Pool House C P School

UNOFFICIAL SCHOOL FUNDS

1.1 INTRODUCTION

1.1.1 An unofficial fund is any fund, other than official monies of the Authority, which is controlled either wholly or in part by the Headteacher or other members of the staff by reason of their employment in the school.

1.1.2 Unofficial funds would normally include the following:

- ◊ the school fund
- ◊ ski trips
- ◊ minibus accounts
- ◊ educational holidays
- ◊ tuck shops
- ◊ school clothing
- ◊ school photographs
- ◊ school clubs

They **exclude** all funds controlled by a PTFA although the financial management procedures for unofficial funds contained in this document would represent good practice in relation to the maintenance of PTFA accounts.

1.1.3 Since unofficial funds are not part of the County Council's funds the Authority has no direct responsibility for their management and use. However, the Headteacher is responsible to the school governors for any unofficial funds and the use to which they are put.

1.1.4 The County Council's financial regulations require the Director of Education and Cultural Services to ensure that all unofficial funds held by employees of the Authority are properly administered, accounted for and audited. The Area Finance Teams are responsible for carrying out this duty on his/her behalf.

1.1.5 The County Council does not seek to prescribe a detailed book-keeping system for unofficial funds, the format of which will need to be determined by the size and nature of the funds. However, these notes provide a framework for the financial management of those funds.

1.2 FINANCIAL MANAGEMENT PROCEDURES

1.2.1 Monies paid into unofficial school funds must be placed in a bank, building society or National Giro Account opened in the name of the school and the unofficial fund with at least two signatures being required to make withdrawals from the account. The signatories to the account are to be appointed from the staff of the school.

1.2.2 Annually the Headteacher must inform the Governors of the unofficial funds which are in existence or have existed during the year, indicating the general purpose of each fund. The Area Finance Team must also be informed of all unofficial funds held by the school as soon as they are established.

1.2.3 The Governors, although not required to control the detailed management of unofficial funds, should satisfy themselves that the funds have been devoted to the general purposes for which they have been raised. It is particularly important to ensure that any unofficial school fund which has been established as a charitable or a private trust is used only for the specific purpose for which income has been raised.

1.2.4 At the end of the financial year of each unofficial fund the Headteacher must submit to the Governors within one term of the year end summaries of accounts of the unofficial fund audited by a person not involved in the administration of the accounts and signed in manuscript by the Headteacher and the Auditor. The presentation and approval of the annual statement of account must be recorded in the minutes of the governors' meeting to which they are presented.

1.2.5 Accounts should be presented in a reasonable form, with an income and expenditure statement, together with a balance sheet showing cash balances and investments and any other assets and liabilities under each fund.

1.2.6 The audited accounts signed by the treasurer and auditor must be submitted to the Area Finance Team in order that they can monitor that accounts are properly administered.

1.2.7 Unofficial funds must not be used to account for official income and expenditure. All official income must be paid into official funds and accounted for in accordance with the Authority's procedures. Income relating to unofficial funds must not be receipted using official LCC receipts.

1.2.8 The fund should operate in accordance with the "Notes of Guidance for Treasurers of Unofficial Funds" at Appendix 'A'.

APPENDIX 'A'

NOTES OF GUIDANCE FOR TREASURERS OF UNOFFICIAL SCHOOL FUNDS

1. APPOINTMENT OF OFFICER

(i) Treasurer

The Treasurer should be appointed from members of the school staff by the Headteacher for as long a period as practicable and his/her successor should be appointed in sufficient time for an adequate take over of responsibilities of the office.

(ii) Auditor

An auditor should be appointed who is not involved in the administration of the fund. Ideally this would be a qualified auditor from one of the recognised accountancy bodies, particularly for larger funds. However, if this is not practicable the appointed person should have some experience of financial matters. Lancashire Audit Service will undertake any audit on a chargeable basis (Contact No. (01772) 534907).

2. GENERAL ADMINISTRATION OF THE FUND

(i) Bank Account/Building Society Account

A bank account, building society account or National Giro should be opened in the name of the unofficial fund into which all monies received by the fund should be paid and out of which all payments by the fund should be made.

Cheques should be signed by at least two members of staff from those nominated by the Headteacher, of whom he/she may be one. It is recommended that more than two persons are nominated to sign cheques to take account of absences due to holidays, sickness etc.

(iii) Payments

All payments should be supported by properly certified vouchers. The voucher will usually take the form of an invoice obtained from the supplier. If no invoice is available then a voucher should be prepared and signed by the purchaser.

Wherever possible payments should be made by cheque. Ideally, the paid cheques should later be obtained from the bank and produced at audit. However, several banks have now introduced a charge for this service and, if so, it may be more appropriate for the school not to obtain these as a matter of course but only request them if a problem is identified.

It should be noted that if funds have been raised for a specific purpose then payments out of those funds should only be for that purpose.

Cash payments should be kept to a minimum and be supported by a receipted voucher. All cash payments should be recorded in a petty cash book. (Annex 'A' provides detailed notes on maintaining the petty cash book, together with a sample layout).

(iii) Receipts

A receipt should be issued promptly in respect of all monies received. A duplicate copy of this receipt should be retained and produced at audit. Receipts must not be altered. If any receipt is incorrectly made out, a further receipt must be issued and the original cancelled and retained in the receipt book. Supporting vouchers, with appropriate signatures, should be prepared and retained for all income raising activities.

On some occasions, it may not be practical to issue receipts for all income collected. This could apply to collection of income from pupils for school holidays. In these cases, it is important that a permanent record is maintained of all financial transactions. A simple form of register may be kept showing the amount and date of each payment received and the amount and date that cash is handed over to the fund treasurer (if collection is carried out by a separate member of staff). For fundraising activities like jumble sales where it would not be practicable to record each individual transaction, it is important that at least two people are involved in the counting and recording of the cash collected and that any documentation is signed to that effect.

All monies received should be banked promptly and intact. Payments should not be made from income received. Arrangements should be made for the safe custody of cash and the responsibilities for those handling cash clearly defined.

(iv) Cash Book

A cash book recording all receipts and payments should be maintained and kept up to date. The balance indicated in the cash book should be reconciled regularly with the balance shown on the bank statement.

(Annex 'B' provides detailed notes on maintaining the cash book, together with a sample layout).

(v) Financial Year

All records should be prepared annually, usually on an academic year basis.

(vi) Final Accounts

An Income and Expenditure Account, together with a Balance Sheet, should be drawn up by the Treasurer at the end of each financial year. (An example is provided at Annex 'C').

Statements should be prepared at year end showing details of debtors (amounts due to the fund but not collected at year end) and creditors (bills not paid for goods or services received in the year). (Annex 'D' contains an example layout).

Stocktaking certificates signed by the appropriate member of staff should support the valuation of any stock in hand. Similarly, a certificate showing cash in hand should be secured as at the last day of the financial year.

All accounts should be subject to audit and a copy of the final accounts, together with the auditor's certificate should be submitted annually to the School Governors and to the Authority.

(vii) Stationery

Proprietary cash books, petty cash books and receipt books are available from stationery shops. Under no circumstances should official County Council receipt books be used for unofficial school fund purposes.

3. SHOPS AND OTHER TRADING ACTIVITIES

The procedures relating to receipts and payments above apply to shops and other trading activities. However, the following points are particularly relevant:

- ◊ a daily record of all receipts should be maintained, together with amounts and dates of bankings;
- ◊ stock on hand should be checked at regular intervals and a detailed certified stocktaking and valuation should be made at the end of each financial year;
- ◊ all stock should be held in a secure place;
- ◊ a trading account should be drawn up at year end (An example is shown at Annex 'E').

4. VALUE ADDED TAX

If the unofficial fund generates income above VAT registration limits the group will be liable to register for VAT with the local VAT Office. It is the total value

of the unofficial funds within the school which counts against the VAT registration limit, not the value of individual funds. Taxable income includes all standard-rated and zero-rated supplies but excludes any exempt supplies. Only income derived from the provision of goods or services needs to be considered for registration purposes. The value of any "donations" does not need to be included. Normally it is the gross income that is taken into account for turnover purposes, not merely the profit element. However, Custom and Excise only require the profit element to be taken into account for school trips. If the taxable income of the fund exceeds the prescribed limit Forms VAT 1 and 2, obtainable from the local VAT Offices, should be completed and returned to the local VAT Office. Any specific queries relating the VAT may be referred to Stephen Williams (Research and Technical Section - Resources Directorate on Preston 534811).

5. SECURITY PRINCIPLES FOR PERSONAL COMPUTERS

As unofficial funds records are, in many instances, maintained on computers it is important that such information is properly protected and backed-up and that access is restricted only to authorised users. The following points should be borne in mind when the unofficial funds records are held on computer:-

(i) Access

Only authorised staff should have access to computer hardware and software and passwords should not be disclosed and should be changed regularly.

If the data on the computer is of a confidential or sensitive nature (eg personal data covered by the Data Protection Act), an adequate security package should be installed.

Each user should be uniquely identified by a user- identification and password and the user-identification should determine the level or type of access.

(ii) Confidential Data and Data Protection

If possible, confidential/sensitive data should not be stored on the hard disk. Diskettes should be used which should be stored securely when not in use.

Reports and output containing confidential/sensitive information should not be left lying around and should be shredded when no longer needed.

(iii) Disaster Recovery

Regular back-up copies of data files should be taken and should preferably be stored in a fireproof safe at a different location from the personal computer. The frequency of back-ups should be determined by the extent of the time taken to re-input the data from the last back-up.

Copies of program files should also be taken and be stored as above.

A log should be kept of all machine breakdowns giving details such as dates, time and cause (if known).

(iv) Inventory

All IT equipment (i.e. computers, printers etc and copyright software) should be recorded in an inventory which should be kept up to date and be regularly verified.

All items of equipment should be indelibly marked.

(iv) Environmental Considerations

There should be a contingency plan produced covering the procedures in the event of fire or a flood. Staff should be made aware of these procedures.

Computer diskettes should be kept in an appropriate box and should be kept away from heat, direct sunlight and magnetic sources.

(vi) Other

A licence should be obtained for all copies of software.

6. CONTRIBUTIONS TO SCHOOL BUDGET (VAT IMPLICATIONS)

Customs and Excise has agreed that the VAT element of expenditure incurred out of private school funds may be reclaimed by the Authority if the expenditure relates to equipment, materials and services which the school would normally be expected to purchase from their delegated budget.

In order to benefit from this agreement the following procedures must be adopted:-

(i) The contributions (net of VAT) from the unofficial school fund must first be paid into the school's official funds (ie school budget share).

(ii) A receipt should be issued to the unofficial fund and an official order placed.

(iii) The purchase must be charged to the school's delegated budget with the VAT coded separately.

(iv) If the purchase relates to equipment, it must remain the property of the school and be recorded in the school's inventory.

7. INSURANCE FOR FUND RAISING

It is suggested that an appropriate liability insurance cover is maintained for any possible third party claims arising from fund raising events.

8. DOCUMENTS REQUIRED FOR AUDIT

A list of documents required for audit is enclosed at Annex 'F'.

June 2026

ANNEX 'A'

NOTES ON MAINTAINING THE PETTY CASH BOOK

(See example)

1. Entries in the receipts columns should be confined to withdrawals from the bank to replenish cash.

2. The degree of analysis of payments will depend upon the requirements of the fund.

3. Invoices, till receipts etc supporting payments from petty cash, where available, should be retained, consecutively numbered and the number quoted in the reference column. Where such vouchers are not available a `petty cash voucher' should be prepared by the purchaser.

4. At year end the transactions recorded in the petty cash book should be analysed and allocated to the appropriate heads of payment in the main cash book. The total of the petty cash column in the main cash book should then be ignored.

5. Any petty cash in hand at year end should be brought into account on the Balance Sheet by including in "cash in hand".

PETTY CASH BOOK

RECEIPTS			PAYMENTS				ANALYSIS OF PAYMENTS					
Date	Detail	Amount	Date	Details	Ref.	Amount	Postage	Journals	Stationery	Sundries		
		£ p				£ p						
1 August	Cheque	20.00	3 August	Postage	1	6 25	6.25					
			6 August	Stationery	2	1.75			1.75			
			8 August	Journals	3	0.60		0.60				
			14 August	Postage	4	8.00	8.00					
			22 August	Keys	5	3.00				3.00		
						19.60	14.25	0.60	1.75	3.00		
1 September	Cheque	19.60										
				Balance c/d		20.00						
		39.60				39.60						
Balance b/f		20.00										

ANNEX 'B'

NOTES ON MAINTAINING THE CASH BOOK

(See Examples)

1. The sample cash book is based on the assumption that all receipts will pass through the receipt book and will be banked intact; ie no payments will be made from receipts. The majority of payments will be made by cheque.

2. Cash payments should be recorded in a separate petty cash account. Cash should be withdrawn from the bank from time to time as necessary to reimburse the petty cash account.

3. A monthly reconciliation with the bank statement should be carried out. An example is shown below based on the sample entries in the cash book.

	£
Balance per bank statement 31 August	220.15
Less: Cheque No. 02350	47.50
	172.65

4. The degree of analysis of income and expenditure within the cash book will depend upon the requirements of the fund.

5. Vouchers should be obtained for all payments. The vouchers should be consecutively numbered and the number should be quoted in the reference column in the cash book. The vouchers should also be noted with the number of the cheque issued in payment. All vouchers should be retained on file in numerical order.

6. The cheque number should be recorded in the appropriate column in the cash book. Similarly, the cheque stub should be noted with the voucher number to which the payment relates.

7. The receipt numbers(s) relating to all income should be shown in the appropriate column in the cash book. The bank paying-in book should be noted with the receipt numbers to which the banking relates.

CASH BOOK RECEIPTS

DATE	DETAILS OF RECEIPT	RECEIPT NUMBER OR REF	AMOUNT	ANALYSIS OF INCOME						
				Sale of Videos	Parents' Contribu-tions	Photo-graphs	Sponsored Walk	Raffles		
			£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
2003										
01 August	Balance b/f		100.00							
01 August	Receipt Book A	A6	23.50	23.50						
03 August	Receipt Book B	B3	53.00		53.00					
04 August	Receipt Book C	C9	54.05			38.25		15.80		
08 August	Receipt Book A	A7	32.60	32.60						
12 August	Receipt Book D	D2	120.50				120.50			
			383.65	56.10	53.00	38.25	120.50	15.80		
01 September	Balance b/f		172.65							

CASH BOOK PAYMENTS

DATE	DETAILS OF PAYMENTS	CHEQUE NUMBER	INVOICE REF	AMOUNT	ANALYSIS OF PAYMENTS				
					Snacks	Photographs	Christmas Presents	Raffle Prizes	Petty Cash
				£ p	£ p	£ p	£ p	£ p	£ p
01 August	Petty Cash			20.00					20.00
03 August	ABC Supplies Ltd	02345	1	20.00	20.00				
04 August	Argos	02346	2	35.00			35.00		
08 August	Pendle Photographics	02347	3	50.00		50.00			
12 August	Early Learning Centre	02348	4	33.50				33.50	
15 August	ABC Supplies Ltd	02349	5	35.00	35.00				
28 August	ABC Supplies Ltd	02350	6	17.50	17.50				
31 August	Balance c/f			172.65					
				383.65	72.50	50.00	35.00	33.50	20.00

ANNEX 'C'

FUND ACCOUNT: YEAR ENDING 31 AUGUST

EXPENDITURE	£	INCOME	£
Contribution to School Budget	400.00	Tuck Shop - surplus	2,173.40
Trophies	60.50	Sponsored Swim	461.90
Prizes	75.00		
T-shirts	177.60		
Travel Expenses re Football	237.35		
Educational Visits	63.40		
Surplus for year	1,621.45		
	2,635.30		2,635.30

FUND : BALANCE SHEET AS AT 31 AUGUST

ACCUMULATED FUND	£	£	CURRENT ASSETS	£	£
Balance B/f	3,275.40		Stocks (Tuck Shop)	463.70	
Add: Surplus for year	1,621.45	4,896.85	Debtors	46.30	
			Cash at Bank	4,619.50	
			Cash in Hand	14.50	5,144.00

Current Liabilities

Creditors		247.15			
		5,144.00			5,144.00

Signed : ..... (Headteacher)

Date: .....

Auditor(s) statement

We have examined all the financial records relating to this fund and in our view the Accounts and Balance sheet show a true and fair view of the operation of the fund.

Signed ..... (Auditors) Date : .....

ANNEX 'D'

FUND ACCOUNT: CREDITORS AT AS 31 AUGUST

NAMES	ITEM	£
ABC supplies Ltd	Snacks	162.15
Early Learners Centre	Christmas Presents	30.00
Pendle Photographics	Photographs	55.00
TOTAL CREDITORS		247.15

FUND ACCOUNT: DEBTORS AS AT 31 AUGUST

NAMES	ITEM	£
J Smith	Sponsored Walk	18.70
F Bloggs	Sponsored Walk	27.60
TOTAL DEBTORS		46.30

Note:

The above amounts will need to be added to the appropriate head of expenditure or income in the main cash book to ensure that accounts reflect the true income and expenditure relating to the financial year.

ANNEX 'E'

TUCK SHOP ACCOUNT: YEAR ENDING 31 AUGUST

	£		£
Opening Stock (at cost)	377.60	Sales	4,635.60
Add: Purchases	2,548.30		
	2,925.90		
Less: Closing Stock (at Cost)	463.70		
Cost of sales	2,462.20		
Surplus *	2,173.40		
	4,635.60		4,635.60

* Amount to be transferred as income to main Fund account.

TUCK SHOP : STOCK IN HAND AS AT 31 AUGUST

ITEM	UNIT	£
Crisps	800	100.00
Twix	250	50.00
Mars Bars	380	84.00
Cream Eggs	120	18.00
Coke	500	100.00
Topics	450	111.70
Total Value of Stock at Cost		463.70

Signed: ..... Date: .....

* Amount to be shown as closing stock in Tuck Shop Account and the Stock in Hand figures on the Balance Sheet.

ANNEX 'F'

DOCUMENTS REQUIRED FOR AUDIT

(a) Cash book

(b) Petty cash book

(c) Bank statements and paid cheques

(d) Cheque book(s)

(e) Certified vouchers supporting payments

(f) Receipt book(s) together with any documents which may assist in verifying sources of income.

(g) Bank paying-in book(s)

(h) Certificates of cash and stocks

(i) Details of Debtors and Creditors

(j) Income and Expenditure Account and Balance Sheet