

School Voluntary Fund Policy

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CONTENTS

1.	Introduction
2.	Responsibilities of Governors, Headteacher and Treasurer
3.	Administration
4.	Audit Requirements
5.	Taxation
6.	Charitable Status
7.	Insurance
Appendix 1	Example School Voluntary Fund Constitution
Appendix 2	School Fund Notification Form
Appendix 3	School Fund Petty Cash Float Reconciliation
Appendix 4	Stock Control Sheet
Appendix 5	School Trip Example Holding Account Statement
Appendix 6	Guidance Notes for School Voluntary Fund Auditors
Appendix 7	Audit Checklist
Appendix 8	Annual Certificate/Audit Certificate
Appendix 9	Example Summary Statement of Accounts

1. Introduction

- A School Voluntary Fund is to be created wherever money is collected from pupils, or other sources, to be spent for the **general benefit of the pupils or the school as a whole**.
- A School Voluntary Fund, which is a private account is run by the Governors of the school and is held alongside a school's public funds. The responsibility for a school's unofficial fund lies ultimately with the school's Governing Body, although, in practice operational responsibility will typically be delegated to the Headteacher. The Headteacher is responsible for ensuring that these funds are operated in accordance with the regulations, which are designed to assist and protect those involved in the operation of School Voluntary Fund activities and also to ensure that all monies are properly accounted for.
- Each School Voluntary Fund should have a Governing Document "Constitution" (See **Appendix 1** for an example) which includes the following:
 - Purpose of the Fund
 - Examples of use
 - Administration
 - Audit arrangements
- School Voluntary Funds often provide schools with a substantial source of funding and, although the money is not classed as 'public', parents and other benefactors are entitled to the same standards of stewardship in their administration. Rotherham Council has a responsibility to ensure that School Governors run a safe and efficient system for the custody and control of their School Voluntary Fund. Governors must ensure that procedures are in place which protect the interests of the beneficiaries of the School Voluntary Fund (the children in the school) and safeguard the position of those running it.
- A list containing examples of the types of activities which can and cannot be included under the scope of the School Voluntary Fund are shown in the table below. In general, the fund should benefit the pupils or the school as a whole, not members of staff. The School Voluntary Fund must not be used to pay for goods or services that ordinarily would be funded from the school's delegated budget.

School Voluntary Fund Policy

ACTIVITIES WITHIN THE SCOPE OF THE FUND	ACTIVITIES NOT WITHIN THE SCOPE OF THE FUND
School Trips, Tours, Outdoor Pursuit Courses etc.	Staff Functions and Activities e.g. Christmas Meals, Tea Funds
Fetes, Bazaars, Sale of Work	Leaving gifts / presents e.g. flowers. However it is recognised that there are occasions where it is felt appropriate for pupils to make a gift of appreciation and a limit of £15 is suggested. This activity should not be a right of all employees and is only appropriate where the beneficiaries of the fund wish a gift to be made. This activity and the agreed limit should form part of the Constitution. Please note gifts must not include alcohol
Concerts, Discos, Dances	Payments to staff for work undertaken e.g. SIP Income, SSAT Income
Raffles, Prize Draws, 100 Clubs, Sponsored Events, Charity Collections	Loans, Cheques should not be made payable to cash (unless to reimburse the School Voluntary Fund Petty Cash; not all School Voluntary Funds will operate a petty cash system)
Travelling Expenses incurred in either the banking of School Fund income or approved by the Headteacher in relation to undertaking School Fund activities (Council employees must claim these travelling expenses by submitting an expenses claim through the Council's payroll system. The delegated budget will be reimbursed by a contribution from the School Voluntary Fund)	Travelling Expenses, (other than those incurred in either the banking of School Fund income or approved by the Headteacher in relation to undertaking School Fund activities)
Sale of School Clothing, Christmas cards etc.	Reimbursement for theft of or damage to Property
Tuck Shops, Vending Machines, Breakfast Clubs	Course registration / examination fees
Donations	Grant Income e.g. Big Lottery Fund
Insurance relating to School Fund Monies (additional cover)	Insurance (other than that expended for the School Fund)

	<ul style="list-style-type: none">• The Rotherham Scheme for Financing Schools requires that a school fund year of account is either the academic year or financial year. It should be noted that it is advisable that the School Voluntary Fund's year of account is the academic year (1st September to 31st August) and not the financial year as it provides a more manageable cut off point as it normally falls within the school holidays.
	<p>In summary School Voluntary Fund requirements and problems to avoid are as follows:</p> <p>All School Voluntary Funds should be administered to the same standard as public funds. They should be audited by a suitably qualified/experienced and independent person.</p> <p>The Governing Body should ensure that there is a safe and efficient system for the control of School Voluntary Funds.</p> <p>This should include ensuring that the following controls are in place:</p> <ul style="list-style-type: none">• a process for the formal appointment of a Treasurer• cheques drawn bear two authorised signatures and the reason for the expenditure validated by both signatories• the establishment of adequate insurance arrangements• separation of the School Voluntary Fund and related records from official School Funds• the proper separation of duties of those administering the funds• detailed procedures for the change of Headteacher or Treasurer• VAT and other Tax regulations are understood and complied with• an annual audit of the accounts in accordance with this policy by an appropriately qualified and independent auditor• the annual submission to the Governing Body of audited accounts with a brief report of the year's activities• the immediate reporting of any suspected irregularities to the Governing Body , Head of Finance (CYPS) and the Council's Internal Audit

The following are examples of questionable or improper practices in the management of School Voluntary Funds:

- the failure to issue proper receipts using a sequentially numbered receipts book
- the failure to fully support payments
- the signatories for a payment not being independent of each other or one being the payee.
- the failure to prepare adequate financial records
- the failure to have the annual accounts audited
- the failure to present the audited annual accounts to the governing body and Rotherham Council's Children & Young People Finance Team.
- official public funds being paid into the School's Voluntary Fund which should have been paid into the main school account e.g. other grant income such as Big Lottery Fund
- School Voluntary Fund money being handled through a personal bank account or mixed with personal money

2. Responsibilities

2.1 Governing Body

The governors are responsible for ensuring:

- a Treasurer is appointed to be responsible for administering the School Voluntary Fund
- that proper procedures, records and security arrangements are maintained to account for all School Voluntary Fund transactions
- 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
- that at least three people are authorised to sign cheques, with two signatures required at any one time. 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 Headteacher or by another independent responsible officer who is suitably skilled /experienced. This is to ensure that reconciliations are properly prepared and that bank accounts are not overdrawn
- that if there is a debit card attached to the School Voluntary Fund bank account (to enable on-line purchases to be made) **it does not** have a cash withdrawal facility and that all transactions made using the debit card are countersigned by an independent person.
- that policies are established regarding the levels of income held, the petty cash float and the maximum value for a petty cash purchase
- that a Summary of Accounts Statement and other end of accounting year statements are correctly prepared covering all School Voluntary Fund transactions (See **Section 4** for further details and **Appendix 9** for an example of a best practice **Summary Statement of Accounts**)
- that all accounting records, documentation and year-end statements are available for audit promptly
- that when required a Headteacher/Treasurer Handover Form is properly

	completed
2.2	<p>Head Teacher</p> <p>The Head teacher is responsible for:</p> <ul style="list-style-type: none"> • the administration of all School Voluntary Fund monies and for notifying the Council when a school fund is set up (this should be done via email to schoolsfinhelpdesk@rotherham.gov.uk using the form in Appendix 2) • ensuring that all members of staff are aware of, and follow, the appropriate administrative procedures and that all appropriate transactions are channelled through the school fund account • arranging the division of delegation of duties to staff, including the appointment of a treasurer, approval of expenditure and arrangements for the preparation of final accounts for audit at the close of the school voluntary fund financial year • the auditor of the School Voluntary Fund should be known by the Headteacher and his/her signature and status should be recorded on the bottom of the final accounts (and on the Audit Certificate – provided in Appendix 8). A set of accounts is not formally considered to be audited unless it bears the auditor’s signature and statement • checking the school voluntary fund bank statements to ensure that regular monthly reconciliations are taking place. At the year-end confirm the balances held and ensure that they correctly reflect the level of balances suggested by the interim accounts. • reporting the financial position/status of the fund at intervals determined by the Governing Body • ensuring that the accounts from the previous financial/academic year are audited in time for presentation to the Governing Body in the first half of the Autumn term • following the reporting procedures laid out in the Whistle Blowing Policy adopted by the School for any serious irregularities that they become aware of. For a Headteacher this would normally involve approaching the Chair of Governors. Advice can be obtained from the Council’s Internal Audit Team or from one of the independent external sources listed in the Policy. • informing Internal Audit and the Head of Finance (CYPS) of any serious irregularities that they become aware of • providing a signed copy of the Audit Certificate to the Schools Finance Team by 31st October for the previous financial year or academic year.

2.3

Treasurer

The treasurer is responsible for:

- accounting for the financial transactions of the School Voluntary Fund in accordance with the procedures laid down by the Governing Body and this Policy
- checking that sound procedures are used in classes for collecting and recording money received
- ensuring that all money collected in class is passed promptly to the office and checked immediately.
- issuing receipts for all money received
- ensuring that prior to banking, all money should be held securely in a safe (please refer to the LA's insurance section to ascertain the level of cash the school is insured to hold) or lockable fireproof cabinet. This must be separate from official school money.
- ensuring that all monies received are banked promptly in line with the cash balance levels below:
 - up to £150 a minimum of once a quarter
 - £150 to £500 once a month
 - £500 and above immediately
 - or if any school fund cash balance would breach the insurance limit for their specific safe
- ensuring that all income & expenditure is fully recorded. When recording income received, this should not be 'netted off' by expenditure.
- ensuring the safe keeping of stock in a locked cupboard and maintaining detailed stock records
- ensuring that safe and store cupboard keys are held by a named member of staff and are not left unattended or on the premises overnight
- making payments which are properly authorised and adequately supported (detailed invoices, signed staff expense claims or staff mileage claims {paid through delegated budget via Council's payroll system and reimbursed by the School Voluntary Fund} with supporting receipts) on behalf of the School Voluntary Fund, by cheque wherever possible
- ensuring that if a School Fund petty cash account is maintained that all transactions are properly recorded, signed for by the recipient and supported by receipts

School Voluntary Fund Policy

	<ul style="list-style-type: none">• arranging that the bank sends statements on a monthly basis• producing monthly and accurate bank reconciliation statements• ensuring that the current list of signatories held by the bank is always up to date• promptly completing the annual accounts and arranging their audit and submission to the Governing Body
2.4	<p>Rotherham Council</p> <p>In the context of School Voluntary Funds, the Council is required to protect the interest of the beneficiaries and to safeguard the various employees concerned; it must therefore seek to ensure that:</p> <ul style="list-style-type: none">• It knows of the existence of all such school funds• Proper accounting records are maintained• Such funds are subject to an annual audit• Audited final accounts are presented to the school Governing Body and then the signed Audit Checklist sent to Rotherham Council's Schools Finance Team• Advice on best practice is provided.

3. Administration

3.1	Day to Day Procedures
3.1.1	It is important that full accounting records are maintained and the procedures detailed below are followed.
3.1.2	School Voluntary Fund accounts will be kept on a receipts and payments basis unless the fund is a registered charity (see section 5 Charitable Status), then it is required to be accounted for on an accruals basis. If this is the case it is expected that all the basis principals in this procedure would be follows and that the only exception would be the need for year end accruals i.e. debtors, creditors and prepayments.
3.2	Bank Accounts
3.2.1	A School voluntary fund can utilise a community current account with debit card facilities (see section 2.1 for further guidance on debit cards) with any bank or building society. A current account will normally be used for day to day transactions, however dependant on the amount of money held in the current account it may be appropriate to open an interest bearing deposit account. All School Voluntary Fund monies must be administered within these accounts rather than operating different bank accounts for individual activities or trips. Financial statements for individual activities can be provided from analysis of the cash book.
3.2.2	Any bank account should be in the name “.....School Fund” with no reference to the Council.
3.2.3	It is recommended that there should be at least three signatories and that cheques drawn in the name of the School Voluntary Fund require the signature of the treasurer and one other person, who should be from the senior management of the school.
3.3	Record Keeping
3.3.1	Income/receipts
	<ul style="list-style-type: none"> • All receipts must be acknowledged using an official receipt or in the case of small amounts received from pupils in a class Collections Daily Record • The receipts cash book/income schedule can be thought of in two parts: <ul style="list-style-type: none"> ○ the money paid in and; ○ the income analysis • The opening balance from the previous year must be entered in the receipts cash book/income schedule • All receipts must be entered promptly recording: <ul style="list-style-type: none"> ○ date ○ receipt number ○ amount under the appropriate analysis column

- All receipts must be banked in line with the cash balance levels in **section 2.3** using a paying in slip
- All monies collected should be receipted intact; in the rare instances where monies are used to reimburse the school fund imprest prior to banking then there should be a clear receipt/record of the full amount of income received and subsequent details of what has been transferred to the imprest prior to banking. This will enable income to be reconciled to the amount banked.
- When the banking is done the paying in slip number must be recorded against each income entry.
- Closed collections where money is collected in sealed envelopes or collecting boxes on behalf of a third party e.g. book club need to obtain a written statement that clearly relieves the school from any liability in the event of loss of money. Any collection for any such commercial organisation remains their responsibility and should not be put through the School Voluntary Fund Accounts.

3.3.2 Expenditure/payments

- The payments cash book/expenditure schedule can be thought of in two parts:
 - the payment details and;
 - the payment analysis
- All payments must be entered promptly recording the following:
 - Date
 - Payee
 - Invoice number
 - Total amount of the payment
 - Payment entered in appropriate analysis column
- If the payment is petty cash reimbursement or direct debit payment the cheque number column should read PC or DD and the Invoice number column should read the appropriate reference number.
- If a cheque is spoiled the cheque number should be entered in the cash book, with CANCELLED recorded next to it to maintain sequential numbering. However if a cheque has been issued but not received by the payee, the cheque must be cancelled by informing the bank in writing. In the cash book, the cancellation should be recorded as a bank lodgement, and a new cheque issued as normal.
- Cheques that have remained uncashed for more than six months are no longer valid for presentation to the bank. The amount of the expired cheque should be recorded in the cash book as a bank lodgement, and the cheque removed from the uncashed section of the next bank reconciliation.

	<ul style="list-style-type: none"> An authorisation policy should be implemented whereby expenditure within certain limits cannot be paid unless authorised by the relevant person. These limits should be agreed and recorded by the Governing Body.
3.3.3	Petty Cash
	<ul style="list-style-type: none"> Petty cash payments should be kept to a minimum and for expenditure items less than £50. Any cash payments should be made from the petty cash float. Personal cheques must not be cashed. A petty cash voucher must be completed for every payment of petty cash. The person incurring the expenditure should complete the voucher and obtain authorisation. Vouchers should be cross referenced to the appropriate account entry and filed in numerical order. The cash received must be signed for and a receipt provided. A receipt for any cash advances must be obtained and held. Such vouchers would then count as part of the petty cash balance in hand. The amount of petty cash held should be reconciled on a regular basis by an independent person (Appendix 3 provides a <i>Petty Cash Float Reconciliation</i>).
3.3.4	Types of Account operated within a School Voluntary Fund
	<p>A school funds can cover a number of different activity types. Different activities may need to be treated in different ways for accounting purposes. The main types of account operated are listed below:</p> <p>Trading Account</p> <ul style="list-style-type: none"> This is where items are bought and re-sold as a service to pupils/parents. Examples are sale of uniform, book bags, tuck shop etc. A separate trading account should be set up for each trading activity so that the resulting surplus/deficit can be demonstrated in the accounts. A summary of the trading account transactions should be produced as part of the final accounts for the year end. A stock record should be maintained for each trading activity (Appendix 4 provides a Stock Control Sheet). It should be updated promptly for all purchases and sales to provide a current stock balance. An independent physical stock take should be carried out at least annually and the person undertaking the examination should sign and date the record as evidence that the check was undertaken. Stock should be kept secure and the key to the store cupboard held by an authorised person.

	<p>Holding Account</p> <ul style="list-style-type: none"> This type of account is used for monies collected and paid out for a specific purpose e.g. school trips. Balances on these accounts can be carried forward at the end of the school fund year if the activity in question has not yet taken place. If at the end there is a surplus a decision needs to be taken as to whether to return it or to treat the total monies collected as income (see sections 3.3.5 and 5.2.1 for the appropriate procedures to be followed in respect of school trips in order that the surplus may be treated as a donation rather than the total trip income collected having to be taken into account when calculating whether the School Voluntary Fund has exceeded the VAT registration threshold). (Appendix 5 provides a School Trip Example Holding Account Statement.) <p>Nominal Account</p> <ul style="list-style-type: none"> This type of account is the “norm”. It should be used for all other income and expenses relating to the school fund e.g. donations. It is normal practice to use separate nominal accounts (analysis headings) for each main type of income. It is not helpful to amalgamate these into one nominal account “general” or “misc”.
<p>3.3.5</p>	<p>School Trips</p> <ul style="list-style-type: none"> Members of staff running a school trip are required to draw up and provide the Treasurer with a formal statement of account (see example Statement of Account in Appendix 5). This statement details all receipts and payments relating to the trip and should be reconciled to the cash book.
	<p>Staff operating trips should adhere to the following points:</p> <ul style="list-style-type: none"> A record should be maintained of all monies received. This should include the name of the pupils and the amounts received, together with the date the money was collected and the date it was deposited with the Treasurer. Where income is received outside of the Finance Officer this record must be a permanent and legible record i.e. receipts book, exercise book, savings card etc. As with other School Voluntary Fund expenditure, all payments must be supported by a receipt / invoice voucher etc., but where in exceptional circumstances this is not possible, a statement of how the money has been spent should be compiled and signed by the person(s) spending the money. Any cash advances should be accounted for by receipts, with any unspent cash being handed to the Treasurer without delay. Any school trip subsidies should be authorised by the Head teacher and reported to the Governing Body in the periodic financial report Trips should not be operated as profit making ventures. However, where a trip has been operated and makes a surplus, e.g. as a result of

	<p>the over-calculation of the trip price or interest earned on these monies, the balance should either:-</p> <ul style="list-style-type: none"> ○ be divided equally and paid back to each paying pupil, or; ○ with the written consent of the parents, the surplus is retained by the fund as a donation. <p>A more practical approach is that a request should be made in the initial trip letter asking permission from the parents/guardians to allow any surplus generated to be considered as a donation to fund future school fund activities. In addition a per pupil limit could be determined in the School Fund Constitution at which point a refund would be automatically made.</p>
3.3.6	Other Fund Raising Events
	<p>Where other fund raising activities are organised e.g. fetes, concerts a statement similar to that referred to in 3.3.4 should be completed by the teacher organising the event. The statement should show details of all receipts and payments relating to the event, and should be passed to the Treasurer to reconcile to the cash book.</p>
3.3.7	Schools closing / Amalgamating
	<ul style="list-style-type: none"> • Where a school is closing and becoming part of a newly amalgamated school, then the ‘closing’ school should ensure that all transactions have been accounted for and provide a final set of accounts for the auditors as soon as possible after the end of the school year. The bank account(s) relating to that fund should be closed and any balance transferred to the account of the newly amalgamated school. The balance should be treated as income and accounted for accordingly. • A copy of the bank statement showing the sum transferred to the newly amalgamated school should be provided to the auditors as evidence that the account has been closed and the balance transferred accordingly. • A closing school should consider what to do with any funds remaining in the School Voluntary Fund. The school may make donations to those schools to which the pupils will be transferring or spend the money prior to closure, for the benefit of the pupils. Although the school is closing, the accounts must still be audited in accordance with the guidance.
3.3.8	Schools converting to Academy Status
	<ul style="list-style-type: none"> • Where a school is converting to Academy status it will need to provide a final set of accounts for the auditors as soon as possible after the conversion has taken place. • A copy of the signed audit certificate should be submitted to Rotherham Council’s Children & Young People Finance Team within 4 months of the date of conversion. • The bank account(s) relating to that fund should be closed and any balance transferred to the account of the new academy. The balance should be treated as income and accounted for accordingly.

School Voluntary Fund Policy

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| | <ul style="list-style-type: none">• A copy of the bank statement showing the sum transferred to the newly converted academy should be provided to the auditors as evidence that the account has been closed and the balance transferred accordingly. |
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4. Audit Arrangements

4.1	School External Audit Arrangements
4.1.1	<p>It is a requirement that year-end accounts are prepared on an annual basis and that these accounts are independently audited. The accounts and the Audit Certificate (Appendix 8 provides an Audit Certificate) must be presented to the Governors at the next full Governing Body meeting. The presentation of these accounts and the following discussions should be formally minuted.</p>
4.1.2	<p>The fund auditor should also complete an Auditor's checklist which is to be returned with the Audit certificate (Appendix 7 provides an Audit Checklist).</p> <p>This checklist should also be used to note areas where the School Voluntary Fund Policy has not been followed. If there are a significant number of issues arising the auditor should draft an audit letter addressed to the Headteacher setting out the issues arising in more detail and provide a recommended action.</p> <p>A copy of the checklist and audit letter (if applicable) should also be presented with the Audit Certificate to the Governing Body. The Governing Body should then ensure that all areas of non-compliance drawn to their attention in the audit checklist/audit letter are addressed appropriately.</p>
4.1.3	<p>The annual accounts may be audited by your School Finance Support Officer or other suitably qualified Auditor* appointed by the Governing Body. Please note it is not appropriate for the audit to be carried out by either:</p> <ul style="list-style-type: none"> • a governor, as it is the governing body who is ultimately responsible for the school fund or • a member of the school staff as not considered to be sufficiently independent. <p>Auditors will be required to ensure that the particular requirements of the Council as contained in this Policy are considered when providing their opinion.</p> <p>*Where the gross income of the school fund is in excess of £50,000, it is recommended that consideration be given to the appointment of a professionally qualified auditor on a voluntary or paid basis.</p>
4.1.4	<p>The auditor has a duty to provide independent assurance to Governors that:</p> <ul style="list-style-type: none"> • the fund is being correctly operated in accordance with the School Voluntary Fund Constitution and

School Voluntary Fund Policy

	<ul style="list-style-type: none">the financial statements are correctly stated and in accordance with the Guidance for School Voluntary Fund Auditors provided in Appendix 6 and the Audit Checklist provided in Appendix 7. <p>If the fund has not been operated in accordance with the School Voluntary Fund Policy the Audit Certificate should be amended accordingly to reflect this using the narrative shown in red on the Audit Certificate provided in Appendix 8.</p>
4.2	The Council's Internal Audit Services
4.2.1	<p>The Council's Internal Audit arrangements are as follows:</p> <ul style="list-style-type: none">The Council has the right to require any employee holding school funds to account for them, and to require the production of cash books, bank statements, cheque books and all other supporting vouchersThe Council's Internal Audit Team do not undertake the general annual audit of school funds, but as part of the normal audit review of school finances, they may inspect school fund records and supporting documentationThe Council's Internal Audit Team will investigate suspected irregularities

5 Taxation

5.1	Income Tax
5.1.1	School funds do not count as Council funds and are not therefore covered by any concessions that the Council enjoys. In principle, income, interest and profits earned by the school fund could be subject to a tax assessment. Such an assessment, if made by the Inland Revenue would be the responsibility of the school.
5.1.2	<p>However a ruling could be obtained from HM Revenue & Customs which would confirm, that provided school funds are clearly established solely for the purpose of generating income which would be used for education purposes only, then the school fund (usually referred to as Amenity Fund for tax purposes) can be treated as having quasi-charitable status. The benefits of this are :</p> <ul style="list-style-type: none"> • Firstly, completion of a simple application form available from their bank/building society means the School Voluntary Fund can receive interest gross without having tax deducted at source. • Secondly, there is no question of any profit earned on sales being taxable.
5.2	Value Added Tax (VAT)
5.2.1	<p>The Council's registration does not cover school voluntary funds. School voluntary funds are treated as separate bodies for VAT purposes and those funds which have or are approaching a taxable turnover (gross relevant income) in the previous twelve months in excess of the VAT threshold (currently £85,000 as at March 2019) must register with HM Revenue & Customs. To determine the gross relevant income, follow these steps:</p> <ul style="list-style-type: none"> • Ensure that trips are treated as suspense/holding accounts (see Section 3.3.4) • Ensure that items bought for resale are dealt with as trading accounts (see Section 3.3.4) • The relevant turnover figure for VAT purposes will then be the total income (or expenditure if greater) recorded in the summary revenue account less any sums in respect of: <ul style="list-style-type: none"> ○ interest ○ donations ○ charitable collections/payments where the full amount collected has been paid over to a charity

School Voluntary Fund Policy

	<p>If the summary revenue account includes any profit/surplus which has resulted from the running of a school trip for which permission has not been obtained to treat any surplus generated as a donation (see section 3.3.5), then to arrive at the correct relevant turnover figure for VAT purposes, the surplus included within the summary revenue account must be replaced by a figure representing the total income in respect of that trip.</p> <p>If it is felt that the fund may approach this limit or for any other VAT guidance please contact the Council's Taxation Manager on 01709 822020.</p>
<p>5.2.2</p>	<p>Registering for VAT will entail the maintenance of detailed accounting records in a form acceptable to HM Revenue & Customs. Turnover can often be kept below the VAT registration threshold by treating certain expenditures and income items as official school delegated budget monies (see Sections 5.2.4 & 5.2.5).</p>
<p>5.2.3</p>	<p>Whilst the school voluntary fund remains unregistered for VAT purposes, purchases made are subject to VAT in the same way purchases by any other consumer. VAT is not, however, due on income received from their resale.</p>
<p>5.2.4</p>	<p>Schools voluntary funds typically raise money for equipment such as computers, camcorders, play equipment, etc. They often additionally raise money for end of year 'educational' treats for the children such as school trips to a pantomime. It is quite in order for the School Voluntary Fund to donate the net cost of the supply to the school and for the school to purchase the service through its official funds and recover VAT, providing the following points are observed:</p> <ul style="list-style-type: none"> • The supply or activity must be of a type which the Local Authority would itself provide if funds were available. • Donate the net cost of the goods from your school voluntary funds to your official funds (school formula budget). • The goods or service must be ordered by the means of an official order, invoiced and paid through the school delegated budget (there can be no relief from VAT once an invoice has been paid through the school fund). • Receive the supply. • Your school must retain title of the goods and only use them for school purposes. The goods must become the property of, or services clearly rendered to, the Local Authority and equipment purchased in this way must be for the school's use • Keep records that will enable you to easily identify the purchase and purpose for which it is made.

School Voluntary Fund Policy

5.2.5	<p>H M Revenue and Customs consider that the following “business activities” must be run through School Voluntary Funds rather than through official funds (school formula budget):</p> <ul style="list-style-type: none"> • Goods purchased for resale, e.g. badges, uniforms, tea towels, ties, mugs etc. • Sale of sports clothing • Income from privately run tuck shops, drink sales etc. • Entrance to plays, discos, fireworks etc. • Social Events
5.3	VAT Treatment of School Trips
5.3.1	<p>VAT incurred on the expenditure relating to a school trip can be recovered provided that the invoices are paid through the school’s delegated budget.</p> <p>In the past VAT treatment of school visits used to be particularly complicated and in some cases involved the application of ‘The Tour Operators Margin Scheme’ (‘TOMS’), one of the most complex pieces of VAT legislation in existence. Whilst schools may not have seen themselves as tour operators in the same way as well known holiday companies the scheme unfortunately caught many unsuspecting organisations.</p> <p>However, following representations to HMRC on the matter the position is now a lot more straightforward. HMRC now accept that organised school visits can be treated as non-business activities for local authorities being part of and incidental to the education supplied in class. This applies whether or not the visits are subsidised and irrespective of the nature of the trip. The only criteria for non-business treatment is that the trip must in some way be related to the school curriculum. HMRC have said unofficially that they believe that virtually all school trips will be able to meet this requirement and they are likely to see all school trips as non-business activities.</p> <p>The result of this is that the school need not require a subsidy from the local authority, need not account for output VAT on any charges made to pupils or parents, can recover all the VAT on costs incurred in providing the trips and can forget about TOMS!</p>
5.3.2	<p>Provided that any trip does not make a profit/surplus, the transaction can be excluded from the calculation of relevant turnover for a school fund for VAT purposes.</p> <p>However, if a trip does make a surplus/profit unless this surplus is either:</p> <ol style="list-style-type: none"> a) Refunded to parents, or b) Previously agreed by parents that any surplus can be treated as a donation to the fund.

	<p>Then all, or a proportion of the income in respect of the trip must be counted when calculating the relevant turnover for VAT purpose. Under these circumstances please contact the Council's Taxation Manager on 01709 822020.</p>
5.4	VAT treatment of School Photographs
5.4.1	<p>School photographs can be sold to parents of pupils using the school as an agent or principal. The difference between the two methods is as follows:-</p> <p>Acting as Agent</p> <p>The photographer makes the supply of photographs to parents. The school merely collects the monies on behalf of the photographer and no supply is made by or to the school. Therefore, the school does not have to account for VAT on the sale of the photographs.</p> <p>Acting as Principal</p> <p>The supply of photographs is made, in the first instance, to the school. The school then makes a supply to the parents. The VAT treatment will depend on whether the supply is from the LA devolved budget or the School Voluntary Fund.</p> <p>Where the school pays the photographers' invoice direct from its delegated budget, VAT will be included on this invoice (providing the photographer is VAT registered), which can be recovered in the normal way. However, when the photographs are then sold to parents by the school, VAT must be added to the sale price, irrespective of whether the photographer is registered or not. The VAT on the income must be treated in the same way as other output tax received by the school.</p> <p>If the transactions are carried out through the School Voluntary Fund VAT should not be charged to parents unless the Voluntary Fund is registered for VAT.</p> <p>The difference between the two processes is that input tax (where incurred) can be recovered using the LA devolved budget but cannot be recovered using an unregistered School Voluntary Fund.</p>

6 Charitable Status

6.1	Charitable Status
6.1.1	<ul style="list-style-type: none"> • If a School Voluntary Fund is operated by the Governors of the school and is used exclusively for a charitable purpose the school fund will be an exempt charity under schedule 2(w) of the Charities Act 1993. This is because the school governors are an exempt charity under the education Acts and any charity operated by them for one or more purposes of the school will be caught by the exemption at subparagraph (w) of the Charities Act. Exempt charities do not register with the Charities Commission. • Exempt charities are entitled to exactly the same financial benefits as registered charities. They are entitled to claim relief from income tax, corporation tax and capital gains tax. • If the school voluntary fund is used for providing benefits not otherwise provided by the Council it may be charitable. If it is used to hold parents' money before payment of, say, a school trip or uniform costs it is probably not charitable (however any surplus passed over to the school with the donors consent could be paid into a school fund as a charitable donation). The Charity Commission (http://www.charity-commission.gov.uk) can only advise on the charitable status of a School Voluntary Fund on an individual basis by review of the Fund's Governing Document which sets out how the Fund is operated and what the income can be used for. • Trustees are defined as "the persons having general control & management of the administration of a charity". In terms of the School Voluntary Fund this would be the Head Teacher and the Board of Governors. • Further information is available from the Charity Commission's website via the attached link (http://www.charity-commission.gov.uk)

7 Insurance

- | | |
|------------|--|
| 7.1 | <ul style="list-style-type: none">• If the School has taken out the insurance offered by the Council, equipment purchased using school funds has the same insurance cover as equipment purchased using the school's devolved budget. To facilitate insurance claims, any equipment purchased using school funds should be entered into the school's register of assets.• Head teachers should recognise the risks involved in holding school fund income overnight in school and wherever possible, monies should be banked on the day they are received. |
|------------|--|

Appendix 1 Example School Voluntary Fund Constitution

Note: This example is intended to show what types of information needs to be included in a School Voluntary Fund constitution; schools may choose to add any other details they feel may be appropriate

(On School's headed paper)

XYZ SCHOOL FUND CONSTITUTION

Purpose of the Fund

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

The school fund exists to provide additional materials, books and equipment and to finance opportunities to enhance the learning experiences of children. The fund is used to provide items over and above those provided for through the school's delegated budget.

Examples of Uses

Expenditure may be used for the following purposes:

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

Administration

The official title of the school fund is

The fund is administered by, who holds the position of [*School Business Manager/Finance Officer*] at the school.

The day to day management of the fund is the responsibility of the Head teacher although overall responsibility for the fund lies with the Governing body.

A Fund Committee exists as part of the responsibilities of the Finance/Resources Committee, comprising the Headteacher, senior staff and a Governor, to decide on spending priorities and fund raising needs. This Committee meets on a termly basis.

For expenditure under £X, the agreement of the Headteacher is sufficient. For purchases over £X but below £Y, the approval of the Fund Committee must be obtained whereas for purchases over £Y, the approval of the Governing Body must be obtained.

The school fund is banked in a [Enter Name of Bank] Bank Current Account. Cheque signatories are the Headteacher, Deputy and School Business Manager/Finance Officer, two from three

Audit

The fund has a financial year end of *dd/mm/year*. Annually, a summary of income and expenditure, and a statement of balances, is prepared by the [Enter Position].

The financial statements are audited by [Enter Name/Position of Person], who is an independent person with a financial background. She/He is considered to be a suitable person to audit the fund, having regard to the nature and complexity of it.

Audited accounts are presented to the Governing Body each year for formal approval, in accordance with the Rotherham Scheme for Financing Schools.

Prepared [dd/mm/year] by.....Headteacher

Approved by the Governing Body

Chair of Governors.....

Date

Appendix 2 Bank Account Notification Form

BANK ACCOUNT NOTIFICATION FORM 31/3/YY

SCHOOL NAME:	
SCHOOL DfE NUMBER:	
SCHOOL FUND NAME:	
PURPOSE OF THE FUND:	
YEAR END:	
BANK NAME:	
BANK ACCOUNT NAME:	
SORT CODE:	
ACCOUNT NUMBER:	
ACCOUNT SIGNATORIES:	
TREASURER/ADMINISTRATOR:	
AUDITOR DETAILS:	

Signed: Date:
 (Headteacher)

Print Name:

Signed: Date:
 (Chair of Governing Body)

Print Name:

Please retain on school site.

Appendix 5 School Trip Example Holding Account Statement

SKI TRIP - April 201X

STATEMENT OF ACCOUNT

INCOME	£	EXPENDITURE	£
Pupil Contributions 14,00.00 (20 x £700.00)		Receipt No:	
		1. XYZ Travel (Minibus Hire)	500.00
		2. ABC Travel (Tour Operator)	10,000.00
		3. Lift Passes (20 x £150.00)	3,000.00
		4-8. Tolls / Fuel	180.00
		9-11 Miscellaneous (Meals / Drinks)	120.00
		Balance Repaid to Pupils* (20 x £10.00)	200.00
TOTAL	14,000.00	TOTAL	14,000.00

(* or Donated to School Fund with Parent's written permission)

I certify that the above statement is a true and accurate record and attach financial documentation relating to each item of income and expenditure included in the statement.

SIGNED: DATE:

(TRIP ORGANISER)

PRINT NAME.....

Appendix 6 Guidance Notes for School Voluntary Fund Auditors

EACH AUDITOR SHOULD HAVE A COPY OF THE SCHOOL VOLUNTARY FUND GUIDANCE AND UNDERSTAND THEM.

If you require any further advice, please contact the Children & Young People's Schools Finance Team who may involve the Council's Internal Audit Section if necessary.

The following points are designed to assist Auditors in their duties:-

1. Your primary function is to account for all School Voluntary Fund money. This involves checking all monies collected have been properly brought into the account and all payments made are for the purposes of the School Voluntary Fund.
2. You should obtain from the Treasurer a copy of the School Fund Constitution, the cash book / ledger (or printed versions thereof), bank statements, cheque book, paying-in book, receipt book and all other supporting documentation, e.g. receipts, invoices, vouchers etc.
3. Reconcile and verify the balances shown on the cash book / ledger and on the bank statement and cash-in-hand balances at the end of the year.
4. Examine each individual entry and ensure that they are in accordance with the allowable activities as stated in the School Fund Constitution. Where any payment is made, ensure that this is supported by an appropriate invoice, receipt or some other supporting documentation. If there is no supporting documentation, make enquiries as to why this is not the case and try to obtain this information. This matter should be brought to the attention of the Treasurer.
5. The dates, description and amounts of any invoices, receipts, etc. should be examined to verify their authenticity and reasonableness. Any queries should be raised with the Treasurer.
6. When you have examined this documentation, e.g. invoices, receipts, etc. you should mark them "paid" or "cancelled" and initial them, to ensure that the documentation is not represented at a later date. A similar procedure should also be adopted when examining cheque stubs (N.B. you should clearly mark them as having been examined).
7. If you are aware of any activity which does not appear in the accounts, ask the Treasurer why this is. Any interest should be brought into the accounts.
8. Where a school trip has taken place, you should ensure that a financial statement has been drawn up which incorporates all the financial activities of the trip. This should be checked to the accounts and any variations drawn to the attention of the Treasurer.

9. Auditors should ensure that they distinctively mark or tick any entries which they

check. All the columns in the cash book should be checked arithmetically and verified as correct.

10. A check should be made to ensure that the balance is brought forward from the previous year's accounts and that where money has been spent, e.g. raffle tickets for a school fete that a corresponding entry is made for income from the sale of tickets at the fete.

11. It is important that the auditors should ensure that there is no delay in banking (delays can result in a loss of interest for the fund) and that there are adequate security arrangements made for any unbanked fund monies.

12. Where the School Voluntary Fund has a deposit account, check that any debits made from this account are only transfers into the current account. Any current account debits should be supported by a cheque stub and invoice.

13. If you are in doubt about any purchase made from the fund, ask to see it.

14. Check that all income is being receipted, either using a daily record of income or by issuing proper carbon-type receipts. Particular attention should be paid to any entries that have been altered / amended, particularly with the use of correction fluid.

15. The Treasurer will have prepared a summary of accounts statement. Check that this reflects the entries in the cash book and the balance shown is correct.

16. Where a school is closing and becoming part of a newly amalgamated school, then the 'closing' school should ensure that all transactions have been accounted for and provide a final set of accounts for the auditors as soon as possible after the end of the school year. The bank account(s) relating to that fund should be closed and any balance transferred to the account of the newly amalgamated school. The balance should be treated as income and accounted for accordingly. You should then audit the closed account. Same procedure for a school converting to academy status.

17. Auditors of newly amalgamated schools should check a copy of the bank statement showing the sum transferred to the newly amalgamated school as evidence that the account of the previous school has closed and the balance transferred accordingly.

18. When you have undertaken the above checks and are satisfied that everything is in order, sign the cash book and the summary of accounts statement. Complete the Certificate which the Headteacher will provide you with. If you feel unable to do this for any reason, please do not hesitate in contacting the Children & Young People Schools Finance Team or Internal Audit.

18. Auditors should satisfy themselves that all expenditure is reasonable and has been spent legitimately within the scope of the scheme. To assist you in your duties and to assist the Treasurer in ensuring that the required records are maintained, you should complete an Audit Checklist during the course of the audit and attach it to the Auditors' Certificate. You should also provide a copy to the Chair of Governors.

Appendix 7 Audit Checklist

Completed by:
(Please complete and attach to the auditors' certificate)

School..... **Dfe No:**
Period of Examination from **to**

	Question	Yes	No	N/a	Comments
1.	Has the Treasurer provided you with the following :- Cash book /ledger? Daily record of income / receipt book? Cheque book(s) /Cheque book stubs? Bank paying in book? Bank current account statements? Vouchers/ invoices to support expenditure? Bank deposit account statements, if held? Statement of account for individual trips and money raising activities?				
2.	Is the cash book /ledger arithmetically correct?				
3.	Have balances been correctly brought forward from the previous year: <ul style="list-style-type: none"> • "old" accounts have been properly closed? • balances from closed accounts have been correctly brought forward? • confirmation of the balance brought forward has been evidenced? 				
4.	Has the cash balance in the cash book / ledger been reconciled to the balance on the bank statement?				
5.	Are all items of expenditure supported by original receipts and contain no personal items of expenditure? If not, has the record of expenditure made without receipts been completed and signed by the Treasurer and witnessed by a second person?				
6.	Has income been recorded on a Daily Record of Income or similar receipt book?				
7.	Has all income received been banked promptly?				
8.	Has all income received been banked intact? (i.e. all money received is banked without any deductions being made for expenses).				
9.	Have statements of account been prepared for individual trips and fund raising activities?				
10.	Are these statements in accordance with entries in the cash book?				
11.	Has the School Fund been used only for activities				

School Voluntary Fund Policy

	which are within the scope of the School Fund?(See Section 1)				
12.	Checking that where applicable, VAT registration has been sought and the appropriate forms completed				
13.	Does the School Fund hold any stocks of items in respect of Fund raising activities? (e.g. Tuck shops, school clothing etc.) If yes, are stock control sheets maintained? (See Appendix 4 Stock Control Sheet) Can stock movements be reconciled to payments and receipts in the Fund's cash book /ledger? Has the Treasurer provided you with evidence that a stock check has been carried out?				

Appendix 8 Audit Certificate/ Auditor's Certificate

**Rotherham Council
School Voluntary Fund
ANNUAL AUDIT CERTIFICATE**

Part I:

Name of School

DfE No

Name of Fund

Name of Bank

Account Number

Administered by:

I have read the School Voluntary Fund Policy dated March 2019
(Print name & sign)

Treasurer

Other

Other

Date at which Accounts & Audit Certificate presented to the Governing Body

I certify that the above is correct and in accordance with the policy governing School Voluntary Funds

Signed: Date:
(Headteacher)

Signed: Date:
(Chair of Governing Body)

Part II:

AUDITORS' CERTIFICATE

I have read the Rotherham Council's School Voluntary Fund Policy, including the notes for Guidance for Auditors, published March 2019.

I / We certify that I / we have examined the books and records relating to the School Fund for the period from to and the attached Summary of Accounts as at I / We have checked the Receipts and Payments and confirm that the attached Summary of Accounts is in accordance with the books and vouchers and explanations given to me / us. The fund has **(not)** been operated in accordance with the School Voluntary Fund Policy **(as detailed in the attached checklist and/or audit letter dated dd/mm/yy – delete items in red if not applicable).**

I / We attach a copy of the School Voluntary Funds Summary Accounts and an Auditors' checklist

Signed: Position:

Print Name Contact Details (e-mail/tel.):

Date:

(If you are unable to sign this certificate, please contact the Children & Young People Schools Finance Team, Riverside House, Main Street, Rotherham, S60 1AE, 01709 382121).

Appendix 9 Example Summary Statement of Accounts

**XYZ SCHOOL
ACCOUNTS FOR THE YEAR ENDING 31 AUGUST 201x**

RECEIPTS								PAYMENTS							
(1) Date 201x	(2) Details	(3) Receipt No.	(4) Total £	(5) Tuck £	(6) Ski- Trip £	(7) Class Visits £	(8) Sundry Income (see Note1) £	(9) Date	(10) Cheque No.	(11) Payee / Detail	(12) Total £	(13) Tuck shop £	(14) Ski- Trip £	(15) Class Visits £	(16) Sundry (see Note1) £
1.9.1X	Balance B/F		1,000.00		950.00		50.00	1.9.1X	1001	A ANOTHER -Tuck Shop Supplies	15.00	15.00			
3.10.1X	A ANOTHER – Tuck Shop Sales	001	5.00	5.00				14.9.1X	1002	A ANOTHER – Sports Day Prizes	40.00				40.00
6.11.1X	A ANOTHER – Tuck Shop Sales	002	9.20	9.20				6.12.1X	1003	Asda – Pupils Christmas Party Food	25.00				25.00
9.12.1X	A SMITH - Pantomime	003	20.00			29.500		9.12.1X	1004	Pantomime - Tickets	50.00			50.00	
14.2.1X	A JONES – Museum trip	004	30.00			30.00		26.2.1X	1005	Chocolate Co. - Tuck Shop Supplies	7.50	7.50			
19.3.1X	A ANOTHER – Tuck Shop Sales	005	9.00	9.00				3.3.1X	1006	ABC Travel - Ski Trip	200.00		200.00		
13.7.1X	Deposit A/C Interest	-	50.00				50.00	20.7.1X	1007	ABC UNIFORM – Purchase of school ties	20.00				20.00
14.8.1X	A ANOTHER – Uniform Sales	006	26.00				26.00								
	Total Receipts		158.70	23.20	0.00	59.50	76.00			Total Payments	357.50	22.50	200.00	50.00	85.00
	Add Balance B/F		1,000.00		950.00		50.00								
			1,158.70	23.20	950.00	59.50	126.00								
	Less Total Payments		357.50	22.50	200.00	50.00	85.00								
	Balance C/F		801.20	0.70	750.00	9.50	41.00								

Appendix 9 Example Summary Statement of Accounts continued

XYZ SCHOOL

SUMMARY OF ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 201X

ACTIVITY	RECEIPTS £	PAYMENTS £
Tuck shop	23.20	22.50
Ski Trip	0.00	200.00
Class Visits	59.50	50.00
Sundry	76.00	85.00
TOTAL	158.70	357.50

SUMMARY

	£
Balance in Hand 1 September 201X	1,000.00
ADD: Receipts during Year	158.70
	<hr/>
	1,158.70
LESS: Payments during Year	357.50
	<hr/>
Balance in Hand 31 August 201X	801.20
	<hr/>

Hon. Treasurer

Hon Auditor

Hon Auditor

Date

Date

Date

NOTE:

Using "Sundry" as an analysis heading should be avoided wherever possible by analysing all income/expenditure as far as possible. Other commonly used headings would be:

- Fund raising events e.g. summer fete, raffles, book fairs
- School Photographs
- Residential visits, theatre visits, concerts, pupil Christmas parties
- Vending machines
- Petty Cash (if use a petty cash system would require this analysis column and the Balance in Hand B/Fwd and C/Fwd would have to be analysed between Cash at Bank and Petty Cash)