

## **SCHOOL FUNDS PROCEDURE MANUAL**

### **1 INTRODUCTION**

The Department of Finance (internal audit) of the former Strathclyde Regional Council completed a review of the school funds procedures manual, a copy of which is attached as Annexe 1. These procedures have been adopted by East Dunbartonshire Council. This is the definitive document for the administration of school funds in every school in the authority.

### **2 GENERAL**

The legal basis for the implementation of the school funds procedures has been defined by Strathclyde Legal Services in a memorandum dated 14 December 1987 from the solicitor to the Council to the Depute Director of Finance (internal audit) in the following terms:-

- (a) Funds gifted to particular establishments discharging an educational function belong to the particular establishment and consequently the authority has a limited right to impose accounting requirements. However, the school is not a corporate personality in its own right, it being the Council itself which constitutes the appropriate legal entity.
- (b) This arrangement is reflected, in general, through section 85 of the Local Government (Scotland) Act 1973 which specifies that it is for the local authority (and not the individual establishment) to hold and administer for the purpose of discharging any of their functions, gifts or property both heritable and moveable. Section 79 of the Education (Scotland) Act 1980 also imposes a duty on the education authority to administer gifts of property or funds for behalf of any school or other educational establishment taking into account the wishes or intentions of the donor.

Since the authority is responsible for managing funds donated, whether or not they are earmarked for the benefit of a particular group, it is entitled to instruct that a uniform accounting system or guidelines for such a system be introduced.

Therefore, the revised procedures for the administration of school funds have not been issued by the Department of Finance (internal audit) as guidelines, but in the form of instructions and, as such, must be treated accordingly.

With regard to the issue of school-related funds (e.g. PTA monies) the advice of legal services is that they should be treated in the same way as school funds if Community Directorate (Education Service) staff are employed in administering them in that they should be subject to "guidance monitoring" by internal audit.

An audit guidance circular, R2, is included within the cover of the school fund procedures.

### **3     RESPONSIBILITIES**

The revised procedures instruct that school funds be administered by a committee, the membership of which will vary according to the status of the school (i.e. a secondary or other) but must always include a chairperson, secretary and treasurer and the head teacher.

Each school must produce a written constitution, an example of which is at Appendix 1 of Annexe 1 in the procedures. The contents of the example should be regarded as illustrative and a school may choose to add other details to their particular constitution.

The revised procedures deal comprehensively with the financial eventualities relating to the operation of school funds accounts; and the appendices provide detailed information on the maintenance of records of financial transactions, application for charitable status for school funds (where appropriate), the VAT- free purchase scheme, the application of the cash float and examples of the cash book operation and statement of accounts.

### **4     ESTABLISHMENTS OTHER THAN SCHOOLS**

Other education establishments, such as pre 5 centres, which are involved with externally generated funds in similar ways must, in their handling of associated financial matters, observe the general principles set out in this manual for schools.

Detailed procedures for pre 5 centres can be found in Annexe 2.

**EAST DUNBARTONSHIRE COUNCIL  
COMMUNITY DIRECTORATE (EDUCATION SERVICE)  
SCHOOL FUNDS PROCEDURES MANUAL**

# AUDIT GUIDANCE MANUAL

\* Note Distribution of this manual is restricted to schools.

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## **EAST DUNBARTONSHIRE COUNCIL STAFF AND SCHOOL RELATED FUNDS**

### **1. Definition of School Related Funds**

This manual relates to funds which are associated with a particular school but have not been provided by East Dunbartonshire Council. Examples of school related funds are school trips, fundraising etc.

### **2. Involvement of EDC Staff with School Related Funds**

East Dunbartonshire Council employees who are involved in the financial administration of school-related funds should be aware that East Dunbartonshire Council has a legal duty to ensure that these funds are being appropriately dealt with and that laid down procedures are being adhered to.

### **3. School-Related Funds - Bank Accounts**

Details of all bank accounts held in relation to a school must be recorded on a list maintained by the Head Teacher (see Procedure Manual 7/01 (School Fund procedures), paragraph 3.1).

### **4. Access to Records by Internal Audit**

Internal Audit has the right to request/examine all records relevant to school-related funds if EDC staff are involved in their financial administration.

The Head Teacher must make visiting Internal Auditors aware of all school related funds and bank accounts relevant to the school.

### **5. Queries**

If you have any queries regarding this manual, or require further information, please contact:

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**EAST DUNBARTONSHIRE COUNCIL**  
**School Funds Procedures Manual**

**1 GENERAL ADMINISTRATION**

**1.1 Secondary Schools**

**School Fund Committee**

A School Fund committee consisting of the Head Teacher and Depute or an Assistant Head, plus elected representatives of the teaching staff and parents will be set up, with responsibility for matters relating to the general administration of the School Fund.

- (i) The Committee must include a Chairperson, Secretary and Treasurer. Committee size will vary between schools but the suggested range is 5 to 10 members. A Payments Sub-Committee will also be set up, headed by the Treasurer.
- (ii) Elections will be held at least every two years and must take place at a meeting open to both teaching staff and parents.
- (iii) Each school will produce a written constitution for its School Fund Committee, defining its role, membership and powers of co-option. The constitution must be ratified by the Committee and be approved at a meeting open to staff and parents.
- (iv) The full School Fund committee will meet as often as necessary, but at least once per term. Minutes of these meetings will be taken by the Secretary.

Appendix 1 gives an example of a school fund constitution. The contents of the example should be regarded as illustrative and a school may choose to add other details to their particular constitution.

**1.2 Other Schools**

The Fund will be administered by a committee of at least three members. The Head Teacher must be a member of this committee, but will not necessarily be the Treasurer. The committee may include both staff and parent members and each school must produce a written constitution, (see Appendix 1).

Elections will be held at least every two years at a meeting open to both staff and parents, and committee meetings will be held as often as necessary, but at least once per year.

**1.3 Responsibility of Treasurer**

The Treasurer will be responsible for the day-to-day administration of the Fund including the following functions:-

- (i) Arrange for the recording of all income and expenditure, the banking of cash and the signing of cashing of cheques.



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- (ii) Distribute and receive, through the Secretary all application forms requesting money from the fund.
- (iii) Distribute funds as approved by the School Fund Committee or (Secondary Schools only) its Payments Sub-Committee.
- (iv) Keep separate subsidiary accounts for clubs' or groups' monies within the School Fund.
- (v) Report regularly to Committee on the state of the Fund.
- (vi) Produce annual accounts for the Fund.
- (vii) Arrange for an annual independent audit of the School Fund records.
- (viii) The Treasurer must be a signatory to any school fund bank accounts.

On a regular basis the School Fund Committee must satisfy itself that the above defined duties are being carried out.

#### **1.4 Charitable Status for School Funds**

A School Fund may register as a charity which would allow bank interest to be paid gross, rather than net of income tax. Details of how this may be achieved are included at Appendix 2. Interest should not be paid gross unless evidence of charitable status has been provided to the bank.

#### **1.5 VAT Free Purchase Scheme**

This scheme allows East Dunbartonshire Council to purchase items on behalf of a school fund and reclaim any VAT paid on the item, thus saving money for the school fund, providing certain conditions are met. Details of the conditions of use of the scheme are attached at Appendix 3. Separate guidance on how items may be purchased via this scheme is available from the Community Directorate (Education Service).

## **2 CASH HELD**

### **2.1 Limits**

In view of East Dunbartonshire Council's "Violence at Work" policy, all bankings of monies must be uplifted by Group 4 Security. Procedures are in place for uplift of cash once per week Primary/Special and twice per week Secondary Schools. Amounts of money held in the school at any one time must be at the discretion of the Head Teacher. He/she must decide how often school fund money will be banked in light of the school's particular circumstances. The following factors should be taken into consideration by the Head Teacher when making this decision:-

- (i) The availability of secure storage, eg a safe or strongroom in the school.
- (ii) The total amounts of cash being held.

- (iii) Timing of bank visits in respect of other money, eg school meals income or other income. Efforts should be made to co-ordinate the banking of various categories of income. If large amounts of cash is collected outwith Group 4 collection, Head Teacher to decide if additional uplift is appropriate
- (iv) The incidence of break-ins at the school.

## 2.2 Security

Funds must be held in the most secure location available, eg a safe or strongroom. At least, the money must be held in a locked container and must be kept separately from funds allocated centrally by the Council. It should be noted that School Fund cash is not covered by the Council's insurance and where cover for these funds is required, separate arrangements will have to be made. (See also 4.4.2).

## 3 BANK ACCOUNTS

### 3.1 Account Types

A current account will normally be used for day-to-day transactions, with a further deposit and/or savings account as required so that interest may be attracted on accumulated funds. Small schools without a current account may use their deposit account for day-to-day transactions.

Monies collected in relation to school trips should be lodged in a separate 'trips account'. The Head Teacher and the School Fund Treasurer must be signatories to the 'trips account' and one of the trip's organisers must also be a signatory to this account. (For further advice on records related to trips see paragraph 6.3).

Since there is only one bank account in use for all trips a note of the amount held in relation to each trip should be maintained. At the conclusion of each trip, that trip's balance will normally be zero. If it is not, the balance should be transferred to the main school fund account. Also, any interest which is paid to the trip's account should be transferred to the main school fund bank account.

The Head Teacher must be aware of all bank accounts in use in relation to the school. A list should be maintained by the Head Teacher detailing the following information in respect of all bank accounts:

- name of account
- account number
- bank and branch
- account signatories.

It is often the case that banks will class school fund accounts as business accounts and therefore levy a charge for each transaction undertaken through the account. This can result in significant charges to the account over a year.

The first thing to do to try to minimise charges is to approach your local Clydesdale Bank branch and ask what account would best suit your needs, eg minimise charges and maximise interest, instant access to cash, availability of cheque book, etc.

Ask Clydesdale Bank if they have a 'Treasurers Account' which is specifically for Charities and have no charges imposed on them. This type of account would require the school fund to be registered as a charity (see para 1.4 and Appendix 2).

### **3.2 Account Name**

Any bank accounts operated will be in the name of "\_\_\_\_\_ School, School Fund," with no reference to East Dunbartonshire Council in the account name.

### **3.3 Signatories**

#### **3.3.1 Number of approved Signatories**

With the exception of single teacher schools, each account must have three (or more) signatories, one of whom must be the Fund Treasurer. Single teacher schools will have at least two signatories.

#### **3.3.2 Signatories Required for Withdrawals**

To operate the accounts any two signatories will be required.

## **4 EXPENDITURE**

### **4.1 Authority to Incur Expenditure**

#### **4.1.1 General**

In addition to being an authorised signatory, the Treasurer must be responsible for the day-to-day management of the School Fund, and will have authority to make individual payments within certain limits - these limits must be agreed by the School Fund Committee and suitably recorded. The amounts shown below are for illustration only.

#### **4.1.2 Secondary Schools**

The Treasurer may make payments up to a maximum of £50 per transaction. Expenditure in excess of this amount, but less than £150 may be incurred after consultation with the Payment Sub-Committee, while items of expenditure over £150 must first be approved by the full School Fund Committee. Where larger amounts are regularly required, eg for tuck shop purchases or coach hires, a maximum level for each type of transaction may be set by the School Fund Committee at the start of the year and continuing approval granted for all such transactions.

#### 4.1.3 Other Schools

The Treasurer may make payments up to a maximum of £50 per transaction. Expenditure in excess of this amount, but less than £150, may be incurred after consultation with the Committee, while items of expenditure over £150 must first be approved at a full staff meeting. As with secondary schools, regular large payments can be granted continuing approval in advance.

#### 4.1.4 Single Teacher Establishments

The Treasurer may make payments up to a maximum of £50 per transaction. Any expenditure over £50 will be referred to the School Fund Committee. Expenditure items over £100 must first be discussed at a parents' meeting.

### 4.2 **Cheque Signing Procedures**

#### 4.2.1 Payment of Invoices

Where an invoice received is to be paid by cheque, the cheque must be fully completed before being signed. The signatories must examine the invoice and ensure that the amounts on the cheque and invoice agree before signing the cheque. The signatories should also initial the completed cheque stub.

Details of the cheque (ie date, amount and cheque number) should be noted on the invoice which should then be filed for future reference.

#### 4.2.2 Cash and Carry etc Purchases

In this type of purchase, where the total amount of the bill is not known in advance, the signatories will ensure that as much information as possible is written on the cheque prior to signing, ie date and payee. Blank cheques must never be pre-signed. At the cash and carry or store, the person making the purchases will fill in the amount in words and figures and complete the cheque stub. A detailed receipt must be obtained and returned to the school where the cheque signatories will check the receipt against the cheque stub, before initialling the receipt and cheque stub.

If difficulties have previously been encountered at a Cash and Carry because you do not have a cheque card these can sometimes be overcome by contacting the Cash and Carry in advance and explaining the situation, or by taking a letter from the Head Teacher on school note paper when the purchases are being made.

#### 4.2.3 Cancelled Cheques

Cancelled or spoiled cheques must be clearly marked "Cancelled" and retained in the cheque book.

### **4.3 Expenditure Vouchers**

#### **4.3.1 General**

Invoices and statements to support payments made, receipted and accompanied where possible by the presented cheque, will be retained and serially numbered with the number being recorded in the cash book against the payment. Where cheques are not returned by the bank care should be taken that cheque stubs are initialled and retained.

#### **4.3.2 Unreceipted Expenditure**

For some minor expenses, eg small numbers of stamps, receipts may not be issued. where the value of an item is small and no receipt is obtained, the person incurring the expenditure must prepare a certification slip instead. This slip must also be authorised by the Head Teacher or Treasurer (see example, Appendix 4).

#### **4.3.3 Cash Float for Petty Expenses**

It may be useful to establish a petty cash float to meet small purchases. The level of the float should be decided by the School Fund committee. Details of how such a float should be operated are included at Appendix 5.

### **4.4 Equipment Purchases**

#### **4.4.1 Inventories**

Detailed inventories will be kept of all equipment owned by the School Fund, for the school in general and for each club or group. These must be updated regularly, and must be maintained separately from the inventory of Council equipment.

#### **4.4.2 Insurance**

If equipment is owned by the School Fund it is not covered by East Dunbartonshire Council's insurance arrangements and each school should make its own arrangements for the required insurance cover (see also 2.2 and documentation relating to the VAT Free Purchase Scheme).

### **4.5 Non-School Fund Expenditure**

Under no circumstances should personal purchases or payments be made using the School Fund account, even if repayment is made immediately. Personal Cash and Carry purchases should be paid for using personal funds.

Staff funds should not be included in the School Fund. Separate banking and recording arrangements must be made for staff funds.

## **5 INCOME**

### **5.1 Treatment**

#### **5.1.1 Tuck Shops**

Tuck shop takings must be held in a secure cash box. The tuck shop will be operated through the School Fund. The person running the tuck shop will count the cash at the close of business each day and record the takings in a notebook. When these takings are passed to the Treasurer or his representative for banking, the person receiving the money must count it and acknowledge receipt by signing the relevant entry in the takings notebook. This book will then be retained by the person responsible for the tuck shop. All tuck shop income and expenditure must be noted in the school fund cash book.

If the tuck shop is run by pupils for educational purposes separate records of income and expenditure must be maintained. A separate bank account may be used for this purpose with pupils acting as the main signatories. One teacher should also be a signatory to the account and a note of the account details should be included on the Head Teacher's list (see paragraph 3.1). If accumulated profits are passed to the school fund this should be treated as a donation and a receipt provided. If decisions about the use of profits are to be made by the pupils advice must be available from the Head Teacher and all uses of profits should be recorded.

The above principles should be applied to all activities which are operated in the school which generate funds and are specifically excluded from the main School Fund.

#### **5.1.2 Parents' Contributions (Nurseries)**

A register of children must be kept and parents' weekly contributions marked against each child's name as they are received. Where several weeks are paid at once, the full amount will be shown against the week in which it has actually been paid, (see Appendix 6). Council and non-council monies must be recorded separately.

#### **5.1.3 Other Income**

Schools must purchase a serially numbered non-East Dunbartonshire Council duplicate receipt book for use when issuing receipts in respect of donations or other payments to the Fund. A duplicate copy of each receipt issued must be kept in the receipt book, with each transaction separately recorded in the cash book and the receipt number noted.

Where monies have been collected from a number of pupils, only one receipt need be issued to the person handing over the total collected. Alternatively, where income is collected from classes on a regular basis, the teacher/person responsible may record the total in a notebook which would be countersigned as described for tuck shop takings (see 5.1.1 above).

## **5.2 Bankings**

### **5.2.1 Frequency**

ALL INCOME MUST BE LODGED INTACT (ie no expenditure should be met out of income), (see para 4.3.3). Banking of funds should be collected by Group 4. Primary/Special schools cash is uplifted once per week and Secondary schools twice per week, or additional if required.

### **5.2.2 Preparation of Pay-In Slips**

Pay-in slips and counterfoils will both be made out in full prior to cash being taken to the bank. Where the actual banking operation is then carried out by anyone other than the Treasurer, these counterfoils must subsequently be checked to ensure that no alterations have been made.

### **5.2.3 Banking Expenses**

Where school funds are banked, using Group 4, in the same bag as East Dunbartonshire Council funds, no charge will be made. If an additional bag has to be used or additional uplift, the cost will be met from school funds.

## **6 RECORD KEEPING**

### **6.1 Cash Book Format**

#### **6.1.1 Basic Principles**

It is up to the Head Teacher and the School Fund Committee to decide what format of cash book best suits their needs. Primary/Nurseries should use standard cash book supplied by East Dunbartonshire Council – Internal Audit. Secondary/Special schools should decide on cash book format. All schools can use CARN software – which is designed for school funds.

Whichever format is adopted there are certain basic principles which must underlie the records.

These are as follows:

- (1) All income and expenditure must be recorded in the cash book.
- (2) All income and expenditure must be supported by a receipt; invoice or voucher and details of these must be recorded in the cash book.
- (3) All income (cash and cheques) must be recorded initially as cash and subsequent transfers to the bank also recorded.
- (4) Details of all bank account balances must be available for reconciliation. This can be done by having a separate column for each bank account in the main cash book or having one column in the main cash book supported by a separate bank account analysis.

#### 6.1.2 Types of Transactions

Appendices 7 & 8 (a) and (b) are given to illustrate the above principles and to show how to deal with a wide variety of transactions, ie

- (i) Recording cash income
- (ii) Recording cheque income
- (iii) Transferring income to the current bank account
- (iv) Transferring funds between bank accounts
- (v) Making purchases by cheque
- (vi) Petty Cash purchases
- (vii) Establishing a petty cash float
- (viii) Topping up petty cash float
- (ix) Recording bank charges/bank interest
- (x) Entries related to an out of date cheque (ie not cashed within 6 months of issue)
- (xi) Balancing cash book at the end of each month

#### 6.1.3 Computerised Records

If the records are maintained on computer a printout should be produced each month showing all transactions and brought forward/carried forward balances. This print should be signed by the person maintaining the records and by the Head Teacher. A copy should be passed to the School Fund committee for information.



If the computer has a security facility, the school fund records should be protected by password access.

To avoid significant loss of data back up of the school fund files should be taken regularly, ie weekly at least, and the back up disk stored at a remote location from the hard disk.

## 6.2 Reconciliations

Monthly reconciliations of all of the Fund's bank and cash balances must be carried out using the current bank statement(s)/pass books (see Appendix 9). A separate reconciliation is needed for cash and for each bank account. All balances must be reconciled at the same point in time. Reconciliations will normally be carried out by the person maintaining the cash book, and if this is the case they should be checked by the Head Teacher or delegated representative. If someone other than the administrator undertakes the reconciliations they should again be checked by someone else.

## 6.3 Subsidiary Records

Supporting records required will vary according to the type of establishments:-

- (i) Nurseries will maintain a register of all children, showing all monies received, as described in 5.1.2.
- (ii) Secondary and other schools must maintain separate subsidiary records showing details of the income, expenditure and balance for individual trips', individual clubs, specific fund-raising events, book clubs and school photographers visits.

Details of income and expenditure must be recorded in the School Fund cash book, but this may be in a summary form, or even just the transfer of a balance to the fund. Subsidiary records must show a more detailed breakdown of income and expenditure.

Income: subsidiary records must show the date, the amount collected and from whom, e.g money being collected weekly from pupils for a trip.

Name	01.02.94	08.02.94	15.02.94	22.02.94
A Brown	20.00	20.00	20.00	-
C Dunn	10.00	20.00	-	30.00
C Ferguson	-	-	-	50.00
G Hughes	40.00	-	40.00	-
I Kelly	10.00	20.00	20.00	20.00
<b>TOTAL</b>	<b>80.00</b>	<b>60.00</b>	<b>80.00</b>	<b>100.00</b>
Date Banked/ passed to SF treasurer	02.02.94	09.02.94	16.02.94	22.02.94
Receipt rec'd	01	05	09	15

Expenditure: all expenditure must be supported by invoices/vouchers and adequately recorded in the main cash book or subsidiary records.

All individual activities, such as trips, should produce a statement of income and expenditure. If the activity is of limited duration, eg saving for a trip, this statement should be prepared once transactions have been completed. If the activity is of an on-going nature, eg tuck shop, book club, regular statements, eg quarterly, should be prepared and presented to the School Fund committee for information.

#### **6.4 Receipt Books**

A small, serially pre-numbered receipt book with duplicate pages should be obtained from stationers by each school for use in connection with School Funds. East Dunbartonshire Council receipt books must not be used for School Fund purposes. Receipts will be issued in respect of all donations and other payments to the Fund, with the exception of nursery parental contributions, and tuck shop or other regularly collected income already signed for in a special notebook (see 5.1). Duplicate receipts will be retained in the book, with serial numbers of receipts recorded against the relevant cash book entries. In the case of spoiled receipts, both copies should be kept in the receipt book and marked "cancelled".

#### **6.5 Annual Statement of Income and Expenditure**

The Treasurer must prepare an annual statement of income and expenditure, at each year end, which will be signed by all bank account signatories. It is recommended that the 31 July each year is an appropriate year end date. The statement must then be audited and forwarded, by 30 November each year, to the Principal Accountant – Education for information and sample audit checks (see Appendix 10). Notes should be annexed to the accounts to aid understanding if this is deemed appropriate, eg if significant stock levels are being held, or a significant level of goods have been received but not yet paid for (receipts and payments accounts only).

### **7 AUDITS**

#### **7.1 Independence**

The School Fund Committee must arrange for an annual audit to be carried out by an elected person otherwise unconnected with the administration of the Fund. The auditor may be a parent or teacher, but wherever possible should have a finance, mathematics or business studies background. All books and records must be made available to the Auditor. The Auditor should sign the cash book and the income and expenditure statement to indicate that he/she has carried out adequate checks.

It is not always possible to get a volunteer to audit the school fund records. The Committee may decide to make a small payment to the auditor for his/her services - if such a decision is taken it should be recorded as part of the School Fund constitution.

## 7.2 Frequency

Under normal circumstances, School Funds will be audited annually. Should there be any change in the signatories or any other persons involved in administering the Fund, an interim audit must be carried out by the School Fund Committee.

## 8 RETENTION OF RECORDS

All books, documents and vouchers relating to the School Fund should be retained in accordance with previously issued guidelines, ie

Bank pass book/cheque stubs/bank statements	Current + 5 yrs
Returned cheques	Current + 1 yr
Cash book	Indefinitely
Duplicates of receipts issued	Current + 1 yr
Bank reconciliations	Current + 5 yrs
Receipts/expenditure vouchers	Current + 1 yr
Subsidiary records, eg tuck shop, vending records	Current + 1 yr
Annual accounts	Indefinitely

## 9 CLOSURE OF SCHOOL FUNDS

In the event of school closures, an audit must be arranged on the books being closed. The *Head of Education - Community Services* must then be consulted as to the distribution of balances and equipment belonging to specific clubs in the school. Any general balance remaining on the Fund will then be allocated to other schools pro rata to the number of children transferring.

## **APPENDIX 1**

### **EXAMPLE SCHOOL FUND CONSTITUTION**

(Note: This example is intended to show what types of information need to be included in a School Fund constitution. Schools may choose to add any other details they feel might be appropriate).

(School's Headed Paper)

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#### School, School Fund Constitution

At a meeting of the School Fund Committee of (Name of school) School held on (Date), the following resolutions were proposed by the Head Teacher:

- 1 The (Name of school) School Fund will be constituted to advance the education provided by the school.

The School Fund Committee, after consultation as detailed below, is empowered to spend funds raised to obtain the provision of additional books, materials and equipment, and to finance extra-curricular activities which cannot be completely financed from public funds allocated to the school by East Dunbartonshire Council in disposition of its statutory responsibility.

- 2 The School Fund will be administered by a School Fund Committee:-

- the Committee will comprise of (x) members
- the Committee will include:-

Head Teacher

One Depute or Assistant Head

Elected representatives of staff and parents

Elections to the Committee will take place every 2 years at a meeting open to all staff and parents.

- the Committee will elect the following office-bearers.

Chairman

Secretary

Treasurer

The Secretary will be responsible for taking minutes of all School Fund Committee meetings and for processing all applications for support from the Fund through the Committee.

The Treasurer will be responsible for the day to day administration of the Fund including:-

- (i) Arrange for the recording of all income and expenditure, the banking of cash and the signing and cashing of cheques.
- (ii) Distribute and receive through the Secretary all application forms requesting money from the fund.
- (iii) Distribute funds as approved by the School Fund Committee.
- (iv) Keep subsidiary records for funds held on behalf of clients and groups within the School Fund.
- (v) Report regularly to the Committee on the state of the Fund.
- (vi) Produce an annual statement of account for the Fund.
- (vii) Arrange for an annual independent audit of the School Fund records.
- the Committee will meet (x) times per year.
- (x) number of members will require to be present for financial decisions to be valid.

3 Funds raised will be deposited in accounts with (Name and address of Bank), the accounts to be designated “(Name of School) School Fund”.

- 2 signatories will be required for any account withdrawals.
- Authority to incur expenditure will be as follows:-

Amount per Transaction	Type of School	Secondary Schools	Other Schools	Single Establishment	Teacher
Up to £ ( <u>x</u> )		Treasurer	Treasurer	Treasurer	
More than £ ( <u>x</u> ) but less than £ ( <u>x</u> )		Consultation with Payments Sub-Committee required	Consultation with Committee required	Consultation with Committee required. Items over £ ( <u>x</u> ) must first be discussed at a parent's meeting	
Over £ ( <u>x</u> )		Approval by full School Fund Committee required	Approval at full staff meeting required	see above	

(Appropriate limits should be agreed by the School Fund Committee and recorded. Limits should be reviewed annually and amended as the Committee decides appropriate. Actual amounts need not be recorded in the Constitution, you may decide to include only appropriate principles in the Constitution and have current applicable amounts recorded in Committee minutes).

- 4 The annual statement of accounts must be signed by all bank account signatories. The accounts must be audited and a copy sent to the Principal Accountant – Education by 30 November each year.
- 5 In the event of school closure, and the dissolution of the School Fund Committee, surplus funds shall be transferred either to the Local Education authority or to another school in the locality in whose catchment area this school may be situated, to be held in trust for similar purposes which are charitable in law.

After discussions the resolutions were proposed by the Head Teacher, seconded by \_\_\_\_\_, and unanimously agreed by the Committee, and to be put to the next meeting of staff and parents for approval.

(Signature) \_\_\_\_\_ (Secretary)

(Date) \_\_\_\_\_

## **Attachment 1**

### **Accounting and Reporting Requirements for Charities**

- 1 All charities must keep proper financial records and prepare an annual statement of accounts.
- 2 Financial records must be retained for at least six months.
- 3 The accounts should comprise, as a minimum\*:
  - (i) A Receipts and Payments Account for the year
  - (ii) A Statement of Balances as at the last day of the year
  - (iii) A report on the activities of the charity
- 4 The accounts must either be professionally audited or certified by a capable independent examiner.

\*Where annual income is £25,000 or more an Income and Expenditure Account and Balance, (rather than a Receipts and Payments Account and a Statement of Balances), must accompany the annual report on activities.

## **Attachment 2**

### **Estimating the Tax Savings Resulting from Charitable Status**

eg A School Fund has a bank balance of £3,000 on which gross interest (at, say, 10%) of £300 is earned for the year. Income tax of 25% of this interest is deducted by the bank if the fund is not a charity.

	If School Fund is a Charity	If School Fund is not a Charity	Difference
	£	£	£
Gross Bank Interest	300	300	-
Income Tax Payable (25%)	<u>-</u>	<u>75</u>	<u>75</u>
Net Interest Paid	<u>300</u>	<u>225</u>	<u>75</u>

In this case, the benefit of charitable status is that the school fund receives £75 more bank interest for the year than it otherwise would have done.

Any additional administration costs associated with charitable status (eg auditor's honorarium) would require to be offset against this tax saving.



### **Attachment 3**

Inland Revenue  
Claims (Scotland)  
Trinity Park House  
South Trinity Road  
Edinburgh  
EH5 3SP

Dear Sirs

I hereby apply for exemption from Income Tax under Section 360 of the Income and Corporation Taxes Act 1970.

A copy of the Constitution (for a sample Constitution see Appendix 1) of our School Fund is enclosed for your perusal.

Yours faithfully

Head Teacher

**Enc.**

## **APPENDIX 2**

### **CHARITABLE STATUS FOR SCHOOL FUNDS**

#### **GUIDANCE NOTE FOR HEAD TEACHERS**

##### **Background**

Some school funds in other regions have been recognised as charities by the Inland Revenue and this note offers guidance to Head Teachers on the advantages and disadvantages of charitable status, procedures for application for recognition as a charity and procedures which must be followed once a school fund has been recognised as a charity.

##### **Charitable Status - Advantages and Disadvantages**

Charitable status has the following tax benefits:

- (1) Bank and Building Society Interest is received gross and there is no liability to income tax on this.
- (2) The income tax deducted by donors from their covenanted payments can be reclaimed from the Inland Revenue.

The only real disadvantage of charitable status is that additional administrative costs may be incurred in meeting Inland Revenue requirements. These include the administrative costs connected with initial application for recognition as a charity (no registration fee is payable) and the recurring cost of producing an annual set of accounts and report on the activities of the charity. Attachment 1 summarises the principal accounting and reporting requirements for charities. For many schools, (which are already producing annual school fund accounts), it may be that additional costs incurred to meet Inland Revenue requirements will be negligible.

In addition to submitting annual accounts and reports to the Inland Revenue, copies of the accounts must also be provided, on request, to any member of the public. A reasonable charge to cover the cost of copying and postage may be made.

In deciding whether or not to apply for charitable status, each school should consider whether or not the income tax savings offered by charitable status are likely to exceed the additional administrative costs which may be incurred.

Attachment 2 illustrates how to estimate the tax savings which charitable status offers. (Note that the interest rate used in the example is for illustrative purposes only). The school's bank should be able to advise as to how much income tax was deducted from interest paid by them on the school fund account(s) during the previous year.

## **Procedures for Application for Recognition as a Charity**

Each school fund which decides to seek charitable status must apply to the Inland Revenue.

Applications must be accompanied by a minute of the meeting setting up the school fund and specifying the objectives of the fund and the procedures under which it will operate. A pro-forma for an application is given at Attachment 3.

## **Procedures once a School Fund has been Recognised as a Charity**

### **(i) Submission of Annual Accounts**

Each school fund which is accepted as a charity for tax purposes is required to submit accounts to the Inland Revenue annually, together with a report on the activities of the charity. (See Attachment 1). These documents should be sent to:

Inland Revenue  
Claims (Scotland)  
Trinity Park House  
South Trinity Road  
Edinburgh  
EH5 3SD

### **(ii) Notification to Bank/Building Society**

Once a school fund has been accepted as a charity by the Inland Revenue, the fund's bankers should be provided with documentary evidence of this, to ensure that interest is then paid gross.

## **NB**

A bank should not pay gross interest if the school fund is not registered as a charity. It is the responsibility of the School Fund Committee to ensure that the appropriate registration is held.

## APPENDIX 3

### EAST DUNBARTONSHIRE COUNCIL COMMUNITY DIRECTORATE (EDUCATION SERVICE)

#### VAT FREE PURCHASE SCHEME - CONDITIONS OF USE

The VAT Free Purchase Scheme allows East Dunbartonshire Council to purchase equipment on behalf of school funds, thereby enabling VAT to be reclaimed.

The following conditions MUST be adhered to by schools wishing to use the scheme:

- 1 Items may only be purchased which are for use in or by the school in the pursuit of the education of its pupils. **PERSONAL PURCHASES MAY NOT BE MADE BY STAFF OR PUPILS USING THIS SCHEME.**
- 2 Items must be purchases via East Dunbartonshire Council, and not by the school acting independently.
- 3 The value of items for one supplier must be greater than £50 exclusive of VAT.
- 4 Separate guidance is available from the Community Services department (Education Department) on the actual operation of the scheme.

All cheques submitted to the Community Services Department (Education Department) should be crossed and made payable to "East Dunbartonshire Council".

- 5 The costs of items must **EXCLUDE** VAT but include any delivery charges, post, packaging etc.
- 6 Either the school, through it's school fund, or the authority **MUST** retain ownership of the items.
- 7 The school fund will be regarded as the owner of the item, and it should be recorded on the School Fund Inventory Records. The School Fund will be responsible for repairs, maintenance and any insurance cover the committee wishes to purchase to cover for loss.
- 8 Under certain circumstances the ownership of the item may be transferred to the Council. If this is the case it should be recorded on the Council inventory records. In this case these items will be treated like any other council property in that East Dunbartonshire Council will be responsible for any repairs and maintenance, and possible replacement in cases of theft (see Procedure Manual 8/04). Such items would be expected to be compatible with similar items on council contracts. If the Head Teacher wishes to transfer ownership to East Dunbartonshire Council, the agreement of the ***Head of Education - Community Services*** should be sought as there may be budgetary implications if the item is likely to be subject to a maintenance programme or will incur repair costs.

9 In general, item purchased under the scheme may not be resold, except under the following conditions:

- (i) Items which are required for regular classroom use for a subject forming part of the normal curriculum e.g simple calculators, musical instruments and technological equipment can be resold.
- (ii) Items must be required for regular classroom use i.e the item may be taken home but must be brought to school at least once per week and not, for example, just once per term.
- (iii) Items must be incidental to the provision of education forming part of the normal curriculum ie the item must be used within normal school hours and not for extra curricular activities such as school bands nor merely as a useful adjunct to home study.
- (iv) Any charge to a pupil must not exceed the cost to the school.
- (v) Items EXCLUDED from resale are clothing and sports equipment, eg school sweatshirts and PE kits, medals and trophies, and items incidental to instruction which supplements the normal curriculum.
- (vi) Items must be resold “in class” ie via the teacher or Head Teacher and not supplied directly to the pupil by an outsider trader”.

(HM CUSTOMS AND EXCISE)

## APPENDIX 4

### VOUCHER FOR UNRECEIPTED EXPENDITURE

UNRECEIPTED EXPENDITURE CERTIFICATION SLIP	
Details of expenditure	£      p
_____	
_____	
_____	
_____	
Received By: _____	Date: _____
Authorised By: _____	

#### NOTES:

- (1) This type of voucher is to be used for small items of expenditure for which no receipt has been obtained.
- (2) THE PERSON RECEIVING PAYMENT SHOULD NOT ALSO AUTHORISE THE PAYMENT.

## APPENDIX 5

### OPERATING A CASH FLOAT

- 1 One person, normally the Treasurer will have responsibility for the cash float, ie holding the cash, keeping necessary records, and paying out minor expenses.
- 2 Only small purchases should be met from the float which cannot be paid by cheque.
- 3 The level of the float should be set at a level sufficient to cover about 2 weeks petty expenses.
- 4 Initial Establishment of the Float in the Cash Book

#### EXPENDITURE PAGE

Date	Detail	Cheque Number	Voucher Number	Cash	Current Account	Petty Cash	Misc	Contra
01.02.94	Bank withdrawal to set up float	001	contra		30.00			30.00

#### INCOME PAGE

Date	Detail	Receipt Ref.	Cash	Current Account	Petty Cash	Misc	Contra
01.02.94	Cash from bank to set up float	contra	30.00				30.00

- 5 Recording Petty Cash Purchases in the Cash Book

#### EXPENDITURE PAGE

Date	Detail	Cheque Number	Voucher Number	Cash	Current Account	Petty Cash	Misc	Contra
01.02.94	Stamps		1	1.70		1.70		
09.02.94	Film Processing		3	5.60		5.60		
10.02.94	Raffle Books		4	8.30		8.30		

## 6 Checking the Float Balance

Float Balance (01.02.94)	30.00	
Expenditure		
stamps	1.70	
film processing	5.60	
raffle books	8.30	15.60
cash balance	14.40	This amount should agree to cash held

## 7 Topping Up the Cash Float From the Bank

### EXPENDITURE PAGE

Date	Detail	Cheque Number	Voucher Number	Cash	Current Account	Petty Cash	Misc	Contra
14.02.94	Petty cash top up	003	contra		15.60			15.60

### INCOME PAGE

Date	Detail	Receipt ref.	Cash	Current Account	Petty Cash	Misc	Contra
14.02.94	Petty cash top up to set up float	contra	15.60				15.60

## 8 Depositing Cash in Bank Prior to Holidays

### EXPENDITURE PAGE

Date	Detail	Cheque Number	Voucher Number	Cash	Current Account	Petty Cash	Misc	Contra
25.03.94	Petty cash in hand paid into current account		contra	30.00				30.00

### INCOME PAGE

Date	Detail	Receipt Ref.	Cash	Current Account	Petty Cash	Misc	Contra
25.03.94	Petty cash in hand paid into current account	contra		30.00			30.00



## APPENDIX 6

### NURSERY SCHOOL

#### REGISTER

Current Rates : £1.00 per week

<u>Name</u>	<u>Week 1</u>	<u>Week 2</u>	<u>Week 3</u>	<u>Week 4</u>	
Ann Brown	4.00	paid	paid	paid	(4 weeks in advance)
Colin Davies	1.00	1.00			
Elaine Ferguson	2.00	paid			
George Hughes	1.00	1.00			
Ian Jones	3.00	paid	paid		
	<u>£11.00</u>	<u>£2.00</u>			
Date banked	<u>02.02.94</u>	<u>09.02.94</u>			

**APPENDIX 7(a)****SCHOOL FUND CASH BOOK - EXAMPLE**

NOTE: In this example the school fund has 2 bank accounts, and they are shown separately in the main cash book

**INCOME**

REF	DATE	DETAILS	RECEIPT REF.	CASH	CURRENT ACCOUNT	DEPOSIT ACCOUNT	TUCK SHOP	SWEAT SHIRTS	DONATIONS	CHARITIES	PETTY CASH	MISC	CONTRA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	01.02.94	Balance brought forward		£0.00	£100.00	£950.00	£750.00	£150.00	£20.00	£130.00			
(vi)	01.02.94	Cash for petty cash float	contra	£30.00									£30.00
(i)	01.02.94	Tuck shop income	Notebook	£10.25			£10.25						
(ii)	01.02.94	Cheque donation	001	£50.00					£50.00				
(iii)	02.02.94	Income lodged in bank	contra		£60.25								£60.25
(viii)	14.02.94	Petty cash top up	contra	£15.60									£15.60
(i and iii)	20.02.94	Charity collection - class 2	Classbook	£10.00						£10.00			
	“	Charity collection - class 3	Classbook	£12.30						£12.30			
	“	Charity collection - class 4	Classbook	£14.00						£14.00			
	“	Charity collection - class 5	Classbook	£5.89						£5.89			
	“	Cheque for sweatshirt	002	£4.50				£4.50					
(iii)	22.02.94	Income lodged in bank	contra		£46.69								£46.69
(ix)	28.02.94	Bank interest received	bank passbook			£3.25						£3.25	
(x)	28.02.94	Uncashed cheque (No 095 dated 25.08.93)			£10.25		£10.25						
(iv)	28.02.94	t'fer from curr a/c to deposit a/c	contra			£30.00							£30.00
(xi)				£152.54	£217.19	£983.25	£770.50	£154.50	£70.00	£172.19	£0.00	£3.25	£182.54
	01.03.94	Balance brought forward		£30.00	£136.59	£983.25	£765.50	£154.50	£70.00	£172.19	(£15.60)	£3.25	£0.00

(xi) CHECKS : TOTALS (COLS 4 TO 6) = £1,352.98  
TOTALS (COLS 7 TO 13) = £1,352.98

BROUGHT FORWARD TOTALS (COLS 4 TO 6) £1,149.84  
BROUGHT FORWARD TOTALS (COLS 7 TO 13)

£1,149.84

**APPENDIX 7(b)**  
**SCHOOL FUND CASH BOOK - EXAMPLE**  
**EXPENDITURE**

REF	DATE	DETAILS	CHEQUE NO.	VOUCHER REF.	CASH	CURRENT ACCOUNT	DEPOSIT ACCOUNT	TUCK SHOP	SWEAT SHIRTS	DONATIONS	CHARITIES	PETTY CASH	MISC	CONTRA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(vi)	01.02.94	Cash for petty cash float	001	contra		£30.00								£30.00
(vii)	01.02.94	Stamps		1	£1.70							£1.70		
(iii)	02.02.94	Income lodged in bank		contra	£60.25									£60.25
(v)	05.02.94	Supplies for tuck shop	002	2		£5.00		£5.00						
(vii)	09.02.94	Film processing		3	£5.60							£5.60		
(vii)	10.02.94	Raffle books		4	£8.30							£8.30		
(viii)	14.02.94	Petty cash top up	003	contra		£15.60								£15.60
(iii)	22.02.94	Income lodged in bank		contra	£46.69									£46.69
(iv)	28.02.94	t'fer from curr a/c to deposit a/c	004	contra		£30.00								£30.00
		FEBRUARY EXPENDITURE			£122.54	£80.60	£0.00	£5.00	£0.00	£0.00	£15.60	£0.00	£0.00	£182.54
		BALANCE CARRIED FORWARD			£30.00	£136.59	£983.25	£765.50	£154.50	£70.00	£172.19	(£15.60)	£3.25	£0.00
(xi)					£152.54	£217.19	£98.25	£770.50	£154.50	£70.00	£172.19	£0.00	£3.25	£182.54
(ix)	28.02.94	Bank Charges		bank statement		£1.24							£1.24	
(xi)	CHECKS :	TOTAL EXPENDITURE (COLS 5 TO 7)	£203.14		TOTAL CARRIED FORWARD (COLS 5 TO 7) £1,149.84									
			(COLS 8 TO 14) £203.14		(COLS 8 TO 14) £1,149.84									

# APPENDIX 8(a)

## SCHOOL FUND CASH BOOK - EXAMPLE

**Note:** In this example the school fund has 4 bank accounts, therefore a separate analysis is maintained and there is only one bank column in the main cash book.

### INCOME

REF	DATE	DETAILS	RECEIPT REF.	CASH	BANK	TUCK SHOP	SWEAT SHIRTS	DONATIONS	CHARITIES	PETTY CASH	MISC	CONTRA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	01.02.94	Balance brought forward		£0.00	£1,050.00	£750.00	£150.00	£20.00	£130.00			
(vi)	01.02.94	Cash for petty cash float	contra	£30.00								£30.00
(i)	01.02.94	Tuck shop income	Notebook	£10.25		£10.25						
(ii)	01.02.94	Cheque donation	001	£50.00				£50.00				
(iii)	02.02.94	Income lodged in bank	contra		£60.25							£60.25
(viii)	14.02.94	Petty cash top up	contra	£15.60								£15.60
(i and ii)	20.02.94	Charity collection - class 2	Classbook	£10.00					£10.00			
	“	Charity collection - class 3	Classbook	£12.30					£12.30			
	“	Charity collection - class 4	Classbook	£14.00					£14.00			
	“	Charity collection - class 5	Classbook	£5.89					£5.89			
	“	Cheque for sweatshirt	002	£4.50			£4.50					
(iii)	22.02.94	Income lodged in bank	contra		£46.69							£46.69
(ix)	28.02.94	Bank interest received	bank passbook		£3.25						£3.25	
(x)	28.02.94	Uncashed cheque (No 095 dated 25.08.93)			£10.25	£10.25						
(xi)				£152.54	£1,170.44	£770.50	£154.50	£70.00	£172.19	£0.00	£3.25	£152.54
(xi)	01.03.94	Balance brought forward		£30.00	£1,118.60	£765.50	£154.50	£70.00	£172.19	(£15.60)	£2.01	£0.00
(xi)	CHECKS :	TOTALS (COLS 4 AND 5 ) =	£1,322.98	BROUGHT FORWARD TOTALS (COLS 4 AND 5)				£1,148.60				
		TOTALS (COLS 6 TO 12) =	£1,322.98	BROUGHT FORWARD TOTALS (COLS 6 TO 12)				£1,148.60				

## APPENDIX 8(b)

### SCHOOL FUND CASH BOOK - EXAMPLE

## EXPENDITURE

Ref	Date	DETAILS	CHEQUE NO.	VOUCHER REF	CASH	BANK	TUCK SHOP	SWEAT SHIRTS	DONATIONS	CHARITIES	PETTY CASH	MISC	CONTRA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(vi)	01.02.94	Cash for petty cash float	001	contra		£30.00							£30.00
(vii)	01.02.94	Stamps		1	£1.70						£1.70		
(iii)	02.02.94	Income lodged in bank		contra	£60.25								£60.25
(v)	05.02.94	Supplies for tuck shop	002	2		£5.00	£5.00						
(vii)	09.02.94	Film processing		3	£5.60						£5.60		
(vii)	10.02.94	Raffle books		4	£8.30						£8.30		
(viii)	14.02.94	Petty cash top up	003	contra		£15.60							£15.60
(iii)	22.02.94	Income lodged in bank		contra	£46.69								£46.69
(ix)	28.02.94	Bank charges		bank statement		£1.24						£1.24	
		FEBRUARY EXPENDITURE			£122.54	£51.84	£5.00	£0.00	£0.00	£0.00	£15.60	£1.24	£152.54
		BALANCE CARRIED FORWARD			£30.00	£1,118.60	£765.50	£154.50	£70.00	£172.19	(£15.60)	£2.01	£0.00
(xi)					£152.54	£1,170.44	£770.50	£154.50	£70.00	£172.19	£0.00	£3.25	£152.54
(xi)	CHECKS :	TOTALS (COLS 5 AND 6) =	£174.38		BALANCES C/FWD (COLS 5 AND 6)				£1,148.60				
		TOTALS (COLS 7 TO 13) =	£174.38		BALANCES C/FWD (COLS 7 TO 13)				£1,148.60				

**APPENDIX 8(c)**  
**SCHOOL FUND - BANK ACCOUNT ANALYSIS**

DATE	DETAIL	CURRENT ACCOUNT transaction balance	DEPOSIT ACCOUNT transaction balance	TRIP DEPOSIT ACCOUNT transaction balance	BUILDING SOC. ACCOUNT transaction balance	TOTAL
01.02.94	balance b/fwd	£50.00	£150.00	£50.00	£800.00	£1,050.00
01.02.94	withdrawal	(£30.00)				
02.02.94	Lodgement	£60.25				
05.02.94	withdrawal	(£5.00)				
14.02.94	withdrawal	(£15.60)				
22.02.94	lodgement	£46.69				
28.02.94	transfer	(£30.00)	£30.00			
28.02.94	transfer		(£100.00)		£100.00	
28.02.94	bank interest rec'd		£3.25			
28.02.94	bank charges	(£1.24)				
28.02.94	uncashed cheque	£10.25				
		£85.35	£83.25	£50.00	£900.00	£1,118.60
						This balance should agree to the balance in the bank column of the main cash book

**SCHOOL, SCHOOL FUND**

Balance per bank statement at 28/02/94	£ 118.65 (see Appendix 9(b))
--	------------------------------

<u>Date</u>	<u>£</u>	
22.02.94	46.69	46.69

<u>Cheque No.</u>	<u>£</u>	
004	30.00	(30.00)

£135.35

<u>Date</u>	<u>Item</u>	<u>£</u>
28.02.94	Charges	1.24

Checked by: \_\_\_\_\_

## APPENDIX 9(b)

### LOCAL BANK BANK STATEMENT - CURRENT ACCOUNT

A/C NUMBER: 00246873

#### NAME OF ACCOUNT: EXAMPLE SCHOOL, SCHOOL FUND ACCOUNT

Date		Debit	Credit	Balance
28.01.94				110.25
02.02.94	Lodgement		60.25	170.50
07.02.94	Cheque 001	30.00		140.50
12.02.94	Cheque 002	5.00		135.50
18.02.94	Cheque 003	15.60		119.90
28.02.94	Bank charges - February	1.24		118.66



## APPENDIX 10

### SCHOOL, SCHOOL FUND

#### SCHOOL FUND - RECEIPTS AND PAYMENTS STATEMENT FOR YEAR TO JULY 19XX

RECEIPTS	£	£	PAYMENTS	£	£
Balances b/f					
Cash	25.34				
Current a/c	115.54				
Deposit a/c	1,058.96	1,199.94			
Tuck shop	3,254.78		Tuck shop	2,987.86	
Donations	50.00		Clubs	280.00	
Clubs	360.54		Charities	560.00	
Charity collections	560.00		Sweatshirts	495.00	
Sweatshirts	380.50		Miscellaneous	<u>40.25</u>	
Bank Interest	<u>156.85</u>		TOTAL		4,363.11
TOTAL		4,762.67			
			Balances c/f		
			Cash	10.69	
			Current a/c	<u>394.57</u>	
			Deposit a/c	<u>1,194.24</u>	<u>1,599.50</u>
		<u>5,962.61</u>			<u>5,962.61</u>

Accounts prepared by: \_\_\_\_\_ (signature)

\_\_\_\_\_ (designation) \_\_\_\_\_ (date)

Bank account signatories: \_\_\_\_\_ (signature)

\_\_\_\_\_ (designation) \_\_\_\_\_ (date)

\_\_\_\_\_ (signature)

\_\_\_\_\_ (designation) \_\_\_\_\_ (date)

\_\_\_\_\_ (signature)

\_\_\_\_\_ (designation) \_\_\_\_\_ (date)

Accounts audited by: \_\_\_\_\_ (signature)

\_\_\_\_\_ (designation) \_\_\_\_\_ (date)

#### NOTES:

- (1) Stock of sweatshirts (28 @ £4.50) = £126.00 as at 31.07.19XX

**ANNEXE 2**

**EAST DUNBARTONSHIRE COUNCIL**

**FINANCIAL PROCEDURES FOR**

**PRE 5 ESTABLISHMENTS/NURSERY CLASSES**

**INDEPENDENT FUNDS**

2.

## **INDEX**

**1.0 Introduction**

**2.0 Bank Accounts**

**3.0 Cash Held**

**4.0 Income**

**5.0 Banking**

**6.0 Record Keeping**

**7.0 Audits**

**8.0 Retention of Records**

## **Appendices**

**1 Register of Contributions**

**2 Worked example of a cash book - Income**

**3 Worked example of a cash book - Expenditure**

**4 Bank Reconciliation**

**5 Preparation of Income and Expenditure Statement**

**6 Income and Expenditure Statement**

**7 Full package of blank forms**

3.

## **Pre-Five Services - Financial Procedures Manual**

### **1.0 INTRODUCTION**

1.1 These procedures are specific to Pre-Five establishments and are based on Procedure Manual 7/01 School Fund Procedures, previously agreed and issued by the Education Department. The manual provides greater detail and is not superseded by this document.

### **2.0 BANK ACCOUNTS**

2.1 A current account will normally be used for day-to-day transactions, with a further deposit and/or savings account as required.

2.2 The Head Teacher should be aware of all bank accounts in use in relation to the school, and a list should be maintained detailing the following information in respect of all accounts:-

- name of account
- account number
- bank and branch
- account signatories

2.3 Account name

Any bank accounts must be in the name of “(establishment name), Independent Fund”. There should not be any reference to East Dunbartonshire Council.

2.4 Signatories

Each account must have three (or more) signatories, one of whom must be the Fund Treasurer. To operate the accounts any two signatories will be required.

4.

### **3.0 CASH HELD**

#### **3.1 Limits**

Amounts of money held in the school at any one time must be at the discretion of the Head Teacher. He/she must decide how often money will be banked in light of each school's circumstances. Banking of cash should be accessed by using Group 4 collection, in same pattern as primary school. If large amounts of cash is collected outwith Group 4 collection, Head Teacher must decide if additional uplift is appropriate. The following factors should be considered, eg

availability of secure storage (safe/strongroom)  
total amounts of cash being held

#### **3.2 Security**

Funds must be held in the most secure location available eg a safe or a strongroom. The money must be held in a locked container. It should be noted that the Independent Fund Cash is not covered by the Council's insurance.

#### **3.3 Cash Float**

A float should be held for local cash purchases. This float should be drawn from the bank as required, and the level of float will be at the discretion of the Head Teacher.

### **4.0 INCOME**

#### **4.1 Parents' Contributions**

A register must be kept of contributions, marked against each child's name as they are received. Where several weeks are paid at once, the full amount should be shown against the week in which it has actually been paid. A pro-forma for the collection/recording of contributions is attached at Appendix 1.

#### **4.2 Other Income**

Where possible all other income to the nursery should be receipted. A duplicate, serially numbered book should be purchased (non-Council) and used when issuing receipts in respect of donations or other payments to the Fund. A copy of each receipt issued must be kept within the receipt book, with each transaction recorded in the cash book and the receipt number noted.

## **5.0 BANKING**

### **5.1 Frequency**

**ALL INCOME MUST BE LODGED INTACT** (ie no expenditure should be met out of income collected). The frequency of banking should be determined by the Head Teacher.

### **5.2 Preparation of Pay-in Slips**

Pay-in slips and counterfoils should be made out in full prior to cash being uplifted by Group 4. When the actual banking is done by someone other than the Treasurer, these counterfoils must be checked to ensure that no alterations have been made.

## **6.0 RECORD KEEPING**

### **6.1 Cash Book Format**

It is advised that the Secondary School cash book be used to record the transactions of the fund. The format for this cash book also provides for the analysis of Income and Expenditure which will be necessary for the compilation of an annual statement of the fund. This cash book can be obtained from Internal Audit (alternatively a cash analysis book can be purchased locally).

### **6.2 Types of Transactions**

Appendices 2 and 3 provide a sample of a cash book for a one month period illustrating the type of transactions which usually occur in the fund. If any circumstance arises which is not covered by this example, then assistance should be sought from Internal Audit.

### **6.3 Reconciliations**

Monthly reconciliations of all of the fund's bank and cash balances must be carried out. Reconciliations should normally be carried out by the person maintaining the cash book, and if this is the case they should be checked and signed as correct by the Head Teacher or delegated representative. An example of a bank reconciliation is attached at Appendix 4.

### **6.4 Annual Statement of Income and Expenditure**

The Treasurer must prepare an annual statement of Income and Expenditure, at each year end, which will be signed by all bank signatories. It is recommended that 31 July be used as the year end date. The statement must be signed by the auditor and the bank signatories, and forwarded by 30 November each year, to the Budget/Finance Section, Boclair House. Appendix 5 and 6 provide a worked example of the preparation of the statement.

## **7.0 AUDIT**

7.1 An annual audit must be carried out by someone unconnected with the administration of the fund. The auditor may be a parent or teacher, but where possible should have a finance, mathematics or business studies background. The auditor should sign the cash book and the income and expenditure statement to indicate that he/she has carried out adequate checks. The type of checks to be carried out in an audit are detailed in the explanatory notes to Procedure Manual 7/01 issued to Head Teachers.

7.2 Under normal circumstances the funds should be audited annually, however if there is any change in the signatories or any other persons involved in administering the fund, an interim audit must be carried out by the bank signatories who must satisfy themselves to the accuracy of the records.

## **8.0 RETENTION OF RECORDS**

8.1 All books, documents and vouchers relating to the fund should be retained in accordance with previously issued guidelines, ie

Bank passbooks/cheque stubs/statements	Current + 5 years
Cash Book	Indefinitely
Duplicates of receipts issued	Current + 1 year
Bank Reconciliations	Current + 5 years
Receipts/Expenditure Vouchers	Current + 1 year
Subsidiary records	Current + 1 year
Annual Accounts	Indefinitely

**Appendix 1a**
**EAST DUNBARTONSHIRE COUNCIL**  
**COMMUNITY DIRECTORATE (EDUCATION SERVICE)**  
**NURSERY CLASS**
**DONATIONS****CLASS:- 1****WEEK COMMENCING:- 01 September 1997**

NAME	MON	TUE	WED	THUR	FRI
	£	£	£	£	£
<b>MORNING CLASS</b>					
Anne Black	0.50	1.00			1.00
Joan Brown	0.25	0.25	0.30	1.00	
Susan Green					
Joe Blue	0.50	1.00	0.50		0.50
Stephen White	0.75	0.75		0.75	
Paul Grey	0.50				
Total	2.50	3.00	0.80	1.75	1.50
<b>AFTERNOON CLASS</b>					
Ian Mills (Jnr)	0.25	0.25	0.25	0.25	0.50
Johnathon McKeown	0.50	0.50	0.50		
Christina Symington	1.50				
Jonah Simmons					
Sheena Foulis	0.25	0.50	0.75	0.25	
Total	2.50	1.25	1.50	0.50	0.50
Cash Transferred to Office	5.00	4.25	2.30	2.25	2.00
Signature					



## Appendix 1a

**EAST DUNBARTONSHIRE COUNCIL  
COMMUNITY DIRECTORATE (EDUCATION SERVICE)  
NURSERY CLASS**

## DONATIONS

**CLASS:-**

**WEEK COMMENCING:-**

[illegible]

## Appendix 1b

**EAST DUNBARTONSHIRE COUNCIL  
COMMUNITY DIRECTORATE (EDUCATION SERVICE)  
NURSERY CLASS**

## DONATIONS

**CLASS:-**

NAME	01-Sep	08-Sep	15-Sep	22-Sep	29-Sep
	£	£	£	£	£
MORNING CLASS					
Anne Black	2.50	2.50	0.00	1.25	
Joan Brown	1.80	0.00	1.95	2.00	
Susan Green	0.00	1.25	2.00	1.50	
Joe Blue	2.50	2.50	2.50	1.50	
Stephen White	2.25	2.25	2.25	2.00	
Paul Grey	0.50	1.00	1.50	1.00	
Ian Mills (Jnr)	1.50	1.00	0.75	0.50	
Johnathon McKeown	1.50	1.50	1.50	1.50	
Christina Symington	1.50	3.00	0.00	0.00	
Jonah Simmons	0.00	0.00	1.25	1.50	
Sheena Foulis	1.75	1.50	1.25	1.50	
Cash Transferred to Office	15.80	16.50	14.95	14.25	0.00
Monday	5.00	3.50	3.00	3.50	
Tuesday	4.25	2.45	2.54	2.50	
Wednesday	2.30	4.50	5.50	3.50	
Thursday	2.25	3.05	2.50	3.50	
Friday	2.00	3.00	1.41	1.25	
	15.80	16.50	14.95	14.25	0.00

## Appendix 1b

**EAST DUNBARTONSHIRE COUNCIL  
COMMUNITY DIRECTORATE (EDUCATION SERVICE)  
NURSERY CLASS**

## DONATIONS

**CLASS:-**

NAME					
	£	£	£	£	£
Cash Transferred to Office					
Monday					
Tuesday					
Wednesday					
Thursday					
Friday					
<b>TOTAL</b>					

## Appendix 2

[illegible]

### Appendix 3

<b>EXPENDITURE</b>											
<b>Date</b>	<b>Details</b>	<b>Cheque No.</b>	<b>Vchr. No.</b>	<b>Cash</b>	<b>Bank</b>	<b>Books &amp; Equip</b>	<b>Groceries Tuck</b>	<b>Misc.</b>	<b>Photos.</b>		<b>Contra</b>
20-Aug-97	Bank Lodged			200.82							200.82
	Cheque for Cash	000234			30.00						30.00
21-Aug-97	J R Crispman	000235	1		9.95		9.95				
25-Aug-97	P J Photoman	000236	2		24.99				24.99		
26-Aug-97	Sweets		3	2.35			2.35				
26-Aug-97	Book Services	000237	4		12.99	12.99					
31-Aug-97	Balance C/F			64.96	373.12						438.08
	<b>Totals</b>			268.13	451.05	12.99	12.30	0.00	24.99	0.00	668.90
		719.18			719.18						

## Appendix 4

### Lernalot Nursery Class

#### Bank/Cash Reconciliation as at 31 August 1997

Cash on Hand			<u>64.96</u>
Cash Balance per Fund Book			<u>64.96</u>
Balance per Bank Statement (31 August 1997)			396.06
Deduct Outstanding Cheques			
	000235	9.95	
	000237	<u>12.99</u>	<u>22.94</u>
Balance per Fund Book			<u>373.12</u>

## Appendix 5a

INCOME - SUMMARY												
Date	Details	Receipt No.	Cash	Bank	Trips	Fund Raising	Donation	Misc.	Photo's			Contra
	August/1997				67.47	125.00	15.81	1.25	23.60			
	September/1997				12.50	2.95			25.49			
	October/1997				35.62	19.75	25.03	1.99				
	November/1997					78.36	14.99					
	December/1997					12.36	1.25	0.95	12.50			
	January/1998					36.21	12.47	2.14	12.50			
	February/1998					17.45	41.20	1.00	12.50			
	March/1998				25.00	18.54	12.54		25.00			
	April/1998				35.00	14.78	7.26		25.36			
	May/1998				15.00	12.00	2.36	2.99				
	June/1998				45.00	59.66	12.95					
	<b>Totals for Year</b>				235.59	397.06	145.86	10.32	136.95			

## Appendix 5b

EXPENDITURE SUMMARY												
Date	Details	Cheque No.	Vchr. No.	Cash	Bank	Books & Equip	Groceries Tuck	Misc.	Photo's			Contra
	August/1997					12.99	12.30		24.99			
	September/1997					2.56	12.50	1.95				
	October/1997					14.95	13.96	2.50				
	November/1997					2.51	10.23					
	December/1997					14.36	15.21					
	January/1998					2.30	14.75					
	February 1998					12.50	15.20	1.21				
	March/1998					25.13	12.01					
	April/1998					12.96	11.24	0.99				
	May/1998					12.00	14.75	0.25				
	June/1998					10.95	12.54	0.39	124.36	235.00		
	<b>Totals for Year</b>					123.21	144.69	7.29	149.35	235.00		



## Appendix 6

**EAST DUNBARTONSHIRE COUNCIL  
COMMUNITY DIRECTORATE (EDUCATION SERVICE)  
LEARNALOT NURSERY CLASS  
SCHOOL FUND INCOME AND EXPENDITURE STATEMENT  
YEAR TO 31 JULY 1998**

INCOME		EXPENDITURE	
Opening Balances	£		£
Deposit Account	0.00	Books & Equipment	123.21
Current Account	250.23	Groceries/Tuck	144.69
Cash	<u>0.00</u>	Miscellaneous	7.29
Total	250.23	Photographs	149.35
		Trips	<u>235.00</u>
		Total Expenditure	659.54
Trips	235.59		
Fund Raising	397.06		
Donations	145.86	<b>Closing Balances</b>	
Miscellaneous	10.32	Deposit Account	350.00
Photographs	<u>136.95</u>	Current Account	166.47
Total Income	925.78	Cash	0.00
		Total	516.47
			<u>1,176.01</u>
	<u>1,176.01</u>		

### Accounts Prepared by:-

1	Name:-	Designation:-
	Signature:-	Date:-
2	Name:-	Designation:-
	Signature:-	Date:-
3	Name:-	Designation:-
	Signature:-	Date:-

### Accounts Audited By:-

Name:-	Designation:-
Signature:-	Date:-