

Gloucester Nursery School



Income Policy

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Income Policy

1. Introduction

Gloucester Nursery School (GNS) is responsible for the collection of income relating to its budget and there are specific Financial Regulations relating to the procedures to be followed. These are contained in Appendix 1.

This policy relates to the accounting for and banking of income received.

2. Types of income

2.1 Invoiced income

Invoices are raised on the accounting system (SIMS) for the following types of income:

- Extended School Provision -breakfast/lunch/tea clubs and additional nursery sessions

2.2 Non-invoiced

Income is entered directly onto SIMS for the following types of income:

- School trips
- Cheques in respect of claims from Staff Absence insurance.

2.3 Private Fund

Non-educational income is entered directly into the Private Fund accounting system for the following types of income:

- Voluntary contribution from nursery attendees. This is to pay for items such as snacks, photo development, birthday cakes, Christmas entertainer etc.

3. Administration of income

3.1 Invoiced income

Invoices will be administered in accordance with the Financial Regulations relating to Accounts Receivable (see Appendix 1).

Invoices will be prepared by the bursar in advance on a monthly basis for the Extended School Provision charges.

When income is received, the amounts are credited to each individual debtor account on SIMS.

Parents are requested to make payments in instalments to suit their needs i.e. weekly or monthly by bank transfer, cash or cheque into envelopes provided.

Envelopes are posted into a post box located outside the school office. This is emptied by the bursar on a daily basis.

The envelopes are opened by the bursar on a daily basis, and the amounts received recorded on a spreadsheet listing the child's name, the amount received and what the payment is for (the Day Book).

The payments are transferred to SIMS on a weekly basis and recorded against the relevant debtor account and logged as income into the bank account.

Cash and cheques are stored in the safe in the school office. Keyholders are the bursar, the headteacher and the senior family worker.

Banking is performed every Friday by the bursar. Income from Extended School Provision is paid into the main school bank account. A record of amounts banked is retained on the paying-in slip stub.

3.2 Non-invoiced income

The income is entered directly into SIMS on a weekly basis.

3.3 Private Fund

Parents are requested to pay the voluntary contribution using the envelopes provided and the post box.

The voluntary contribution is recorded onto a Day Book spreadsheet, and then logged manually against a list of children and identifying which weeks have been paid.

Cash and cheques are stored in the safe, banked weekly and then entered onto the Private Fund accounting system.

3.4 General points

The receipt of income in respect of debtors invoices and non-invoice income will be recorded promptly on the school's local accounting system.

VAT will be accounted for in accordance with the guidance given in Section 5 of the Financial Management Handbook.

A monthly reconciliation will be performed by the office manager to ensure that all income appears on the bank statement.

4. Credit control

4.1 Invoiced income

Parents are asked to clear the invoiced amount by the beginning of the month invoiced for.

Debtors with amounts outstanding for Extended School Provision will be sent a first reminder letter. If still unpaid, this will be followed by a second letter stating that the child will be asked to be withdrawn from the additional session unless the amount is paid.

If the debt remains unpaid, the matter will be dealt with on an individual basis by the bursar and/or headteacher. Negotiations for payment by small instalments will be made if appropriate or another method at the discretion of the bursar/headteacher.

If the debt remains unpaid following discussions and an agreed payment plan, then the child's place will be withdrawn.

At the end of each term, the bursar will produce an Aged Debtors Report from SIMS that shows amounts outstanding from each debtor. This report will be used to follow up debts as appropriate.

5. Write-off of debt

Write-off of debt will only be considered when the credit control procedures have been exhausted.

Before closure of the financial year a list of debts proposed for write-off will be prepared by the office manager and will be submitted to the Finance and Personnel Sub-committee for consideration. The submitted list will be supported by details of the debt.

The decision of the Finance and Personnel Sub-committee will be clearly documented in the minutes of the relevant meeting and summarised to the main Governing Body.

After the Governing Body has approved a debt write-off, this will be recorded on the school's accounting system by the office manager. Such write-offs will be cross referenced to the relevant Governing Body minutes.

Appendix – 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.

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 WNC 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 WNC 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

3.1 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.

3.2 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

4.1 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

5.1 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.
- (b) If the debt remains unpaid after a further 14 days a second reminder letter should be issued. 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.

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 WNC 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).

This policy was written on 9th January 2012 and reviewed on 13th October 2014, 6th February 2017 , 7th October 2019 and 30th June 2020

This policy was reviewed and revised in October 2019

Amendments made:

3.1 – Pedagogical Lead replaced with Senior Family Worker.

This policy was reviewed and revise in June 2020

Amendments made:

Changes made to mention of termly invoices to monthly invoices and included bank transfer as a means of payment.

Approved by the Governing Body

Signed:

Date:

Review Date: