



KENMORE PARK INFANT & NURSERY SCHOOL

PRIVATE FUND POLICY

Statement of intent

At Kenmore Park Infant Nursery school, we are committed to ensuring effective and efficient use of all funds. Private funds, sometimes known as Voluntary or Unofficial funds, are administered by the Headteacher on the authority of the Governing Body. Private funds include monies collected from pupils for school activities, donations or fundraising 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.



1. Objective

The objective of the Private Fund (voluntary or unofficial fund) is to enable Kenmore Park Infant & Nursery School to function financially with funds not normally allocated by the London Borough of Harrow (delegated budget). The resources available to the school are from non-public means and are held in a separate bank account from the school's official accounts (delegated budget).

The purpose of the Fund will be to provide:

- **Non-mandatory items of equipment, facilities or activities that will enhance and enrich the children's education**
- **A contribution to school activities for any child in financial need**
- **A contribution to items activities that will enhance the welfare of pupils, staff and the local community or improve the school environment.**

An unofficial fund may be described as a fund at the disposal of the Headteacher for matters complimentary to the purposes of the school but not appropriate to be included in the official funds. Subject to the terms of reference of the fund such matters may include:

- Collection & payments to School Uniform, Charities, Loan of Music Instrument
- Payments/Voluntary contributions towards the costs of the School trips.
- Donations from parents/pupils e.g. non uniform days for school fund, Cake Sale, Raffles Tickets, Attendance Letters, passport signatory, sale from tickets for school performances and etc.
- Minor gifts/presentations to governors
- Donation from Work placement for administration of DBS
- Fund raising activities such as clubs.
- One-off donations.
- Interest on deposited money.
- Commission from sales of school photographs.
- Any educational expenditure is to be made at the discretion of the Headteacher such as that improves or adds value to the School's provision, education resources and children's learning.
- Others (in line with the terms of reference)

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 Officer and authorised by the Headteacher. Details of all payments are entered on a spreadsheet used to manage the Kenmore Park Infant & Nursery School. Supporting paperwork is filed in date order.

Expenditure to be used for items or activities that support the education and welfare of pupils, staff and the local community.



2. Roles and responsibilities

With regard to responsibility for unofficial Funds the Scheme for Financing Schools (para 4.8) states:

The administration of the “Private” or “Unofficial” funds should be of the same high standard as for the main delegated budget. The operation of these funds needs to conform with the LA Financial Regulations.

The LA and Governing Body remains accountable for the operation of these funds because they are almost always administered or managed by employees in schools.

The Governing Body should set clear Terms of Reference which state the purpose of the Private Fund and approve written guidance to those to whom the day to day operation of the Fund is delegated. The Governing Body may delegate responsibility for a Private fund to the Headteacher and spending from the fund may then be at his/her discretion.

Governors have a general responsibility for the oversight of the management of school funds. Head teachers are accountable to Governors for the good management of funds, which is normally discharged through the presentation of annual audited accounts. Governors must ensure that this is done, preferably within 6 months of the end of the school fund year. The Governing body must present a copy of the audited accounts to all parents via the school website, this is a requirement under the Council's Financial Regulations for Schools with Delegated Budgets.

The Headteacher:

- 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.
- Specifically has responsibility for monies in the School Fund account and can authorise expenditure up to £5000.

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, a cheque should be obtained from the fund administrator.

Private funds will be subject to an audit in line with the Schools Financial Regulations, actioned via a SLA by Harrow LA annually. Schools must ensure any Private Fund maintained meets the requirements of the **Scheme for Financing Schools and relevant legislation**. Schools should evaluate the purpose(s) for which it maintains an Private Fund and determine whether such a fund is needed in the light of the extended scope of official funds and requirements such as **CFR reporting and other responsibilities**.



3. VAT Registration

If “trading” takes place and the turnover is in excess of the VAT registration limits (currently £85,000) VAT registration will be necessary. For advice contact the LA.

The Private School Fund donation system where items of equipment can be purchased through the budget (to avoid paying the VAT element) is a concession from Customs and Excise and abuse could result in its withdrawal. Particular attention should be given to the following:

- Tuck shop items, e.g. crisps, confectionery etc. for sale in the tuck shop where the income is banked into the school fund, cannot be purchased via London Borough of Harrow in order to avoid VAT.
- Clothing and sportswear for sale by the school fund cannot be purchased via London Borough of Harrow Council in order to avoid VAT.

4. Charities Commission Registration

The bodies that run mainstream schools are state-funded independent charities; their governors are charity trustees. Unlike most charities, they do not have to register with the Charity Commission and are called exempt charities. Academy trusts are also companies limited by guarantee, so their governors are company directors.

The Department for Education is their principal regulator in England and the Welsh Government for those in Wales as per guidance.
<https://assets.publishing.service.gov.uk/media/5a7dd14740f0b65d8863497b/intro-for-school-governors.pdf>

5. Procedure for recording Income

- Issue pre-numbered receipts and retain a copy or stub with details
- Ensure supporting documentation records who has paid what and for what
- Use numbered bank paying in slips and reference these to the supporting documentation and ledger record.
- That the person who receives money for the Voluntary Fund is different to the person who records the income in the Voluntary Fund accounts
- Cash and cheque receipts are held securely and bank frequently

All income 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 is banked on a regular basis. These records should be kept for 7 years.

Collection and payments to charities may be included in the official funds accounts (Income I13 and Payment E24)

Invoice which include VAT element for Private fund can be paid from Official fund as long as the correct fund from the Private account is transferred into Official fund and correct ledger codes are used. Supporting paperwork should be kept and filed accordingly.



6. Expenditure

There are some areas of expenditure that may currently go through Private Fund which cannot be put through the Official Accounts. These would be areas that cannot reasonably be deemed to be of an educational nature, such as governors, refreshments at a “leaving do”. Governors must ensure all such payments are within the Funds terms of reference and compatible with the intentions of any donor, contributors or fundraisers.

Ensure all transactions have supporting documentation e.g. receipts, orders, to substantiate the purchase.

All cheque payments to require signatory of the headteacher and the remittance checked and signed by a second person who has the delegations.

Collection and payments to charities may be included in the official funds accounts (Income I13 and Payment E24).

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 Officer and authorised by the Headteacher.
- Details of all payments are entered on the programme used to manage the School Private Fund, which is currently FMS.
- Supporting paperwork is filed in date order.

7. Banking arrangements

- Bank accounts are to be maintained at NatWest 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.
- Signatories should be of suitable seniority and are reviewed annually. The following persons are authorised to sign on the account: Mrs R Mahil-Pooni (Headteacher)
- Blank cheques must never be pre-signed.
- Cash and cheques should be banked regularly.
- 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 must not be made from private funds.

8. Accounting record

Bank reconciliations

The Private School Fund accounts and bank reconciliation should be checked and signed by someone other than the person who prepared it.

The Fund should not be used to make payments to individuals for work done. Such payments should be made from the Official Accounts via the school's payroll provider to ensure appropriate calculation and application of Tax, National Insurance and Pension Contributions, if applicable.

- Bank statements are reconciled to the transactions in SIMS FMS 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.
- Monthly reviews of current accounts must be undertaken to ensure excessive balances do not accrue.

9. 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 governors.

10. Auditing private funds

- Private funds will be subject to an audit by Harrow LA annually on a timely basis.

11. Monitoring and review

- The Governing Body is responsible for monitoring and reviewing the Private Funds Policy.
- The Policy will be reviewed on a 3-year basis (unless required earlier).
- The Governing Body is responsible for monitoring the annual audit of the Private School Fund.



12. 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 pupils.
- Any non-educational expenditure is to be made at the discretion of the Headteacher.
- Any non-educational expenditure is to be made at the discretion of the Headteacher such as a token of appreciation for acts of kindness that improves or adds value to the School's provision.

Person responsible: Mrs R Mahil-Pooni

Reviewed: Every 3 years

Ratified by the Governing body:

Next review date: