



Newsletter - Finances

Issue 19: November 2012

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Please photocopy and distribute to members of the Board of Management (BoM). A copy has been sent to the Principal. This Newsletter is also available on the CPSMA website at www.cpsma.ie

CHALLENGING TIMES

Boards of Management are experiencing increasing pressures in these challenging economic times. This Newsletter sets out cost saving measures for Boards to consider together with guidance on proper internal controls that Boards should have in place for accountability purposes.

Responsibility for the finances of the BoM rests with the BoM as a corporate entity i.e. the members of the BoM as a unit and not just with the treasurer. All expenditure by or on behalf of the BoM must be approved by the Board. The BoM must satisfy itself that proper internal controls are in place for all financial transactions and that all proper and usual records are kept.

SAVINGS ON THE COST OF GOODS / SERVICES FOR SCHOOLS

The National Procurement Service (NPS) was established by Government decision in 2009 to ensure maximum efficiency in the area of public service procurement of goods and services. It is now Government policy that all publicly funded bodies (including schools) should access public procurement contracts to reduce costs and increase efficiencies.

It is **mandatory** for schools to use central contracts put in place by NPS when purchasing a range of commonly acquired goods and services [Department of Public Expenditure and Reform Circular 06/12: Public Procurement (Framework Agreements)]. A Circular is also due to issue from the Department of Education & Skills in this regard.

Commonly acquired goods and services include:

Electricity

Savings ranging from 3% to 40% have been achieved by a number of BoMs that registered on-line and signed a contract for inclusion in the National Procurement Service (NPS) competition for electricity savings. Schools that registered for the tendering process for electricity, that were not included in the first competition will be included in the second one. **Schools that wish to be included in the second competition, that have not yet registered, may do so by completing the online registration form at www.cpsma.ie (Procurement Section).** These schools will be contacted by NPS in due course. There is no cost involved in registering for procurement. The more schools that register to participate in the centralised procurement process the greater the potential savings for all.

Gas

CPSMA is pleased to advise that the procurement competition has been extended to gas supplies. Registration for the first gas savings competition has now closed. **Members should continue to register for future gas savings competitions by logging onto www.cpsma.ie (Procurement Section).**

ICT consumables

ICT consumables (includes toner cartridges, inkjet cartridges, keyboards, optical discs etc.): This contract was awarded to *Datapac Ltd* and it is mandatory for all schools to avail of the cost savings. **Note:** Those schools who are currently in a contract for managed print services (i.e. supply of photocopiers, printers, fax machines etc.) and who have agreed to the supply of ink cartridges, toner cartridges etc. as part of that contract will be bound by those terms until such time as the contract expires. Such schools will be free, however, to avail of the other goods/services not included in their existing managed print contract.

Paper

Paper: This contract was put in place on the 1st November 2012 and it is mandatory for schools to avail of the savings available. The agreed contract supplier is *Office Depot Ltd*.

Office supplies and stationery

Office supplies and stationery (e.g. writing materials, ring binders, envelopes, labels etc): The current contract supplier is *Codex Ltd.* While it is **not yet mandatory** for schools to avail of this contract, schools may still avail of the savings available under it. The new contract is to come into effect from April 2013 and will be mandatory for all schools.

There are many other areas of purchasing where savings can be made. For further information members should refer to Department of Public Expenditure and Reform Circular 06/12: Public Procurement (Framework Agreements) and visit www.procurement.ie.

HOW CAN SCHOOLS ACCESS INFORMATION ON SAVINGS AND COMPLY WITH REQUIREMENTS?

1. Schools firstly validate their username (i.e. school e-mail address) by sending an e-mail seeking validation to npswebsite@opw.ie. Such validation is required to enable a school to register as a buyer on www.procurement.ie.
2. Once your username (i.e. your e-mail address) has been validated by NPS, proceed to register as a buyer on www.procurement.ie. Registration enables the school to access catalogues for a whole range of goods and services and enables a school to avail of those goods and services at a reduced cost.
3. View the catalogues of goods and services available from the various contract suppliers e.g. ICT Consumables Core Catalogue 2012 from Datapac Ltd, and choose the required goods.
4. Place an order directly with the contract supplier e.g. Datapac Ltd. Orders can be processed by post, fax, telephone, e-mail or online. Schools should be aware that discounts apply for ordering online and paying online e.g. ICT Consumables 5% discount for ordering online and a further 3% discount for paying online.
5. Schools should continue to register online at www.cpsma.ie (Procurement Section) for savings in **electricity and gas**.

It is very important for Boards to note that where a school can find goods or services at the same or a lower price elsewhere, they may purchase from the cheaper supplier and are not required to purchase from the agreed contract supplier. Schools should retain the appropriate documentation to show that a lower price was secured through another supplier. (*Circular 06/12 DEPR section 5 – Reporting)

Any complaints in regard to quality, cost etc of goods or services should be brought to the attention of the Procurement Managers listed in Appendix 1 of Circular 06/12 DEPR, *available at www.cpsma.ie (Procurement Section).

SAVE ON ENERGY CONSUMPTION

The Energy in Education website (www.energyineducation.ie) is one of a range of supports developed by the Sustainable Energy Authority of Ireland (SEAI) in collaboration with the DES designed to help a BoM and the school community improve energy use practices and reduce school operating costs. Some of its top tips include:

- 1. Space heating - 66% of a primary school's energy use relates to space heating.**
 - Ensure that oil/gas meter is read regularly and keep a close track on fuel use. A spreadsheet is available from www.energyineducation.ie to record usage.
 - Use 7 day time clocks - make sure they are set to the correct time with correct on-off times.
 - Close all doors and windows at the end of each day to retain heat.
- 2. Heat loss from school buildings**
 - Insulate attic space. This could potentially reduce heat loss by up to 25% and provide a payback on the school's investment in as little as 3-5 years. The recommended thickness of the insulation is 300mm.

- Insulate cavity walls, if possible. 10% or more of heat loss in schools is through the fabric of the walls. All cavity wall insulation products and installers must have NSAI Agrément certification and products must be installed to the required standards.
- Keep doors closed. Consider fitting automatic door closers to all external and internal doors. Check that all seals and draught stripping are maintained in good order and replace if necessary.

3. Lighting - Lighting accounts for 11% of energy use in a primary school.

- Switch off the lights when the room is empty.
- Use window blinds to promote daylight and control glare. Blinds should be the open weave type as these blinds are designed to reduce glare and maintain good daylight levels.
- Replace incandescent bulbs with compact fluorescent lamps (CFLs).
- Don't have posters on windows as they block day light.

4. Information technology (IT) equipment

- Close the lid of the photocopier when not in use.
- Use Power Management settings on photocopiers and on PCs. Use the Portable/Laptop option even on desktops and set the computer to *Standby* after a set period and *Hibernate* after a longer set period. A computer still uses some energy in Standby mode but none in Hibernate mode. Always use Hibernate overnight rather than standby. Use Standby during idle times during the day.
- Ensure that all IT equipment is switched off at the end of the day, especially on Fridays and during holiday periods.

5. Water conservation

- Read the water meter regularly and keep a log of readings including the dates checked. This log will assist in identifying whether the school has a leak(s).
- Insert cistern displacement devices. These devices are used to displace water and are easy to fit.
- Don't leave taps running!

ENERGY MANAGEMENT COURSE

CPSMA is working in partnership with the SEAI (Energy in Education Programme) as the contact point for members wishing to send a representative to an Energy Management course. Participants are guided step by step through the energy management process from understanding bills and energy use in the school to developing and implementing an energy saving plan. Advice, mentoring and assessments by an SEAI appointed Energy Adviser will also be on offer to schools who participate in courses. Attendance at such courses is free. For further information visit www.cpsma.ie or contact ldunne@cpsma.ie.

Schools that have already registered their interest for Energy Management Courses should note that an SEAI appointed Energy Adviser may contact the school to schedule an energy assessment. Energy assessments take the form of a site visit or a telephone consultation depending on the school's energy spend. The aim of the energy assessment is to identify energy saving opportunities. The assessments are offered free of charge as an additional support to schools signed up for the courses, even though some schools may not have attended their course as yet.

INTERNAL CONTROLS AND OTHER FINANCIAL CONSIDERATIONS

GRANT PAYMENTS FROM THE DEPARTMENT OF EDUCATION AND SKILLS

The BoM should check the Primary Grant Calendar 2012/2013 available at www.education.ie and www.cpsma.ie. (All grants available from the Department of Education & Skills may not be noted on the Primary Grant Calendar however). A BoM should ensure that it is receiving all of the grants to which it is entitled. The Primary Grant Calendar 2012/2013 sets out the type of grant payments and

the month when payment is to be made to schools. Upon receipt of the grant payment from the DES the BoM should check to ensure that it has received the correct amount of grant.

Grants received from the DES must be spent in accordance with DES circulars during the specified period and should not be used for other purposes. The BoM is referred to circular 40/2009 (Clarification regarding legitimate use of capitation funding) which is available at www.cpsma.ie which indicates that capitation and ancillary grants may be regarded as a common grant, which the BoM may allocate according to its own priorities. The BoM must keep appropriate records showing the link between the grant payment and the expenditure incurred.

BUDGETING

At the commencement of its financial year the Board should frame and adopt its annual budget. The BoM should budget in such a way as to enable it to meet its financial commitments. The Board's expenditure should not exceed its annual income. Overdrafts or loans must be approved by the Patron, in conjunction with Trustees (where applicable) and should be avoided.

All funds received/raised are for the benefit of the children attending the school at the particular time and should be used for the purpose/s for which they were granted /raised.

ROLE OF THE TREASURER

The Treasurer of the BoM, acting on behalf of the BoM as whole, must keep the school account(s) and must present at each meeting, an up-to-date statement of those accounts i.e. details of income and expenditure since the previous meeting. This should include the following;

1. Payments made
2. Payments for approval
3. Latest bank statements including a bank reconciliation
4. Un-cashed cheques and future outgoings etc.

Such statements enable the Board to make informed decisions in regard to its spending. The BoM's approval of such statement of account should be recorded in the minutes. The BoM should refer to *S. 12 Boards of Management of National Schools Constitution of Boards and Rules of Procedure 2011*, pages 21 & 26 - 28 for further information.

RENTING OF SCHOOL PREMISES

A BoM may agree to allow external groups or individuals use the school premises (S.18 *Boards of Management of National Schools Constitution of Boards and Rules of Procedure 2011* and Circular 16/05). The needs of the school must take priority over any external group or agency seeking to use the school premises. Groups who use the school premises must have their own insurance cover and must enter a licence agreement with the BoM. The BoM must have the approval of the Patron/Trustees prior to entering into such a licence agreement. For further guidance and information in this regard, members are referred to the CPSMA Handbook (Revised 2012) pages 88-90.

REVIEW OF EMPLOYEES' HOURS/TERMINATION OF EMPLOYEES' CONTRACTS

Some BoMs may be faced with the financial reality of having to reduce employees' hours of work and/or terminate employees' contracts of employment so as to reduce salary costs and effect savings. There is a requirement that the BoM acts in a fair and reasonable manner in such circumstances. CPSMA has drafted guidance for members dealing with such situations which may be accessed by members at www.cpsma.ie in the Newsletter of May 2011.

SCHOOL ACCOUNT(S)

The number of accounts operated by a school should be kept to a minimum. All monies received should be lodged into the school bank account(s) which should be registered in the school name. The school bank account(s) should be reconciled on a monthly basis.

Appropriate records of all income should be maintained. Receipts should issue for monies received in all instances.

Expenses should only be reimbursed when supported by a valid invoice.

CHEQUE BOOKS AND CREDIT / DEBIT CARDS

Cheque payments must be authorised by two of three nominated signatories of the BoM, one being the Chairperson and the other the Treasurer, in the first instance.

Cheque books and credit/debit cards should always be kept in a secure location with access limited to approved persons only.

Pre-signing of cheques should not be allowed under any circumstances.

The BoM must ensure that appropriate controls are in place in relation to the use of credit/debit cards with clear protocols in place relating to the approval of users, custody of the card concerned, authorisation of payments, agreed payment limits etc. Statements should be reconciled and signed off on a monthly basis, accompanied by supporting documentation – invoices, receipts, details of the purpose for which the expense was incurred etc.

PETTY CASH ACCOUNT

While a BoM may operate a petty cash account, it should consider whether it needs to do so. A BoM should consider whether alternative arrangements could be put in place e.g set up an account with the local garage/hardware /grocery shop etc. and pay on submission of invoices to the BoM.

Where a BoM decides to operate a petty cash account, it should set out clearly the procedures to be followed e.g.

1. The account should be operated by one nominated person
2. Pre-numbered petty cash docket should be used for each transaction
3. The petty cash docket should be signed by the recipient and be supported with details of the purpose for which the cash is required, together with receipts to vouch the expenditure.
4. The petty cash account should be reconciled and approved by the Treasurer/BoM on a monthly basis.

FUNDRAISING

Any person(s) or group of persons interested in raising funds for school projects/purposes must consult with the BoM about such activity. The approval of the BoM is needed prior to the funds being raised. Full details of monies raised and expenditure incurred should be maintained and submitted to the BoM. The expenditure of the funds is by the BoM for the purposes for which the funds were raised.

All monies raised or generated for an agreed project for the school should be lodged to the school account without delay.

For further guidance in this regard refer to S.19 (e) (vii) *Boards of Management of National Schools Constitution of Boards and Rules of Procedure 2011*, page 29.

GIFTS

Board of Management funds must be used for the purpose/s for which they were granted/ raised. Use of Oireachtas funds for other purposes e.g. social outings/gifts etc is inappropriate.

Note: At a recent Joint Oireachtas Committee meeting, where savings for parents on return to school were being examined, it was suggested that Boards should consider whether gifts from pupils/parents to school staff are appropriate or whether they place a burden on households. Each BoM should issue guidance as appropriate.

SUPERVISION PAYMENTS TO SUBSTITUTES / EXTERNAL SUPERVISORS

Supervision grant monies received should be paid to the person(s) who carried out the work. All necessary statutory deductions must be made from such payments in accordance with the requirements of the Revenue Commissioners.

Where a BoM makes payments to teachers / external personnel, responsibility for statutory deductions (Tax, PRSI) should be dealt with directly by the BoM with the relevant statutory bodies.

The BoM should refer to circulars 18/03, 29/03, 16/2011 and 19/2012 for further information on supervision/substitution in regard to revised rates of pay etc. All payments should be made by the BoM through the school's payroll system. Payment by any other means (e.g. gift voucher) is not appropriate.

CPSMA has prepared a guidance note for members in relation to the payment of supervision monies and the necessary deductions which must be made which is available at www.cpsma.ie (Guidance Note Section).

PAYMENT TO STAFF / INDEPENDENT CONTRACTORS

A person working in any capacity for the BoM is assumed to be an employee of the BoM, unless the person is deemed to be an independent contractor.

It is the responsibility of the BoM to prove that such a person is an independent contractor as distinct from being an employee. A Board should obtain a tax clearance certificate, invoice etc from an independent contractor.

For further guidance in this regard Boards should refer to the 'Code of Practice for determining Employment or Self Employment Status of individuals' which is available at www.cpsma.ie (Appointments Section) and www.revenue.ie

Boards should ensure that all necessary statutory deductions are being made in respect of all payments **to employees**. Each employee should receive a payslip setting out all the necessary payroll deductions.

CPSMA does not encourage the employment of teachers in a private capacity. If such employment situations do occur, the BoM should note that the person must be issued with a P35/P45, as appropriate, on each employment occasion.

RELEVANT CONTRACTS TAX (RCT)

CPSMA arranged 13 seminars nationwide in regard to RCT. An additional seminar will be held at the **Clonmel Park Hotel on the 20th November, 2012 at 7.30pm**. Members interested in attending this seminar should log onto www.cpsma.ie (RCT seminar section) to register online.

Relevant Contracts Tax (RCT) is a tax applicable to construction contracts in which tax is deducted from payments for 'construction operations' due to the sub contractor by the principal contractor. The **principal contractor is the BoM**. Boards of Management can be involved in a range of activities e.g. construction projects, emergency works as well as day to day repairs, all of which bring it within the scope of RCT and Value Added Tax (VAT). Boards must be aware of and understand their obligations in relation to these taxes.

The Revenue Commissioners introduced a mandatory electronic RCT system on 1 January 2012 for all principal contractors (including BoMs). All filings and notifications must be done online through the Revenue ROS system. There are penalties and surcharges for non-compliance with this tax regime, so it is extremely important that a BoM is fully compliant with all requirements of the system.

Further information and guidance on RCT/VAT available as follows:

'Change in Revenue Treatment of a Board of Management for School Building Projects' available at www.cpsma.ie (Guidance note section)

'Guidance Note - Board of Management-Relevant Contracts Tax/Value Added Tax' available at www.revenue.ie

Revenue eRegistration Demo for RCT& VAT available at www.revenue.ie

RCT/VAT Seminar presentation available at www.cpsma.ie (RCT seminar section)