

Financial Procedure 2017-18

The Governing Body is responsible for providing the policy structure for the financial management of the school, including the operation of the delegated budget.

The Governing Body will discharge its responsibilities for financial management within the framework provided by the LB of Hackney Funding Conditions.

The following procedures have been agreed by the Governing Body and must be followed by all staff in the school.

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School Bank Accounts

The following is a list of the authorised signatories for the School's Bank Accounts.

| Name | Bank | Sort Code | Account Number |
|--------------|--------------|-----------|----------------|
| Disbursement | Nat West plc | 60-09-23 | 02712571 |

Signatories

| Job Title | Name |
|-----------------------|------------------|
| Executive Headteacher | Stephen Hall |
| Associate Headteacher | Gulcan Asdoyuran |
| Associate Headteacher | Rachel Davie |
| Associate Headteacher | Stephen O'Brien |

Cheques on any account must be signed by two of the authorised signatories (stamps must not be used) and must be crossed "account payee only". Cheques must never be pre-signed.

Other Bank Accounts

The school accounts are to be maintained by the School Business Manager. Bank reconciliations will be completed each month by the Business Manager who will initial the reconciliation. The Executive Headteacher will also sign all Bank reconciliations.

Timely and accurate financial returns to the Authority will be the responsibility of the Business Manager and will be countersigned by the Executive Headteacher.

Expenditure Limits

The delegated limits for approving expenditure, virements and writing off debts are as follows:-

| Body/Individual | Authority to Spend/Approve to spend | Virements | Debt Write Off |
|-----------------------|-------------------------------------|----------------|----------------|
| Governing Body | £100,000 + | £100,000 + | Up to £10,000 |
| Resources Committee | Up to £100,000 | Up to £100,000 | Up to £5,000 |
| Executive Headteacher | Up to £50,000 | Up to £50,000 | Up to £1,000 |
| Business Manager | Up to £20,000 | Up to £20,000 | Up to £100 |

Any contracts/purchases above certain amounts require either quotes or tenders as follows:-

| | |
|-------------------------|---|
| Up to £10,000 | a quote or price must be obtained |
| From £10,000 to £20,000 | at least 2 quotes – this can be electronic or in writing |
| From £20,000 to £50,000 | at least 3 quotes – this can be electronic or in writing |
| Over £50,000 | must be subject to formal tender procedure |
| Over £172,514 | tenders must be advertised in the Official Journal of European Union (OJEU) |

All OJEU contract specifications must include the elements set out in the “good practice note” on the Audit Commission website.

Separation of Duties

Note: Executive Headteacher Limit £50,000

It is important that there is a separation of duties around the school expenditure. This means in practice that different staff are involved in the whole process as follows:-

- All orders must be approved by the budget holder and countersigned by the relevant Associate Headteacher or Executive Headteacher.
- When an order is received it must be checked by a member of staff (either Office/Finance Staff, Clerical Staff or the Premises Manager).
- Invoices must be authorised and checked against purchase orders – back-up documents must be attached.
- Cheques and BACS payments must be authorised by two signatories.
- Bank reconciliations must be checked by the Business Manager.

Orders

- An internal order form must be completed before an order can be placed. The form must be signed by the budget holder and must state which budget is to be charged.
- All orders must be approved by the relevant Associate Headteacher or Executive Headteacher before they are placed. There must be sufficient budget to meet the order.
- Once approved orders are placed.
- Any verbal or internet orders must be followed up with an official numbered order
- No personal orders can be placed through the school.
- When received all goods, should be checked against the order and the order signed to show this has happened.
- Any discrepancies must be noted on the delivery note and followed up with the company involved.

Invoices

- Invoices should be stamped on receipt, cross referenced with the order form and matched to the delivery note.
- No invoice can be paid until authorised by the Headteacher.
- Ensure the amounts and VAT are correct before payment – never alter an invoice
- When paid mark the invoice to show this, along with the cost centre and ledger code
- All invoices must be kept for the required time (6 years)

Government Procurement Cards

- Schools are able to use the government procurement card (GPC) for payment of ad hoc, low value purchases.
- Each procurement card is assigned to an individual cardholder who has personal responsibility for its proper operation, in accordance with this regulation and the school's procurement card policy. Procurement cards must not be used for private use.
- The Executive Headteacher is responsible for ensuring that all staff assigned a GPC are operating procedures such that:
 - (a) Cards are safeguarded from theft and misuse
 - (b) Expenditure incurred through the use of procurement cards is bona-fide, lawful and in accordance with the requirements of the service
 - (c) Expenditure is within budget limits
 - (d) There is a clear audit trail of approval and reconciliation for all expenditure

Petty Cash

- Petty cash must only be used for school/classroom purchases.
- It must only be used for minor items.
- All purchases to be agreed in advance.
- All claims to be backed up by a VAT receipt and signed.
- All claims to be authorised by the Associate Headteacher before payment.
- Staff should refrain to use their credit card for school purchases in any circumstances. This is only permitted in special circumstances; approval needs to be sought prior to using this method of payment.
- VAT must be accounted for accurately when records are entered.

The maximum amount that should be held in the Petty Cash box is £200.

The maximum amount that can be reimbursed in cash is £30, anything over that will be reimbursed by cheque.

Tax

- Only proper VAT invoices must be paid.
- Contractors and sub-contractors must be paid in accordance with the Construction Industry Scheme (CIS).
- VAT on income must be included on any invoice (where appropriate) and accounted for correctly.
- VAT must be claimed back from the LA as specified by them.
- VAT received must be entered on FMS6 against appropriate codes ensuring the control accounts are cleared.

If any staff have queries on any aspect of VAT they should speak to the Business Manager.

Earmarked Funds

It may be necessary to account for some funds separately. Where required to do so the school will ensure that accurate records are kept, either on SIMS FMS6 or on an excel worksheet, such as the British Council Erasmus Spanish Project.

Any returns will be submitted in agreed formats and within an agreed timetable.

Income

It is important that accurate records of income collected are kept. This is to ensure that there can be no doubt what the school is owed and also to ensure that all income due to the school is received by the school. The school therefore needs to:-

- Keep proper records of income due.
- Have a separation of duties when collecting, recording and banking income.
 1. The Office Manager is responsible for collecting income from parents, recording in the relevant system and handing this to the Finance Department at the end of each day. The Finance Officer is responsible for preparing banking of all money received.
 2. The Finance Officer/Business Manager are responsible for recording income received on SIMS FMS6.
 3. The Premises Manager, if asked to bank monies, is responsible for banking all income prepared for banking.
- Issue invoices, where necessary, within 30 days of the activity.
- Issue receipts for any income collected.
- Bank all income as received – income must not be used in any circumstances, e.g. for Petty Cash expenditure.
- Any write off of debts must be approved by the appropriate body/person according to the limits of delegation set out on page 2. The appropriate evidence must be attached with reasons provided for the write-off.

Reconciliations

- All accounts should be reconciled regularly (at least monthly).
- The school disbursement account should be reconciled at least monthly and any discrepancies investigated immediately.
- All reconciliations should be signed by the person carrying it out and countersigned by the Executive Headteacher.
- All reconciliations to be filed and kept securely.

Personnel and Payroll

- All documents relating to new appointments, terminations or variations should be authorised by the Executive Headteacher or by a nominated senior officer.
- Overtime should be authorised by the Associate Headteacher/Head of School.
- Payroll validation reports should be authorised by the Executive Headteacher.
- All documents should be processed by the Business Manager therefore ensuring that at least two members of staff are involved in the process.
- The approved signatories list should be sent to the payroll provider.
- Only authorised staff (Executive Headteacher, Associate Headteacher/Head of School, Finance/HR staff, Business Manager) should have access to personnel and payroll files.
- Staff should be able to view their own records provided they put the request in writing to the Executive Headteacher.
- Payroll procedures should only be processed through the payroll system.
- The School Business Manager should keep an up-to-date staff list that details grades, FTE and any allowances.
- The Executive Headteacher should ensure that payroll reports are checked every month (this should be done by the Business Manager).
- The School Business Manager must ensure that the Single Central Register is current and kept updated at all times and signed half termly by the EHT/HT/HoS.

Assets

- All portable assets must be security marked and recorded in an inventory by the It Technician, supervised by the SBM.
- The Asset Register must be updated with new items on arrival into the school building. Once security marked the Asset Register must be sent to the LB Hackney

Insurance services on the same day to ensure that new items are insured immediately

- Any purchases of new equipment or disposal of old equipment should be reflected in the inventory
- The assets should be checked against the inventory at least annually and any differences investigated
- Any assets (e.g. laptops) taken off the school premises must be recorded on the register and signed for. If teachers are assigned their own laptop/iPad they must sign for it when they initially receive it and return it to the school when they leave the school's employment
- Any write-offs must be approved by the appropriate body/person according to the limits of delegation set out on page 3
- Business Manager to oversee Asset Register

Budget and Budget Monitoring

The budget will be prepared by the Schools Business Manager and Executive Headteacher, it will be agreed by the Resources Committee and ratified by the Governing Body.

The Executive Headteacher is responsible for ensuring that the budget is monitored throughout the financial year. This should be done monthly and should be presented to governors termly.

The Resources Committee should consider the most up-to-date monitoring report at every meeting (and at least termly). The report should highlight any significant variances, with written explanations, together with any action needed to resolve issues. The report should also show a projected year end position. This should be reported to the Governing Body every term.

Any projected overspend must be reported to the LA immediately. Governors cannot authorise any expenditure that would produce a deficit without prior agreement with the LA. The school must benchmark their income & expenditure on an annual basis and present a report to the Resources committee highlighting major areas of difference from other schools and any areas of concern.

Insurance

- The school must review its insurance policy annually to ensure it is covered for all risks
- The appropriate body must be notified of all new risks which require insurance or of any other alteration affecting existing insurance
- No indemnity can be given to a third party without written consent of the insurers, the LA or their agents
- The insurers, the LA or their agent must be informed immediately of all incidents which give rise to an insurance claim

Financial Procedures

The following financial procedures/documents should be agreed annually by governors

- Budget
- Financial procedures (inc. Procurement Guide)
- Statement of internal control (SIC)
- SFVS annual audit
- Charging policy
- Lettings policy

- Whistleblowing policy