

## **14. Voluntary Funds**

### **Preamble**

Whilst voluntary funds are not owned by the local authority it is unreasonable to expect contributors to these funds to distinguish between them and official monies, and therefore, standards of accounting and propriety need to be the same as those expected for official monies. Also, an employee by reason of their employment by the local authority or by a Governing Body maintains the fund.

The Financial Regulations, instructions and procedures relevant to schools maintained by the local authority should be viewed as best practice, which is to be followed whenever practicable.

### **Regulations**

- 14.1. A voluntary fund is any fund, which, although not part of the delegated funds, is controlled or administered solely, or in part, by an employee by reason of his or her employment by the local authority or by a Governing Body.
- 14.2. The FBP CEF shall be informed of the purpose and nature of all voluntary funds maintained by employees in the course of their duties at schools. The accounts shall be audited annually by a competent, independent person and shall be submitted with an audit report to the Governing Body, within 6 months of the accounting year end.
- 14.3. The FBP CEF shall be entitled to verify that this has been done and to carry out such checks on the accounts as is considers appropriate. A copy of the audited statement together with the management letter must be sent to the FBP CEF<sup>1</sup> within 6 months of the accounting year end.
- 14.4. All materials, goods and property purchased by a school solely from its school's budget share shall become the property of the local authority. Where items are received as gifts from external sources, the Governing Body should ask benefactors to specify whether a gift to the school is intended to be held by the Governing Body. Where this is not the case the gift shall become the property of the local authority. No gift, which is held in trust or where legal ownership cannot transfer to the local authority, shall be accepted without the written authorisation of the FBP CEF.
- 14.5. Payments in money to school staff for any kind of remuneration or reward for services should never be made through unofficial (special purpose)

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<sup>1</sup> Via school's financial adviser in EFS

funds but always through payroll. Provided the constitution of the unofficial funds allows, there would be no objection to the unofficial funds making a payment to the official funds to finance the payment through payroll.

- 14.6. If a school intends to make a payment in kind as opposed to money to a member of staff, whether from official or unofficial funds, the school should always seek the prior advice of the local authority's Tax Manager<sup>2</sup> as the tax and national insurance rules applicable are complex e.g. vouchers exchangeable for goods in shops.
- 14.7. Voluntary Funds at schools shall be operated in accordance with the Guidance Notes issued by the FBP CEF.
- 14.8. The local authority's long-standing policy is that it will not act as a payroll bureau for external organisations such as charities or voluntary associations that have close links to it.

**See also:**

A20 Salaries, Wages and Pensions

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<sup>2</sup> Advise and support provided through Hampshire County Council