CYNGOR Sir y Fflint Flintshire COUNTY COUNCIL

Voluntary School Funds

Guidance for Schools and School Governors

How to administer, manage and provide governance over voluntary school funds

Author	**Education and Youth Portfolio Management Team**
Date	November 2019
Latest Revision	June 2025
Review Date	June 2026

Table of Contents

Introduction to Voluntary School Funds

A voluntary school fund is defined as:

> *" Any fund (other than those of the Council) which exists for the benefit of the children of the school and is established under the authority of the Governors of the School. This includes monies collected from students or pupils for activities arranged by the school". PTA or 'Friends of' Funds, which should be administered independently of the school, are not classed as unofficial funds for the purposes of these guidelines.*

Schools raise money for school trips and special activities or to supplement the public money allocated to the school.

The school's governing body has ultimate responsibility for these funds. School staff generally have responsibility for the day to day operation of School Funds and they should report regularly to the Governing Body. Although such funds are not classed as 'public' money, parents, pupils and other benefactors are entitled high standards of stewardship for the funds to which they have contributed.

A checklist is provided at Appendix 1 to ensure that key actions are completed.

What the fund can be used for

It is for the Governors of the school to determine what the school fund is used for in line with the principle of high standards of stewardship and ensuring that there is a clear educational purpose. This should be clearly documented and agreed by the Governing Body in the form of a School Fund Constitution. The School Fund Constitution should be available to parents.

The individuals with delegated responsibility for administering the fund must ensure that all expenditure from the fund is in line with the constitution.

As a guide examples of expenditure which would be considered inappropriate are:

- Flowers and gifts (including gift vouchers) for teachers and other members of staff or voluntary workers eg. Leaving gifts.
- Payments to voluntary workers.
- Payments for off-site meetings of staff including beverages and food.
- Payments relating to independent playgroups, after school clubs etc (these should have their own bank accounts).
- Meals and refreshments for staff including ordering in food for staff meetings or celebratory events.
- Careful consideration should be given to the purchase of equipment to ensure that it has a clear educational purpose. Sometimes equipment is purchased which is a personal preference of a member of staff and may not be of use to the wider school community.

Roles and Responsibilities

School governing body

- Approval of the school fund constitution, which sets out how the fund should be administered in line with these guidelines.
- Regular oversight of the management of the fund's accounts at intervals specified in the voluntary school fund constitution to ensure that funds are used appropriately, in an open and transparent way, and for the benefit of pupils.
- Annual appointment of the fund's treasurer to administer the fund on a day to day basis (usually the School Secretary or Business Manager).
- Appointment of an independent auditor ensuring that they are competent and suitably qualified.
- Scrutiny and approval of the final accounts and voluntary school fund certificate before 31 October each year. Governors should satisfy themselves that the accounts fully reflect the level of fund-raising activity that they expect. An audit or independent examination does not guarantee that all transactions are accounted for; therefore Governor scrutiny is equally valuable.
- If the governing body delegates responsibility for its oversight of the voluntary school fund, e.g. to a finance committee, this must be reflected in that committee's terms of reference.
- Promptly reporting any suspected irregularity to Internal Audit.

School fund treasurer

- Safe custody of voluntary school fund money.
- Keeping proper accounting records in line with this guidance and reporting requirements set out in the voluntary school fund constitution.
- Day to day operation of the fund, including receipt and banking of monies, and payments in respect of legitimate expenditure.
- Preparation of monthly bank reconciliations and accounts for the headteacher to monitor the fund.
- Preparing information on the value of the fund and a list of all transactions to be presented to the Governing Body periodically to enable them to effectively scrutinise.
- Preparation of the fund's annual accounts and end-of-year certificate promptly to allow for the accounts to be audited in sufficient time for the certificate to be presented to the Governing Body before 31 October each year. Appendix 4 provides the template for the year end certificate.
- Promptly reporting any suspected irregularity or financial difficulty relating to the fund to the headteacher and/or Internal Audit Services.

School Fund auditor

- Carrying out the annual audit of the voluntary school fund accounts in line with these guidelines and signing the voluntary school fund certificate as evidence.
- Returning the completed audit certificate to the school in a reasonable timeframe.
- Promptly reporting any suspected irregularity or mismanagement relating to the fund to the headteacher and the Council's Internal Audit service.

Council

- Protecting the interests of the beneficiaries of voluntary school funds (the pupils) and safeguarding the position of those running it.
- Ensuring that it knows about all voluntary school funds, that proper records are maintained, and annual audits are carried out and presented to the school's governing body.
- Providing advice on the administration of voluntary school funds as required.
- As voluntary school funds are used for educational purposes and, in most cases, administered by an employee of the Council, the Council retains the rights to inspect the records and accounts at any time.

Internal Audit

- Review the operation of voluntary school funds in a sample of schools as part of its risk based audit work and reporting to the Chief Officer, Education & Youth on the outcome.
- If requested by the Chief Officer, Education & Youth, carry out an investigation into suspected irregularities in a school's voluntary school fund account.

Schools Accounting Service

- Maintaining a record of all voluntary school fund accounts held by schools.
- Receiving and logging all voluntary school fund certificates received and following up any missing certificates after 31 October each year.
- Where schools do not provide an audit certificate following a reminder informing the Chief Officer, Education and Youth who will issue a warning notice.
- Promptly reporting any suspected irregularity or mismanagement relating to the fund to the Council's Internal Auditors.

Operating the Fund

General Accounting Arrangements

Voluntary school funds should run from 1 April to 31 March in line with the financial year.

The headteacher should decide who is authorised to incur and approve expenditure from the voluntary school fund, setting specific limits for each person/body. For example, the headteacher may decide that he/she must authorise any expenditure above a certain value. The governing body should formally authorise cheque signatories and minute this.

Unless schools use a specific software package, the Council advises that schools use a spreadsheet to maintain the accounts. An Excel Spreadsheet template is available that schools can use or adapt. This includes a bank reconciliation, automatically calculates sub-totals and totals as data is entered and also automatically updates the audit certificate.

There should be a clear distinction between the voluntary school fund accounts and those of other fund raising groups, such as parent/teacher associations.

Expenditure and income transactions should always be recorded as the gross figure, i.e. they should be shown separately as income and expenditure and not be netted off against each other.

When the Treasurer receives a bank statement, they should check it to the accounting records as soon as possible to identify and deal with any discrepancies. This check will identify any irregular entries on the bank statements and highlight any omissions and/or errors in the accounts at an early stage.

Voluntary school funds are often managed by one person: who deals with payments, income, banking and reconciling to bank statements. So, it is essential for the headteacher or nominated person to sample check the school fund account on a regular basis and ensure that the bank statements are reconciled correctly and evidenced.

Any person organising trips and handling parent/pupil cash should keep a detailed record of expenditure and income. This is for accounting purposes but also for the person's own protection. Any transfer of income from one person to another should be signed for as evidence.

Some schools use on-line payment systems to administer their voluntary school fund accounts. The fund treasurer should run reports to evidence that all school fund monies received by the school have been banked in full.

Items sold in schools to raise money for the voluntary school fund, e.g. school uniforms, should be held securely. Stock records should be maintained and stock checks carried out to prevent and detect loss.

Any schools holding large balances in their voluntary school fund account should advise the governing body what these funds are to be used for.

Making Payments

- Where possible, all payments should be made by cheque or electronically if on-line banking is used.

- Always complete cheque stubs with the payment date, payee name and amount of the cheque.
- Always obtain an invoice or receipt when making payments. If this is not possible, record the payment details on a payment voucher and get it signed by the person who requested the payment to be made. This guide includes a template (Appendix 3) that schools can use or adapt.
- The school must retain the original invoices, receipts, payment voucher. These should be annotated with the relevant cheque number and filed in cheque number order.
- Any spoilt or cancelled cheques should be clearly marked as 'CANCELLED" and stapled to the relevant cheque stub.
- Staff should not use personal store loyalty card when purchasing items for the school as HMRC may deem this as a benefit in kind.

What is compulsory when making payments?

- There should be three designated signatories on the voluntary school fund account and all cheques should be signed by at least two of the three signatories who must see all supporting documentation
- Cheque books must be held securely at all times.
- In no circumstances should cheques be pre-signed.
- Returned cheques should be recorded in the accounts and a repayment obtained, including any charges incurred.
- Ideally, schools should not make purchases relating to their delegated budget using their voluntary school fund account. Any such purchases should be reimbursed in full so that funds are properly accounted for and the school's budget is accurately portrayed. Using the school fund for delegated budget expenditure can also have VAT implications that could result in added costs to the delegated budget.

Managing Petty Cash

- Voluntary School fund Petty Cash should be topped up by drawing a cheque from the school fund made payable to "cash" and payments should be kept to a minimum.
- As with any voluntary school fund monies, schools should not mix petty cash funds with delegated school monies.
- All petty cash transactions should be recorded in a cash book, preferably using the spreadsheet provided in this guidance.
- The amount of cash held should be reconciled regularly by someone independent of the school fund treasurer.
- All petty cash transactions should be supported by invoices, receipts or payment vouchers.

Paying for services from voluntary school funds

- Before paying for services from the voluntary school fund account, e.g. audit fees, the school must carry out an IR35 assessment using HMRC's online employment status checking tool. (http://www.hmrc.gov.uk/calcs/esi.htm).
- This will establish whether the worker should be classed as employed or self-employed for tax purposes.

- Payments to self-employed workers can be made on receipt of an invoice, which should then be held on file, along with a completed copy of the IR35 assessment.
- Payments to anyone not classed as self-employed must have Tax and National Insurance deducted.

For further advice please contact Employment Services:
Email: Employment.services@flintshire.gov.uk

Dealing with Income

- Paying-in stubs should show a brief analysis of the income being paid in.
- Income should be banked in full and costs should not be paid from cash collected.
- All income must be kept securely locked away, preferably in a safe with a limited number of key holders. Failure to do so may invalidate insurance cover.
- It is advisable that income is signed for when transferred between two people to protect both parties.
- When collecting money from pupils it should be given to the school in an envelope with their name, payment reason, and amount written on it.
- Income collected for trips should be fully recorded to maintain a record of who has paid. The treasurer should keep these and pass to the auditor when the accounts are audited at year-end.
- Ideally, two or more people should be present when income collected from fund raising events is counted.

Banking Arrangements

General Advice

- Schools must inform the Schools Accounting Team of all School Fund Accounts.
- Individuals running school trips or specific fund raising events should not maintain separate bank accounts from the voluntary school fund.
- The Headteacher must ensure that the bank mandate is up to date.

Online Banking

Online banking can offer greater convenience and speed; however, it also has its own risks. It is essential that adequate controls are put in place to mitigate the risks. The controls will vary based on the size of the school, the resources available, and the working practices of the online banking provider. Schools need to work with their on-line banking provider to establish robust security authentication procedures and each individual with access to the online banking account should have their own unique ID and password.

Separation of duties

Ideally, the online banking system should provide separation of duties within the process e.g. setting up new payees, authorising payments, etc. Where this is not possible, alternative controls should be put in place to ensure that all transactions are authorised by two account signatories, the payment details are input correctly, particularly the bank details, and someone other than the person processing the payment is checking the online banking system on a regular and timely manner to identify any unauthorised or fraudulent transactions.

Debit Cards

- The use of debit cards should be restricted to key members of staff, and each given their own unique card to be held securely at all times.
- The cards should not allow for cash withdrawals and threshold limits should be set to minimise risks.
- All transactions should be authorised by two account signatories and bank statements (preferably online) checked in a regular and timely manner by someone other than the card holder.
- Threshold limits – where possible, limiting the number of transactions per day and having a threshold limit in place for each individual transaction can protect against potential loss if unauthorised activity occurs.

Auditing the Voluntary School Fund Accounts

Voluntary school funds must be audited annually and this should take place in sufficient time to allow for the audited accounts to be presented to the governing body before 31 October.

The auditor must be independent of the school and suitably qualified or experienced. The auditor must not be the voluntary school fund treasurer, school's headteacher or a governor or a relative of any of these.

The auditor should be provided with a copy of this guidance so that they fully understand how the voluntary school fund should be administered and how they should carry out their role.

The auditor's duties

- Ensure that the opening and closing bank figures agree with bank statements and the reconciliations are accurate, i.e. they balance, taking account of any un-presented cheques and income received that has not yet appeared on the bank statement
- Ensure that the brought forward figures, agree with the carried forward figures on the previous year's audit certificate.
- Check that the treasurer has kept accurate accounting records, all income and expenditure is properly accounted for and any income belonging to the school's delegated budget has been transferred across in full.
- Confirm that all transactions in the accounts, both expenditure and income, agree to the bank statements for the year (including petty cash transactions) and are supported by invoices, receipts etc. Query any transactions with the treasurer that they are not happy with.
- Ensure that income received has been banked promptly.
- Ensure that any payments to individuals have been treated correctly in terms of tax and National Insurance.
- Once the audit is complete, sign and date the audit declaration on the school fund certificate and return it with the accounting records to the treasurer as soon as possible.

School closures or amalgamations

If a school is closing or amalgamating, the treasurer must complete the accounts up to the closing date as if they were completing the year-end process, ensuring all income has been banked and liabilities have been paid.

- The school fund certificate should be signed by the treasurer and headteacher but need not be signed by the chair of governors.
- The voluntary school fund should then be audited in accordance with this guidance as soon as possible, to confirm that the end of period certificate shows an accurate record of the fund.
- The treasurer must send the completed and signed school fund certificate to Schools Accounting Team as soon as it has been audited, together with a copy of the opening and closing bank statements for the relevant period.
- The fund's bank account should be closed and the balance transferred to wherever it has been agreed it will go, which is normally another school(s) that the closing school's pupils are transferring to. The treasurer should inform Schools Accounting Team of what is happening to the fund's balance, i.e. which school(s) the funds are being transferred to.
- A school receiving transferred voluntary school fund monies from a closing school should record this transfer as income in their accounts for the relevant financial year and show the amount received separately on the school fund certificate at the end of that year.
- If a new voluntary school fund bank account is being set up for a new school, the merging schools' voluntary school fund bank accounts should be closed and the funds transferred to the new school's bank account.
- If it has been agreed that the voluntary school funds of the merging schools are to be transferred to the bank account of one of the merging schools, the bank account name may need to be changed as it must be in the name of the new school.

Other Requirements

Voluntary School Fund Constitution

- The Authority requires schools to have a Voluntary School Fund constitution. It is good practice and will strengthen governance arrangements and provide greater transparency to all stakeholders. Please use the constitution attached at Appendix 2. This represents the minimum level of information required, schools can provide greater detail as necessary.
- The headteacher should be responsible for developing and day to day monitoring of compliance with the constitution.
- The governing body should be responsible for approving the constitution and has overall responsibility for ensuring that it is complied with.
- It should be reviewed by Governors annually.

Charity Status

- It is not a legal requirement for schools to set up their voluntary school fund as a charity.
- There are some benefits that can be gained from becoming a charity, but there are also added restrictions and legal requirements to adhere to.
- To have charitable status, a voluntary school fund must have published aims, which demonstrate a 'public benefit', in this case for the benefit of pupils.
- These aims should be included in a formal constitution document which provides specific guidance on the school's operation of its voluntary school fund.

More information can be found on the Charity Commission website:
https://www.gov.uk/government/organisations/charitycommission

Insurance Arrangements

The Council has insurance that covers loss of cash etc. held on its premises, including in schools. Cash must be held in safes which must be installed as per manufacturer's guidelines. Cash held in locked receptacles, other than safes, is not covered. Income is also insured when in transit, e.g. on the way to the bank. Limits of cover vary and there is a policy excess. The Council's insurer also expects schools to have robust procedures in place to minimise the risk and extent of losses.

The Council is insured against the risk of fraud and dishonesty by Council employees which is extended to voluntary school funds.

For further advice on insurance matters, please contact:

Nicola Spencer, Accountant
Phone: 01352 703431
Email: nicola.spencer@flintshire.gov.uk

VAT

Under most circumstances, the voluntary school fund activities are deemed by HM Revenues & Customs as not forming part of the Council's activities; however, it is unlikely that a school will need to register for VAT in its own right, unless it makes taxable supplies that exceed the registration threshold (currently £90,000) in a rolling 12 month period. If a fund does need to register for VAT, please refer to the contacts list provided in this guidance for further advice.

Turnover includes all sources of taxable income, such as tuck shop sales, proceeds of concerts, fund-raising activities, sponsorships etc. It does not include genuine donations or income from school trips, unless the latter makes a profit, in which case the profit counts as turnover.

Can the voluntary school fund recover VAT on its purchases?

As a voluntary school fund is unlikely to be registered for VAT, it cannot recover VAT on purchases. However, if the fund donates the net value of a purchase to the Council, the latter can, by ordering and paying for the goods, recover VAT on certain items. However, this will mean that the goods purchased are owned by the Council, not the voluntary school fund and the Council cannot donate the goods back to the voluntary school fund as this would breach HM Revenues & Customs regulations.

For further advice please email: VAT@flintshire.gov.uk

APPENDIX 1 - CHECKLIST

Ref	Description of Action	By Whom	Completed
1	School Fund Constitution completed/reviewed	**Headteacher**	
2	School Fund Constitution approved by Governors and reviewed annually.	**Governing Body**	
3	Annual appointment of School Fund Treasurer (minuted)	**Governing Body**	
4	Annual appointment of School Fund auditor approved by Governors	**Governing Body**	
5	Bank mandate checked and up to date – schools should ensure that when staff leave they are immediately taken off the mandate.	**Headteacher**	
6	A record of all transactions (income & expenditure) is maintained and up to date.	**Treasurer/Petty cash holder**	
7	Monthly reconciliations completed for bank account and Petty Cash	**Headteacher/Nominated person**	
8	Monthly reconciliations checked and verified.	**Treasurer/Headteacher**	
9	Periodical financial information and transaction listings presented to Governors for review and scrutiny.	**Treasurer**	
10	Completion of annual accounts	**Treasurer**	
11	Submission of accounts and supporting documentation to auditor	**Governing Body**	
12	Scrutiny and approval of accounts and signed off of School Fund Certificate	**Treasurer**	
13	Submission of School Fund Certificate to Schools Accounting Team before 31 October	**Treasurer**	

Queensferry CP School
Voluntary School Fund Constitution

Purpose of the Voluntary School Fund

This Voluntary School Fund has been set up to provide additional materials and opportunities to enhance children's learning experiences. The Fund provides items over and above those provided for through our school's delegated budget.

Examples of what we will use the Fund for

- ✔ Prizes and gifts for pupils, e.g. team points
- ✔ Subsidising educational visits
- ✔ Additional classroom materials and equipment
- ✔ Lunchtime games/toys
- ✔ Children's parties and other social activities

Examples of what we will <u>NOT</u> use the Fund for

- ✘ Flowers and gifts for teachers and other members of staff, e.g. leaving gifts
- ✘ Refreshments for meetings of teachers and/or governors
- ✘ Payments relating to playgroups, after school clubs etc.
- ✘ Payments to the Information Commissioner's Office
- ✘ Courses and training expenses for teachers and other members of staff

Administration of the Fund

The official title of the voluntary school fund is the Queensferry CP School Fund.

The Fund will be operated using the Voluntary School Funds Guidance for School provided by Flintshire County Council and is the day to day responsibility of the Head Teacher, although overall responsibility lies with the Governing Body.

Day to day administration of the Fund is the responsibility of the Treasurer, Miss Rachel Watson, approved by the Governing Body.

The Fund's Auditor is Mr Stephen Harms, approved by the Governing Body.

The Governing Body has approved the following expenditure authorisation limits for the Fund:

- £5,000 for the Treasurer
- £5,000 for the Head Teacher
- For purchases over £5,000, the Governing Body's approval is required.

The Governing Body has approved the following people as cheque signatories.

- Mrs Alison Wyn-Hughes
- Miss Rachel Watson
- Mrs Sheree Gregory

Reporting Requirements

The Headteacher will provide the Governing Body with:

- Termly financial information and transaction listings for review and scrutiny

Date Reviewed	01.10.25
Signature Headteacher	[signature]
Date Reviewed by Governing Body	01.10.25
Signature of Chair	[signature]

Queensferry CP School		
School Fund Payment Voucher		
(For use to evidence payments where an invoice or receipt is not available)		
Payment requested by	**Name**	**Signature**
Payment details	**Payment to:**	
	Amount:	
	Payment for:	

For Office Use Only

Bank Transfer / Cheque No.		**Date**	

Queensferry CP School		
School Fund Payment Voucher		
(For use to evidence payments where an invoice or receipt is not available)		
Payment requested by	**Name**	**Signature**
Payment details	**Payment to:**	
	Amount:	
	Payment for:	

For Office Use Only

Bank Transfer / Cheque No.		**Date**	

VOLUNTARY SCHOOL FUND CERTIFICATE
Year Ended 31 March _____

School: Queensferry CP School

Balances b/fwd.	**£**	**Balances c/fwd.**	**£**
Current account b/fwd.		Current account c/fwd.	
Savings account b/fwd.	0.00	Savings account c/fwd.	0.00
Less unpresented cheques		Less unpresented cheques	0.00
Plus outstanding credits		Plus outstanding credits	0.00
Petty cash b/fwd.	0.00	Petty cash c/fwd.	0.00
Total funds b/fwd.	**0.00**	**Total funds c/fwd.**	**0.00**

Payments

Expenditure for the year	0.00
Less cheques written off	
Total payments in year	**0.00**

Receipts

Total income in year	**0.00**

Reconciliation	**£**
Total funds b/fwd.	0.00
Total payments in year	0.00
Total income in year	0.00
Total funds c/fwd.	**0.00**

Certifications

Head Teacher____________________ **Treasurer**__________________________

Date___________________ **Date**___________________

Auditor Certification

I have examined the voluntary school fund accounts and certificate as at 31 March _____ for Queensferry CP School in line with 'Voluntary School Funds - Guidance for Schools and School Governors'. In my view, they show a true and fair view of the transactions of the voluntary school fund for that financial year.

Auditor'sName_______________________ **Signature**_______________________

Auditor's Profession_____________________ **Date**___________________

Auditor Comments (continue overleaf if necessary)

Governing Body Approval

Chair of Governors Name____

Signature_________________________________ **Date**___________________

This certificate is due to be completed and sent to the Education Support by 31 October after the year to which it relates.

Please scan and email this certificate once fully completed, certified and approved to elizabeth.bentley@flintshire.gov.uk