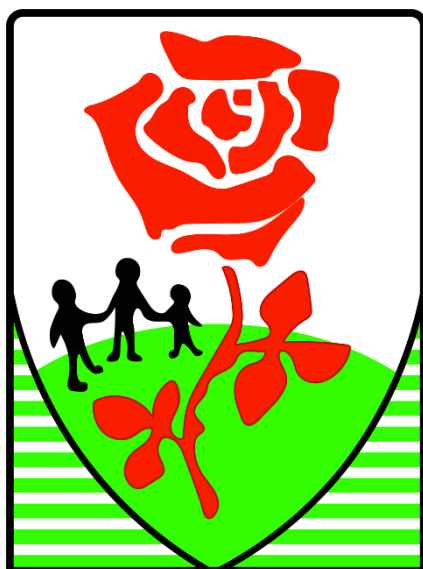


# Rosehill School

## Finance Administration and Control Policy



<b>Policy lead:</b>	<b>Headteacher / School Business Manager</b>
<b>Date written:</b>	<b>February 2023</b>
<b>Review date:</b>	<b>February 2025</b>
<b>Approved by Headteacher/ Governing Board:</b>	Agreed at Full Governing Body Meeting 9.3.2023

Updates:

- **2.1 The bacs payment schedule should be signed by the Bursar and Deputy Headteacher or Headteacher**
- **2.2 Frequency of the Budget monitoring report has been amended from at least termly to at least 6 times per year in line with the Schools Financial value Standard**
- **2.3 Website address for list of approved suppliers has been updated.**
- **2.6 Approval limits for Bacs payments has been added.**

- **HOW TO USE THIS DOCUMENT – A QUICK REFERENCE GUIDE**

<b>I WANT TO KNOW:</b>	<b>BRIEF SUMMARY:</b>	<b>FURTHER DETAIL:</b>
Who does what?	There are specific duties listed for Governors and staff including the Headteacher.	Sections 1.1 – 1.5
How much can I spend?	Providing the Headteacher authorises, any amount can be spent on a purchase order up to the amount of unused budget allocation within that expenditure code.	Section 2.1
What if there isn't enough in the budget?	Headteachers can move up to £1,000 of budget from one code to another. More can be moved with Governor approval.	Section 2.1
What Financial information should the governors get?	They should receive an outturn report at least 6 times per year, showing how the school is performing compared to the planned budget and incorporating a forecast of the expected reserves at the end of the year.	Section 2.2
How do I buy something?	Request the Finance officer to produce an Official order Form and get it authorised by the Bursar or Headteacher, or alternatively the Finance Officer may use a Purchasing Card.	Section 2.3
Do I need to get quotes?	Not if the item is likely to cost less than £1,000. It is advisable if over £1,000 and necessary if over £5,000. You will always be expected to demonstrate that you have achieved Best value.	Section 2.3
What happens to the bill?	The Bursar or Headteacher authorises it and the Finance Officer will process and pay it through the School accounting system.	Section 2.4
How do we know that the school's accounting system is accurate?	Each month the Finance Officer will receive reports from the City Council system (Oracle). The balances in the respective codes of each system should be reconciled.	Section 2.5
Who can sign cheques?	Always two people, and always the Headteacher if over £1,000.	Section 2.6
Who can approve bacs schedules online?	Deputy Headteacher up to £50,000 Headteacher up to £100,000	Section 2.6
What goes on the inventory?	All items that are portable, desirable and of value.	Section 2.7
What if we want to dispose of something?	The Headteacher can approve disposals with a current value less than £50. Otherwise the disposal must be approved at a governors meeting.	Section 2.7

What can we charge parents for?	Various residential and other activities held outside school hours.	Section 2.8
What can we use petty cash for?	The reimbursement of small items purchased infrequently for which a purchase order cannot otherwise be used.	Section 2.9
What do we do with money we receive?	Pass to the Finance Officer to be processed and banked promptly.	Section 2.12

## INTRODUCTION

The 'Financial Administration & Control Policy' is prepared in accordance with, and should be read in conjunction with, the authority's 'Scheme for financing schools'. The policy outlines the respective responsibilities of the Governing Body, Headteacher and Staff in relation to financial administration.

The Policy also provides a standardised approach to all finance related tasks within the school, which is consistent with the Financial Regulations of Nottingham City Council.

The Governing Body should formally adopt the Financial Administration & Control Policy, including setting the relevant limits of delegation and policies (e.g. charging policy) for the school.

## SUMMARY OF RESPONSIBILITIES

- The management of the school is, through its Instruments of Government, the responsibility of its Governing Body, and, to the extent of the delegated powers vested in them, the committees created by the Governing Body.
- The Governing Body delegates day to day responsibility for carrying out the policies and decisions of the Governing Body and its committees to the Headteacher.
- Sub-committees of the Governing Body will act strictly within the remit allocated to them by the Full Governing Body.
- Management and administration duties undertaken by the Headteacher and the members of the school staff shall be carried out in accordance with the terms of this statement, and within the terms of their contract of employment.
- It is the responsibility of the Governing Body's Finance Committee to set/recommend to the full governing body the Annual Budget for the school, which accords with the school's aims and objectives, as set out in the current School Improvement Plan, and the legislative responsibilities undertaken by the Governing Body. Such approval should be clearly minuted by the Governing Body's Finance Committee or the full Governing body in sufficient time to allow prompt submission of the plan to the Local Authority.
- The Headteacher will prepare a recommendation for expenditure by reference to the anticipated budget provision of the school, sufficiently in advance of each financial year, in order to allow due consideration and approval by the Governing Body's Finance Committee. The Headteacher will advise the Governing Body's Finance Committee on all areas of the school budget.

- The Governing Body's Finance Committee will, in each year, consider the recommendation of the Headteacher and will set an Annual Budget. Acting with advice and knowledge acquired from any combination of The Governing Body, The Governing Body's committees, Headteacher, Staff or the Local Authority, The Governing Body's Finance Committee will ensure that adequate long term budgeting is undertaken in order that the long term performance of the school may be maintained.

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## 1.1 THE ROLE OF GOVERNORS

The role of the Governing Body in school financial administration is:

- to establish a Finance and General Purposes Committee and elect its members, and to review the committee's remit and membership on an annual basis
- to plan the overall school budget, including priorities for future expenditure
- to approve the Annual Budget
- to maintain a register of pecuniary interests for governors and staff
- to review and sign the Schools Financial Value Standard

## 1.2 THE ROLE OF THE FINANCE AND GENERAL PURPOSES COMMITTEE`

In order to assist in the fulfilment of the Governing Body's responsibilities, the Finance and General Purposes Committee will meet as necessary. Best practice will be to convene meetings at least once a term to:

- determine the school's annual budget, including staffing
- plan the school budget in accordance with the priorities in the School Improvement Plan
- consider reports from the Headteacher comparing expenditure with budget and to approve virements as necessary
- determine the written description of financial systems and procedures
- operate the governing body's arrangements for obtaining quotations and inviting tenders
- authorise all write-offs and disposals of surplus stock and equipment in accordance with LA regulations
- recommend to the governing body a charging policy in accordance with the LA charging policy
- determine school banking and petty cash arrangements
- determine arrangements for the accounts and audit of the school fund(s)
- determine matters relating to building maintenance, health and safety and lettings outside school hours in accordance with the Governors' delegated responsibilities
- determine matters relating to school security
- determine insurance arrangements



- determine the limits of authority which they delegate to the Headteacher and approve expenditure recommended by the Headteacher above those limits
- consider the findings and recommendations of Audit reports
- the Chair of the Committee shall ensure that minutes are signed at the next meeting to confirm that they are accurate. Copies of the agenda, the approved minutes (subject to confidentiality exclusions), and papers for each meeting should be made available at the school for anyone to read

### 1.3 THE ROLE OF THE HEADTEACHER

The day-to-day operation of the budget is delegated to the Headteacher, who will be responsible for:

- preparing the school improvement plan and school budget in accordance with priorities agreed by the governors and submission of these plans to the Governing Body for approval
- managing internal control systems and internal financial transactions in accordance with LA Financial Regulations
- maintaining adequate financial records in accordance with LA Financial Regulations:

1. Budget Plan Entry Form	Current Year + 3 preceding years
2. Staff Salary Calculations	Current Year + 3 preceding years
3. School Management Plan	Current Year + 3 preceding years
4. General Allowance Allocations	Current Year + 3 preceding years
5. Virements within Budget Share	Current Year + 3 preceding years
6. Orders, Quotes and Tenders	Current Year + 6 preceding years
7. Copy Invoices/Credit Notes	Current Year + 6 preceding years
8. Copy Payment Schedules	Current Year + 6 preceding years
9. Delivery Notes	Current Year + 6 preceding years
10. Bank Reconciliation Records	Current Year + 6 preceding years
11. Education Sales Database Statements	Current Year + 2 preceding years
12. Bank Statements	Current Year + 6 preceding years
13. Bank Paying In Slips	Current Year + 6 preceding years
14. Travel Claims	Current Year + 6 preceding years
15. Income/Lettings Receipts	Current Year + 6 preceding years
16. Copy Sundry Debtor Accounts	Current Year + 6 preceding years
17. Authorised signatories list – orders	Current List
18. Register of Pecuniary Interests	Current List
19. Inventory Records	Current Year + 6 preceding years
20. Salary and Wage Returns	Indefinitely
21. School registers	Indefinitely

- setting limits of expenditure for members of staff authorised to place orders
- providing a monthly budget monitoring report to governors. This should report any variations in expenditure against the approved budget plan
- monitoring the school cash flow
- ensuring that returns to the Local Authority are submitted according to published deadlines

- providing access to accounting and other relevant records to Audit, including school fund(s), and implementing auditor recommendations where necessary
- checking that the school inventory is maintained as accurately and up to date as possible and ensuring that an independent check of the inventory is made at least once a year
- recommending to governors equipment to be written off or disposed of. Ensuring that disposal of such equipment is adequately recorded in the Governors' minutes and that the disposal of assets is conducted in an open manner and where income generated from disposal is maximised. Ensuring that stolen items are reported to the Finance & General Purposes committee before formal approval to delete that item from the inventory/asset register
- ensuring that adequate procedures are in place for the prompt security marking of all items of a portable and desirable nature
- ensure that adequate controls are in place to ensure that all responsibilities delegated are monitored

#### **1.4 THE ROLE OF THE ADMINISTRATOR(S)**

Subject to accordance with individual job descriptions the Headteacher may delegate financial procedures to the administrative team. The administrative team's roles may include:

- receiving monthly reports from the corporate financial system (Oracle) and verifying transactions against local records. In particular, reviewing the monthly salary reports and signing and dating these to confirm they are accurate and noting any queries.
- providing budget monitoring /outturn monthly reports for the Headteacher to present to governors
- submitting virements to the Schools' Finance Support Team as directed by the Headteacher
- raising queries with the Schools' Finance Support Team over transactions requiring additional information
- ensuring that invoice checking procedures are followed
- ensuring that, in conjunction with the Headteacher, authorisation of orders, invoices and schedules are in accordance with this Financial Administration & Control Policy and Nottingham City Council Financial Regulations
- prompt and intact banking of income and associated recording of income in accordance with LA Financial Regulations;
- operating the bank account (cheque book scheme) as per LA Financial Regulations
- to monitor cash and bank balances so as to ensure the school has sufficient cash to meet its needs and to submit cash flow returns to the LA as required

- the recording of income received, and payments made from the school fund. Retention of all documents such as collection records and receipts to support the transactions processed through the school fund. Preparation of the year end summary of transactions for inspection, in accordance with the LA Financial Regulations, and the requirements of the Charity Commissioners (if the school fund is registered as a charity)
- assisting in the maintenance of an accurate inventory and associated security procedures

## 1.5 THE ROLE OF THE STAFF

The role of staff in school financial administration is:

- to familiarise themselves with the Financial Administration & Control Policy
- to conduct all financial transactions relating to the school in accordance with the Financial Administration & Control Policy
- to manage any budget delegated to them by the Headteacher responsibly, and after due consultation with relevant staff
- to actively seek 'best value' on all work, goods, materials or services procured on behalf of the school
- to ensure that all relevant documents (delivery notes, invoices etc.) are promptly passed to the administrator for processing

## 2.1 LIMITS OF DELEGATION

### Virements Within Budget Share

The Headteacher is authorised to vary the annual budget prepared by the Finance & General Purposes Committee and approved by the full Governing Body. This variation shall be the result of any change in the day-to-day spending plans of the school, but still be in accordance with the aims and objectives of the school, as laid down in the School Improvement Plan. This variation, known as a 'Virement within Budget Share' shall not exceed £1,000. A 'Virement Within Budget Share' in excess of £1,000 should be recommended to the Finance & General Purposes Committee by the Headteacher and actioned after minuted approval of the 'Virement Within Budget Share' by the Finance & General Purposes Committee.

### **Orders**

No limit shall apply to the amount authorised by signature by the Headteacher on any single order. The Headteacher will, however, comply with LA Financial Regulations, as detailed in section 2.3 - Procurement of Goods and Services (see below).

The Bursar or Headteacher will sign all orders from the school. In the absence of the Bursar or Headteacher the Finance & General Purposes Committee will nominate a member of staff to authorise the raising of orders on a temporary basis. This officer should be the most senior member of the teaching staff.

## Invoices

No limit shall apply to the amount authorised by signature by the Headteacher on any single invoice. The Headteacher will, however, comply with LA Financial Regulations, as detailed in section 2.4 – Invoice Processing (see below).

The Bursar or Headteacher will sign all invoices for the school. In the absence of the Bursar or Headteacher the Finance & General Purposes Committee will nominate a member of staff to authorise invoices for payment on a temporary basis. This officer should be the most senior member of the teaching staff.

## Cheques

All cheques must be countersigned by at least one other authorised signatory.

### Bacs

The Bacs payment schedule should be signed by the Bursar and Deputy Headteacher or Headteacher.

## **2.2 FINANCIAL REPORTS TO GOVERNORS**

The Headteacher is responsible for providing the Governing Body with a report on the budgetary position of the school at regular intervals. The report should be produced on a monthly basis and presented to Governors at least 6 times a year, and more frequently if the school is in deficit.

Financial reports should be reliable and relevant to users, the characteristics of good quality financial information are:

- **Produced promptly.** The LA produces annually an ‘Accounting Timetable’ which lists the outturn submission deadlines for each period of the financial year.
- **Accurate.** Actual expenditure appearing on the report should agree to what has been processed on the corporate financial system (Oracle). There should be a monthly reconciliation of the bank account to the local system (FMS6). Where amounts have been charged to the school and are still in dispute, these should still be included in the actual expenditure until queries have been resolved.
- **Complete.** To provide governors with a “true and fair” view of the school’s financial position the reports must include committed expenditure. For information to be complete expenditure that the school has been committed to including details of orders and invoices outstanding must be included.
- **Understandable.** Reports need to be understandable to the intended recipient; in particular financial reports to governors should be jargon free.
- **Concise.** Reports should be summarised and not contain an unnecessary amount of detail. Expenditure and budget totals can be summarised to the headings contained in the annual ‘Governors Statement’ or into an alternative format agreed by governors.
- **Include explanatory notes.** Where there are significant variances on budget headings an explanation should be provided with the report. Proposed actions to

address variances should also be reported and actions agreed should be minuted. Where large orders are due to be placed, this may also require a note to the report.

- **Include a projected outturn** 6 times a year, which is an estimate of the final budget position of the school at the end of the financial year. Schools must submit the outturn to Schools Finance Support Team on a termly basis or more often if in deficit.
- **A template** for an outturn report is available on the Finance Forms page of the Schools Finance Support Extranet.

### **2.3 PROCUREMENT OF GOODS AND SERVICES**

It is essential that all of the following controls are adhered to:

- orders should not be entered into verbally and unless a Purchasing Card has been used should always include the Council's terms & conditions either on the order or accompanying it so as to protect the school against terms and conditions imposed by suppliers in the absence of quoted terms & conditions. The use of 'Official Order Forms' through the local system (FMS6) automatically updates the financial records and enables committed expenditure to be included in management information for governors.
- Individuals in schools issued with purchasing cards must comply with the Nottingham City Council 'Card Usage Policy' (which is available on the Nottingham City Council Intranet via the link '[Purchase Cards](#)'). This also lists the suppliers who are able to accept the cards. Purchasing card charges are included on the Education Sales Database and must be paid by schools in full. Queries will be dealt with during the following month.
- in exceptional circumstances (e.g. emergency repairs) orders may be placed by telephone. In such circumstances a confirmation order must be generated. Orders may be faxed or emailed to suppliers in order to reduce timelines. In such circumstances care should be taken to send both sides of the official order form, so the supplier receives the City Council's terms and conditions
- orders should only be approved by the Bursar or Headteacher. In cases of prolonged absence of the Headteacher from the school, the Finance & General Purposes Committee should nominate a suitable replacement signatory
- orders may only be used for goods and services provided to the school. Private individuals and other organisations may not use 'Official Order Forms' to obtain work, goods, materials or services net of VAT
- it is the responsibility of the Bursar or Headteacher (Deputy Headteacher in cases of prolonged absence) in authorising the order to be satisfied that the work, goods, materials or services are appropriate and necessary, that there are adequate funds in the school budget for that purpose and that sufficient quotations/tenders have been obtained
- **Orders under £1,000** – it is the responsibility of the Bursar or Headteacher to ensure that the officer ordering the work, goods, materials or services has taken reasonable steps to achieve Best Value. Best Value could be achieved by:
  1. using one of the Nottingham City Council Corporate Contracts
  2. holding a number of trade catalogues

3. bulk purchasing of common consumables
  4. negotiating discounts
  5. taking advantage of sale seasons
  6. obtaining alternative quotations wherever possible
- **Orders over £1,000 but below £5,000** – it is the responsibility of the Headteacher to ensure that the school has taken the same reasonable steps to ensure that the Best Value has been achieved on any purchase and these steps are documented and retained for inspection. If it is not known if the purchase will exceed £1,000 but it is estimated it will be around £1,000, then evidence of the steps taken should be retained. In practice, the most straightforward method of achieving proof of best value is by obtaining and documenting quotes or tenders as detailed below.
  - **Orders over £5,000** – it is the responsibility of the Headteacher to ensure that the school has obtained quotes or tenders from at least three recognised suppliers (see below: Select Lists). The quotes/tenders should then be considered by the Finance & General Purposes Committee before deciding which supplier to award the contract to. The Finance & General Purposes Committee should, under normal circumstances, opt for the lowest of the three (or more) quotes/tenders. If the Finance & General Purposes Committee decide to opt for a quote/tender other than the lowest, the reasons for such a decision should be clearly documented in the minutes of the Finance & General Purposes Committee meeting in which the decision was made
  - a list of Nottingham City approved suppliers for different types of goods, materials or services can be found on <http://intranet.nottinghamcity.gov.uk/corporate-items/corporate-contracts>
  - for building and maintenance work Design and Property Services will provide details of three or more suppliers in accordance with the approved rotational selection procedures. Further details can also be found on the Design and Property Services intranet site.
  - in the event of fewer than three suppliers appearing on the select list applicable to the type of work, goods, materials or services to be provided, the school shall advertise for quotes/tenders for a specific job specification, indicating a date for submittal of quotes/tenders.
  - schools are not obliged to use the city council select lists, however if using alternative contractors/suppliers then schools should undertake the same checking/vetting as detailed in Financial Regulations.
  - Head Teachers have a duty to ensure that any expenditure that is incurred through the school budget or the school voluntary fund is appropriate and for the purposes of the pupils of the school. Examples of inappropriate expenditure include:
    - Congratulations or get-well flowers
    - Christmas gifts for members of staff
    - Leaving presents for members of staff
    - Christmas meals for members of staff
    - Retirement party for a member of staff
    - A staff thank you meal that has included partners
    - Tea and coffee facilities for staff

- A school loan scheme is available for major purchases. The loan is repaid over a period not exceeding three years. Interest is charged. More details are available from the LA.
- guidance has been issued by the Local Authority covering collusive tendering, particularly anti-competitive agreements and concerted practices. Care should be taken when dealing with construction work. The guidelines are available on the intranet within Financial Regulations (CPR 7.3).

## **2.4 INVOICE PROCESSING**

When invoices are received, it is essential to check that all the elements of the invoice are correct before authorising payment. The checks should be carried out and evidenced by separate individuals where possible. An invoice certification stamp is the best way of providing evidence that the following checks have been carried out:

- goods have been received in school and the quantity and quality being as per order. The goods received note shall be retained and filed with the copy invoice.
- the arithmetic should be checked to ensure that the following are correct:
  1. Unit price
  2. Quantity
  3. Discounts
  4. Total net cost
  5. VAT has been applied at the applicable rate
  6. Total invoice cost
- valuable items that are portable and desirable should be security marked and added to the inventory or asset register immediately.
- that the invoice is not a copy or a facsimile and has not previously been paid. If it is necessary to request a duplicate invoice (if original is lost), then this duplicate shall be endorsed 'not previously passed for payment'. The endorsement should be certified by the signature of the Bursar or Headteacher.
- an officer with delegated responsibility from the governing body (the Bursar or Headteacher) will certify that the invoice is authorised for payment. This authorisation shall be evidenced by the personal signature of the Headteacher and must not be a facsimile or signature stamp.

It is essential that thorough procedures are in place to ensure that all costs incurred and income received against the school's account(s) are valid and verify that they are the responsibility of the school. The Headteacher is responsible for ensuring that controls are in place for these checks to be carried out. The Headteacher will delegate this role to the school administrator. The administrator shall undertake the following duties on a monthly basis:

- receive a 'Transactions' report from the corporate financial system (Oracle) and validate each transaction as follows:
  - (a) Pay codes – any entries with a source 'Payroll' and category 'Payroll' relate to transactions processed through EMSS payroll. To validate the amount charged to the school it will be necessary to refer to the separate Oracle payroll report. This report should be checked to ensure that all staff charged to the school are employed by the school, no employee is missing, multiple entries for individuals are validated and that amounts paid are as per budget. The payroll reports must be signed, dated and retained as audit evidence to confirm that they are accurate and any queries noted. These pay entries are required to be input to the school FMS system by means of central payments.
  - (b) For schools using external payroll, all payroll transactions will be show as category "JI-VAT".
  - (c) Non-pay codes – entries with a category 'JI-VAT' reflect the amounts previously reported by schools on their monthly Full VAT Reports
  - (d) Accruals – any entries with a source "Spreadsheet" and category "Reverse" may be identified as year end accruals submitted to the Schools' Finance Support Team and should be verified against the original sundry creditor/ sundry debtor submitted
  
- reconcile the transactions above to the local system (FMS6)
  
- submit queries for any transactions posted to the school's accounts without sufficient background information
  
- compare cumulative expenditure on the corporate financial system (Oracle) and school accounting system (FMS6) to ensure that management reports generated from the school accounting system are accurate and up to date
  
- keep the budget up to date in respect of additional allocations and reductions as notified by the Schools Funding Team
  
- e-mail the 'REC1' form monthly to [schools.finance@nottinghamcity.gov.uk](mailto:schools.finance@nottinghamcity.gov.uk) by the deadlines advised in the accounting timetable



## **2.6 OPERATION OF LOCAL BANK ACCOUNT (CHEQUE BOOK SCHEME)**

When the school operates its own bank account the school must implement these controls:

A list of cheque signatories (mandate) should be drawn up whereby:

- all cheques must have two authorised signatories, which must not include Governors
- Headteachers may sign all cheques other than those payable to themselves
- Headteachers must sign cheques with a value greater than £1,000, unless payable to themselves
- in the absence of the Head teacher the Deputy Headteacher(s) should sign cheques with a value greater than £500
- The administrator and senior teachers may sign cheques, as long as they are countersigned by the Deputy or Headteacher where the value of the cheque exceeds £500 and £1,000 respectively
- A minimum of three signatures should be maintained on the mandate.
- No member of staff is permitted to sign cheques payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest
- The mandate must be notified to the bank

A list of bacs approvers should be drawn up whereby:

- all bacs schedules must have two authorised signatories, this can be the inputter and the approver, which must not include Governors
- Headteachers may approve all bacs schedules online other than those payable to themselves
- Headteachers must approve all bacs schedules online with a value greater than £50,000.
- in the absence of the Head teacher the Deputy Headteacher(s) should approve bacs schedules online
- No member of staff is permitted to approve bacs schedules payable to themselves or to someone closely connected to themselves or in whom they have a pecuniary interest

Arrangements must be made with the bank:

- a statement to be provided each month. Where online banking is used, a bank statement report showing the 31<sup>st</sup> March is required directly from the banking system, not in excel, each year for audit purposes.
- to disallow any overdraft or loan facilities offered by the bank
- to disallow the use of any Credit or Cash Card facility offered by the bank
- to disallow the school from entering into investments of a speculative nature (e.g. money markets). However, deposit accounts are allowed. Automatic transfers to and from higher interest accounts upon balances reaching specified levels are permitted.
- Direct debit payments may be entered into for the payment of utility bills and other suppliers with whom the school has a regular contract. The value of each Direct Debit should be reviewed and compared with invoices received from the supplier. Suppliers paid by Direct Debit must be reviewed regularly to ensure they continue to provide Best Value.
- for each bank account held by the school a BANK1 form must be completed and submitted to the Schools' Finance Support Team
- On receipt of the monthly bank statement, the school will reconcile the bank balance to the balance held in the FMS6 system. The school will also reconcile the balance held in the FMS6 system to the balances of the LA (total net cash advances received less total net expenditure). Both reconciliations shall be e-mailed monthly to the Schools Finance Support Team on a REC1 form available on the Forms for Finance page, the link to this is on the Schools Finance page of the Nottingham Schools website. A copy of the monthly REC1 form must be certified by the Head Teacher and retained in school.
- a bank statement should be submitted to Schools Finance Support Team with the REC1 form for September and for March each year and at any other time when requested by the LA.
- schools should monitor their cash and bank balances regularly and produce cash flow forecasts when requested by the LA to ensure that they have sufficient cash resources for the Financial Year.
- the bank at which the school's account is held must be approved by the Chief Finance Officer. A list of approved banks may be obtained from the Schools Finance Support Team.
- the account should operate autonomously from all other "unofficial" accounts and the account name should contain suffix NCC to show the account as relating to the school budget share and distinguish the account from any other "unofficial" accounts.
- Schools can make payments by either cheque or BACS.

- Bacs/electronic payments generated via online banking are always authorised under dual control i.e. one person enters the details and a different person checks and authorises the payments and that there are sufficient funds in the account to cover payments issued.

## **2.7 SECURITY, INVENTORIES, STOCKS AND DISPOSAL OF ASSETS**

- The governing body is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, etc. under its control.
- An **asset register** should also be maintained in a format agreed with City Finance, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the City Council/School, where the current valuation (for property) or the acquisition cost (for other assets) is greater than the following de-minimis levels:

1. Land and Buildings	£5,000
2. Vehicles, Plant & Machinery and Other Equipment	£3,000
3. Furniture & Fittings	£1,000
4. Information Technology Equipment	£1,000

- Records of all portable, desirable and valuable items (not included on the asset register) shall be maintained on the official **Inventory Form A** (Appendix B). These items should be permanently security marked as being the property of the school in a visible manner. Where inventories are maintained on a spreadsheet or database, a hard copy should be produced annually and retained.
- Inventories shall be kept up to date to record all items received or disposed of by whatever means. Records will show any income received from disposals and cross referenced to accounting records.
- Serial numbers included on the inventory should, wherever possible, be the manufacturer's serial number.
- Annually, a physical check of **all** inventory items should be carried out using the appropriate forms approved by, and obtainable from the Schools' Finance Support Team. All discrepancies shall be reported to the Governing Body. **Inventory Form B** (Appendix C) should be used to record the physical checks made.
- Safes must be kept locked and the key removed. Keys to safes and cash boxes must be carried on the person of the nominated key holder at all times. The loss of such keys should be reported to the Headteacher immediately.
- Money left on the premises shall be secured in a locked safe, where provided, or in a locked secure cabinet. The insurance limit for cash (and cheques) held in a safe is £1,000, unless a higher limit is specifically agreed with the insurance officer.

- Losses due to theft of stocks or cash shall be promptly reported to the Police, Headteacher, Governing Body and the City Council (Insurance & Risk Management Service) in accordance with financial regulations – (CFPRS6 Para 4).
- Steps must be taken by the Headteacher to ensure that there are effective back up procedures for all computer systems. All backups should be securely retained in a fireproof safe or remote location, with at least one copy held securely off-site. Recommendations for backup procedures should be regularly checked with Schools IT.
- Arrangements should be made to ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed or shared and should be changed regularly. Access rights of any staff leaving the school should be promptly revoked.
- The Headteacher and the Governing Body shall (separately) register with the Information Commissioner, and comply with all regulations relating to the Data Protection Act 1998.
- In disposing of assets, items with a value of less than £50 can be disposed of, by the Headteacher, but with the Governors being informed at their next meeting. Items disposed of above £50 (including stolen items) will need Governors approval/acknowledgement in writing.
- In disposing of IT equipment, an assessment should be made of such equipment to ensure that all sensitive data has been removed.
- The monies received from the disposal of an asset will be credited to the School Budget Share, irrespective of how the asset was initially acquired by the school. The income should not be credited to the school fund, or any other unofficial account. Sales outside of the City Council will require VAT to be charged, where appropriate.
- In disposing of an asset, the Headteacher is responsible for ensuring that the school is taking reasonable steps to secure the maximum revenue for the asset. This should be achieved by:
  1. taking reasonable steps to advertise the disposal;
  2. inviting bids for the asset (sealed bids are preferable);
  3. negotiating with potential purchasers.
- The administrator is responsible for maintaining a register of assets/equipment loaned or taken off the premises by other establishments, staff or pupils. A separate register should be kept of long-term loans (e.g. musical instruments) and loans relating to specific grants (e.g. computers at home initiative).

The school shall adopt the Nottingham City Council LA standard charging Policy:

### **CHARGING AND REMISSIONS POLICY FOR SCHOOL ACTIVITIES (ALL SCHOOLS)**

#### **GENERAL PRINCIPLES**

The School Governing Body is committed to the general principle of free education. The Governing Body recognises the valuable contribution that a wide range of activities, including school visits, residential experiences and clubs, can make towards all aspects of pupils' education. The Governing Body would accordingly wish to promote and provide as far as possible such activities as part of a broad and balanced curriculum for the benefit of pupils of the school.

#### **CHARGES**

The Governing Body reserves the right to make a charge for the following activities which may from time to time be organised by the school.

Residential Activities held during school hours: charges may be made for the board and lodging element of those residential activities during school hours. Parents will be notified in advance of any such activities which the school proposes to organise and the estimated cost. Parental consent will be obtained for their children's participation in any such activities for which a charge may be made.

Any charge for a particular activity will be calculated by reference to the actual cost of providing the board and lodging for each pupil; no other costs will be covered by the charge. Any remission arrangements for such activities will be at the discretion of the Governing Body EXCEPT in the circumstances described below.

Activities held outside school hours: the school will endeavour to provide a range of such activities from time to time. These will sometimes include day and residential experiences, and are known generally as 'optional extras'. Charges may be made for these activities EXCEPT where they are provided to fulfil any requirements specified in the syllabus of a prescribed public examination or are required in order to fulfil statutory duties relating to the National Curriculum or to religious education in which case they are not regarded as optional extras as such and charges cannot be made. (Board and lodging charges may still however be made for any residential activities subject to the remission arrangements described below.)

Parents will be notified in advance of any 'optional extras' which the school proposes to organise and the estimated cost. Parental consent will be obtained if their children are to participate in any activities for which a charge may be made.

Any charge for a particular activity will be dependent upon the type of activity and its cost and the number of participants. This charge will not exceed the actual cost of providing the activity, divided equally by the number of pupils willing to participate. The cost of other pupils participating in the visit will not be included in the charge. The charge may however include an appropriate element for such things as:

- the pupil's travel costs;
- the pupil's board and lodging costs;
- materials, books, instruments and other equipment;
- non-teaching staff costs;
- entrance fees to museums, castles, theatres, etc;
- insurance costs;
- the expenses only of participating teachers engaged on a separate contract for services to provide the 'optional extra'.

Any remission arrangements for such activities will be at the discretion of the Governing Body, except in the circumstances described below.

Materials and Ingredients: a charge will only be made for any materials and ingredients relating to activities taking place during school hours where parents have indicated in advance a wish to own the finished product, e.g. in-home economics or CDT.

Alternatively, parents may, in these circumstances, be asked to volunteer to provide the ingredients and materials prior to the activity taking place.

## REMISSIONS

Where the parents of a pupil are in receipt of Income Support or Universal Credit, the Governing Body will remit in full the cost of board and lodging for any residential activity the school organises for the pupil if the activity:

takes place within school hours,

or

forms part of the syllabus for a prescribed public examination or fulfils statutory duties relating to the National Curriculum or religious education, irrespective of whether the activity takes place within or outside school hours.

Any other remission arrangements for a particular activity or pupil will be entirely at the discretion of the School Governing Body. Any subsidy provided by the Governing Body will be met from the funds at its disposal.

## VOLUNTARY CONTRIBUTIONS

Nothing in this policy statement precludes the School Governing Body from inviting parents to make voluntary contributions for the benefit of the school or in support of any school activity, whether during or outside school hours. Any contributions sought will be entirely voluntary and pupils will not be treated differently according to whether or not their parents make a contribution in response to any invitation.

## BREAKAGES AND DAMAGE TO SCHOOL PROPERTY

The School Governing Body reserves the right to seek reparation from parents where their children cause breakages or damage to school property.

## **REVIEW**

The School Governing Body reserves the right to review and amend this charging policy statement from time to time, as appropriate.

### **2.9 PETTY CASH PROCEDURES**

Petty Cash procedures will only be used for the purchase of modest items. Normally the procedures in section 2.3 for the procurement of goods and services will first be followed. When the petty cash system is used, VAT will be reclaimed whenever possible.

For each and every payment from petty cash, proper vouchers or receipts shall be obtained, and where appropriate a Value Added Tax invoice shall be obtained. If doubt exists as to the VAT status of a supply of goods, the individual shall request a VAT invoice from the supplier. Alternatively, advice may be sought from the City Council Tax manager.

Personal cheques must not be cashed from petty cash.

Arrangements shall be made by the administrator to ensure that the safe custody of the petty cash is maintained.

The petty cash shall be counted and accounts reconciled at least once per month. A record of the reconciliation, signed by the Headteacher, should be retained in the school.

Claimants of petty cash will be required to sign and submit a disbursement claim form to evidence that the goods purchased were purchased for the use of the school, purchased under prior authorisation, receipts have been obtained (including VAT analysis) and goods were purchased from individual's own funds.

### **2.10 INSURANCE ARRANGEMENTS**

The Headteacher shall be responsible for effecting such insurance necessary to cover risks to which the school is exposed, this cover will comply with the minimum requirements of the City Council:

- where insurances are placed with the City Council the Headteacher shall promptly notify the Insurance and Risk Management team of any new risks, additions and alterations affecting existing insurances and shall consult with them together with Legal Services in respect of any terms of indemnity which the school may be required to give
- where insurances are placed with the City Council the Headteacher shall immediately notify the Insurance and Risk Management team in writing of any loss, liability or damage, or any event likely to result in a claim, and take such other action as may be necessary to satisfy any insurance policy conditions (e.g. notifying police and obtaining crime identification numbers)
- the Governing Body may exercise their discretion in effecting insurance cover for risks not otherwise covered by the City Council's policies
- The Headteacher will be responsible for identifying potential areas of risk and for establishing procedures for reducing risks where possible

## **2.11**

### **PAYMENTS TO INDIVIDUALS**

In the school's capacity as a representative of the City Council, the school has a responsibility for ensuring that all payments to individuals are subject to tax and national insurance deductions where appropriate. In order to achieve this, the following guidelines should be followed:

- an assessment must be made as to whether the individual is providing a contract of service (i.e. employed) or a contract for services (i.e. self-employed)
- if considered to be a contract of service, the individual shall be set up as an employee of the school before receiving payment through the payroll
- where an individual seeks payment from the school for a contract for services, this must be in the form of an invoice

Careful attention should be paid to repetitive payments to individuals. Caretaker's telephone line rental represents an area that requires particular caution. The procedure should be:

- caretaker pays the full telephone bill
- caretaker claims from the school payment for the line rental element of the bill only
- school reimburse caretaker line rental, in accordance with payment regulations
- school complete a payroll return outlining amount of line rental paid to individual
- payroll deduct appropriate tax and national insurance

Travel claims may be processed and paid directly by the school. Schools may determine their own rates of reimbursement but if they exceed the HMRC Approved Rate they will render the claimant liable to income tax and N.I. on the excess amount. Under these circumstances the excess amount paid must be reported to the payroll office for inclusion on the year-end tax returns. Schools are therefore recommended to maintain their rates of reimbursement at or below the current HMRC Approved Rates.

## **2.12**

### **RECEIVING INCOME**

Income generated by the school will be received by administration staff from a number of sources. All income shall:

- be paid into the school's official bank account without delay or deduction
- be banked prior to any school closure exceeding twenty-four hours
- be collected in advance of service delivery wherever possible



- be acknowledged by official receipts and accounted for without delay, with all such receipts held securely to prevent misuse
- be identified by means of an appropriate accountancy code
- not be used to discharge expenditure
- not be used for the purpose of cashing personal cheques

Where income is to be collected after the service has been provided, an official invoice shall be issued and submitted without delay, to the debtor.

All income shall be held securely until banked and shall be acknowledged in writing when transferred from one person to another.

All payments banked shall be by means of an official bank paying-in book, separately identifying cash and cheques, with all cheques listed.

The school shall determine a maximum permissible amount of income to hold securely with the Insurance and Risk Management team, and shall not exceed the agreed limit.

## **2.13 MISCELLANEOUS ISSUES**

### **REGISTER OF PECUNIARY (OR BUSINESS) INTERESTS**

The Governing Body, or relevant committee of the Governing Body, shall maintain a 'Register of Pecuniary Interests' that lists the personal interests, financial or otherwise, that could be deemed a potential conflict of interest for any Governor, Headteacher or any other member of staff. All Governors and members of staff shall declare in writing if they have a pecuniary interest in a personal capacity in any contract with the school.

The Headteacher shall keep the Register up to date as new Governors or staff join the school and must undertake an annual review. A Pecuniary Interest form is available on the Finance Forms page of the Schools Finance Support Extranet requesting the following information:

- The name of the relevant member of staff
- The company or organisation the member of staff has an interest in
- What the interest is

Those Governors or staff not holding any pecuniary interests must submit a nil return.

## GIFTS

All gifts to the school either in kind or in money should be recorded.

## EXPENSES PAID TO GOVERNORS

Expenses may be paid to Governors in accordance with DCSF guidance.

## AUDIT

Schools will be subject to internal audit according to their risk assessment or more frequently if requested by the LA or the School.

## LETTINGS

Prices for charging will be reviewed annually by the Business Manager and approved by Finance Committee. Formal approval will be sought at Full Governors for the charges to be effective from 1<sup>st</sup> April each year. The charges should include where appropriate a Caretaker Fee and a proportion of Energy Costs

**BUDGET TIMETABLE****APPENDIX A**

The timetable for consultation about the budget is set out below:

<b>Month</b>	<b>LA</b>	<b>Staff</b>	<b>Head teacher</b>	<b>Governors</b>
<b>April</b>			Joint decision on staffing.	Joint decision on staffing. School plan finalised
<b>May</b>				Finalised school budget submitted to The Schools Finance Support Team.
<b>June</b>	Carry forward balances formally identified. Financial statement for previous year sent to schools.		Prepare MTFP as required by LA.	Financial statement from previous year considered. Included in report to parents.  Finance and General Purposes Committee consider MTFP
<b>July</b>			Prepare period 3 forecast as required by LA.	Finance and General Purposes Committee consider period 3 forecast.
<b>September</b>	Section 52 out-turn statement published.	Review of progress on School Improvement Plan.		
<b>October</b>	Collection of census data.		Prepare report to Governors first meeting.	Governors consider report.
<b>November</b>	Start of consultation on changes to Fair Funding Scheme.  Adjustments for pupil numbers calculated and notified.		Prepare period 7 forecast as required by LA.  Prepare report for Finance and General Purposes Committee meeting.	Finance and General Purposes Committee consider report.  Finance and General Purposes Committee consider period 7 forecast.  Preliminary planning for next financial year.
<b>January</b>	Education Committee Budget published for next financial year.			Commence detailed planning of the school budget for the next financial year.

<b>February</b>	Budgets approved by City Council.	Review of progress on School Improvement Plan.  Identify possible priorities for future.	Prepare period 10 forecast as required by LA.	Finance and General Purposes Committee consider period 10 forecast.  Detailed planning of the school budget continued using the latest monitoring statement.
<b>March</b>	Budget shares for forthcoming year and remaining years of Spending Review notified to schools.	Prepare plans for delegated budget spending.		Identify probable carry forward. Finalise school budget.  Submit the Schools Financial Value Standard to Schools Finance Support.



**APPENDIX B**

**INVENTORY (FORM A)**

Treasurers Audit Use:
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Page Ref:
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School: \_\_\_\_\_

Line No.	Description	Security Marked	Serial No.	Date Received	Order No. (If Known)	Item Written Off - Auth By	Method of Disposal	Minuted Date

## APPENDIX C INVENTORY (FORM B)

School:

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**NOTE:** Officers responsible for sub-sections of the inventory or the officer responsible for the whole inventory must certify the presence of all items individually.

Discrepancies must be notified to the Headteacher immediately – who must inform the Governing Body.

**INVENTORY EXAMINED**

Date	Signature	Designation	Verification of All Items Complete (Y/N)