



Guidance for schools operating a separate bank account for Private School Funds

General Policies

- Private funds should operate with accounting procedures which reflect the standards for accounting for public money.
- There should be a proper separation of private funds and related records from school delegated funds.
- It is suggested that it would be good practice to have a model constitution approved by the Governors stating, amongst other things, the purpose of the fund and the type of expenditure permitted to be incurred through it.
- Proper books of account should be maintained and kept up-to-date, and regular bank reconciliations should be undertaken (appropriate computerised records are permitted).
- The bank mandate should be such that two signatories should be required on every cheque. Under no circumstances should cheques be pre-signed.
- Accounts should be drawn up on an annual basis. The format of the accounts will depend greatly on the size and complexity of the fund. For example, for a small fund, a simple receipts and payments account (prepared on a cash accounting basis) is appropriate, whereas for a larger fund both an income and expenditure account (prepared on an accruals basis) and a balance sheet should be produced as a minimum.
- It is not acceptable under any circumstances for a school fund not to be audited.
- The accounts drawn up should be sufficiently detailed to enable the Governors to derive clear financial information from them. For example, income and expenditure should be detailed in the accounts by type (eg donations, tuck shop, sweatshirts etc.).

Income

- Income collected from external sources should be receipted using a duplicate receipt book where appropriate and practical to do so.
- Income collected should be banked in its entirety and at the earliest possible opportunity.

Expenditure

- Expenditure should be incurred in accordance with the school's constitutional document.
- All expenditure should be supported by an invoice or receipt. Where, in exceptional circumstances, this is not possible, a simple document certified by the Headteacher will suffice to authorise the expenditure.
- It is recommended that the use of petty cash is minimised and that expenditure is incurred by cheque wherever possible.

The scheme for funding schools states:

-
- *2.15 Schools must be able to provide audit certificates in respect of voluntary and private funds, and accounts of any trading organisations controlled by the school.*