

# WHITEHALL PRIMARY SCHOOL

## STANDARDS FOR FINANCIAL ADMINISTRATION POLICY

Summer 2016

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# SECTION 1 - ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

## 1.1 Key Roles Defined

The Governing Body is given their powers and duties as an incorporated body. The statutory responsibilities of the Governing Body are detailed in **Section 21 of the Education Act 2002**.

The Governing Body is the body ultimately responsible for the overall affairs of **Whitehall Primary School**. It exercises this responsibility by establishing clear levels of delegation to the Finance Committee, other Committees and Headteacher. The Finance Committee and Headteacher may, in turn, authorise delegation to other members of staff to ensure sufficient clarity of responsibility and separation of duties to secure the effective and efficient administration of the school's financial affairs.

**The Governing Body has a strategic role in the financial management of the school and its key responsibilities include:**

- a) Establishing and approving the annual budget and any subsequent variations that may be necessary;
- b) Ensuring the budget is managed and monitored effectively;
- c) Ensuring deadlines for the return of the Budget Intention Form, Consistent Financial Reporting Return and other financial returns to the LA are met;
- d) Establishing and approving the three-year budget plan;
- e) Setting financial priorities through the School Development Plan;
- f) Ensuring that the school does not operate a deficit budget;
- g) Establishing, reviewing and authorising Terms of Reference for the Finance Committee and other Committees;
- h) Determining the extent to which it wishes to delegate some of its powers to the Finance Committee, other Committees and Headteacher and to record the decision (including any revisions) in the minutes;
- i) Determining virement and expenditure thresholds;
- j) Appointing and determining the salary of the Headteacher;
- k) Determining the staff complement the pay policy for the school;
- l) Reviewing and approving local financial regulations and procedures on an annual basis;
- m) Ensuring that the school maintains compliance with the DfE Schools Financial Value Standard (SFVS);
- n) Acting as critical friend to the school on all financial matters.

**The Finance Committee is responsible for:**

- a) Establishing a timetable and adequate resources for budget preparation including time for planning, consultation and review, and to meet LA deadlines for submission of relevant documentation;
- b) Preparing the draft annual budget for consideration and approval by the Governing Body after due consultation with the Headteacher;
- c) Preparing the draft three-year budget plan for consideration and approval by the Governing Body after due consultation with the Headteacher;
- d) Following other policies of the school where there is a financial implication;
- e) Advising the Governing Body where policies are in conflict with maintaining sound financial records, procedures and management;
- f) Receiving and regularly reviewing budget monitoring reports on the current financial position of the school (i.e. income and expenditure, budgets and other evidence of

- delegated financial control) and the estimated outturn for the current financial year, ensuring that full explanations are available;
- g) Reporting regularly on the school's finances at Governing Body meetings;
  - h) Reviewing Internal Audit reports and reporting the recommendations to the Governing Body;
  - i) Ensuring full implementation of audit recommendations and action plans;
  - j) Authorising agreement to the terms of any proposal to sublet part of the site or buildings.

**Note: The full list of Finance Committee responsibilities are defined in its terms of reference (See Annex 3) approved by the Governing Body in the Autumn Term.**

**The Headteacher is responsible for:**

- a) Receiving the Section 251 Budget Statement from the LA and verifying its accuracy;
- b) Preparing the draft annual budget that is aligned to the School Development Plan and its key priorities for presentation to the Finance Committee;
- c) Submitting to the Finance Committee, at least on a termly basis, reports that show the current financial position of the school (i.e. income and expenditure, budgets and other evidence of delegated financial control) and the estimated outturn for the current financial year, ensuring that full explanations are available;
- d) Managing the budget on a daily basis, including overseeing the operation of the bank account(s);
- e) Monitoring income and expenditure to ensure compliance with any regulations mentioned in these standards;
- f) Seeking appropriate advice and assistance and utilising the relevant LA services, when necessary;
- g) Ensuring immediate action is taken in the event of any actual or potential financial irregularity affecting the school being identified.

**The school finance staff are responsible for:**

- a) Processing any orders for the procurement of goods and services using recommended methods and suppliers only;
- b) Processing for payment, without undue delay, any suppliers' invoices, petty cash claims, travel claims or staff time sheets, including the preparation of cheques where necessary;
- c) Receiving, receipting and banking any debts due to the school, including the issue of debtor invoices, where relevant;
- d) Reconciliation of the school bank account on at least a monthly basis;
- e) Assisting and liaising with the Headteacher in preparing the draft annual budget;
- f) Preparing a report for the Headteacher, on at least a monthly basis, showing the current financial position of the school and a projected outturn for the financial year.
- g) Assisting and liaising with the Headteacher in monitoring expenditure against the annual budget;
- h) Reconciling the LA tabulated accounting reports to the school accounting records;
- i) Advising the Headteacher whenever the procedures outlined in these standards are about to be, or have been, breached.

**Note: Other financial management responsibilities not mentioned above in relation to the Governing Body, Finance Committee, Headteacher and school finance staff are defined in the following sections of this document.**

## 1.2 Clear Limits of Delegated Authority

- The Headteacher can authorise non-capital expenditure up to a maximum of **£10,000**. For sums above this figure, written permission of the Chair of Finance Committee and Chair of Governing Body must be obtained.
- The Headteacher must report to the next Finance Committee any instances where such approval has been obtained.
- The Headteacher can authorise a virement between approved budget headings up to **£10,000** and must report any such instances at the next Finance Committee.
- The Finance Committee can authorise any virements in excess of **£10,000**.
- In emergency circumstances, the Chair of Governing Body can approve such virements in writing. The Headteacher must bring a report detailing the circumstances of such an approval to the next Finance Committee.
- The Governing Body can only write off debts up to a maximum of **£250** per debtor.
- Cheques drawn on the school's official delegated funds bank account must be signed in manuscript by any **two authorised members of staff (including the Headteacher)** authorised as signatories by resolution of the Governing Body (Annex F of the Scheme for Financing Schools).
- The following post holders are eligible to act as cheque signatories:
  - a) Headteacher
  - b) Deputy Headteacher
  - c) Chair of Governors
- Cheques exceeding the value of **£10,000** require the Chair of Governors to be one of the signatories.

### **1.3 Register of Pecuniary and Business Interests (Section 2.9 of Scheme for Financing Schools (SfFS))**

- The Headteacher shall maintain a register of pecuniary and business interests for all governors and staff involved in the procurement of goods and services or who have significant financial responsibilities or business interests which affect the school. This is to ensure that all parties transparently demonstrate that they do not personally benefit from any decisions that they make.
- The register must include all business interests such as directorships, share holdings, and any other appointments of influence within a business or other organisation that may have dealings with the school. The disclosures must also include business interests of relatives and other individuals who may exert influence.
- Where an interest is declared, the relevant party will withdraw from any further discussion and decision-making process regarding the business being transacted (i.e. they will not be eligible to vote on any matter relating to their declaration). The withdrawal shall be noted in the minutes of the relevant meeting.
- The register will continually be updated as necessary with a formal annual review taking place each Autumn term via the requirement to formally complete and submit a return (Form Ref SFS3) to the Chair of Governing Body.
- The register will be made available for inspection to governors, staff, parents and the LA.
- The register of governor interests will also be available to view on the school website.

### **1.4 Sound Internal Control Systems**

- The Headteacher is responsible to the Governing Body for ensuring that sound systems of internal control are in place to enable proper processing of the school's transactions. To support the maintenance of sound internal control systems, the Business Manager will co-operate with auditors employed by the LA and auditors appointed by the Audit Commission.
- The Governing Body is permitted, under s48 of the Schools Standards and Framework Act 1998, to appoint its own auditors to seek additional assurance. The cost of such an appointment will be met from the school's budget share.
- The Headteacher will periodically perform mini-audits on the accounting procedures and will report in writing to the Finance Committee on the findings of such audits.

### **1.5 Compliance with Financial Regulations**

- The Headteacher is responsible to the Governing Body for ensuring compliance with:
  - a) The regulations laid down in the most up to date Scheme for Financing Schools document (s48 of the Schools Standards and Framework Act 1998);
  - b) Leicester City Council Financial Procedures Rules and Regulations;
  - c) The procedures contained within this document (Standards for Financial Administration).

## **SECTION 2 - BUDGETS**

### **2.1 Written Statement of Aims and Objectives**

- School aims and objectives are contained in the relevant sections of the School Development Plan. Where these aims and objectives have a budgetary aspect, they will be incorporated into the annual budget and budgetary forecasts. Specific expenditure as a result of these aims and objectives is agreed by staff and governors and detailed in the School Development Plan under relevant headings.

### **2.2 Medium Term Plans**

- Annually, the Governing Body will consider the current year's budget, together with a minimum of two future years. The basis of consideration will be the areas of priority spending as identified in the School Development Plan.

### **2.3 Budget Timetable**

- **March**  
Section 251 budget allocation communicated to schools by LA.
- **April**  
Budget prepared in line with the priorities set out in the School Development Plan.
- **May**  
Budget Intention Form prepared and presented to Governing Body for approval.  
Approved Budget Intention Form submitted to LA.
- **June**  
Final CFR submitted to LA.
- **October/November**  
Review budget allocations against actual spend.  
Autumn outturn statement prepared and presented to Governing Body for approval.  
Approved Autumn outturn statement submitted to LA.
- **January/February**  
Revised Section 251 received from LA.  
Spring outturn statement prepared and presented to Governing Body for approval.  
Approved Spring outturn statement submitted to LA.

### **2.4 Timely Estimates**

- Timely estimates of income and expenditure, in advance of each financial year, will be prepared in accordance with the above timetable.

### **2.5 Details of the Budget for the LA (Section 2.3 of SfFS)**

- The Governing Body will submit the annual Budget Intention Form by the relevant deadline set by the LA (currently 31st May).
- The Governing Body will also submit to the LA a revised Budget Intention Form on any occasion it deems appropriate following any significant changes to the budget.

- As the Budget Intention Form controls the amount of the cash drip feed the school receives from the LA, the Governing Body will submit a revised Budget Intention Form on any occasion it deems appropriate in order to amend its cash flow.
- The first formal budget plan of each financial year will be approved by the Governing Body, or by a committee of the Governing Body where this has been delegated. The Budget Intention Form will be signed by the Chair of Governors and Headteacher prior to submission to the LA. The School must budget prudently and avoid a deficit on their reserves.

## **2.6 Controls on Surplus Balances (Section 4.2 of SfFA)**

- With effect from 31<sup>st</sup> March 2011, schools are still able to hold a reasonable amount in reserve to support multi-year budgeting and meet unforeseen circumstances.
- Given the importance of having an understanding as to the level of reserves that schools are planning and to ensure that this allows sufficient time for schools to change plans under challenge, both the City Council and schools will participate in a Balance Management process.
- The intended outcome from the Balance Management process is to ensure that balances are used in the best way to benefit children and young people, and are within acceptable levels. The management of surplus balances should not be seen as just a year-end issue. Instead, it should be integrated with multi-year school budget planning and monitoring.
- The School will provide early in the financial year a Budget Plan which will additionally include the intended use of any planned anticipated reserves at the end of the financial year over the Normal Maximum Level (NML). The NML, calculated by the City Council and notified to the school before the start of the financial year, will be limited to 10% of the aggregate of the school's delegated budget plus School Development Grant and School Standards Grant.
- The Budget Plan will be reviewed by the City Council and discussed with the school to ensure that the intended level and use of balances will be effective, leading to approval or otherwise of the plans by the Director of Children's Services.
- The School will be asked to prepare an in-year budget revision in the Autumn Term. This will provide a further opportunity if there are significant changes to its original Budget Plan to set out a revised year end forecast, which also sets out the intended use of any new or additional reserves over and above the NML anticipated at the end of the financial year. Such plans will be reviewed by the City Council prior to the end of November leading to approval or otherwise of the plans by the Director of Children's Services.
- After the end of the financial year, the School will submit a statement of how any balances are to be used (whether below or above the NML). Any balances above the NML not approved by the Council in the original or revised budget will be discussed with the school and could potentially be subject to claw-back. Before the Council decides on the level of claw-back from schools, each school will have an opportunity to explain why such an excess balance has occurred and the school's plans for how it would be used if not clawed back.

## **2.7 Planning for Deficit Balances (Section 4.9 of SfFS)**

- The Governing Body accepts responsibility for ensuring that planned expenditure does not exceed the available budget. The Governing Body also accepts the provision of Section 48 of the Schools Standards and Framework Act 1998 in that they will seek permission from the Chief Finance Officer in planning for a deficit budget in particular circumstances that are set out below:
  - a) A deficit arising from the previous financial year;
  - b) Increase/Reduction in the number of pupils;
  - c) Changes in the LMS formulae that have a negative financial impact on the school's budget;
  - d) Overall reduction in revenue funding compared to previous financial year;
  - e) Other reasons that have a negative financial impact on the school's budget including restructuring costs.

## **2.8 Obligation to Carry Forward Deficit Balances (Sections 4.4, 4.6 and 4.9 of SfFS)**

- If the School has a deficit budget as at 31<sup>st</sup> March in any given financial year, they will be required to carry forward such deficits by deduction of the relevant amounts from the following year's budget share.
- The LA may charge interest on deficit balances that arise for schools experiencing financial difficulty where the deficit has occurred due to the mismanagement by the school.
- Budget Plans are not expected to exceed 5% of the school's total Section 251 budget amount. The 5% limit may be extended (to a maximum of 10%) where there are extreme circumstances and the school has an action plan to repay the LA during the agreed period.

## **2.9 Budget Profiling**

- The Headteacher will profile the annual budget in order to identify the cash flow.

## **2.10 Responsibilities of Budget Holders**

- Budget holders can only spend within their allocation and are responsible to the Headteacher. Budget holders are responsible for any item of income or expenditure charged to their account. They are not permitted to charge any item of expenditure to another budget holder's account without permission.

## **2.11 Regular Reviews of the Budget**

- Budget holders will receive monthly income and expenditure reports from the Business Manager.
- The Business Manager will provide monthly reports to the Headteacher in order for expenditure patterns to be assessed and to propose corrective action as required. These reports must include original system data (i.e. from FMS6).

**2.12 Monitoring Progress against the Development Plan**

- At least once a year, the Finance Committee shall assess progress against the objectives in the School Development Plan. This assessment shall be by way of a specific item on the agenda at a meeting of that committee.

**2.13 Consultation on Information Quality**

- At least once a year, the Headteacher shall consult the Governing Body and staff to ensure that the financial and management information they receive is relevant, timely, reliable and understandable.

**2.14 Reporting Proposed Policy Changes**

- The Headteacher will report to the Finance Committee on any proposal for policy changes that significantly affect the annual budget of the current or future years.

**2.15 Capital Expenditure Controls (Section 2.14 of SfFS)**

- Guidance can be sought from the Chief Finance Officer on the definition of Capital Expenditure. A common definition of capital expenditure is given as:
  - a) The acquisition of an asset;
  - b) Enhancement of an asset which:
    - i. Lengthens substantially the useful life of an asset; or
    - ii. Increases substantially the open market value of the asset; or
    - iii. Increases substantially the extent to which the asset can or will be used for the purposes required by the school.
- If the Governing Body proposes to spend in excess of **£15,000** on capital expenditure from its budget share in any one year, they will notify the LA and take into account any advice from the Director of Children's Services as to the merits of the proposed expenditure.

## **SECTION 3 - INTERNAL FINANCIAL CONTROL**

### **3.1 Duties/Checks Specified by Governors**

- Requisitions for the procurement of goods shall only be signed by the **Headteacher or Deputy Headteacher**. Any change to this process will be reported to the Finance Committee.
- Official FMS6 purchase orders shall only be signed by **two** of the following post holders:
  - a) Headteacher
  - b) Deputy Headteacher
  - c) Business Manager
- Where one of these post holders has raised the original requisition, they are not permitted to sign the official FMS6 purchase order.
- Supplier invoices shall only be certified for payment by the Headteacher, or in their absence and by exception, the Deputy Headteacher.
- Any supplier invoices or claims relating to expenditure incurred by the Headteacher shall be independently certified for payment by the Deputy Headteacher or Chair of Governors.
- Cheques shall be signed in manuscript by any two of the postholders listed in section 1.2 of these standards, authorised as signatories by resolution of the Governing Body.

### **3.2 Agreed Written Procedures**

- Written details of financial and procurement procedures are available to all staff and governors. The governors will ensure that the appropriate staff receive adequate training in their interpretation, use and implementation.

### **3.3 Cover for Absences**

- The Headteacher shall arrange for adequate cover in the event of any absence of key finance staff.

### **3.4 Separation of Duties: Records and Cash**

- The Headteacher shall ensure that the school's finance staff take the appropriate levels of responsibility in ensuring that the collection and recording of cash received is not in anyway confused with or offset by the paying out of monies.

### **3.5 Rules for Document Alteration**

- All alterations (if any) are made in permanent form. **The use of correcting fluid on any financial records is strictly prohibited.** All alterations are to be initiated by the individual making the amendment. The removal or erasure of information is not acceptable and, if uncovered, may render the individual involved subject to disciplinary procedures.
- All financial records held to support the entries made into the school's accounting system in relation to the Official fund activities and Private fund activities shall be recorded in ink. The use of pencil to record the underlying financial records is not permissible.

### **3.6 Security of Accounting Records (Annex F of SfFS)**

- The following primary accounting records of the school must be kept for the current financial year and the previous 6 years:
  - a) Copy orders
  - b) Signed delivery notes
  - c) Certified paid invoices
  - d) Copy remittance advices
  - e) SIMS/LRM/FMS detailed accounts
  - f) Paying in slip stubs/records
  - g) Copy receipts for all income
  - h) Bank statements
  - i) Bank reconciliation statements
  - j) Copy VAT returns
  - k) Copy CITS returns
  - l) Cheque reimbursement forms
  - m) Petty cash vouchers
- In addition, the governors agree to comply with Section 8 of the Leicester City Council's Finance Procedure Rules that sets out the LA's document retention and disposal policy.

### **3.7 Traceability of Transactions**

- The school can provide traceability of all its accounting transactions. It will be possible to provide a detailed audit trail to link all aspects of the accounting process.

### **3.8 Limited Access to Accounting Records**

- Only authorised staff members are permitted access to the accounting records. This is currently limited to the following postholders:
  - a) Headteacher
  - b) Deputy Headteacher
  - c) Business Manager
  - d) School Office Manager
- All requests from governors for financial information are to be made through the Finance Committee. The response to any request will be returned via that committee to ensure that all relevant governors have equal access to the same information.

## **SECTION 4 - INSURANCE**

### **4.1 Review of Insurance Arrangements**

- The Headteacher undertakes to liaise with the LA to effect and review insurance arrangements. All risks will be reviewed annually to ensure sums insured are commensurate with risk.

### **4.2 Reviewing Insurance Needs**

- The Headteacher will consider annually whether to affect any additional insurance to cover any potential risks not included in the policies provided by the LA. The cost of any such premiums will be met from the school's budget share.

### **4.3 Notification of New Risks**

- The Headteacher undertakes to notify its insurers of all new risks or amendments that may affect existing policies.

### **4.4 Consent for Third-Party Indemnities**

- Whitehall Primary School does not give indemnities to any third parties without the written consent of its insurers or the LA.

### **4.5 Notification of Insurance Claims**

- The Headteacher will inform insurers immediately of any loss or accident, which may give rise to an insurance claim.

### **4.6 Insuring Property Taken Off-Site**

- The Headteacher will control the removal of school property taken off-site to ensure adequate insurance arrangements are in place to cover such removal.

## **SECTION 5 - COMPUTER SYSTEMS**

### **5.1 Data Protection Registration**

- The Headteacher and the Governing Body shall ensure that the school is registered at all times in accordance with the relevant Data Protection legislations (e.g. Data Protection Act 1998). The purposes for which personal data is held by the school will be notified to the Information Commissioner's Office.

### **5.2 Back-Up Arrangements**

- All servers, curriculum and SIMS/FMS are backed up daily to encrypted external hard drives by the Network Manager. Backups are incremental (only files that have been added or edited) during the week and a full back up on Friday. The hard drives are rotated so that we always have an off-site copy available at all times in case of a site wide disaster. Backups are periodically tested by restoring a file to check the backup integrity.
- The school will implement its disaster recovery process in the event of loss of financial or accounting data. SIMS/FMS server data recovery will be completed by ESS, formerly EDISS, and curriculum data servers to be restored by the Network Manager.

### **5.3 Protection of Computer Facilities**

- The Business Manager is responsible for the provision of access rights to the financial and administrative system (currently SIMS). The ICT Technician is also responsible for authorising any software to be used on the school's network and stand-alone machines.
- Passwords used by the Business Manager, School Office Manager and ICT Technician should be changed every 90 days. All staff are encouraged to follow this practice.

## SECTION 6 - PURCHASING

### 6.1 Testing the Market

- The Governing Body undertakes to pursue the four principles of “Best Value” in its purchasing procedures. These principles involve evaluation of the processes by asking critical questions for each of the principles as follows:

#### **Challenge:**

- Why are we doing this?
- What do we need to achieve?
- Is this method the most economical, efficient and effective?
- What is in the best interests of our stakeholders?
- What is the evidence about levels of need?
- Are there better ways of achieving the desired results?
- Could another organisation do this for us more effectively and economically?
- Are our procedures competitive compared with possible alternatives?

#### **Compare:**

- What are we achieving?
- How does this compare with what we should be achieving?
- What standards are similar schools achieving?
- How do our standards compare with theirs?
- Are we a relatively high performer?
- Are all subjects and classes performing consistently well?
- Do we cost more or less than similar schools? Why?
- What can we do to bring us up to or keep us at the level of the best?

#### **Compete:**

- Is our provision at the right price?
- Could we provide it at a better price?
- If we are buying services, could these be obtained at a better price?
- How do we make sure we receive the most economic, efficient and effective service from suppliers?
- Do we have proper financial administration procedures, including competitive tendering for significant expenditure?
- Is purchasing on a fair and open basis or through personal connection?
- Is one supplier used regardless of price?

#### **Consult:**

- Have we sought the views of the relevant stakeholders about the services the school provides e.g. pupils, parents, governors, teaching and support staff, neighbouring schools, suppliers, etc?

## **6.2 Procedures for Obtaining Quotations**

### **a) For Contracts valued between £5,000 and £10,000**

- For any item of expenditure or a series of items where their combined value is between the values of £5,000 and £10,000, three written quotations must be obtained before an official FMS6 purchase order is placed. The exceptions to this requirement are:
  - i) Where the purchases are required in an emergency and oral quotations are sought which should be recorded in writing.
  - ii) Where it is not in the school's financial interests or it is impossible to obtain written or oral quotations.
- The Headteacher in consultation with relevant stakeholders will decide on the successful quote.

### **b) For Contracts valued over £10,000**

- For any item of expenditure exceeding £10,000 (or a series of items where their combined value would exceed this amount), tenders will be invited by the Finance Committee.
- No contract exceeding £20,000 in value shall be awarded unless competitive tenders have been obtained in accordance with the tendering provisions of the LA's Contract Procedure Rules.
- Before authorising the invitation of tenders for a contract of value £20,000 or more, the Chair of Finance Committee, with the support of the Headteacher, will prepare a written estimate of the probable expenditure for presentation to that committee.
- These tendering arrangements shall not apply to:
  - i) The supply of goods, materials or services purchased via the LA's central purchasing scheme (ESPO);
  - ii) Contracts for goods, materials and services which are sold only at a fixed and uniform price or, if for other reasons, where there is no competition;
  - iii) A contract for goods purchased at a public auction or at a public market or fair.
- Where it is felt that a contract falls into categories (i) or (ii) below, and work is needed to be contracted with a specific supplier, the Headteacher shall request approval to waive the tendering procedures from the Finance Committee. Where circumstances are such that this cannot wait until the next meeting of that Committee, the Headteacher shall request written authority from the Chair of Governing Body and the Chair of Finance Committee to waive the tendering procedure. Any such instances must be reported to the next Finance Committee.
  - i) A contract for goods, or any acceptable substitute, that are only available from one contractor;
  - ii) A contract for works that can only be carried out by a limited number of contractors provided that an invitation to submit a tender for the contract

has been sent to all the contractors believed to be capable of carrying out the works.

**c) For Contracts valued over £60,000**

- The school will secure the countersignature of an appropriate LA officer where the value of a contract for goods or services exceeds **£60,000** in any one year.

**d) European Public Procurement rules**

- The school will be mindful of the European Public Procurement rules when they let a contract. Advice on whether these rules apply can be obtained from the LA.
- Whenever the European Public Procurement rules apply to contract, no less than five qualified bidders will be invited to tender.

**6.3 Limits of Authority**

- The Finance Committee shall review all quotations above the sum of £10,000.
- The Headteacher and the governors will ensure that no individual contracts for goods or services shall be entered into which commits Whitehall Primary School to expenditure of more than £20,000 from a subsequent year's budget without the prior approval of the LA's Chief Finance Officer.

**6.4 Procedures for Accepting Quotations**

- Should a quotation, other than the lowest, be accepted, the decision will be reported at a meeting of the Finance Committee along with the reasons for that decision. Such a report will be recorded in the minutes.

**6.5 Procedures for Tendering**

- The school will adhere to the tendering procedures as outlined in Annex E - Purchasing, Tendering and Contracting Arrangements) of the most up to date Scheme for Financing Schools document published by the LA.

**6.6 Written Orders to be Used**

- Pre-numbered orders are issued, via the SIMS FMS6 system, for the procurement of goods and services at all times.
- Verbal orders must be confirmed by an official FMS6 purchase order at the earliest possible opportunity, but no later than two working days after the verbal order was placed.
- Any goods procured by other means risk being returned to suppliers as unauthorised purchases.

**6.7 Official Order Forms Used**

- Only official FMS6 purchase order forms are to be used. The issue of such forms is strictly limited to finance staff.

## **6.8 Internet Purchasing Policy**

- Internet purchasing shall only be used where goods or services cannot be purchased through the normal ordering channels (i.e. ESPO) or where there are demonstrable financial savings compared with ESPO.
- **Where Internet purchasing is undertaken by staff, the 'Internet Purchasing Guidance' set out in Annex 1 of this document must be followed.**

## **6.9 Use of Debit or Purchasing Card**

- Whitehall Primary School has obtained a debit card for the purchase of goods or cash withdrawals.

## **6.10 Reimbursement of Expenses**

- Reimbursement of expenses incurred by staff will be made upon production of valid invoices or receipts. An Expenditure Authorisation Slip (see **Annex 2**) shall be completed for each reimbursement made to staff. The form shall be signed by the claimant and authorised by the Headteacher prior to the raising of the cheque from SIMS FMS6.
- The Headteacher's Expenditure Authorisation Slip will be countersigned by the Chair of Governors

## **6.11 Procurement of Goods or Services for Private or Personal Use**

- Under no circumstances are individuals or other organisations allowed to use the official order system to obtain goods or services for their private or personal use.

## **6.12 Proper Completion of Order Forms**

- Official FMS6 purchase order forms are properly completed by virtue of the fact that they are produced electronically. All manual alterations will automatically render an official FMS6 purchase order form invalid.

## **6.13 Responsibilities of Signatories**

- Signatories to an order must ensure that the order is appropriate, needed and can be afforded within the relevant budget. They are also responsible for ensuring requisite quotes or tenders have been obtained where necessary.

## **6.14 Recording Committed Expenditure**

- Committed expenditure is automatically recorded by virtue of the use of SIMS FMS6 for the procurement of goods and services. The Business Manager ensures that other commitments, such as salary costs, are included within the SIMS system.

## **6.15 Goods and Services Received**

- All goods that are delivered to Whitehall Primary School are checked against incoming delivery notes as soon as practically possible. The Business Manager in liaison with another appropriate member of staff (e.g. curriculum leader, premises officer etc) perform the checks.

- The checks are completed by reference to the official FMS6 purchase order form.
- Any discrepancies are reported to the supplier upon completion of the checks.
- Any services received (e.g. from contractors) are annotated as being satisfactory by the relevant member of staff.

#### **6.16 Payment Procedures**

- Payment is only made against original invoices provided by the supplier. Checks on the invoices shall be made by The Business Manager as follows:
  - a) The invoice is correctly addressed to Whitehall Primary School
  - b) The invoice has not previously been processed onto the SIMS FMS6 system for payment
  - d) The tax point is correctly identified;
  - e) The official order number is quoted, where appropriate;
  - f) The arithmetic of the charge is correct;
  - g) The Construction Industry Tax Scheme regulations have been followed, where appropriate;
  - h) The VAT has been properly calculated; and
  - i) The discounts have been taken wherever possible.
- All supplier invoices shall be grid stamped. The relevant fields of the grid stamp shall be completed to confirm that the invoice has been checked against the goods received and can be passed for payment, prior to the cheques being raised.
- All supplier invoices shall be certified by an authorised officer appointed by the Governing Body prior to payment being made. The Headteacher is responsible for certifying invoices for payment.
- The Business Manager shall ensure that all invoices are annotated with both the ledger codes and cost centre codes from which they will be charged to.
- Whitehall Primary School shall ensure that any payments to third parties are in accordance with contracts agreed, and that goods or services have actually been received in advance of any payments being made. Exceptions to this are likely to be restricted to conferences and courses with reputable providers, payments linked to the supply of materials allied to a specific building contract, or as authorised by the Governing Body.

#### **6.17 Marking Invoices “Paid”**

- All paid supplier invoices shall be attached to the office copy of the remittance advice.

#### **6.18 Rules for Payment on Copy Invoices**

- The school will not make payment on a photocopy or fax copy of a supplier invoice or receipt.
- Exceptionally, where it has been proven that the copy has not been previously processed for payment, a payment will be made after the copy has been certified by both the Headteacher and another authorised officer e.g. the Deputy Headteacher.

**6.19 Segregation of Duties**

- The duties of ordering goods, delivering goods and certifying supplier invoices for payment are not performed by the same person.

## SECTION 7 - PERSONNEL

### 7.1 Procedures for Personnel Matters

- The Governing Body has delegated the following duties in relation to personnel matters to the Staffing Committee:
  - a) The appointment of employees;
  - b) The termination of employee contracts;
  - c) Variations to employee contracts including promotion, demotion and amendments to contract hours;
  - d) Job evaluation including variation to job description and person specification.
- The Staffing Committee shall report back to the Governing Body on the matters discussed and key decisions made in relation to the level of delegation. The Governing Body shall then ratify such decisions.

### 7.2 Procedures for Administration

- The Headteacher will inform the Business Manager in writing of any appointments, resignations, dismissals or amendments to pay scales for members of the teaching staff and support staff.
- Upon receipt of such information, the Business Manager will prepare without delay the relevant form E106X, E106R, T1 or T1 (SEN) and T1R. These forms will then be passed to the Headteacher for their signature and immediate dispatch to the LA. In the absence of the Headteacher, the Deputy Headteacher may assume the responsibility.
- Claims for casual pay, additional pay, overtime or lunch duties are to be authorised as follows:

Post category	Post holder to authorise
1. Premises Officers, Cleaners	Headteacher / Deputy Headteacher
2. All other support staff (incl. teachers acting as Mid-Day Supervisors)	Headteacher / Deputy Headteacher
3. Supply teaching staff	Headteacher / Deputy Headteacher
4. Supply support staff	Headteacher / Deputy Headteacher

- All travel and subsistence claims shall be authorised by the Headteacher. In the event of the Headteacher making a travel or subsistence claim, the form should be checked and signed by the Chair of Governors.

### 7.3 Security of Personnel Records

- The Business Manager will keep personnel records in a locked cabinet. The Office Manager will also keep copies of claims in a secure environment.
- All records held, whether on computer or manual files, comply with the Data Protection Act.

#### **7.4 Payroll Transactions**

- All salary transactions will only be processed through payroll. Under no circumstances will the school issue advances of pay from its own bank account, unless the school has opted out of LA payroll provision and has contracted to receive payroll services from an external supplier.

#### **7.5 Regular Payroll Checks**

- The Headteacher will receive, at least monthly, a copy of the tabulated payroll reports for reconciliation with the school records.
- The Business Manager shall be responsible for ensuring that the reconciliation of all claims and basic pay with the tabulated accounts provided by the LA is undertaken on a monthly basis. There shall be evidence on the copies of each claim and the tabulated accounts that reconciliation has actually taken place.
- Any irregularities will be reported, in writing, directly to the Chair of the Finance Committee.

## **SECTION 8 - THE SECURITY OF STOCKS AND OTHER PROPERTY**

### **8.1 Responsibility for Cash and Property**

- The Headteacher is responsible to the Governing Body for the safe custody of cash and property belonging to the school.

### **8.2 Maintenance of Stock Levels**

- The Business Manager should ensure stocks (where applicable) are maintained at reasonable levels and are subject to regular checks.

### **8.3 Maintenance of Inventories**

- All portable items with a value in excess of £100 shall be kept on an inventory and identified with security markings.
- All computers, printers and mobile phones within the school must be recorded on the inventory, regardless of value. The inventory must be kept up to date.
- The Business Manager is responsible for co-ordinating the upkeep of the inventory.
- The Premises Officer / Maintenance Officer will assist with the upkeep of the inventory.
- The inventory shall contain, wherever possible, the following details for each inventory item:
  - a) The make of the item;
  - b) The model of the item;
  - c) The serial number of the item;
  - d) The LCC identification code (if appropriate);
  - e) The school identification code;
  - f) The supplier of the item;
  - g) The date of acquisition of the item;
  - h) The cost or approximate value of the item;
  - i) The location of the item;
  - j) The date of disposal (if applicable).
- The school shall endeavour to ensure that the FMS6 Equipment Register is used to record the inventory items.

### **8.4 Checking Inventories**

- The Governing Body will appoint an individual or individuals to check the inventory against physical items at least once a year.
- The Headteacher will ensure that an annual report of the result of the inventory check, together with any surplus or deficiency, is received by the Governing Body for approval.

### **8.5 Procedures for Taking Property Off-Site**

- The Headteacher will be notified if property is taken off site. A register shall be maintained of school property taken off-site. A proper system of control must be in place where staff take portable IT equipment home to complete work outside of office hours.

### **8.6 Authorisation of Write Offs and Disposals**

- The Governing Body shall authorise the write-off or disposal of any item that appears on the inventory. The Business Manager shall be responsible for ensuring such disposals or write-offs are recorded on the inventory.
- Where an item is deemed surplus to requirements, all interested parties, including staff, should be invited to make a sealed bid for the item concerned. The Headteacher and the Business Manager should open these bids, and the asset disposed of to the person making the best bid.

### **8.7 Security of Safes and Keys**

- The Business Manager and School Office Manager will retain the keys for safes that are used for the storing of cash and financial records. The Headteacher will be responsible for the issuing of all such keys. The loss of any such keys will be reported immediately to the Business Manager, who will determine what action to take, if any. The effects, if any, of such a loss will be reported to the Headteacher.
- The Business Manager also has a safe that requires a combination number rather than a key. Both the Headteacher and Business Manager have individual and different combinations.

## **SECTION 9 - INCOME**

### **9.1 Charging Policy**

- The Governing Body will establish a charging policy for school activities during each Summer Term. The policy will be reviewed and ratified by the Governing Body on an annual basis. A copy of the Charging Policy is included as **Annex 4**.

### **9.2 Separation of Duties**

- The duties of invoicing, collecting, receipting, recording and banking income are not carried out by the same person.

### **9.3 Prompt Issue of Debtor Invoices**

- All monies due to the school from external sources will be collected via the Accounts Receivable system on SIMS.
- The Business manager will issue invoices within five working days of the receipt of information that a sum is due.
- Debtor invoices must show the VAT registration number, which is **115 3370 04**, and the words "Leicester City Council".
- Invoices will be serially numbered to enable them all to be accounted for.
- A copy of each debtor invoice issued will be retained.
- Whitehall Primary School does not undertake lettings.

### **9.4 Maintaining Income Records**

- An accurate record will be maintained for each income stream (e.g. dinner monies, educational visits, sale of uniform, breakfast club, etc). The record will show: the name of the activity, the person responsible for collecting the money, the charge per pupil (where applicable) or items sold, how much money was collected, from whom, the date of collection, total money collected, when banked and the bank paying in slip number.

### **9.5 Lettings**

- Whitehall Primary School does not undertake lettings.

### **9.6 Sale of Uniform, Book Bags, etc**

- A stock record will be maintained of the stock items.
- A stock check will be undertaken periodically to enable an effective reconciliation between sales, purchases and remaining stock.

### **9.7 Issue of Official Receipts**

- Official LA receipts shall be issued for income received in respect of debtors' invoices and external sources, where practical to do so and as required. Receipts will not be issued to the LA in respect of monies received from them.
- Internally produced receipts shall be issued for all income received in respect of school-generated activities such as excursions.

### **9.8 Transfer of Money Between Staff**

- Transfer of school money between staff will be recorded and evidenced in writing.

### **9.9 Secure Records of Income**

- All records of income are retained for the required amount of time, as per section 3.6 of these standards.

### **9.10 Security of Monies**

- All cash and cheques are locked away immediately in the safe upon receipt to safeguard against loss or theft.
- The cash holding in the safe must not exceed the school's insurance limit. Where the limit is exceeded, the school will re-assess its cash holding and banking requirements.

### **9.11 Banking Arrangements**

- Income generated by the school (e.g. sales of materials, contributions from private funds), which the school is entitled to retain as an addition to its budget, are paid into the school official delegated funds bank account, and not into a private fund account.
- All collections are paid promptly and in full into the school official delegated funds bank account, namely:

Account Name: Leicester City Council Whitehall Primary School

### **9.12 Avoiding Unofficial Payments**

- Income collections are not used for the encashment of personal cheques or for any other payments or purpose (e.g. reimbursement of expenses, used as a change float).
- 

### **9.13 Reconciling Income And Deposits**

- The Business Manager shall be responsible for reconciling sums collected/received to supporting income records and the amounts deposited at the bank.
- Bank paying in slips will show the split between cash and cheques. Cheques will be clearly listed on the reverse of the paying in slip with the name of the drawer being evident. A Cheque Supplementary Listing book is also used. Both cash and cheques will be identifiable by reference to receipt numbers.

**9.14 Writing Off Bad Debts (Section 2.1.6 of SfFS)**

- The school will take all reasonable steps to ensure that invoices are paid promptly by debtors. This includes such measures as:
  - Issuing reminders after two months;
  - Requiring payment before delivery of service;
  - Withdrawal of credit from previous bad payers;
  - Small claims court.
- The Governing Body can only write off debts up to and including **£250 per debtor**.
- In the case of larger debts, the school must consult with the Chief Finance Officer by lodging a request for write-off with the Director of Children's Services. The current limits for guidance are:

<b>Limits of debt amounts to write off</b>	<b>Level of authorisation required</b>
Amounts between £250 to £2,000	Approval by the Director of Children's Services upon referral
Amounts exceeding £2,000	Approval by the Head of Legal Services upon referral

## **SECTION 10 - BANKING ARRANGEMENTS**

### **10.1 Guidelines for the Use of Cheques**

- All school bank accounts should include “Leicester City Council” in their title.
- **Two** authorised signatures are required on all cheques drawn on the school’s official delegated funds (as section 1.2) and private funds bank accounts, where applicable (as section 12.4).
- Cheques must not be pre-signed. Only manuscript signatures will be used.
- Cheques are kept in the school safe in the Business manager’s office.
- All cheques must be crossed “A/C payee”.
- An up to date copy of the bank mandate for each of the school’s bank accounts (both official delegated funds and private funds) will be held at the school.
- The bank mandate for the official delegated funds bank account will be made available to the LA for countersignature when amendments are made to the authorised cheque signatories.

### **10.2 Regular Statements and Reconciliations**

- Bank statements will be reconciled by the Business Manager within a week of their receipt.
- Each month, the Headteacher and Business Manager shall ensure that the school submits to the LA, a BA2 return detailing the movements on the bank account. This return calls for the reconciliation of the bank transactions recorded on SIMS to the bank statements.
- The Headteacher shall ensure that all bank accounts held by the school are not overdrawn.

### **10.3 Separation of Duties**

- The school’s official delegated funds bank account is not reconciled by the same person who processes receipts and payments.

### **10.4 Surplus Funds**

- Whitehall Primary School does not hold any surplus funds.

## **10.5 Use of Private Bank Accounts**

- Individuals are discouraged from using their private bank accounts, cash, debit or credit cards for purchasing items relating to the school budget. An exception to this would be where it was necessary to purchase goods via the Internet. Under these circumstances, providing such a method of purchase has been agreed with the Headteacher, the use of personal debit or credit cards would be permitted and the expense reclaimed via the Cheque Reimbursement process (see section 6.10).

## **10.6 Borrowing**

- The Governing Body may not borrow money from external lenders unless they have the express written permission of the Secretary of State to do so. Any application to the Secretary of State must be made through the Chief Finance Officer.
- Where the school is a Trust or Foundation school, it is able to borrow provided that their constitutional document empowers it to do so.
- The school must not obtain or use credit cards as these constitute borrowing which is not permitted, as per section 6.9.

## **SECTION 11 - PETTY CASH**

### **11.1 Amount of Petty Cash**

- A maximum of **£70** shall be held for petty cash purposes with an additional sum of £200 for After School Club and Breakfast Club food and provision items.
- A maximum of **£30** shall be issued in respect of one item or series of items. Repayments for sums in excess of this shall be made by cheque via the SIMS FMS6 system.
- Occasionally, a number of receipts may total up to £400 for After School Club and Breakfast Club food and provision items.

### **11.2 Access to Petty Cash**

- The Business Manager is the administrator for the petty cash fund.
- Access to the petty cash fund is restricted to the Headteacher and Business Manager only.
- The petty cash fund is kept locked in the safe.

### **11.3 Petty Cash Advance**

- Persons in receipt of petty cash advances shall take responsibility for ensuring that properly completed vouchers and receipts are submitted to the Business Manager for all expenditure made and that any unspent advance is also returned for reconciliation purposes.
- All persons requesting a petty cash advance will sign an acknowledgement at the time of collection of the monies. Any shortfall in receipts or cash upon return to the school will be reclaimed from the individual responsible for the safe keeping of the advance. This would not be enforced under exceptional circumstances (i.e. loss due to theft).

### **11.4 Petty Cash Claims**

- All persons wishing to make a claim for re-imburement must do so within a period of 20 working days of the funds being expended. Any claims outside of this period will be referred to the Headteacher, who may approve them providing that a reasonable explanation is giving for the delay.
- All claims for re-imburement will be supported by VAT receipt(s) and completed petty cash voucher. The petty cash voucher will be signed by the claimant and authorised by Budget Holder before the reimbursement is paid.
- All payments and replenishments will be recorded in the petty cash book. Recipients must sign that they have received the money.
- Cash dispenser facilities must not be used. Petty cash will be replenished by cheque drawn on the official delegated funds bank account. Purchase of stamps and payment of travelling expenses should always be paid by cheque.

### **11.5 Checking Petty Cash**

- The Deputy Headteacher periodically checks the contents of the petty cash tin to the records held on SIMS FMS6. This person is independent of the petty cash administration process, and the check is evidenced in writing.
- Where the petty cash is handed to another member of the finance staff (e.g. where the person normally responsible will be on holiday), both parties are to check and sign for the value of cash and receipts held in the tin.

### **11.6 Personal Cheques**

- Personal cheques from any source will not be encashed under any circumstances from the petty cash fund.

## **SECTION 12 - VOLUNTARY AND PRIVATE FUNDS (ACCOUNTING AND AUDITING REQUIREMENTS)**

### **12.1 Definition**

- A private fund is any fund other than the official fund that is the responsibility of an employee of the City Council, by reason of his employment with the City Council. Therefore, any funds held at the school other than the delegated school budget are likely to be deemed to be unofficial funds under Financial Regulations where operational responsibility typically lies with the Headteacher.

### **12.2 Purpose of the Fund**

- The private fund exists to provide additional materials and opportunities to enhance the learning experiences of children. The fund is used to provide items over and above those provided for through the school's delegated budget.

### **12.3 Examples of Uses**

- Expenditure will be used for the following purposes:
  - a) Subsidy of school educational visits
  - b) Refreshments for children's parties
  - c) Fund raising activities (e.g. raffles)
  - d) Classroom materials and equipment
  - e) Lunchtime games/toys, children's disco and entertainment
  - f) Fairtrade activities or attendance awards

### **12.4 Administration**

- The private fund is banked with **The Co-operative Bank** under the account name **Whitehall Primary School Fund**.
- The fund is administered by Chris Samwell, who holds the position of Business Manager at the school.
- The day-to-day management of the fund is the responsibility of the Headteacher, although overall responsibility for the fund lies with the Governing Body.
- The accounting records of the fund are maintained separately from those of the official school delegated funds account, and are clearly identifiable.
- Whitehall Primary School operates the Tucasi School Cash Office to administer all school trips.

## 12.5 Expenditure

- All expenditure will be supported by an invoice or receipt.
- The Headteacher shall authorise expenditure items up to and including £10,000 prior to payment. For purchases over £10,000, the approval of the Governing Body must be obtained.

## 12.6 Income

- Accurate income records will be maintained for income streams as per sections 9.4 and 9.6.
- Income collected will be receipted using a duplicate receipt book where appropriate and practical to do so. Private fund income will not be receipted in official receipt books.
- Income collected will be banked promptly and in full.
- Income collections will not be used for the encashment of personal cheques or for any other payments or purpose (e.g. reimbursement of expenses, used as a change float).

## 12.7 Banking

- Cheques issued from the private fund bank account will bear at least **two** authorised signatories as shown on the bank mandate. The authorised cheque signatories for the private fund bank account are as follows:
  - a) Headteacher
  - b) Deputy Headteacher
- Cheques must not be pre-signed. Only manuscript signatures will be used.
- Cheques will be kept in the school safe or locked filing cabinet.
- All cheques must be crossed "A/C payee".

## 12.8 Independent Examination or Audit Arrangements

- The fund has a financial year end of **31/08/2016**. A summary of income and expenditure and a statement of balances are prepared annually by the Business Manager.
- The financial statements pertaining to the fund will be independently examined or audited annually by a Non-Staff Governor. The Governing Body considers the examiner/auditor to be an independent and suitable person with the requisite knowledge to examine or audit the fund, having regard to its nature and complexity.
- VAT registered private funds **must** be audited by a qualified accountant/registered auditor.
- Audited accounts are presented to the Governing Body each year for formal approval, in accordance with the Scheme of Delegation. This will be clearly minuted.

## **ANNEX 1**

### **INTERNAL AUDIT GUIDANCE – INTERNET PURCHASING FOR SCHOOLS**

#### **1. Introduction**

Annex B part (iii) of the Scheme for Financing Schools defines the financial responsibilities that governors can delegate to the Headteacher in respect of placing orders. One of these responsibilities is “ensuring that all purchases are aimed at securing maximum value for money taking into account the services provided by ESPO, as both supplier and purchaser, and the time spent in obtaining quotations from other sources”.

The three elements central to value for money are economy (i.e. minimizing the costs of resources used within schools having regard to the appropriate quality), efficiency (i.e. the relationship between output in terms of goods and services and the resources used to produce them, and effectiveness (i.e. the extent to which objectives have been achieved and the relationship between the intended results and actual results of an activity).

Schools must always have regard to value for money considerations, though this may not always result in the purchase of the cheapest goods or services. Consideration must also be given to other factors such as quality, suitability, delivery date, credit terms, reliability of supplier and the financial position of the supplier.

The internet is becoming a popular procurement channel for schools because of possible cost savings and increased choice when compared to ESPO. However, purchases over the internet should ideally only be used where the goods or services cannot be effectively or economically obtained through the normal ordering channels (i.e. ESPO) or where there are demonstrable financial savings compared with ESPO.

These Internal Audit Guidance Notes are intended to aid school management in ensuring that the appropriate safeguards are in place to ensure probity, and to identify and minimise the risks associated with internet purchasing.

#### **2. Internet Ordering Checks**

Where schools (including individuals acting on behalf of the school, e.g. teachers) choose to purchase via the internet, it is recommended that the following checks are undertaken during the ordering process to minimise the risks associated with on-line ordering:

- a) Internet orders should only be placed with reputable companies, ideally whom the school has dealt with in the past.
- b) Read the supplier’s privacy policy statement. This will enable the individual making the purchase on behalf of the school to opt out of anything they may feel will compromise the security or confidentiality of their details.
- c) Always keep a record of the supplier’s contact details. This includes the e-mail address, postal address and telephone number.

- d) Check the terms and conditions of the purchase, so that the individual making the purchase on behalf of the school is aware of what they are agreeing to. These details must be available for printing and saving to a separate file.
- e) Be aware of any additional charges such as import duty, VAT and other taxes, extra charges for paying by card, etc. Know the final amount being charged and check there is sufficient budget before proceeding with the transaction.
- f) Confirm the delivery arrangements for goods or start date for services before giving out any details.
- g) Know the methods and costs of returning goods if necessary and make sure that in this event the budget can adequately provide for this.
- h) Web-traders often ask the purchaser to register with them and to set up a user name and password. Such details must be held securely.
- i) The most important matter when ordering on the internet is to make sure that a secure web browser is used when ordering. Secure browsers such as Netscape Navigator and Microsoft Internet Explorer make the most of the security measures currently available. They will indicate whether the purchaser is using a secure site, as follows:
  - Unbroken key or padlock symbol = secure website
  - Broken key or padlock = unsecured site.
  - Check that the website address starts with https://. If it begins with just http://, it is not secure. [The 's' stands for 'secure'.]
  - If you are given the option of using a secure checkout, choose 'yes'.

The purchaser must only place orders when in the secure part of a site.
- j) Other web browsers may be used to make on-line purchases provided they fulfill the following criteria:
  - The browser must be a Secure Electronic Transaction (SET)-enabled browser.
  - The transaction provider (the supplier from whom the purchase is being made) must also provide a SET-enabled server. (To find out whether the transaction provider has a SET-enabled server, the user can find a section of the website that will provide information on buying from that supplier on-line.)
- k) Once orders have been placed over the Internet, the purchaser must log out of the transaction provider's website and ensure that their details are no longer available to anyone using the computer thereafter (e.g. details left on screen.) To make certain that details are not readily available, the purchaser should disconnect from the Internet and restart the PC.

### **3. Authorising The Order / Commitment Accounting**

To ensure that spending on internet purchases is controlled and secure, i.e.:

- the signatory of the order is satisfied that the goods or services ordered are appropriate and needed;
- there is adequate budgetary provision and this is approved by the budgetholder prior to the purchase being made;

- the estimated cost is committed against the appropriate budget allocation for budget monitoring purposes,

the following controls should be implemented by school management:

- A purchase requisition form should be raised prior to the order being placed on the internet. The requisition must include the website address, method of payment to be used and the address at which goods are to be delivered. The requisition form must be authorised by the budget holder.
- An official FMS6 purchase order should then be raised on SIMS FMS6 to allow for the proposed expenditure to be committed to the relevant cost centre and to ensure sufficient funds are available to finance the purchase. This should also be done prior to the order being placed on the internet, and should be authorised by the delegated officer (e.g. Headteacher).
- The order **must** be raised in the name of the school, and not in the name of an individual. This is because, in law, the contract may be deemed to be not between the school and the supplier, but between the individual and the supplier. The delivery address **must** also always be the school's address as this will clearly identify the purchase as school business.
- The designated officer can then order the goods via the internet. The school's email address should be used as the email contact.
- When the order is placed with the supplier, an order and payment confirmation will be displayed and emailed to the registered email address. This must be printed off and attached to the official FMS6 purchase order.

#### **4. Making Payment**

Leicester City Council does not operate a schools' charge card scheme. For purchases made on the internet, there are three payment options available:

##### **a) School Makes Payment on Receipt of Invoice**

The school should contact the internet supplier to order the product after following steps 3a) – c) above, and request an invoice in order that payment be made upon receipt of invoice. The invoice will be processed onto FMS6 and a cheque raised.

This is strongly recommended as payment will be made after the goods have been received. This is considered a low-risk option.

##### **b) Staff Use Their Own Credit or Debit Card**

A staff member orders the item on-line after following steps 3a) – e) above, and makes payment using their own credit or debit card. This is then reimbursed by cheque via the school's official delegated funds bank account upon completion of a Cheque Reimbursement Form and production of the order and payment confirmation email as well as satisfaction that the goods or services have actually been received.

This is an efficient means of payment if the transaction is undertaken with reputable suppliers and in a secure manner. However, it still presents a number of risks that the school must be aware of as follows:

- Payment is made prior to the goods being received. This could result in financial loss to the school if the supplier goes bankrupt or business is done with a non-reputable supplier.
- Payment is made prior to the quality of the goods being known. This could result in the school receiving goods that are sub-standard and unsuitable for use in an educational setting. There may also be difficulty in seeking replacement for faulty items if payment has already been made.
- Under contract law, the contract may be seen as being between an individual and supplier. The school and the City Council would have no legal intervention powers.
- Credit or debit card fraud may occur as a result of the transaction.

**c) Schools Makes Payment Using A Purchasing Card**

The school can obtain a purchasing card (see <http://schools.leicester.gov.uk/home/management/finance/guidance-documents/>) and use this to pay for internet purchases. Steps 3a) – e) would be followed.

The latest Scheme for Financing Schools is encouraging all schools with a delegated budget share to make use of procurement cards to minimise transaction costs. Though this does present similar problems as per option b), there is less likelihood of potential contract law issues.

**5. Receipt of Goods**

- a) On receipt of the goods, a member of staff other than the person who had placed the order should check the items received to the goods delivery note and order and payment confirmation print. The goods delivery note and order and payment confirmation print should be signed and dated as confirmation of the check.
- b) If the goods are rejected, the supplier must be informed directly and as soon as possible. Depending on the terms and conditions as per sections 2d) and 2g), an exchange of goods or a refund would be expected. Any email sent to notify the supplier of goods being rejected must be printed out and attached to the original official FMS6 purchase order. A record of the return must be noted on the official FMS6 purchase order in all instances.

**6. Internet Purchasing Procedures – Final Points**

- a) Schools should review their financial management procedures to take account of internet purchasing with reference to this Guidance Note and to ensure the effective and appropriate use of the internet.
- b) Schools should make it clear to staff both verbally (e.g. in staff meetings) and in writing (e.g. in the school's Finance Procedures Manual and Staff Handbook) that they should not use their own credit or debit card for making school purchases (including internet purchases) as this can cause potential problems including liability, guarantees, VAT reimbursement and issues of legal ownership. Where staff do so, it is at their own risk and that neither the school nor the City Council will accept liability for any loss incurred by an individual through the use of their personal credit or debit card.

- c) Before a payment is made on-line, the security checks as detailed in sections 2a) to 2k) must be carried out.
- d) An official FMS6 purchase order must be raised as detailed in sections 3a) to 3c) for budget monitoring purposes.
- e) In addition, it is advisable to purchase only from suppliers where the TrustUK hallmark is displayed on the website (see below).



This sign denotes an approved web-trader and gives an assurance that the payment being made is secure. Any company that has the TrustUK logo subscribes to a strict code of practice that is endorsed by the government, ensuring that payments are secure. The company selling the product or service is responsible for subscribing to TrustUK.

- f) Adequate documentation to support all internet purchases should be obtained and retained for VAT recovery purposes.
- g) The internet order must be addressed to the school and not solely in the name of the member of staff making the purchase, otherwise VAT will not be recoverable. The City Council's VAT and Taxation Advice Office (0116 252 7470) can be contacted for further advice.

## **7. Contacts**

If schools identify any suspect transactions, please promptly report to:

- Investing in our Children Finance (0116 252 7751)
- Internal Audit (0116 252 7466, or 7999 if fraud is suspected)
- the police.

Note: This Internal Audit Guidance on Internet Purchasing for Schools will be superseded once corporate guidance on Internet Purchasing is formulated and issued.

Angel Ng, Assistant Audit Manager

**ANNEX 2**

**EXAMPLE EXPENDITURE AUTHORISATION SLIP**



WHITEHALL PRIMARY SCHOOL

**EXPENDITURE  
AUTHORISATION SLIP**

<b>DATE:</b>	
<b>NAME:</b>	
<b>AMOUNT:</b>	£
<b><i>ALL GOODS PURCHASED MUST HAVE A RECEIPT</i></b>	
<b>COST CENTRE:</b>	
<b>RE:</b> <i>(i.e. food / books etc)</i>	
<b>CLAIMANT SIGNATURE:</b>	
<b>DATE:</b>	
<b>AUTHORISATION SIGNATURE:</b>	
<b>DATE:</b>	
<b>PAYMENT RECEIVED:</b>	
<b>DATE:</b>	

## **ANNEX 3**

### **FINANCE COMMITTEE TERMS OF REFERENCE**

The Governing Body shall appoint four permanent committees that will meet at least once a term, or more if necessary. They will all work in conjunction with the Headteacher or Deputy Headteacher; work within their delegated authority; report to the full Governing Body verbally; and keep copies of all minutes in school. Items to be considered by the full Governing Body will be listed on the agenda.

Each committee will be made up of at least four governors apart from the Headteacher. The majority of committee members must be members of the Governing Body. Voting rights, if any, of committee members who are not Governors will be decided by the full Governing Body. Either the Chair or the Vice-Chair of Governors will be a member of each committee. Each committee will elect a Chair and a secretary and should be self-sufficient wherever possible. The Chair of each committee must be a member of the Governing Body and must not be employed to work at the school. The Chair of Governors will take the role of Chair of the Finance Committee. At least four Governors in addition to the Headteacher or Deputy Headteacher must be present for business to be undertaken at any meeting. The Business Manager is invited to attend the Governing Body meetings.

### **TERMS OF REFERENCE: FINANCE COMMITTEE**

- 1.0 To support the Governing Body's strategic planning with particular regard to:
- The School Development Plan: this establishes the most important strategic priorities for the school. The Finance Committee will ensure that spending is linked closely to the achievement of these objectives.
  - Achieving 'Value for Money': this is a statutory responsibility for Governing Bodies and is reviewed during OFSTED inspections. The Finance Committee will take a key role, in conjunction with other committees, in ensuring effectiveness (that the school is doing the right things in accordance with the School Development Plan); efficiency (that the school can demonstrate that it is doing the right things well); and economy (that the school is doing the right things well and without waste).
  - To ensure that the school is in a position to compete, consult, compare and challenge
  - The 'Schemes for Financing Schools': this document stems from the School Standards Framework Act 1998 and establishes detailed rules by which schools and local education authorities must abide. In addition to the general financial management procedures provided, it requires schools to present returns including a Budget Intention Form, Termly Year End Projections, Capital Spending Plans, Surplus Balances and Bank Account Statements.
  - Medium Term Financial Planning: new procedures provide opportunities for schools to prepare annual budgets in the light of financial projections over three years. This will be important in the context of volatility in school roles across the LA area and Government commitments on class sizes and will permit incremental adjustment to budget headings.
  - To ensure that the school's financial management systems meet the Schools Financial Value Standard (SFVS)
- 2.0 To plan the school's annual budget for determination by the Governing Body with particular regard to:

- Priorities established in the School Development Plan
  - Review of current year budgets
  - Liaison with the Staffing and Personnel Committee regarding the staffing establishment
  - Issues set out under 1.0 above
- 3.0 To support the Headteacher in monitoring spending against the budget during the course of the financial year.
- 4.0 To develop, monitor and review financial management procedures within school. These include:
- Scheme of financial delegation: to include Terms of Reference for the Finance Committee and itemised list of tasks delegated by the Headteacher and the Business Manager
  - Charging Policy: criteria under which school premises and resources are let for community use and the charges to be levied
  - Voluntary and Private Funds: criteria for use and monitoring of unofficial monies available to the school
  - Financial Procedures Manual: manual documenting all the school's financial procedures and systems
  - Asset Management: procedures for establishing inventories of school assets and resources. There will also be rules governing the write-offs and disposal of current assets and the acquisition of new ones
  - Purchasing: rules on the purchase of goods and services by the school including arrangements for obtaining and evaluating quotes and tenders
  - Registering Pecuniary Interests: rules on declaring and recording special / pecuniary interests by the Governing Body
  - Insurance Arrangements: criteria for ensuring appropriate and cost-effective insurance cover for the school staff, governors, buildings and contents
  - Standards Fund: monitoring and review of Standards Fund expenditure against heading, the School Development Plan and performance management priorities. Liaison with the Staffing and Personnel Committee as appropriate
  - School Fund: arrangements for auditing the school fund
  - Petty Cash: arrangements for the handling of petty cash within school
- 5.0 To liaise with other committees as necessary. To receive reports from other committees on their allocated areas of the school budget and the financial decisions made. To ensure that other committees do not allocate funding beyond their agreed budget without consulting the Finance Committee for approval.
- 6.0 To carry out other Financial related tasks as delegated by the full Governing Body and to report back to the next available meeting of the full Governing Body on any task so undertaken.
- 7.0 To distribute minutes of Finance Committee meetings to all governors.

## **ANNEX 4**

### **GOVERNORS' CHARGING POLICY**

#### **1. Introduction**

1.1 All education during school hours is free. We do not charge for any activity undertaken as part of the National Curriculum with the exception of individual or group music tuition.

#### **2. Voluntary contributions**

2.1 When organising school trips or visits which enrich the curriculum and educational experience of the children, the school invites parents to contribute to the cost of the trip. All contributions are voluntary. If we do not receive sufficient voluntary contributions, we may cancel a trip. If a trip goes ahead, it may include children whose parents have not paid any contribution. We do not treat these children differently from any others.

2.2 If a parent wishes their child to take part in a school trip or event, but is unwilling or unable to make a voluntary contribution, we do allow the child to participate fully in the trip or activity. Sometimes the school pays additional costs in order to support the visit. Parents have a right to know how each trip is funded. The school provides this information on request.

2.3 The following is a list of additional activities organised by the school, which require voluntary contributions from parents. These activities are known as 'optional extras'. This list is not exhaustive:

- visits to museums;
- sporting activities which require transport expenses;
- outdoor adventure activities;
- visits to or by a theatre company;
- school trips;
- musical events.

### **3. Residential visits**

3.1 If the school organises a residential visit in school time or mainly school time, which is to provide education directly related to the National Curriculum, we do not make any charge for the education. However, we do make a charge to cover the costs of board, lodging and travel expenses. If parents are experiencing financial difficulty they are invited to write in confidence to the Headteacher.

### **4. Remissions**

4.1 When our school informs parents about a forthcoming visit, we should make it clear that parents who can prove they are in receipt of the following benefits may be remitted from paying the cost of board and lodging:

- Income Support (IS);
- Income Based Jobseekers Allowance (IBJSA);
- National Asylum Seekers Support (NASS);
- Child Tax Credit, provided that Working Tax Credit is not also received and the family's income (as assessed by Her Majesty's Revenue and Customs) does not exceed £16;190;
- Guaranteed Element of State Pension Credit; and
- Income Related Employment and Support Allowance.

### **5. Music tuition**

5.1 All children study music as part of the normal school curriculum. We do not charge for this.

5.2 There is a charge for individual or group music tuition if this is not part of the National Curriculum. The peripatetic music teachers teach individual or small group lessons. We make a charge for these lessons. If parents are experiencing financial difficulty, they are invited to write in confidence to the Headteacher. We give parents information about additional music tuition at the start of each academic year.

## **5. Swimming**

5.1 The school organises swimming lessons for Year 3 during the autumn term and Year 4 during the spring term. These take place in school time and are part of the National Curriculum. We make no charge for this activity and use some of the PE and Sports Premium grant fund to financially support this activity.

## **6. After School Clubs**

6.1 The school offers additional sports coaching and dance classes. Qualified coaches and instructors, who are not members of the school staff, organise and run these sessions. A small charge for these sessions is made. In addition, Gujarati classes are offered and a small charge is made for these classes.

## **7. Uniform and PE / Book Bag Sales**

7.1 Items of school uniform such as sweatshirts, fleeces, polo shirts and shorts can be purchased from the school office. The cost of these will be the price which we purchased the items.

## **8. Damage / Loss to Property**

8.1 A charge may be levied in respect of wilful damage, neglect or loss of school property including premises, furniture, equipment, books or materials.

## **9. Monitoring and Review**

9.1 This policy is monitored by the governing body and will be reviewed on an annual basis.