

Questions & Answers: RTLB Separate Bank Account

Q: What is the rationale for requiring a separate RTLB bank account?

A: A separate RTLB bank account:

- protects the asset belonging to the RTLB service and ensures RTLB funds are used solely to support the RTLB service
- makes it easier for auditors to carry out their audit
- gives greater transparency to RTLB expenditure including host school costs.

Q: Why a separate bank account? Why not use GL codes instead?

A: The reason a separate bank account has been requested is to ensure that there is a clear separation between school and cluster funds. There has been a lack of understanding that cluster funds are not available for school use as they are all in the same bank account. A lead school needs to be able to report on the cluster's position on a monthly basis and ensure any interest on cluster funds is available for the cluster. Even though most lead schools have had separate GL codes, many clusters have not been receiving interest on funds held, and in some cases the RTLB position has not been clear until the end of the financial year.

Q: Is the full RTLB operations grant transferred from the lead school to the RTLB bank account?

A: Yes. The full RTLB operations grant (Travel, Admin, Lead School, LSF and Y11-13) needs to be transferred to the RTLB bank account and all transactions made from there.

Q: Will there need to be a separate RTLB cheque account?

A: Yes. Having a separate RTLB bank account also means operating a separate cheque account.

Q: Is it ok to use a separate suffix to the school's account?

A: Yes. A separate suffix is fine.

Q: Do lead schools need to set up a separate company?

A: No. There is no need for a separate company. (It is similar to school hostels, property projects which are often operated through a separate bank account.)

Q: How should reimbursement of host school (accommodating RTLB) costs be managed?

A: The host school raises an invoice, made out to the lead school detailing costs to be reimbursed. This will be a receivable for the host schools and payable by the lead school from the RTLB bank account.

Q: How is GST handled?

A: RTLB GST is accounted for in the lead school's GST account and with computerised accounting systems this is not a problem. The GST exclusive part of an invoice payable is charged to the appropriate RTLB expense GL Code. RTLB income is also posted GST exclusive to the appropriate RTLB income GL code. The GST portion of income and expenses are posted to the GST receivable or payable GL codes. The net of these two accounts is the amount due to the IRD. This needs to be accounted for separately for the RTLB cluster so the net payable or receivable can be transferred from or to the RTLB bank account to the main school bank account.

Q: What about GST returns?

When using the different RTLB codes, make sure that the net is banked into or out of the RTLB bank account.

Q: How should invoicing happen?

A: Invoices should be made out to the lead school. But ensure the invoices are coded to the RTLB bank account.

Invoices should be filed separately.

The RTLB cluster should have its own order book system so separate invoices are presented.

However if an invoice has both RTLB and school transactions it is not too difficult to photocopy the invoice to keep the RTLB record and payment process intact.

Q: What happens to the interest on the RTLB bank account?

A: Interest earned on the RTLB account and this money needs to be kept for the RTLB cluster use.

Q: How should bank reconciliations be done?

A: Every school bank account should be reconciled at least on a monthly basis. This is a key internal control for all schools. Keeping a separate reconciled bank account should make it easier for school management, boards and auditors to review and monitor the RTLB position on a monthly basis.

Q: How can a full-year's Y11-13 funding be paid to a school prior to receiving the quarterly funding drops from the Ministry?

A: The approval notice that is sent to the school should give approval for the full year, and inform the school that the Y11-13 funding will be paid in 4 (or 2 or 3) payment drops.