



North

Yorkshire County Council

Online Income Management Systems for Schools



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The purpose of this guidance

This guidance has been produced by Children and Young People's Service Finance and Veritau, the Internal Audit service, to assist those schools that are interested in adopting an online income management system other than the County Council's recommended provider, ParentPay.

Following a procurement exercise in 2009-10, ParentPay were awarded the contract to provide an online income management and communications system for North Yorkshire's schools. As the County Council's preferred provider, ParentPay meets all of the security and audit controls expected of an online system for schools and is fully supported by Schools ICT. As a result schools can directly access this contract without the requirement to complete their own procurement exercise.

However, it is recognised that there are other providers on the market that schools may be interested in using.

This guidance, therefore, aims to guide schools through the issues to be considered and the questions that should be asked of an online income management system and its provider.

Introduction

Online income management systems are becoming more and more popular in schools; so much so that some schools are choosing to go completely cashless. The benefits of going online are not only to be had by schools but also by pupils and their parents/carers.

Benefits of Going Online

Some of the benefits of online income collection systems include:

1. A movement towards a cashless payments system;
2. Significant time and cost savings for schools in the administration and banking of income;
3. Improved security for both the pupil and the school
 - Pupils no longer carrying cheques or cash that can be lost or stolen
 - Reduces/removes the potential for bullying and anti-social behaviour
 - Anonymity for those children receiving free school meals
 - Less cash is held on the premises awaiting banking
 - School staff do not have to take the cash/cheques off the premises to be banked
4. Convenience;
5. Peace of mind for parents, knowing that the money has been banked and that their child will be getting a school meal rather than it being spent outside of school on less healthy snacks;
6. Opportunity for parents to view their child's meal choices or even choose them in advance;
7. Opportunity to accept payments for other functions such as trips, uniform shop, lettings, etc; and
8. Improved reporting facilities for school meal uptake, debt, financial reconciliations, etc.

You will find that these systems do more than just offer income collection facilities. Communication functions are common and include text messaging, attendance management and the e-mailing of letters and reports, to name but a few.

In an age of online shopping and paper-free transactions, a move towards using an online system to make payment for meals and other school activities should be welcomed by parents.

The sections that follow will take you through the detail you need to consider when developing a strong business case/proposal for presentation to Headteachers and Governing Bodies and the questions you should ask potential providers.



Part 1 – Establishing your requirements

Benefits

The first thing to consider is the benefit or benefits you hope to get out of implementing an online income management system. It could, for example, be one, some or all of the following:

	Yes	No
• A reduction in administration costs	<input type="checkbox"/>	<input type="checkbox"/>
• A reduction in cash and cheque handling	<input type="checkbox"/>	<input type="checkbox"/>
• An improvement in meal take-up	<input type="checkbox"/>	<input type="checkbox"/>
• Improved data management and reporting	<input type="checkbox"/>	<input type="checkbox"/>
• Other	<input type="checkbox"/>	<input type="checkbox"/>

Services and Functions

You need to be clear about the services you would like to take online payments for and what, if any, other functions you would like the system to provide.

For payments, these could be:

	Yes	No
• School meals	<input type="checkbox"/>	<input type="checkbox"/>
• Trips and activities contributions	<input type="checkbox"/>	<input type="checkbox"/>
• Before and after school clubs	<input type="checkbox"/>	<input type="checkbox"/>
• Hire of premises	<input type="checkbox"/>	<input type="checkbox"/>
• School uniform	<input type="checkbox"/>	<input type="checkbox"/>
• Exam fees	<input type="checkbox"/>	<input type="checkbox"/>
• Ticket sales for school events	<input type="checkbox"/>	<input type="checkbox"/>
• Other	<input type="checkbox"/>	<input type="checkbox"/>

Other functions include:

	Yes	No
• Attendance	<input type="checkbox"/>	<input type="checkbox"/>
• Communications	<input type="checkbox"/>	<input type="checkbox"/>
• Reporting	<input type="checkbox"/>	<input type="checkbox"/>
• Other	<input type="checkbox"/>	<input type="checkbox"/>

Your proposal will be stronger if you can maximise use of the functionality of the system and the type of services you can collect income for online.



Part 2 – Meeting your requirements

You should research the market **extensively** to see what systems are available, what they can offer you and who provides them before drawing up a shortlist of potential providers to contact. It is recommended that you seek references from other schools that are already contracting with the providers you are considering.

Services and Functions

Does the system provider you are considering offer you all or most of the services and functions you established as your requirements under Part 1?

	Yes	No
•	<input type="checkbox"/>	<input type="checkbox"/>
•	<input type="checkbox"/>	<input type="checkbox"/>
•	<input type="checkbox"/>	<input type="checkbox"/>
•	<input type="checkbox"/>	<input type="checkbox"/>
•	<input type="checkbox"/>	<input type="checkbox"/>
•	<input type="checkbox"/>	<input type="checkbox"/>
•	<input type="checkbox"/>	<input type="checkbox"/>

If they can't meet all of your requirements, are there any that you can manage without or do you dismiss this provider from consideration?

Collecting Payments

Things to consider include ...

	Yes	No
• Do you want to take direct responsibility for the collection of debit/credit card payments via your own merchant account?	<input type="checkbox"/>	<input type="checkbox"/>
• If you are taking direct responsibility, have you considered the necessary security compliance training for staff and the on-going merchant account costs? <i>A merchant account and PCI compliance training are not required if your provider's online system has a Payment Collection Service and you therefore take no responsibility for the processing of card payments; the liability lies with the cashless provider and the banking system.</i>	<input type="checkbox"/>	<input type="checkbox"/>
• Have you factored in the costs associated with setting up your own merchant account and any related PCI compliance training required for any staff involved in payment collections from parents?	<input type="checkbox"/>	<input type="checkbox"/>



Accounts and account administration

Things to consider include ...

	Yes	No
<ul style="list-style-type: none"> • Can data be synchronised in real time between the online system and your school MIS? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Where automatic updates are made, is a record of changes maintained? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Can data be migrated from existing systems to establish opening balances? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Can movements between year groups be made automatically (new academic year)? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Will the school administrator have access to financial transaction data for the previous 6 years? <i>Financial records must be retained for 6 years by law.</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Can individual pupil accounts be linked so that a parent can make payments for more than one child at the same time and have those payments automatically identified and allocated to the correct account? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Can the system enable more than one parent/carer to pay for a pupil's activities? Can the system be adjusted easily where responsible carers change? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Do you want parents to be able to send a message with an online payment and / or confirm permission for involvement in activities? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Are you clear about how this will be managed? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Can the system provide parents with transactional history for the current academic year? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • How are accounts managed for leavers? <ul style="list-style-type: none"> ➤ Are they archived but remain accessible to the school? ➤ Can they transfer to another school? ➤ If there is a debt, does this remain on the system until settled or written off? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Is the system capable of receiving payments by: <ul style="list-style-type: none"> ➤ Cash / cheque ➤ Debit / credit card ➤ PayPoint 	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>



<ul style="list-style-type: none">• Can the school set a minimum payment amount which can be adjusted manually by the school administrator? <i>The application of a minimum payment level should keep transaction costs lower.</i>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Can transaction charges be allocated to parents if you want to adopt such a policy?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Is it possible to allocate income to more than one bank account, i.e. BAFS account and school fund?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Can the school administrator make refunds to the original payee – automatically or manually – via the system rather than having to issue cheques or cash?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Can the system interface with other software systems you may operate such as dinner money management, trip manager and cashless catering systems?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Can the system take payments from the wider community i.e. for the hire of school premises? <i>Enabling payment to be taken either via their own account or over the telephone and input onto the system by school administration staff.</i>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Are the financial and academic year end processes straightforward to operate and do they enable records to be archived?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• If your school operates a cashless catering system, can the system interface with it in order to update the online payment system with current balances for individual pupils and for the system to update the cashless system with payments made?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Does the audit trail within the proposed system provide a full before and after image of records and fields that have been updated? If not, what auditing provisions does the system have?	<input type="checkbox"/>	<input type="checkbox"/>



Security and data protection

Whichever system you choose, it must provide for safe and secure online payments.

Things to consider include ...

	Yes	No
<ul style="list-style-type: none"> • Will school administration staff have secure access to all children’s accounts within the school? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Will the school administrator be able to create additional administrator accounts if required and restrict access for other school staff? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Will the school administrator be able to set restrictions for parent access? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Does the system offer e-mail verification upon setting up so as to prevent correspondence with an incorrect addressee? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Do parents have secure remote access to their children’s accounts by means of passwords and SSL encryption? <i>(i.e. does the web address start with “https” and does a locked padlock symbol appear in the browser window?)</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • How are passwords reset? <ul style="list-style-type: none"> ➢ Can parents re-set their own passwords if they forget them? <i>(i.e. via a “prompt by e-mail” function)</i> ➢ Or should the school manage forgotten passwords? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Does the payment system store any payment card data? <i>It is recommended that your chosen system does not store these details.</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Does the system use a 128 bit SSL encryption certified by a Certification Authority to Organisation or Extended Validation level that encrypts an online payment from the parent’s browser right through to the bank?* 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Is the provider certified under PCI DSS as a service provider? <i>*This is absolutely essential and the provider needs to provide evidence that it complies with the Payment Card Industry Data Security Standard (PCI DSS).</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • If using a provider’s collection service are customers protected from any risks of PCI DSS security standard breaches? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Are you satisfied that the provider uses the maximum security controls? 	<input type="checkbox"/>	<input type="checkbox"/>



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<ul style="list-style-type: none">• Does the provider have data security and privacy policies?• Is the provider registered as a Data Processor with the Information Commissioners Office? <i>The school and the Local Authority are registered as a Data Controller. The school remains responsible for accessing, managing and updating your data in the system.</i>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
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Part 3 – Weighing up the costs

Things to consider include ...

	Yes	No
<ul style="list-style-type: none"> • Have you calculated the costs of implementing the new online system? Include any one-off set up costs such as staff training as well as any contractual and transaction costs. 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Are the transaction charges clear? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Will additional features cost more to implement in the future if not part of the initial implementation? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Have you factored in the on-going annual costs? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Are there any additional or hidden fees after the first year of your contract, i.e. does the licence fee increase? <i>Some providers may offer the first year free or at a reduced price to encourage schools to sign up to longer contracts. Make sure that you know what the full costs are for the length of the contract term.</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Are there charges associated with telephone or online support offered by the provider? <i>This may include premium rate telephone numbers.</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Other 	<input type="checkbox"/>	<input type="checkbox"/>



Part 4 – Supplier competencies

Things to consider include ...

	Yes	No
<ul style="list-style-type: none"> Have the providers you are considering got a dedicated team and support plan to help you implement your online system within the timescales required? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Does the provider understand school processes? <i>Some providers recruit people who have experience of working in school administration and finance in order to be better able to support schools.</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Has the provider got a strong track record helping schools increase uptake of school meals, trips and other services? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Is the provider in “good health” from a financial position? <i>The Financial Evaluation of Contractors is a traded service – for more information go to the procurement section of the Commercial Services portfolio.</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Has the provider got adequate support resources and do they have a Service Level Agreement (SLA) that they prove they can meet? <i>SLA’s should include response times for support requests that they are contractually bound to provide you with; availability/uptime % for the system you use and any compensation information should this be broken.</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Does the provider regularly invest in improvements to their product and service in response to customer needs? <i>You should seek evidence of this happening.</i> 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Does the provider have formal partnership agreements with any of your pre-existing providers, i.e. cashless catering and MIS systems? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Do the provider and the product meet Data Protection and PCI Data Security Standards and regulations? 	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Other 	<input type="checkbox"/>	<input type="checkbox"/>



Part 5 – Implementation and post implementation support

Implementation should be a straight forward process fully supported by the provider.

Things to consider include ...

	Yes	No
• Does the provider allocate individual and named staff to support you through your implementation and beyond?	<input type="checkbox"/>	<input type="checkbox"/>
• Does the provider offer a comprehensive training plan for your school staff tailored to your implementation including online and one-to-one/small group instruction?	<input type="checkbox"/>	<input type="checkbox"/>
• Does the provider have launch material i.e. pre-launch and activation letters and guides, parent FAQs, leaflets and brochures that you can share with parents?	<input type="checkbox"/>	<input type="checkbox"/>
• Does the provider issue user guides and/or manuals?	<input type="checkbox"/>	<input type="checkbox"/>
• Will the provider undertake presentations and demonstrations at parents' evenings?	<input type="checkbox"/>	<input type="checkbox"/>
• Are there telephone and online customer support resources available?	<input type="checkbox"/>	<input type="checkbox"/>
• Are there disaster recovery procedures in place post implementation?	<input type="checkbox"/>	<input type="checkbox"/>
• Do you have realistic and achievable income collection targets for each implementation?	<input type="checkbox"/>	<input type="checkbox"/>
• Can the provider or other post implementation schools evidence what is realistically achievable?	<input type="checkbox"/>	<input type="checkbox"/>
• Do you have a strategy for achieving your targets?	<input type="checkbox"/>	<input type="checkbox"/>
• Other	<input type="checkbox"/>	<input type="checkbox"/>



Part 6 – Developing a business case

The preparation of a robust business case that clearly outlines the argument for implementing an online income management system including realistic costs, references and an assessment of the opportunities and risks involved, will save valuable time in influencing the decision to proceed.

Things to consider include ...

	Yes	No
<ul style="list-style-type: none">• Do you need to prepare a business case for your School Leadership Team and / or Governing Body?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Can you undertake some simple time/effort or cost/benefit analysis to support your case?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Can you source case studies or referrals from the provider to support your case?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Have you drafted an implementation programme?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Have you seen a demonstration of the system?	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none">• Don't forget ...<ul style="list-style-type: none">➢ The benefits to the school and to parents➢ Your costings➢ Your targets	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

Part 7 – NYCC regulations

If you feel that the NYCC ParentPay contract does not meet all of your requirements and that you want to use another income management provider you will be required to complete a procurement exercise in accordance with the **LMS Contract Procedure Rules**.

Section 4.9 of the **LMS Financial Procedure Rules** states the following in relation to the procurement of income management systems:

“Schools may operate an on line income collection system but must only use a supplier whose system has been approved by the CD-SR. Transaction charges for online payments must not be passed on to the payee unless the school has adopted a policy to that effect.”

We advise that you contact Veritau Ltd, in the first instance, to ask if, on behalf of the CD-SR, they have approved for use the system you are considering purchasing. If the system has not been approved, they will either advise you as to why they do not recommend its use or will undertake to audit the system.

LMS Contract Procedure Rules

When undertaking any procurement exercise, the LMS Procurement Rules must be adhered to. The Rules are updated annually to ensure that they are current and remain fit for purpose. They form part of the **North Yorkshire LMS Scheme for the Financing of Schools**.

The key sections of the LMS Contract Procedure Rules are identified below in relation to the estimated whole life cost of the system:

- (i) Up to £100k – a quotation process must be completed (*see Part 3 LMS Procedure Rules – LMS Contract Procedure Rules – Section 8*)
- (ii) Over £100k but under £173k – a tender process must be completed (*see Part 3 – LMS Procedure Rules – LMS Contract Procedure Rules – Section 9*)
- (iii) Over £173k – for supplies or services contracts these procurements can be very complicated and take between six and nine months to complete. The advice of the CD-SR must be sought before proceeding. It is also strongly advised that you contact either the Head of the Procurement and Contract Management Traded Service or NYPS to discuss the planned approach.

Part 8 – Advice and support

Other useful information

The School Finance Manual	http://cyps.northyorks.gov.uk/index.aspx?articleid=13975
The LMS Procedure Rules	http://cyps.northyorks.gov.uk/index.aspx?articleid=13975
Procurement Guide for Schools	http://cyps.northyorks.gov.uk/index.aspx?articleid=18459
cyps.info website	http://cyps.northyorks.gov.uk/index.aspx?articleid=22735

Useful contacts

For general advice on income management systems	<p>Veritau Ltd Tel: 01609 532284 E-mail: enquiries@veritau.co.uk</p>
For procurement advice	<p>Rachel Woodward Head of Traded Service for Procurement Tel: 01609 798133 E-mail: rachel.woodward@northyorks.gov.uk</p> <p>Stacey Speakman North Yorkshire Procurement Service – Procurement Officer Tel: 01609 533459 E-mail: stacey.speakman@northyorks.gov.uk</p>
For information on ParentPay	<p>Yvonne Dawson (Training and implementation) MIS Support Officer – Schools ICT Tel: 0844 8757428 (Option 1) E-mail: yvonne.dawson@northyorks.gov.uk</p> <p>Jayne Laver (Costs) Finance Officer Tel: 01609 534416 E-mail: jayne.laver@northyorks.gov.uk</p> <p>ParentPay website https://www.parentpay.com/</p>



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Part 9 – Glossary

CD-SR	Corporate Director – Strategic Resources of the Council; the officer appointed by the Council to exercise the powers defined in Section 151 of the Local Government Act 1972.
Contract	Any agreement made between the School and any other person who is intended to be legally enforceable and involves the acceptance of any offer made by one party to commit itself to an action or series of actions and subject to the exceptions in LMS Contract Procedure Rule 1.3.
Information Commissioners Office	The UK's independent authority that upholds information rights in the public interest. It promotes openness by public bodies and data privacy for individuals.
LMS Procedure Rules	<p>Rules which form part of the overall control framework within which schools administered by the Local Authority operate. They include the Financial Procedure Rules and the Contract Procedure Rules, both of which sit within the LMS Scheme for the Financing of Schools.</p> <p>The Rules are consistent with the principles of the LMS Scheme for the Financing of Schools and involve adaptations of the Council's own Financial and Contract Procedure Rules judged necessary to reflect the status and delegated responsibility of schools and their Governing Bodies.</p>
LMS Scheme for the Financing of Schools	The funding framework for schools which sets out the financial relationship between the Local Authority and the maintained schools it funds. Within it are requirements relating to financial management and associated issues which are binding to both the Local Authority and the schools. The Scheme is updated to reflect Governmental advice and is approved by the Secretary of State for Education.
Procurement	The process of acquiring goods, works or services. The procurement process spans the whole cycle from identification of needs through to the end of a service contract.
Provider	The company or supplier of the online system under consideration.
The Payment Card Industry Data Security Standard (PCI DSS)	A set of comprehensive international security standards and requirements for enhancing payment account data security. Developed by the founding payment brands of the PCI Security Standards Council including American Express, Discover Financial Services, JCB International, MasterCard Worldwide and Visa Inc. International to help facilitate the broad adoption of consistent data security measures on a global basis.