

## The Code of Fundraising Practice – is it relevant to schools’ development?

### Section 4 – Processing donations

Clear policies and processes for dealing with both one off and ongoing donations, and for processing Gift Aid, reduce risk and make sure that your school benefits from all of the money it is entitled to. Section 4 of the [Code of Fundraising Practice](#) focusses on **processing donations**.

Please note that where **must** is written in bold text, this refers to a standard based on a strict legal requirement.

#### 4.1 Cash

Cash must be:

- counted in a secure place
- counted wherever possible by two unrelated people
- not left unsecured or unattended
- banked as soon as possible

In fact, your school must have procedures in place for both banking, which should include who does it and how often, and for reconciling cash paid into the bank, which should ideally be done by someone who is not involved in counting or paying in money.

Whilst few development teams carry out collections, if your school does plan to collect cash at an event it must be placed in a sealed container or collecting box and there is further specific guidance in the code on street collections and collections on private land, where a license/permission **must** be requested and no deductions for expenses from donations can be made.

There is also further specific guidance for Scotland set out by the [Public Charitable Collections \(Scotland\) Regulations 1984](#).

#### 4.2 Tills – not relevant to schools

#### 4.3 Floats

If you or perhaps your parents’ association are using a float at an event, remember:



- a nominated person must sign for a float(s)
- to keep floats and any money made from sales separate from personal money
- if using a float for petty-cash spending, record this separately and keep any receipts

#### 4.4 Receipts

When you receive a donation, you must issue and sign a receipt for the donated amount.

#### 4.5 Cheques

You must:

- bank cheques as soon as possible
- not give change in return for cheques
- not refund cheques until they have cleared
- if sending cheques to an external organisation for processing, make sure the method of sending the cheque is appropriate to the value of the cheque

#### 4.6 Charity cheques and vouchers

Charity cheque and voucher accounts allow donors to make donations as a lump sum or regular amounts into an account which can then be used for making donations to registered charities. The agency managing the account will claim and add Gift Aid to the donation.

On receiving the voucher or cheque, your school should contact the agency and arrange for the donation to be transferred. Remember, you **must not** reclaim Gift Aid on the donation as this was added before you received it and you must bank or cash in vouchers as soon as possible, ideally the next working day.

#### 4.7 Card transactions

Whether processing a donation where the donor is present or not, your school must meet the [Payment Card Industry Data Security Standards \(PCI-DSS\)](#) and use extra security measures such as Verified by Visa and 3D Securecode for online transactions if you have the resources to do this.

If there are any charges for card transactions, you must record the total donation amount as income, and record the charges as 'expenditure'.

#### 4.8 Direct debits

Procedures for direct debits will vary depending on the bank you use. The Direct Debit Guarantee Scheme provides consistent standards and protection to customers, and if your school signs up to the Scheme, you **must** meet its standards.

#### 4.9 Gift Aid

Gift Aid allows registered charities to reclaim tax on donations made by UK taxpayers. Your school **must** only claim Gift Aid for a donation (or tax relief under the Gift Aid Small Donations Scheme) if all conditions are met. A donor's Gift Aid declaration **must** meet HMRC's guidance on Gift Aid.

For further information, visit:

- HM Revenue & Customs: Charities: detailed guidance notes on how the tax system operates – [Chapter 3: Gift Aid](#)
- HM Revenue & Customs: Charities: detailed guidance notes on how the tax system operates – [Chapter 8: The Gift Aid Small Donations Scheme](#)