

Heavers Farm Primary School
Financial Policies and Procedures
April 2017

GOVERNANCE	6
GOVERNING BODY	6
A1: FINANCIAL ROLES AND RESPONSIBILITIES	6
A2: RESOURCES COMMITTEE	7
A3: FINANCIAL LIMITS OF DELEGATED AUTHORITY	7
A4: FINANCIAL INFORMATION TO GOVERNORS	8
A5: MINUTES	9
A6: PECUNIARY INTEREST	9
FINANCIAL PLANNING	9
SUPPORTING DOCUMENTS: FINANCIAL PLANNING	10
B1: SCHOOL DEVELOPMENT PLAN - EDUCATIONAL GOALS	10
B2: SCHOOL DEVELOPMENT PLAN - EDUCATIONAL GOALS LINKED TO RESOURCES	10
B3: SCHOOL DEVELOPMENT PLAN – ONE YEAR DETAILED OBJECTIVES	10
B4: APPRAISAL OF NEW INITIATIVES	10
B5: SCHOOL DEVELOPMENT PLAN -CONTINUING COMMITMENTS	11
B6: FINANCIAL PLANNING TIMETABLE	11
B7: SCHOOL DEVELOPMENT PLAN - BUDGET LINK	11
B8: BALANCED BUDGET	11
B9: REVIEW OF MAIN BUDGET HEADINGS	11
B10: CASH FLOW	11
B11: EARMARKING SURPLUSES	12
B12: APPROVAL OF BUDGET PLAN	12
B13: CHANGES TO APPROVED BUDGET PLAN	12
BUDGET MONITORING	12
SUPPORTING DOCUMENTS: BUDGET MONITORING	12
C1: MONTHLY BUDGET MONITORING	13
C2: REGULAR MONITORING REPORTS TO GOVERNING BODY / LA	13
C3: MONITORING OF INITIATIVES	13
C4: MONITORING OF DEVOLVED BUDGET ELEMENTS	13
C5: MONITORING OF CASH FLOW	13
PURCHASING	14
SUPPORTING DOCUMENTS: PURCHASING	14
D1: SEEK VALUE FOR MONEY WHEN PURCHASING	14
D2: EXPENDITURE LIMITS – GOVERNOR’S AUTHORISATION	14
D3: EXPENDITURE LIMITS	14
D4: REPORTING WHEN QUOTATION ACCEPTED IS NOT THE LOWEST	15
D5: EXPENDITURE LIMITS – TENDERING	15
D6: CONTRACT SPECIFICATION DEFINES SERVICE	15
D7: ENTERING INTO FINANCIAL AGREEMENTS	15
D8: USE OF WRITTEN PRE-NUMBERED ORDER FORMS	16
D9: ORDERS ONLY USED FOR SCHOOL PURPOSES	16
D10: ALL ORDERS SIGNED BY AUTHORISED SIGNATORY	16
D11: RESPONSIBILITIES OF SIGNATORIES	16
D12: ORDERS ENTERED AS COMMITMENTS ON BUDGET	16
D13: CHECK GOODS AND SERVICES ON RECEIPT	16
D14: PAYMENT MADE PROMPTLY AND ONLY AGAINST ACTUAL INVOICES (G8 ALSO)	17

D15: APPROVED STAFF SHOULD CERTIFY INVOICES FOR PAYMENT.....	17
D16: CERTIFICATION OF INVOICES FOR PAYMENT.....	17
D17: CHEQUE NUMBER AND INVOICES	17
INTERNAL FINANCIAL CONTROLS.....	17
E1: WRITTEN DESCRIPTIONS OF FINANCIAL SYSTEMS.....	18
E2: FINANCIAL CONTROL WHEN STAFF ABSENT	18
E3: SEPARATION OF DUTIES	18
E4: MAINTAINING PROPER ACCOUNTING RECORDS	20
E5: TRACEABILITY OF TRANSACTIONS	20
E6: RULES OF DOCUMENT ALTERATION	20
E7: SECURITY OF ACCOUNTING RECORDS.....	20
INCOME CONTROL	20
SUPPORTING DOCUMENTS: INCOME.....	20
F1: GOVERNOR'S CHARGING POLICY	21
F2: RECORDS KEPT OF ALL INCOME DUE	21
F3: LETTINGS AUTHORISATION	21
F4: SEPARATION OF RESPONSIBILITIES	21
F5: INVOICES	21
F6: PRE-NUMBERED RECEIPTS ISSUED	ERROR! BOOKMARK NOT DEFINED.
F7: SECURITY OF CASH & CHEQUES	21
F8: PAYING INTO BANK.....	22
F9: INCOME COLLECTION NOT USED FOR PAYMENTS	22
F10: RECONCILIATION OF COLLECTIONS AND DEPOSITS.....	22
F11: CHASING INVOICES AND WRITING OFF DEBTS	22
F12: MACHINE AND CASH HANDLING BY TWO PEOPLE.....	22
BANKING.....	23
SUPPORTING DOCUMENTS: BANKING.....	23
G1: BANK RECONCILIATIONS	23
G2: RECONCILIATIONS REVIEWED AND CERTIFIED	23
G3: SEGREGATION OF DUTIES	23
G4: OPTIMAL INVESTMENTS OF SURPLUSES	23
G5: NO USE OF PRIVATE BANK ACCOUNTS.....	24
G6: NO OVERDRAFTS.....	24
G7: APPROVAL OF NON-COUNCIL LOANS	24
G8: TWO SIGNATORIES NEEDED ON ALL CHEQUES	24
G9: SUPPORTING DOCUMENTATION FOR CHEQUE SIGNATORIES	24
G10: ALL CHEQUES CROSSED.....	24
G11: CHEQUE SIGNATORY REQUIREMENTS.....	24
G12: SECURITY OF CHEQUE BOOKS	24
G13: LIST OF BANK ACCOUNTS AND SIGNATORIES	25
PAYROLL	25
SUPPORTING DOCUMENTS: PAYROLL	25
H1: PROCEDURES FOR PERSONNEL/PAYROLL MATTERS	25
H2: SEGREGATION OF DUTIES - DECISIONS	25
H3: SEGREGATION OF DUTIES - PROCESS.....	25
H4: AUTHORISED ACCESS TO PERSONAL FILES.....	26

H5: PROPER PAYROLL TRANSACTIONS	26
H6: REGULAR UPDATING OF STAFF EMPLOYED	26
H7: PAYROLL CHECKS	26
<u>PETTY CASH.....</u>	<u>26</u>
<u>TAX</u>	<u>26</u>
K1: RELEVANT STAFF AWARE OF TAX REGULATIONS	26
K2: PAYMENTS ONLY ON VAT INVOICES.....	26
K3: PROCEDURES FOR VAT ON BUSINESS ACTIVITIES ETC.....	27
K4: PAYMENTS ACCORDING TO CIS	28
<u>VOLUNTARY FUNDS.....</u>	<u>28</u>
L1: SEPARATE ACCOUNTING FROM THE SCHOOL BUDGET	29
L2: REGISTERED WITH CHARITY COMMISSION	29
<u>ASSETS</u>	<u>29</u>
M1: MAINTENANCE OF STOCK	29
M2: SECURITY MARKING.....	29
M3: ASSET REGISTER CHECK.....	29
M4: PROPERTY TAKEN OFF SITE.....	30
M5: AUTHORISATION OF WRITE-OFFS AND DISPOSALS	30
M6: SECURITY OF SAFES AND KEYS	30
M7: PLAN FOR USE, MAINTENANCE AND DEVELOPMENT OF BUILDINGS	30
<u>INSURANCE</u>	<u>30</u>
N1: ANNUAL REVIEW OF RISKS.....	30
N2: ADDITIONAL INSURANCE COVER.....	30
N3: NOTIFICATION OF NEW RISKS / CHANGES.....	31
N4: INDEMNITY TO THIRD PARTIES	31
N5: NOTIFICATION OF INSURANCE LOSSES OR CLAIMS	31
N6: INSURANCE OF PROPERTY TAKEN OFF SITE	31
<u>DATA SECURITY</u>	<u>31</u>
SUPPORTING DOCUMENTS: DATA PROTECTION	31
P1: SECURITY OF ACCESS	32
P2: BACK-UP PROCEDURES	32
P3: RECOVERY PLAN FOR EMERGENCY	32
P4: PROTECTION AGAINST COMPUTER VIRUSES	32
<u>AUDIT.....</u>	<u>32</u>
<u>APPENDICES</u>	<u>33</u>
APPENDIX 1	33
GENERAL INFORMATION NOT RELATING SPECIFICALLY TO HEAVERS FARM PRIMARY SCHOOL	33
APPENDIX 2	34
INFORMATION SPECIFIC TO HEAVERS FARM PRIMARY SCHOOL: STAFF RELATED	34
AUTHORISED USERS OF THE SCHOOL FINANCE SOFTWARE	34

POSTS, POST HOLDERS AND CHEQUE SIGNATORIES AS AT DATE OF LAST REVISION..... 34

APPENDIX 3 35

INFORMATION SPECIFIC TO HEAVERS FARM PRIMARY SCHOOL: NON STAFF RELATED..... 35

REVISIONS TO THIS ‘FINANCIAL POLICY AND PROCEDURES’ DOCUMENT 35

ADMIN SOFTWARE USED 35

BANK ACCOUNT DETAILS..... 35

INSURANCES HELD BY THE SCHOOL..... 35

CURRENT CONTRACTS AND SERVICE AGREEMENTS 36

APPENDIX 4 40

BEST VALUE STATEMENT..... 40

APPENDIX 5 41

LIST OF SCHOOL SPECIFIC PROFORMAS..... 41

APPENDIX 6 42

RESPONSIBILITIES..... 42

APPENDIX 7 43

COPIES OF SCHOOL SPECIFIC FORMS 43

Governance

Governing Body

The Governing Body is collectively responsible for the overall direction and strategic management of Heavers Farm Primary School. It is responsible for ensuring that Heavers Farm Primary School meets all its statutory obligations and complies with any regulations arising from decisions of local and national government.

The financial responsibilities of the Governing Body, its committees, the head teacher and other staff are defined in this financial manual.

The full Governing Body meets termly and the Resources Committee meets termly. All meetings of the Governing Body and its committees are minuted and signed copies of the minutes are retained by the school. Full Governing Body minutes are on the school website.

The membership, responsibilities and terms of reference of the Governing Body and its committees are detailed in a separate document.

A1: Financial Roles and Responsibilities

This summary description forms part of the delegated framework.

The **Governing Body** will have overall responsibility for:

- reviewing and agreeing the Finance Policy and Procedures
- agreeing and setting the terms of reference for each committee¹
- setting spending priorities which reflect the school aims outlined in the School Development Plan
- considering and approving the budget
- regularly monitoring the budget against actual income and expenditure
- determining the levels of delegation of financial responsibility within the school including virement and expenditure thresholds
- evaluating the effectiveness of spending decisions
- awarding contracts by tender to a specific limit
- setting up a Resources Committee to consider strategic financial issues on behalf of the full Governing Body.

The **Executive Headteacher** will:

- ensure that financial regulations are implemented
- ensure that effective systems of internal control are implemented
- manage operational and strategic financial issues including compiling draft budgets and supplying governors with budget monitoring information.

¹ The committees should not be setting and agreeing their own term of reference, this must rest with the Full Governing Body. (Audit recommendation March 2014)

The **Finance Staff** will:

- implement the procedures defined by the Governing Body and outlined in this document
- ensure that financial systems and information are effectively maintained in line with the requirements set out in this document.

The **Chair of the Resources Committee** will:

- take a specific interest in the day-to-day systems in place in the school
- report to the Governing Body.

The **Administration Officers and Administration Assistants** will:

- comply with Selsdon Primary School's financial regulations
- be responsible for any budget delegated to them in line with the requirements set out in this document.

Budget Managers will:

- comply with the School's financial regulations
- be responsible for any budget delegated to them in line with the requirements set out in this document.

A2: Resources Committee

The Resources Committee meets termly: it compiles reports for the main Governing Body on all areas within its remit. Membership and terms of reference are defined by the full Governing Body and reviewed annually.

A3: Financial limits of delegated authority

The Governing Body has considered the extent to which it wishes to delegate its powers to the Executive Headteacher and other staff, including the power of virement between budget headings and has formally recorded its decision (and any revisions) in the minutes of the Governing Body meeting at which the decision was taken.

The table below sets out the latest position

For purchases agreed under the following limits, the subsequent orders do not need to come back to governors for authorisation for payment as long as they are within the agreed tolerance of 10% of the agreed purchase order amount.²

² *Audit Recommendation – March 2014*

	Authorisation limit	Additional notes
Full Governing Body	Virements – unlimited Purchase Order Authorisation – unlimited Payments - unlimited Pay reviews – see Pay policy	Refer to p.14 for details of arrangements for purchases over £40,000 ³
Resources Committee	Virement - £30,000 Purchase Order Authorisation – £30,000 Payments - £30,000	
Executive Headteacher	Virement - £15,000 Purchase Order Authorisation – £15,000* Payments – £15,000* <i>*With the exception of payments on agreed contracts such as the catering contract, catering purchase orders for food provisions (up to the value of £8,000) or payments to teacher supply agencies for introductory fees or payments for supply staff.</i>	
Deputy Executive Headteacher	Virement – up to £10,000 Purchase Order Authorisation – up to £10,000 Payments – up to £10,000	

A4: Financial Information to Governors

The table below sets out details of the financial information to be provided to the Governing Body:

Document	Frequency	Level of Detail	Format	Responsible person
Initial budget information	Annually in October	Brief overview	Consistent Financial Reporting Framework	Executive Headteacher
Budget	Annually by the end of March	Consistent Financial Reporting Categories	Consistent Financial Reporting Framework	Executive Headteacher
Budget Monitoring	Monthly and Quarterly	Accounting system print out – cost centre summary or budget vs. actually committed CFR format showing % spent and forecast for year-end position	Cost centre/Budget Headings	Executive Headteacher / Finance Officer
Year End Accounts	Annually in May	Consistent Financial Reporting Categories Balance Sheet LA required schedules	Consistent Financial Reporting Framework LA format	Executive Headteacher / Finance Officer

³ Audit Recommendation – March 2014

A5: Minutes

Minutes are taken of all Governing Body and committee meetings recording details of decisions, by whom taken and action required. The minutes are circulated and ratified at the next meeting of the relevant body/committee. The school retains copies of all minutes on the school premises.

A6: Pecuniary Interest

The school holds a register of business interests. Any employee or governor or a close relative of either who could be considered to be a supplier of works, services or goods must register such an interest and ensure that the record is confirmed or updated on an individual basis at least annually. The register is maintained by the clerk to the Governing Body and is available for inspection at each Governing Body meeting. If a governor is present at a meeting that involves awarding a contract for works, goods or services, then if the governor has a pecuniary interest, he/she will disclose the fact at the meeting and will not take part in the consideration or vote on the matter.

No governor or member of staff will:

- accept gifts or hospitality from current or potential suppliers.
- obtain an interest in the disposal of school equipment or property or school materials surplus to requirements at the end of any contract between the LA (including persons acting on its behalf) and any third party.
- take or hold any interest in any equipment or property held or used for the school.

Governors' Expenses: Under Schedule 11 of the School Standards and Framework Act 1998, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. The payment of any other allowances is prohibited.

Financial Planning

Financial planning is an essential part of good financial management. It provides the school with a clear view of how it intends to use its resources. There are two elements, the development plan and the budget

The School Development Plan is a major building block for constructing the budget. The plan identifies the educational priorities and has a strong focus on raising standards. For this reason, the School Development Plan must indicate the resource implications to guide decisions in the budget setting.

Budgeting is essential for good financial management. The budget sets out how resources are allocated and provides the means for monitoring expenditure throughout the year. It should be the concrete expression of the development plan.

Clearly identified links are needed between the annual budget and the development plan.

Good budgeting means not running into deficit, but equally, it means not carrying forward a large surplus without good reason.

Supporting documents: Financial Planning

- School Development Plan
- Premises and Technology Development Plans
- Budget for current year
- Costings for new initiatives
- Financial planning timetable
- Budget working papers
- Resources committee minutes
- Cash flow forecast

B1: School Development Plan - Educational goals

The School Development Plan outlines the school's educational goals to guide the planning process.

B2: School Development Plan - Educational goals linked to resources

The plan includes the following elements showing how the use of resources is linked to the achievement of the school's goals

- A statement of school policy and objectives
- Spending priorities for the current financial year linked to the Premises and technology plans
- Spending priorities for the current financial year
- Budget for the current financial year
- Allocation of any delegated budgets to named budget holders.

B3: School Development Plan – One year detailed objectives

The objectives must have sufficient detail to form the basis for constructing budget plans for the next financial year.

B4: Appraisal of new initiatives

The Governing Body will appraise all new initiatives taking into account the following

- Identifying the need
- Evaluating the options
- Choosing the most cost effective option
- Financial sustainability

B5: School Development Plan - Continuing commitments

The plan should state intended expenditure on continuing commitments commenting on significant changes from the previous year.

B6: Financial Planning Timetable

The Executive Headteacher is responsible to the Resources Committee for the preparation of the annual budget.

The budgeting process starts in October each year. The senior management team decides upon major expenditure by 1st November.

The leadership team discusses the budget and a draft budget is drawn up by the end of December.

The draft budget is presented to the Resources Committee by the end of March for review, discussion and amendment if appropriate. When passed by the Resources Committee, the budget is submitted to the full Governing Body for formal review and approval. A copy of the budget plan signed by both the Executive Headteacher and chair of governors is submitted to the LA by 1 May.

B7: School Development Plan - Budget Link

In the budget plan, it should be possible to locate the proposed expenditure for new initiatives and on-going commitments.

B8: Balanced Budget

Total planned expenditure for the financial year may not exceed the budget share, adjusted by amounts carried forward from the previous year, any additional income receivable and any in-year adjustments which may be made in accordance with the LA scheme.

The Governing Body may not plan for a deficit budget. If an unplanned deficit arises at the school, the Governing Body will notify the LA immediately and submit a plan to the LA showing how the school proposes to eliminate the deficit. Any deficit incurred will be the first charge on the school's budget share in the following financial year.

B9: Review of main budget headings

The Governing Body should annually review the main elements of the school's budget to ensure that historic spending patterns are still relevant.

B10: Cash Flow

The Executive Headteacher is responsible for the profiling of the budget and the forecasting of cash flow taking into account likely spending patterns.

B11: Earmarking Surpluses

Surpluses should be earmarked for specific future needs of the pupils but should not deprive them of resources in any given year.

B12: Approval of Budget Plan

A Budget Plan approved by the Governing Body must be sent by the Executive Headteacher to the LA by 1 May each year showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. The Governing Body also submits a statement setting out what steps they will be taking in the course of the year to ensure that their expenditure will follow the principles of best value.

B13: Changes to Approved Budget Plan

The Executive Headteacher will forward to the LA a revised budget plan if there are significant changes in income and/or expenditure. These changes will need to be agreed by the Executive Headteacher, Resources Committee and/or the Governing Body depending on the size of the changes.

The Resources Committee monitors all financial aspects of the implementation of the school's budget plan although the Governing Body carries ultimate responsibility for monitoring the budget.

Budget Monitoring

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. It allows governors, the head and the finance staff to maintain financial control by reviewing the current position and taking any remedial action necessary. The original budget will need regular updating, following consultation with governors, to take account of in-year developments.

Budget monitoring involves producing monthly monitoring reports and drafting action plans to tackle any significant variances. Expenditure on individual initiatives is also tracked to enable the school development plan. Budget monitoring is an important guide when setting the budget for the following year.

All monitoring reports should be produced using the accruals principles.

Supporting documents: Budget monitoring

Monthly budget monitoring report plus explanation of variances
Plans to address significant budget variances
Papers showing monitoring of expenditure on particular initiatives
Any monitoring reports for delegated budget elements
Monthly cash flow report

C1: Monthly budget monitoring

The Finance Officer prepares a quarterly report supported by the schools computerised accounting system of the actual performance against budget with explanations of the main variances. The computerised report should be annotated where necessary, signed by the Executive Headteacher and filed for audit purposes. The report is sent initially to the Executive Headteacher and then to the Resources Committee.

C2: Regular monitoring reports to Governing Body / LA

The Executive Headteacher, in conjunction with the Budget Advisor, should provide budget monitoring reports to the Resources Committee at least quarterly which when approved are presented to the whole Governing Body. These reports should highlight any significant variances against budget with explanatory notes and if necessary remedial action plans including virements.

A Statement of Income and Expenditure is submitted by the Finance Officer to the LA within six weeks of the end of each quarter. Quarter ends are the ends of the months of June, September, December and March.

A final statement is submitted to the LA by a date determined by the LA and normally by around mid-May. An electronic final statement (CFR) from the schools computerized system is required by the DFE by July and is initially submitted via the LA in May. These reports to be signed by the Executive Headteacher and Chair of Governors.

C3: Monitoring of Initiatives

The Executive Headteacher should monitor expenditure on the initiatives set out in the School Development Plan.

C4: Monitoring of devolved budget elements

The process of monitoring actual expenditure against budget is continuous. Day to day responsibility for monitoring and control lie with each budget holder who must obtain prior written approval of the Executive Headteacher if they wish to exceed their budget allocation. The process is co-ordinated by the Administration Officer who issues a quarterly report detailing budgeted and actual expenditure.

C5: Monitoring of cash flow

The Finance Officer should provide monthly cash flow forecasts to ensure that the school's bank account does not go overdrawn.

Purchasing

As public funds are being used it is essential that we achieve best value for money from all purchases, whether they are goods or services. In this context, value for money is about getting the right quality at the best available price. It is important that contract specifications contain detailed service and quality provisions.

Many of the standards in this section are there to protect individuals and to ensure that public money is spent without any personal gain. Purchasing procedures are needed to prevent waste and fraud.

Schools are required to abide by Croydon Council's financial regulations and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking into account Croydon Council's policies and procedures.

Supporting documents: Purchasing

- Delegation framework (financial delegation limits)
- Policy on quotations and tendering – Minutes of Resources Committee
- Recent contract specifications – School order forms- Invoice / order file
- List of staff authorised to certify invoices

D1: Seek value for money when purchasing

The school always considers price, quality and fitness for purpose when purchasing goods or services.

D2: Expenditure limits – governor's authorisation

Prior approval from the Governing Body should be obtained for all expenditure above a predetermined limit. The Governing Body will approve a maximum amount and the Executive Headteacher will be responsible for authorising the order, invoice and payment within this amount.

D3: Expenditure limits

- Three written quotations should be obtained **for goods over £10,000 up to £40,000.**
- Three written quotations should be obtained **for building works over £10,000 up to £40,000.**
- For all purchases **above £40,000** four tenders should be sought.
- For tenders expected **to exceed EU thresholds**, schools must comply with EU procurement requirements.
- There is no requirement to seek LA officer counter signature for any contract for goods or services.

The artificial disaggregation or aggregation of orders to avoid procurement requirements should be avoided at all times.

However, for school journey, finder's fees to agencies, catering contract payments, food contract payments, staff agency fees and emergency supplies this will not be applied.

If there is only one supplier available for particular goods or services then this should be taken to the Governing Body for approval.

D4: Reporting when quotation accepted is not the lowest.

Where a quotation other than the lowest is accepted, the reasons for this decision must be reported to the Governing Body and included in the minutes of the relevant meeting.

D5: Expenditure limits – tendering

All purchases estimated to exceed the council limit of £40,000 should be put out to tender. If purchases are over £100,000 then they must follow LA guidelines for sealed bids.⁴

D6: Contract specification defines service

Contract specifications should define the service to be provided in terms of its nature, quality standards, information and monitoring requirements and contract review procedures.

A contract specification should contain the following elements:

- Contract duration
- Definitions
- Contract objectives
- Services to be provided
- Service quantity
- Service quality standards (including customer satisfaction surveys, number of user complaints, inspection checks)
- Contract value and payment arrangements
- Information and monitoring requirements
- Procedure for dealing with disputes
- Review and evaluation requirements.

D7: Entering into financial agreements

The school will not enter into any financial agreement with capital implications without ensuring that it complies with current LA Guidelines.

⁴ *Audit Recommendation – March 2014*

D8: Use of written pre-numbered order forms

Official, pre-numbered orders from the FMS6 system must be used for all goods and services except utilities, photocopies, rents, rates and petty cash payments. Where urgency requires an oral order these must be confirmed by a written order.

The exception is catering food provisions. Food orders will be placed as a provisional order by the Head Cook using the agreed online purchase system. This online order will be printed and passed on to the Finance Officer for processing and formal approval by the Executive Headteacher.

D9: Orders only used for school purposes

Orders must only be used for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their personal use.

D10: All orders signed by authorised signatory

All orders must be signed by a member of staff approved by the Governing Body and the school should maintain a list of such staff.

D11: Responsibilities of signatories

The signatory of the order should be satisfied that the goods or services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary.

D12 Orders entered as commitments on budget

When an order is placed, the estimated cost must be committed against the appropriate budget allocation so that it features in subsequent budget monitoring.

D13: Check goods and services on receipt

One of the Administration Assistants or any of the people specified below (E3), must check goods and services on receipt match the order which should be annotated accordingly. This should not undertaken by the person who signed the order.

Spot checks will be carried out by the Senior Administration Officer to monitor delivery against receipts.

D13: 1 Checking catering food provisions on receipt

Delivery of food provisions will be made directly to the kitchen. The deliveries will be received and checked by the Head Cook. The delivery note will be sent to the school office for reconciliation with the purchase order by the Finance Officer. Differences between the delivery and order should be communicated to the vendor

for invoice adjustments. Invoices for payment will be authorised for payment by the Finance Officer. The separation of duties will be maintained in line with this policy.

Spot checks will be carried out by the Senior Administration Officer to monitor delivery against receipts.

D14: Payment made promptly and only against actual invoices (G8 also)

These checks should confirm

- Receipt of goods or services, cross referenced to the order number
- Expenditure has been properly incurred and that payment has not already been made
- Prices agree with quotations, tenders, contracts or catalogue prices and the arithmetic is correct
- The invoice is correctly coded
- Discounts are taken where available

Payment should not be made only on the basis of a photocopied invoice or a statement from a supplier. Invoices received by email are acceptable.

D15: Approved staff should certify invoices for payment

A member of staff, **who did not sign the order or check receipt of goods**, approved by the Governing Body should certify invoices for payment.

D16: Certification of invoices for payment

The school maintains a list of staff authorised to certify invoices for payment. Where the payments are made by the LA on behalf of the school, the names of authorised staff, together with specimen signatures, should be forwarded to the LA.

D17: Cheque number and invoices

All invoices are stamped and initialled by the cheque signatories. The budget area and date the invoice is processed is initialled by the Finance Officer. The cheque number is automatically printed on the remittance advice. The documentations must be securely stored for easy access.

Internal Financial Controls

The accounting and financial records maintained by the school are subject to audit by the LA's external and internal auditors. The school builds in systems of financial control in order to protect the school's resources from loss or fraud and to ensure that accurate information is available to guide the governing body in decision making.

The system of internal controls extends to petty cash, purchasing, payroll, income collection and contracting services.

E1: Written descriptions of financial systems

The school uses SIMS Financial module for the day to day running of finance at the school. The HELP option of SIMS Finance provides an operating manual.

Descriptions of financial procedures are set out in this document or its various appendices which are regularly reviewed to reflect changes in working practice. The changes are ratified annually by the Governing Body.

It is the school's policy that all staff involved with financial administration receive appropriate training in appropriate skills.

The Executive Headteacher should be able to access financial information and the Finance Officer be able to ensure finance information is accurately reflecting latest requirements.

E2: Financial control when staff absent

The Executive Headteacher ensures that financial control is maintained in the absence of key personnel through staff training or arranging for temporary cover. Knowledge of the financial processes is shared between the Administration Officers.

E3: Separation of duties

The Executive Headteacher ensures that duties related to financial administration are distributed so that at least two people are involved. The work of one should act as a check on the work of the other and all checks such as bank and cash reconciliation are documented. Duties are divided as follows:

Duties are divided as follows:

Individual	Current Post holder	Responsibility
Subject Leader	Various	<ul style="list-style-type: none"> Initial request for orders on school's requisition sheet
Finance Officer	Tina Marola	<ul style="list-style-type: none"> Complete and check budget details on school's requisition sheet Validation of new suppliers and establishing tax status
Executive Headteacher	Susan Papas	<ul style="list-style-type: none"> Authorise request for orders
Finance Officer	Tina Marola	<ul style="list-style-type: none"> Input of orders and invoices onto SIMS Financial Management System (FMS)
Executive	Susan Papas	<ul style="list-style-type: none"> Authorisation/signing of final order

Headteacher		
Finance Officer	Tina Marola	<ul style="list-style-type: none"> • Send order to supplier • Validation of new suppliers and establishing tax status
Senior Site Manager	Scott Greenbrook	For <u>premises</u> related products and services
Caretaker	Abdul Elossy	<ul style="list-style-type: none"> • Checking of deliveries against delivery note • Confirmation that these services have been satisfactorily delivered.
Senior IT Manager	Les Persaud	For <u>IT, photocopier and telecoms</u> related products and services
IT Technician	Jeannette Brackenbury	<ul style="list-style-type: none"> • Checking of deliveries/services against delivery note • Confirmation that these services have been satisfactorily delivered.
Senior Administration Officer (Marketing) or Administration Staff	Cleo Douglas Atalanta Copeman-Papas Lisa Payet Stephanie Reid	For all other <u>products and resources</u> <ul style="list-style-type: none"> • Checking of deliveries against delivery note
Head of School	Dan McCormack	For all other <u>services</u> provided
Deputy Headteachers	Rachel Evans Sarah Faulding	<ul style="list-style-type: none"> • Confirmation that these services have been satisfactorily delivered.
Assistant Headteacher	Cathy Ferri	
Finance Officer	Tina Marola	<ul style="list-style-type: none"> • Authorisation of invoices as correct and valid for payment • Paying income into the local bank account • Bank account reconciliation
Executive Headteacher	Susan Papas	<ul style="list-style-type: none"> • Preparation of budgets • Quarterly review • Reports to Governing Body

E4: Maintaining proper accounting records

Heavers Farm Primary School aims to maintain proper accounting records. Only authorised staff are permitted access to the accounting records which are securely retained when not in use. Current documents are kept in the finance office.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink.

E5: Traceability of transactions

All financial transactions are traceable from original documentation to accounting records and vice versa.

E6: Rules of document alteration

Any alterations to original documents such as cheques, invoices and orders will be clearly made in ink or other permanent form initialled. The use of correcting fluid or the erasure of information is not acceptable. 'Copy Invoices' will be marked 'Copy Invoice', not 'Previously Passed for Payment'.

E7: Security of accounting records

All accounting records including invoices, delivery notes, bank statements etc. are retained in hard copy for six years, plus the current year, in a secure store on the school site. Other records are held in accordance with council guidelines and legislative requirements.

Income Control

Income is a valuable asset and is therefore vulnerable to fraud. It is vital that appropriate controls are in place to ensure security. It is also important that we do not exceed the insurance limits on cash on the premises. The amount currently is £3,000.

Income comes from a variety of sources, including grant funding, school dinner money and lettings.

This section covers general income controls to ensure that income is banked regularly and reconciled to the receipts. Frequent and regular checking against bank records is important to ensure that all income is secure.

Supporting documents: Income

- Charging, Remission and Debt policy
- Record of regular income

- Lettings policy – invoices (issued by school)
- Sample of bank paying-in slips
- Income reconciliations
- Procedures for chasing debt
- Records of transfers between staff

F1: Governor's Charging Policy

The Governing Body must have a charging policy for the supply of goods or services. This policy should be reviewed annually. The Governing Body has overall responsibility for ensuring that all income due to the school is properly accounted for.

F2: Records kept of all income due

All income should be recorded on the schools computerised system by the Administration Officer and invoices raised where appropriate.

F3: Lettings authorisation

All lettings must be authorised by Executive Headteacher/Administration Officer (Finance) within a framework determined by the Governing Body and should be recorded on FMS.

The responsibility for identifying sums due to the school should be separate from the responsibility for collecting and banking such sums.

F4: Separation of responsibilities

The responsibility for identifying monies due to the school should be separate from the responsibility for collecting and banking such sums.

F5: Invoices

Where invoices are required these should be issued within 30 days.

F6: Security of cash & cheques

All cash and cheque books are kept in the safe except when being processed. Keys for the safe are held by the Administration Officer (Finance) and the Executive Headteacher. Keys for the safe must not be kept on the premises overnight. The limit for cash in the safe is £3,000.

A record is maintained by the Administration Officer (Finance) of all items not recorded on the finance system and is updated every day.

F7: Paying into Bank

Collections are paid into the bank account in full by monthly by courier service. Bank Paying-in slips show clearly the split between cash and cheques and list each cheque individually. The total shown on the paying-in slip must agree to the amount on the computerised system.

Money for banking is collected fortnightly by the Secure Cash Collection Service.

F8: Income collection not used for payments

Income collections should not be used for the encashment of personal cheques or for other payments.

F9: Reconciliation of collections and deposits

Reconciliation of the bank statement compared to the income and expenditure on the computerised system should be completed monthly by the Finance Manager and checked by the Budget Advisor.

These reconciliations should be reviewed by the Executive Headteacher on a monthly basis.

F10: Chasing invoices and writing off debts

The school has procedures in place for chasing monies which have not been paid within 30 days. Information about unpaid invoices is initially taken to the Resources Committee and they then recommend action to the Governing Body for the final decision.

Bad debts are only written off when the school has followed all possible procedures to ensure their recovery. Any debt under £50 can be written off by the Executive Headteacher. All debts above £50 should be reported to the Governing Body before action is decided. At the end of the financial year the Finance Officer will notify the LA of the number of cases and total value of debts written off (if any). If the total cumulative debts of more than £500 need to be written off in any one year then the Executive Headteacher will consult with the LA.

F11: Machine and cash handling by two people

All cash collected counted by one Administration Officer and banked by the other Administration Officer.

F12: Recording transfers of money between staff

The Executive Headteacher ensures that transfers of school money between staff are recorded and signed for correctly.

Banking

The proper administration of bank accounts is the centre of financial control. Regular reconciliations are essential as they prove the balanced shown in the accounting records are correct and provide assurance the underlying accounts are accurate.

The standards in this section cover bank account and cheque controls. Failure to adhere to these standards has potential for error or fraud and indicates a possible breakdown in internal control systems.

Supporting documents: Banking

- Monthly bank reconciliations
- Document showing interest rate on savings account
- Correspondence with bank on overdraft prohibition
- List of banks and building society accounts held by school

G1: Bank Reconciliations

The school receives at least monthly bank statements and these should be reconciled with the computerised accounting system. Any discrepancies should be investigated immediately.

G2: Reconciliations reviewed and certified

All bank reconciliations are signed by the LA Advisor who undertakes the reconciliation. They are reviewed and countersigned by the Finance Officer and the Executive Headteacher.

G3: Segregation of duties

The LA Advisor is responsible for the bank reconciliations and is not responsible for the processing of payments and receipts. The Executive Headteacher will check and sign all reconciliations.

G4: Optimal investments of surpluses

All funds surplus to immediate requirements are in an interest bearing bank account approved by the LA.

G5: No use of private bank accounts

The school and members of the school will not make use of any private bank accounts for school business.

G6: No overdrafts

The school does not overdraw its bank account. The bank has been informed that the school is not allowed to borrow funds and that no account should be allowed to become overdrawn.

G7: Approval of non-Council loans

The school should not enter into any loan agreements, other than with the Council, without the prior approval of the Secretary of State for Education and Skills.

G8: Two signatories needed on all cheques

The school procedures require that all cheques are signed by two signatories approved by the Governing Body.

G9: Supporting documentation for cheque signatories

The school procedures ensure that supporting documents e.g. invoices are made available to cheque signatories to safeguard against inappropriate expenditure.

G10: All cheques crossed

The cheques supplied by the bank for the school are all crossed 'account payee only' to avoid the possibility of improper negotiation of the cheques.

G11: Cheque signatory requirements

The school procedures require that only manuscript signatures are used and cheques should not be pre-signed.

G12: Security of cheque books

Pre-printed cheque stationery is locked in a secure place prior when not in use.

G13: List of bank accounts and signatories

Main school account – NatWest

The following table shows signatories for the school bank and building society accounts:

Role	Name	LA Account
Executive Headteacher	Susan Papas	✓
Deputy Executive Headteacher	Jo Read	✓
Finance Officer	Tina Marola	✓
Administration Officer (Marketing)	Cleo Douglas	✓
Head of School	Dan McCormack	✓

Payroll

The school is aware of a number of areas where Inland Revenue regulations affect or determine the way payments are made. For example, there are strict rules about payments to individuals who claim to be self-employed. The school follows the LA guidelines in these circumstances.

Supporting documents: Payroll

- Personnel procedures
- Up to date list of staff employed
- Payroll transaction report

H1: Procedures for personnel/payroll matters

The school follow established Council procedures for the administration of personnel activities. All appointments, terminations and salary levels are formally reported to the Governing Body.

The school uses the Council Payroll and Personnel Services.

H2: Segregation of duties - decisions

The Executive Headteacher ensures that, where practicable, the duties of appointments, making changes to individuals' conditions or terminating the employment of staff are separated from the duties of processing claims.

H3: Segregation of duties - process

The Executive Headteacher ensures that at least two people are involved in the process of completing, checking and authorising all documents and claims relating to appointments, termination of employment and expenses.

H4: Authorised access to personal files

The Executive Headteacher ensures that only authorised staff have access to personal files and that arrangements for staff to gain access to their own records are in place.

H5: Proper payroll transactions

All payroll transactions are processed ONLY through the payroll system.

H6: Regular updating of staff employed

The Administration Officer maintains a list of staff employed by the school which is updated promptly to reflect starters and leavers.

H7: Payroll checks

The Finance Officer undertakes monthly checks between payroll reports and the school documentation (Budget plan Staffing sheets) to ensure

- There are no ghost employees
- Staff are being paid the correct rates and allowances
- Old employees have been removed from the payroll

Petty Cash

There is no Petty Cash system in use at the school

Tax**K1: Relevant staff aware of tax regulations**

The Executive Headteacher ensures that all relevant finance and administrative staff are aware of Value Added Tax (VAT), Income Tax and the Construction Industry Scheme (CIS) regulations.

K2: Payments only on VAT Invoices

A proper VAT invoice is the only basis on which VAT can be reclaimed. It contains the following elements:

- The suppliers name and address
- The date goods / services were supplied
- The name and address of the school
- The goods or service supplied
- Amount payable excluding VAT
- Amount of VAT
- VAT rate

If the total cost, inclusive of VAT, is less than £100, less detail is required.

K3: Procedures for VAT on business activities etc

This following section sets out the main areas of activities, which generate income and the applicable VAT rate associated with each one.

It is vitally important to get the VAT rate right otherwise the LA will be liable to severe penalties from HMR&C.

	Standard	Zero	Exempt	Non-business
Sports Development courses			✓	
Private telephone calls	✓			
Payphones	✓			
Book sales		✓		
Children's clothing (Note 1)		✓		
Adults clothing	✓			
School uniform (Note 1)		✓		
Exam/enrolment fees				✓
Sale of work from classes to pupils				✓
School trips - curriculum based				✓
Training/retraining courses			✓	
Equipment (Note 2)				✓
Meals supplied to pupils at Council schools by the Council				✓
Vending machine supplies at schools within canteen				✓
Vending machine supplies at Schools outside canteen	✓			
Printed Matter	✓	✓		
Games	✓			

	Standard	Zero	Exempt	Non-business
Meals supplied to adults at Council schools	✓			
Lettings				
- room only			✓	
- use of equipment only	✓			
-sporting (Note3)		✓		
- sporting < 10 lets		✓		
- non sporting	✓			
- mixed	✓			
- catering	✓			
OfSTED - inspections			✓	

School uniform 34 inches and above with school logo supplied to children at juniors and below is zero-rated. All sizes below 34 inches are zero-rated. All sizes 34 inches and above, with the aforementioned exception, are standard-rated.

Provided that equipment is mobile, is brought to school at least once a week, and the item is sold at cost or below, the sale to pupils is non-business and VAT can be recovered on the purchase.

The letting of sporting facilities is exempt where 10 lets are booked at one time for the same facility with a gap of not more than 2 weeks between each let. Payment can be made in stages provided the series of lets are for more than 10 weeks. If the rules do not apply, the lets will be standard-rated.

Full details of the Council VAT Guidance Manual should be obtained from the LA.

K4: Payments according to CIS

The school will only make payments to contractors and subcontractors in accordance with the Construction Industry Scheme (CIS). The Councils Financial Regulations detail requirements for payment.

Voluntary Funds

Voluntary funds provide schools with a substantial additional source of income. Although such funds are not public money. The standard of accounting must be of the same standard as the main public account.

Voluntary fund accounts must be certified by an external and a copy of the 'Management letter for the year ended' sent to the LA.

This section only applies to voluntary funds which belong to the school and not, for example, to funds held by other organisations, which have a connection with the school such as PTA.

L1: Separate accounting from the school budget

Executive Headteacher ensures that voluntary funds are recorded for separately from the school's delegated budget and are held in a separate bank account.

L2: Registered with Charity Commission

The Governing Body ensures that the voluntary funds have been registered with the Charity Commission.

Assets

The school has a range of material and equipment for example, iPads and computers. These assets are kept securely and recorded on the asset register on the school's computerised finance system. The asset register is continuously reviewed and updated. The Governing Body sets a monetary value below which inclusion on the inventory is not required. The Executive Headteacher ensures such items of school property are identified as to their location and need for on-site and/or off-site insurance.

The delegation of funding for structural maintenance means that the school is now responsible for their buildings and other parts of their premises. The school needs to plan the use, maintenance and development of the buildings and take into account the LA's asset management plan.

M1: Maintenance of stock

The Administration Officer ensures stocks are maintained at reasonable levels and subjected to a physical check at least annually.

M2: Security Marking

Up to date inventories must be maintained of all equipment. These items must be identified as school property by security marking.

M3: Asset Register check

The IT Manager arranges at least annually for the inventories to be checked against the physical items. All discrepancies are investigated and anything over £100 reported to the Governing Body.

M4: Property taken off site

All assets removed from the school site are recorded in a register held by the IT Technician and signed back on their return.

M5: Authorisation of write-offs and disposals

The Governing Body authorises all write-offs and disposals of surplus stocks and equipment in accordance with the LA's regulations.

M6: Security of Safes and keys

The school safe is kept locked and the keys removed and held in a different location.

M7: Plan for use, maintenance and development of buildings

The Governing Body has a plan for the use, maintenance and development of the schools buildings as outlined in the school's 5 Year Premises Development Plan.

Insurance

The school has risks for which protection by insurance is needed. Risks may include third party liability, property, money, personal accident, motor vehicles and fidelity guarantee insurance. It is essential that the school reviews its exposure to these risks to ensure adequate cover is provided. If the insurance is not provided by the LA the cover must be at least as good as the relevant minimum cover arranged by the LA.

N1: Annual review of risks

The Governing Body review all risks annually, in conjunction with the LA where appropriate, to ensure that the sums insured are commensurate with the risks.

N2: Additional insurance cover

The Governing Body should consider whether to insure risks not covered by the LA. The cost of these premiums should be met from the delegated budget.

N3: Notification of new risks / changes

The school notifies its insurers, LA or other agent of all new risks, property, equipment and vehicles which require insurance or of any other alteration affecting existing insurance. An annual update is forwarded to the LA.

N4: Indemnity to third parties

The Governing Body / School will not give any indemnity to a third party without the written consent of its insurers.

N5: Notification of insurance losses or claims

The school immediately informs its insurers of all accidents, losses and other incidents that may give rise to an insurance claim.

N6: Insurance of property taken off site

Insurance arrangements should cover the use of school property, for example musical instruments or computers, when off site.

Data Security

The school uses a computer system to record personal, financial and other management data. Most of the controls in this section cover access to data held on computers. It is important that management information is properly protected from unauthorised access and it is backed up regularly. A recovery plan must be in place to ensure continuity of financial information in an emergency.

The Data Protection Act 1998 is designed to protect the rights of individuals in relation to personal data that is held about them. It sets out requirements about the processing, storage and disclosure of that data and extends coverage of the previous legislation from data handled electronically to certain manual record systems.

The Act requires governing bodies and Headteachers to notify the Data Protection Commissioner where the activities they are engaged in are covered by this legislation. Pupils' paper records will probably fall under the requirements of the Data Protection Act 1988 and be subject to notification.

Supporting documents: Data protection

- Information Governance Policy
- Business Continuity Plan
- Notification to the Data Protection Commissioner (Data Protection Act 1998)

P1: Security of Access

Computer systems used for school management are protected by password security to ensure that only staff have access. The passwords are changed regularly and updated for staff changes.

P2: Back-up procedures

The Administration Officer ensures that data is backed up regularly and that all back-ups are securely held in a fireproof location and a second copy is held offsite.

P3: Recovery plan for emergency

The Executive Headteacher has established a recovery plan to ensure continuity of financial administration in the case of emergency. (See Business Continuity Plan)

P4: Protection against computer viruses

To prevent viruses being imported, only authorised software agreed by CrEdIT (LA IT support) is used.

Audit

The school comes within an internal audit regime determined by the LA, and within the LA external audit regime as determined by the Audit Commission. The school provides access as necessary for audit purposes to its records, for both internal and external auditors.

The DCFS requires the school to obtain and provide to the LA annual audit certificates in respect of voluntary and private funds held by them and of the accounts of any trading organisations controlled by them. However, the LA will not itself audit such funds. The auditor of non-public funds must not be connected with the administration of those funds. Any other requirement as to the audit of such funds is a matter for those making the funds available and for the Charity Commission where charitable trusts are concerned.