

Preparation of Financial Accounts for **Primary Schools**



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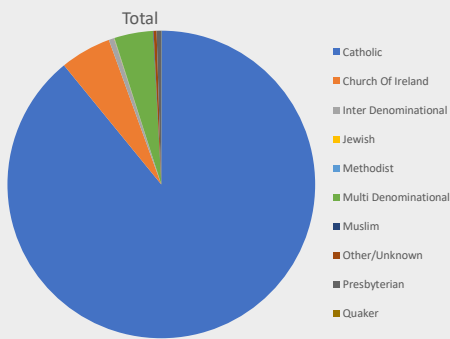
Agenda



- Primary schools in Ireland
- FSSU background and legal context
- FSSU Roll Out Timeline
- Current Activities
- The role of the Board of Management
- Appointment of an External Accountant/Auditor
- Preparation of Board of Management Accounts
- FSSU Submission
- Questions

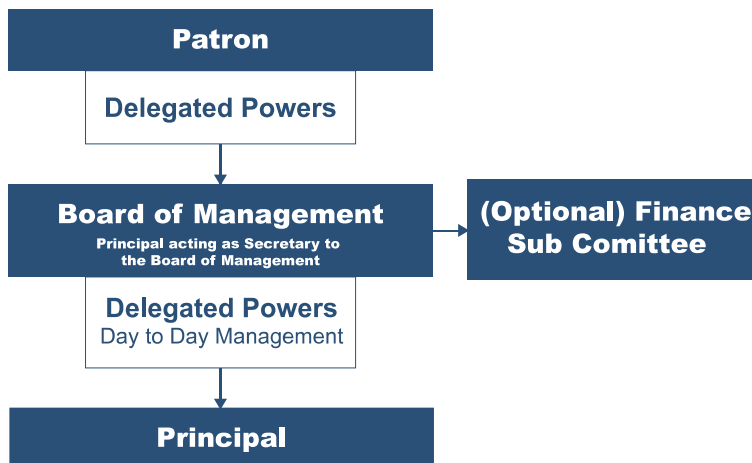


Primary Schools in Ireland



| Ethos Description | Total | Overall % |
|----------------------|-------------|-------------|
| Catholic | 2894 | 89.10% |
| Church Of Ireland | 174 | 5.36% |
| Inter Denominational | 18 | 0.55% |
| Jewish | 1 | 0.03% |
| Methodist | 1 | 0.03% |
| Multi Denominational | 132 | 4.06% |
| Muslim | 2 | 0.06% |
| Other/Unknown | 10 | 0.31% |
| Presbyterian | 15 | 0.46% |
| Quaker | 1 | 0.03% |
| Grand Total | 3248 | 100% |

Primary School Structure



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FSSU Background

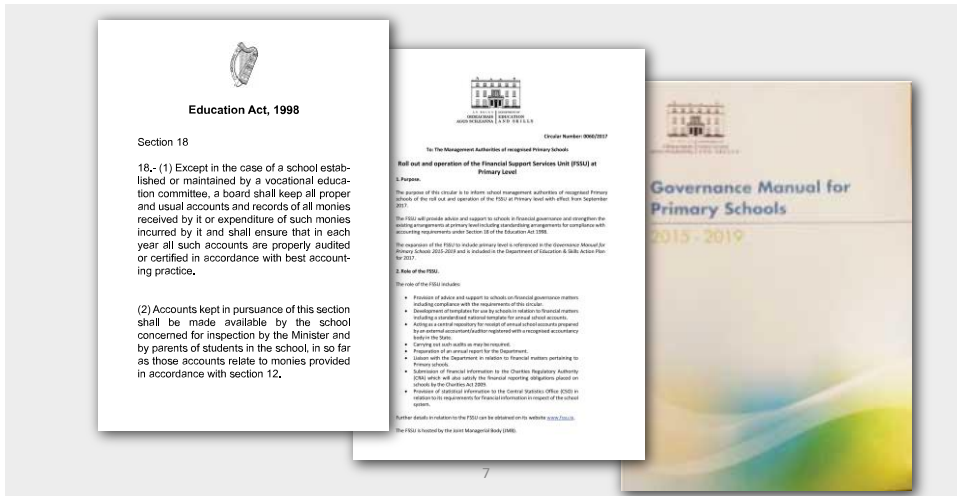


- Section 18 Education Act 1998
- DES Circular M36/05
- DES Circular 60/2017
- DES Circular 02/2018
- The FSSU is a **support mechanism** for the management of community & comprehensive, primary and voluntary secondary schools in terms of accountability, transparency and financial responsibility for State funds.
- The FSSU is a compliance mechanism for the DES

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Legal Context



Role of FSSU



- Provision of **advice and support** to schools on financial governance matters
- Development of **templates** for use by schools
- Acting as a central **repository** for receipt of annual Board of Management accounts prepared by an external accountant.
- Carrying out of **audits** as may be required.
- Preparation of an **annual report** for the Department of Education & Skills (DES)
- **Liaison** with the DES in relation to financial matters pertaining to Primary schools
- Submission of financial information to the **Charities Regulator** which will also satisfy the financial reporting obligations placed on schools by the Charities Act 2009
- Provision of **statistical information** to the Central Statistics Office (CSO) in relation to its requirements for financial information in respect of the school system

DES Circular 60/2017

FSSU Roll Out Timeline



Financial Year is the School Year and runs from the 1st September to 31st August

2018/19 school year

This will be the first year for annual school accounts to be prepared using the standardised national template. This will be the required format for schools to fulfil obligations under Section 18 of the Education Act, 1998.

End February 2020

This will be the latest date for annual school accounts for the 2018/19 school year to be submitted to the FSSU

Annually thereafter

Annual School Accounts to be submitted to the FSSU in the prescribed format by the end of February (6 months after the end of the school year)

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Current Activities



Continuous support and advice via



Phone Support
01 9104020



Live Webinars



FSSU Training Videos



School & Group Visits



Ongoing Presentations by PSCO's

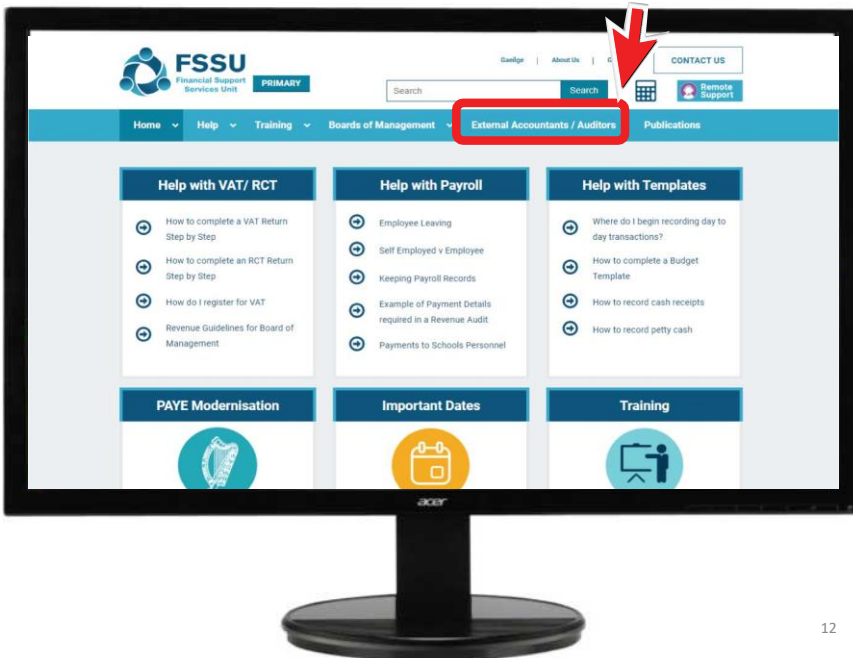


Remote Support

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Current Issues



**FSSU
Guidelines**



**FSSU
Templates**



**Charities
Regulator**



**Revenue
RCT & VAT**



**Payroll - PAYE
Modernisation**



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The role of the Board of Management



The Board is responsible for all business carried on in connection with or on behalf of the school

The Board is required to:

- Fulfil all legal requirements under Education Act 1998
- Ensure the requirements of Patron are met
- Ensure expenditure does not exceed income
- Comply with requirements of Department of Education & Skills and FSSU
- Assess the need for the establishment of a Finance Sub-Committee
- Submit annual accounts to the Patron and FSSU
- Address other compliance issues such as CSO, Charities Regulator and Revenue

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Department of Education & Skills Grant Payments Schedule

| | |
|---------|---|
| January | 1. Capitation Grant (1st moiety) 2. ICT Grant |
| March | Ancillary Services Grant |
| April | 1. Standardised Testing Grant 2. School Book Grant |
| June | 1. Capitation Grant (2nd moiety) 2. DEIS Grant |

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Revenue Compliance Payroll

- Payroll operated for Board paid staff only
- PAYE Modernisation big issue for Boards
 - Payroll Software
 - Outsource Payroll
- Self Employed Versus Employee
- ASC (i.e. relevant for external interview panellist / principals) payable to Department of Education & Skills

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Revenue Compliance RCT / VAT

- School obliged to register for RCT / VAT
- Public Body - Not allowed to claim a VAT input credit
- Revenue Guidance Note *“Boards of Management – Relevant Contracts Tax/Value Added Tax”*
- File RCT / VAT via ROS and make payments to Revenue
- School potentially subject to Revenue Audits

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An
Phríomh-Oifig
Staidrimh

Central
Statistics
Office

Submitting the schools accounts using the new online system will fulfil the schools CSO requirements automatically

- *Primary Schools must comply with the statistical survey conducted in accordance with EC Council Regulations 322/97 and 479/20091 and under the Statistics Act, 1993 2. Under these regulations, the Central Statistics Office CSO is responsible for the official reporting of Ireland’s General Government Balance (surplus/deficit) and General Government Debt under the Excessive Deficit Procedure (EDP) to Eurostat.*

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Registering with the Charities Regulator



Schools are required to register with the Charities Regulator.

Deadline for registration is December 2019.

Legislation **Charities Act 2009**

Contact the Charities Regulator via email at reg@charitiesregulator.ie

Charities Regulator Helpline **01 633 1500**



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Appointing an External Accountant/Auditor

FSSU issued guideline which stipulates the following

- Only an external accountant who holds a Practising Certificate **and** has Professional Indemnity Insurance can compile and prepare accounts for a school
- An external accountant cannot be a member of the Board of Management to avoid conflict of interest
- Required to prepare and compile annual Financial Accounts on behalf of the Board of Management
- Required to make a FSSU Submission on behalf of the Board of Management



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External Accountant/Auditor Requirements

Section 18 Education Act 1998 states

“... all such accounts are properly audited or certified in accordance with best accounting practice.”

Sample Financial Accounts Available

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Preparation of Financial Accounts

- Financial Accounts should be prepared using the FSSU's Chart of Accounts
- **Sample Chart of Accounts Available**

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School Bank Accounts

All school bank accounts are to be included in the compiled Financial Accounts, including:

- School Current and Deposit Accounts
- Credit Union Accounts
- Credit Card Accounts
- Fundraising Accounts
- Building Project Accounts
- Any accounts held by the Parents Association
- Linked/common Bank Accounts

Other Banking Issues

- Online Banking should be encouraged
- All Bank payments must be approved by two Board members i.e Treasurer and Chairperson/Chairperson nominee
- No Debit Cards – no facility² for double approval



Capital Expenditure



- An appropriate Register of Fixed Assets should be maintained with an appropriate depreciation policy.
- Fixed Assets
- Valuation of Land & Building on the Balance Sheet.
 - Section 15(3) Education Act – *“For the avoidance of doubt, nothing in this Act shall confer or be deemed to confer on the board any right over or interest in the land and buildings of the school for which that board is responsible.”*



Depreciation Policy

- Depreciation should be allocated to the Income and Expenditure account
- Items are valued at cost less depreciation based upon the straight-line methodology.
- Fixtures and Fittings are depreciated over a five year useful life.
- ICT equipment is depreciated over a three year useful life.

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Treatment of Unspent Grants

- Specific Government Grants ie the Book Grant, the DEIS grant and the ICT or other capital grants, are considered a liability until spent. Unexpended balances are shown as a liability.

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Other Issues

- Pooling Support : School Secretary working in more than one school but paid by one school
- School Budgets

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FSSU Online Submission

A new system of online submission of accounts has been approved by the Department of Education and Skills. The submission will come into operation for school accounts from the year ended 31st August 2019 (this school year). The board of each primary school, facilitated by an external accountant/auditor, are obliged to make a submission no later than the 28th of February 2020 and annually thereafter.

- Online portal at **www.fssu.ie**
- All external accountants will be linked to their schools
- The portal will be prepopulated with school information such as School Roll Number, School Name and School Address
- Further training will be provided in November 2019

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FSSU Online Submission

FSSU will require the following from accountants/auditors when making the submission

- Confirmation of Practising Certificate and Professional Indemnity Insurance
- Confirmation of whether or not the Financial Accounts have been audited
- A Trial Balance representing the board's Financial Accounts for the school year based on the FSSU chart of accounts
- An electronic copy of the manually signed Financial Accounts will be uploaded by the accountant

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FSSU Online Submission

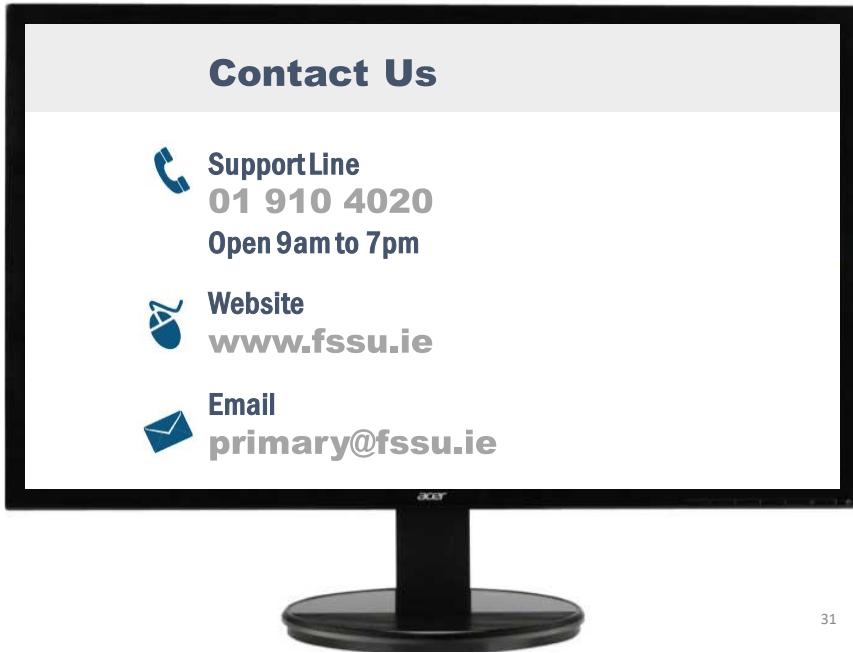
Once submission is submitted successfully, a confirmation email will be sent automatically

This email will include a summary of the Trial Balance and will be sent to:

- The firm Engagement Partner
- The team member who made the submission
- The Secretary to the Board of Management (the School Principal)
- The FSSU will get **notification** that submission has been made
- The FSSU **portal** will be automatically updated

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Questions

Support Line | 01 910 4020
www.fssu.ie

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