

Financial Guideline 2013/2014 - 14

Accounting for cash income under the new banking rules

1. Introduction:

The following changes have been implemented by the main banks for all customers. This guideline aims to assist schools in adapting to these changes.

2. Cash and Cheque Lodgements

The banks have dispensed with the paper lodgement docket, and schools now must lodge money using a bank card.

- a. The school must create a full list of the cheques being lodged when preparing the lodgement showing who the cheque is from - name of parent or company, date on cheque, bank name, and value. The list of cheques must be totalled to give the value of the lodgement and the lodgement date and reference entered.
- b. The school must create a unique code for each lodgement.
- c. The banks use self-service machines for processing lodgements and to access the machine the school must have a Debit Card and PIN.
- d. The person making the lodgement swipes the card and enters the PIN before lodging the cash and cheques.
- e. The machine reads the cheques, counts the cash and adds up the total lodgement.
- f. The school can choose to receive a lodgement slip as confirmation of the lodgement.
- g. Schools must check that the total amount lodged agrees with the total per the lodgement list prepared by the school.

3. Coin Lodgments

Banks have restricted how coin lodgements can be made:

- a. Bank of Ireland and AIB are restricting their coin handling services for schools.

- b. Bank of Ireland and AIB will no longer accept coins in their night safes or as part of priority lodgements.
- c. It is also limiting schools to lodging only full sachets of coins at branches and will only take coin on specific days.

4. New Procedures for Accounting for Income in Schools

Schools are obliged to keep account of all money received and this includes coinage not lodged. The system the school uses for accounting for cash and cheques income will require amendment to take account of the restrictions banks are placing on coin lodgements. Computerised accounting software including the TAS accounting system will enable schools to account for all cash income and lodgements **by processing all cash and cheque income through a cash account.**

The following changes to the TAS system will be required:

- a. Set up a Cash Account in the TAS system nominal ledger using account no. 1950-100. (See creating a new cash account page 35 TAS User Manual).
- b. Assign this new code as a bank code so that it will appear on the 411. Run program 411 maintain bank accounts (go to page 36 TAS User Manual) and follow the steps. Click 'No' for reconciliation.
- c. All cash and cheque income will be posted to TAS using the new Cash Account.
- d. Lodgements will be posted as an Inter-Bank transfer between the Cash Account and the Bank Account.
- e. If the self-service machine does not allow the unique lodgement code to be inputted, the secretary may have to manually write the unique lodgement code on the bank statements. This ensures that the lodgement listed on the bank statement corresponds to the total value of the list of cheques.
- f. The balance in the Cash Account should be reconciled to the cash and cheques held in the safe weekly.
- g. Screen shots from TAS outlining this process will be available on the JMB website.

If you require any help in making the changes outlined above, please contact the FSSU.

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