

1. SCHOOL FUNDS

1.1 GENERAL

School Funds are monies held and administered by a School Fund Committee for the benefit of children in the school.

The normal sources of income to school funds are donations, fund raising activities, contributions towards school trips, grant funding and voluntary activities. These funds are separate from Council funds and are not part of the Devolved School Management Budget. Some school staff will be members of the School Fund Committee and act as custodians of the funds. As they do so as employees of the Council, it necessarily follows that the Council is responsible ultimately for the administration and safekeeping of such monies.

As the Council is ultimately responsible for the administration of school funds the following procedures must be adhered to by staff operating a school fund. The Director (ECS) may instruct the closure of any school fund which has not been operated appropriately or competently.

The following procedures are intended to assist School Fund Committee Members (Headteachers and staff) in the keeping of records relating to school funds and the safe guarding of funds not spent. **The same principles of control must be applied to School Funds as are applied to Council Funds and detailed elsewhere within these policies e.g. recording of income, authorisation of expenditure, separation of duties and receipting. Any expenditure incurred must be spent appropriately and only on goods/services for which the funds were specifically intended.**

All committee members must read and adhere to the Financial Policy and Procedure for School Funds. Committee members may contact the Finance Support Team if further guidance is required. A signed and dated [declaration](#) stating this by each member must be kept with the School Fund financial documents.

1.2 PROCEDURAL GUIDELINES

1.2.1 **Accountability & Transparency**

- a) The School Fund Committee are accountable to persons who have paid monies to the school fund (normally parents but not exclusively) for safe guarding and ensuring appropriate use of these monies. The school fund monies should be used to benefit the children in the school and should not be used for the benefit of Committee Members or Council Staff.
- b) The School Fund Committee are also accountable to the Council as Council resources in the form of staff time, buildings, IT Systems and Equipment, stationery etc. are used to administer the School Fund. The School Fund Committee should be mindful when making decisions of the impact any decision will have on the School and Council's reputation.
- c) School Fund Committee Members who are also Council employees should refer to the [Code of Conduct](#) for employees or seek advice from the Quality Improvement Officer for the School if they have any concerns

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regarding decisions being made by the School Fund Committee. School Fund Committee Members who are **not** Council employees can raise any concerns with the Executive Director of Education & Children's Services.

- d) School Fund Committees should be run in an open and transparent manner ensuring all meetings have minutes which reflect decisions made. As information on School Funds is held on Council systems, information is subject to Freedom of Information legislative requirements and if asked, the Council will be required to release information on School Funds.
- e) It is good practice when holding events to raise monies or asking for contributions from parents or other individuals to state what the intended use of the raised monies is. This allows the parents and individuals to make an informed choice on whether to make a contribution.
- f) The School Fund Committee should ensure that the school fund bank account balance does not build up excessively over time. The expectation is that contributions made by parents and other individuals will be used within a reasonable time of being collected so that their children receive the benefit from the contributions made.

1.2.2 School Fund Committee Governance

- a) All schools must have a School Fund Committee elected for periods where possible not exceeding three years from members of staff and/or parents. The Headteacher or Business Manager (Secondary Schools only) must be the Chairperson of the Committee. The Treasurer should be appointed from School Support Staff who have knowledge of the Council's financial processes and systems.
- b) The School Fund must have a written constitution, stating its objectives and operating procedures. A [School Fund Sample Constitution Version 4](#) is available on ERIC.
- c) The Committee must hold at least quarterly meetings with the minutes of the previous meeting and the date of the next meeting being agreed at each meeting. A financial report must also be presented at each meeting.
- d) It is good practice for the Chairperson to share information on the finances of the School Fund with the Parent Council.
- e) Minutes of meetings must be distributed to committee members, and displayed on the school website. Parents must be advised that the minutes are published and a copy must be made available if requested.

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- f) School Fund records must be kept up to date and available for inspection by ECS Finance Officers throughout the year.
- g) The [School Fund Package](#) (Primary) and [School Fund Package](#) (Secondary) is available from the Finance Support Team to record all transactions. It is recommended that Schools use this package. Additional columns and funds can be added as requested.

1.2.3 School Fund Independent Examination

- a) The Finance Support Team will arrange for an annual Independent Examination of key School Fund records. A school fund package reconciled to the school fund bank statement as at 31st July must be prepared by 30th September each year. Copies of the School Fund Constitution and signed Declaration Forms from all Committee Members will also be required.
- b) Some School Funds will be selected to receive a more in depth Independent Examination. The Finance Support Team will contact schools individually if their school fund is chosen to make arrangements for an examiner to visit the school.
- c) On completion of a satisfactory Independent Examination an Independent Examination Certificate will be issued to the Chairperson. The certificate and the School Fund Summary Sheet (showing the year end balances) must be displayed on the school website within 2 weeks of being certified.

1.2.4 School Fund Income

- a) The Council's Parent Pay System should be used where ever possible to collect income electronically and securely for School Fund activities.
- b) If cheques and cash are collected these must also be recorded on Parent Pay.
- c) An Income Report must be run in Parent Pay showing all online payments, cheques and cash and the information transferred on to the School Fund Package at least fortnightly.
- d) If a School Fund Committee wishes to apply to external bodies for funding i.e. Awards for All, the [Procedures for Grants](#) should be followed.
- e) Where School Fund Committees wish to raise funds via a raffle they should contact the Council's Legal Services for advice on whether they require to purchase a [Gambling Licence](#).

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1.2.5 School Fund Purchases

School Fund Committees must use the Council's procurement system, PECOS, to purchase **all** goods/services where a Council contract exists. This permits the school fund to reclaim VAT on any 'educational purchases' (i.e. the amount paid by the school fund is exclusive of VAT). This also provides assurances that goods bought on contract comply with standards set out by the Council during the tendering process.

- a) Foreign trips must be purchased on PECOS from a reputable travel agency.
- b) UK trips, where children's' care is passed onto a 3rd party, must be purchased on PECOS using an approved provider.
- c) Coach hire must be arranged on PECOS using an approved supplier to ensure the coach hire company complies with PKC health and safety requirements.
- d) All overseas, residential, and adventurous activities must be submitted and approved on the Evolve System 6 weeks prior to booking.
- e) Where a contract does not exist, schools can procure goods and services directly from the supplier. School Fund Committees should consider the quality of goods being purchased and whether the supplier is considered as reputable to ensure there is no risk of reputable damage to the school or Council.
- f) The constitution should state the value the Chairperson has the authority to spend without seeking approval from the committee. Below is a guideline of appropriate levels:

School Fund Bank A/C Balance < £10,000 at any point in the year - £100

School Fund Bank A/C Balance between £10,000 - £20,000 at any point in the year - £150

School Fund Bank A/C Balance > £20,000 at any point in the year - £250

- g) **Items over this value must be approved by the committee, in writing, before goods are ordered.**
- h) If an order is being placed for work being carried out by a contractor or worker (these are the suppliers who we "hire" to provide a service on behalf of the School Fund an 'Employment Status' assessment should be carried out prior to engagement and the resulting documentation should be send to Finance Support Team. Guidance on Employment Status assessments can be found under the ['Purchase of Supplies & Services'](#) guidance.

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- i) Nursery snack and small cookery items can be purchased using cash or cheque if a contract cannot be used due to small amounts of different items being purchased.
- j) All PECOS orders must be coded to 1/23/school code/0000/xxxxxx and should be entered on the School Fund Package as soon as possible after processing to ensure the commitment is recorded against the available school funds.
- k) All invoices relating to PECOS orders should be sent to the Finance Support Team, Pullar House for payment apart from Secondary Schools, who will pay their own invoices.
- l) A Perth & Kinross Council Invoice will be issued monthly to the school fund for reimbursement of supplier invoices. The VAT exclusive amount will be charged. Payment must be made by writing a cheque to Perth & Kinross Council for the value on the invoice and sent to the Finance Support Team with the invoice remittance.
- m) It must be emphasised that payment of the Council invoice needs to be made from the school fund timeously and not from private or staff funds. This step ensures that the school fund is funding the transaction.
- n) Under NO circumstances is it permissible for staff or other individuals to buy goods or services through this scheme for private use.
- o) Items purchased through the school fund are regarded as being the property of the school (unless items are purchased on behalf of parents/carers i.e. school sweatshirts, uniforms, books etc. or for resale through an Enterprise Project as part of the curriculum). Any future costs such as servicing and repairs must be met by school funds or from the school's devolved budget.
- p) When paying deposits for school fund outings, **the invoice must show the deposit per pupil plus VAT.** If the VAT on deposits is not accounted for at this stage, and added onto the final invoice, then the VAT on the deposits will require to be paid by the school fund. **Note – if school trips are organised through a Tour Operator the VAT must be paid by the School Fund.**
- q) Where possible payments should be made by cheque rather than cash, even for relatively small amounts.

1.2.6 VAT on School Photographs

- a) Where the school is entitled to commission on school photos ordered from a supplier, the following process is required in order to account for the VAT correctly. The supplier must be asked to provide two separate invoices – one to be paid to the supplier and a second invoice for commission only. Both invoices must equate to the total amount of

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photo income received from pupils. The commission only invoice must clearly show the VAT on commission earned by the school fund.

- b) The commission only invoice must be paid by cheque from the school fund bank account.
- c) A second cheque for the amount of VAT on the commission, as shown on the commission only invoice, must be written from the school fund and paid into the Council's bank account. This must be detailed on the [Income Return Version 2](#) and a copy of the commission only invoice needs to be attached to the Income Return.
- d) It is accepted that monies held for school photos are not insured by PKC as the money (cash & cheques) in each envelope is unknown. All monies received must be held securely in the safe at all times.

1.2.7 Record Keeping, Banking and Security

- a) School Fund income and expenditure must be segregated from any other Council monies.
 - Cash must be held in separate locked containers.
 - All income should be recorded on Parent Pay and information transferred to the School Fund Package at least fortnightly.
 - Transactions must be recorded in the School Fund Package or a bespoke package.
 - Separate non Council receipt books must be used.
 - School Fund documentation must be filed separately in a logical order e.g. bank statements in date order etc.
 - Cheque books and receipt books must be stored in a safe or locked container. Keys must be held by nominated staff and kept on the person and removed from the premises overnight.
 - Blank cheques must never be pre-signed by any of the signatories.
- b) A separate bank account must be operated for School Funds. This must be with PKC Corporate bank i.e. The Royal Bank of Scotland. The account must be called "(School Name) School Fund", and this must be clearly displayed on all Bank Statement(s).
- c) Signatories of School Fund Bank Account(s) must be at least three committee members, any two from the three being required to authorise withdrawals from the account(s). As more than one signatory is required to authorise withdrawals debit card, credit card or online withdrawals are not allowed unless the Finance Support Team have reviewed the system to be used and given prior approval. A school fund signatory list must be maintained.
- d) Interest on School Fund bank accounts must not have tax deducted.

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- e) Monthly bank statements must be obtained. A reconciliation of cashbook to bank statements must be carried out timeously for each statement and a monthly bank reconciliation carried out. Either the [Bank Reconciliation Form Version 1](#) can be used or if the School Fund Package is used complete the Bank account Rec tab. If there are any problems with the reconciliation process these must be resolved as quickly as possible and the Chairperson notified if this is not resolved before the next monthly reconciliation is due.

The reconciliation must be checked, signed and dated by someone who understands the reconciliation process and is not involved in the day to day operation of the school fund.

- f) Sums collected or donated for a specific purpose must not be used for any purpose other than that specified.
- g) Sums must not be committed in anticipation of future receipts i.e. the school fund account must never be overdrawn.
- h) When a parental contribution of £25 per pupil or more is requested towards for example a school trip, a financial statement must be prepared and published on the school website. Parents must be advised that the financial statement is published and a copy must be made available if requested. This statement must list all costs covered by the parental contributions. A [School Fund Sample Statement to Parents Version 1](#) is available on ERIC. All school trips must be planned and organised in accordance with the Excursions Guidance which can be found in the ECS Admin Manual on ERIC. See [Section A 12 Insurance](#) of the Financial Policies and Procedures for details of insurance cover for school trips.
- i) Adequate records of income and expenditure in each fund must be maintained (i.e. on the School Fund Package) under the supervision of the appointed treasurer. Receipts and withdrawals from the account must be entered timeously with a clear description of each transaction supported by appropriate back-up documents, i.e. income receipts and purchase receipts.
- j) Cheque numbers must be noted on the School Fund Package beside each cheque transaction. Any cancelled cheques must not be destroyed but must be clearly marked "cancelled" and retained by stapling the cancelled cheque to its counterfoil.
- k) Please note that the Council's insurance policies only cover cash belonging to the Council and School Funds. Money belonging to other organisations, e.g. Parent Council, is not covered by the insurance and therefore should not be kept on school premises.

1.2.8 School Fund Petty Cash

If a petty cash imprest is held for school funds, the same principles of control apply as those applied to Council funds. See Section A [5 Petty Cash & Reimbursement](#).

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1.2.9 School Fund School Trips Cash and Valuables

- a) Organisers should try to pre-pay for all travel, accommodation and activities in advance in order to avoid carrying large amounts of cash on school trips.
- b) Where possible a pre-paid “Travel Money Card” should be used to avoid carrying large amounts of cash in the UK or abroad. There are a variety of cards available offering different exchange rates and fees. Cards are pre-loaded with a particular value (keep to a minimum) and can be topped up by the school if necessary. These cards are now widely accepted and can be used at ATMs. Pin numbers must never be written down and sharing of a pin number should be kept to a minimum. Where large amounts of cash will be required, consideration should be given to providing separate cards, each with unique pin numbers, to responsible adults, thereby spreading the risk and avoiding pin number sharing. If a card is lost or stolen, it is important to report it straight away to the issuing company in order that the card is blocked from further use, as well as to the local police. See [Section A – 1 Cash Handling and Receipting 1.1 u](#) for reporting missing or stolen money or valuables. All transfer of funds to a prepaid money card, and all purchases using it, must be recorded on the School Fund Package. Receipts must be provided for all purchases. Card balances must be checked monthly, signed and dated by the person responsible and a second person must also check, sign and date that the card balance agrees to the School Fund Package. All prepaid money cards must be kept securely in the safe when not in use.
- c) Any cash held should be split between responsible adults whilst on school trips.
- d) Only carry the cash necessary for the day/activity and keep the rest locked in a safe/safety box. Similarly, passports and valuables should be kept in a locked safe/safety box when not required.
- e) Prior to the school trip, the Group Leader must be aware of the insurance conditions/limits for the trip and inform the other responsible adults and also the pupils/parents as necessary. See [Section A – 12 Insurance](#) for further Insurance information with regard to school trips, in particular, staff reimbursement of out of pocket insurance expenses.
- f) See [ECS Admin – Trips and Excursions](#) for further information with regard to School Trips.

If you have any questions regarding funds to cover expenses on school fund trips please contact the Finance Support Team to discuss.

1.3 NURSERY FUNDS

1.3.1 Nursery Monies

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- a) Monies collected by the Nursery must be held and transferred to the school office timeously for recording on Parent Pay Nursery Attendance records must be maintained. These records must be reconciled on a regular basis to monies held, banked or transferred to the school office. All reconciliations must be signed and dated by the staff member carrying out the reconciliation as evidence. Please note that the Council's insurance policies only cover cash belonging to the Council and School/Nursery Funds. Money belonging to other organisations, e.g. Parent Council, is not covered by the insurance and therefore should not be kept on school premises.

1.3.2 Snack Fund

- a) Parents must be advised they are required to pay for snacks provided to children when attending nursery. Monies received must only be spent on food given to the children. Non food items such as plates must not be purchased from snack funds.
- b) Ideally, a surplus of income over expenditure must not be allowed to build up, but if it does, this should be reduced by giving a 'free' week or by reducing the charge until the surplus is spent.
- c) Snack Fund must be held and recorded separately from other funds. All income and expenditure must be recorded in the School Fund package or a bespoke package.
- d) Parents do not have to pay if their child does not take a snack. However, non-payment by parents for other reasons must be notified to the Headteacher to resolve through meeting and/or written correspondence. Failure to resolve must be escalated to the School's Quality Improvement Officer. Circumstances of the child and whether hardship is a concern should be taken into account when deciding on what action is to be taken. Nursery Snack Funds are not Council funds.

1.3.3 Nursery Fund

- a) A Nursery Fund must be treated as a voluntary contribution by parents which they may donate to or not as they choose. The Nursery Fund can be used to purchase equipment for the Nursery i.e. toys, books. If parents are asked for a regular contribution they must be informed of how much they are paying towards snacks and how much goes to the Nursery Fund. They should also be made aware that they may opt out of the Nursery Fund contribution. This information must be contained in the School Handbook.
- b) Income and Expenditure must be recorded separately for Nursery Funds. Any unspent balance will be included in the School Fund, clearly shown as Nursery Fund.