

## INCOME AND CASH HANDLING

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## **Income and Cash Handling**

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## **1. Purpose**

The purpose of this guidance note is to advise schools on the requirements for implementing robust and secure arrangements for the management of income and for the handling of cash.

Effective income and cash management is important for sound budget management, financial probity and as evidence of financial awareness and schools should understand their responsibilities to ensure that income management is robust and effective.

## **2. Income – Cash and Cheques**

- 2.1 On a daily basis schools receive or generate income in the form of cash and cheques from a number of different sources. This income may be 'official monies' for example, for School Meals, Educational Visits or Before and After School provision or 'unofficial monies' such as School Fund and other types of donations.
- 2.2 The appropriate management of income is essential for maximizing the finances available to support the delivery of the curriculum.
- 2.3 Schools need to manage income effectively by keeping clear accurate records and ensuring that, prior to banking, all cash is kept secure on the school premises and can be accounted for at all times.

## **3. Procedures for the Receipt and Management of Income**

- 3.1 All cheques that are received, either by post or otherwise, should be recorded in the Schools Remittance Book and placed in the School Safe in readiness to be banked at the earliest opportunity. As a minimum, schools should be banking cheques on a weekly basis.
- 3.2 All cash that is received should be recorded immediately in the Schools Remittance Book and placed in the School Safe in readiness to be banked at the earliest opportunity. As a minimum, schools should be banking cash on a weekly basis.
- 3.3 Official numbered receipts should be issued as a matter of course for all income, especially cash, which is received by the school. Receipt Books should be held within a controlled environment, numbered consecutively and issued as required to ensure that one main book is used at all times.
- 3.4 Robust cash handover procedures must be implemented wherever cash is transferred from one member of staff to another. In instances where cash is

handed to a class teacher, either directly by a parent or handed over in an envelope by a pupil, the cash and/or envelope should be immediately taken to the nominated member of staff responsible for the receipt of income. In the case of envelopes that contain cash, these should be signed by the class teacher and signed by the nominated member of staff responsible for the receipt of income and both members of staff should agree the amount of cash held in the envelope.

- 3.5 Schools should encourage parents to take all cash to the school office and not give it to individual class teachers. This arrangement will reduce the risk of cash become lost or misappropriated. If parents hand in envelopes that hold cash, the amount of cash should be shown on the envelope
- 3.6 There must be a division of duty in the process of income collection and banking. This means that one person receives and records the income and another person prepares the income for banking. Both members of staff involved in the process should countersign the appropriate income records.
- 3.7 Income should be recorded on the schools financial management system (FMS or CMIS) on receipt or within a reasonable time after banking and should be allocated to appropriate income cost centres.
- 3.8 All cash and cheques should be retained in the school safe prior to banking. If cash is not held in the Safe it is uninsured. Schools should always be aware of the amount of cash held so that Safe limits are not exceeded. Safe limits will vary according to the type of Safe. If the make, model and serial number of the Safe is unknown (this usually applies to very old Safes), the insurance cover through the Local Authority will be limited to a maximum amount of £500. Where the make, model and serial number is known, it is possible that the level of cover can be increased but this would need to be checked with the Local Authority's Insurance Team. See '**Insurance**' chapter
- 3.9 Accurate and up to date records should be available at all times relating to all income (cheques and cash) that is in the Safe and should match the records showing the receipt of the income and the actual amount held in the Safe.
- 3.10 The School Safe should be locked at all times when not in use and access to the Safe should be restricted to appropriate members of staff. Safe keys should be kept on the key holders person at all times and removed from the school premises at night. In the event of Safe keys becoming lost or misplaced the lock on the Safe will need to be replaced and a new set of keys issued.

#### **4. Banking of Income**

- 4.1 Income received by schools should be banked promptly and at least on a weekly basis. The amount of income banked should match the amount of income received and the amount of income held in the Safe.
- 4.2 All income that is being paid into Birmingham City Council has to be coded appropriately and in particular the schools own REAXXX code must be used.
- 4.3 Bank Paying in Slips must be used for all income that is being banked and the paying in slip must show the appropriate codes that the income will be posted to within the school's budget. **(See point 5 – Schools Income Portal)**
- 4.5 The Local Authority has a contract with a security company (currently G4S) and schools that are part of the contract will have their income collected by the company on a weekly basis. Schools that are not part of the contract can bank their income at their nominated branch of Barclays Bank. Schools wishing to part of the Local Authority contract for the collection of income should contact Corporate Procurement Services on 303-6231
- 4.6 As part of the preparation for the banking of income for school using the Local Authority contract, schools must use income bags which should contain the income that the school wishes to have banked. Cheques, cash and coins must be in separate income bags.
- 4.7 Income bags should be securely stored and issued to relevant staff on a weekly basis. The serial numbers of the bags held by the school should be documented and used in consecutive order. Any disregarded income bags should be fully documented and destroyed
- 4.8 Before the income bags are taken off the school premises by the security company, they will scan the serial number on the bags and provide the school with a receipt. The security company does not check the contents of the income bags. It is good practice for the school to record the serial number of the income bag on a photocopy of the appropriate Bank Paying in Slip and keep it filed with all other income records.
- 4.9 The security company does not handle any of the schools income and merely transports it securely to a central counting house that is managed by Barclays Bank. On delivery to the counting house the income bags are scanned and signed for as appropriate.
- 4.10 The counting house assigns the income to the Local Authority's Bank Account and the income codes provided on the Bank Paying in Slips identifies the school to which the overall income amount relates and income codes within the school budget to which the income should be assigned.

## 5. Schools Income Portal

- 5.1 The Schools Income Portal is an electronic system which non cheque book schools are required to use for the recording of all income that they have banked including official and unofficial monies and School Dinner money. Guidance on the treatment and recording of income by full cheque book schools is included in the '**Full Cheque Book Scheme**' chapter.
- 5.2 Schools must record the income that is being banked on the Income Portal and provide a breakdown of the codes to which individual amounts of income are to be credited. This information should match that which is on the Bank Paying in Slip that is sent with the income in the Income Bags.
- 5.3 It is good practice to record the Income Portal document number and to take a screen print of the Income Portal posting
- 5.4 The Schools Income Portal is linked to the Local Authority's Voyager Ledger system and will provide schools with an automatic reconciliation of the amount of income posted to the Portal and the amount of income processed by the bank.
- 5.5 All income banked by the security company on behalf of schools or directly to Barclays Bank **must be entered on the Schools Income Portal promptly.**
- 5.6 Failure to post income on the Schools Income Portal will result in the non-posting of income to the school budget and schools suffering a loss of income in the financial year. Any such losses will not be reimbursed to schools in future financial years.
- 5.7 Where a school has created a posting via the school income portal to credit revenue codes, but it has not banked the amount with the Local Authority's Bank Account, these postings will be reversed after 3 months and will need investigating by the school. There could be a variety of reasons for this happening such as a duplicate posting, a posting made in error or the money could have gone missing at the bank. However it could also be an indication that money has gone missing at school level and if this might be the case the matter should be reported immediately to Birmingham Audit
- 5.8 Access to the Schools Income Portal page is via the following link:

<https://schoolsapproval.birmingham.gov.uk>

This will take the user to the schools homepage, where the user will need to input their userid and password that has been previously provided.

Schools can gain access to Income Banking support materials on the Schools Income Portal Help & Support pages.

## 6.0 Help & Support

The Help & Support pages within the Schools Income Portal provide the following guidance to schools:

A general guide to Banking Income in schools:-.

[Schools Income Banking Introduction and Guides \(opens in a new window\)](#)

A guide on how to set up a Personal Value list:-.

[How to Set up a personal values list for Schools \(opens in a new window\)](#)

How to Add or Remove Code Combination from the Personal Value List:-.

[How to Add or Remove Code Combination from your Personal Value List \(opens in a new window\)](#)

A guide on how to create an Income Banking in Voyager:-.

[How to create an Income Banking for Schools \(opens in a new window\)](#)

For support and information that cannot be obtained from the above guidance schools should contact: 0121 303 5100