

## 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.

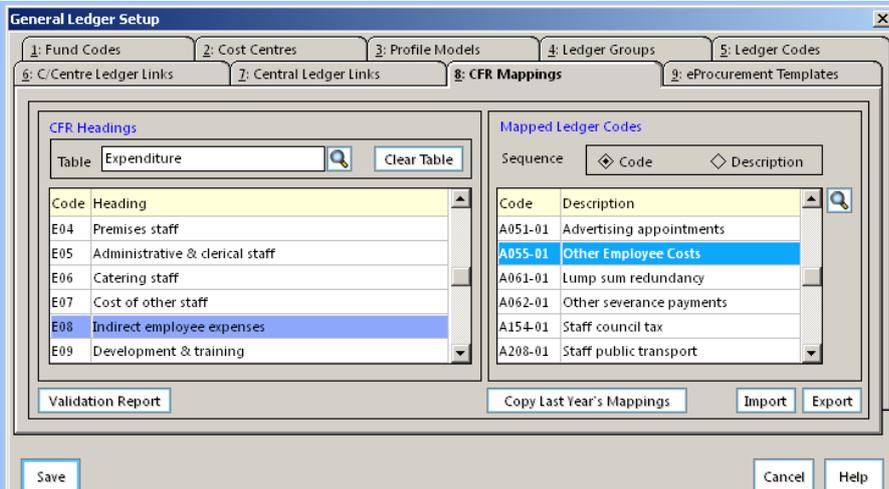
It is recommended that a ledger code A055 be used for processing childcare vouchers.

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

- Tools
- General Ledger Set Up
- Tab 5 Ledger codes
- Click on 
- Choose ledger type - Expenditure
- Choose ledger group - Expenditure
- Choose Fund 01
- Enter A055 and Other Employee Costs
- Choose VAT Exempt
- Save

### Map ledger code

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



Code	Heading
E04	Premises staff
E05	Administrative & clerical staff
E06	Catering staff
E07	Cost of other staff
<b>E08</b>	<b>Indirect employee expenses</b>
E09	Development & training

Code	Description
A051-01	Advertising appointments
<b>A055-01</b>	<b>Other Employee Costs</b>
A061-01	Lump sum redundancy
A062-01	Other severance payments
A154-01	Staff council tax
A208-01	Staff public transport

## Link Cost centre and Ledger code

- Tools
- General Ledger Set Up
- Tab 6 C/Centre Ledger links
- Click on



- Choose cost centre “Other Employee Costs” at top
- Choose ledger code A055 below
- Click on Create Links button

## 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	343.00
--------------------	--------

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”.

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