

National Programme of Training for Boards of Management of Primary Schools

Handouts

Board Finances & the Role of Treasurer



June 2012
(Amended Version)

National Programme of Training
for
Boards of Management

Board Finances & the Role of Treasurer

2012

Slide 1

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.

Slide 2

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.

Slide 3

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.

Slide 4

Board is accountable to...

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

Slide 5

The board shall elect a treasurer based on...

- Capability
- Experience
- Responsibility
- Interest

Slide 6

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

Slide 7

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.

Slide 8

Keeping accounts

- Keep it simple
- Avoid duplication
- Analyse information

Slide 9

Systems of Bookkeeping

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

Slide 10

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.

Slide 11

Bank Accounts...

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

Slide 12

Accounting Practice

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

Slide 13

Accounting Practice

When recording income, note...

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

Slide 14

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.

Slide 15

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.

Slide 16

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.

Slide 17

Recording details of payments

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

Slide 18

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.*

Slide 19

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.

Slide 20

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.

Slide 21

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)

Slide 22

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.

Slide 23

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.

Slide 24

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.

Slide 25

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.

Slide 26

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

Slide 27

Other DES Grants

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

Slide 28

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.

Slide 29

Sample Budget - Expenditure

- | | |
|-------------------------|--------------------------------|
| ■ Wages | ■ Classroom |
| ■ Caretaker | ■ Consumables |
| ■ Cleaning | ■ Equipment/books |
| ■ Secretary | |
| ■ Utilities | ■ BoM |
| ■ Electricity | ■ Training & staff development |
| ■ Telephone | ■ Pastoral/ethos |
| ■ Oil | ■ Expenses |
| ■ Water | ■ Maintenance |
| ■ Cleaning materials | ■ Repairs & Maintenance |
| ■ Administration | ■ Minor building works |
| ■ Office | ■ Grants <i>e.g.</i> |
| ■ Banking | ■ Book Grant |
| ■ Taxes | |
| ■ Insurance | |

Slide 30

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).

Slide 31

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.

Slide 32

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

Slide 33

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.

Slide 34

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.

Slide 35

Treasurer's Records...

Consist of...

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

Slide 36

Bank Statements

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

Slide 37

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.

Slide 38

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

Slide 39

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.

Slide 40

Sample Report for Board Meeting...

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

Slide 41

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.

Slide 42

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

Slide 44

Some websites & Reading ...

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

Essential reading

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

Slide 45

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

Slide 46

Organisations and Acronyms

Organisations

Board of Education	Church of Ireland Board of Education, Church of Ireland House, Church Avenue, Rathmines, Dublin 6 Tel: 01 497 8422
CPSMA	Catholic Primary School Management Association, New House, St Patrick's College, Maynooth Co. Kildare Tel: 01 6292462, 1850 – 407200 email: info@cpsma.ie website: www.cpsma.ie
DES	Department of Education and Skills, Marlborough St., Dublin 1 Tel: 01 889 6400 email: info@education.gov.ie website: www.education.ie
Educate Together	email: info@educatetogether.ie website: www.educatetogether.ie
Foras Pátrúnachta	Foras Pátrúnachta na Scoileanna Lán-Ghaeilge Teo, An Foras Pátrúnachta Bloc K3 Campas Gnó Mhaigh Nuad Maigh Nuad Co. Chill Dara Tel :01 629 4410 email: foraspatrunachta@hotmail.com website: foras.ie
IMPACT	Trade Union: www.impact.ie
INTO	Irish National Teachers Organisation: www.into.ie
IPPN	Irish Primary Principals' Network: www.ippn.ie
NABMSE	National Association of Boards of Management in Special Education, Kildare Education Centre, Friary Rd, Kildare, Co Kildare. Tel: 045 533 753 email: info@nabmse.org website: www.nabmse.org/

NCCA	National Council for Curriculum and Assessment, 24 Merrion Square, Dublin 2 Tel: 01 661 7177 email: info@ncca.ie website: www.ncca.ie
NCSE	National Council for Special Education, 1-2 Mill Street, Trim, Co. Meath. Tel: 046 948 6400 email: info@ncse.ie website: www.ncse.ie
NCTE	National Centre for Technology in Education, Dublin City University, Dublin 9. Tel: 01 700 8200 email: info@ncte.ie website: www.ncte.ie
NEPS	National Educational Psychological Service, Frederick Court, 24/27 North Frederick St., Dublin 1 Tel: 01 889 2700 website: www.education.ie
NEWB	National Education Welfare Board, 16-22 Green Street Dublin 7 Tel: 01 8738700 email: info@newb.ie website: www.newb.ie
SESS	Special Education Support Service, Cork Education Support Centre, The Rectory, Western Rd, Cork. Tel: 1850 200 884 email: info@sess.ie website: www.sess.ie
Teaching Council	The Teaching Council, Block A, Maynooth Business campus, Maynooth, Co. Kildare Tel: LoCall 1890 224 224, 01 651 7900 email: info@teachingcouncil.ie website: www.teachingcouncil.ie
Teacher Education Section (TES)	Teacher Education Section, Department of Education & Skills, Marlborough St., Dublin 1 <i>This unit has a role in all national initiatives</i>

Acronyms

AP	Assistant Principal
BOM	Board of Management
DP	Deputy Principal
DEIS	Delivering Equality of Opportunity in Schools – an action plan for educational inclusion
Early Start	The Early Start Programme is a one-year programme offered to children aged 3-4 years in selected schools in areas of designated disadvantage
EWO	Education Welfare Officer
HSCL	Home School Community Liaison now part of NEWB
IEP	Individual Educational Plan
Inspector	Department of Education and Skills inspector
IPLP	Individual Profile and Learning Programme
Mainstream Teacher	Class teacher
NPC	National Parents Council
NQT	Newly qualified teacher
PA	Parent Association
Partners	Parents, Board of Management etc. involved in a school's activities
Patron	Schools operate under a patron body e.g. Catholic Church, Educate Together, Church of Ireland Board of Education, An Foras Pátrúnachta, Islamic Board of Education ...
PoR	Post of Responsibility e.g. deputy principal, assistant principal, special duties teacher
SENO	Special Education Needs Organiser
Shared teachers	Teachers working in a number of schools to support children with special needs
SIPTU	Trade Union
SNA	Special Needs Assistant
Special duties teacher	Teachers with a special responsibility for organisational or curriculum issues in addition to their teaching duties
Trustees	The persons nominated by the Patron as trustees of the school. They are parties to the lease of the school premises. The Trustees undertake that the buildings shall continue to be used as a national school for the term of the lease & guarantee that the premises and contents are insured
Visiting teachers	Teachers working with pupils who are sensory impaired

National Procurement Service

What is National Procurement?ⁱ

Procurement rules apply to central government departments and bodies under their aegis, including schools. There is a legal obligation therefore on schools to engage in a competitive process for contracts above certain financial thresholds and to award them in accordance with procedures set out in EU Public Procurement Directives. The National Procurement Service (NPS) applies those rules on behalf of schools, government departments etc. and aims to achieve value for money. The Comptroller and Auditor General, in the course of an audit of the government departments, may carry out audits, including audits of grants payable to schools by the DES, to satisfy himself: as to whether the amounts expended have been applied by the Department concerned for the purposes for which the appropriation made by the Oireachtas was intended, and whether the transactions recorded in the account conform with the authority under which they purport to have been carried out.

What are the relevant financial thresholds and what is the requirement in each case?

EU THRESHOLDS	
Financial Threshold	Requirement
<€1K	BoM must obtain one verbal quote
<€5K	BoM must obtain one written quote
>€5K<€25K	BoM must engage in a formal tender process - minimum 3 quotes by invitation
>€25K<€125K	BoM must advertise on etenders.ie
>€125K	BoM must advertise on etenders.ie and in the Official Journal of European Union (OJEU)

A competitive tendering process should be used for all purchases in excess of €5K (a) where the total value of the goods /services in any one year exceeds or is likely to exceed the amounts outlined and/or (b) in the case of once off purchases in excess of the amounts outlined.

A recent competition was run for all primary boards through CPSMA for the purchase of electricity. Boards registered with NPS.

What does this mean for a school which registered?

By registering for procurement with NPS, the Board of Management

1. Consents to NPS managing a competition to source electricity on its behalf.
2. NPS advises that when a Board of Management registers, it commits to a contract for a minimum period of one year with the electricity supplier subsequently chosen by NPS.

How does the Board of Management register?

- (1) Log on to 'www.cpsma.ie'
- (2) Go to '*Procurement Registration*' located on home page
- (3) Ensure that all fields are completed.

Having registered, what happens next?

The NPS, using the information gathered from the registration process will invite energy suppliers to tender for the supply of electricity, as part of a procurement competition.

Having identified an electricity supplier as a result of such a competition, NPS will forward contracts directly to schools by post or e-mail.

How can NPS assist your school now and in the future?

1. NPS can establish a strong bargaining position with potential suppliers, thereby achieving greater savings for individual Boards of Management. The greater the number of schools that register, the greater the potential savings for all.
2. Some schools may currently be on an incorrect tariff. NPS will ascertain whether schools are on the correct tariff. This in itself can potentially result in savings for the Board of Management.
3. Purchasing through NPS ensures that Boards comply with their legal obligation to engage in a competitive process for contracts. [Such an obligation applies, whether contracts are entered into by Boards singly or as part of a group for the purchase of supplies/services.]
4. NPS assists Boards to comply with the implementation of national procurement rules and EU Directives.

What if your school is currently in a contract with an electricity supplier?

Schools, currently in a contract with an electricity supplier, should continue to fulfil the terms of that contract. On the expiration of the contract with the Board's current supplier, it can register with NPS using the procedure set out above. It is presumed that Boards of Management on such contracts adhered to the legal requirements in regard to engaging in a competitive process as already outlined.

What is CPSMA's role in the process?

CPSMA will act as a central contact point for Boards of Management with the NPS and the DES. This will enable the prompt exchange of data and information with suppliers. CPSMA however, will not be a party to any contractual arrangements between the Board and its electricity supplier.

Issues a Board should consider:

The decision as to whether to register with NPS is a matter for each Board of Management and should be considered in the context of:

1. Potential savings for the school
2. The Board's legal obligation to comply with a competitive process whether entering into a contract on its own or as a party to a group scheme for purchasing supplies and/or services
3. Compliance by each Board of Management with national procurement rules and EU Directives.

Currently the NPS is reviewing the operation of the service and the way of doing such business may change in the near future.

BoM & Revenue re School Building Projects

Change in Revenue Treatment of a Board of Management for School Building Projects from 1/01/2012

If you are commencing a school building project (including emergency works, summer works, additional accommodation or major buildings and extensions), the board of management need to be aware of and ensure compliance with this recent legislative change which came into effect on 1 January 2012. Section 20 of the Finance Act 2011 inserted new provisions into the Taxes Consolidation Act, under which new regulations have been issued. This legislation will affect the tax treatment of the board of management for school building projects and payments made to contractors. There are penalties and surcharges for non-compliance so it is vital that the legislation is properly complied with`

What is it?

The changes relate to the operation of Relevant Contracts Tax (RCT) which is a tax regime applicable to construction contracts in which tax is deducted from payments for construction operations due to the contractor by the principal contractor. RCT usually applies to main contractors in their dealings with sub-contractors. However, the Revenue has recently indicated that a school board of management, being a body established by statute and funded wholly or mainly out of moneys provided by the Oireachtas, is a "Principal Contractor". This means that the board of management will be responsible for complying with RCT requirements and VAT returns when making payments to the contractor. The Revenue introduced a mandatory electronic RCT system on 1 January 2012 for all principal contractors in the RCT system, so all filings and notifications must be done online through the Revenue ROS system.

How does it operate?

The board of management is the Client/ Employer under the building contract. As such, the board is the "Principal Contractor" for the purposes of this legislation. The board of management will therefore be responsible for notifying the contract to the Revenue prior to commencement of construction, notifying each payment to the Revenue prior to making payment to the Contractor and paying the RCT deducted (if any) to the Revenue. The board must ensure that it obtains a Deduction Authorisation from the Revenue before any payment is made to the contractor. This will specify the rate of tax (there are three rates: zero %, 20% and 35%) to be deducted from the contractor.

The “reverse charge” VAT mechanism also applies to contracts subject to RCT. Therefore, the board of management will have to register for VAT, account for VAT on all payments made to the contractor and will be required to make bi-monthly VAT returns. The contractor will invoice the board on a VAT exclusive basis so the board must apply to the DoES for funding to cover both the amount stated on the invoice and the VAT which will be paid to the Revenue on the bi-monthly VAT return.

What does the board of management have to do?

As soon as possible in the process (preferably at design stage) the board should write to its local Revenue district seeking confirmation if the board is to be treated as a “Principal Contractor” for the contract. If the answer is yes then the board must:

- Register online for ROS (Revenue Online Service).
- Register for VAT and as a Main Contractor
- Obtain contractor’s tax reference number and proof of identity
- Prior to commencement of construction, notify the Revenue of the contract (Contract Notification)
- Prior to discharging any payment to the contractor, notify the Revenue of the payment (Payment Notification)
- Obtain a Deduction Authorisation from the Revenue specifying the tax to be deducted from the contractor
- Provide the contractor a copy of the deduction Authorisation
- Deduct the applicable amount of tax from payments due to the contractor
- File RCT returns and pay the deducted amount to the Revenue
- Apply to the DoES for the VAT inclusive amount of each payment due to the contractor notwithstanding that the invoice received will be on a VAT exclusive basis
- File monthly VAT returns and pay the VAT to the Revenue
- Obtain and keep a Deduction Summary – Periodic Return at the end of each return period

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Boards of Management should note that Revenue have advised, where school building projects commenced prior to January 1st 2012, such schools are required to comply with the new regulations.