



## Bennerley Fields School

# Financial Regulations and Procedures

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# FINANCIAL REGULATIONS AND PROCEDURES

## Bennerley Fields School

	Date	Minute No.	Review date
Approved by Governors	_____	_____	_____
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## Introduction

- ◆ These Financial Regulations and Procedures have been reviewed by the Governors of Bennerley Fields School on 1<sup>st</sup> Feb 2016 and set out the duties and responsibilities of all staff and Governors in respect of the financial administration of the School, including the planning and control of the revenue budget and Devolved Formula Capital, the collection of income, and the security of school assets.
  
- ◆ The overall responsibility for the expenditure of the School's delegated budget and other school finances is that of the Governing Body. The Head Teacher should provide regular budget monitoring reports to Governors in the format requested by the Governors.
  
- ◆ The Head Teacher has responsibility for ensuring that all relevant staff have a copy of these regulations and procedures, understand their requirements and are made aware of any future changes agreed by the Finance & Premises Committee (or equivalent).
  
- ◆ The Governing Body will appoint a Finance Committee (or equivalent - Resources) with delegated powers according to the terms of reference agreed at the first meeting of the Governing Body in the Autumn term. Minutes of all Finance Committee meetings will be taken and maintained by the Clerk to the Governors and copies circulated to all members of the Governing Body in order that they are kept fully informed of all actions and decisions taken by the Finance Committee.
  
- ◆ These regulations and procedures may only be altered in the light of new legislation/regulations as advised by the Authority or to encompass changes in procedure brought about by new technology. They will be reviewed annually and kept up to date by the Finance Committee/Governing Body.
  
- ◆ The Governing Body will maintain a register of business interests in accordance with their policies. It is the duty of all Governors of the School to comply and ensure registration.
  
- ◆ The Governors will operate within the guidelines of the School's Code of Conduct when carrying out their responsibilities. The financial and governance arrangements of the School should be compliant with the Schools Financial Value Standard (SFVS) which must be approved annually by the Chair of Governors.

## ***To all staff***

1. In any organisation it is essential to ensure sound financial administration. In schools, the Head Teacher and the Governing Body have a responsibility for ensuring the proper administration of all financial affairs, and determining the accounting systems and records necessary to achieve this.
2. Financial Regulations and Procedures govern the actions of all staff who have an involvement in the spending or collecting of money or any responsibility for the property of the School. Staff should therefore make sure that they are familiar with the contents of this booklet.
3. Financial Regulations and Procedures apply to all employees and transactions of the School. This is the case even where the spending is fully reimbursable by a third party or where it is covered by any other form of income.
4. The Head Teacher has a responsibility to ensure that all school staff familiarise themselves with any changes to these regulations and procedures as they occur. Should any doubt exist on their meaning, the School Business Manager/Head Teacher should be consulted in the first instance and the Authority in the second instance.
5. These regulations also apply to any trusts or subsidiaries that the School may control or operate, e.g. School Fund, tuck shop.
6. Failure on the part of any member of staff to observe Financial Regulations and Procedures may result in disciplinary action.
7. It is the responsibility of all staff in cases of suspected fraud, misappropriation of funds, materials or equipment, or any other irregularities, to comply with the School's 'Whistle-Blowing Policy/Confidential Reporting Code: and to report immediately to the Head Teacher in the first instance and to the Authority's Assistant Director of Finance (Audit), Audit Services Unit, Corporate Resources Department, in the second instance.
8. It is the responsibility of the Head Teacher/Governing Body to ensure that all cases of suspected fraud, misappropriation of funds (either official or subsidiary) materials or equipment, or any other irregularities are reported **immediately** to the Authority's Assistant Director of Finance (Audit), Audit Services Unit, Corporate Resources Department.

## **A. GENERAL**

1. The Head Teacher shall be the responsible officer for the proper administration of the financial affairs of the School and all accounting systems, procedures and records of the School and its employees.
  2. The Finance Committee should take no decision on any item having financial consequences without first obtaining a financial assessment of the initial cost and any future running costs.
  3. The Head Teacher will support these financial regulations with the issue of more detailed instructions to staff from time to time.
  4. Any changes to the regulations will be subject to the approval of the Governing Body.
  5. The School will comply with all accounting policies and requirements of the Authority.
  6. The Head Teacher will report any breach of Financial Regulations to the Governing Body and Authority's Assistant Director of Finance (Audit).
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## **B. INCOME/BANKING**

1. The Governing Body is responsible for drawing up a statement of its policy on charging and remissions. This policy should be reviewed annually. The Head Teacher in consultation with the relevant school staff shall undertake an annual review of all scales of charges which is incorporated into the policy on charging and remissions.
2. The School Business Manager shall take action to collect all amounts due to the delegated budget. Official receipts must be issued and copies retained in school.
3. The Clerk to the Governors, or nominated officer, will raise invoices for lettings in accordance with the School lettings policy.
4. The Governing Body shall have the discretion to write off individual bad debts after all recovery options have been exhausted and in consultation with the Authority's Director of Legal Services.
5. No sale of goods and services on credit shall be made without the prior approval of the Head Teacher and must be reported to the full Governing Body.
6. No proposals involving the generation of income should be implemented without prior consultation with the Governing Body.
7. The Head Teacher is responsible for ensuring the security, collection and banking of income due to the delegated budget.
8. Income must be banked promptly and intact in accordance with the School's Financial Procedures document.
9. All income shall be recorded at the point of receipt in a form approved by the Head Teacher.
10. Official receipts must be made out for all official income at the time of receiving the income.
11. Under no circumstances shall personal cheques be cashed from income.
12. The level of cash that can be kept in a locked cabinet with the key off site is £500, the limit for our safe is £1,000.
13. All income due to the School should be banked promptly and intact and the details entered into SAP. Two employees will be present to verify all totals which are to be presented to the Bank.
14. Where a cheque is accepted as payment it should have the individual's name and address on the back. Additionally the School cost centre number should be recorded on the back.

15. Where the Authority has arranged for a security firm to collect deposits a receipt should be obtained and retained for the current year plus six previous years.
16. The Security Firm's receipt must be attached to the paying in slip and stored securely.

### **C. EXPENDITURE AND ORDERS FOR WORK, GOODS AND SERVICES**

1. The ordering of goods and services and the payment of accounts, shall be in accordance with these financial procedures and advice from the School Business Manager/Head Teacher.
2. Official orders shall be placed for all goods and services except for such items as recurring charges for public utilities, periodic payments, petty cash purchases and any other exception approved by the Governing Body. Orders will be generated by the computerised system (SAP - Orderpoint) wherever possible.
3. Where an individual item or combination of items forming a scheme or project costs in excess of £3,000 (including non-recoverable VAT), the approval of the Governing Body must be sought, prior to any such order being raised and the minute number recorded on the invoice.
4. All orders shall be on an official order and be authorised by the officer agreed by the Governing Body. A record of all approved authorised signatories relating to orders will be maintained by the Head Teacher and reviewed as necessary by the Finance Committee (or equivalent).
5. No expenditure is to be made without proper authority and provision in the budget estimates.
6. The payment of all goods and services shall be made by the Head Teacher, or under arrangements approved or controlled by him/her.
7. Goods will not be paid for in advance of receipt, unless in urgent and exceptional circumstances. The Head Teacher will authorise the payment in these circumstances and all such purchases will be reported to the Governing Body for approval.
8. Official orders shall not be raised for any personal or private purchases, nor shall personal use be made of any school contracts.
9. If the School is included in the Authority's arranged contracts for grounds maintenance and cleaning services there must be compliance with the terms and conditions of the Authority's contracts in relation to those services.
10. The Head Teacher or School Business Manager shall be authorised to approve orders up to £3,000, and £1,000 for the Deputy Head teacher, before Governor's approval is required, Where this occurs a Governor's minute number is required before the order is placed. This should be recorded on the order to form an effective Audit trail.
11. If raising a paper order then all parts of the order form should be completed, including the actual price of supply if known, or if not, a best estimate.
12. As soon as the order is placed, the commitment must be recorded by the School Business Manager/Assistant. When using Order Point, commitments are automatically recorded in SAP, for all other orders i.e. Utility bills, Property Services cannot be recorded on SAP. Other ways of monitoring these commitments should be kept in school.
13. The School Business Assistant shall be responsible for the ordering of controlled stationery.
14. Where it is necessary to pay for goods and services in advance of receipt, the Head Teacher should approve prior to approval. Wherever possible the schools debit card should be used in these instances (Limits apply - see Imprest section below). Where necessary consult the Authority's School Support Finance Section prior to such payment being made.

15. Expenditure against relevant budgets will be monitored by the Head Teacher/ School Business Manager in the first instance and by the Finance Committee (School Governors) in the second instance.

#### **D. PAYING ACCOUNTS**

1. Goods should be received by the School Business Assistant and be checked against any delivery note and the original orders. When an invoice is received, a check should be made to ensure that:
  - a) The goods which have been supplied or the services rendered are of satisfactory quality and correct quantity.
  - b) The goods and services have not been previously paid for.
  - c) They are in accordance with the contract price or estimate where appropriate.
2. Invoices should not be paid in advance of the satisfactory supply of goods or services other than in exceptional circumstances. Exception from this requirement subject to approval by the Head Teacher who will authorise the payment in these circumstances and all such purchases will be reported to the Governing Body for approval.
3. If satisfied that the invoice is correct the School Business Assistant, should Stamp the invoice and send it to Accounts Payable, via the Pink folder, so the invoice can be processed.
4. The Direct Invoicing system may not be used for any of the following transactions.
  - a) Payments to individuals (e.g. tuition fees).
  - b) Payments to Derbyshire County Council Property Division
  - c) Salary or travel payments.
  - d) Payments to the private school fund or the Imprest account.
  - e) Payments to sub-contractors.
5. Any queries about the invoice should be raised with the firm concerned by the School Business Manager/Assistant. If agreement cannot be reached, the matter should be referred to the Head Teacher who should consult with School Support Finance, Audit Services or the Authority's Director of Legal Services as appropriate.
6. The following three duties must not be carried out by the same person, however in small schools i and iii can be the same person:
  - i. ordering of goods and services (School Business Manager/Assistant)
  - ii. Receiving of goods and services (School Business Assistant).
  - iii. Authorising invoices for payment (Head Teacher, Deputy Head Teacher or School Business Manager).
7. The process of authorising VIM invoices is as follows:
  - 1<sup>st</sup> authorisation: School Business Assistant inputs the data.
  - 2<sup>nd</sup> authorisation: Head Teacher, School Business Manager or Deputy Head Teacher.
  - 3<sup>rd</sup> authorisation: Within SAP there is no function for allowing a third authorisation, however, Approvers will have their own limit that should be followed. As previously, for all orders above your individual limit, prior approval from the governing body must be sought. (The 3<sup>rd</sup> Authorisation is currently being considered by the Local Authority).

8. The person authorising an invoice for payment is confirming that:
  - a) The goods and services to which the invoice relates have been received or carried out satisfactorily.
  - b) The prices, calculations, discounts, credits and VAT are correct.
  - c) The expenditure has been properly incurred, and is within the relevant estimated provision.
  - d) Appropriate entries have been made in the inventory.
9. A list of those staff approved by the Governors to Approve Orders/invoices for payment will be maintained and retained in the School office.
10. No payments will be made through the School's Direct Invoicing system for any personal or private purchase. Personal items should not be delivered to School address.
11. All users of SAP must comply with the Data Protection Act 1998 and the Computer Misuse Act 1990. Access to SAP will always be by passwords that are regularly changed. The Governing body will approve the delegation and permission. SAP in schools team will be notified of any new starters or leavers.

## **E. SALARIES, WAGES AND PENSIONS**

1. The payment of salaries, wages and other emoluments from the delegated School's budget shall be made only by the Authority's Shared Services Centre unless the Governing Body makes a formal decision for alternative payroll provision.
2. Unless the Governing Body formally adopts alternative provision, the Authority Shared Services Centre shall be responsible for the deduction of all pension contributions, trade union subscriptions and other items from employees' salary payments and will arrange for the paying over of such deductions to the relevant bodies.
3. The Head Teacher shall notify the Authority's Shared Services Centre in writing of all appointments, resignations, absences or other changes which may affect the pay or pension of an employee or ex-employee of the School. In addition Property Division must be notified of any changes if the employee is employed by a direct services organisation.
4. All salaries, wages and other taxable allowances must be paid centrally through the Authority's payroll section by direct BACS transfer or by cheque. Payments by cash will not be made.
5. All staff appointments, changes to working hours, salary grades and conditions of service must be approved by the Governors, with the exception of urgent short-term supply appointments.
6. The Head Teacher will authorise all salary documents relating to appointments, resignations, additional supply or payments and absence. Documents relating to appointments, resignations or absence of the Head Teacher shall be authorised by the Chair of Governors.
7. The Head Teacher must notify the Authority's Shared Services Centre of all new school staff on a properly authorised "starters form". In addition, the following documents should be obtained from a new member of staff and sent to the Shared Services Centre:
  - i. P45 (income tax) - in the event of the employee not having one, a P46 should be Completed.
  - ii. Bank credit form.
  - iii. Medical Clearance Form – medical clearance is required before a new employee commences employment.



All new appointments should be made within a specific budget provision as agreed by the Governing Body.

8. The Head Teacher shall ensure that all necessary DBS checks are carried out and maintain a single central record.
9. The Head Teacher should notify the Authority's Shared Services Centre of all variations affecting an employee's pay on a properly authorised adjustments form following Governor's approval.
10. Timesheets or claim forms submitted as the basis for work done should be completed and signed by the member of staff and authorised by the Head Teacher who must evidence the satisfactory completion of the work/journeys for which payments are claimed.
11. All staff absences and temporary variations should be recorded monthly on form PM04a or similar form retained in school (PT91), which should be uploaded after authorisation to the SAP system. All periods of sickness should be covered by either a self certification form (first 7 days) or a medical certificate. A medical certificate is required for all absences exceeding 7 days.
12. The Head Teacher should notify the Authority's Shared Services Centre of any resignations by forwarding a copy of the appropriate resignation letter with the leaver's form.
13. At regular intervals the Head Teacher/School Business Manager shall check all variations have been completed correctly.

## **F. CONTRACTS**

1. All contracts shall be made in accordance with procedures below
2. No member of staff shall authorise work to be undertaken or goods to be supplied which are to be subject of a contract or other legally binding agreement until a document in a form approved by the Authority's Legal Services Division is completed and signed by the contractor.
3. Price increases on any contract shall be subject to prior consultation with the Finance Committee.
4. The Authority's Director of Finance (LA) must be notified in advance of any proposed leasing arrangements or any other arrangements to delay or defer payment for goods or services. Any scheme, however described, which effectively spreads the cost of payments across financial years, is likely to fall into this category. Such arrangements may only be entered into only after obtaining written approval from the Authority's Director of Finance.
4. Disposal of leased and financed assets is subject to the prior approval of the Authority's Director of Finance (LA).
5. Any form of agreement intended to defer payment or provide for payment by instalments must be subject to the prior approval of the Director of Finance.
6. Governors have a statutory responsibility not to take part in the decision making process relating to any contract or agreement in which they, or immediate family members have a business interest. The Head Teacher, in consultation with the Clerk to Governors is responsible for maintaining a register of business interests in respect of all governors and staff who may be in a position to influence financial decisions.

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For the purpose of these procedures, the definition of a contract shall be any signed agreement (other than routine orders) for the provision of goods and/or services over a period of time. The School should ensure that the management of contracts is undertaken in accordance with procurement website <http://www.procurementconnection.co.uk/>

Any contracts shall be in writing, and shall be referred to the Finance Committee before any binding agreement is made.

1. All contracts shall:
  - a) specify the subject matter, price, contract period, contract specification and terms of payment
  - b) contain a clause permitting cancellation in circumstances of corruption or failure to meet contractual terms.
  - c) require access to the suppliers records under this contract for Internal Audit.
  - d) require compliance with any British Standard specification or code.
  - e) indemnify the School against any claim which may be made in respect of personal injury to any person unless due to negligence by the School and against any claim for damage to property due to negligence of the contractor, and the contractor shall produce evidence of suitable insurance against such claims.
  - f) In the event that the contract relates to School data require compliance with the Data Protection Act 1998 and other industry standards including ISO27001.
2. With any proposed contract, quotations shall be obtained from at least three suppliers. Under normal circumstances the School will award the contract to the supplier quoting the lowest price or the Most Economically Advantageous Tender (MEAT). However, there may be times when the lowest price should not be accepted, and any reasons for accepting a higher quote should be reported to the Finance Committee, and be recorded.
3. All contracts shall be subject to the ordering limits as specified in Section C of the Financial Regulations.

## **G. REVENUE BUDGETS**

1. Estimates of income and expenditure will be prepared for the forthcoming financial year, jointly by the Head Teacher and the School Business Manager, based on advice provided by the Authority, and considered in detail by the Finance Committee.
2. The format of the estimates will be consistent with the needs of management information for financial control purposes, and the format of the annual accounts as prescribed by the Governing Body.
3. The estimated out-turn figures relating to the current financial year should also be included with the new financial year budget estimates.
4. An annual budget timetable will be set by the Head Teacher and the School Business Manager and agreed by the Finance Committee/Governing Body. The timetable must comply with the Authority deadlines.
5. The Governing Body will formally approve the expenditure and income budgets for the financial year, after which the School Business Manager will be instructed by the Head Teacher to input

the budget split into SAP. A deficit budget plan is not acceptable, unless a 2 or 3 year plan has been agreed with the Authority.

6. The Governors must have a strategy to use excessive surplus balances of the budget share.
7. The Head Teacher will be responsible for the delegation of the authorised budget, and it is his/her responsibility to ensure that budget heads are not substantially overspent or under spent, taking into account the overall budget position.
8. Where it appears that an approved expenditure budget may be exceeded, or income target not realised, such information will be conveyed to the Finance Committee at the earliest opportunity. Recommendations will be made to the Governing Body in regular reports as to remedial action to be taken where appropriate. The Governing Body will determine the financial information which needs to be provided by the Headteacher for monitoring purposes. (This could state that receiving a termly finance governor report provided by school support finance is acceptable)
9. No expenditure which requires a continuing financial commitment in future years may be incurred without the approval of the Governing Body.
10. Virement of funds between budget heads may only be made in accordance with limits set by Governors. To a maximum of £3,000 may be made and must be reported to the Finance Committee. Virements exceeding £3,000 require the approval of the Finance Committee before they are carried out and the minute number recorded.
11. Any request for virement from Contingency to any other budget head must be referred to the Finance Committee for approval before the virement is completed.

## **H. CAPITAL EXPENDITURE**

1. Capital expenditure generally falls outside the scheme of delegation and such expenditure on buildings can only be incurred with the approval of the Portfolio holder with the exception of expenditure through the School's allocation of Devolved Formula Capital.
2. The Governors will be responsible for drawing up expenditure plans for Devolved Formula Capital, taking into account the three year spending deadline. Approval of the Local Authority must be sought for all schemes via a Project Approval Form, unless solely for I.C.T. purchases (which must not include alterations to electrics or the fabric of the building). Approval via a project approval form is also needed when using revenue monies for capital expenditure.
3. The Governors will delegate responsibility to the Head Teacher to spend up to £3,000 from Devolved Formula Capital (i.e. the same spending limit for orders of goods), before approval is sought from the Finance Committee.
4. The Governors can approve expenditure from the delegated budget to meet the cost of capital expenditure on the School premises, subject to Section 2.14 of the Derbyshire Scheme for Financing Schools and the expenditure limits outlined in paragraph 2 above. Where the County Council owns the premises, or the School has voluntary controlled status, the approval of the Council for the proposed works must be obtained. Governors of Voluntary Aided Schools must seek the approval of the Diocese.

## **I. INTERNAL AUDIT**

1. The Authority's Assistant Director of Finance (Audit) shall have unrestricted access to all records, personnel and physical properties of the School necessary for the purposes of audit work however and wherever these are held. The Authority's Audit Services Unit shall be entitled to require from any employee of the School such information and explanation as may be thought necessary for that purpose.

2. Officers of the Audit Services Unit are authorised to appraise the adequacy of controls and procedures employed by the school to secure economy, effectiveness and efficiency in the use of resources.
3. It is the responsibility of all staff in cases of suspected fraud, misappropriation of funds, materials or equipment, or any other irregularities, to comply with the School's 'Whistle-Blowing Policy/Confidential Reporting Code or otherwise and report immediately to the Head Teacher and the Authority's Assistant Director of Finance (Audit), Audit Services Unit, Corporate Finance Department.
4. The Head Teacher must consult the Authority's Assistant Director of Finance (Audit), Audit Services Unit, Corporate Resources Department who must review and formally approve any new systems for the maintenance of financial records, software records, or records of assets of the School, or any changes to such systems: all consultations must be concluded prior to such amendments being undertaken.
5. In line with current national and local guidelines Audit Services staff will not be required to hold a current DBS check.

#### **J. IMPREST ACCOUNT – see Appendix A**

1. The Imprest account should only be used for transactions of a nominal value to purchase items which cannot be processed using official ordering procedures and shall be operated in accordance with the instructions of the Head Teacher. The Imprest account shall not be allowed to be overdrawn.
2. Cash floats shall be operated in accordance with the instructions of the Head Teacher.
3. All disbursements from the Imprest account shall be supported by adequate vouchers and records.
4. The Imprest holder shall regularly reconcile and balance the account to the bank statement; reconciliation sheets to be signed and retained by the Imprest holder. The reconciliation must be presented to governors each term. (Or yearly if only a few transactions occur)
5. All imprest transactions shall be recorded promptly.
6. The Form A shall be completed annually for the Imprest account at 31 March each year which shall be retained and made available for Audit inspection.
7. The Imprest account shall not be used to purchase goods on behalf of the Authority using a personal store/loyalty card.
8. Any requests for further allocations into the Imprest account should be sent directly to the Authority's CAYA Accountancy Section.
9. The School will maintain a bank account with the Authority's approved bank for the purposes of operating the Imprest account. The level of funds to be held shall be determined by the Head Teacher.
10. The signatories on the account shall be approved by the Governing Body.
11. Payments out of the account shall be confined to small amounts where direct payment by the debit card would be inappropriate. Individual transactions should be specifically approved by the Head Teacher and should not exceed

	Cash (£)	Internet (£)	Point of sale (£)
Primary	200	200	200

Secondary	200	500	500
Special	200	500	500

12. Salaries, wages or taxable expenses must never be paid through the Imprest account.
13. Vouchers must be obtained for all items of expenditure and transactions must be recorded promptly.
14. Personal store/loyalty card must not be used for goods purchased on behalf of the Authority.
15. Out of Pocket Expenses – Where ever possible the schools debit card should be used for small items of expenditure only. Under exceptional circumstances, and with prior approval, an Out of Pocket expenses claim form can be submitted for reimbursement of expenditure incurred by staff to acquire goods and services for approved School business. Local Authority’s Audit Services recommend a limit of £25 for Out of Pocket expenses. Under no circumstances can a member of staff authorise their own Out of Pocket claim form.

## **K. STORES AND INVENTORIES**

1. The School Business Manager shall be responsible for the safe custody of stores and inventory items, and the maintenance of records in accordance with advice issued by the Head Teacher.
2. The Head Teacher shall be responsible for ensuring that an evidenced independent check of inventory items is carried out at least once a year.
3. The Head Teacher shall be responsible for ensuring that a stock take of stores is carried out at least once a year.
4. Significant stores discrepancies will be subject to audit scrutiny and investigation by the Finance Committee. Any writing off of obsolete stores and equipment shall be done only with the prior approval of the Governing Body.
5. The disposal of all plant, machinery and equipment shall be the responsibility of the Head Teacher under the guidance of the Governing Body. The inventory should include details of disposal where appropriate, including authorization, signature, date, and method of disposal.
6. The School Business Manager will maintain an inventory record using the SAP Finance Inventory module of all items deemed to be portable, desirable or valuable above the limit set out below (2). The form of the inventory will be determined by the Head Teacher in line with LA guidelines but where this is maintained in an electronic format, the SAP Finance Inventory Module must be used, and the following requirements must be observed:
  - a) the inventory must be kept up to date and amendments/additions made promptly.
  - b) the inventory must be checked at least annually by an independent member of staff and the check evidenced.
  - c) any discrepancies should be brought to the attention of the Head Teacher who must report the discrepancies to the Governing Body to review and authorise.
  - d) serial numbers or other identifying reference should be quoted wherever possible.
  - e) where an item is disposed of, the date and method of disposal should be recorded after authorisation by the Finance & Premises Committee has been given.
7. Items which need not be included on an inventory are furniture, personal property, consumables and equipment worth less than £200 (recommended between £50 and a maximum of £200).

8. Whenever there is a change of Head Teacher (who has responsibility for the inventory) the School shall ensure that the inventory is agreed between the outgoing and incoming Head Teachers and the check evidenced.
  9. The ICT Co-ordinator or School Business Manager will maintain an inventory using the SAP Finance Inventory Module of curriculum software used in school, ensuring that all software is covered by appropriate licences and the software inventory should be subject to independent evidenced checks.
  10. Due to the inherent weaknesses and lack of effective audit trail, spreadsheets must not be used as a means of recording the School's inventory.
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## **L. INSURANCE**

1. The Governors through the Head Teacher will be responsible for ensuring the School has the necessary insurance cover in line with the policy determined by the Governors/Finance Committee.
  2. All staff shall notify the School Business Manager/Head Teacher immediately of any loss, liability or damage which may lead to a claim.
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## **M. PROPERTY AND ASSETS**

1. All school staff shall be responsible for ensuring the proper physical and logical security of all buildings and other assets under their control.
  2. No school assets shall be subject to personal use by staff or students without proper authority from the Head Teacher. An up to date register of all assets used outside the School by school staff should be kept.
  3. The Head Teacher is responsible for ensuring that suitable arrangements are made for the safe custody of keys to buildings, safes and similar receptacles.
  4. To maintain the security of information away from the School, all mobile devices including laptops and USB devices should be encrypted to prevent unauthorised access to the School's data in line with The Data Protection Act 1998.
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## **N. VAT**

1. The Head Teacher shall be responsible for ensuring that the School conforms to VAT procedures as issued by the Authority (failure to comply could lead to HM Revenue and Customs claims against the School's budget).
2. The VAT Officer within the Corporate Resources Department shall have right of access to all records appertaining to VAT. The VAT Officer will also, from time to time be required to visit the School in order to confirm that VAT procedures are being adhered to.
3. HM Revenue & Customs inspectors regularly visit the Corporate Resources Department to carry out inspections. They will include schools within their inspection and are legally entitled to inspect schools' records.

4. VAT is a complex area and detailed guidance has been issued elsewhere. Where in doubt, staff should seek guidance from the Authority's Corporate Resources Department.

## O. TENDERING AND QUOTATIONS

Each school's maximum tendering threshold is determined by the following formula:

£10,000 plus 1% of a school's budget (to include Schools Block, High Needs Funding (ERS and SEN TA funding), EYSFF, Post 16 funding; excluding rent and rates).

If the calculation of the above generates a figure of less than £30,000, then that is the maximum tender limit for your school.

If the figure generated is over £30,000, then your maximum tender limit is £30,000, (applies to schools with budget / income streams of over £2,000,000).

Schools can have a lower tender limit if they wish (Not recommended to be lower than £10,000).

Consequently the School's tender limit is £25,000

\* Schools are advised that, in operating within this increased upper threshold, they should consider:

- tendering below this if they feel it is of benefit on a specific scheme; and
- reviewing their internal authorisation limits regularly as part of the SFVS governance framework.

1. Where the estimated value or amount of a proposed contract exceeds each school's tendering threshold, tenders shall be invited either by selective or open tendering as lay down in D.C.C. Standing Orders. Tenders may be invited for items less than the tendering threshold at the request of the Finance Committee.

**Open tendering:** tenders shall be invited by giving at least ten days' public notice. The notice shall express the nature of the contract or where appropriate as required by EU Procurement Law.

2. The requirement to go to tender may be waived only by the Governing Body where they are satisfied that there are special circumstances justifying exemption. Such exemptions shall be recorded in the minutes with reason(s) for waiving the tendering requirements. Such as a Sole Trader.
3. Where the estimated value of a proposed contract does not exceed the tendering threshold of £25,000, but does exceed **£3,000** alternative written quotations shall be invited by three firms/suppliers considered competent to perform the contract. (It is strongly recommended that where a planned project or purchase is non-routine and not obtained from an approved supplier three written quotations are obtained irrespective of the estimated cost in order to demonstrate best value).
4. The Finance Committee may waive the requirements for quotations below the tender limit where they are satisfied that there are special circumstances justifying exemption. Such exemption shall be recorded in the minutes.

5. An invitation to tender shall state clearly the closing date and time for receipt of tenders and that:
  - a) The Governing Body does not bind itself to accept the lowest or any tender.
  - b) No tender will be accepted unless it is enclosed in the special envelope bearing the distinctive label supplied with the tender form, properly sealed and addressed to the Head Teacher and either sent by post or hand delivered to the Head Teacher.
  - c) Proof of posting will not be accepted as proof of delivery if the tender fails to arrive at the address shown on the tender envelope label for the closing date and time.
6. No tender received after the closing date and time shall be considered (any such tender will be returned to the tenderer unopened by the Head Teacher).
7. Tenders shall be kept securely in the custody of the Head Teacher until the time and date specified for their opening.
8. Tenders shall be opened at one time, which shall be as soon as possible after the closing date and time and only in the presence of three people appointed by the Finance Committee. Those people shall certify a list of tenders received.

#### Acceptance of Tenders

1. A report shall be put to the Finance Committee if a tender other than the lowest, or payment to be received other than the highest are to be accepted.
2. A list of tenders received identifying the tender accepted shall be reported to the Finance Committee.

#### Alteration of Tenders

Once opened, tenders shall not be altered except that a tenderer may be given an opportunity to correct an error in calculation. When such an opportunity is given the tenderer shall be given no information about others tenders or the likelihood of his tender being accepted.

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### **P. UNOFFICIAL FUNDS**

1. The Governing Body has responsibility for the unofficial funds of the School. The Head Teacher shall report to the Governing Body on the unofficial funds.
2. The Head Teacher shall arrange for a suitable bank account to be opened for any unofficial funds. A minimum of two signatories for the bank account shall be approved and reviewed by the Finance Committee and approved by the Governing Body. The number of bank accounts should be kept to a minimum. Bank accounts must be opened in the name of the School.
3. The Head Teacher is responsible for the maintenance of accurate financial records and banking records of all unofficial funds. The School Business Manager will maintain the records on a day-to-day basis.
4. The Governors should appoint an auditor to undertake an annual audit. The auditor should be independent of the operation of the unofficial funds and should carry out such an audit in accordance with advice issued by the Authority's Director of Finance.
5. The Head Teacher shall present annually the accounts of all unofficial funds including the report of the independent auditor, to the Governors for approval.



6. The running of particular activities (e.g. school journeys, tuck shop etc.) should not necessarily fall upon the School Business Manager but should be the responsibility of others who must keep suitable records. In the case of educational visits and school journeys, the teacher in charge should keep a simple account of the money received and spent and should present a final statement to the School Business Manager, supported by evidence of expenditure (e.g. receipts, invoices etc.)
7. The School Business Manager should maintain a cash book in relation to the fund and should record all transactions on the computerised accounting system so that statements of income and expenditure can be generated at any time.
8. All income must be banked intact at least weekly or as the cash in hand exceeds £500. (Or approved limit for your safe if applicable).
9. All payments must be supported by vouchers giving full details of the expenditure.
10. All payments should be made by cheque.
11. No payments for overtime to members of staff or for payment of fees to staff for carrying out additional work as part of their normal duties should be paid out of the School fund.
12. The accounts should be prepared to run from 1<sup>st</sup> September to 31<sup>st</sup> August each academic year and an annual summarised statement of receipts and payments, supported by the subsidiary records and vouchers, must be submitted for audit as soon as possible after the end of the accounting year.
13. The auditor must be a person who has not otherwise been involved in the management of, or had close connections with, the fund or been involved in the fund raising activities.
14. Under no circumstances must personal cheques be cashed from the School fund.
15. To provide transparency, summary information should be published on the School's website.

## **Q. TRAVEL AND SUBSISTENCE**

1. The claiming and payment of travel and subsistence expenses is based upon the principle that the journeys and expenses are actually and necessarily incurred to enable members of staff to perform their duties, and are appropriately authorised. All claims must be supported by a bona fide receipt.
2. The completion of claim forms should be checked by the School Business Manager and authorised by the Head Teacher or Deputy Head Teacher. (NB. Staff should never authorise their own claim)
3. Claim forms should be forwarded to the Authority's Shared Services Centre where the payment will be processed.
4. Governors may claim expenses in accordance with the Policy on Paying Governors' Allowances.

## **R. HOSPITALITY AND GIFTS**

1. Hospitality may only be accepted where it is of minimal value, with no attached conditions, and is secondary to the specific working arrangement. Where hospitality is offered, it shall be reported to the Head Teacher regardless of whether it is accepted. If hospitality is offered to the Head Teacher this should be reported to the Chair of Governors.

2. Gifts of a nominal value with no attached conditions, such as calendars, diaries etc. may be accepted if they are retained within the School.
3. Gifts of more than a nominal value offered to employees by contractors, organisations, firms or individuals should always be declined.
4. Offers of gifts and hospitality that are not accepted should also be recorded.
5. All offers of gifts and hospitality should be recorded in gifts and hospitality register and an independent employee should periodically review the entries made in the register and evidence the review.
6. Where delegated or unofficial funds are used to pay for staff hospitality e.g. to celebrate an Ofsted success or provide a meal on an inset day, the financial value received by each member of staff must be notified to the County Council's Shared Services Centre as a potential 'benefit in kind'.

## **S. RETENTION OF RECORDS**

1. All financial records should be retained in accordance with the Authority's retention guidelines. The majority of financial records should be retained for six years, plus the current year, or back to the previous audit inspection, whichever is the longer period.

Certified, paid invoices must be kept for the current year plus the previous six years in a safe, secure environment which will enable easy location and be available for inspection by HM Revenue and Customs (HMRC). Schools using SAP will not retain invoices as they are sent to the Local Authority where they are scanned and then destroyed (approved by HMRC).

2. Disposal of confidential information and records should be done in a secure manner.
3. The School should approve a schedule for the retention of financial and non-financial records.

## **T. EXTENDED SERVICES CODES**

If a school decides to provide extended or 'wraparound' services these need to be formally agreed and approved in advance by the Governing Body. In addition, a nominated officer should be appointed within the school to manage and coordinate the additional services and ensure that the Governing Body is provided with regular budget monitoring information on the financial position of the services being provided.

To enable the Governing Body to make informed decisions on the effectiveness of any extended or 'wraparound' services provided by the school, an initial projection of income and expenditure plan must be prepared. The plan should include details of all potential 'losses' to the school so that the Governing Body can approve the funding that will be required from the 'mainstream' school budget to support such services. Where the initial funding from the 'mainstream' budget is not sufficient, approval of the Governing Body must be obtained for any additional shortfall in advance.

Costs and income for extended or 'wraparound' services including childcare for Out of Hours and Breakfast clubs etc. wherever possible should be recorded using the extended services codes shown below. It is important that on-going monitoring of income and expenditure of such activities is undertaken so that the Governing Body is fully apprised on the impact of the additional provision on the school's budget. The financial information relating to extended or 'wraparound' services including any identified losses should be reported on a regular basis with the agreed actions and approvals formally recorded within the Governing Body minutes.

If the codes below are not used, internal monitoring of costs incurred against other codes will need to be performed. Transfers of costs between codes can be actioned in school to simplify the monitoring process.

The Codes to be used are as follows:

Extended Services Employee Costs:	111500 – 111515
Extended Services Resources:	146150
Extended Services Income:	231080

## Derbyshire County Council Schools Debit Card Policy and Declaration

Derbyshire County Council will make debit cards available for School Imprest Accounts to staff who are signatories for the School for which they work. This policy is intended to provide detailed guidance and assistance in obtaining and using debit cards and describes the responsibilities and restrictions which cardholders **must** accept before being provided with any such card.

**Any attempt by the cardholder to make changes to the Councils terms and conditions of the card or the associated bank account will be reported to the Council by the Bank and may be treated as a disciplinary offence.**

### Obtaining Cards

- 1) A debit card is only issued for use in conjunction with Imprest Accounts. All cards are issued for the sole purpose of facilitating the carrying out of School business that would ordinarily fall within the approved use of imprests.
- 2) Debit cards are only available to signatories of Imprest bank accounts. Up to a maximum of three cards can be issued against each bank account, unless the approval of further cards has been agreed with the Director of Finance.
- 3) Debit cards will be provided by Derbyshire County Council's bankers who are Lloyds Bank Plc.
- 4) Debit cards must only be used by the authorised signatory named on the card and must not be used by any other person. Any cardholder allowing the card to be used by another person will be committing a disciplinary offence.
- 5) Staff will be required to sign a declaration confirming they understand the policies and procedures for use of a debit card before an application can be approved (This is attached and headed – Derbyshire County Council Schools Debit Card Declaration Form).
- 6) The card will be recorded as part of the employees HR data via the objects on loan facility. This will be monitored and administrated by the HR and Exchequer Compliance teams who will be alerted of leavers who hold debit cards.

### Use of cards

Cards can be used for cash withdrawals; on-line and point of sales transactions in accordance with purchasing protocols, financial regulations and this policy document, within the pre-defined limits of the accounts. The following procedures cover these three transaction types and reconciliation requirements.

#### Cash withdrawals:

- 1) Cards can be used to withdraw cash from any ATM/branch counter; the withdrawal limit is £200 per day unless other limits have been agreed in writing by the Director of Finance and is subject to cleared funds being available in the Imprest account.

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- 2) Unless in an emergency situation, the withdrawing of cash from ATM's that charge for the transaction is not allowed. Any charges incurred will be deducted from the Imprest account.
- 3) A receipt must be obtained and be made available for inspection when required i.e. it should be held with all receipts pertaining to the Imprest account.
- 4) The cardholder must ensure that the correct amount of cash is received at the point of receipt and register any discrepancies with the bank/store immediately, or the following working day if out of normal business hours. The Head Teacher and departmental finance team should also be informed.
- 5) Any cash balances from withdrawals will need to be returned to the cardholder's base as soon as operationally possible with receipts to account for any expenditure. An officer independent to the withdrawal transaction should count the cash, record and sign in the petty cash records and ensure it is securely entered into the cash box/safe etc.

### On-line and point of sales transactions:

- 1) Wherever possible the Orderpoint system should be used to place orders for goods and services. However, it is recognised that this may not always be the most efficient and value for money option in relation to low value spend and so the use of debit cards is permitted but must only be used to acquire goods and services for approved School business.
- 2) A receipt must be obtained and be made available for inspection when required i.e. it should be held with all receipts pertaining to the Imprest account. If any purchase contains any charges for VAT a proper VAT receipt or invoice should be obtained.
- 3) Transactions and supporting documents (such as receipts) must be kept for a period of six years plus the current financial year by the relevant department for audit and HMRC purposes.
- 4) Payments made via debit card are limited to the cleared funds available in the Imprest account.

### Use of Debit Cards Overseas

Debit cards may be used from the United Kingdom for overseas payments with any associated transaction costs recharged back to the schools budget.

Only with the prior approval of Corporate Finance is the use of debit cards whilst being overseas permitted. The bank will be informed to authorise the use of the card for foreign transactions. Cards must only be used by the person named on the card. If it is essential that a new card is issued for use overseas then a charge to cover transaction and administrative costs will be made against the school budget. A full account and transaction statement providing a breakdown of the cost of each trip/visit and what has been incurred against Imprest must be recorded and retained for inspection.

### Reconciliation and inspection:

- 1) All debit card transactions will appear on the Imprest account's bank statement, the receipts/invoices obtained must be reconciled to the statement, on a monthly basis as a minimum.
- 2) All receipts and the reconciliation schedule must be checked and authorised by a designated person and countersigned by the Head Teacher or their representative. A segregation of duties by a minimum of two persons must be maintained at all times.
- 3) A bank statement will be sent to the School on a monthly basis and designated persons may have the option to access Lloyd's on-line banking facility to enable viewing of Imprest account statements.

### Restrictions

- 1) Debit cards must not be used for any non-school business or personal expenses.
- 2) Only secure sites should be used to make purchases via the internet with a web address beginning HTTPS. If you have any doubt then you should contact your IT service provider.
- 3) Personal loyalty cards/ store cards (Nectar etc.) must not be used in conjunction with School debit cards.
- 4) Card insurance and/or subscriptions for card protection services must not be purchased.
- 5) Debit cards must not be used to enter into an on-going (recurring charge) agreement e.g. for subscriptions.
- 6) The only person authorised to use the card is the cardholder. If card details are retained by an online website then the cardholder must be the only person who authorises transactions on that website.
- 7) The cardholder shall not make any attempt to change the terms and conditions on which the card is held.
- 8) The cardholder must not share any account details or passwords in respect of transactions with anyone else.

### Security

- 1) The card will only ever be used by the person named on the card.
- 2) It is the personal responsibility of the card holder to ensure the card is kept secure at all times and cannot be accessed by any other persons. Reasonable steps should be taken to ensure the card details cannot be viewed or overheard by any other persons.
- 3) Passwords or other details relating to the debit card or cardholder must not be written down. Debit cards and details must not be stored where others may have access to them including the school safe.
- 4) It is recommended for security reasons that wherever possible transactions are processed by the cardholder being physically present at the point of sale.
- 5) The card's Security PIN number must be kept secure and not disclosed to anyone else, under any circumstances. No officer at the School/Council will ever ask you for your security PIN details.
- 6) The bank must be notified immediately if the card is lost or stolen or fraudulent use is suspected. Exchequer Services Compliance Team and Audit Services must also be

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notified immediately in such circumstances - please call (01629) 539749 and (01629) 538826.

- 7) The cardholder will surrender their card to the School Head or their representative when the cardholder leaves the employment of the School or if circumstances change so that a card is no longer required. The card should then be destroyed by the School Head or their representative who will immediately then notify Exchequer Services Compliance Team promptly. The cardholder agrees to be held personally liable for any transactions processed through the card until the time when the card is physically surrendered.

The administration of debit cards: application, amendments, renewals and cancellations is undertaken by Exchequer Services Compliance Team, Corporate Finance Division. For further assistance please contact the Compliance Team on (01629) 539749.

### **Fraudulent or misuse of the card**

If the cardholder misuses the card or fraudulently uses the card or knowingly permits any other person to use the card, this may result in disciplinary action being taken against the cardholder.

**Derbyshire County Council Schools Debit Card Declaration Form**

I .....consent, to be a debit cardholder on the imprest account held by ..... School.

I understand and accept that any misuse of the assigned debit card could result in disciplinary proceedings being brought against me. I understand that any misuse of the debit card may be referred to the Police and result in criminal proceedings being brought against me.

I confirm that I have read the Derbyshire County Council School Debit Card Policy and that I will abide by its terms and conditions.

In particular I acknowledge and agree that:

1. I will use the account only to purchase items/services on behalf of the School and not use the account for any personal expenditure.
2. I will only purchase items/services in accordance with the Policy and in accordance with purchasing protocols and Financial Regulations, which I confirm I have read and understood.
3. I will take all reasonable care of the card whilst in my possession to avoid its loss, theft or misuse.
4. I will not disclose to any other person, write down, or make available in any way, the card PIN number.
5. I will only use the card security number for online purchases where a security number is requested and only on a secure HTTPS internet website.
6. I will not make any attempt to change the terms and conditions on which the card is held.
7. I understand that if I use the card contrary to the Debit Card Policy or use the card in a way which is fraudulent, disciplinary and recovery action may be taken against me.
8. I understand that upon discovery of the loss or theft of the card, or any suspected fraud on the Imprest account, I must as soon as possible notify:
  - a. the issuing bank; and
  - b. the School Head (unless they are a cardholder); and
  - c. Exchequer Services Compliance Team and Audit Services.
9. I understand that I am personally liable for all charges on the account which relate to transactions which have not been conducted in accordance with the Policy; other than those that are of no fault of my own.
10. I accept that I must reimburse the School promptly should I cause the account to incur any unauthorised charges or expenditure and following an investigation and the absence of prompt reimbursement, I authorise the School to recover all unauthorised sums.
11. I agree that if I cease to be employed by the School I will return the card to the School Head or their representative and inform Exchequer Services Compliance Team.

<b>Agreed by Card Holder</b>	<b>Authorised by School</b>
Name	Name
Position/Title	Position/Title
Date	Date
Signature	Signature



## APPENDIX B

### Advance Invoice Payment Procedure 2016

This procedure is to enable Admin staff to pay invoices in advance of goods received / courses attended.

**For invoices up to the value of: £1,000**

- Confirmation by email from the Head Teacher and Chair of Governors (or Vice Chair of Governors) giving approval to pay.

**For invoices between the value of: £ 1,001 and £3,000**

- Confirmation by email from the Head Teacher, Chair of Governors (or Vice Chair of Governors) and one other Governing Body Member.

**For invoices above the value of: £3,001**

- Extra-Ordinary Finance and Personnel Committee Meeting to be held to give approval to pay.

## APPENDIX C

### Out of Pocket Expenses

#### Trips

When booking trips please enquire if the school can be invoiced for the cost.

If this isn't possible and a cheque is required to take along please inform the office a few days before the trip as two signatures are required and one of the signatories may be out of school on the day of the trip.

Any further costs incurred on the trip, ie snacks etc, should be claimed by the standard procedure (see details below).

#### Cooking

It will no longer be possible to obtain cash from the office to pay for goods prior to purchase. Costs should be claimed by the standard procedure.

#### Procedures for claiming back expenses (other than mileage) from the school budget

Please try wherever possible to purchase items through the normal school official ordering system, thereby saving the cost of VAT to the school budget.

If this isn't possible claims will be made in the following way, on production of a receipt and a claim form. Please write on the receipt your name and the budget and attach to a completed claim form. Claims must to be submitted within the same term the purchase was made.

Claims up to £10 will be refunded in cash.

Claims up to £25 will be refunded either by cheque or using the LA vendor system.

Claims over £25 will be refunded by the Local Authority through the vendor system, which will entail staff supplying bank details to the school administrator who will then forward this information to Matlock. Staff will then be set up on the Derbyshire system for future repayments. A cheque will be sent from Matlock to staff at their home address.

#### Out of Pocket Expenses - Payments to Employees

If a member of staff purchases an item or items on behalf of the school then this can be claimed back, however, the method of claiming has changed. It is advised that purchases up to £10 are paid from the Petty Cash or Imprest accounts. If it is greater the following must be carried out to reimburse the school employee.

Set up the employee as a new vendor on the MD5S Master Data form (version 9). Include the employee's bank details to speed up the payment process.

Ensure that the employee signs the form to confirm the bank details.

The completed form should be emailed to the Master Data team at:

[SAP.finance@derbyshire.gov.uk](mailto:SAP.finance@derbyshire.gov.uk)

Alternatively it can be scanned and emailed or faxed to 01629 538728 or posted to Master Data Team, Room 243, PO Box 2 County Hall, Matlock DE4 3AH.

An order will need to be created for each employee and this can be used for each payment made throughout the financial year.

If you are in any doubt, contact your School Support Finance Patch Officer.

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# Petty Cash Request/Out of Pocket Expenses Claim Form

DFE No: 7014

Vendor No:

Name: \_\_\_\_\_

Petty Cash Requested

£

AND/OR

Expenses Claimed

£

*(attach receipt)*

Reason for purchase: \_\_\_\_\_

Budget to be debited (tick one):

EY Dept

Primary Dept

Secondary Dept

Public Transport

SIP (specify): \_\_\_\_\_ Other: \_\_\_\_\_

Signed: \_\_\_\_\_ (Head of Dept) Date: \_\_\_\_\_

*Note: Claims must be submitted within the same term the purchase was made.*