

School Voluntary Fund Guidance

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SECTION 1

INTRODUCTION

Schools raise money for school trips and special activities or to supplement the public money allocated to the school. This money can be accounted for solely in the school's main accounts (e.g. via the IBC), by paying the money directly into the school's main bank account, or it can be accounted for in a separately run Voluntary Fund. A Voluntary Fund may be administered by the Governing Body (with or without input from the Headteacher), by a "Friends of XX School" arrangement (usually with a member of School staff on the Committee) or by a Committee not connected to the Governing Body.

Funds managed within the main School Account (via the IBC)

- Separate cost centres should be set up and the relevant CFR ledger codes used as per DfE guidance
- A budget should be uploaded to the IBC so the brought forward balance for the school, as a total, matches the published carry forward figure. Income, expenditure and the brought forward balance should be coded against the Voluntary Funds cost centre
- Ensure accurate year-end reporting
- Any unspent donations can be transferred by means of a year-end income prepayment to the following year
- It is not necessary to arrange an annual audit
- VAT is processed through the IBC

Voluntary Fund through a Private Account

This guidance is intended to apply to Voluntary Funds where either the Governing Body or a member of staff form part of the administration of the fund. Ideally, the same guidance should apply to a Voluntary Fund administered by a Committee not connected to the Governing Body.

A Voluntary Fund, which is a private account and held alongside a school's public funds, is for the benefit of the children of the school. Where the Voluntary Fund is deemed to be for charitable purposes it may also be a Charity.

Voluntary Funds often provide schools with a substantial source of finance and, although the money is not classed as 'public', parents and other benefactors are entitled to the same standards of stewardship in their administration. Procedures must be in place which protect the interests of the beneficiaries for the Voluntary Fund (the children in the school) and safeguard the position of those running it.

Voluntary Fund Accounts must be audited annually and should include not only an assessment as to whether the accounts are correct, but also a review as to whether the expenditure is appropriate.

VAT cannot be claimed on Voluntary Funds

VOLUNTARY FUND CONTROLS

The following controls should be in place:

- A process for the formal appointment of a Treasurer and an appropriately qualified and independent auditor
- An appropriate accounting system, including the maintenance of a cash book, for the day-to-day administration of the fund
- An annual audit of the accounts in accordance with this guidance.
- As far as possible, different people should be involved in authorising orders, checking deliveries and where appropriate checking and authorising invoices, in order to reduce the risk of fraud
- The annual submission to the Governing Body of audited accounts with a brief report of the year's activities
- The annual submission to the School's Financial Adviser in Education Finance Services of audited accounts and management letter within 6 months of the accounting year end
- The immediate reporting of any suspected irregularities to the Governing Body and to Education Finance Services
- The establishment of adequate insurance arrangements. Voluntary funds are not covered by the County Council Insurance
- Separation of the Voluntary Fund and related records from official school funds
- The proper separation of duties of those administering the fund
- Detailed procedures for the change of Treasurer and other account signatories.
- Bank mandates need to be reviewed regularly to ensure they are kept up to date.
- VAT and other Tax regulations are understood and complied with.

PROBLEMS TO AVOID

The following are examples of questionable or improper practices in the management of school voluntary fund:

- The failure to ensure that expenditure is appropriate and in line with the purposes of the fund.
- The failure to adequately receipt income
- The failure to provide documentation to fully support payments
- The failure to operate an adequate cash book and complete regular bank reconciliations
- The failure to have the annual accounts audited
- The failure to present the audited annual accounts to the Governing Body
- The signatories for a payment not being independent of each other or one being the payee
- Official public funds being paid into the School's Voluntary Fund which should have been paid into the main school account
- Voluntary Fund money being handled through a personal bank account or mixed with personal money
- A Summary of Account Statement that does not balance back to the cash book year-end balance.

SECTION 2

GENERAL MANAGEMENT

The ultimate responsibility for financial procedures and the control of Voluntary Funds rests with the administering body of the Fund, either the Governing Body or the "Friends Of" Committee. It is recognised that the management of day-to-day operations may be delegated to a member of the Governing Body or the Headteacher, but the Administering Body retain overall responsibility.

The Administering Body should ensure that all activities involving the receipt and payment of money are properly accounted for through the Voluntary Fund. They should also ensure that proper banking arrangements exist for all funds.

Administering Body RESPONSIBILITIES

The body is responsible for ensuring:

- That the purpose of the Fund is clear
- That proper procedures, records and security arrangements are maintained to account for all Voluntary Fund transactions. The procedures should be the same as in the Oxfordshire County Council published "Financial Manual of Guidance"
- A Treasurer is appointed to be responsible for administering the Voluntary Fund
- That the Treasurer has a copy of these procedures and is operating in accordance with them
- That others handling Voluntary Fund money are aware of the requirements of these procedures and that they are also operating in accordance with them
- That all bank accounts must be in the school's Voluntary Fund name
- That there is only one current account, where there are surplus funds an interest-bearing account can be used
- The proper separation of duties of those administering the fund. Any change of signatory is approved by them
- That bank statements and bank reconciliations for all bank accounts are examined monthly and signed as correct by the responsible officer. This is to ensure that reconciliations are properly prepared and that bank accounts are not overdrawn

- That policies are established regarding the levels of income held, the petty cash float and the maximum value for a petty cash purchase
- That appropriate Insurance is in place
- That a Summary of Accounts Statement and other end of accounting year statements are correctly prepared covering all Voluntary Fund transactions
- That all accounting records, documentation and year-end statements are available for audit promptly within 6 months of year-end)

TREASURER'S RESPONSIBILITIES

The treasurer is responsible for:

- Accounting for the financial transactions of the fund in accordance with the procedures laid down by the Administrating Body and this Guidance
- Issuing receipts where applicable
- Ensuring that prior to banking, all money should be held securely in a safe or lockable fireproof cabinet and separate from official school money
- Ensuring the safe keeping of stock in a locked cupboard
- Ensuring that safe and store cupboard keys are held by a named member of staff
- (no more than two) and should not be left unattended or on the premises overnight
- Ensuring that all monies received are banked regularly, at least fortnightly
- Ensuring that all receipts are banked in full, as expenditure must not be paid out from income collected
- Making payments which are properly authorised by duly authorised signatories and adequately supported (detailed invoices or signed staff claims with supporting receipts) on behalf of the fund
- Ensuring that where required, petty cash is properly recorded, signed for by the recipient and supported by receipts
- Arranging that there are monthly bank statements available from the bank

- Producing monthly and accurate bank reconciliation statements, providing evidence of unreconciled items and a matching balance to the cash book
- Ensuring that the current list of signatories held by the bank is always up to date
- Promptly completing the annual returns and arranging their audit and submission to the Administrating Body

SECTION 3

DAY TO DAY PROCEDURES

General

The cash book is the main record of transactions showing receipts, banking, cheque payments and analysis of transactions.

It is important that full accounting records are kept and that the procedures within the Financial Manual of Guidance are followed.

Incomplete records can lead to difficulties in the production of the annual accounts and will increase auditing costs or prevent accounts from being audited.

Voluntary Fund accounts will be kept on a receipts and payments basis unless the fund is a registered charity which, because of its turnover value, is required by the Charity Commission to be accounted for on an income and expenditure basis.

Full supporting documents (ie. orders, delivery notes, invoices, staff claim forms, petty cash vouchers with receipts attached, all income receipt copies if used, income collection sheets, paying in slip details and bank statements) must be available for all transactions and authorised where appropriate.

The retention period for all supporting documents is 6 years + current

Please refer to specific sections of the Financial Manual of Guidance for guidance in dealing with

- **Income**
- **Payments and Orders**

THE CASH BOOK *(retain for 6 years + current)*

The cash book should be set up to correspond with the requirements of the Summary of Accounts Statement to allow this document to be completed easily. There should be a receipts side, a payments side and account headings that reflect the type of expenditure & income (e.g., day trips, school fete, audit fee, etc.).

The Cash Book should provide a **Summary for Audit** – a clear transparent reference to original receipt relating to income or order/invoice/receipt relating to a purchase, following through to referencing the paying-in-slip number/cheque number and bank statement.

SECTION 4

MONTHLY PROCEDURES

BANK RECONCILIATION

At the end of each month the monthly bank statement(s) should be checked to the transactions shown in the Cash Book and each item ticked off as matched. The statement(s) should be signed and dated by the Treasurer and Headteacher. The relevant statement number should be recorded against each transaction shown in the Cash Book. This process will identify any errors, which should be investigated and corrected.

A bank reconciliation form should be completed to show the bank statement closing balance, the uncleared transactions from the Cash Book, identified after the above process, and the reconciliation to the cash book total. This should be signed and dated by the Treasurer and Headteacher. There should be a reconciliation for all bank accounts held.

Summary for Audit – each reconciliation should be accompanied by evidence of the bank account balance, unrepresented items; balancing back to the cash book balance.

SECTION 5

END OF YEAR PROCEDURES

A financial year should run from the first day of a month to the end of the 12th month following. Usually schools choose the financial year from 1st September to 31st August or 1st April to 31st March. All transactions which occurred in the financial year must be accounted for in the relevant accounting records.

CLOSEDOWN PREPARATION

To ensure a smooth closedown of the accounts the following points should be followed:

- All outstanding payments must be cleared before the last day of the financial year
- On the last day of the financial year all unbanked money received must be banked
- If Petty Cash is used, the Petty Cash Account should be finalised for month 12. Where required, a reimbursement cheque must be drawn and cashed on the same day. The final month's Petty Cash entries must be made in the Cash Book
- The final bank reconciliation(s) must be completed as soon as the final bank statement(s) is received. This is to ensure that any errors can be identified and corrected and the uncleared transactions identified
- Where purchases for re-sale are made, a stock check should be carried out by two people who should complete a record of the individual quantities and values, totalled to give the overall value. This record should be signed by the stock takers
- Any stock discrepancies should be investigated and resolved. Where necessary the stock balance should be adjusted and the value written off in the payments side of the cash book
- The Cash Book may then be closed

SECTION 6

AUDIT OF THE VOLUNTARY FUND ACCOUNTS

STATUTORY REQUIREMENT

School Fund / Voluntary Accounts must be independently audited annually and completed within 6 months of the account year-end. The accounts and the Audit Certificate/Summary of Accounts Statement must be presented to the Administrating Body at their next full meeting and any discussion formally minuted. Accounting records of the fund are to be maintained for six financial years in addition to the current year.

The annual accounts must be audited by a suitably qualified* Auditor appointed by the Administrating Body. Auditors will be required to ensure that the particular requirements of Oxfordshire County Council as contained in this Guidance are considered when providing their opinion.

Following each audit a report is written detailing 'Findings' and 'Recommendations of Action'. The Summary of Account Statement is signed by the Auditor on behalf of the Fund administrators.

The Voluntary Fund audit is divided into three main areas:

- The management of the fund
- The accounting records
- The annual summary of account statement

MANAGEMENT OF THE FUND

The auditor is responsible for:

- Checking that the fund is being operated in accordance with Oxfordshire county council Guidance and that the Headteacher and staff are aware of this Guidance
- Establishing that all voluntary fund activities are covered by the accounts submitted for audit
- Checking that, where applicable, VAT registration has been sought and the appropriate forms are being completed

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- Checking that, where applicable, the Inspector of Taxes has been informed about any liability for corporation tax
 - Checking that money are held securely and being banked correctly and there are safe key holding arrangements
 - Checking that the fund is viable, by comparing the balances with the known liabilities (these liabilities will include any money paid over by pupils for school trips not yet undertaken by year end)
 - Checking that all bank/building society accounts are held in the name of the school and that appropriate arrangements are in place to allow for two authorisations for withdrawal on each account
 - Checking that income surplus to immediate requirements has been transferred to an interest-bearing account
 - Checking that purchases for resale are held securely and are managed in accordance with school policy and this guidance
 - Checking that internal checks are in operation through an appropriate division of duties

ACCOUNTING RECORDS

The auditor is responsible for:

- Checking the accuracy of the Cash Book and Petty Cash Records against supporting receipts and payments vouchers
- Checking that all receipts are banked intact and have not been offset by payments
- Checking that all income has been accounted for
- Checking the payment vouchers for authorisation and authenticity
- Checking that the cheque withdrawals for petty cash have been accounted for in the Petty Cash Record
- Checking that the bank statements have been reconciled to the Cash Book at

regular intervals and that reconciliations have been monitored by the Headteacher or other authorised officer

- Checking that unpresented cheques over 6 months old have been written back in the Cash Book

ANNUAL SUMMARY OF ACCOUNTS

The auditor is responsible for:

- Agreeing the entries on the Summary of Accounts Statement to the Cash Book and Bank Statements, adjusted for unpresented transactions
- Checking the arithmetical accuracy of the Summary of Accounts Statement
- Checking that the opening balances brought forward into the current year agree with the closing balances carried forward from the previous year's audited Summary of Accounts Statement

COMPLETION OF THE AUDIT CERTIFICATE / SUMMARY OF ACCOUNT STATEMENT

Once the audit has been finalised an Audit Certificate is required to be completed. If an auditor has any doubts concerning a particular area but does not consider that it will affect the production of satisfactory accounts then the certificate can be completed with any reservations shown in the space provided or clearly appended.

In cases where qualified auditors produce their own form of audit certificate they are asked to clearly identify the accounts covered by the certificate.

SECTION 7

OTHER INFORMATION

VAT

The School Voluntary Fund is not covered by the Local Authorities VAT Registration therefore VAT incurred cannot be recovered and may not be charged.

CHARITABLE STATUS

It is the Fund's administrators responsibility to verify whether Charitable status is required.

