Rudolf Steiner School Trust Otago

Fundraising Policy and Procedure

This policy and procedure is written for the whole school community including the Proprietors Trust, the kindergartens, playgroups and the Primary school. The governing bodies are accountable to the Ministry of Education, the funders and the stakeholders in the whole school for following proper processes. In addition the Proprietors Trust is accountable to the Charities Commission. The Management Group is responsible for ensuring the process are followed.

Rational

This policy and the related procedure have been written to ensure the school's fundraising is done in a way which meets the following objectives

- That fundraising is done in such a way that is in accordance with the special character of the whole school and protects its reputation
- That the fundraising is done in such a way that resources are sought to meet the needs of the whole school, in order of priority. (The school does not want to request funds for a minor project from a funder which could otherwise have been used for a more significant project.)
- That all money raised for specific purposes is clearly tagged for that purpose and only spent on the project for which it had been raised
- That money collected is safely held, recorded and banked promptly and that it is properly recorded in the financial accounts of the relevant entity within the whole school.
- That the school is able to report accurately and in a timely fashion to its funders and its community on its fundraising activities
- To ensure the school retains flexibility with funds raised for general purposes (ie not earmarked for a particular project), fundraising will normally be led by the Proprietors Trust. This means that the money raised can then be allocated to a wider range of projects, including property matters which would normally be outside the scope of the Primary School Board.

Procedure

1. As part of its strategic planning, the Proprietors Trust will develop a list of priorities for fundraising at the same time that the annual budget is drawn up. This will be approved in November prior to the new school year and may cover a period of one to ten years
2. Any potential fundraising activities within the year will have to be requested in writing and approved by the Management Group Group (for activities aimed to raise under $2,000) and by the Proprietors Trust for larger activities. The approval will only be given if the activity is not in conflict with the

priority list. The following points will be considered in granting approval and should be addressed in the written request

- How it fits with the priorities of the school
- How it fits with Special Character and reputation
- Is the plan for managing the project adequate to ensure resources are protected
- Do the people managing the project have sufficient time, experience and resources to be able to do it effectively
- Have any necessary legal or other compliance issues been adequately addressed

3. Funds raised will be counted by the people nominated by the project, with at least two people present and signing off the counting. Funds will be banked within the next three working days for amounts under $1,000 and on the next working day for larger amounts
4. Any grant applications must be first approved by the Management Group and then approved and signed off by the Proprietors Trust. A copy of all applications must be filed with the school office.
5. Fundraising done by the school must comply with Ministry of Education guidelines provided below

This policy and procedure is made available to the Proprietors Trust, the Board of Trustees, all staff and the parent community and they are consulted with on any changes.

Procedure approved by…………………………Signed ……………………………

For the Proprietors Trust

Procedure approved by…………………………Signed ……………………………

For the Board of Trustees

Date ………………………………………. Next review ………………..

Fundraising advice (Boards of trustees of integrated schools)

This information is from the Ministry of Education website and clarifies the governance responsibilities of proprietors and boards in relation to fundraising.

- Statutory roles and responsibilities
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A report from the Office of the Controller and Auditor-General released in 2005 highlighted a number of inadvertent breaches of law among integrated schools, which had occurred in previous years. These findings have raised some concerns about the financial relationships that exist between some proprietors and boards of trustees of integrated schools.

The guidelines highlight a need for greater clarity in relation to how the funds of proprietors and boards must be kept separate when common interests, such as the purchase of new property, are involved.[1]

The following advice has been prepared by the Ministry of Education in response to these developments, and to bring greater clarity to the governance responsibilities of proprietors and boards as these apply specifically to fundraising. This advice discusses the legal framework within which fundraising can be carried out, identifying the statutory requirements for both proprietors and boards, and the key differences between these requirements for each audience.

It provides general guidelines that should be applied, as appropriate, to any future fundraising decisions and used as the basis for determining where the responsibility for the holding of any locally-raised funds should lie.

Statutory roles and responsibilities

The provisions relating to the proprietors and boards of integrated schools are spread across three separate Acts: the roles and responsibilities of proprietors are outlined in the **Private Schools Conditional Integration Act** (the PSCI Act), while the responsibilities of boards are contained in the Education Act 1989 and the Crown Entities Act. This dual legislative framework differentiates the roles, responsibilities and status of proprietors and boards.

The PSCI Act established a regime whereby proprietors are recognised both as the owners, lessees or guardians of the school premises and as private entities with an interest in the governance and character of the school. To this end, proprietors are entitled to exercise all the responsibilities and powers specified in their individual integration agreements as well as those contained in the PSCI Act. These rights ensure that proprietors hold the primary responsibility for the safeguarding of their school's special character and for the condition of the school premises. They also ensure that proprietors have a statutory role in the governance of the school. Within the scope of the Act, this is expressed as a participatory role in the control and management of the school, with all the powers of access and representation that this necessitates.[2]

In all other respects, the control and management of the school is vested in the board, which is designated as both a body corporate under the Education Act 1989 and a specific category of Crown entity under the Crown Entities Act. As such, boards are subject to a separate accountability and governance regime from proprietors. As Crown entities, boards hold explicit accountabilities to the Crown, including adherence to a rules-based financial framework that specifies how their funds must be held and maintained.

In general, the separation of the roles and responsibilities of proprietors and boards is well understood and works to everyone's advantage. However, the Auditor-General did raise some specific concerns about the operational understanding of this separation among some integrated schools. One area in which the respective roles and responsibilities of proprietors and boards converge is property, where proprietors and boards have a shared interest but different legislative responsibilities - proprietors as the owner, lessee or guardian of the property asset and boards as the occupants of the property and recipients of property maintenance and minor capital works funding. In these circumstances, the exact division of responsibilities needs to be carefully observed.

This same need for role clarity is also potentially present in the area of fundraising. Both proprietors and boards are entitled to carry out fundraising, but must do so separately and within the appropriate legislative framework. The provisions of the PSCI Act that relate to fundraising are discussed in detail below, as are the associated provisions in the Crown Entities Act, which underpin the management of all board funds.

Fundraising

The PSCI Act allows for fundraising to be carried out by both proprietors and boards on an optional basis and in accordance with the separate responsibilities of each party - proprietors may raise funds for the private interests they represent in relation to school property, while boards may raise funds to supplement the Crown funds they receive for the benefit of their students.

For this reason, it is essential that the purpose and beneficiary of any fundraising is specified from the outset, as this will determine which party should be responsible for the collection and subsequent holding of any locally-raised funds.

Proprietors

Section 37 of the PSCI Act allows proprietors to raise funds in addition to compulsory attendance dues, which may be charged under section 36. The general purpose of section 37 is to enable the proprietor to fund further investment in school capital projects. This may include, for example, the servicing of a mortgage or other charge against the proprietor's property.

Under section 37, the proprietor may:

- conduct fundraising activities within the school;
- inform parents of the financial obligations of the proprietor through school publications, such as the prospectus;
- request that parents make regular financial contributions, which must be of a voluntary nature, for the purpose of servicing debt repayments in relation to school land and/or buildings or other buildings associated with the school.

Any funds raised in the above manner should be banked directly into the proprietor's bank account. However it is permissible for funds to be temporarily banked in a board's accounts and transferred to proprietors along with regular attendance dues. In this situation it is important that funds for attendance dues and voluntary contributions are clearly distinguishable.

Section 37 of the PSCI Act states that the board of trustees, staff or students of an integrated school cannot take part in any fundraising for the benefit of the proprietor during normal school hours.[3]

However, the board, staff or students of integrated schools may choose to participate in fundraising carried out by (or on behalf of) the proprietor outside of school hours.

Boards

A board may carry out fundraising on its own account for the benefit of the students of an integrated school. These funds, however, are Crown funds and should not be confused with funds owned by the proprietor.

Best practice

Because fundraising in integrated schools can involve both proprietors and boards, and therefore two different beneficiaries, the party that is responsible for the fundraising must ensure that the purpose and intended beneficiary of the fundraising is clearly identified and communicated to parents and the wider school community. Parents and other members of the school community should be given full information about the intended purpose and beneficiary of any fundraising they are invited to contribute to, and have a reasonable expectation that their contribution will be used only for that purpose or beneficiary, or both.

This advice applies irrespective of the party that is conducting the fundraising.

Holding of funds

There are different accounting requirements for locally-raised funds or voluntary contributions depending on whether the fundraising has been carried out by the proprietor or the board. The requirements for each party are outlined in detail below.

Proprietors

Section 37(4) of the PSCI Act states that where any fundraising is carried out by proprietors, or where any voluntary contributions toward proprietor costs are received, it is the proprietor's responsibility to keep accounts of this money. This requirement also applies to any funds raised by board members, staff or students of integrated schools where they have chosen to take part in fundraising carried out by (or on behalf of) the proprietor outside of normal school hours. In each of the above scenarios, the locally-raised funds are private and belong to the proprietor.

All accounts of fundraising and voluntary contributions maintained by proprietors must be audited by a chartered accountant at least once every 12 months. Proprietors must also ensure that these accounts (and the auditor's report on them) are made available to any parents or other contributors who request to see them.

Boards

Under section 158 of the Crown Entities Act, any funds derived from board fundraising activities must be deposited as soon as practicable into an account in the name of the school, which can be opened and used only by the board. The Crown Entities Act restricts boards to depositing funds in registered banks or building societies that either meet a minimum credit test or are approved by the Minister of Finance.[4]

Although neither the PSCI Act nor the Education Act 1989 distinguish between locally-raised funds and Crown funds, it is important to note that locally-raised funds take on the status of Crown funds from the point at which the board decides to seek collection. This means that any funds collected through fundraising undertaken by and for the board are considered Crown funds.

Boards have no authority to operate accounts in the name of third parties, such as proprietors, or to manage any funds raised by (or on behalf of) proprietors, which remain private and must be managed accordingly.

Section 161(3) of the Crown Entities Act allows a board to hold money on trust for any purpose or for another person, which means that funds belonging to a proprietor derived through fundraising or through voluntary contributions, may be held on a temporary basis only in the school's bank account.

Best practice

Although the Crown Entities Act allows a board to hold proprietor funds on trust,5 it is recommended that funds be deposited directly to the proprietor's bank account.

Where the school does hold funds for the proprietor, those funds should be recorded separately from income and transferred out as soon as practicable. Full documentation should be kept about any funds held on trust. This will help to prevent the blending of proprietor and board funds and the associated risk of the board assuming the functions of the proprietor in respect of the funds it holds on trust.

Further information

For further information about how to apply this advice to individual circumstances, please contact either the Association for Proprietors of Integrated Schools or one of the Ministry of Education's regional financial advisers A list of all regional financial advisors is available on the school finances homepage.

Bookmarks

1. A one-off historical regularisation exercise is being undertaken with integrated school property in their 2007 accounts - refer to **regularisation** for information and advice about the regularisation of capital works expenditure issued to all integrated boards in January 2008. Note that advice issued by the Ministry of Education about the process for regularising new Capital Works Expenditure by Boards of Trustees is available at **Capital Works Expenditure**. The proprietor's participatory role in the control and management of the school includes representation on the board of trustees, which is an area where conflicts of interest (between the respective roles of the proprietor and the board) may occur in some circumstances. The Crown Entities Act has broadened the definition of conflict of interest to include "any interest that may reasonably be regarded as likely to influence" a person's ability to carry out his or her duties and responsibilities as a trustee. In response to this, the Ministry issued comprehensive advice to all schools, including integrated schools, about **how to avoid conflicts of interest** in the future.
2. "Normal school hours" are defined as the hours that the school is open for instruction.
3. Information about approved bank accounts is available at Approved Bank Accounts and information about the operation of school bank accounts is available in the **Financial Information for Schools Handbook**.
4. The phrase "hold on trust" means "to set aside" and should not be confused with the term "trust account."

Note
All money received by boards, whatever the source, automatically becomes public funds and boards are accountable for all of their expenditure. Boards of trustees are responsible for prudent financial management of the school and appropriate financial decision-making. They should not spend money on transactions or activities that are extravagant or wasteful, but only approve spending that is appropriate and necessary for the effective operation of the school.