



New Mills School

SCHOOL PRIVATE FUND POLICY

Revision	Authorised by	Date	Adopted by	Date
Draft	G Cash	March 2015	FGB Min No.	18/03/2015
Review	G Cash	September 2017	FGB Min No 13e	16/10/2017
Review	G Cash	November 2021	FGB Min No 16	07/06/2022

Revision	Date	Description of Changes
Draft	March 2015	Model Policy from SchoolBus amended to reflect current practice.
Review	September 2017	Policy updated to include reference to ParentPay and reflect change in staffing
Review	November 2021	Policy update to reflect change of staffing and to include procedure for internet banking and online payments

Signed:J Poulter.....

Date:07/06/2022.....

Chair of Governors

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Statement of Intent

At New Mills School we are committed to ensuring effective and efficient use of all funds. Voluntary funds, sometimes known as private funds, are funds (other than the council's) controlled wholly or in part by an employee by reason of their employment or, in the case of governors, position given at the school. They include monies collected from pupils for school activities.

The Audit Commission states that:

“Voluntary funds often provide schools with a substantial additional source of income. Although such funds are not public money, the standards for the guardianship of these, need to be as rigorous as those for the administration of the school’s delegated budget; Parents, pupils and other benefactors are entitled to receive the same standards of stewardship for the funds to which they have contributed”. - Keeping Your Balance, Audit Commission, October 2000.

This policy has been established to ensure that the school meets all expected standards when handling private funds. All members of staff are required to adhere to the policy when dealing with the private funds of the school.

The preferred method for receipt of funds is via Parent Pay.

1. Summary of General Requirements

- An appropriate financial and managerial framework is in place.
- All private funds are clearly titled, contain the school name and do not contain reference to any individual.
- A minimum of two signatories are required to sign cheques.
- Cheques are never pre-signed.
- Bank accounts are reconciled frequently.
- All income is receipted and banked promptly.
- Appropriate and accurate financial records are maintained.
- All cash is counted and reconciled in the presence of two people.
- Receipts are retained in support of all payments.
- Private funds are kept separate from all other school funds.
- Private funds are independently audited.
- No collected monies are ever paid into personal accounts.
- All staff must be made aware of this policy.

2. Roles and Responsibilities

The governing body has a responsibility to ensure:

- A policy is clearly defined, agreed and minuted for the purpose of managing private funds.
- They are made fully aware of all private funds and are made aware of any changes to fund arrangements.
- The fund is administered in accordance with the established procedure.
- The appointment of suitable auditors.
- Audited annual statements are received within six months of the end of the fund's financial year.
- They receive explanations on the administration and conduct of the fund.
- They receive a reconciliation of the fund to cash and bank balances at least termly.
- They are consulted on all major purchases over £500.

The Headteacher/School Business Manager:

- Is responsible for the organisation and control of all private funds.
- Must ensure all members of staff dealing with funds are fully aware of procedures.
- Carries out periodical checks such as confirmation of monthly reconciliation.
- Maintains a register of all private funds.
- Ensures that all records are retained.
- Provides explanations as required to auditors.
- May delegate some of these duties but remains responsible for their implementation.
- Specifically has responsibility for monies in the School Fund account and can authorise payments.

Teaching staff:

- Must keep suitable records in accordance with guidelines when involved in trips, visits and sponsored events.
- Must ensure all income collected is handed to the fund administrator regularly.
- Must not pay expenditure from income collected. Should it be necessary for payments to be made, either a cheque or an internet banking payment can be arranged through the fund administrator.

3. Income

The main sources of income to the fund are:

- Payments/Voluntary contributions towards the costs of school trips.
- Parental contributions.
- Fund raising activities.
- One-off donations.
- Interest on deposited money.
- Surpluses from trips or events which equates to less than £10 per student attending.

All income received in school must have supporting paperwork. At a minimum all transactions must have a supporting remittance record of all payments (cash and cheque) received with a copy of the paying-in slip.

Income received in school (cash and cheques) is banked on a regular basis, at least monthly

Income via ParentPay is received weekly direct into the bank account and reconciled on a regular basis, at least monthly

4. Expenditure

Expenditure may be incurred in accordance with the following guidelines:

- Income from school fund raising activities and any deposit interest may be used for any expenditure that supports the aims of the fund.
- Income from parental contributions should be utilised for expenditure on educational resources.
- Expenditure on visits should be matched by parental contributions. Charges should be levied such that no profit is made.
- Income from charitable, parental or other donations for named projects may only be used for the named project.

Payments will only be made from the funds when supported by an authorised invoice or voucher.

Expenditure transactions are processed by the Finance Assistant and authorised by the School Business Manager.

Details of all payments are entered on the programme used to manage the School Private Fund, which is currently Tali provided by Pebble. Pebble took over Schools Cash Office (SCO) by Tucassi, which was our previous programme.

Supporting paperwork is filed in date order and referenced accordingly.

5. On-line Banking Payments

All payments through web-based internet banking are simply another form of payment through the school's bank account and internal controls surrounding the process are critical. This form of payment allows the school to pay funds directly into a person's or business's nominated bank account.

Banking details for a payee must be taken from either the supplier invoice or other bona fide source and be checked as authentic by a second person. A source document MUST be seen, information taken verbally should not be accepted, and be signed by two authorised people. One of these is likely to be the Business Assistant, the second should be a full signatory on the bank account. As added protection, controls within the Lloyds on-line banking system now verify the authenticity of payee details.

The Business Assistant, who has full delegate access to on-line banking (but is a non-signatory) should set up the payee record and input the payment amount.

Approval for the payment must be made by two full signatories. Controls are in place within the on-line banking system for this to happen and segregation of duties will be maintained at all times.

Create and authorise users are able to set up and authorise payments in one action, subject to second authorisation, as follows:

Heather Watts	Headteacher	Full signatory	Create & authorise
Garry Cash	School Business Manager	Full signatory	Create & authorise
Jo Charles	Facilities Manager	Full signatory	Create & authorise
Jacqueline Partington	Business Assistant	Non-signatory	Create only

Source documents supporting the payment must still be referenced and filed in line with point 4 above.

6. Banking Arrangements

The bank account is currently maintained at Lloyds Bank.

All bank accounts must be in the name of the school and not in the name of any individual.

Due consideration should be given to current account balances to ensure funds which are surplus to immediate requirements are lodged in a deposit account or with a building society.

Signing authorities (mandates) should detail that cheque withdrawals require two signatures. Signatories should be of suitable seniority and are reviewed annually. The following persons are currently authorised to sign on the account:

- Mrs H Watts
- Mrs C Jesson
- Mr G Cash.
- Mrs J Charles

Subject to the following limits of signing power:

Authorised Personnel	Limit / Comments
Any two signatories	Cheques up to £5000 in value
Any two signatories, of whom one must be the Headteacher	Cheques over £5000 in value

Blank cheques must never be pre-signed.

Debit cards are held on the account and must be used in accordance with the School's Debit Card Policy (see Appendix B). The following persons hold a School Debit Card on the Private Fund account;

- Mr G Cash
- Mrs J Charles

Cash and cheques should be banked regularly, at least **weekly**.

Cash/cheques should be deposited intact by the day of banking with the fund administrator.

Collections should be verified and receipted by the fund administrator.

Cash must never be left on an unattended desk or in a locked drawer.

Income should be segregated from official funds and held in a lockable cash box or school safe, prior to banking.

Personal cheques must not be cashed through private funds and private funds must not be operated through personal bank accounts.

Loans **or credit arrangements** must not be made from private funds.

7. Accounting Records

Tali maintenance:

- Financial records are maintained to account for all transactions. Tali highlights all income and expenditure which enables the production of year-end accounts and the preparation of statements.
- All Tali entries are supported by evidence such as statements of income, paid invoices **and receipts**. These are numbered and cross-referenced in the cashbook.
- Tali is updated daily.

Bank reconciliations

- Bank statements are reconciled to the transactions in Tali on a monthly basis. All individual items of income and expenditure are matched to the items on the bank statement.
- If a cheque is not presented within six months, it becomes out-of-date and cancelled. The relevant amount is then deducted from the expenditure side of Tali.
- Monthly reviews of current accounts must be undertaken to ensure excessive balances do not accrue.

8. Dissolution of Private Funds

The school's private fund will be dissolved if the school closes or amalgamates with another school.

If the school amalgamates, any remaining assets will be given to the school for the benefit of the children in a charitable manner.

If the school has closed, any assets will be given to a local children's charity as chosen by trustees.

9. Auditing Private Funds

Private funds will be audited annually within six months of the end of the financial year.

The funds will be audited by an independent person who is not associated with the funds in any other way.

Large private funds will be audited by a qualified accountant who will provide a certificate in accordance with professional standards (see Annex A).

Small funds may be audited by a suitable individual.

A copy of the audited financial statements is available for viewing by parents on request.

10. Monitoring and Review

The School Business Manager is responsible for monitoring and reviewing the Private Funds Policy.

The Policy will be reviewed on a biennial basis.

11. Expenditure of a Non-Educational Nature

Any expenditure which cannot be deemed to be educational in nature should be carefully considered before being allocated to the school's private fund.

Non-educational spending can be made from the school's private fund as long as this is complimentary to the best interests of the school, for example, for the purpose of maintaining staff morale, and for the benefit of students.

Any non-educational expenditure is to be made at the discretion of the Headteacher.

Where the Headteacher refuses to exercise this discretion, some expenditure which is not for the purpose of education can be made independently of the official accounts and the private fund. An example of this could be where staff organise collections for the purchase of gifts for fellow staff members.

APPENDIX A – Pro Forma Audit Certificate

Examiner's or auditor's report

Having examined the (insert name of account) account for the year ending (XXXX) run by [insert name of school here] and the underlying account and financial records, I have obtained the information and explanations I consider necessary to complete the statement below.

In addition, I have not identified any significant concerns regarding these accounts which remain unresolved or undeclared in the accounts or in this report.

I certify that the accompanying final accounts (summary income and expenditure account and balance sheet) present an accurate picture of the activities and transactions undertaken through this account and of the financial position of the account at the end of the year.

Name (print):
Status (e.g. parent, accountant):
Date:
Signature:
Contact telephone number:

APPENDIX B – New Mills Private Fund Debit Card Policy

New Mills School makes debit cards available for the School's Private Funds to officers of the School who are signatories for the School Private Fund Bank Account. This policy is intended to provide detailed guidance and assistance in obtaining and using debit cards and describes the responsibilities and restrictions which cardholders must accept before being provided with any such card.

Any attempt by the cardholder to make changes to the Council's terms and conditions of the card or the associated bank account will be reported to the Council by the Bank and may be treated as a disciplinary offence.

Obtaining Cards

- 1) A debit card is issued for use in conjunction with the Private Fund Account. All cards are issued for the sole purpose of facilitating the carrying out of School business that would ordinarily fall within the approved use of the School Private Fund
- 2) Up to a maximum of three cards can be issued against account.
- 3) Debit cards will be provided by New Mills School's bankers who are Lloyds Bank Plc.
- 4) Debit cards must only be used by the authorised signatory named on the card and must not be used by any other person. Any cardholder allowing the card to be used by another person will be committing a disciplinary offence.
- 5) Staff will be required to sign a declaration form confirming they understand the policies and procedures for use of a debit card before an application can be approved (This is attached and headed – New Mills School Debit Card Declaration Form).

Use of cards

Cards can be used for cash withdrawals; on-line and point of sales transactions in accordance with purchasing protocols, financial regulations and this policy document, within the pre-defined limits of the accounts. The following procedures cover these three transaction types and reconciliation requirements.

Cash withdrawals:

- 1) Cards can be used to withdraw cash from any ATM/branch counter; the withdrawal limit is £200 per day unless other limits have been agreed in writing by the Local Authority's Director of Finance and is subject to cleared funds being available in the Private Funds account.
- 2) Unless in an emergency situation, the withdrawing of cash from ATM's that charge for the transaction is not allowed. Any charges incurred will be deducted from the School Fund account.
- 3) A receipt must be obtained and be made available for inspection when required i.e. it should be held with all receipts pertaining to the Private Funds account.
- 4) The cardholder must ensure that the correct amount of cash is received at the point of receipt and register any discrepancies with the bank/store immediately, or the following working day if out of normal business hours. The Headteacher and School Business Manager should also be informed.
- 5) Any cash balances from withdrawals will need to be returned to the card holder's base as soon as operationally possible with receipts to account for any expenditure. An officer independent to the withdrawal transaction should count the cash, record and sign in the petty cash records and ensure it is securely entered into the cash box/safe etc.

On-line and point of sales transactions:

- 1) Debit cards must only be used to acquire goods and services for approved School Private Fund purposes.

- 2) A receipt must be obtained and be made available for inspection when required i.e. it should be held with all receipts pertaining to the Private Fund account. If any purchase contains any charges for VAT, a proper VAT receipt or invoice should be obtained.
- 3) Transactions and supporting documents (such as receipts) must be kept for a period of six years plus the current financial year by the relevant department for audit purposes.
- 4) Payments made via debit card are limited to the cleared funds available in the Private Funds account.

Reconciliation and inspection:

- 1) All debit card transactions will appear on the Private Funds account's bank statement, the receipts/invoices obtained must be reconciled to the statement, on a monthly basis as a minimum.
- 2) All receipts and the reconciliation schedule must be checked and authorised by a designated person who has not undertaken any debit card transactions that period and countersigned by the School Head or the School Business Manager.
- 3) A bank statement will be sent to the School on a monthly basis.

Restrictions

- 1) Debit cards must not be used for any non-school business or personal expenses.
- 2) Only secure sites should be used to make purchases via the internet with a web address beginning HTTPS. If you have any doubt then you should contact your IT service provider.
- 3) Personal loyalty cards/ store cards (Nectar etc.) must not be used in conjunction with School debit cards.
- 4) Card insurance and/or subscriptions for card protection services must not be purchased.
- 5) Debit cards must not be used to enter into an on-going (recurring charge) agreement e.g. for subscriptions.
- 6) The only person authorised to use the card is the cardholder. If card details are retained by an online website then the cardholder must be the only person who authorises transactions on that website.
- 7) The card holder shall not make any attempt to change the terms and conditions on which the card is held.

Security

- 1) The card will only ever be used by the person named on the card.
- 2) It is the personal responsibility of the card holder to ensure the card is kept secure at all times and cannot be accessed by any other persons. Reasonable steps should be taken to ensure the card details cannot be viewed or overheard by any other persons.
- 3) It is recommended for security reasons that wherever possible transactions are processed by the cardholder being physically present at the point of sale.
- 4) The card's Security PIN number must be kept secure and not disclosed to anyone else, under any circumstances. No officer at the School/Council will ever ask you for your security PIN details.
- 5) The bank must be notified immediately if the card is lost or stolen or fraudulent use is suspected.
- 6) The cardholder will surrender their card to the Headteacher or the School Business Manager when the cardholder leaves the employment of the School or if circumstances change so that a card is no longer required. The card should then be destroyed by the Headteacher or the School Business Manager who will immediately then notify Lloyds Bank promptly. The cardholder agrees to be held personally liable for any transactions processed through the card until the time when the card is physically surrendered.
- 7) Debit cards must be listed on the Schools inventory records but must not display card and security details.

Fraudulent or misuse of the card

If the cardholder misuses the card or fraudulently uses the card or permits any other person to use the card, this may result in disciplinary action being taken against the cardholder.

New Mills School Debit Card Declaration Form

Iconsent, to be a debit cardholder on the Private Funds account held by New Mills School.

I understand and accept that any misuse of the assigned debit card could result in disciplinary proceedings being brought against me. I understand that any misuse of the debit card may be referred to the Police and result in criminal proceedings being brought against me.

I confirm that I have read the New Mills School Debit Card Policy and that I will abide by its terms and conditions.

In particular I acknowledge and agree that:

1. I will use the account only to purchase items/services on behalf of the School and not use the account for any personal expenditure.
2. I will only purchase items/services in accordance with the Policy and in accordance with purchasing protocols and Financial Regulations, which I confirm I have read and understood.
3. I will take all reasonable care of the card whilst in my possession to avoid its loss, theft or misuse.
4. I will not disclose to any other person, write down, or make available in any way, the card PIN number.
5. I will only use the card security number for online purchases where a security number is requested and only on a secure HTTPS internet website.
6. I will not make any attempt to change the terms and conditions on which the card is held.
7. I understand that if I use the card contrary to the Debit Card Policy or use the card in a way which is fraudulent, disciplinary and recovery action may be taken against me.
8. I understand that upon discovery of the loss or theft of the card, or any suspected fraud on the Imprest account, I must as soon as possible notify:
 - a. the issuing bank; and
 - b. the School Head (unless they are a cardholder) and the School Business Manager
9. I understand that I am personally liable for all charges on the account which relate to transactions which have not been conducted in accordance with the Policy; other than those that are of no fault of my own.
10. I accept that I must reimburse the School promptly should I cause the account to incur any unauthorised charges or expenditure and following an investigation and the absence of prompt reimbursement, I authorise the School to recover all unauthorised sums.
11. I agree that if I cease to be employed by the School I will return the card to the School Head or the School Business Manager.

Agreed by Card Holder	Authorised by School
Name	Name
Position/Title	Position/Title
Date	Date
Signature	Signature