

Income treatment and reconciliation guidance (including the use of cashless payments systems)

Schools Financial Services

Introduction

All income must be receipted and banked promptly, in full, and in the form in which it was received. Income must be recorded in a permanent record / financial management system (FMS) system as soon as possible after receipt. This record, and copy receipts, must be retained for audit purposes.

Many schools now prefer to offer cashless payment options using internet software solutions to allow parents to pay for meals, schools trips etc via the internet.

This guidance is to support the reconciliation process of such income and more traditional cash and cheque receipting to ensure there is a clear audit trail in place.

Individual receipts for cash and cheques received in school

Individual income receipts should be processed and posted on FMS at the time of receipt and may be issued for all official income which is physically received in school.

Summary receipts for cash and cheques received in school

A summary income receipt may be issued where income is physically received in school, but it is not practical to issue individual receipts, the FMS receipt should be posted on the day of banking. Separate records must be maintained detailing the individual collection of income (e.g. dinner money and out of school club income). Income should be banked on the accumulation of £100 or at least weekly.

Cashless Payment Income System Reconciliation

All cashless payments software will allow various reports to be produced showing details of payments. For reconciliation purposes these reports will primarily be used to check individual pupils' records are up to date and to ensure the total income received appears on the monthly accounting print or is transferred into the school bank account.

Using the summary of 'income transferred to bank' reports (this will usually be weekly) the total net income should be reconciled to the monthly accounting print or school bank account. The net income transferred may include:

- Gross Income (the total income paid by parents)
- Service Fee (the transaction charges)
- Refunds (where applicable)

Most cashless payment providers will net off the service fee (and refunds where applicable) from the gross income collected. Ideally these should be accounted for separately with the gross income credited to an income ledger code and the service fee debited against an expenditure ledger code. VAT will need to be accounted for on the service fee.

Reports should be verified and reconciled to identify when the transaction appears on the authority Oracle report or the official school bank statement.

Refunds via cashless payment providers

Most cashless payment systems can provide for a refund back to the card initially used for the payment where a debit / credit card was used. The exception is for pay point cards which will require a cash refund.

Cashless payments system checks

It is recommended that periodic test checks are carried out by two people to include:

- The validity of bank accounts set up on the system
- Payments from individual parents are credited to the correct pupil record
- Payments received from individual parents for a given week reconcile to the gross income for the same period
- Coding of the income accurately reflects the latest CFR guidance

FMS Income reconciliation

Unlike cash income received in school, cashless payments avoid school staff physically handling cash/cheques and providing the above cashless payment income reconciliation has taken place, FMS/ Oracle reconciliations can be undertaken using the direct central receipts route. Direct central receipts may also be processed for income which is credited directly to schools via the monthly Oracle transaction report e.g. funding, grants, authority supply scheme reimbursements, payroll deductions from staff, Oracle credits by journal transfer and interest on reserves.

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