

Goddard Park

Community Primary School

An Integrated Academy and Children's Centre

Headteacher: Mike Welsh

Everybody learns, everybody cares



Financial Management Procedures

Reviewed: May 2017

To be reviewed: Summer 2018

This Financial Procedures manual should be read by all staff involved in financial systems in conjunction with the DfE Academies Financial Handbook, Standing Orders and the school's Scheme of Delegation. These detail the delegated functions of all staff with financial responsibility, the Governors' Resources Committee and the Head Teacher (Accounting Officer, Mike Welsh).

The Academies Financial Handbook is available for all postholders in the School Business Manager's office.

In the absence of the Headteacher, the Deputy Headteacher will assume the relevant responsibilities in these procedures.

1. Introduction

101. The purpose of this manual is to ensure that the school maintains and develops systems of financial control that conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our Funding Agreement with the Department for Education (DFE).
102. The school must comply with the principles of financial control outlined in the academies guidance published by the DFE. This manual expands on that and provides detailed information on the school's accounting procedures and systems. This manual should be read by all staff involved in financial transactions.

Approval and Review of this Manual

103. All procedures contained in this manual will be reviewed and approved at least bi-annually to ensure they record current operating practice.

2. Organisation

- 201 The school has defined the responsibilities of each person involved in the administration of school finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The Financial Roles and Responsibilities of staff and governors are identified in the Scheme of Delegation and the Segregation of Financial Duties. All postholders receive a copy of these financial procedures and appropriate financial training from the School Business Manager.

The financial reporting structure is detailed below:

The Governing Body

202 The governing body has overall responsibility for the administration of the school's finances. The main responsibilities of the governing body are prescribed in the Funding Agreement between the school and the DFE, and in the school's Articles of Association. The main responsibilities include:

- ensuring that the grant from the DFE is used only for the purposes intended;
- approval of the annual budget;
- appointment of the Headteacher and
- appointment of the School Business Manager, in conjunction with the Headteacher.

The Resources Committee

204 The Resources Committee is a committee of the governing body. The Resources Committee meets at least once a term but more frequent meetings can be arranged if necessary.

205 The main responsibilities of the Resources Committee are detailed in written terms of reference which have been authorised by the governing body. They include the responsibilities and functions of an audit committee. The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the relevant Companies Act and the DFE guidance issued to academies;
- authorising the award of contracts over £20,000
- authorising changes to the school personnel establishment and
- reviewing the risks to internal financial control at the trust and agreeing a programme of work that will address these risks,
- reviewing internal audit reports twice a year on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.

The Headteacher

206 Within the framework of the School Development Plan as approved by the governing body the Headteacher has overall executive responsibility for the school's activities including financial activities. Much of the financial responsibility has been delegated to the School Business Manager but the Headteacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them;
- authorising contracts between £5,000 and £20,000 in conjunction with the School Business Manager;
- signing cheques and Bacs runs in conjunction with the School Business Manager or other authorised signatory.

The School Business Manager

207 The School Business Manager works in close collaboration with the Headteacher through whom he or she is responsible to the governors. The School Business Manager also has direct access to the governors via the Resources Committee. The main responsibilities of the School Business Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the school financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the school;
- the preparation of monthly management accounts;
- authorising orders below £5,000 in conjunction with postholders;
- signing cheques/BACs runs in conjunction with the Headteacher or other authorised signatory

and

- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance.

Internal Audit

208 The Governors have appointed an independent company (Financial Services 4 Schools) to provide internal audit services. The internal auditors provide governors with an independent oversight of the school's financial affairs. The main duties of the internal auditors are to provide the governing body with independent assurance that:

- the financial responsibilities of the governing body are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

209 The internal auditors will undertake a 6 monthly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the governing body. A report of the findings from each visit will be presented to the Resources Committee.

Other Staff

210 Other members of staff, primarily the Senior Admin Officer, Deputy School Business Manager, Assistant School Business Manager and postholders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the school's financial procedures.

Register of Interests

211 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all school governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the school may purchase goods or services. The register is open to public inspection. The business interests of Governors are also published on the school website.

212 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the school. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

213 The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

Authorised signatories

214 may only be carried out by those authorised through the Scheme of Delegation or this policy. An authorised signatory list is included at the back of this procedure.

3. Accounting system

301 All the financial transactions of the school must be recorded on the SIMS FMS accounting system. The FMS system is operated by the Finance Department.

System Access

302 Entry to the FMS system is password restricted and the School Business Manager is responsible

for implementing a system which ensures that passwords are changed at least every 3 months. When passwords are changed the new password should be placed in a sealed envelope and passed to the School Business Manager to keep in the safe.

- 303 Access to the component parts of the FMS system can also be restricted and the School Business Manager is responsible for setting access levels for all members of staff using the system.

Back-up Procedures, Data Security and Emergency procedures

- 304 The ICT and Facilities Manager is responsible for ensuring that there are effective back up procedures for the system. At least one copy should be stored off-site.

- 305 The computer system is protected by password security to ensure that only authorised staff have access. These passwords are changed on a regular basis (termly).

- 306 The whole school network, including the admin. Network, is protected by anti-virus software and firewalls. The broadband connections is provided through Swindon Borough Council and the South West Grid for Learning which has additional protection installed. Policies on the network prevent staff (other than authorised staff) or pupils downloading software to minimise the risk on importing viruses.

- 307 The School is registered with the Data Commissioners Office and abides by our Data Protection Policy. A Fair Processing Notice is issued to all carers during the Autumn term each year. The Notice is also available on our website.

- 308 The School Business Manager should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the school is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

- 309 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.

- 310 Detailed information on the operation of the FMS system can be found in the user manuals held in the School Office.

4. Financial planning

- 401 The school prepares both medium term and short-term financial plans.

- 402 The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the school's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

- 403 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the school and the planned use of those resources for the following year.

- 404 The development planning process and the budgetary process are described in more detail below.

School Evaluation and Development Plan

- 405 The School Evaluation and Development Plan (SEDP) is concerned with the future aims and objectives of the school and how they are to be achieved; that includes matching the school's objectives and targets to the resources expected to be available. The Plan is developed with the involvement of all staff and governors.

- 406 The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource

costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

- 407 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a postholder. The postholder should monitor performance against the defined success criteria throughout the year and report to the senior leadership team twice a year (or more often if required). The Senior Leadership Team will report to the governing body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

- 408 The School Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Resources Committee and the governing body.

- 409 The approved budget must be submitted to the EFA by 30 June each year and the School Business Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

- 410 The annual budget will reflect the best estimate of the resources available to the school for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

- 411 The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DFE grant receivable;
- review of other income sources available to the school to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the school cost base;
- identification of potential efficiency savings and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

- 412 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

- 413 Once the different options and scenarios have been considered, a draft budget should be prepared by the School Business Manager for approval by the Headteacher, the Resources Committee and the governing body. The budget should be communicated to all staff so that everyone is aware of the overall budgetary constraints.

- 414 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review

- 415 Throughout the year submissions are made to the EFA and Companies House. The Headteacher is responsible for ensuring these submissions are made in a timely manner. The current year's reporting schedule is available from the School Business Manager.

- 416 Monthly reports will be prepared by the School Business Manager. The reports will detail actual income and expenditure against budget both for postholders and at a summary level for the Headteacher and the Resources Committee.
- 417 Any potential overspend against the budget must in the first instance be discussed with the School Business Manager. The accounting system will not allow payments to be made against an overspent budget without the approval of the School Business Manager.
- 418 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements must be authorised by the Resources Committee (see Scheme of Delegation).

5. Payroll

- 501 The main elements of the payroll system are:
- staff appointments;
 - payroll administration and
 - payments.

Staff Appointments

- 502 The governing body has approved a personnel establishment for the school. Changes can only be made to this establishment with the express approval in the first instance of the Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.
- 503 The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteachers and the School Business Manager whose appointments must follow consultation with the governors. The Headteacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the School Business Manager immediately.

Payroll Administration

- 504 The school payroll is administered by a contractor (currently Financial Services 4 Schools).
- 505 All staff are paid monthly. A master file is created for each employee which records:
- salary;
 - bank account details;
 - taxation status;
 - personal details and
 - any deductions or allowances payable.
- 506 New master files can only be created by the contractor with the express approval of the School Business Manager.
- 507 New starters, leavers and other payroll amendments will be authorised by the Headteacher and (where appropriate) agreed by the Resources Committee. The appropriate form will be completed by the Deputy School Business Manager and sent to HR and payroll provider. A copy of the form will be kept in a locked cupboard in the School Business Manager's Office. Copies of the Resources Committee minutes agreeing an amendment will also be kept.
- 508 The Deputy School Business Manager completes a monthly staff return which provides details for all staff sickness and other absences during the month. Staff additional hours forms should be authorised by the appropriate line manager and sent to the Deputy School Business Manager by the end of the month, who then records them on the school spreadsheet and forwards them to the contractor for payroll processing.
- 509 Before the payroll is processed a print of all data input is received by the school. This is checked against the FMS system and extra hours spreadsheet and authorised by the School Business

Manager.

Payments

- 510 After the payroll has been processed a print of salary payments by individual, showing the amount payable in total is obtained from the contractor. The print must be reviewed and authorised by the Deputy School Business Manager.
- 511 All salary payments are made by BACS.
- 512 The contractor calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and payment is made by the due date by the contractor.
- 513 After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The School Business Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

6. Purchasing

601 The school wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the school;
- **Accountability**, the school is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the school are dealt with on a fair and equitable basis.

We will strive to ensure that the School is using its resources effectively to meet the needs of pupils.

Benchmarking

Use is made of the benchmarking website:

<http://www.dfes.gov.uk/valueformoney/index.cfm?action=Benchmarking.default>

to provide information to enable the school to compare its income and expenditure against other comparable schools.

Routine Purchasing

- 602 Postholders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the postholder to manage the budget and to ensure that the funds available are not overspent. A cashflow detailing actual expenditure against budget for each cost centre will be posted on the school's intranet a week after the end of each month and postholders are encouraged to keep their own records of orders placed.
- 603 In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Office. A quote or price must always be obtained before any order is placed. If the postholder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the School Business Manager.
- 604 All orders must be made in writing using an internal order form. Orders must bear the signature of the postholder and must be forwarded to the Finance Office where the Senior Admin. Officer will

check to ensure adequate budgetary provision exists before passing to the School Business Manager or Headteacher (depending on value of order) for authorising.

- 605 An order is raised on the FMS finance system using an official order form (stocks of which are kept in a locked cupboard in the Finance Office) and dispatched to the supplier by the Senior School Admin Officer.
- 606 The postholder must make appropriate arrangements for the delivery of goods to the school. On receipt the Admin Officer must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
- 607 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified.
- 608 All invoices should be sent to the Finance Office. The Senior Admin Officer will action the invoice promptly to ensure suppliers are paid within 30 days of the invoice date, otherwise additional costs may be incurred. All 'order invoices' are attached to the appropriate internal order form, delivery note etc. to ensure a full record is kept. If there is any discrepancy with the original order the Senior Admin Officer will refer to School Business Manager or Headteacher.
- 609 The Senior School Admin Officer will check the invoice against the order and stamp invoices with a grid against which the following can be evidenced:
- (a) Date invoice actioned
 - (b) goods/ services received;
 - (c) invoice authorised for payment;
 - (d) order number;
 - (e) cheque/BACS number
 - (f) payment made.

The School Business Manager will advise of the cost centre to be charged for non-order invoices

- 610 Boxes (a), (b) and (d) will be completed by the Senior School Admin Officer. Before completing these boxes the Senior Admin Officer must make a detailed check against the order and the GRN and these documents must be attached to the invoice. The invoice will then be sent to the School Business Manager or Headteacher to complete box (c). The Senior School Admin Officer will then input details of payments to be made to the purchase ledger and generate the cheques/BACS required. Wherever possible, payment will be made by BACs rather than cheque. The cheques/BACS must be authorised by two of the nominated cheque signatories. For BACs payments this is done through Lloydslink using authorised signatories authorisation cards and readers. The Lloydslink BACS report is printed and attached to the FMS BACs report which is signed by the two authorised signatories. Boxes (e) and (f) on the invoice stamp will then be completed by the Senior Admin Officer once the payment has been raised.
- 611 If a postholder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.
- 612 Cheques/BACs remittance advice notes will be dispatched to suppliers by the Senior School Admin Officer who will also then place the paperwork in the appropriate file.
- 613 All paid invoices paid by cheque are filed in numerical cheque order with advice slip stapled to front. Advice slips are authorised by the Headteacher, Deputy or School Business Manager. All invoices paid by BACS are filed numerically by BACs number and alphabetically within each BACs run. All paid invoices and unused cheques are stored securely.

Orders over £2,000 but less than £20,000

- 614 At least three written quotations should be obtained for all orders between £2,000 and £20,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained with the order and invoice for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

615 The school is registered with the website www.schoolsquote.co.uk. The site enables the school to obtain on-line quotes from companies without them knowing the school details. It is for the School Business Manager to contact any suitable companies.

Orders over £20,000

616 All goods/services ordered with a value over £20,000, or for a series of contracts which in total exceed £20,000 must be subject to formal tendering procedures. Purchases over the current threshold of £172,514 excluding VAT may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. .

Forms of Tenders

617 There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

- **Open Tender:** This is where all potential suppliers are invited to tender. The postholder must discuss and agree with the School Business Manager how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the school's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders,
 - only one or very few suppliers are available,
 - extreme urgency exists,
 - additional deliveries by the existing supplier are justified.

Preparation for Tender

618 Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

619 It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

620 If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

621 An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;

- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

- 622 The invitation to tender should state the date and time by which the completed tender document should be received by the school. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

- 623 All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:
- For contracts up to £25,000 - two of the postholder, the School Business Manager or the Headteacher;
 - For contracts over £25,000 - either the School Business Manager or the Headteacher plus a member of the Resources Committee.
- 624 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Procedures

- 625 The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.
- 626 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 627 Where required by the conditions attached to a specific grant from the DFE, the department's approval must be obtained before the acceptance of a tender.
- 628 The accepted tender should be the one that is economically most advantageous to the school. All parties should then be informed of the decision.

Purchasing Card

- 629 The School has a Lloyds TSB purchasing card which is used to purchase items where an invoice cannot be provided. A procedure for the use of payment cards, and for Internet purchases is at Appendix 1. The School also has a purchasing card that the school uses for the purchase of fuel for the minibuses. This card is held by the Site Supervisor only and all invoices associated with purchases made on it are paid promptly.

7 Income

- 701 The main sources of income for the school are the grants from the DFE and Daycare fees. The receipt of these sums is monitored directly by the School Business Manager who is responsible for ensuring that all grants any monies due to the school are collected.
- 702 At various times Staff need to collect cash from pupils eg: dinner- money, parental contributions for trips. This should be recorded clearly on the daily dinner/money register, written in the class money book, signed by the member of Staff who collected it and sent to the office. The Admin. Officer will check the money received, countersign the class money book and ensures it balances with the Dinner registers and other money from classes spreadsheet. A hard copy of this spreadsheet is retained and the total collected entered in the day book. Guidelines for recording monies taken in class are outlined in the Staff Handbook.
- 703 Receipts are issued for all monies taken at the Extended Services office (daycare payments) or the school office, with the exception of dinner/school trip payments of less the £10. Payments below £10 are recorded on the school 'late list' and the total transferred to the day book. The hard copy of the 'late list' is retained for auditing. All payments are entered in the day book promptly.

Banking

- 704 All monies are kept securely in the School safe until it is banked. At the end of every week the money in the day book is totalled by the Admin. Officer and balanced against money held in the safe, ensuring that monies are separated for appropriate accounts. The Senior Admin. Officer completes a paying-in slip, with a counterfoil, and signs the day book. Monies collected must be banked in their entirety in the appropriate bank account.
- 705 Two members of Staff take the money to the bank ensuring not to go at the same time each week. When the money has been banked the Senior Admin. Officer enters the paying-in slip number on the appropriate page in the day book
- 706 The School Business Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking.
- 707 The insurance limit for the safe is £135,000. Safe keys are kept only by the School Business Manager and the Senior School Admin Officer who keep them secure at all times.

Invoicing

708. Invoices are produced promptly for any monies due to the School. All invoices are produced in the FMS finance system and are numbered consecutively.. Copies are passed to the School Business Manager for reconciliation once the payment is received. Once Payment is received the SBM enters the payment on the FMS system and attaches the copy invoice to the paying-in slip for filing. The School Business Manager monitors the outstanding invoices for chasing with reference to the bad debt policy where appropriate.

Bad Debt

709. Payment arrears are monitored and recovery action is undertaken in line with the Bad Debt Policy initially by the Admin. Officer (school meals) and the Children's Centre Admin. Officer (Childcare). If not resolved the matter is referred to the School Business Manager. The Governors Resources Committee receives a report giving a breakdown of outstanding debt at their meetings.

8 Cash Management

Bank Accounts

801. The opening of all accounts must be authorised by the governing body who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

Payments and withdrawals

802. All cheques and other instruments authorising withdrawal from school bank accounts must bear the signatures of two of the following authorised signatories:

- Headteacher;
- School Business Manager;
- Deputy Headteacher;
- Senior School Admin Officer
- Deputy School Business manager

803. This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the school. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

Administration

804. The Senior Admin Officer will conduct reconciliation between the school finance system and the bank account at least once per month. Any discrepancies will be investigated immediately and if not resolved will be referred to the School Business Manager. Once reconciled, the bank statement and reconciliation report from FMS will be signed by the Headteacher. An unreconciled items report will also be printed off by the Senior Admin Officer and reviewed and signed by the School Business Manager.

Petty Cash Accounts

805. The Petty Cash 'float' is held securely in a locked safe in the main office. Payments from Petty Cash should be made only for minor items, generally not exceeding £20. There must be proper authority and provision within the budget for such payments. Petty Cash should not be used for transactions with regular suppliers.

806. Cash purchases should be made by the appropriate Postholder or should have their approval. Cash cannot be issued in advance – the purchase must be made, the receipt kept, and reimbursement claimed. A VAT receipt should be obtained.

807. When the cash is paid the claimant must sign the form to acknowledge receipt.

808. All Petty Cash transactions are recorded on FMS.

Deposits

809. The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

Administration

810. The Senior School Admin Officer is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the School Business Manager to ensure that the cash balance reconciles to supporting documentation.

Staff Claims for Re-imburement (other than 'petty cash')

811. To claim re-imburement (other than cash) the claimant must complete a School Budget claim form obtained from the office. VAT receipts must be obtained and all receipts must be clipped to the form. The Headteacher, Deputy or School Business Manager must approve payment by signing the form.

812. Reimbursement claims must be made within one month of purchase and reimbursement cheques must also be cashed within one month of issue.

Cash Flow Forecasts

813. The School Business Manager is responsible for preparing cash flow forecasts to ensure that the school has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

Investments

814. The governors may invest to further their trust's charitable aims, but must ensure that investment risk is properly managed. When considering making an investment the governors must:

- act within their powers to invest as set out in their articles of association
- have an investment policy to manage, control and track their financial exposure, and ensure value for money particularly if using unfamiliar investment techniques
- exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser
- ensure that security takes precedence over revenue maximisation
- ensure that all investment decisions are in the best interests of the trust and command broad public support
- review the trust's investments and investment policy regularly

815. Investments must be made only in accordance with written procedures approved by the governing body.

816. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment.

9 Fixed assets

Asset register

901 All items purchased with a value over the school's capitalisation limit (£1,000) must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DFE grant and % funded from other sources)

- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

902 The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the school's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of assets

903 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

904 All the items in the register should be permanently and visibly marked as the school's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the governing body. Inventories of school property should be kept up to date and reviewed regularly. Where items are used by the school but do not belong to it this should be noted.

Disposals

905 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Finance Committee and, where significant, should be sold following competitive tender. The school must seek the approval of the DFE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

906 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the school obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the school would need to ensure licences for software programmes have been legally transferred to a new owner.

907 The school is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other school assets. If the sale proceeds are not reinvested then the school must repay to the DFE a proportion of the sale proceeds.

908 All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

909 Items of school property must not be removed from school premises without the authority of the School Business Manager. A record of the loan must be recorded in a loan book and booked back in school when it is returned.

910 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the school's auditors.

10 Free School Meals

1001. The Admin. Officer checks that pupils shown in the register as receiving Free School Meals have the appropriate authorisation. Renewal dates are recorded against individual children on Sims.net. The Local Authority validates Free School Meal applications and sends lists of those approved to the Admin. Officer for entry on to our system.

11 'Whistleblowing'

- 1101 All Staff and governors are issued with a 'Whistleblowing' Policy during their induction period. This policy is signed for by each member of staff.

12 Fraud Policy

1201. A Fraud Policy has been agreed by the Governing Body for implementation if required.

Appendix 1

Use of Payment Cards



The Governing Body is responsible for ensuring that there are adequate controls in place over the use of the School Payment cards. These should be reviewed regularly.

- Cards must only be issued in the name of the School. The Governing Body must nominate a responsible member of staff to have control over the card and PIN. At Goddard Park this person is the School Business Manager, Fiona Godfrey.
- The card must be kept in a secure place e.g. school safe at all times and should not be taken home at any time (it is good practice to keep the card in an envelope, which is signed and sealed after each use).
- The card should only be used by nominated officers and must not be given out to members of staff for their own use.
- Purchases made using the card must relate to official funds for School activities only and all goods & services must be supplied to the School. The delivery address should always be the school and not home addresses etc. Personal items must NOT be purchased using the card.
- The card should only be used for low value purchases and the Governing Body should agree on a maximum limit for single transactions, daily and total monthly spend. – see end of these procedures for details.
- There must be a prudent limit set on the card (this could be linked to the school scheme of delegation), based on projected supplier spend, and agreed by the Governing Body. This limit must not be increased or exceeded without proper authorisation from the Governing Body.
- Cards must only be used after the correct authorisation to purchase has been obtained and an order placed on the FMS system to show a commitment.
- Cash must NOT be withdrawn using the card.
- Receipts must be attached to the statements to show a clear audit trail.

- VAT rules still apply to purchases made using the card; therefore VAT receipts must be requested.
- There should be a clear segregation of duties between the requisitioning / ordering and card purchasing processes and the reconciliation of the monthly statement & settlement payments made to the card issuer.
- Statements must be addressed and sent to the Headteacher at the School and not to named individuals.
- The full balance on the card will be paid off by direct debit once per month. The statement giving details of this transaction will be reconciled with the orders placed and a cashbook journal will then be entered on FMS (by a person other than the nominated card holder). The orders will then be cancelled and attached to the statement and cashbook journal confirmation. A spreadsheet or transaction log can be maintained to aid reconciliation and ensure that credit limits are not exceeded.
- Payments to the card issuing company must be made via cheque or, preferably, direct debit and not using Petty Cash. Payments made by direct debit should be processed in SIMS FMS as a cash book journal: VAT can be reclaimed provided that a valid VAT receipt is obtained.
- Schools need to ensure that any supplier refunds are re-credited to the card account correctly.
- In the event of the card being lost, stolen or compromised the card issuer must be contacted immediately.

CARD HOLDERS AND LIMITS

Fiona Godfrey, School Business Manager – Card limit - £5,000

Mike Welsh, Headteacher – card limit - £3,000

TOTAL Limit - £8,000



INTERNET PURCHASES

- Purchases over the internet should only be used where the goods or services cannot be effectively or economically obtained via traditional methods, and the School considers that best value is being achieved. The cost of P&P and any returns needs to be taken into account.
- If purchasing goods or services using the internet, the School should only purchase from secure sites (those displaying “https” at the start and displaying a padlock symbol)
- Individuals ordering goods and services should make it clear that these are being ordered on behalf of the school.
- When orders are placed with the supplier an order confirmation will usually be displayed or an e-mail received together with the method of payment. This must be printed off and kept with the authorisation to purchase (along with all transaction documentation and associated e-mails).
- The School should use the same procedures on receipt and payment of goods and services from the internet as per traditional methods e.g. authorisation from budget holders.
- The School should also consider the risks when using the internet to look at their card balances etc, and ensure that the account is password protected and that only a limited number of personnel know the password.
- Some smaller traders may use third party payment agents (e.g. PayPal) who are unable to issue VAT receipts or invoices. Schools must ensure that they obtain a valid invoice / receipt from the supplier direct.
- Schools should not click on links to on-line shops in e-mails, as they may link to fraudulent sites, and addresses should be typed manually.