PROCESSING OF CHILDCARE VOUCHERS ON FMS

As London Borough of Hillingdon no longer provides the payroll service in Hillingdon, schools will now have to process childcare voucher amounts from payroll runs and pay childcare invoices directly. Employees use this scheme because these childcare costs are tax deductible.

Overview of process

Companies running childcare voucher schemes will invoice the school. This invoice normally includes the voucher amount plus an admin fee. The voucher amount is netted off against the payroll income and therefore does not remain as a cost to the school. However the admin fee is a cost to the school.

FMS set up

As the overall cost is very small, a school may not wish to create a separate cost centre just for childcare vouchers. In this case the cost centre Other Employee Costs is the most appropriate.

It is recommended that a ledger code A055 be used for processing childcare vouchers.

Create a ledger code "A055 Other Employee Costs" if not already set up.

- o Tools
- General Ledger Set Up
- o Tab 5 Ledger codes
- Click on



- o Choose ledger type Expenditure
- Choose ledger group Expenditure
- Choose Fund 01
- Enter A055 and Other Employee Costs
- Choose VAT Exempt
- o Save

Map ledger code

- o Tools
- General Ledger Set Up
- Tab 8 CFR mappings
- Scroll down and highlight E08
- Click on magnifying glass icon on righthandside
- Highlight A055 on left and arrow over to the right
- o Update
- o Save

Fund	Codes <u>2</u> : Cost Centres <u>3</u> :	Profile Models		4: Ledger Group	s l	5: Ledger Codes
C/Centre Ledger Links 🛛 7: Central Ledger Links 🖉 💈 CF			R Mappings			
CFR Headings			Mapped Ledger Codes			
Tabl	e Expenditure	lear Table	Seque	ence 🔶 Code	•	Description
Code	Heading		Code	Description		<u> </u>
E04	Premises staff		A051-0	01 Advertising a	pointments	
E05	Administrative & clerical staff		A055-0	01 Other Employ	ee Costs	
E06	Catering staff		A061-0	01 Lump sum rec	lundancy	
E07	Cost of other staff		A062-0	01 Other severar	ice payment	s
E08	Indirect employee expenses		A154-0	01 Staff council t	ax	
E09	Development & training	•	A208-0	01 Staff public tr	ansport	-
Valida	ation Report		Сору	Last Year's Mappi	ngs	Import Export



o Tools

• Click on

- General Ledger Set Up
- Tab 6 C/Centre Ledger links
- Choose cost centre "Other Employee Costs" at top
- Choose ledger code A055 below
- Click on Create Links button

	E			L.	VDescription
ooking for.			Chosen Cost G	entres	
Code	Description		Code	Description	
103	Admin. & Finance Staff		201	Other Employe	e Costs
104	Education Support Staff				
105	Premises Related Staff				
106	Other Staff				
202	Training & Development				
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Processing of payroll

When childcare voucher deductions are made from employees' salaries then the total is shown on Dataplan's analysis of pay report. Enter the amount on the left hand side of the School Payroll Reconciliation sheet (the latest version will be found on the Schools Finance Webpage, this is updated as soon as new payroll items are brought to our attention).

Childcare Vouchers

This reconciliation sheet will then show the normal journal to be done on the right hand side column. Use ledger code A055 "Other Employee Costs".

343.00

Childcare Vouchers	343.00
DEBIT Payroll Control	
CREDIT Other Employee Costs cost	
centre	
(Then pay invoice for childcare from same cost centre)	

This process puts income (a credit) onto this cost centre

Payment of Childcare Voucher

Pay the childcare invoice using the same ledger code "A055 Other Employee Costs" and cost centre for payment. This will put a charge (a debit) onto the cost centre netting off the childcare income. There will be an additional admin fee on the invoice and this remains as a charge to the school.

Example: Payroll childcare income -£343 Childcare invoice £349 (Childcare voucher £343 + £6) Overall cost to school £6 admin fee

School Finance Team Sept 2017