11. ACCOUNT BOOKS

- 11.1 **Clear, comprehensive accounting records in ink or using a computer package must be maintained.** While these records need not be elaborate they must record all transactions of the fund which must be recorded at the time the transaction takes place. **Accounting records must be kept up to date.** Day books should be kept up to date at all times and ledgers at least monthly.
- 11.2 No matter how meticulous you may be in the actual handling of the school fund money, if any dispute or discrepancy arises you may fall under serious suspicion unless clear unambiguous records have been maintained.
- 11.3 Where a computer package is used adequate arrangements must be made to regularly back up records, this could be paper copies or onto disc which should be held off site or onto the T & W network.

12. BANKING ARRANGEMENTS

- 12.1 A separate bank account with cheque facilities should be opened for the school fund. In addition, an interest earning deposit account or building society account may be required for holding monies surplus to current requirements and funds earmarked for specific future use (e.g. saving for a minibus) see paragraph 12.4 below.

- 12.2 Banking arrangements should be reviewed on a regular basis. The bank accounts in operation should be of maximum benefit to the school with interest gained being in excess of any charges incurred. Where charges exceed interest the Head teacher should discuss the issue with the appropriate bank or building society manager and consider changing the account.
- 12.3 **The account title must bear the name of the school and any other description necessary to distinguish it as a school fund and separate from all other accounts. The account title must not include the name of an individual or Telford & Wrekin Council.**
- 12.4 Current account bank balances should not be allowed to build up beyond what is reasonably required. Balances over and above a working balance and known outstanding commitments should be transferred to an interest earning account.
- 12.5 **Bank accounts should not become overdrawn.**
- 12.6 **Bank statements should be obtained regularly (preferably monthly) and reconciled promptly to the school fund record.**
- 12.7 **All financial transactions should be made through the school fund and not through personal bank accounts, or the LA accounts.**

13. ACCOUNT SIGNATORIES

- 13.1 **All cheques and other withdrawals and payments including those made by debit card, BACS and direct debit will require the signature of two appropriate members of staff.** For practical purposes up to four members of staff should be established as signatories. In most cases the authorised signatories will be

- The Head teacher
- The Deputy Head teacher(s)
- Senior Teacher
- School Bursar, Business Manager or Administrator,

In no circumstances should a member of the Governing Body be established as an authorised signatory.

- 13.2 **On no account should signatories sign blank cheques.** Cheque signatories should see the supporting voucher and check that the payee details and amount agree to the supporting voucher. With the increased use of automatic processing, there is a risk of cheques with only one signature being processed in error.

- 13.3 Debit card and electronic payments such as BACS should be authorised by two signatories **prior** to the purchase being made (see example authorisation voucher Appendix 13)
- 13.4 Where the school fund has charitable status, a trustee may be required to act as a cheque signatory. Schools should clarify this position directly with The Charity Commission at the address shown in 48.6.

14. CASH HANDLING

- 14.1 **Whenever cash passes from one person to another, an acknowledgement should be given by the person receiving the cash.** This can be in the form of a receipt or in a daybook designed for this purpose.
- 14.2 **Cash held in school should be kept to a minimum and banked promptly and intact. Deductions from income to finance expenditure should not be made.** Separate cheques for cash should be drawn to avoid confusion and discrepancies. If a cheque is raised for cash, receipts for expenditure should be obtained see Section 23 Petty Cash.
- 14.3 **Cash must be held securely at all times**, preferably in the safe or locked drawer/cupboard. The level of insurance cover for cash held in school should always be complied with this will vary according to the method of storage e.g. safe, locked cabinet etc. For details of the insurance cover for your school please contact the LA Insurance Officer. Large amounts of cash should not be left on the premises overnight and should never be left unattended. Access to cash should be restricted to authorised members of staff, i.e. the Head teacher and members of staff administering the fund.
- 14.4 Income for school fund should be requested by cheque made payable to the school, to reduce cash handling. To reduce the need for holding petty cash, where possible, payments should be made by cheque.
- 14.5 The Governing Body should ensure that school funds are covered by insurance including fidelity guarantee insurance (OFSTED Std L13).

15 SEGREGATION OF DUTIES

- 15.1 **As a principle to cover all parties, duties should be divided between members of staff so that each transaction involves more than one person.** Staff can be left in a vulnerable position whereby they have the ability to abuse the system undetected or be maliciously accused of such action.
- 15.2 No one person should be in a position to receive all monies, receipt them, bank them and record them in the ledger. Similarly, no one

person should approve expenditure, make the payment and record the transaction.

16. USE OF THE FUND

16.1 School funds must be considered as trust funds and should only be used for the object or purpose for which they were set up, **namely for the benefit of pupils.**

16.2 Improper use of the fund would include the following (note, this list is illustrative, not definitive):

- Presents for staff, governors or outsiders (e.g. postman).
- Items for personal use by staff
- Leaving, retirement, birthday or wedding presents. However if the school fund is used to deposit collections (for safe keeping) in respect of these gifts it must be clearly accounted for and the expenditure must match the income collected
- Cashing of personal cheques for staff (or anybody else). There is the further problem/embarrassment of such cheques being "referred to drawer".
- Loans or advances to any person
- Replacement of private monies stolen or re-imburement for private loss.
- Staff refreshments / hospitality.
- Items for use in the staff room e.g. kettle, microwave.
- Staff parties, meals, etc. As above if the school fund is used to deposit collections (for safe keeping) in respect of these events it must be clearly accounted for and the expenditure must match the income collected
- Staff training courses and travelling expenses

17. ACCOUNTING RECORDS

17.1 In order to ensure that all transactions are properly accounted for and that information is readily available to management and for audit purposes, some suggestions as to the types of record required are offered below (sections 18 to 26). It is essential that proper records are kept. This chapter provides guidance on good practices which will promote efficient monitoring of school funds and allow them to be audited in a cost effective manner. Poor records increase the time required to audit the accounts and consequently increase the audit fee.

18. CASH BOOK

- 18.1 **The cash book is a record of income received and deposited into the bank and of payments made, all school funds must have one.**
- 18.2 A suitably ruled cash analysis book should be maintained to record all the financial transactions of the fund, ***an example of which is shown at Appendix 1***, alternatively a computer accounting package could be used. For school funds held by larger primary schools and secondary schools, Audit and Information Governance strongly recommend the purchase of specialist accounting software.
- 18.3 If manual records are being maintained it is recommended that a book with sufficient columns be purchased to facilitate correct analysis of the receipts and payments of the fund. This greatly simplifies the preparation of the year end statement, and allows meaningful accounts to be presented.
- 18.4 **The cash book should be written up at least once a week if completed from supporting records, otherwise immediately as transactions occur.** All entries should be supported by documentary evidence (e.g. receipts, daybook entries, payment vouchers).

19. OFFICE DAYBOOK

- 19.1 An office daybook is a simple record used to record all cash handed in to the school office as it is received. It is recommended to schools in most cases. The daybook can be modified to act as a receipting record if receipts are not required to be issued. The use of daybooks is already commonplace in Telford & Wrekin schools and enables the administrator to record items quickly allowing the more time-consuming task of ledger maintenance to be done at a quieter, more convenient time (see paragraph 18.4).
- 19.2 ***An example of an office daybook is shown at Appendix 2.*** In order to comply with the principle that whenever cash passes from one person to another it must be recorded, it is recommended that the receiver signs (or initials) the record as does the depositor. In this way, there can be no confusion as to what has been handed over and recorded in the fund records. Where pupils bring cash on behalf of their teacher to the office or when classroom collections occur, it is recommended that class daybooks (see paragraphs 20.1-20.2) are used and the transactions cross-referenced to give an audit trail.
- 19.3 When a banking is made the daybook should be ruled off, totalled and the date banked and paying in slip number (if there is one) recorded.
- 19.4 The daybook should always record sufficient detail to enable the update of the ledger and provide an audit trail.

20. CLASSROOM DAYBOOK

- 20.1 It is recommended that, if cash is collected in the classroom, teachers or teaching assistants maintain their own classroom daybook. **A copy is shown at Appendix 3.** The daybook is simply a list of amounts received from parents and pupils. The daybook should be totalled whenever income is to be deposited with the fund administrator and should accompany the income to the office so that the receiver may check and sign it to acknowledge receipt of the income.

21. RECEIPT BOOKS

- 21.1 Receipts are a method of acknowledging receipt of monies, which allows the depositor to retain evidence of the money handed over.
- 21.2 Receipt books can be used either instead of or as a supplement to daybooks (i.e. issued only when specifically requested as the acknowledgement is in the daybook).
- 21.3 Only duplicate receipt books should be used, the top copy of the receipt should be given or sent to the person or company that has paid the money and the copy retained in the receipt book. These should contain consecutively pre-numbered receipts (preferably uniquely).
- 21.4 A log of all receipt books should be maintained recording the date and who they have been issued to. Where possible, staff should sign to acknowledge they have been issued with the book.
- 21.5 Cancelled receipts should be annotated as such and retained for audit purposes

22. VISIT OR JOURNEY RECORDS

- 22.1 When cash is collected by members of staff for visits or journeys, a record should be maintained, detailing in list form the amounts and date received from each pupil. **An example of a school fund visit/journey record is shown at Appendix 4.** Note, an option for instalment payments is also shown.
- 22.2 Any amounts deposited with the fund administrator should be entered on the visit/journey record (and class daybook if used).
- 22.3 Where income is being collected by instalments (e.g. adventure holidays or foreign visits), a payment card is sometimes used these are individual to each pupil and should record the date and amount of each instalment received and be signed by the person who receives it this will act as a receipt to parents. Income should also be recorded in the day book.

- 22.4 Where amounts received are over £10 and are not recorded on a payment card a receipt must be issued and the amount received recorded in the day book. For amounts less than £10 a visit/journey record should be maintained to record pupils name, amount received and date and retained on file to evidence payments received.

23. PETTY CASH RECORD

- 23.1 A separate petty cash book should be maintained to record cash payments. This is a simple record of the amounts spent, top-up of cash and the cash balance ***an example is shown at Appendix 5.***
- 23.2 Invoices to support payments should be obtained, but a pad of petty cash vouchers may be purchased and used as a supporting voucher if no invoice is available, or to clarify the reason for purchase. Vouchers should be filed in petty cash book transaction order. The petty cash book should have the facility for the recipient of the cash to sign as an acknowledgement of receipt.
- 23.3 At the year end, an independent person should verify the cash in hand and sign the petty cash record as evidence that the cash balance has been verified

24. STOCK RECORDS

- 24.1 A stock record should be maintained for uniform sales such as sweatshirts, polo shirts and book bags (an individual stock sheet should be maintained for each type of item) ***an example is shown at Appendix 6.***
- 24.2 If a cash float is required for Uniform sales a cheque should be drawn for cash.
- 24.3 Receipts should be issued for uniform sales whether it be for sales from stock or orders with payment in advance
- 24.4 All deliveries and sales should be recorded and a running balance of actual stock maintained. Periodically and at year-end the actual stock should be physically checked and agreed to the stock record (the stock record should be annotated as checked, dated and signed / initialled).
- 24.5 Audit and information Governance strongly recommend that a note of the year end stock in hand is annexed to the year end statement of accounts.

25. YEAR END FINANCIAL STATEMENT

- 25.1 **At the end of the fund's financial year, a year end financial statement (receipts and payments account) and balance sheet must be produced, audited and presented to Governors within 6 months. A suggested format is shown at Appendix 8.** It is essential that the account be drawn up and audited promptly after the year end, that is, no later than 6 months after the year end, but preferably reported to the first full Governors meeting in the term following that in which the school fund year ended (e.g. year end 31.03.13 should be reported to Governors at the Autumn Term 2013 meeting).
- 25.2 All the fund's records should be made available to the auditor and the Governors have right of inspection of the cash book and supporting records when the financial statement is presented to them.
- 25.3 **Confirmation that the audited accounts have been presented to Governors and Parents should be recorded in the Governors' minutes, and the certificate of presentation with a copy of the signed accounts forwarded to Audit & Information Governance. See appendix 11.**
- 25.4 Any item owed to or by the fund should be noted on the account if they materially affect the balances shown.
- 25.5 The value of uniform stock and cash floats should be included in the year end statement.

26. RETENTION OF RECORDS

- 26.1 The accounting records of the fund should be kept in a safe place (e.g. locked cupboard) and retained for six years in addition to the current year.

27. DAY TO DAY MANAGEMENT

- 27.1 The following sections (28 to 31) give advice on what is considered the appropriate methods of dealing with the day to day management of School Funds.

28. INCOME COLLECTION PROCEDURES

- 28.1 **All income must be recorded when it is received, be it in a daybook or receipted. Similarly, when it passes from one person to another, it should be formally acknowledged (again by daybook entry or receipt) by signature of the recipient.**
- 28.2 Donations and amounts over £10 should always be receipted (see 21.3 above)

- 28.3 Grant Income – Where the school have applied for grants which have to be paid into an account bearing the school name e.g. British Council Comenius Grants, this should be clearly identified in the accounts.
- 28.4 Where a school holds a raffle to raise funds by selling pre-printed tickets over a period of time a Small Lottery Licence should be applied for from the LA Licensing Section on 01952 383264. Fund raising at an event where tickets are sold at the event and prizes are given at the same event e.g. Tombola are exempt from the requirement of a licence.
- 28.5 Where income is collected in classrooms, staff concerned should record it and pass it on to the administrator as soon as is practical. Cash should never be stored overnight in classrooms but handed in daily to the Administrator to be stored in the safe or a locked cabinet.
- 28.6 Income from fund raising by fetes or similar events where cash is received at multiple locations should be counted by the individuals who ran the stall (preferably two persons) and taken to a designated person who should count the money again, agree and receipt it via a receipt book or daybook.
- 28.7 Where admission charges are made to gain entry, pre-numbered tickets should be issued. A simple record should be kept of the number of tickets issued and sold which should be reconciled to the actual cash received. Unsold tickets and the reconciliation statements should be retained for audit purposes. Similar procedures should be adopted for raffles.
- 28.8 Fundraising by a sponsorship event should be done on pro-forma sponsorship forms, preferably pre-numbered for control purposes. Receipt of the sponsorship monies should be checked to the sponsorship form (which should be retained) to ensure all monies collected have been handed over and acknowledged by signing the sponsorship form as well as the daybook or receipt.
- 28.9 Tuck shop income should be accounted for in a separate record book held in the tuck shop. At the end of each session, the float should be deducted from the total cash and the remainder counted by two persons who should then update the tuck shop record and both sign it. The record should then accompany the cash to the administrator who should check and sign it to acknowledge receipt of the cash. **A tuck shop record is shown at Appendix 7.**
- 28.10 Breakfast club income should be accounted for in a separate register showing attendance and payment received. At the end of each session, the float should be deducted from the total cash and the remainder counted by two persons who should then update the breakfast club record and both sign it. The record should then accompany the cash to the administrator who should check and sign it to acknowledge receipt of the cash

- 28.11 **In all cases income should NOT be retained for the purchase of supplies all income should be banked intact.**
- 28.12 Uniform sales should also be recorded (see section 24 above) on a stock record sheet, ***an example of which is shown at Appendix 6.*** Deliveries should be added to stock and sales deducted. Periodically, a stock check should be undertaken to verify the stock record balance in hand this should be signed and dated. Closing stock values should be noted on the annual financial statement.
- 28.13 **All money received should be banked promptly and intact. No deduction should be made to finance petty cash or other expenditure.** The daybook or cash book should be ruled off, signed by the collector and totalled to agree with the banking made. The date of banking and paying in slip number (if there is one) should also be recorded.
- 28.14 The LA has insurance cover for cash held on site, the level of cover will depend on whether it is held securely in a locked cabinet, document or fireproof safe. However, official Telford & Wrekin funds (e.g. imprest account cash, budget income, school dinner money) would be reimbursed as the first priority and, therefore, it is advisable to keep school fund cash held on the premises to an absolute minimum by regular banking. Schools should consider obtaining additional cover if the limit is exceeded on a regular basis. For further details on insurance cover, contact the Insurance Officer.
- 28.15 Pending banking, cash should be held securely, preferably in a safe, but if not available, in a locked drawer or cupboard. Cash should not be left unattended at any time. To comply with insurance requirements keys to cash tins and cabinets should be held securely in a different room to the cash.

29. EXPENDITURE PROCEDURES

- 29.1 Wherever possible, payments should be made by crossed cheques authorised by two signatories. Cash payments should be avoided but where necessary, processed through a separate petty cash record (see section 23).
- 29.2 Debit card and other electronic payments should be authorised by two signatories **prior** to the purchase being made (see example authorisation voucher Appendix 13) when a receipt or invoice is received it should be attached to the authorisation voucher and retained for audit purposes.
- 29.2 **Vouchers or documents in the form of receipts or invoices should support payments. The Head teacher or person with delegated authority to do so must approve expenditure prior to payment.** This should be evidenced on the supporting voucher/invoice by words

to the effect that it is "authorised for payment" and signed by the authorising officer.

- 29.3 Payment vouchers/invoices should be sequentially numbered for reference purposes; this could be by cheque number which should match the number recorded in the cash book. Petty cash vouchers should be filed by the date the expenditure was reimbursed, they should be sequentially numbered to match the petty cash record book. **N.B If no payment voucher is available a copy of the cheque should be retained in the supporting records to evidence the payee and amount.**
- 29.4 Cheques should only be made payable to the payee on the supporting voucher (with the exception of PSF donations into the budget where the cheque should be payable to Telford & Wrekin Council). The supporting voucher should accompany the cheque to the cheque signatory who should check the date, amount and payee details before signing the cheque. **Blank cheques should never be pre-signed.**
- 29.5 **Payments to self employed individuals for work done should not be made from the school fund because of income tax implications** i.e. storytelling, lifeguard, dance teachers, sports coach etc. the payment can be processed through the school budget requesting payment to be made to the individual. The payment will appear on the Council's annual taxable payment schedule sent to the Inland Revenue. This will discharge the school funds liability and place the responsibility on the individual concerned to declare their income to the Inland Revenue.
A cheque should then be drawn from school fund and paid into the budget to cover this expense.
Alternatively the school could raise a cheque to the supplier from the school fund account but obtain a signed statement from the supplier stating that they understand that they are personally responsible for reporting this income to Her Majesty's Revenues & Customs (HMRC) for tax purposes.
- 29.6 If resources are purchased through the budget then any income generated from sales e.g. Revision Guides, SAT's Test booklets should be paid back into the budget not the school fund. Similarly if payment is made from school fund, income should be paid into the school fund bank account
- 29.7 Invoices which have an element of VAT and are in respect of 'educational purposes' can be paid through the budget to avoid the school fund having to pay the VAT element. The school fund should then reimburse the budget for the net value (total excluding VAT) of the invoice.
- 29.8 Refunds to parents for visits or journeys should wherever possible be made by cheque. If a cash refund is requested a cheque should be drawn for cash and the amount repaid to the parent. In both cases the

school should retain a record of refunds made and obtain a signature from the parent to confirm they have received it. It is advisable to hand cash refunds direct to the parent rather than sending with the child.

- 29.9 Donations collected should be analysed separately in the ledger between donations for the school and donations for Charity this will then clearly identify that all income collected for and on behalf of charities has been paid over.
- 29.10 Donations paid over to Charities are often unsupported. The school should take a photocopy of the cheque that has been issued to evidence the payee and amount and a receipt requested from the charity. This documentation should then be retained on file.
- 29.11 Internet purchases made by staff using their own credit cards is discouraged although it is recognised that best value can be obtained using this method. Schools are advised to apply for a Government Procurement Card (See Financial Regulations section 13) to be able to make these purchases from the budget and then reimburse the budget with a cheque from the school fund. Details of the purchase (copy orders etc) should be retained in the school fund file to evidence the payment.
- 29.12 Loyalty Cards (e.g. Tesco Clubcard, Sainsbury's Nectar etc.) should be in the name of the school not an individual to enable the school to have the advantage of the points and therefore be able to spend these on additional resources for the school.

30. PETTY CASH

- 30.1 **Where petty cash payments are to be made, it is recommended that an imprest system be adopted.** The petty cash float is established at a set amount by a cheque drawn for cash. Expenditure is met from the cash and when the float requires topping back up a cheque is drawn for cash for the total amount that has been spent, thereby returning the float to its original level. The reimbursement can then be recorded in the cash book and analysed accordingly.
- 30.2 A petty cash record must be maintained (**see Appendix 5**). Cash put into the float should be shown as well as a running balance.
- 30.3 A voucher detailing the amount and a description should support all expenditure. All expenditure should be approved (evidenced by signature) by somebody with authority to do so.
- 30.4 Vouchers should be consecutively numbered and filed in that order. The voucher reference number should be recorded on the petty cash record. The shop receipt should be attached to the voucher.
- 30.5 It is possible that a receipt will not be available. In these circumstances a petty cash voucher or a note can be used to record the amount and

description in order to support the payment, providing that the expenditure has been properly authorised.

- 30.6 The Head teacher should review the petty cash account on a regular basis, normally at the same time as reviewing the bank reconciliation. The balance should be annotated as checked, signed and dated.
- 30.7 The Head teacher should ensure that petty cash held within the school is kept to a minimum and held securely at all times.
- 30.8 Where a substantial advance of petty cash is required e.g. for a foreign visit, a cheque for cash should be drawn and a signature obtained from the member of staff in receipt of the cash. Receipts should be obtained for all expenditure. When returning from the visit a reconciliation should be carried out and any excess cash paid back into the bank account. All records should be retained for audit purposes.

31. BANK AND LEDGER RECONCILIATION

- 31.1 A bank reconciliation and bank to ledger reconciliation should be performed whenever a bank statement is received (normally monthly). ***A pro forma layout is shown at Appendix 9.***
- 31.2 An up to date unpresented cheque list should be drawn up as follows:
- By checking the previous unpresented cheque list to the latest bank statement to determine those which have now been presented.
 - Cheques, which remain uncleared, should be carried forward on to the new unpresented list.
 - Cheques, which are more than six months old and, therefore, out of date should be removed from the unpresented cheque list and written out of the cashbook, i.e. the original entry should be reversed.
 - Cheques written since the last reconciliation should be checked from the ledger to the latest bank statement to determine that the presented amounts are correct (any discrepancies should be followed up) and any cheques which have not yet been presented should be added to the current unpresented cheque list. Entries on the bank statement should be ticked to signify that they have been verified to the ledger.
- 31.3 All payments made into the bank should then be checked against the bank statement and ticked off. Unless paid in just before the statement date, any discrepancies should be followed up immediately with the

bank. Any bankings made but not on the statement should be added to the reconciliation pro forma.

- 31.4 The bank statement should be checked to ensure that all items have been ticked and agreed, and any anomalies investigated. Any bank charges, standing orders, direct debit or bank giro credits will need adding to the cash book. Particular attention should be paid to transfers to other accounts (deposit or building society accounts) by agreeing the opposite entry to the relevant statement. Any cheques referred to drawer (bounced cheques) will need to be written out of the income side of the cash book and either re-banked or the drawer separately contacted regarding their payment.
- 31.5 Once all items on the bank statement have been agreed and all entries are in the cash book, the true balance at bank should be established by deducting the total of unpresented cheques from the final balance on the bank statement and adding bankings made but not appearing. **Add to this the balance on all other accounts (deposit or building society accounts) and cash in hand to arrive at the total assets of the fund.**
- 31.6 The income and expenditure pages in the cash book should be totalled and cross cast at the reconciliation date and entered on to the reconciliation pro forma. Total income should be added to the fund balance brought forward and total expenditure deducted to arrive at the cash book balance; this should agree to the total assets of the fund. Any discrepancy should be followed up and the exercise checked thoroughly to identify any errors or omissions.

32. SCHOOL FUND AUDITORS

- 32.1 The following sections (34 to 43) give instructions to auditors on how to perform a School Fund audit, and gives advice to Head teachers on what they should expect from an audit.

33. AUDIT

- 33.1 The term 'audit', has a legal definition under the Companies Acts which requires the auditor to carry out more than is expected by Telford & Wrekin Council on the examination of a school fund. However the lay person understands the term and, therefore, the term is used here. Consequently for all purposes in this guidance note the reference to audit is to an independent examination as laid down in these notes and not to the accountancy profession's strict legal definition.

34. APPOINTMENT OF AUDITOR

- 34.1 The Head teacher, in conjunction with the Governors, should appoint a suitably qualified auditor to audit the school fund accounts annually. The auditor must be totally independent from the administration of the fund and have no connection, which might inhibit the impartial conduct of the audit, which precludes
- i. A relative of the Head teacher or administrator.
 - ii. A member of staff involved in the collection of monies.
 - iii. Members of the Governing Body (unless the Governor is a qualified accountant, when the school should discuss the appointment with Audit Services).

In addition the auditor should have the requisite ability and practical experience to carry out a competent examination of the accounts.

- 34.2 Where vatable income of the fund (see paragraph 46.1) exceeds the VAT registration threshold (from 1st April 2008 this is £67,000) the auditor should be a member of one of the six recognised accountancy bodies: -

- The Institute of Chartered Accountants of England and Wales
- The Institute of Chartered Accountants of Scotland
- The Institute of Chartered Accountants of Ireland
- The Chartered Association of Certified Accountants
- The Chartered Institute of Management Accountants
- The Chartered Institute of Public Finance and Accountancy

- 34.3 It is most important that an effective audit is carried out by a person with experience appropriate to the level of turnover of the fund. The table below, reproduced from section 24.3 of Financial Regulations, shows the LA's policy on appointment of auditors:-

Turnover of the School Fund	Auditor
Less than £10,000	Independent financial person (e.g. bank or building society official)
Between £10,000 and £30,000	The LA recommends that a qualified Accountant is appointed as the auditor
Over £30,000	A qualified Accountant must be appointed as auditor See Appendix 10

Turnover is defined as the greater of receipts or payments in the year.

Appendix 10 provides contact addresses for suitable accounting bodies.

- 34.4 **The appointment of the auditor must be approved by the Governors and recorded in the minutes**, and should clearly state the terms of the appointment.
- 34.5 **Any audit fee must be met from the fund and VAT must be paid. Audit fees must not be paid from the LA budget.**

35. POWERS OF THE AUDITOR

- 35.1 School fund auditors have the right of access to the accounting records and all other supporting records of the fund.
- 35.2 Auditors are entitled to require such information and explanations from officers in charge and any other persons involved in the fund as are deemed necessary to carry out their duties.

36. DUTIES OF THE AUDITOR

- 36.1 The auditor should carry out such investigations as are required to satisfy himself that:
- i. appropriate books of account have been kept;
 - ii. the annual statement of account is in agreement with such books of account;
 - iii. the receipts and payments are in accordance with the general purposes for which the fund exists;
 - iv. There is an effective system of financial control.
- 36.2 If an auditor is not satisfied as to the correctness of the accounts and / or has not succeeded in obtaining satisfactory answers to questions, the matter is to be drawn to the attention of the Head teacher and reported to the Governing Body.
- 36.3 If the auditor is satisfied with the correctness of the accounts and has verified the bank and cash balances and the accuracy of the financial statement, a certificate along the following lines should be attached to or recorded on the account.

In accordance with the school fund notes of guidance, I have examined the receipts and payments account together with the books, vouchers and documents relating toSchool Fund. In my opinion, the above account gives a true and fair view of the transactions for the period endingand of the balance in hand at that date according to the information and explanations given.

Signed..... Auditor

Note, if the auditor performs the audit without a fee, the statement can be

Signed..... Hon. Auditor

37. GUIDANCE NOTES FOR AUDITORS

37.1 These items are intended as guidelines only. They are not intended either to limit the extent of the auditor's enquiries or to be used as a ticking programme! What is required is that the auditor conducts sufficient checks to ensure that the accounts give a true and fair view of the transactions for the period under review, that income and expenditure is correctly stated and that accounting systems are sound. Also to demonstrate to interested persons that monies have been properly accounted for and that the financial statements are correct.

37.2 The auditor should ensure:

- i. That all income is duly accounted for in the accounts and banking records.
- ii. That all expenditure has been properly authorised and recorded.
- iii. That the fund is administered according to the financial arrangements agreed by the Governing Body.
- iv. That the accounts and supporting records are such as to provide information as to the accuracy of the financial statements submitted to the Governing Body.
- v. The existence of any substantial assets, e.g. vans, minibuses, expensive equipment, the amount of cash at the bank and in the hands of officers, as stated in the financial statement.
- Vi That the accounts are correct. The certificate should be qualified by a note of the items where the auditor was unable to obtain satisfactory evidence of answers to queries raised on the accounting records.

37.3 If the auditor is unable to satisfy himself that the accounts are correct then a qualified certificate should be issued by means of a note of the

items where the auditor was unable to obtain satisfactory evidence of answers to queries raised on the accounting records.

37.4 The completed annual statement of accounts, books of accounts, supporting invoices and petty cash vouchers, bank statements or certificates, cheques and paying-in books, receipt books, and cash in hand, should all be produced at the same time. It is useful to have access to any minutes or correspondence to substantiate unusual items of expenditure or income, e.g. purchase or sale of a vehicle, or the making of an ex gratia payment.

38. INCOME

38.1 The auditor should

- Ensure that all receipt books are produced and trace a sample of receipts to the cashbook. Tuck shop, special functions, trips and expeditions may be recorded on separate statements. They should be examined for date, amounts and certifications, and traced into the cash book.
- Check payments to bank, compare cash book entry with bank paying-in slip and bank statement and follow up any discrepancies. As each operation is completed, the relevant voucher or book entry should be marked with a distinctive mark or tick (it may be helpful to use a distinctively coloured pen; i.e. red or green to identify audit marks).
- Check the frequency of banking. The amount of cash accumulating between bankings should be kept to a minimum.
- Check that cash not banked at the end of the financial Year was counted and certified correct by an independent person.

39. EXPENDITURE

39.1 Except for small items purchased from petty cash, each item of expenditure should be supported by an invoice. Large items of expenditure should be covered by minuted approval. Invoices or vouchers should be filed in cash book order.

39.2 Payments should only be made against suppliers' official invoices, specifically addressed to the school fund. Examine for the validity of items purchased, amount, and discounts if applicable. Check the invoice amount to the cheque stub for payee and amount and through to the bank statement and cash book. Mark each operation with a distinctive character, following each transaction through the chain of sequences.

- 39.3 Trace the advances of petty cash from cash book to the petty cash records, verifying the amounts of expenditure and the reimbursement. Check that the level of petty cash is reasonable.
- 39.4 Ensure that bank charges, if any, are included in the cash book expenditure record.
- 39.5 Check all totals, and pay particular attention to the accuracy of carried forward and brought forward totals.

40. BANK STATEMENT RECONCILIATION

- 40.1 It is important that the cash book balance as stated in the accounts is reconciled with the bank statement on the closing date of the period of account. ***A worked example is set out in Appendix 9.***

41. VALUE OF STOCKS IN HAND

- 41.1 Where the operation of a tuck shop, or other sales, have developed into a sizeable venture, it is prudent to value stocks in hand at the close of the period of account. Ideally, an independent member of staff should supervise the stock-take and the calculation of the stock value at cost price. The stock list and valuation should be certified as being correct. This is an important facet of audit as the stock value has a direct bearing on the surplus stated. An inflated stock figure has frequently concealed long term losses caused by carelessness or theft.
- 41.2 After completing the checks on receipts and payments on such activities as the tuck shop and sales of other goods, a check should be made on the amount and percentage of profit or loss made on these activities.

42. OUTSTANDING ACCOUNTS

- 42.1 The simplicity of the receipts and payments system does not provide for the recording of monies due but not yet received and invoices not yet paid. The accounts can, therefore, be misleading and reduce a seemingly healthy surplus or hide an embarrassing deficit because debtors and creditors are not shown. This is not a problem providing a note is made to the accounts.
- 42.2 The auditor should confirm that there are sufficient funds in the account to meet outstanding liabilities, particularly in relation to trip monies collected in advance, cross subsidisation of trips should not occur.
- 42.3 The auditor should ask for a statement and evidence of outstanding invoices or receipts and establish their effect on the financial statement

or balance particularly where income for major trips has been collected but the invoice not yet paid.

43. AUDITOR'S CERTIFICATE

43.1 It is necessary for the auditor to certify that the accounts have been examined and found to be correct, and that the financial statement or balance sheet shows the true financial state of the fund. If the auditor is not satisfied as to the authenticity of the accounts, he/she should refuse to certify or provide a qualified certification and report the reasons to the Governing body.

43.2 If auditors have any reservations or comments regarding the annual statement, or the operation of the fund, then the report should be amended to make comment about the specific matters about which there are reservations. Examples of such reservations could include:

Overdrawn bank balances

Transactions outside the scope of the unofficial fund policy or constitution

Ineffective financial control of the fund such as

- i. Signed blank cheques
- ii. Lack of receipting or income recording
- iii. Large cash amounts not banked promptly
- iv. Inadequate separation of school and LA funds.
- v. Unacceptable level of creditors and debtors at year-end

43.3 In such circumstances the auditor should qualify his acceptance of the accounts by modifying the second sentence of the audit certificate shown in paragraph 36.3, for example: -

It was not possible to verify the recorded deficit of £200 on the French trip as a number of vouchers are missing. Subject to the acceptance of the managing body of this deficit, to the best of my knowledge and belief, I consider the accounts and financial statement (or balance sheet) to be a correct record at that date.

Signed..... Auditor

OR

I have been unable to ascertain whether these books have been properly kept because the vouchers have been destroyed by fire.

Accordingly I am unable to verify the account, but have verified the bank reconciliation statement in accordance with the balance at bank.

Signed..... Auditor

44. TAXATION AND INSURANCE

- 44.1 The following sections (45 to 47) inform Head teachers of the Taxation and Insurance implications associated with the operation of School Funds.

45. INCOME TAX AND NATIONAL INSURANCE

- 45.1 School funds are separate taxable entities and are not covered by any tax concessions that the LA may enjoy.

- 45.2 Interest and profits earned by school funds are liable to income tax in principle. However, it is understood that the Inland Revenue have accepted that school funds, if applied solely for charitable purposes, can be exempt from tax under Section 505(1) of the Income and Corporation Taxes Act 1988, subject to the adoption of a resolution in the school fund constitution that the funds will only be used for purposes considered in law to be charitable.

- 45.3 If a local Inspector of Taxes submits a claim for tax on the school fund, a claim for exemption from tax on school headed paper should be made along the following lines:

I,.....Head teacher of the
School declare that the object of the school fund is to advance the education of the pupils of the school by providing and assisting in the provision of education facilities at the school not normally provided by LA funds.

- 45.4 **Unofficial funds should not be used to make payments to staff at the school, or any other persons, for work done at the school unless a supplier's invoice is submitted to the fund for the work done.**

- 45.5 **Payments to staff for an advance of salary MUST NOT be made from the School Fund, all salary payments should be processed through the payroll system.**

- 45.6 **Payment to individuals for work done at the school should be made through the Telford & Wrekin Council payroll to ensure that the appropriate income tax and national insurance is paid by the person who has carried out the work.** Failure to account for Income Tax and National Insurance renders the school fund liable to the unpaid tax and possible penalties and fines if discovered by the Inland Revenue. Also, they may withdraw the above concession. See section

29.5 for details on payments to self employed entertainers, sports coaches etc.

46. VAT

46.1 School funds are not part of Telford & Wrekin Council for VAT purposes. VAT does not have to be separately accounted for provided turnover is below the VAT threshold. However, if their taxable turnover is expected to exceed the current VAT threshold (£68,000 from 1st May 2009), they must register with Customs and Excise for VAT.

46.2 To estimate taxable turnover the following method can be used. Start from your total estimated income in the next year.

- Deduct any income relating to school trips.
- Add the total profit made on all school trips.
- Deduct any donations or grants (gifts without strings).
- Deduct any subscriptions
- Deduct any other exempt or outside scope income.
- The balance is taxable turnover.

46.3 If taxable turnover will exceed the annual threshold, the fund has a duty to register - contact the Council's VAT Officer Helen Johnson on (01952 383705, for further advice.

Telford & Wrekin Council may reclaim any VAT incurred on purchases made with donated funds provided that the following conditions are fully met:

- i. The Local Authority makes the purchase itself- i.e. places the order, receives the supply, receives a tax invoice addressed to it or the School and makes the payment.
- ii. The Local Authority retains ownership of the purchase and uses it for its own non-business purposes.
- lii Sufficient records are kept of the purchase, i.e. they should be entered on the school inventory.
- iv. Any subsequent hire must be charged for plus VAT if applicable. School fund purchases made via Telford & Wrekin Council must be made via a PSF donations form. The form (PSF1) should be completed and attached to the front of the invoice together with a cheque, payable to Telford & Wrekin Council, for the net amount.

- 46.5 The Private School Fund donation system where items of equipment can be purchased through the budget (to avoid paying the VAT element) is a concession from Customs and Excise and abuse could result in its withdrawal. Particular attention should be given to the following:
- i. Tuck shop items, e.g. crisps, confectionery etc. for sale in the tuck shop where the income is banked into the school fund, **cannot** be purchased via Telford & Wrekin Council in order to avoid VAT.
 - ii. Clothing and sportswear for sale by the school fund **cannot** be purchased via Telford & Wrekin Council in order to avoid VAT.
 - iii. Audit fees must be borne by the fund. The payment **must not** be processed through Telford & Wrekin Council to save the VAT.
- 46.6 It is important to stress that for such transactions the articles purchased become the property of the Authority. If the item is subsequently sold, the proceeds must be paid into the Authority (for the credit of the school budget) and it should be appreciated that the price must include VAT, since VAT at the current rate will be deducted and paid to the Customs and Excise.

47. INSURANCE COVER

- 47.1 The LA has limited insurance cover for school fund cash. Advice on all aspects of school fund insurance can be obtained from the Council's Insurance Manager on (01952) 383738.

48. REGISTRATION OF SCHOOL FUND AS A CHARITY

- 48.1 There are both advantages (income tax exemption on interest) and disadvantages (additional administration and Charities Act regulations) to registration of school funds as charities. Governors and Head teachers need to consider these carefully before registering. For more comprehensive guidelines, please refer to paragraph 48.6 below
- 48.2 The Charities Act requires accounts to be "independently examined" and an annual report to be produced both of which are prescribed in various Charity commission booklets. An annual return has to be completed and sent to the Charity Commission and the accounting arrangements are prescribed under the Statement of Recommended Practice "Accounting by Charities". With effect from 1st April 2009 the threshold above which charities submit annual accounts and Trustees Annual Reports to the Charity Commission has been raised from an annual income of £10,000 to £25,000.

- 48.3 Registration requires the appointment of Trustees and the adoption of a formal school fund constitution (see appendix 12), which provides clear guidelines on the way that monies can be utilised and on the way the fund should be generally administered. The NAHT Council Memorandum provides a model Declaration of Trust approved by both the Charity Commissioners and the Inland Revenue.
- 48.4 Charities can take advantage of covenanted payments. Contributors guarantee a regular annual donation for a minimum of 4 years. As this money has been taxed at source (normally when the contributor was taxed on their income through PAYE) the Charity can claim back the tax thereby receiving £1.28 for every £1 contributed at current tax rates.
- 48.5 Charities can also take advantage of Gift Aid. Individuals or Companies make a donation of at least £250 from monies which have had tax deducted at source enabling the charity to reclaim the tax at the basic rate similar to covenanted payments. Donors complete a certificate (R190 [SD] for individuals and R240 [SD] for companies) and send it to the Inland Revenue. Further information can be obtained from a free booklet "R 113 Gift Aid" available from your local Inland Revenue office.
- 48.6 Registration as a charity is effected by submitting an application to the Charity Commissioners on a form available from

Charity Commission Direct
P.O Box 1227
Liverpool
L69 3UG

Further information and explanatory leaflets can be obtained from the above address or the following:

- ❖ Charity Commission Helpline on 0845 3000 218
- ❖ www.charitycommission.gov.uk

	Governing Body and its Property including Statutory Funds	<i>Legally Distinct Voluntary Funds administered by or on behalf of Governing Body</i>		School Premises and Associated Property provided by a charitable foundation	Charitable PTAs	Other Charities Relating to School
		Charitable	Non Charitable			
Foundation Schools	Governing Body is an exempt charity. Cannot register. This will cover statutory funds held by governing body.	Charities administered by or on behalf of the governing body for the purposes of the school or the governing body are exempt. Cannot register. Also see last column	No CC interest	If foundation has no property other than school premises it is excepted. If foundation has other property it is registrable in the usual way	Registrable in usual way	If outside exemption outlined in third column will be registrable in usual way
Voluntary Schools	Governing Body is an exempt charity. Cannot register. This will cover statutory funds held by governing body.	Charities administered by or on behalf of the governing body for the purposes of the school or the governing body are exempt. Cannot register. Also see last column	No CC interest	If foundation's only permanent endowment is the school premises it is excepted. If foundation has other permanent endowment it is registrable in the usual way.	Registrable in usual way	If outside exemption outlined in third column will be registrable in usual way
Community Schools	Not charitable	Charities administered by or on behalf of the governing body registrable in usual way	No CC interest	In rare cases where premises are held on charitable trusts these are registrable in usual way	Registrable in usual way	Registrable in usual way

Criteria for registration in the usual way: charity has any of a) use or occupation of land; b) permanent endowment; or c) an income of over £5000 a year and d) is not otherwise exempt or excepted.

SCHOOL FUND CASH BOOK / ANALYSIS LEDGER

Date	Expenditure Details	Cheque Number	Voucher Number	Amount	Analysis of Expenditure (headings to suit your needs)				
					Tuck Shop	Photos	Trips	Petty Cash	Miscellaneous
01/02/13	Petty Cash	0068		30.00				30.00	
04/02/13	Elcocks	0069	1	200.00			200.00		
04/02/13	Westones	0070	2	75.07	75.07				
05/02/13	Rowleys House Museum	0071	3	100.00			100.00		
08/02/13	Alldays News Shop	0072	4	5.50					5.50
11/02/13	Petty Cash	0073		12.09				12.09	
12/02/13	Bobby's Discos	0074	5	60.00					60.00
	Totals Carried Forward			482.66	75.07		300.00	42.09	65.50

Date	Income Details	Receipt Number	Amount Received	Amount Banked	Analysis of Income (headings to suit your needs)				
					Tuck Shop	Photos	Trips	Petty Cash	Miscellaneous
01/02/13	Class 4		30.00				30.00		
01/02/13	Class 5		30.00				30.00		
04/02/13	Mrs Harper	002815	8.00	68.00					8.00
05/02/13	Class 4		50.00				50.00		
05/02/13	Tuck Shop Sales		7.54		7.54				
08/02/13	Class 1 Swimming		12.20				12.20		
08/02/13	Class 3 Outing		30.00				30.00		
11/02/13	Donation - Armstrong	002816	75.00						75.00
12/02/13	Donation - Aldrin	002817	50.00	224.74					50.00
	Totals Carried Forward		292.74	292.74	7.54		152.20		133.00

Appendix 1

SCHOOL FUND OFFICE DAYBOOK

Date	Income Details	Amount Received		Total Amount	Received By	Deposited By	Analysis of Income (optional)		
		Cash	Cheque				Trips	Uniform	Tuck
01/02/13	Class 4 – Visit	30.00		30.00	Administrator		30.00		
01/02/13	Class 5 – Visit	15.00	15.00	30.00	Administrator		30.00		
04/02/13	Mrs Harper - Sweatshirt (Receipt No. 002815)	8.00		8.00	Administrator			8.00	
04/02/13	Banked			68.00		<i>Admin</i>			
05/02/13	Class 4 – Visit	20.00	30.00	50.00	Administrator		50.00		
05/02/13	Tuck Shop Sales	7.54		7.54	Administrator				7.54
08/02/13	Class 1 - Swimming	12.20		12.20	Administrator		12.20		
08/02/13	Class 3 - Outing		30.00	30.00	Administrator		30.00		
11/02/13	Donation - Mr Armstrong (Receipt No. 002816)		75.00	75.00	Administrator				
12/02/13	Donation - Mr Aldrin (Receipt No. 002817)	50.00		50.00	Administrator				
12/02/13	Banked			224.74		<i>Admin</i>			

CLASSROOM DAYBOOK – CLASS 4

Date	Income Details	Amount Received		Total Amount	Sent By	Received By
		Cash	Cheque			
01/02/13	School Visit – A Jones		10.00			
01/02/13	School Visit – B Davies	10.00				
01/02/13	School Visit – C Brown		10.00			
				30.00	<i>A Teacher</i>	<i>Administrator</i>
04/02/13	Sweatshirt – Mrs Harper		8.00			
				8.00	<i>A Teacher</i>	<i>Administrator</i>
05.02.13	School Visit – J Jones	10.00				
05.02.13	School Visit – B Harper		10.00			
05.02.13	School Visit – S Williams	10.00				
05.02.13	School Visit – A Taylor		10.00			
05.02.13	School Visit – T Smith		10.00			
				50.00	<i>A Teacher</i>	<i>Administrator</i>

SCHOOL FUND VISIT/JOURNEY RECORD – CLASS 4

Trip to Rowleys House Museum Date 05.02.13

Pupil's Name	Amount	Date Received	2 nd Instalment	Date Received
Andy Jones	10.00	01.02.13		
Brian Davies	10.00	01.02.13		
Clare Brown	10.00	01.02.13		
Joe Jones	10.00	05.02.13		
Ben Harper	10.00	05.02.13		
Sam Williams	10.00	05.02.13		
Alex Taylor	10.00	05.02.13		
Tim Smith	10.00	05.02.13		

Deposited with Office

Date	Amount	Received By
01.02.13	30.00	Admin
05.02.13	50.00	Admin

SCHOOL FUND PETTY CASH BOOK

Date	Details	Voucher No.	Amount In	Amount	Running Balance	Cash Received By	Analysis of Expenditure		
							Trips	Art Group	Miscellaneous
01/02/13	Set Up		50.00		50.00				
02/02/13	Postages	1		8.29	41.71				8.29
03/02/13	Paint	2		3.16	38.55	<i>A. Teacher</i>		3.16	
05/02/13	Trip - transport	3		14.07	24.48	<i>A. Teacher</i>	14.07		
09/02/13	Reimbursement		25.52		50.00				

UNIFORM/SWEATSHIRT STOCK CONTROL RECORD

ITEM - Sweat Shirts size 28''

Date	Pupil Name & Class	Receipt No. (if used)	Number Purchased	Number Sold	Actual Stock
01.02.13	Stock In		10		10
04.02.13	Ben Harper Class 4	002815		1	9

SCHOOL FUND TUCK SHOP RECORD

Date	Amount Collected	Till 1 (Sign)	Till 2 (Sign)	Received By (sign)
05.02.13	7.54	T Jones		Administrator

SCHOOL FUND RECEIPTS AND
PAYMENTS ACCOUNT
FOR THE PERIOD _____ TO _____

	£	£		£	£
<u>Receipts</u>			<i>Payments</i>		
Balances b/fwd					
Current Account	871.29				
Deposit Account	6,756.91				
Cash in hand	0.00				
		7,628.20			
Specific Donation	500.00		Donations	1,799.13	
Uniforms	1,943.50		Uniforms	1,213.15	
Camping	2,471.50		Camping	2,193.57	
Outings	2,636.93		Outings	2,705.70	
Minibus	44.60		Minibus	1,646.68	
Exam Fees	1,886.00		Exam Fees	1,472.00	
Sports and Social	4,482.46		Sports and Social	4,176.68	
Charities	1,116.37		Charities	1,285.37	
Disco	2,627.63		Disco	1,724.05	
Capitation Transfer	5,413.46		Capitation	5,594.15	
Miscellaneous	2,632.76		Miscellaneous	3,981.64	
Contras (net)	73.21		Subscriptions	1,041.99	
Donations	2911.55		Duke of Edinburgh	508.84	
Bank Interest	258.06		School Shop	356.43	
		28,998.03			29,699.38
			Balances c/fwd		
			Current Account	1,416.97	
			Deposit Account	5,509.88	
			Cash in hand	0.00	
					6,926.85
		36,626.23			36,626.23

Signed _____ Treasurer

“In accordance with the school fund notes of guidance, I have examined the receipts and payments account together with the books, vouchers and documents relating to The School Fund for the period ended and of the balances held at that date. In my opinion the books have been properly kept and the above account is in agreement with the books, vouchers and documents submitted and explanations given to me”.

Signed _____ Auditor

BANK AND LEDGER RECONCILIATION

Example of a monthly reconciliation (for January 2013)

	£	£
Cash Book Balance		
Cash book balance as at 31 December 2012		5289.60
Receipts to 31 January 2013		1440.00
		<u>6729.60</u>
Less payments to 31 January 2013		1079.20
Cash book balance as at 31 January 2013		<u><u>5650.40</u></u>
Current Account Bank Balance		
Balance at bank per statement No 47, 31/01/2013		683.97
Less cheques drawn but not yet presented:		
cheque number 204	14.72	
207	158.14	
208	<u>47.03</u>	219.89
Add bankings made but not yet on statement:		
29/01/13	100.00	
30/01/13	<u>46.32</u>	146.32
True Bank Balance		<u>610.40</u>
Deposit Account per statement No 47, 31/01/13		5000.00
Cash in Hand		40.00
Total Assets of the Fund as at 31/01/13		<u><u>5650.40</u></u>

SUITABLY QUALIFIED AUDITORS

Suitably Qualified Persons to Audit School Funds where Turnover Exceeds £30,000 or the Year End Balance Exceeds £15,000.

A member of one of the following Accountancy bodies:

- a) Institute of Chartered Accountants of England and Wales (ICAEW)
(Chartered Accounts Hall, PO Box 433, Moorgate Place, London, EC2P 2BJ)
- b) Institute of Chartered Accountants of Scotland (ICAS)
(CA House, 21 Haymarket Yards, Edinburgh, EH12 5BH)
- c) Institute of Chartered Accountants in Ireland (ICAI)
(1 Donegal Square, South Belfast, BT1 5JE)
- d) Association of Chartered Certified Accountants (ACCA)
(29 Lincoln's Inn Field's, London WC2A 3EE)
- e) Chartered Institute of Public Finance and Accountancy (CIPFA)
(3 Robert Street, London, WC2N 6RL)
- f) Chartered Institute of Management Accountants (CIMA)
(26 Chapter Street, London, SW1P 4NP)
- g) Association of Accountancy Technicians (AAT)
(140 Aldersgate Street, London EC1A 4HY)
- h) Institute of Internal Auditors (IIA)
(13 Abbeville Mews, 88 Clapham Park Road, London, SW4 7BX)

Where turnover is below £30,000 and the year end balances less than £15,000.

An independent person with suitable experience of financial matters for example a member of one of the following:

- a) Chartered Institute of Bankers
(4-9 Burgate Lane, Canterbury, Kent, CT1 2XJ)
- b) Chartered Institute of Bankers in Scotland (CIOBS)
(Drumsheugh House, 38b Drumsheugh Gardens, Edinburgh, EH3 7SW)
- c) Qualified by knowledge and experience of accounting principles and practice.

**CERTIFICATE OF PRESENTATION OF
AUDITED SCHOOL FUND ACCOUNTS TO THE GOVERNING
BODY AND PARENTS**

School

Financial Year Ended.....

This certificate confirms to the LA that the Private School Fund Accounts, for the above financial year, have been audited in accordance with section 24 of the LA's 'Financial Regulations for Schools with delegated Budgets' and the notes of guidance for the 'Administration, Accounting & Auditing of Private School Funds', and were presented to the Governing Body at the meeting held on

The audited accounts will be presented to parents by the following means:

<input checked="" type="checkbox"/>	Included in newsletter dated.....
	By other means (please detail)

SignedChair of Governing Body

Date.....

On completion, please forward this certificate with a copy of the audited accounts to the Audit & Information Governance Manager. The postal address is: Telford & Wrekin Council, Darby House, Lawn Central, Town Centre, Telford, TF3 4JA.

A copy of this signed certificate should be filed with a copy of the Audited Accounts within the school's financial records and retained in accordance with the period specified in Telford & Wrekin Council's Financial Regulations. Details of retention periods are set out in Paper 33 of the LA's guidance document 'Administrative Advice for Head teachers and Schools'.

School Fund Constitution for (**specify name**) School

Name

The official title of the School Fund is (**specify title**) (hereinafter referred to as the "Fund").

Purpose of the Fund

The Fund exists to provide additional materials and opportunities to enhance the learning experiences of children in the school, for example:-

- School educational visits;
- Refreshments for children's parties;
- Fund raising activities (e.g. raffles);
- Classroom materials and equipment;
- Lunchtime games/toys, children's disco and entertainment;
- Sale of sweatshirts;
- School tuck shop.

Composition of Committee

The business of the Fund shall be managed by a Fund Committee comprising of the Head teacher, senior staff (**specify name(s)**) and a Governor(s) (**specify name(s)**), to decide on spending priorities and Fund raising needs.

The Fund Committee shall meet at least on a termly basis, unless it shall decide otherwise for special reasons.

Administration

The Fund has an accounting year ending (**specify date**).

The Fund shall be administered by (**specify name**) who holds the position of (**specify title**) within the school. The administrator shall keep proper accounts of the finances of the Fund, which shall be maintained in accordance with the principles contained in Financial Regulations for Schools wherever practicable.

Formal accounts for the Fund shall be prepared at the accounting year-end.

Direct management of the Fund shall be the responsibility of the Head teacher, but overall responsibility for the Fund shall rest with the Governing Body.

The Head teacher may authorise expenditure from the Fund up to £ (**specify**).
The Fund Committee may authorise expenditure from the Fund up to £

(specify). Any expenditure above this level must be authorised by the full Governing Body.

There shall be three signatories to all accounts used by the Fund (specify accounts and signatories). All withdrawals and cheques require the signature of two of the three signatories.

Audit

The year-end accounts shall be audited annually by a competent, independent person and shall be submitted with an annual report to the governing body within six months of the accounting year-end.

The governing body will appoint the auditor for next year's accounts at this meeting.

A copy of the audited accounts shall be forwarded to the Council's Internal Audit & Information Governance section once approved by the Governing Body.

Closure

The Fund may be wound up on the agreement of the Governing Body or in the event of closure or amalgamation of the school. Where such an event occurs all liabilities of the Fund will be paid and the remaining assets will be distributed as follows:-

- a) Amalgamation with another school: transfer to the School Fund of the newly formed school.
- b) Closure of the school: transfer in equal proportion to the School Funds of the schools to which the pupils of the school shall be transferred.
- c) Closure of the school for reasons preventing distribution of the Funds as at b) above: transfer to a charitable organisation for the advancement of education.

Constitution prepared by (Head teacher)

Date

Approved by the Governing Body at its meeting on

Example Authorisation Voucher for Debit Card Expenditure

Name of Supplier	
Address	
Details of expenditure	
Authorised and dated by (1) (school fund account signatory)	
Authorised and dated by (2) (school fund account signatory)	

Please attach invoice or receipt