



MANAGEMENT CIRCULAR

23

Education Services, City Chambers, 40 John Street, Glasgow G1 1JL

August 2018
Management Circular No. 23

To **Heads of all Establishments**

School Funds / Toy Funds

1. INTRODUCTION

In consultation with Financial Services (Internal Audit and Inspection), a review of the school/toy funds procedure manual has recently been completed, a copy of which is attached. This is the definitive document for the administration of school/toy funds in every school/centre in Glasgow City Council.

2. GENERAL

The legal basis for the implementation of the school/toy funds procedures was defined by Strathclyde Legal Services in a memorandum dated 14 December 1987 from the Solicitor to the Council to the Depute Director of Financial Services (Internal Audit and Inspection) in the following terms, which have been adopted by Glasgow City Council:

- a) Funds gifted to particular schools/centres discharging an educational function belong to the particular school/centre and consequently the authority has a limited right to impose accounting requirements. However, the school/centre is not a corporate personality in its own right, it being Glasgow City Council itself which constitutes the appropriate legal entity.
- b) This arrangement is reflected, in general, through Section 85 of the Local Government (Scotland) Act 1973 which specifies that it is for the local council (and not the individual establishment) to hold and administer for the purpose of discharging any of their functions, gifts or property both heritable and moveable. Section 79 of the Education (Scotland) Act 1980 also imposes a duty on the education authority to administer gifts of property or funds on behalf of any school or other school/centre taking into account the wishes or intentions of the donor.

Since Glasgow City Council is responsible for managing funds donated, whether or not they are earmarked for the benefit of a particular group, it is entitled to instruct that a uniform accounting system or guidelines for such a system be introduced.

Therefore, the revised procedures for the administration of school/toy funds are issued by Education Services in consultation with Financial Services Head of Audit and Inspection not as guidelines, but in the form of instructions and, as such, must be treated accordingly.

* Schools refers to all Units, Early Years, Primary and Secondary Schools.

With regard to the issue of school-related funds (e.g. PTA monies) the advice of legal services is that they should be treated in the same way as school/toy funds if Education Services staff are employed in administering them, in that they may be subject to guidance monitoring by internal Audit and Inspection.

3. **RESPONSIBILITIES**

The procedures instruct that school/toy funds be administered by a committee, the membership of which will vary according to the status of the school (e.g. a secondary or other) but must always include a Chairperson and Treasurer and if no parent/carer is represented, there must be evidence that attempts have been made to secure such representation.

Each school/centre must produce a written constitution, an example of which is attached at Appendix 1 in the procedures. The contents of the example should be regarded as illustrative and a school/centre may choose to add other details to their particular constitution.

The procedures deal comprehensively with the financial eventualities relating to the operation of school/toy funds accounts; and the appendices provide detailed information on the maintenance of records of financial transactions, application for charitable status for school/toy funds (where appropriate), the application of the cash float and examples of the cash book operation and statement of accounts.

4. **OTHER EXTERNALLY GENERATED FUNDS**

All schools/centres which are involved with any other forms of externally generated funds must, in their handling of associated financial matters, observe the general principles set out in this Management Circular.

Maureen McKenna
Executive Director of Education

SCHOOL/TOY FUNDS PROCEDURES MANUAL

GLASGOW CITY COUNCIL STAFF AND SCHOOL RELATED FUNDS

1. DEFINITION OF SCHOOL RELATED FUNDS

This Management Circular relates to funds which are associated with a particular school but have not been provided by Glasgow City Council. Although this Management Circular relates specifically to school/toy funds, other school related funds such as PTA monies, staff funds etc., should be administered in the same manner.

2. INVOLVEMENT OF GLASGOW CITY COUNCIL STAFF WITH SCHOOL RELATED FUNDS

Glasgow City Council employees who are involved in the financial administration of school-related funds should be aware that Glasgow City Council has a legal duty to ensure that these funds are being appropriately dealt with and that laid down procedures are being adhered to.

3. SCHOOL RELATED FUNDS - BANK ACCOUNTS

Details of all bank accounts held in relation to a school must be recorded on a list maintained by the Head of School/Centre (see School/toy fund/Toy Fund Procedures Manual, Section 3).

4. Management Circular No. 79 outlines procedures to be followed regarding VAT issues.

5. ACCESS TO RECORDS BY INTERNAL AUDIT AND INSPECTION

Internal Audit and Inspection has the right to request/examine all records relevant to school-related funds if Glasgow City Council staff are involved in their financial administration.

The Head of School/Centre must make visiting internal Auditors aware of all school related funds and bank accounts relevant to the school.

6. If you have any queries regarding this Management Circular, or require further information, please contact a member of the Education Services Budget Unit.

SCHOOL/TOY FUNDS/TOY FUNDS PROCEDURES MANUAL

Contents

1. GENERAL ADMINISTRATION
 - 1.1 Secondary Schools
 - 1.2 Other Educational Establishments
 - 1.3 Responsibility of Treasurer
 - 1.4 Charitable Status for School/toy funds
2. CASH HELD
 - 2.1 Limits
 - 2.2 Security
3. BANK ACCOUNTS
 - 3.1 Account Types
 - 3.2 Account Name
 - 3.3 Signatories
 - 3.3.1 Number of Approved Signatories
 - 3.3.2 Signatories required for Withdrawals
4. EXPENDITURE
 - 4.1 Authority to Incur Expenditure
 - 4.1.1 General
 - 4.1.2 Secondary Schools
 - 4.1.3 Other Schools
 - 4.1.4 Single Teacher Establishments
 - 4.2 Cheque Signing Procedures
 - 4.2.1 Payment of Invoices
 - 4.2.2 Cash and Carry etc. Purchases
 - 4.2.3 Time Expired Cheques
 - 4.2.4 Cancelled Cheques
 - 4.3 Expenditure Vouchers
 - 4.3.1 General
 - 4.3.2 Unreceipted Expenditure
 - 4.3.3 Cash Float for Petty Expenses
 - 4.4 Equipment Purchases
 - 4.4.1 Inventories
 - 4.4.2 Insurance
 - 4.5 Non School/toy fund Expenditure

5. INCOME
 - 5.1 Treatment
 - 5.1.1 Tuck Shops
 - 5.1.2 Parents'/Carers Donations to Toy Funds (Nurseries)
 - 5.1.3 Other Income
 - 5.2 Bankings
 - 5.2.1 Frequency
 - 5.2.2 Preparation of Pay-In Slips
 - 5.2.3 Banking Expenses
6. RECORD KEEPING
 - 6.1 Cash Book Format
 - 6.1.1 Basic Principles
 - 6.1.2 Types of Transactions
 - 6.1.3 Computerised Records
 - 6.2 Reconciliations
 - 6.3 Subsidiary Records
 - 6.4 Receipt Books
 - 6.5 Annual Statement of Income and Expenditure
7. AUDITS
 - 7.1 Independence
 - 7.2 Frequency
8. RETENTION OF RECORDS
9. CLOSURE OF SCHOOL/TOY FUNDS

APPENDICES

- | | | |
|-------------|---|--|
| Appendix 1 | - | Specimen School/Toy Fund Constitution |
| Appendix 2 | - | Charitable Status for School/Toy Funds |
| Appendix 3 | - | Unreceipted Expenditure Certification Slip |
| Appendix 4a | - | Example Cash Book - (Income) |
| Appendix 4b | - | Example Cash Book - (Expenditure) |
| Appendix 5 | - | Bank Account Analysis |
| Appendix 6a | - | Reconciliation of Bank Balance (Current Account) |
| Appendix 6b | - | Sample Bank Statement |
| Appendix 7 | - | Income and Expenditure Statement Example |

GLASGOW CITY COUNCIL

SCHOOL/TOY FUNDS PROCEDURES MANUAL

1. GENERAL ADMINISTRATION

1.1 Secondary Schools

School/Toy Fund Committee

A school/toy fund committee consisting of the Head of Establishment and Depute Head, plus elected representatives of the teaching staff and parents/carers, will be set up, with responsibility for matters relating to the general administration of the school/toy fund.

- i. The School Fund Committee membership for schools should consist of a minimum of five members and include a Chairperson (usually the Head of School), Secretary and Treasurer and elected representatives of teaching staff and parents/carers. For nurseries or small primary schools it is appreciated that membership may be less than five, however, it is essential that there is a Chairperson and treasurer and, if no parent/carer is represented, there must be evidence that attempts have been made to secure such representation.
- ii. Elections will be held at least every two years and must take place at a meeting open to both teaching staff and parents/carers. In the case of nurseries or small primary schools, rather than every two years, elections can take place whenever there is a change of staffing within the school/centre.
- iii. Each school will produce a written constitution for its school/toy fund committee, defining its role, membership and powers of co-option. The constitution must be ratified by the Committee and be approved at a meeting open to staff and parents/carers.
- iv. The full school/toy fund committee will meet as often as necessary, but at least once per term. Minutes of these meetings will be taken by the Secretary.

Appendix 1 gives an example of a school/toy fund constitution. The contents of the example should be regarded as illustrative and a school may choose to add other details to their particular constitution.

1.2 Other Educational Establishments

Whilst the general principles of setting up a Committee and constitution as outlined in 1.1 above apply to all educational establishments, the size of the Committee will be geared to the availability of staff and parents/carers. The Head of Establishment must always be on the Committee.

1.3 Responsibility Of Treasurer

The treasurer will be responsible for the day-to-day administration of the fund including the following functions:

- i. Arrange for the recording of all income and expenditure, the banking of cash and the signing and cashing of cheques, together with regular reconciliations of bank accounts.
- ii. Distribute and receive, through the Secretary, all application forms requesting money from the fund.
- iii. Distribute funds as approved by the school/toy fund committee or (secondary schools only) its payments sub-committee.
- iv. Keep separate subsidiary accounts for clubs' or groups' monies within the school/toy fund.
- v. Report regularly to Committee on the state of the fund.

- vi. Arrange for an annual independent audit of the school/toy fund records (see 7.1) and produce the annual statement of accounts for submission to Education Services.
- vii. The treasurer must be a signatory to all school/toy fund bank accounts. In the case of debit cards, the treasurer should be the named cardholder and the sole custodian of the secure pin number.

On a regular basis the school/toy fund committee must satisfy itself that the above defined duties are being carried out.

1.4 Charitable Status For School/toy funds

A school/toy fund may register as a charity which would allow bank interest to be paid gross, rather than net of income tax. Details of how this may be achieved are included at Appendix 2. Interest should not be paid gross unless evidence of charitable status has been provided to the bank.

2. **CASH HELD**

2.1 Limits

Amounts of money held in the school at any one time must be at the discretion of the Head of School/Centre. He/She must decide how often school/toy fund money will be banked in light of the school's particular circumstances. The following factors should be taken into consideration by the Head of School/Centre when making this decision:

- i. The availability of secure storage, e.g. a safe or strongroom in the school.
- ii. The total amounts of cash being collected and held.
- iii. Timing of bank visits in respect of other income with a recommended minimum of at least one banking per week.
- iv. Availability of a suitable bank messenger and escort (if appropriate).
- v. The time and the distance involved in getting to the bank.
- vi. The incidence of break-ins at the school.

2.2 Security

Funds must be held in the most secure location available, e.g. a safe or strongroom. At least, the money must be held in a locked container and stored securely (under lock and key) and must be kept separately from funds allocated centrally by Glasgow City Council. Cash box keys should be kept separately from safe/strong room keys. Keys should not be left in the cash box nor should the box be left unattended or in plain sight. In the case of debit cards, they should be securely stored in a safe/strong room at the end of each business day. It should be noted that school/toy fund cash is not covered by the Council's insurance and where cover for these funds is required, separate arrangements will have to be made.

3. **BANK ACCOUNTS**

3.1 Account Types

A current account will normally be used for day-to-day transactions, with a further deposit and/or savings account as required so that interest may be attracted on accumulated funds. Small schools without a current account may use their deposit account for day-to-day transactions.

Monies collected in relation to school trips should be lodged in a separate “*trip account*” if the value of any individual trip exceeds £1,000. The Head of Establishment and the school/toy fund Treasurer must be signatories to the “*trip account*” and one of the trip’s organisers must also be a signatory to this account. (For further advice on records related to trips see Paragraph 6.3).

Since there is only one bank account in use for all trips a record of the amount held in relation to each trip should be maintained. At the conclusion of each trip, that trip’s balance will normally be zero. If it is not, the balance should be transferred to the main school/toy fund account. Also, any interest which is paid to the trip’s account should be transferred to the main school/toy fund bank account.

The holding of multiple bank accounts should be discouraged and the Head of School/Centre should periodically review the number held in relation to the school. A list should be maintained by the Head of School/Centre detailing the following information in respect of all bank accounts:

name of account;

type of account;

account number;

bank and branch;

account signatories.

It is often the case that banks will class school/toy fund accounts as business accounts and therefore levy a charge for each transaction undertaken through the account. This can result in significant charges to the account over a year.

The first thing to do to try to minimise charges is to approach your local bank or building society and ask what account would best suit your needs, e.g. minimise charges and maximise interest, instant access to cash, availability of a cheque book, etc.

Some banks have ‘*Treasurers Accounts*’ which are specifically for Charities and have no charges imposed on them. This type of account would require the school/toy fund to be registered as a charity (see Paragraph 1.4 and Appendix 2).

3.2 Account Name

Any bank accounts operated will be in the name of “_____ *School, School/Toy fund*”, with no reference to Glasgow City Council in the account name.

3.3 Signatories

3.3.1 Number of Approved Signatories

With the exception of single teacher schools, each account must have three (or more) signatories, one of whom must be the fund treasurer. Single teacher schools must have at least two signatories.

3.3.2 Signatories Required for Withdrawals

To operate the accounts any two signatories will be required.

4. EXPENDITURE

4.1 Authority To Incur Expenditure

4.1.1 General

In addition to being an authorised signatory, the Treasurer must be responsible for the day-to-day management of the school/toy fund, and will have authority to make individual payments within certain limits - these limits must be agreed by the School/Toy Fund Committee and suitably recorded. The amounts shown below are for illustration only.

4.1.2 Secondary Schools

The Treasurer may make payments up to a maximum of £100 per transaction. Expenditure in excess of this amount, but less than £250 may be incurred after consultation with the Payment Sub-Committee, while items of expenditure over £250 must first be approved by the full School/Toy Fund Committee. Where larger amounts are regularly required, e.g. for tuck shop purchases or coach hire, a maximum level for each type of transaction may be set by the School/Toy Fund Committee at the start of the year and continuing approval granted for all such transactions.

4.1.3 Other Schools

The treasurer may make payments up to a maximum of £50 per transaction. Expenditure in excess of this amount, but less than £150 may be incurred after consultation with the committee, while items of expenditure over £150 must first be approved at a full staff meeting. As with secondary schools, regular large payments can be granted continuing approval in advance.

4.1.4 Single Teacher Establishments

The Treasurer may make payments up to a maximum of £50 per transaction. Any expenditure over £50 will be referred to the School/Toy Fund Committee. Expenditure items over £100 must first be discussed at a parents'/carers' meeting.

4.2 Cheque Signing Procedures

4.2.1 Payment of Invoices

Where an invoice received is to be paid by cheque, the cheque must be fully completed before being signed. The signatories must examine the invoice and ensure that the amounts on the cheque and invoice agree before signing the cheque. The signatories should also initial the completed cheque stub. Details of the cheque (e.g. date, amount and cheque number) should be noted on the invoice which should then be filed for future reference.

When using debit cards as means of payment, the invoice should be signed, dated, marked as "*Paid by debit card*" and referenced. The invoice should also be countersigned by another authorised signatory.

4.2.2 Cash and Carry etc. Purchases

Normally, with this type of purchase, the exact amount of the payment cannot be stated in advance. This uncertainty imposes a duty on the cheque signatories to ensure that prior to the release of the cheque, that all known details, such as the date and the payee, are entered on the cheque. It is recommended that the person making the purchase is a cheque signatory, and that person does not countersign the cheque until the full amount has been ascertained from the official invoice or receipt of the cash and carry. At the same time, the purchaser will complete the cheque stub with the relevant amount, which together with the official receipt, can be verified by the other signatories on the return of the cheque book.

If difficulties are encountered at the cash and carry due to the lack of a cheque card, these can be overcome by either contacting the cash and carry in advance and explaining the situation, or providing the purchaser with a covering letter from the Head of School/Centre, on the school's notepaper. This letter could also state the name of the purchaser and the maximum amount to be spent.

Under no circumstances should a cheque be released, pre-signed by two signatories, without any details being entered on the cheque.

When using debit cards as means of payment at the point of sale, the receipt should be retained signed and referenced. A description of the purchases should also be noted and countersigned by another authorised signatory.

4.2.3 Time Expired Cheques

Cheques issued which have remained uncashed for more than six months are no longer valid for presentation to the bank. The amount of the time expired cheque should be recorded in the cash book as a bank lodgement, and the cheque removed from the uncashed cheque section of the next bank reconciliation statement.

4.2.4 Cancelled Cheques

On occasions where a cheque has been issued, but for example not been received by the payee, the cheque must be cancelled by informing the bank in writing.

The cheque stub relating to this cheque should note the cause and date of cancellation and be appropriately initialled. In the cash book, the cancellation should be recorded as for a time expired cheque, and a new cheque issued as normal.

4.3 Expenditure Vouchers

4.3.1 General

Invoices and statements to support payments made, receipted and accompanied where possible by the presented cheque, will be retained and serially numbered with the number being recorded in the cash book against the payment. Where cheques are not returned by the bank care should be taken that cheque stubs are initialled and retained.

4.3.2 Unreceipted Expenditure

For some minor expenses, e.g. small numbers of stamps, receipts may not be issued. Where the value of an item is small e.g. under £10 and no receipt is obtained, the person incurring the expenditure must prepare a certification slip instead. This slip must also be authorised by the Head of School/Centre or Treasurer (see example, Appendix 3).

4.3.3 Cash Float for Petty Expenses

It may be useful to establish a petty cash float to meet small purchases. The level of the float should be decided by the School/Toy Fund Committee. Details of how such a float should be operated are included at Appendix 4.

4.4 Equipment Purchases

4.4.1 Inventories

Detailed inventories will be kept of all equipment owned by the school/toy fund, for the school in general and for each club or group. These must be updated regularly, and must be maintained separately from the inventory of Glasgow City Council equipment.

4.4.2 Insurance

If equipment is owned by the school/toy fund it is not covered by Glasgow City Council's insurance arrangements and each school should make its own arrangements for the required insurance cover.

4.5 Non-School/Toy Fund Expenditure

Under no circumstances should personal purchases or payment be made using the school/toy fund account, even if repayment is made immediately. Personal cash and carry purchases should be paid for using personal funds.

Staff funds should not be included in the school/toy fund. Separate banking and recording arrangements must be made for staff funds.

5. **INCOME**

5.1 Treatment

5.1.1 Tuck Shops

Tuck shop takings must be held in a secure cash box. The tuck shop will be operated through the school/toy fund. Where the takings are significant, two people should count the takings, otherwise the person running the tuck shop will count the cash at the close of business each day and record the takings in a notebook. When these takings are passed to the treasurer or his/her representative for banking, the person receiving the money must count it and acknowledge receipt by signing the relevant entry in the takings notebook. This book will then be retained by the person responsible for the tuck shop. All tuck shop income and expenditure must be noted in the school/toy fund cash book.

5.1.2 Parents'/Carers' Donations to Toy Funds (Nurseries)

A register of children must be kept and parents'/carers' weekly donations marked against each child's name as they are received. All donations should be shown in the week in which they have actually been received.

5.1.3 Other Income

Schools must purchase a serially numbered non Glasgow City Council duplicate receipt book for use when issuing receipts in respect of donations or other payments to the fund. A duplicate copy of each receipt issued must be kept in the receipt book, with each transaction separately recorded in the cash book and the receipt number noted.

Where monies have been collected from a number of children and young people, only one receipt need be issued to the person handing over the total collected. Alternatively, where income is collected from classes on a regular basis, the teacher/person responsible may record the total in a notebook which would be countersigned as described for tuck shop takings (see 5.1.1 above).

5.2 Bankings

5.2.1 Frequency

ALL INCOME OF THE SCHOOL/TOY FUND MUST BE LODGED INTACT (e.g. no expenditure should be met out of income). The frequency of banking should be determined by the Head of Establishment, but this is likely to be no less than weekly (see also 2.1).

5.2.2 Preparation of Pay-In Slips

Pay-in slips and counterfoils will both be made out in full prior to cash being taken to the bank and recorded in the cash book at the time. These counterfoils must subsequently be checked against the cash book entry to ensure that no alterations have been made.

5.2.3 Banking Expenses

If the banking of school/toy fund income is carried out at the same time as bankings of council income then travel expenses to the bank will be met from council funds (the method of reimbursement will depend on the method of transport employed, e.g. if a taxi is used this should be paid from Glasgow City Council petty cash imprest). If taxis are used regularly it may be convenient to establish a taxi account with a local operator.

If this is the case the accounts should be passed for payment via the creditors system. If the school/toy fund is required to contribute to the account for any specific journeys made the requisite amount should be remitted to Glasgow City Council via standard Council income remittance procedures. If an employee uses their own car they must in the first instance be an authorised car user and any claims thereafter be reimbursed via the payroll system. If the trip to the bank only involves school/toy fund business then travel expenses must be met from the school/toy fund.

6. RECORD KEEPING

6.1 Cash Book Format

6.1.1 Basic Principles

Cash books are available from Education Services Finance section. Some schools have found these adequate while others have purchased columnar analysis books to provide greater recording capacity. In some cases computer applications have also been developed, or small business packages purchased.

It is up to the Head of School/Centre and the School/Toy Fund Committee to decide what format of cash book or package best suits their needs.

Whichever format is adopted there are certain basic principles which must underlie the records.

These are as follows:

1. All income and expenditure must be recorded in the appropriate format.
2. All income and expenditure must be supported by a receipt, invoice or voucher and details of these must again be recorded in the appropriate format.
3. All income (cash and cheques) must be recorded initially as cash and subsequent transfers to the bank also recorded.
4. Details of all bank account balances must be available for reconciliation. This can be done by having one column in the main cash book supported by a separate bank account analysis. (See Appendices 6 and 7).

6.1.2 Types of Transactions

Appendices 6 and 7 are given to illustrate the above principles and to show how to deal with a wide variety of transactions e.g.:

- i. Recording cash income.
- ii. Recording cheque income.

- iii. Transferring income to the bank current account.
- iv. Transferring funds between bank accounts.
- v. Making purchases by cheque.
- vi. Establishing a petty cash float.
- vii. Petty cash purchases.
- viii. Topping up petty cash float.
- ix. Recording bank charges/bank interest.
- x. Entries related to an out of date (e.g. not cashed within six months of issue), or cancelled cheque.
- xi. Balancing cash book at the end of each month.

6.1.3 Computerised Records

If the records are maintained on computer a printout should be produced each month showing all transactions and brought forward/carried forward balances. This print should be signed by the person maintaining the records and by the Head of School/Centre. A copy should be passed to the School/Toy Fund Committee for information.

Any packages used should have a security facility, and school/toy fund records be protected by password access and have clear audit trail documentation.

To avoid significant loss of data back up of the school/toy fund files should be taken regularly, e.g. weekly at least, and the back up disk stored at a location remote from the hard disk.

6.2 Reconciliations

It is the Treasurer's responsibility to carry out monthly reconciliations of all of the fund's bank and cash balances using the current bank statement(s)/pass books (see Appendix 6A). A separate reconciliation is needed for cash and for each bank account. All balances must be reconciled at the same point in time. Reconciliations will normally be carried out by the person maintaining the cash book, and if this is the case they should be checked by the Head of School/Centre or delegated representative. If someone other than the administrator undertakes the reconciliations they should again be checked by someone else. The reconciliation must be signed by the Head of School/Centre or the delegated representative.

6.3 Subsidiary Records

Supporting records required will vary according to the type of school/centre:

- i. Nurseries will maintain a register of all children, showing all monies received, as described in 5.1.2.
- ii. Secondary and other schools must maintain separate records showing details of the income received from pupils in respect of individual trips, individual clubs, specific fund raising events, book clubs and school photographer's visits.

Income:

Name	04.01.16	11.01.16	18.01.16	25.01.16
A Brown	20.00	20.00	20.00	–
C Dunn	10.00	20.00	–	30.00
G Ferguson	–	–	–	50.00
G Hughes	40.00	–	40.00	–
I Kelly	10.00	20.00	20.00	20.00
TOTAL	80.00	60.00	80.00	100.00
Date banked/passed to SF treasurer	06.01.16	12.01.16	19.01.16	26.01.16
Receipt Recorded	01	05	09	15

Subsidiary records must show the date, the amount collected and from whom, e.g. money being collected weekly from children and young people for a trip.

Expenditure:

All expenditure must be supported by invoices/vouchers and adequately recorded in the main cash book or subsidiary records.

All individual activities, such as trips, should produce a statement of income and expenditure. If the activity is of limited duration, e.g. saving for a trip, this statement should be prepared once transactions have been completed. If the activity is of an on-going nature, e.g. tuck shop, book club, regular statements, e.g. quarterly, should be prepared and presented to the School/Toy Fund Committee for information.

6.4 Receipt Books

A small, serially pre-numbered receipt book with duplicate pages should be obtained from stationers by each school for use in connection with school/toy funds. Glasgow City Council receipt books must not be used for school/toy fund purposes. Receipts will be issued in respect of all donations and other payments to the fund, with the exception of nursery donations and tuck shop or other regularly collected income already signed for in a special notebook (see 5.1). Duplicate receipts will be retained in the book, with serial numbers of receipts recorded against the relevant cash book entries. In the case of spoiled receipts, both copies should be kept in the receipt book and marked “cancelled”.

6.5 Annual Statement of Income and Expenditure

The Treasurer must prepare an annual statement of income and expenditure, at each year end, which will be signed by all bank account signatories (see Appendix 10). It is recommended that 31 July each year is an appropriate year end date. The statement must then be audited and forwarded by 30 November each year, to the Finance Manager in Education Services or nominated officer for information and sample audit checks. Notes should be annexed to the accounts to aid understanding if this is deemed appropriate, e.g. if significant stock levels are being held, or a significant level of goods which have been received but not yet paid for (receipts and payments accounts only).

7. AUDITS

7.1 Independence

The School/Toy Fund Committee must arrange for an annual audit to be carried out by an elected person otherwise unconnected with the administration of the fund. The Auditor may be a parent/carer or teacher, but wherever possible should have a finance, mathematics or business studies background. All books and records must be made available to the Auditor. The Auditor should sign the cash book and the income and expenditure statement to indicate that he has carried out adequate checks.

It is not always possible to get a volunteer to audit the school/toy fund records. The Committee may decide to make a small payment to the Auditor for his/her services. If such a decision is taken it should be recorded as part of the school/toy fund constitution.

7.2 Frequency

Under normal circumstances, school/toy funds will be audited annually. Should there be any change in the signatories or any other persons involved in administering the fund, an interim audit must be carried out by the School/Toy Fund Committee.

8. RETENTION OF RECORDS

All books, documents and vouchers relating to the school/toy fund should be retained in accordance with previously issued guidelines, e.g.:

bank passbook/cheque stubs/bank statements	current + 5 years
returned cheques	current + 1 year
cash book	indefinitely
duplicates of receipts issued	current + 1 year
bank reconciliations	current + 5 years
receipts/expenditure vouchers	current + 5 years
subsidiary records, e.g. tuck shop, vending records	current + 5 years
annual accounts	indefinitely

9. CLOSURE OF SCHOOL/TOY FUNDS

In the event of school closures, an audit must be arranged on the books being closed. The Finance Manager in Education Services or nominated officer must then be consulted as to the distribution of balances and equipment belonging to specific clubs in the school. Generally, balances remaining on the fund will then be allocated to other schools pro rata to the number of children transferring.



Executive Director of Education
Maureen McKenna

Name of School/Centre
Address of School/Centre
Continuation Line
Glasgow G0 0AA
Phone 0141 000 0000
Fax 0141 000 0000

Email headteacher@school.glasgow.sch.uk
Web www.school.glasgow.sch.uk

Head of School/Centre
Name of Head of School/Centre

Example School/Toy Fund Constitution

Note: This example is intended to show what types of information need to be included in a School/Toy Fund Constitution. Schools may choose to add any other details they feel might be appropriate.

(School's Headed Paper)

School/Toy Fund Constitution

At a meeting of the School/Toy Fund Committee of (Name of school) School held on (Date), the following resolutions were proposed by the Head of School/Centre:

1. The (Name of School) School/Toy fund will be constituted to advance the education provided by the school.
The School/Toy Fund Committee, after consultation as detailed below, is empowered to spend funds raised to obtain the provision of additional books, materials and equipment, and to finance extra-curricular activities which cannot be completely financed from public funds allocated to the school by Glasgow City Council in disposition of its statutory responsibility.
2. The school/Toy fund will be administered by a School/Toy Fund Committee:
 - the Committee will comprise of (x) members
 - the Committee will include:
 - Head of School/Centre;
 - Depute;
 - Elected representative of staff and parents/carers.

Elections to the Committee will take place every two years at a meeting open to all staff and parents/carers.

 - the committee will elect the following office-bearers:
 - Chairperson;
 - Secretary;
 - Treasurer.
3. The Secretary will be responsible for taking minutes of all School/Toy Fund Committee meetings and for processing all applications for support from the fund through the Committee.
4. The treasurer will be responsible for the day-to-day administration of the fund including:
 - i. Arrange for the recording of all income and expenditure, the banking of cash and the signing and cashing of cheques.
 - ii. Distribute and receive through the secretary all application forms requesting money from the fund.
 - iii. Distribute funds as approved by the School/Toy Fund Committee.
 - iv. Keep subsidiary records for funds held on behalf of clients and groups within the school/Toy fund.
 - v. Report regularly to the committee on the state of the fund.
 - vi. Produce an annual statement of account for the fund.
 - vii. Arrange for an annual independent audit of the school/Toy fund records.

5. the Committee will meet (x) times per year.
6. (x) number of members will require to be present for financial decisions to be valid.
7. Funds raised will be deposited in accounts with (Name and address of Bank), the accounts to be designated "(Name of School) School/Toy fund".
 - Two signatories will be required for any account withdrawals.
 - Authority to incur expenditure will be as follows:

Type of School			
Amount per Transaction	Secondary Schools	Other Schools	Single Teacher School/Centre
Up to £(X)	Treasurer	Treasurer	Treasurer
More than £(X), but less than £(X)	Consultation with payments sub-committee required	Consultation with committee required	Consultation with committee required Items over £(X) must first be discussed at a parents meeting
Over £(X)	Approval by full school/toy fund committee required	Approval at full staff meeting required	See above

(Appropriate limits (as noted in 4.1.2 and 4.1.3) should be agreed by the School/Toy Fund Committee and recorded. Actual amounts need not be recorded in the constitution, you may decide to include only appropriate principles in the constitution and have current applicable amounts recorded in Committee minutes).

8. The annual statement of accounts must be signed by all bank account signatories. The accounts must be audited and a copy sent to the Finance Manager in Education Services or nominated officer by 30 November each year.
9. In the event of school closure, and the dissolution of the School/Toy Fund Committee, surplus funds shall be transferred to other schools in the locality as agreed between the Finance Manager in Education Services and the School/Toy Fund Committee.

After discussions the resolutions were proposed by the Head of School/Centre, seconded by _____, and unanimously agreed by the Committee, and to be put to the next meeting of staff and parents/carers for approval.

Signature _____ (Secretary) Date _____

CHARITABLE STATUS FOR SCHOOL/TOY FUNDS

Guidance Note for Headteachers

BACKGROUND

Some school/toy funds in other Councils have been recognised as charities by the Inland Revenue and this note offers guidance to Headteachers on the advantages and disadvantages of charitable status, procedures for application for recognition as a charity and procedures that must be followed once a school/toy fund has been recognised as a charity.

CHARITABLE STATUS – ADVANTAGES AND DISADVANTAGES

Charitable status has the following tax benefits:

1. Bank and Building Society interest is received gross and there is no liability to income tax on this.
2. The income tax deducted by donors from their covenanted payments can be reclaimed from the Inland Revenue.

The only real disadvantage of charitable status is that additional administrative costs may be incurred in meeting Inland Revenue requirements. These include the administrative costs connected with initial application for recognition as a charity (no registration fee is payable) and the recurring cost of producing an annual set of accounts and report on the activities of the charity. Since schools should already be producing an annual school/toy fund accounts, the extra cost may be minimal, since the only additional requirement is the report on the charity's activities.

It should be noted that the Inland Revenue requires that school/toy funds with an annual income in excess of £25,000 must produce an Income and Expenditure Account and Balance Sheet, rather than a Receipts and Payments Account and Statement of Balances.

In deciding whether or not to apply for charitable status, each school must consider whether or not the income tax savings offered by charitable status are likely to exceed the additional administrative costs which may be incurred.

PROCEDURES FOR APPLICATION FOR RECOGNITION AS A CHARITY

Each school/toy fund which decides to seek charitable status must apply to the Inland Revenue. An example of the application is attached. The completed application, on the School's headed notepaper, should be sent to:

HM Revenue & Customs, IR Charities, Meldrum House, 15 Drumsheugh Gardens, EDINBURGH EH3 7UL

Phone 0131 777 4000

Schools should ensure that they adhere to the declarations made in their application.



Executive Director of Education
Maureen McKenna

Name of School/Centre
Address of School/Centre
Continuation Line
Glasgow G0 0AA
Phone 0141 000 0000
Fax 0141 000 0000
Email headteacher@school.glasgow.sch.uk
Web www.school.glasgow.sch.uk

Head of School/Centre
Name of Head of School/Centre

Attachment 1

HM Revenue & Customs
Charities, Assets and Residence
Meldrum House
15 Drumsheugh Gardens
EDINBURGH
EH3 7UL

Our ref Your ref
6th January 2016

Dear Sirs

I hereby apply for exemption from Income Tax under Section 360 of the Income and Corporation Taxes Act 1970.

A copy of the Constitution (for a sample Constitution see Appendix 1) of our school/toy fund is enclosed for your perusal.

Yours faithfully

Name
Head of School/Centre

**If phoning or visiting please ask for
Direct phone**

Procedures once a school/toy fund has been recognised as a Charity

Once the school/toy fund has been accepted as a charity, it must ensure that the annual report and accounts are submitted to the HM Revenue & Customs at the address shown.

The fund's bankers should be provided with documentary evidence of the charitable status, to ensure that any interest due to be paid on the fund's deposits are paid gross. **Note that the bank should not pay interest gross if the fund is not registered as a charity. If the School/Toy Fund Committee finds that the bank has paid interest gross, they must take immediate action to rectify this error.**



Voucher for Unreceipted Expenditure

PLEASE USE BLACK INK AND BLOCK LETTERS

Unreceipted Expenditure Certification Slip

Details of Expenditure

£

p.

Received by _____

Date _____

Authorised by _____

NOTES:

1. This type of voucher is to be used for small items of expenditure under £10 for which no receipt has been obtained.
2. **The person receiving payment should not also authorise the payment.**

_____	_____
_____	_____
_____	_____
_____	_____

SCHOOL/TOY FUND CASH BOOK – EXAMPLE NOTE: A separate analysis is maintained for multiple bank accounts.**INCOME**

Ref	Date (1)	Details (2)	Receipt Ref (3)	Cash (4)	Bank (5)	TuckShop (6)	Sweatshirts (7)	Donations (8)	Charities (9)	Petty Cash (10)	Misc (11)	Contra (12)
	07.12.15	Balance b/f			£1039.75							
	07.12.15	Petty Cash float	contra	£30.00								£30.00
	07.12.15	Tuckshop income	notebook	£10.25		£10.25						
	07.12.15	Donation (cheque)	001	£50.00				£50.00				
	08.12.15	Bank lodged	contra		£60.25							£60.25
	16.12.15	Petty Cash Float	contra	£15.60								£15.60
	22.12.15	Charity collection - class 2	classbook	£10.00					£10.00			
		Charity collection - class 3	classbook	£12.30					£12.30			
		Charity collection - class 4	classbook	£14.00					£14.00			
		Charity collection - class 5	classbook	£5.89					£5.89			
	23.12.15	Sweatshirt sale (cheque)	002	£4.50			£4.50					
	28.12.15	Bank lodged	contra		£46.69							£46.69
	29.12.15	Bank interest	bank passbook		£3.25						£3.25	
	29.12.15	Cheque 095 cancelled		£10.25	£10.25							
December Totals				£152.54	£1160.19	£20.50	£4.50	£50.00	£10.25	£42.19	£0.00	£152.54
December Expenditure				£122.54	£50.60							
BALANCE CARRIED FORWARD				£30.00	£1109.59							

SCHOOL/TOY FUND CASH BOOK – EXAMPLE NOTE: A separate analysis is maintained for multiple bank accounts.**EXPENDITURE**

Ref	Date (1)	Details (2)	Cheque No. (3)	Voucher Ref (4)	Cash (5)	Bank (6)	Tuck Shop (7)	Sweatshirts (8)	Petty Cash (9)	Misc (10)	Contra (11)
	07.12.15	Petty Cash	001	contra		£30.00					£30.00
	07.12.15	Stamps		pc1	£1.70					£1.70	
	08.12.15	Bank lodged		contra	£60.25						£60.25
	11.12.15	Tuckshop purchases	002	1	£5.00	£5.00					
	14.12.15	Film processing		pc2	£5.60					£5.60	
	17.12.15	Raffle books		pc3	£8.30					£8.30	
	21.12.15	Petty Cash float	003	contra		£15.60					£15.60
	22.12.15	Bank lodged		contra	£46.69						£46.69
		December Totals			£122.54	£50.60	£5.00	£0.00	£50.00	£15.60	£152.54

Note 1: In order to identify the balance carried forward at the end of the month, the totals of the Cash and Bank columns are carried over to be deducted from the total income for these columns, the result giving the correct balance carried forward.

Note 2: The totals for the analysed income and expenditure columns can be carried forward to the next month to provide a cumulative total for the year for these analyses.

Note 3: The total income contra column should always be equal to the total expenditure contra column.

SCHOOL – SCHOOL/TOY FUND**BANK ACCOUNT ANALYSIS**

Date	Detail	Current Account		Deposit Account		Trip Deposit Account		Building Society Account		Total
		Withdrawn	Lodged	Withdrawn	Lodged	Withdrawn	Lodged	Withdrawn	Lodged	
07.12.15	Balancebroughtforward		£39.75		£150.00		£50.00		£50.00	£1039.75
07.12.15	Withdrawal	£30.00								
08.12.15	Lodgement		£60.25							
09.12.15	Withdrawal	£ 5.00								
15.12.15	Withdrawal	£15.60								
22.12.15	Lodgement		£46.69							
29.12.15	Transfer	£30.00			£30.00					
29.12.15	Transfer		£100.00					£100.00		
29.12.15	Interest Received				£3.25					
29.12.15	Cheque cancelled		£10.25							
			£80.60	£156.94	£100.00	£183.25	£0.00	£50.00	£0.00	£900.00
			£80.60		£100.00		£0.00			
	Balancecarriedforward		£76.34		£83.25		£50.00		£900.00	£1109.59

School, School/Toy fund

Bank Reconciliation – Bank Current Account

Balance per bank statement at 29 December 2015 £ 58.41

ADD AMOUNTS SHOWN AS BANK LODGEMENTS IN CASH BOOK BUT WHICH DO NOT YET APPEAR IN THE BANK STATEMENTS.

Income shown in cash book not yet in bank statement

DATE	AMOUNT	
22.12.15	46.69	£ 46.69
TOTAL		<u>£ 105.10</u>

LESS Cheques issued, not yet presented to the Bank.

Date	Cheque No.	Amount
29.12.15	004	£ 30.00

Total £ 30.00

ADJUSTED BANK BALANCE £ 75.10

Balance per Cash Book £ 76.34

Less: Bank charges not yet recorded £ 1.24

ADJUSTED CASH BOOK BALANCE £ 75.10

Prepared by: _____ Date _____

Checked by: _____ Date _____

LOCAL BANK

BANK STATEMENT: CURRENT ACCOUNT
ACCOUNT NO: 00246873

NAME OF ACCOUNT: EXAMPLE SCHOOL, SCHOOL/TOY FUND ACCOUNT

Date		Debit	Credit	Balance
29.12.15				£ 50.00
06.01.16	Lodgement		£60.25	£110.25
07.01.16	Cheque 001	£30.00		£ 80.25
14.01.16	Cheque 002	£ 5.00		£ 75.25
19.01.16	Cheque 003	£15.60		£ 59.65
28.01.16	Bank charges (January)	£ 1.24		£ 58.41

School, School/Toy fund

School/Toy fund – Income and Expenditure Account for year ended 31 July 2015

Balance b/fwd Aug. 2015		Tuck Shop	2,987.86
Cash	24.34	Clubs	280.00
Bank Current a/c	115.64	Charities	560.00
Bank Deposit a/c	1,059.96	Sweatshirts	495.00
	1,199.94	Miscellaneous	40.25
Tuck Shop	3,254.78	Total Expenditure	4,363.11
Donations	50.00	Balance c/fwd 31 July 2014	
Clubs	360.54	Cash	10.69
Charity Collections	560.00	Bank Current Account	394.57
Sweatshirts	380.50	Bank Deposit Account	1,194.24
Bank Interest	156.85		<u>1,599.50</u>
Total Income	<u>4,762.67</u>	Total Payment	<u>5,962.61</u>
	<u>5,962.61</u>		

Note; Stock of sweatshirts at 31 July 2015 = 28 @ £4.50 = £126.00

Accounts prepared by: Designation _____ Date _____

Bank Account Signatories Designation _____ Date _____

_____ Designation _____ Date _____

_____ Designation _____ Date _____

Accounts audited by: Designation _____ Date _____