

National Programme of Training for Boards of Management

Board Finances & the Role of Treasurer

2012

Education Act 1998 S. 18 (1)

A board shall keep all proper and usual accounts and records of all monies received by it or expenditure of such monies incurred by it and shall ensure that in each year all such accounts are properly audited or certified in accordance with best accounting practice.

Accounts

Proper books, records and accounts maintained in a format which is...

- Easily understood
- Meaningful – *provides information for budgeting and projection*
- Accurate
- In accordance with recommended Accounting Practices
- Subject to audit by Department of Education & Skills.

Proper accounts and records kept...

- To ensure accurate information is available on a regular basis
- To ensure that decision making is based on accurate information
- To ensure that the Board can fulfil its responsibilities as a board.

Board is accountable to...

- School community
 - Parents
 - Staff
 - Pupils
- Patron
- Trustees and their auditors
- DES and their auditors (internal auditors, C&AG, EU)

The board shall elect a treasurer based on...

- Capability
- Experience
- Responsibility
- Interest

The Duties of the Treasurer

- Keep the school accounts
- Prepare budgets
- Make lodgements
- Arrange for payments
- Arrange for petty cash
- Deal with payrolls, including PAYE, PRSI, USC, PRSAs

The Duties of the Treasurer

- Comply with Revenue requirements – P30/P35, P60, P45
- Comply with procurement procedures when awarding contracts
- Keep vouchers of payment for inspection
- Present an up to date statement of accounts at each Board meeting
- Arrange for payment of insurance.

Keeping accounts

- Keep it simple
- Avoid duplication
- Analyse information

Systems of Bookkeeping

- Manual Analysis Books
- Computer Spreadsheets
- Software Accounting Packages.

Accounting practice...

- All State grants from the DES shall be used only for the purpose for which they were provided
- A total account of the BoM income and expenditure shall be prepared at the end of the school year
- Accounts should be properly certified or audited.

Bank Accounts...

- Limit the number of bank accounts
- DES pay into one account.

Accounting Practice

- Ensure all funds due are
 - claimed
 - received
 - recorded
- All monies received must be lodged to the school bank account.

Accounting Practice

When recording income, note...

- the date
- the source
- the amount
- the purpose for which the money was provided.

Maintenance of Receipts

Lodgement Book

- Supplied by bank
- Stored in secure place
- Lodge all cash/cheques received
- Lodge regularly
- Analyse lodgement

Large sums of cash should never be held on school premises.

Maintenance of Receipts *contd.*

- Remittance advice from DES
- Statement of grants issued
 - Cross reference with date and amount of Electronic Funds Transfer (EFT)
 - File in remitter and date order.

Payments...

- All payments should be made by cheque or direct debit
- All cheque payments/withdrawals should be signed by Chairperson and Treasurer
- Chairperson may nominate another board member other than the treasurer to sign in his/her absence
- All payments to be...
 - authorised
 - recorded
 - paid on a timely basis
 - according to plan/budget.

Recording details of payments

- Date
- Payee
- Cheque number
- Amount
- Analyse.

Cheque Book...

Supplied by the bank

- Stored in a secure place
- Cheques always payable to third parties
- All cheques crossed "a/c payee only, not negotiable"
- Cheques for Petty Cash made out to Petty Cash
- Cancelled cheques retained
- Cheques cancelled after issue – notify bank
- Cheque only issued where
 - *Invoice has been issued, checked and approved*
 - *Wages – when allowances, deductions have been calculated.*

Cheque Book cont'd...

- Payment never made without supporting documentation
- Invoice checked for evidence of receipt of goods/services/quantity/quality/price
- On making payment
 - ✓ Mark invoice paid
 - ✓ Cross reference with cheque number
 - ✓ Date of payment
 - ✓ Cheque stub – insert invoice number
- Following payment - file invoice.

Maintenance of cheque payments

- Write up on a timely basis
- Total on a monthly basis and accumulate year to date at the end of each month
- Payment analysed across main expenditure headings
- All entries in cheque number sequence
- Where cheque is cancelled write in date, cancelled under Payee column and 'Nil' in cheque amount column
- Ensure all direct debits and bank charges entered.

Preparing a Budget

- At start of financial year the Board should prepare and adopt a budget for the year
- Board expenditure should not exceed annual income
- Budget should provide for all relevant items of expenditure e.g. operating costs, insurance, classroom requisites etc.
- Budget for substantial expenditure which arises only periodically
- Savings possible through National Procurement Service
- Finance subcommittee if needed.

*(See Section 19 (e) P. 28-29,
DES Constitution & Rules of Procedure)*

Preparing a Budget

- No one method of budget preparation is suitable for all boards
- Should be broken into shorter periods – terms / months
- Starting points
 - overall income
 - definite liabilities
- Considerations
 - cash flow - time of year when grants are paid
 - priorities for BoM.

Sample Income

- Capitation Grants
- Ancillary Services Grant
- Minor Works Grant (*unlikely to be available in future*)
- Emergency Works Grant (*in certain circumstances*)
- Supervision Grant (*balance of hours/opt outs/subs*)
- Standardised Test Grant
- Hire of School Premises
- Voluntary Contribution
- Fund Raising
- Other.

Capitation Grant

- Capitation Grants (based on number of pupils in the school as of 30/09 of school year)
 - €178.00 per pupil (*Feb 2012*)
 - Received from the Department of Education and Skills
 - Money used to meet the operating costs of the school
 - Heating
 - Cleaning
 - Insurance
 - Teaching materials
 - Maintenance of school premises and grounds.

Capital Grants...

- Received from the Department of Education and Skills
- Not to be used for general maintenance or repairs
- Capital grants can only be used for major capital expenditure e.g. extension
- Approval in writing from Patron and Trustees
- Written sanction from the Department of Education and Skills
- Comply with current building regulations and planning regulations.

Relevant Contracts Tax

- Applies to school building projects from January 2012
- Board of Management as “Principal Contractor”
- Tax to be deducted by the principal contractor from payments due to the construction contractor.
- Filings and notifications must be done online through the Revenue ROS system
- Contact local Revenue district seeking confirmation if the board is to be treated as a “Principal Contractor” for the contract
- Information Note on www.cpsma.ie

Other DES Grants

- School Accommodation Funding
- Disadvantage Schemes
- School Books Grant Scheme
- School Transport
- Supervision
- Other

Fundraising

- Fundraising in the name of the school must have prior consent of the Board
- Parents' Association should consult with the Board about fundraising for the school or school projects
- The expenditure of these funds is by the Board in consultation with Parents' Association
- All monies raised for an agreed project should be lodged to the school account
- Monies raised should be used for the purposes for which the money was collected
- Parents' Association entitled to raise funds for own administration.

Sample Budget - Expenditure

■ Wages

- Caretaker
- Cleaning
- Secretary

■ Utilities

- Electricity
- Telephone
- Oil
- Water
- Cleaning materials

■ Administration

- Office
- Banking
- Taxes
- Insurance

■ Classroom

- Consumables
- Equipment/books

■ BoM

- Training & staff development
- Pastoral/ethos
- Expenses

■ Maintenance

- Repairs & Maintenance
- Minor building works

■ Grants *e.g.*

- Book Grant

Payroll

- Payslip
- PAYE/PRSI/USC/Levies
- Personal Retirement Savings Accounts
- Compliance with Revenue Requirements
- P30 Remittance to Revenue (monthly)
- P35 Annual Return to Revenue
- P45 Termination to employee + copy to Tax Office
- P60 Annual (to employee).

Wage Records: good practice...

- Payment should never be made in advance of calculations
- Payment made by cheque or Electronic Funds Transfer only
- Signature of employee when paid
- Remit PAYE/PRSI/USC promptly in line with schedule agreed with revenue
- Submit P35 promptly at the end of year.

Wage Records cont'd...

Secretary/Caretaker/Cleaner/Supervisors....

- Approved allowances
- Mandatory deductions (*PAYE, PRSI, USC...*)
- Agreed deductions (*PRSA*)
- Attendance records
- Tax deduction card
- Cheque/Electronic Funds Transfer

Contracts of Employment

- Employees other than teachers, SNAs
- Written rather than verbal
- Terms and conditions
- Job description
- Holidays
- Safety, Health & Welfare at Work 2005 Act.

Insurance

- Duty of the trustees (delegated to Board) to put comprehensive insurance cover in place
- Board shall ensure that all insurances are effected and maintained
- Copy of policy available to interested parties (*e.g. trustees, patron...*)
- Schools may arrange for parents to take out personal accident insurance cover for pupils.

Treasurer's Records...

Consist of...

- Bank statements and cheque stubs
- Cheque payments analysis
- Cash receipts record
- Invoice file
- Record of grants received.

Bank Statements

- Receive monthly from bank
- File in numerical order
- Check Direct Debits, Interest, Electronic Funds Transfer, Other Charges
- Reconcile on monthly basis.

Monthly reconciliation...

- Check lodgement on statement against the entry in receipts book
- Check cheque/charge against entry in cheque payments books
- Adjust for differences or omissions
- Take the closing balance of the previous month (reconciled book balance) and the total lodgements for month, deduct payments for month and this will give closing balance for current month
- Take the balance per Bank Statement
 - Add lodgements not credited on Bank Statement
 - Deduct cheques not debited on Bank Statement
 - Resulting figure should equal the Closing Book Balance.

Example of Reconciliation

■ Part A: Establishing Book Balance at 29.02.12

Balance per book		251.42
Lodgements per receipts book	3,726.85	
Payments per cheque payment	(3,607.91)	<u>118.94</u>
Balance per books		370.36

■ Part B: Reconciliation

Balance per bank statement		1693.47
Add lodgements not credited at 29.02.12		nil
Deduct cheques not debited at 29.02.12		(1340.61)
Add: cheque cancelled	17.50	<u>(1323.11)</u>
Balance per Book Balance		370.36

Treasurer's Report...

- Must be presented at every Board Meeting. Should indicate...
 - an up to date statement of the school account
 - details of income and expenditure since the previous meeting
 - true Bank Balance at the end of the preceding month (reconciled)
 - payments which will fall due before the next meeting
 - any income due in the same period.

Sample Report for Board Meeting...

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Balance per bank statement at 31-03-12 <i>(bank statement attached)</i>	4,300
Less cheques outstanding <i>(attach list of cheques + amounts paid but not cashed)</i>	<u>(1,300)</u>
True Bank balance 31/03/12	3,000
Less payments outstanding <i>(list bills due for payment in current month attached)</i>	<u>1,000</u>
	2,000
Add Income received since 31/03/12	<u>Nil</u>
True Bank position	<u>2,000</u>

Petty Cash...

- Operated by one person only and checked weekly by nominated person
- Pre-numbered petty cash dockets should be used to record every transaction
- Receipts for purchases to accompany signed docket
- Receipts filed and stored.

Activity

Some websites...

- www.cpsma.ie
- www.education.ie
- www.nabmse.ie
- www.gaelSCOILEanna.ie
- www.foras.ie
- www.educatetogether.ie
- www.into.ie
- www.equality.ie
- www.npc.ie
- www.hsa.ie

Some websites & Reading ...

- www.entemp.ie
- www.djei.ie

Essential reading

DES (2011) Constitution of Boards and Rules of Procedure,
Sections 12 and 19

Reminders

- Register signed
- Evaluations completed and returned
- Handouts
- Arrangements for next training session (*if applicable*)
- Other modules available include:
 - The Board as Corporate Entity. Function, Roles and The Board in Action
 - Appointment Procedures
 - Legal Issues. Policies and procedures arising from legislation, guidelines and circulars
 - Child Protection