

The venue Infant School

INCOME POLICY AND PROCEDURES INCLUDING CHARGING & LETTINGS

Adopted: _____

Signed on behalf of the Governing Body: Mr Stewart Miller

Position: Chair of Governors

Date: 13th October 2022

Review date: _____

INCOME POLICY AND PROCEDURES INCLUDING CHARGING & LETTINGS

INCOME

1. INTRODUCTION

1.1 The Governing Body of The Avenue Infant School is aware of its statutory obligations to ensure that appropriate internal financial controls are in place to ensure that all income received and banked by the school is subject to robust accounting procedures which maximise the efficiency of income collection and reduce the risk of bad or unpaid debts.

1.2 The Governing Body takes seriously its responsibility for the collection of income relating to its budget and the adherence to financial regulations, including compliance with VAT regulations relating to income received and invoices raised.

2. TYPES OF INCOME

Income will fall into several categories:

a) Debtors income: Income received following the raising of an invoice to a third party.

b) Central income: Where the administration is performed centrally by the LA and the school receives the income automatically e.g. Budget Share Allocation.

c) Non-invoiced income where an invoice is not raised – this is broken down into many different categories:

Extended Services (ASC and Breakfast Club), School trips, after school clubs, enrichment, FOTAS donations such as raffle, popcorn night etc.

3. ADMINISTRATION OF INCOME

3.1 Invoicing Procedures

3.1.1 Invoices will be administered in accordance with the Local Authority Financial regulations relating to Accounts Receivable (attached at Appendix 1).

3.1.2 Invoices will be prepared by the Bursar, under the authorisation of the Senior Leadership Team members.

3.1.3 Invoices will be raised on a needs basis.

3.1.4 Outstanding invoices will be chased by the School Business Manager.

3.2 Parent payments

To enable a parent to make payment online, payments are created on School Money. These are set up as new payments and the correct students and payment options are applied, such as the correct bank account, amount and due date etc. ASC and Breakfast Club are set up as weekly payments. Other payments are set up as one off payments as required.

4. RECORDING AND BANKING OF INCOME RECEIVED

4.1 General

4.1.1 The Administrator Assistant/Bursar/School Business Manager will ensure that all income will be recorded at the point of receipt i.e. official receipt, daybook or directly onto the school's local accounting system. All income must be recorded in the school's local accounting system if not so done at the point of receipt.

4.1.2 All school official income must be banked in full without undue delay into the school's official Local Bank Account.

4.2 Collections in Class

4.2.1 Under the Teachers Workforce Agreement, teaching staff should not routinely collect payments from pupils within the classroom. Teachers should instruct pupils to pay monies into the Finance Office, either in person to finance personnel or in an envelope marked with the pupil's name and class number and the reason for the payment (e.g. Trips, Uniform Purchase etc)

4.2.2 Where money is collected in the classroom from pupils, this should be put into a named envelope and sent to the Finance Office.

4.2.3 Under no circumstances should any member of staff take cash or cheques collected off the school premises. All cash and cheques received are not insured until they are locked in the school safe.

4.3 Sale of School Uniform

4.3.1 Parents/Carers who wish to pay for items of school uniform should be directed to the Finance Office. Under no circumstances should any member of staff issue items of school uniform to parents/carers without payment being received. Most items of school uniform are available to purchase online, with online payments, the few items available through school will be dealt with according to this policy.

5. CREDIT CONTROL AND BAD DEBTS

5.1.1 The School Business Manager and the Bursar are responsible for the efficient recovery of all bad debts. A bad debt is defined as unpaid monies due to the school after the debt collection procedure has been exhausted.

Credit Control - For any monies owed for services provided by ASC or Breakfast Club

The outstanding amount is chased up by the Bursar on a weekly basis via School Money – this generates a text and email to advise the monies are overdue.

This will then be followed up by a telephone call to discuss outstanding payment.

This is then followed up by a reminder letter, within this correspondence it should be stated that should the debt not be paid within a further 5 working days, then the matter will be referred to Governors. It must also state that "The Governing Body will reserve the right to take legal action to recover the full sum outstanding". Places at ASC and Breakfast Club can be cancelled due to non-payment.

Childcare vouchers are accepted as a method of payment for ASC and Breakfast Club, there are various different providers who mainly pay straight into our bank account with the child's name as a reference. This is all processed as non-invoiced income on FMS. This also has to be recorded on School Money to clear the debt.

The Childcare Grant Payment Service is a scheme where we have to apply for the payment for our extended services. This is done through our online account on their website and has to be done the week after they have used the

service (ASC/Breakfast Club). CGPS will pay 85% of the cost of childcare and the parent pays the remainder. The parent has to authorise the payment from CGPS. When the CGPS payment has been received into our account we have to chase the parent for the remaining outstanding balance. This is processed as non-invoiced income on FMS. This also has to be recorded on School Money to clear the debt.

5.1.2 Due to the current cost of living crisis, any outstanding payments that parent s / carers are finding difficult to pay, will be treated in the strictest confidence and on an individual basis. The school will endeavour to help the family by signposting them to possible financial help schemes such as Pupil Premium / Disadvantaged Strategy and the support of the Family Support Worker.

5.1.3 The following procedure will be followed to attempt to collect income owed to the school from any third party:
(a) An invoice will be raised which details the amount due, the debtor (i.e. the person deemed to owe the debt) and the date by which the debt should be paid. If VAT is chargeable, then this will be clearly shown on the invoice. Standard credit terms are 30 days from the invoice date.

(b) Following expiry of the due date for payment of the invoice, a reminder letter will be issued, requesting immediate payment of the outstanding sum.

(c) If payment is not received within 5 working days of the issue of a reminder letter, a telephone call should be made to the debtor to chase payment by the School Business Manager or Bursar. The telephone conversation should be recorded and formal correspondence should be issued to the debtor confirming the discussion. Within this correspondence it should be stated that should the debt not be paid within a further 5 working days, then the matter will be referred to Governors. **It must also state that "The Governing Body will reserve the right to take legal action to recover the full sum outstanding"**. This means that all debts not recoverable within 6 weeks of issue of the original invoice will be referred to the next Finance and Resources committee for a decision on legal action (or Chair's action sought from the Chair of the Finance and Resources Committee, if the next meeting is not imminent).

(d) At this stage (if applicable) the Governing Body will decide whether or not to refuse the debtor any further access to the school facilities until the debt is paid.

(e) At the point at which a long standing debt is paid, the Governing Body will decide if the debtor is to be permitted to make further use of the school facilities. Future payments for activities will normally be requested in advance, at the Governing Body's discretion.

(f) The Governing Body will determine the next course of action to recover the debt. At this stage it may be appropriate to seek legal advice from the school's acting solicitors.

(g) If a debt cannot be recovered either by the school or by its legal representatives it will have to be written off to the school's budget, in accordance with the procedure at paragraph 5.2 below.

(h) Where debts that are written off include an element of output tax, the Finance and Payroll Manager may need to contact the County Council's VAT Officer over the implications of this.

5.2 Write off of debt

5.2.1 Write off of debt will only be considered when the credit control procedure at section 5.1 above has been exhausted.

5.2.2 Before closure of the financial year a list of debts proposed for write off will be prepared by the School Business Manager /Bursar and will be submitted to the Finance and Resources Governors Committee for consideration. The submitted list will be supported by details of the debt. The Finance Committee will propose recommendations for approval by the full Governing Body.

5.2.3 The decision of the Governing Body will be clearly documented in the minutes of the relevant meeting.

5.2.4 The Governing Body will be informed if a debt has been written off, this will be recorded on the school's accounting system by the School Business Manager / Bursar. Such write-offs will be cross referenced to the relevant Governing Body minutes to complete the audit trail.

6. CANCELLATION OF INVOICES

6.1 Erroneous Invoices Raised

6.1.1 In instances where invoices have been incorrectly raised, the invoices will be presented to the School Business Manager with an explanation of why the invoice is required to be cancelled. The responsible member of staff will mark "cancelled" across the invoice, and sign the invoice and all supporting documents which will be retained for audit purposes.

7. CONTRIBUTIONS FROM EXTERNAL SOURCES

7.1 Contributions for a Specific Purchase

7.1.1 Occasionally schools receive contributions e.g. from their Friends of The Avenue Infant School to assist in purchasing equipment for the school. There is an agreed scheme for the avoidance of VAT for such instances and reference should be made to the VAT section of the Financial Management Handbook and/or contact made with the VAT helpdesk at Northamptonshire County Council for advice. The income must be banked into the Authority's accounts i.e. the school's local bank account and this must be done at the same time as the invoice is authorised and paid.

7.2 Donations and Sponsorship

7.2.1 Advice must be sought from the County Council's VAT Officer when donations or sponsorship money is received. Depending on the circumstances of the donation or sponsorship, VAT output tax may have to be paid on the amount received. This will normally be undertaken by the School Business Manager or Bursar.

8. ACCOUNTING FOR VAT ON INCOME

8.1 Guidance for School Staff

8.1.1 Some types of income received are subject to VAT Output tax that must be declared and paid to Her Majesty's Revenue and Customs (HMRC) - see VAT section of the LA Financial Management Handbook.

a) When recording the income on the school's local accounting system, the amount of VAT must be recorded. This should then appear on the VAT reports submitted to NCC Finance. The school will be reimbursed the amount of VAT equal to the Input tax (paid on expenditure) less the Output tax (due to be paid on income).

b) Invoices for goods/services must be raised on a timely basis i.e. in the month in which the goods/services are provided.

c) Quarterly, the School Business Manager will submit on the school's behalf an LB4 form together with reports from the school's local accounting system to NCC Finance. This information enables the Local Authority to complete their central output tax return to HMRC.

d) It is essential that schools close their accounting periods on the SIMS Finance Module each month so that VAT output tax is always recorded in the correct accounting period and is not backdated.

9. PAYING MONEY INTO THE BANK ACCOUNT

9.1 Banking Income Promptly and Intact

9.1.1 All income must be banked promptly and recorded in the school's accounts at the same time (this will be verified on completion of the monthly Bank Reconciliation). Cash must also be banked "intact" i.e. schools MUST NOT utilise cash balances to cash personal cheques for members of staff/the public or to make purchases. When paying in income, the School Business Manager / Bursar will complete the paying in slips issued by the relevant bank. Any cheques paid in must be clearly identified on the paying in slip or a separate log maintained.

9.2 Cash Handling

9.2.1 In order to ensure compliance with the school insurance policy, and for the safety and security of finance staff, due consideration must be given to the cash handling limits within the school's insurance policy, available from the School Business Manager /Bursar. Where the volume of cash to be banked exceeds the limits in the insurance policy, the school will use a money handling contractor (e.g. Securicor) to deposit the sum with the bank.

9.2.2 Only the School Business Manager and the Bursar have authority delegated to them by the Head teacher to deposit funds into the school bank account, and where this takes place within the cash handling limits, both members of staff should visit the bank to maximise security and strict secrecy should be maintained as to when these visits take place. Consideration should be given to ensure these take place at random times.

CHARGING & LETTINGS

1.1 INTRODUCTION

This charging and lettings section has been compiled in line with DFE requirements and in accordance with s457 of the Education Act, 1996.

1.2 SCHOOL TRIPS

1.2.1 Day Trips No charge will be levied in respect of day trips that take place during school hours or are part of the curriculum (but also refer to section 10.5).

- All trips organised by the school must have an educational basis. They should relate to themes or projects arising from curriculum work. As such they broaden the child's understanding by providing first-hand experience;
- When the trips are advertised to parents, they may be asked to make a voluntary contribution to the cost of travel and entry. No child will be excluded from any trip, because of the Parent's inability or unwillingness to pay;
- It will be clearly stated, at the same time, that if insufficient parents agree to meet the said cost, the School will have no alternative but to cancel the trip;
- Any acceptable shortfall in cash for an activity will be funded from School Fund. The additional cost will not be shared out between those parents who are willing to pay.

1.3 ACTIVITIES OUTSIDE SCHOOL HOURS

1.3.1 No charge will be made for activities outside school hours that are part of the National Curriculum or religious education, or that form an essential part of the syllabus for an approved examination.

1.3.2 If a pupil is prepared outside school hours for an examination that is not set out in regulations (the full list of which is available from the school), a charge will be levied for tuition and other costs.

1.3.3 For all other activities outside school hours, a charge up to the cost of the activity will be levied.

1.4 DAMAGE/LOSS TO PROPERTY

1.4.1 A charge may be levied in respect of wilful damage, neglect or loss of school property (including premises, furniture, equipment, books or materials), the charge to be the cost of replacement or repair, or such lower cost as the Head teacher may decide.

1.4.2 A charge may be levied in respect of wilful damage, neglect or loss of property (including premises, furniture, equipment, books or materials) belonging to a third party, where the cost has been recharged to the school. The charge to be the cost of replacement or repair, or such lower cost as the head teacher may decide.

1.5 VOLUNTARY CONTRIBUTIONS

Where the school cannot levy charges, and it is not possible to make these additional activities within the resources ordinarily available to the school, the school may request or invite parents to make a contribution towards the cost of the activity. Pupils will not be treated differently according to whether or not their parents have made any contribution in response to the request or invitation. However, where there are not enough voluntary contributions to make the activity possible, then it will be cancelled.

1.6 LETTINGS

The Governors of The Avenue Infant School have agreed that the school building will only be let for:

- **Use by educational groups**
- **Out of Hours Care**
- **Extended Services**

At such times:

- The charges will conform with the advice from the LA Financial Handbook at that time; unless the Governing Body deem otherwise;
- All invoices will be raised promptly by the School Business Manager / Bursar;
- Every attempt will be made for payment to be received before the event;
- Insurance requirements will be investigated by the School Business Manager / Bursar and the hirers informed if there is a need for any additional insurance cover;
- A licence for use of premises and a schedule of conditions of use will be mutually agreed by both parties and signed for the file.

The Friends of the School may use the building for their fundraising events. This group following the advice of the Governing Body have taken out additional insurance cover from the National Parent Teacher Federation. All hirers will be informed of the need for VAT payments on the use of electrical appliances in accordance with guidance from the LA Management Guide.

1.7 OTHER CHARGES

The head teacher, Finance Committee or Governing Body may levy charges for miscellaneous services up to the cost of providing such services e.g. for providing a copy of an OFSTED report.

1.8 REMISSIONS

1.8.1 The head teacher, Finance and Resources Committee or Governing Body may remit in full or part charges in respect of a pupil, if it feels it is reasonable in the circumstances.

1.8.2 The head teacher, Finance and Resources Committee or Governing Body may decide not to levy charges in respect of a particular activity, if it feels it is reasonable in the circumstances.

1.9 REVIEW

The Governing Body will review this policy annually.

Appendix 1

LOCAL AUTHORITY FINANCIAL REGULATIONS FOR ACCOUNTS RECEIVABLE

1. INCOME POLICY

1.1 The Governing Body should formally approve an income policy which will include setting charges, defining payment terms, establishing credit control procedures and debt cancellation and write off procedures.

This policy should be reviewed regularly and at least on an annual basis.

NCC issues guidance on the rates to be charged for the letting of premises, however schools may opt to charge their own rates.

2. INVOICE PREPARATION

2.1 Invoices should be sequentially numbered. (This is achieved automatically when invoices are recorded on the SIMS Finance Module)

2.2 Invoices must include the following details:-

(a) Name and address of school.

(b) The payment details must be in the title of NCC and the name of the school.

(c) The date of supply of the goods/services.

(d) A clear description of the goods/services provided.

(e) The VAT rate applicable to the goods/services provided.

(f) The NCC VAT registration no - 121 4804 09

(g) Terms of payment (it is suggested this should be immediate).

(h) Instructions on how to pay

2.3 Only income ledger codes should be used for invoices raised i.e. any income received must be a credit to an income code, and not to an expenditure code.

3. TIMELINESS OF INVOICES

There should be a management check of invoices generated to ensure they are being raised for all credit income due to the school, are accurate, and promptly raised.

To comply with Customs and Excise requirements invoices must be raised on a prompt basis, this should be in the month the goods or services are provided.

4. PAYMENTS IN ADVANCE

If payment or deposit is taken prior to the delivery of the goods/services, it should be recorded against the debtor on the school's local accounting system e.g. the SIMS Finance Module.

(When an invoice is raised on SIMS, in respect of the service to which the payment in advance relates to, the full cost should be shown. This will, owing to the limitations of SIMS, need to be manually adjusted to reflect the payment in advance.)

5. RECORDS

Hard copies (including spoilt and cancelled copies) of all invoices and credit notes must be retained for 6 years.

6. CREDIT CONTROL

It has been illustrated that prompt pursuit of outstanding debt is the key to effective credit control.

6.1 It is therefore suggested that, as a minimum, the procedures detailed below are adopted. A school may, however wish to operate more stringent procedures as determined by its own income policy.

(a) A reminder letter should be issued to the debtor no later than 21 days from the date of the invoice (a suggested format is presented as example A).

(b) If the debt remains unpaid after a further 14 days a second reminder letter should be issued (a suggested format is presented as example B). Additionally, if possible, personal contact should be established with the debtor.

c) For regular hirers the Governing Body should decide whether to allow continued use of school facilities whilst a debt is outstanding.

(d) If the debt still remains unpaid after a further 14 days, the debt should be referred to Legal Services or the schools legal representatives.

6.2 Another key element of credit control is a management check of outstanding debt. School management should be provided, on a monthly basis, with details of outstanding debts and these should be reported to the Finance Committee on a regular basis. Schools should provide Aged Debtor reports for this purpose. These can be printed automatically from most computerised accounting systems e.g. the SIMS Finance Module.

7. DEBT CANCELLATION AND WRITE OFF

7.1 Cancellations

It is recommended that all cancellations be authorised by a member of school management (who is not already involved in the debt collection process).

7.2 Debt Write Off

Where debt is to be written off, the Governing Body should determine a policy. It would be expected that School Management would submit any debts requiring write off to the Governing Body for approval.

8. VAT OUTPUT TAX RETURN

8.1 The County Council is required to notify HM Customs and Excise of all output tax (VAT on income) generated. Schools collecting income locally will therefore be required to periodically submit a return detailing the amount of output tax for the period to NCC Finance.

9. INTERNAL CONTROL

9.1 There are 3 key stages to the debt collection process:-

(1) Invoice preparation

(2) Receipt of income

(3) Credit control i.e. chasing outstanding debt.

In order to achieve an adequate level of internal control it is important that step (2) is separated from steps (1) and (3). In an ideal situation all 3 steps would be separated.

However it is recognized that staffing resources in some schools may not allow this.

9.2 It is also important that invoice cancellation/write off is separated from steps (2) and (3).