



FSSU
Financial Support
Services Unit

Board of Management Training
Financial Management
in Voluntary Secondary Schools

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The Board of Management and School Finance

1. The Education Act 1998 sets out a statutory framework for Irish Education at post-primary level. The Act serves an important purpose in providing transparency and clarity regarding the rights and responsibilities of Patrons / Trustees, Boards of Management, Principals and other stakeholders and in **facilitating best practice, quality outcomes and the effective and efficient deployment of resources.**
2. Section 14 of the Education Act 1998 provides for the establishment on an agreed basis of representative Boards of Management in recognised second level schools. Subject to the general supervision of the Patron/Trustees, the Board of Management, in accordance with the functions as set out in the Act, **is responsible for the governance and direction of the schools, the use of school resources and the management of its finances.** Section 15 states:

“It shall be a duty of a board to manage a school on behalf of a Patron and for the benefit of students and their parents and to provide or cause to be provided an appropriate education for each student at the school for which the board has responsibility.”

“A board shall consult with and keep informed the patron of decisions and proposal of the board.”

“A board shall **have regard to the efficient use of resources (and in particular the efficient use of grants provided under Section 12) the public interest in the affairs of the school and accountability to students, their parents, the patron, staff and community served by the school.**”
3. Voluntary secondary schools in the free education sector receive funding towards recurrent expenditure from the Department of Education and Skills (DES) by way of per capita grants. Teacher salary costs in all schools are paid directly by the State.
4. Subject to the general supervision of the Patron/Trustees, **the Board of Management is responsible for the financial administration of the school.** School finances and accounting have become a complex matter with schools handling a variety of funds apart from DES grants. Excluding teacher salaries, **an average size school can have an income in excess of €500,000 including voluntary donations from parents, fund-raising, collections for school tours and other activities.**
5. Section 18 of the Act states that
“the 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 such year all such accounts are properly audited or certified in accordance with best accounting practice; accounts kept in pursuance of this section shall be made available by the school concerned for inspection by the Minister and by parents of students in the school, in so far as those accounts relate to monies provided in accordance with section 12.”

Points 6 - 8 below applies to schools whose governance document is the Articles of Management for Catholic Voluntary secondary schools.
6. Through the Articles of Management, the Trustees of Voluntary Catholic schools devolve their powers to the Board of Management which now undertakes the responsibility **for the conduct, management and financial administration of the school, in accordance with the ethos of the Trustees and under their general supervision and control (Article 2).**

7. The Trustees, as owners of the school are ultimately responsible for any debts incurred by the school. For this reason **any expenditure in excess of income must be approved by the Trustees**. Under Article 15, specific obligations in the area financial management are laid down which are binding on Boards of Management:
- a) **Responsibility for all business carried on in connection with or on account of the school; the keeping of proper books of account and the operation of a bank account (15 (a))**
 - b) **Payment of a licence fee to the Trustees (15 (b))**
 - c) ****Ensuring expenditure does not exceed income and preparing a forward budget and financial report for the Trustees (15(c))**
 - d) **Setting up a financial sub-committee (15 (d))**
 - e) **Cheque payments and cheque signatories (15 (e))**
 - f) **Use of the school premises by outside bodies (15 (f))**
 - g) **Adequate and proper insurance (15 (g))**
 - h) ****Trustee approval is required for any extension, improvement or replacement of school buildings (27 (a))**
 - i) **Trustee approval is required for hire purchase, loans etc. above a particular level (27 (b))**

****Article 28 indemnifies the Board and each member against any claim for capital debts or expenditure properly incurred and provided Articles 15 (c) and 27 (a) have been complied with by the Board.****

8. The Board of Management delegates the day to day management of the school to the Principal who is given authority to act on behalf of the Board. The Principal is required **“to carry out his/her functions in accordance with such policies as may be determined from time to time by the Board and regulations made under the Act”.** (Section 23)
9. All financial decisions in relation to the school must be authorised and ratified by the Principal. **No member of the Board of Management in his/her individual capacity may interfere with the financial administration of the school by the Principal.**

The Board of Management, the School Principal and Finance

The financial administration of the school is under the control of the Board of Management subject to the general supervision and control of the Trustees.

The Trustees, as owners of the school, are ultimately responsible for any debts incurred by the school. For this reason, any expenditure in excess of income must be approved by the Trustees.

The Board of Management is responsible for all business carried on in connection with or on behalf of the school. It is responsible for day to day running expenses and must ensure that expenditure does not exceed income. To fulfil this responsibility it is required to:

- Ensure that all legal requirements under the Education Act 1998 are fulfilled
- Comply with the requirements of the Trustees / Patron
- Comply with requirements of the Department of Education and Skills and of the Financial Support Services Unit
- Set up a Finance Sub-Committee which includes the Principal
- Submit a forward budget to the Trustees
- Ensure that the annual school accounts are prepared, audited or certified and approved
- See that the school is adequately insured
- Obtain advance written approval from the Trustees for any hire purchase, overdraft or loan agreement and for any proposed capital expenditure

The Board delegates the day to day management of the school to the Principal and he/she is given authority to act on behalf of the Board. Section 23 states that “a Principal shall have all such powers as are necessary or expedient to carry out his/her functions under the Act, and shall carry out his/her functions in accordance with such policies as may be determined from time to time by the Board and regulations made under the Act.” The Principal is “entitled to be a member of any and every committee appointed by a Board.”

All financial decisions in relation to the school must be authorised and ratified by the Principal. In any event, no member of the Board of Management in his/her individual capacity or any other school employee may in any way interfere with the financial administration of the school by the Principal.

The day to day financial responsibilities which have to be fulfilled in a school include the following:

- Managing all bank accounts opened in the name of the school
- Managing day to day running expenses
- Ensuring that proper books of account are kept in line with best practice guidelines
- Making sure expenditure does not exceed income unless with Trustee approval
- Preparing the annual budget
- Ensuring that school income and expenditure is monitored on a regular basis and in particular comparing actual income and expenditure to budget

- Submitting financial reports at each Board of Management meeting
- Making sure a Bank Reconciliation Statement for each school account is prepared once a month
- Ensuring the segregation of duties as far as possible in all financial matters
- Two cheque signatories on all school accounts one of whom is the Principal
- All documentation relating to financial transactions and purchasing is signed by the Principal
- Subject to Trustee approval, the Principal discharges the wishes of the Board of Management regarding the use of school premises by outside bodies, school insurance and the maintenance and upkeep of the buildings
- Ensuring that no bank overdrafts, loans, lease or hire purchase agreements are entered into without prior Trustee approval
- Monitoring all grants from the Department of Education and Skills
- Ensuring that all payments made to the school are properly receipted and recorded
- Having clear guidelines in place on fund-raising in the school's name
- Ensuring that proper financial controls are in place for Parents' Associations / Councils, Past Pupils' Unions and other organisations operating in the name of the school
- The Principal approves all wages and salaries paid to school employees and ensures that proper records are maintained
- Ensuring that all remuneration payments made by the school are Revenue compliant
- Returning all relevant documentation and payments to the Revenue Commissioners
- Ensuring the proper disbursement of Book Grants for needy students
- Ensuring that proper purchasing guidelines are in place e.g. checking of order books, delivery notes and invoices
- Ensuring a proper system of stock control is in place where necessary
- Ensuring a proper Assets Register is maintained

This list is not exhaustive. However, there is no implication that the Principal has to physically carry out all of the tasks outlined above. Many of these tasks can be delegated but only under the guidance of the Principal. It is the responsibility of the school Board of Management to ensure that the necessary structures are in place as the Board is responsible for all business carried on in connection with or on account of the school.

The Board of Management Finance Sub-Committee

1. The Finance Sub-Committee

The Finance Committee is a sub-committee of the Board of Management established to carry out the duties assigned to it by the Board.

In establishing a Finance Committee, the Board needs to formally agree:

- a) Terms of reference and functions to be performed by the committee. (Sample terms of reference are listed below.)
- b) Membership of the committee
- c) Tenure of office – normally coinciding with the three year term of the Board
- d) Reporting arrangement with the Board and Trustees.

2. Functions of the Finance Sub-Committee

The Finance Sub-Committee monitors the financial affairs of the school and makes recommendations to the Board as appropriate. This includes the following:

- a) Drawing up the annual budget of the school for presentation to and adoption by the Board of Management
- b) Preparing and presenting regular financial reports for the Board
- c) Organising the preparation of school accounts for the External School Accountant
- d) Overseeing the school's asset register
- e) Ensuring that recommended school internal controls are put in place and followed
- f) Ensure that the requirements of the Education Act 1998 and of the schools governance document in relation to school finances are met
- g) Complying with financial requirements of Trustees, Financial Support Services Unit and the Department of Education and Skills.

3. Sample Terms of Reference Finance Sub-Committee

A. The School Budget

Early in the second school term, the Finance Sub-Committee meets to begin the process of drawing up the **school budget** for the following school year. A draft budget is presented to the full Board with ratification completed by April or May. In drawing up the budget, the following considerations should be kept in mind:

- **Projected expenditure must not exceed projected income.** The Board of Management is not permitted to budget for a deficit without prior sanction from the Trustees
- Ideally, expenditure budgets should not exceed expected income from the Department of Education and Skills
- It is advisable to maintain income received from other sources such as Parents' Councils and fund-raising for developmental purposes.

B. Financial Reports to the Board

At each meeting of the Board, the Finance Sub-Committee presents an up-to-date **financial statement** showing receipts and payments summary, actual income and expenditure compared to budget, a bank reconciliation statement and a short progress report on the funding activities currently engaged in by the school. Following consideration, the financial report should be formally approved by the Board.

C. Accounts and Documentation

The Finance Sub-Committee ensures that all **accounts and documentation** are prepared for the External School Accountant at the end of the school year. On receipt, the annual school accounts are presented to the Board for formal ratification and copies sent to the Trustees and the Financial Support Services Unit.

D. Internal Controls

1. The Sub-Committee ensures that there are adequate **internal controls** over all financial transactions conducted by the school and that these are reviewed regularly. In particular, the Sub-Committee will establish and keep under review school practices and procedures in the following areas:
 - **Payment procedures**
 - **Procedures for the receipt of money**
 - **Purchasing procedures**
 - **Payment of wages**
 - Control of **stock** and **assets**.
2. The Sub-Committee ensures that best practice obtains with regard to **cash transactions** and makes recommendations to the Board as necessary.
3. The Sub-Committee ensures that adequate **accounting records and registers** are maintained by the school. Recommendations for change or improvement may be made to the Board from time to time.
4. The Sub-Committee should review the **financial information systems** within the school to ensure that the Board has adequate information upon which to make decisions and to satisfy itself that the school finances are being managed in such a manner as to meet its obligations to the school community, the Trustees, the Department of Education and Skills and other interested parties such as the Revenue Commissioners.
5. The Sub-Committee will have access to all **accounting records** held by the school such as original bank statements, correspondence, invoices, asset register, and wage records.
6. The Sub-Committee may request the Principal to provide a **report** on any aspect of school accounts at its discretion.

E. The Finance Sub-Committee ensures

- That the Board does not enter into any financial commitment for which there is no provision
- That all Revenue Commissioners requirements are met
- That all lease arrangements/loans are approved and monitored
- That all payments and procedures for the hire of school property or equipment are monitored e.g. sports hall, computer facilities
- That stock taking occurs on an annual basis
- That the school's asset register is maintained

F. Meetings

The Finance Sub-Committee meets on a regular basis as required by the Principal and the Board of Management to enable it to discharge its duties and to contribute to the good management of the school. A formal record of meetings should be retained.

Finance Sub-Committee

Financial Reports Checklist

1. Check that you have received all of the recommended financial reports
2. Review each report and summarise salient points for the BOM. The following is a brief guideline on how this maybe done.

Financial Reports	Actions
Bank Balances	<ul style="list-style-type: none"> • Check to see if bank accounts have been open or closed during the period • If yes have proper procedures been followed? YES <input type="checkbox"/> NO <input type="checkbox"/> • Are the bank balances within the limit set by the BOM?
Bank Reconciliations	<ul style="list-style-type: none"> • Check the bank reconciliations to ensure there are no differences on the reconciliation report. YES <input type="checkbox"/> NO <input type="checkbox"/> • Check the date on the bank reconciliation report to ensure it is reconciled to the accounting period under review.
Receipts and Payments / Income & Expenditure	<p>This report should show current periods figures, year to date figures, annual budgeted figures, previous year's figures.</p> <ul style="list-style-type: none"> • Examine this report in detail and check any unusual or large amounts. YES <input type="checkbox"/> NO <input type="checkbox"/> • Assess that the school is on target to meet its budgetary plan.
Balance Sheet	<p>This report will show the year to date figures and the previous year's figures.</p> <ul style="list-style-type: none"> • Check that the balance sheet balances. • Look for additions to fixed assets, changes in debtors and prepayments, changes to creditors and accruals. YES <input type="checkbox"/> NO <input type="checkbox"/> • If there is any balance in the suspense account it should be examined.
List of Creditors / Accruals	<ul style="list-style-type: none"> • If the school is running the purchase ledger system examine the list of creditors to ensure that the school are paying their bills on time. • The list of accruals/outstanding invoices should be totalled and check if the school has sufficient funds to pay its liabilities. YES <input type="checkbox"/> NO <input type="checkbox"/> • If the school is currently undertaking any capital works ensure that you receive a list of the outstanding invoices.
Income received in advance	<ul style="list-style-type: none"> • As it has become common practice in many schools to collect the registration fee/voluntary contribution in advance of the next school year. A list should be prepared showing a summary of advance receipts and it is important that these funds are accounted for separately in the accounts. YES <input type="checkbox"/> NO <input type="checkbox"/> • The school will on occasion receive grants for summer work schemes etc. in advance of the work being done therefore this income needs to be identified and accounted for separately.
Prepayments	<ul style="list-style-type: none"> • Examine the list of prepayments to ensure that they have been allocated to the correct period. YES <input type="checkbox"/> NO <input type="checkbox"/>
Capital Income & Expenditure Account	<ul style="list-style-type: none"> • This report should be given when there is a capital project such as an extension. Summer Works Scheme or major refurbishment in progress. YES <input type="checkbox"/> NO <input type="checkbox"/> • This report should be examined to ensure that the project is running within the budget.

Recommended Financial Reports for Finance Sub-Committee Meetings and Board of Management Meetings

A. Introduction:

This guideline sets out the required financial reports to be reviewed by:

1. the Principal and accounts personnel
2. the Finance Sub-Committee
3. the Board of Management

The reports should be reviewed on a monthly basis as it is critical in these financially challenging times that school finances are timely and accurate.

B. Recommended Financial Reports:

The Principal and the board should ensure that the following steps are followed:

STEP 1: The accounts information should be processed in a computerised accounts package throughout the month. It is important that the board is satisfied that there is a suitably trained person carrying out this function. Training and support for accounts personnel is available from the FSSU.

STEP 2: A draft set of Financial Reports should be reviewed for accuracy and completeness within ten days of the month end. This review should be undertaken by the Principal with the person processing the financial information. Any issues or adjustments arising from this initial review should be addressed.

STEP 3: A full set of financial reports should be generated at least 3 days before the scheduled board meeting and forwarded to the Finance Sub-Committee members. Any queries should be addressed at the Finance Sub-Committee meeting. The Finance Sub-Committee should review the financial reports in detail at their meeting and present a report to the full board meeting.

The Financial Reports to be reviewed are:

1. **Balances on All School Bank Accounts**
2. **Bank Reconciliation Statement for each Bank Account including cheques and lodgements listings**
3. **Income and Expenditure Account showing actual versus budgeted figures**
4. **Balance Sheet**
5. **List of all creditors / List of accruals / Summary of income received for next school year and prepayments**
6. **Capital Income and Expenditure Account**

STEP 4: All board members should be given a copy of the financial reports at the main board meeting. It is not envisaged that the financial reports are reviewed in detail at the main board meeting by the full board; detailed analysis of the reports is the function of the Finance Sub-Committee.

C. Other information

- As the financial reports contain confidential information, it is recommended that they are collected at the end of the meeting. One copy of all the financial reports shall be filed with the board records and all other copies of the financial reports shredded.
- FSSU Accountants are available to train finance sub committees and boards on an individual board basis on this important aspect of financial management. If your board should require such training, please contact your FSSU Accountant.

1. Balances on all Bank Accounts

St Mary's Secondary School				08/10/2016
List of All Bank Account Balances				12:03 pm
Bank	NL Account	Name	Balance	
1	1800-100	Bank of Ireland	35,610.52	
2	1807-100	Building bank account	8,111.02	
3	1810-100	Deposit Account	5,688.00	
4	1900-100	Petty Cash A/c	1,210.14	
5	1803-100	ICS Investment Account	0.00	

2. Bank Reconciliation Statement for each Bank Account

Bank Statement Date: 31/08/2016	St Mary's Secondary School CashBook Summary Report	08/10/2016 12:05 pm
Bank Account: 1 - Current Account		
Sort Code:		
Account Number:		
Cashbook Summary as at: 31/08/2016		
Cashbook Balance B/F as at: 31/08/2016:	35,610.52	
Receipts:	0.00	
Payments:	0.00	
Cashbook Balance to be C/F:	35,610.52	
Balance as per Statement:	39,054.84	
Un-reconciled Receipts:	0.00	
Un-reconciled Payments:	-3,444.32	
Balance to be Carried Forward:	35,610.52	

3. Receipts and Payments Account / Income and Expenditure Account showing Current and Budget figures

St Mary's Secondary School Profit & Loss Statement				08/10/2016 12:03 pm
	Current 01/09/2015 - 31/08/2016	Budget 01/09/2015 - 31/08/2016	Difference Difference	1 Year Past 01/09/2014 - 31/08/2015
<u>INCOME</u>				
<u>Department</u>				
3010-100 Capitation	60,614	60,040	574	57,991
3020-100 Enhanced Capitati	9,397	9,876	(479)	9,875
3050-100 Support Services (45,828	45,888	(60)	42,612
3100-100 Secretarial Grant	12,720	12,900	(180)	13,500
3130-100 Caretaker Grant	10,176	10,320	(144)	10,800
3150-100 Book Grant	8,892	7,900	992	8,268
3170-100 Special Subject Gr	8,595		8,595	
3210-100 Leaving Cert Appli	4,530	3,600	930	3,020
3220-100 Grant for Traveller	8,442	7,170	1,272	6,699
3240-100 Supervision/Substi	6,716	6,050	666	11,067
3260-100 DES Exam Aides	4,940		4,940	5,625
3290-100 Other DES Grants	4,062	2,940	1,122	819
Total Department:	184,912	166,684	18,228	170,276
<u>School Generated Income</u>				
3330-100 Book Rental Recei	19,019	11,500	7,519	10,628
3350-100 Hall Rental Income	14,191	13,000	1,191	9,109
3370-100 Locker Receipts	1,690	1,450	240	1,510
3375-100 School Journals	1,331		1,331	484
3390-100 Photocopying Receipts		500	(500)	
3420-100 Canteen Income	13,097	15,000	(1,903)	14,899
3510-100 Bus Income	281		281	
3550-100 Reimbursable Incc	1,173		1,173	2,331
3570-100 Other School Genr	549	500	49	
Total School Generated:	51,331	41,950	9,381	38,961
<u>Other Income</u>				
3650-100 Vol. Subs / Registr	3,640	5,000	(1,360)	5,035
3750-100 Fund Raising	20		20	
3770-100 Insurance Claim	835		835	14,360
3800-100 Bank Interest Recd	2		2	3
3850-100 Other Special Inco	878	500	378	2,000
Total Other Income:	5,375	5,500	(125)	21,398
<u>TOTAL INCOME</u>				
TOTAL INCOME:	241,618	214,134	27,484	230,636
<u>EXPENDITURE</u>				
<u>Education Salary</u>				
4130-100 Part time Teachers Sal				74
4150-100 Supervisors Salari	6,716	6,050	666	11,068
4155-100 Exam Aides	4,974		4,974	8,308
Total Ed. Salary:	11,690	6,050	5,640	19,450
<u>Education Other</u>				
4310-100 Teaching Aids	394		394	224
4330-100 Religion	374		374	91

St Mary's Secondary School
Profit & Loss Statement

08/10/2016
12:03 pm

	Current 01/09/2015 - 31/08/2016	Budget 01/09/2015 - 31/08/2016	Difference Difference	1 Year Past 01/09/2014 - 31/08/2015
4350-100 Art	1,301	2,000	(699)	1,432
4370-100 Home Economics	701	500	201	963
4390-100 Science	68	250	(182)	39
4410-100 Computers / IT	2,824	4,000	(1,176)	6,325
4490-100 Other Subjects - S	323	250	73	173
4550-100 Leaving Cert Appli	821		821	432
4570-100 LCVP	109		109	70
4610-100 Learning Support	303		303	346
4620-100 Teacher Inservice	511		511	
4630-100 Career Guidance	565	400	165	160
4640-100 Library		150	(150)	
4650-100 Physical Educator	592		592	180
4670-100 Games (excl. trave	100		100	
4690-100 Bus Hire	1,620	500	1,120	1,035
4710-100 School Tours		1,500	(1,500)	
4730-100 School Books	10,424	10,000	424	12,139
4750-100 Examination Fees	2,068	1,500	568	1,566
4770-100 Trophies & Prizes	600	100	500	610
4810-100 Home / School / Li	1,379	500	879	574
4820-100 School meals				
4850-100 Student Council	31		31	
4910-100 Other Educational	1,681	100	1,581	523
Total Other Education:	26,788	21,750	5,038	26,882
<u>Repairs, Maintenance & Establishment</u>				
5010-100 Caretaker(s): Wag	9,842	10,000	(158)	10,899
5031-100 Caretaker Paye/Pr	1,583		1,583	1,528
5110-100 Cleaners' Wages	16,305	18,000	(1,695)	17,334
5111-100 Cleaners Paye/Prs	556		556	560
5150-100 Contract Cleaners	640		640	301
5170-100 Cleaning Materials	2,780	5,000	(2,220)	2,313
5180-100 Caretaker Material	3,148		3,148	3,267
5310-100 Repairs-Buildings/	1,006	5,000	(3,994)	17,727
5340-100 Flood Repairs and Renewals				
5350-100 Repairs-Furniture,)	1,636	1,500	136	2,725
5400-100 Security	3,696	4,000	(304)	9,258
5450-100 Insurance	25,681	27,000	(1,319)	26,655
5510-100 Heating	21,650	15,000	6,650	14,856
5550-100 Light and Power	19,805	15,000	4,805	20,047
5610-100 Rent and Rates	1,495	2,600	(1,105)	3,641
5700-100 Licence Fee to Tr.	735		735	700
5800-100 Other Repairs & M	385	100	285	1,604
Maintenance & Establishme	110,943	103,200	7,743	133,414
<u>Administration</u>				
6010-100 Secretarial: Wage:	27,077	33,000	(5,923)	28,093
6051-100 Secretary Paye/Pr	5,849		5,849	5,819
6100-100 Staff Recruitment	224	1,000	(776)	
6150-100 Advertising / Public Rels				47
6210-100 Postage	1,211	1,800	(589)	1,750
6250-100 Telephone	4,155	5,000	(845)	5,070

St Mary's Secondary School
Profit & Loss Statement

08/10/2016
12:03 pm

	Current 01/09/2015 - 31/08/2016	Budget 01/09/2015 - 31/08/2016	Difference Difference	1 Year Past 01/09/2014 - 31/08/2015
6300-100 Printing/Stationery	6,274	5,500	774	6,386
6310-100 Photocopying	112	3,000	(2,888)	1,841
6350-100 Office Equipment	14		14	379
6400-100 Accounting / Auditi	3,010	3,000	10	2,500
6450-100 Other Professional	500	1,000	(500)	128
6500-100 Travel & Subsistence		500	(500)	
6600-100 Principal's Expens	98		98	131
6650-100 Board of Managen	469		469	266
6700-100 Annual Subscriptic	1,788	2,200	(412)	1,780
6750-100 Donations / Charity		500	(500)	
6780-100 Staff Room Expen	636	500	136	368
6800-100 Hospitality	722		722	350
6860-100 School Canteen	13,233	15,000	(1,767)	11,867
6900-100 Other Administrati	945	250	695	1,071
Total Administration:	66,317	72,250	(5,933)	67,846
Financial				
7300-100 Leasing		1,500	(1,500)	7,469
7400-100 Bank Interest Paid				
7450-100 Bank Charges	369	500	(131)	398
7800-100 Reimbursable Exp	1,219		1,219	890
Total Financial:	1,588	2,000	(412)	8,756
Depreciation of Fixed Assets				
TOTAL EXPENDITURE				
Total Expenditure:	217,326	205,250	12,076	256,348
	=====	=====	=====	=====
PROFIT / (LOSS)				
Net PROFIT / (LOSS):	24,291	8,884	15,407	(25,713)
	=====	=====	=====	=====

4. Balance Sheet

St Mary's Secondary School		08/10/2016
Balance Sheet		12:02 pm
	Current 01/09/2015-31/08/2016	1 Year Past 01/09/2014 -31/08/2015
<u>FIXED ASSETS</u>		
1400-100 Capital: Land & Buildings	5,928,594	5,928,594
1405-100 Depr: Land and Buildings	1,378,999	1,378,999
1420-100 Capital: Furniture, Fitt	203,000	203,000
1475-100 Depreciation - Other	168,930	168,930
Total Fixed Assets	4,583,665	4,583,665
<u>CURRENT ASSETS</u>		
1720-100 Prepayments	7,476	26,044
1800-100 Bank of Ireland	35,611	19,983
1807-100 Building bank account	8,111	8,111
1810-100 Deposit Account	5,688	5,688
1900-100 Petty Cash A/c	1,210	1,566
Total Current Assets:	58,096	61,392
<u>CURRENT LIABILITIES</u>		
2320-100 Loan- Trustees	24,325	43,119
2350-100 PAYE/PRSI Control Account	10,209	10,457
2440-100 Accruals	36,753	45,298
9999-100 Opening Balance Control		
Total Current Liabilities	71,286	98,874
Net Current Assets/(Liab)	(13,190)	(37,482)
TOTAL NET ASSETS:	4,570,474	4,546,183
	=====	=====
<u>CAPITAL & RESERVES</u>		
Balance on Income & Expenditure	(236,308)	(260,599)
<u>Contributions towards Fixed Assets</u>		
3900-100 DES Building Grant	3,650,000	3,650,000
3920-100 DES Equipment Grants	40,581	40,581
3950-100 Local Religious Community	335,490	335,490
3960-100 Fund Raising -Fixed Asset	48,426	48,426
3970-100 Insurance Claim - Cont. to fixed assets	730,235	730,235
3980-100 Parents Cont. Fixed Asset	2,050	2,050
Contributions towards Fixed Assets	4,806,782	4,806,782
Total Capital & Reserves	4,570,474	4,546,183

5. Accruals Report

St Mary's Secondary School Accruals	
Telephone	400
Bord Gas	300
Office Supplies	260
Cleaning Materials	150
Computers	2500
Wood works Supplies	2100
Total Due	5710

6. Capital Income and Expenditure Accounts

St Mary's Secondary School Capital Income and Expenditure Report Capital Programme	
Capital Expenditure:	€
A. C & T Crampton	540,000.00
School Furniture Supply Company	25,000.00
Dell Computers	1,500.00
Total Capital Expenditure	566,500.00
B. Funding to finance Capital Expenditure:	
Department of Education and Skills Capital Grants	700,000.00
Parents' Association / Council	20,000.00
Parents' Contributions	–
Fundraising	20,000.00
Other	–
Total Capital Revenue	740,000.00
Surplus/Deficit	173,500.00
Total Capital Expenditure Outstanding	185,000.00

Grants payable to Non-Fee Paying Voluntary Secondary Schools

School year 2015/2016

1. **Standard Capitation Grant: €296** per capita less the contribution to teachers' salaries of **€562** per each Permanent/CID whole time equivalent (WTE) teacher on the DES payroll.
The grant is paid in three installments based on current enrolment:
 - September 2015: €99 per capita;**
 - January 2016: €99 per capita;**
 - April 2016: €99 per capita.**

N.B. Where the school's enrolment increases or decreases, the September and January payments are calculated on 2014/2015 enrolment and the full adjustment for current year enrolment is applied to the April payment.
2. **DEIS Grant (DEIS Schools only): €159** per student x disadvantage rating (usually 30%)
3. **Support Services Grant: €201** per capita in 2015 and **€206** per capita in 2016 payable in three instalments in September, January and April. The minimum grant payable for 2016 is set at **€41,200**.
4. **Grants for Secretaries:**
 - a) Basic Secretarial Grant - **€36** per capita in 2015 and **€37** per capita in 2016. The maximum grant payable for 2016 is set at **€12,950**.
 - b) SSSF Secretary Grant - **€24** per capita in 2015 and **€25** per capita in 2016. The minimum grant payable for 2016 is set at **€5,000** and the maximum grant is set at **€8,750**.

(School secretaries employed under the 1978 scheme are paid directly by the DES and therefore any such school is not entitled to the secretarial grants above regardless of its enrolment figure. However, if this secretary resigns/retires the school will be paid a grant based on enrolment figure subject to a maximum of 350).
5. **Grants for Caretakers:**
 - a) Basic Caretaker Grant - **€30** per capita in 2015 and **€31** per capita in 2016. The maximum grant payable for 2016 is set at **€10,850**.
 - b) SSSF Caretaker Grant - **€18** per capita in 2015 and **€19** per capita in 2016. The minimum grant payable for 2016 is set at **€3,800** and the maximum grant is set at **€6,650**.

To qualify for the **Basic Secretary or Caretaker Grants** a school must have an enrolment figure of at least 200 pupils. The grant is calculated by multiplying the enrolment figure by the rate per capita up to a maximum of 350 pupils. If a school subsequently falls below the 200 enrolment figure the grant is paid on the enrolment figure x rate.

The **SSSF Caretaker/Secretary Grants** are paid to schools receiving either of the above mainstream grants. A school in receipt of the Secretary Grant will receive the SSSF – Secretary Grant and a school in receipt of the Caretaker Grant will receive the SSSF – Caretaker Grant. Each eligible school will receive

Board of Management Training

a minimum grant based on 200 pupils up to a maximum based on 350 pupils. Schools with enrolments between 200 and 350 will be paid on a pro rata basis.

Schools that have never reached a minimum enrolment figure of 200 pupils, and therefore are not in receipt of the Caretaker or Secretary grants, are still entitled to the SSSF Caretaker (€19 per student for 2016) and SSSF Secretary (€25 per student for 2016) grants at the minimum grant of 200 x Rate.

6. Tuition Grants

- a) **Transition Year Grant: €95** per student in Transition Year
- b) **Leaving Certificate Applied Grant: €151** per student in LCA
- c) **Junior Certificate Schools Programme: €60** per student in First Year JCSP
- d) **Physics and Chemistry: €13** per student taking Physics and/or Chemistry in 5th and 6th Year.

7. **Book Grant: €24** per student in non-DEIS schools and **€39** per student in DEIS schools.

8. **Grant Special Needs Class:** A grant of **€191 per capita** is payable in respect of students psychologically assessed as having a mild or moderate learning disability **and** who participate in a special class group with an officially sanctioned resource teacher.

9. **Irish and Bi-Lingual Grants: €103** per student where all subjects are taught through Irish and **€84** where at least four subjects are taught through Irish.

10. **Grant for Traveller** students is **€201** per student.

11. Supervision/Substitution Scheme Funding:

Where a teacher has opted out of Supervision and Substitution Scheme, an amount equivalent to the supervision and substitution allowance has been allocated to the teacher's school for the provision of supervision and substitution duties. This grant cannot be used to pay full-time teachers or teachers who have opted out of the Scheme for supervision and substitution on a casual/ non-pensionable basis.

The school will receive €1,769 per annum for teachers employed pre -1 January 2011 and €1,592 for teachers employed post- 31st December 2010 who opted out of the scheme.

12. **Capital Grants:** With prior Trustee approval, the Board of Management may seek capital funding from the Department of Education and Skills under the following categories:

- New building and Extensions
- Extensive refurbishment/conversion works (over €500,000)
- Improvement works (under €500,000)
- Emergency Works (See Circular 18/2011)
- Temporary accommodation
- Health and Safety

Application forms for Capital Grants (Form SLE) and Emergency Works should be downloaded from the Department of Education and Skills website www.education.ie under School Planning/Building, Post-Primary.

Summary of Grants Payable 2015/2016

No	Grant Description	Rate per Student	Instalments	Payment Due	Notes
1	Capitation Standard Rate	€296	3	Sept/Jan/Apr	€562 per PWT/CID deducted from total for school basic salary
2	DEIS Grant DEIS (Delivering Equality Of Opportunity In Schools)	€159 x Disadvantaged Rating	1	Dec	Payable only to schools classified as DEIS
3	Support Services Grant	2015: €201 2016: €206	3	Sept/Jan/Apr	Minimum for 2016 - €41,200
4	Secretary	2015: €36 2016: €37	3	Sept/Jan/Apr	Schools not in 1978 scheme Min. enrolment - 200 Maximum for 2016 €12,950
5	Secretary - School Services Support Fund (SSSF)	2015: €24 2016: €25	3	Sept/Jan/Apr	Schools not in 1978 Scheme. Minimum for 2016 - €5,000 Maximum for 2016 - €8,750
6	Caretaker	2015: €30 2016: €31	3	Sept/Jan/Apr	Minimum enrolment - 200 Maximum for 2016 - €10,850
7	Caretaker- School Services Support Fund (SSSF)	2015: €18 2016: €19	3	Sept/Jan/Apr	Payable to all schools Minimum for 2016 - €3,800 Maximum for 2016 - €6,650
8	Transition Year	€95	1	Jun	
9	Leaving Cert Applied	€151	1	Jun	
10	Junior Cert Schools Programme	€60	1	Jun	1st Year JCSP only
11	Physics and Chemistry	€13	1	Jun	Per student in 5th and 6th Year Physics and/or Chemistry
12	Special Needs Grant for students with mild/moderate learning disability	€191	1	Dec	For students who participate in special class group with sanctioned resource teacher
13	Book Grant Non-DEIS Schools DEIS Schools	€24 €39	1	Jun	Book grant paid in June 2016 is for 2016/2017 school year
14	Traveller Grant	€201	1	Nov	
15	Bi-Lingual (all subjects through Irish) or (min 4 subjects through Irish)	€103 or €84	1 1	May	
16	Supervision and Substitution Grant Pre Jan 1, 2011 teachers For teachers joining the scheme after Dec 31, 2010	€1,769 €1,592			

Online Claims System Guidelines

1. Introduction

The Department of Education and Skills have issued Circular 0024/2013 'Operational Guidelines for Boards of Management and Staff designated to operate the Online Claims system in recognised primary and post primary schools.' The purpose of this Circular is to update school management authorities and staff on the procedures and recommendations regarding the operation of the On Line Claims System (OLCS).

The procedures and recommendations outlined shall be implemented at all times.

This Financial Guideline outlines the details of the Circular highlighting new requirements in relation to security and reporting.

2. Security Procedures

Persons authorised to use OLCS must:

- a) keep their User ID, password, email address and other information secure at all times and not disclose them to anybody including other members of staff.
- b) not reveal passwords to a third party.
- c) logout of OLCS before leaving a computer unattended.
- d) not authorise any computer programme to remember their security details.

The Esinet site is a secure site and as a security measure, if the OLCS application has not been used for more than thirty minutes, it will automatically log the user out of the system.

If login details are lost or forgotten it will be necessary to authenticate the details provided when first registered on OLCS when requesting new login details.

3. Role of Boards of Management

Boards of Management:

- a) have a responsibility to ensure that at school level the integrity of the system is maintained at all times.
- b) should formally approve the roles of personnel involved in the On-line Claims System.
- c) must ensure on an ongoing basis that under no circumstances should the same person in a school undertake the role of Data Entry and Approver.
- d) should ensure that supporting documentation in relation to the data input on OLCS is retained securely in the school with the relevant personnel records i.e. medical certificates, attendance at in-service/in-career courses and applications forms for Board approved leave.

A short report should be read into the minutes of every Board of Management meeting listing the names of all substitutes and part-time teachers for whom claims have been made on the OLCS system since the last board meeting.

4. OLCS Roles

There are four distinct roles assigned to personnel at school level to operate OLCS. These roles are as follows:

a) Data Entry

The role of the person with responsibility for Data Entry is to input the data i.e. input the details of absences of staff members, claims for casual and non-casual staff members and other details to the system.

The role of the Data Entry person is a distinct role and under no circumstances should the same person undertake a dual role on OLCS.

The Data Entry person should not be a person employed as a special needs assistant in the school.

b) First Approver

The role of the First Approver is to verify that the data input by the Data Entry person is correct and to approve the data.

The Approver should always ensure that:

- i) details and in particular the bank account details of teachers and special needs assistants are input correctly to the system.
- ii) a copy of the Staff Member Set up Form is signed by the staff member and a copy retained by the school in the staff member's personnel file.
- iii) the terms of Department Circulars relating to vetting, teacher registration, membership of single pension scheme etc are being complied with when claims are being made.
- iv) supporting documentation e.g. medical certificates and application forms for leave absences etc. have been obtained from the staff member and approved by the Board of Management where necessary prior to recording the leave details on OLCS.
- v) all absences are recorded on OLCS whether substitutable or not.

c) Second Approver

The role of the second Approver is to approve the leave/claims in respect of the first Approver's absences and can also approve data entered by the Data Entry person.

d) Local Administrator

The Local Administrator is an additional role assigned to the first approver in the school and his/her role is to re-assign data entry roles within the school and to set up new data entry users.

To set up a new approver the "Approver Change Request Form" should be downloaded from the Landing Page on OLCS, completed and posted to the Department of Education and Skills.

The new user ID and password is then issued to the Approver by return of post.

5. Resetting of passwords

An automated system is now available that enables school users to reset their own passwords. It is important that school users record their email address when logging in to use the automated system. This email address should only be used by the registered user.

6. Reports

There is a facility on OLCS to print reports.

If a staff member requires details of their absences the relevant report should be generated, printed and given to the staff member.

A report on all absences recorded on the OLCS should be supplied to each staff member at intervals recommended by the Board of Management of the school but at least one report should be produced in each school term. Each staff member should sign the absence report and a copy to be retained in the school.

7. Audit Trail

As with all computerised systems an audit trail of records and the dates and times of transactions are maintained on the system.

The Department is obliged to refer to An Garda Síochána, any fraudulent claims for payment in respect of Substitution or Part-time hours or any falsified records with regard to leave of absence. In these circumstances it will be a matter for An Garda Síochána to determine what action, if any, should be taken and consequently may result in a criminal prosecution.

Revenue Compliance

PAYE/PRSI

The Board of Management is the legal employer of all staff in the school. The Board of Management is responsible for ensuring all their employees receive certain basic employment rights. These rights are governed by detailed employment legislation. As the legal employer the Board of Management is responsible for ensuring that all payments made by the school comply with PAYE regulations.

The following is a summary of the Board of Management's responsibilities in relation to Revenue compliance:

- Make deductions at source of Income Tax, USC and PRSI from payments made to employees and an obligation to remit deductions to Revenue.
- Ensure all payments made to employees are Revenue compliant.
- Keep and maintain, in paper or electronic format, a register of all employees.
- Notify Revenue of all new employees in the school.
- Submission of P45's to Revenue when employees cease employment with the school.
- Determine the employment status of an individual i.e. is the person an employee or are they self-employed.
- Filing and payment of all Revenue payroll returns on time.

RCT, Reverse Charge VAT

A **school Board of Management**, in its capacity as a body established by statute and funded wholly or mainly from funds provided by the Oireachtas, is designated as a "**Principal Contractor**".

This means that a board of management is responsible for complying with RCT requirements and VAT returns when making payments to the building contractor. In addition, the Revenue has introduced a mandatory electronic RCT system with effect from January 1, 2012 for all principal contractors. From that date all filings and notifications to Revenue by a principal contractor must be done through the Revenue Online (ROS) system.

Under section 20 of the Finance Act 2011, new regulations have been introduced which affect the tax treatment of payments to contractors engaged by schools on "Construction operations".

Construction operations" means operations of any of the following descriptions:

- a) The construction, alteration, repair, extension, demolition or dismantling of buildings or structures;
- b) The construction, alteration, repair, extension or demolition of any works forming, or to form, part of the land, including walls, road-works, power lines, telecommunication apparatus, aircraft runways, docks and harbours, railways, inland waterways, pipelines, reservoirs, water mains, wells, sewers, industrial plant and installations for purposes of land drainage;
- c) The installation in any building or structure of systems of heating, lighting, air-conditioning, soundproofing, ventilation, power supply, drainage, sanitation, water supply, burglar or fire protection;
- d) The installation in or on any building or structure of systems of telecommunications;
- e) The external cleaning of buildings (other than cleaning of any part of a building in the course of normal maintenance) or the internal cleaning of buildings and structures, in so far as carried out in the course of their construction, alteration, extension, repair or restoration;

Operations which form an integral part of, or are preparatory to, or are for rendering complete such operations as are described in paragraphs (a) to (d), including site clearance, earth-moving, excavation, tunnelling and boring, laying of foundations,

Relevant Contracts Tax (RCT)

Relevant Contracts Tax (RCT) is a tax regime which applies to construction contracts where the tax is deducted from payments due to a sub-contractor by the principal contractor. The rates of RCT are either 0%, 20% or 35%.

1. Relevant Contracts Tax (RCT)

- RCT is a withholding tax operating in the construction sector since the 1970s
- School boards of management are classified as principal contractors for RCT
- All schools should be registered for RCT whether or not a contract is imminent
- RCT must be operated by a **principal contractor** making **relevant payments** to a sub-contractor under a relevant contract
- A relevant contract refers to **the construction, alteration, repair, extension, demolition or dismantling of buildings and structures**. It includes contracts of all sizes involving construction, repair or alteration.
- Maintenance only contracts are not included Contracts involving **maintenance and repair** are included
- RCT is an electronic system processed through ROS and its key features are:
 - Contract Notification
 - Payment Notification
 - Deduction Authorisation
 - Deduction Summary/Return
 - Payment of RCT due by 23rd of month after the period covered by the return
- RCT -Reverse charge rules do not apply to payments to
 - architects
 - quantity surveyors
 - engineers or
 - design teams
- It does not apply to Professionals within the construction industry

VAT Reverse Charge

Where a board receives construction services, other than haulage for hire, it must account for VAT on such services to Revenue. **The method of accounting for VAT in such cases is known as reverse charge.** In effect, the board, which receives the services, charges itself the VAT that would otherwise be charged by the subcontractor. The board accounts to Revenue for that VAT.

Boards of Management are not entitled to deductibility for VAT incurred, therefore the "VAT on Purchases" figure in the VAT 3 form will be NIL. The VAT payable to Revenue will be the full amount of the VAT arising on the construction services.

Further information is available on our website www.jmb.ie

Guidance Note/Boards of Management/Relevant Contracts Tax/Value Added Tax

2. VAT Reverse Charge

- Principal contractors must register for VAT to operate the VAT reverse charge on construction
- Sub-contractors should invoice the board of management net of VAT
- The invoice must contain the statement: **"VAT on this supply to be accounted for by the Principal Contractor"**
- VAT should only be paid to Revenue; VAT is never paid to sub-contractors
- VAT on construction services is calculated at 13.5% and included in **VAT 3 Return** bimonthly (even 0)
- VAT due is included in VAT 3 return as "VAT on Sales" (T1 - only relevant entry)
- A board of management is not entitled to deductibility for VAT incurred
- A separate invoice should be received for supply of goods/services other than construction services
- VAT is included in the normal way on payments to architects/engineers and paid directly to them.
- Annual Return of Trading Details to be filed

If in any doubt contact the local Revenue office.

The FSSU is available to provide detailed support at any stage of the process.

Preparation and Submission of Annual Financial Accounts

Education Act 1998 (Section 18) states

“the 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 such year all such accounts are properly audited or certified in accordance with best accounting practice; accounts kept in pursuance of this section shall be made available by the school concerned for inspection by the Minister and by parents of students in the school, in so far as those accounts relate to monies provided in accordance with section 12.”

The Department of Education and Skills is very clear that all voluntary secondary schools are required to submit a copy of their annual school accounts each year to ensure compliance with Section 18 of the Education Act 1998. The annual school accounts should be formally adopted by the Board of Management before submission to the school's Patron/Trustees. A representative of the Trustees should sign the declaration on the front page of the accounts before they are submitted to the FSSU.

All voluntary secondary schools who submit their annual accounts to the FSSU will be deemed to be complying with the requirements of Section 18 of the Education Act 1998.

Schools must prepare their accounts using the accruals basis for accounting and present the accounts in the FSSU standard format. External School Accountants/Auditors are required to prepare the accounts in accordance with recognised Standard Accounting Practice.

Adequate resources must be allocated to ensure that proper accounting records are maintained in a timely fashion. The accounting records should be maintained in the school and available to the Principal for the day to day management of the school's finances.

Stages of School Annual Accounts Preparation	Date Deadline
The school supplies all necessary financial information to the External School Accountant/Auditor for the school year ending on the previous August 31st.	September 30th
The draft annual accounts are returned to the school by the External School Accountant/Auditor.	November 30th
Once the school Board of Management is satisfied that the accounts are an accurate reflection of the school's financial situation, they are formally ratified by the Board, signed by the Chairperson and one other Board member and then two copies forwarded to the Trustees/Patron for approval.	December 31st or earlier as required by the Trustee/Patron
The accounts should be signed by the Trustee/Patron and return one copy of the accounts to the school.	January 31st
A hard copy of the school's Annual Accounts duly signed by the Board of Management and the Trustees is forwarded to the FSSU.	February 28th
Online Accounts Filing- External School Accountants/Auditors are required to access a secure online cloud based system and to input the School's Annual Accounts in Trial Balance format.	February 28th

Financial Report for Parents

A template to prepare a financial statement for parents is available under the School Finance section of the JMB website.

Your External School Accountant/Auditor will prepare this template.

Template		
St Mary's Secondary School		
Financial Report to Parents		
Summary Financial Statement for the School Year 2015/2016		
Income		€
Department of Education and Skills Funding		0
Other State Funding		0
School Income	Parent contributions	0
	Rental School Property	0
	Fundraising	0
	Parents association	0
	Other Income	0
Total Income		0
Expenditure		
Education Expenditure	Classroom Materials and Teaching Aids	0
	All Other Education Related Expenditure	0
School Maintenance	Light, Heat and Power	0
	Insurance	0
	Cleaning and waste disposal	0
	Rent, Rates and Local Charges	0
	All Other Caretaking and Maintenance	0
School Administration	Secretarial and Administration	0
	Photocopying	0
Financial	Bank Charges, Interest, Leasing	0
Total Expenditure		0
Surplus (Deficit) for the year		0
Capital Projects		
Income	Department Grants	0
	Other Income	0
Less: Expenditure		0
Surplus (Deficit) carried forward for the year		0



FSSU
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