

Winterbourne Nursery & Infant School Financial Policy and Procedures

July 2020

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GOVERNANCE

Governing Board

The Governing Board is collectively responsible for the overall direction and strategic management of Winterbourne N&I School. It is responsible for ensuring that Winterbourne N&I School meets all its statutory obligations and complies with any regulations arising from decisions of local and national government.

The financial responsibilities of the Governing Board, its committees, the Head Teacher and other staff are defined in this financial Policies and Procedures manual.

The full Governing Board meets each term and where appropriate more frequently. All meetings of the Governing Board and its committees are minuted and signed copies of the minutes are retained by the school. Approved Full Governing Board minutes are published on the school website.

Membership of the Governing Board is shown in the Instrument of Governance in a separate document. Currently the Governing Body does not operate with delegated committees. When such committees are established they will have a separate terms of reference document.

A1: Financial Roles and Responsibilities

This summary description forms part of the delegated framework.

The **Governing Board** will have overall responsibility for:

- reviewing and agreeing the Finance Policy and Procedures
- agreeing and setting the terms of reference for each committee¹
- agreeing scheme of delegation of authorised expenditure limits
- setting spending priorities which reflect the school aims outlined in the School Development Plan
- considering and approving the budget
- regularly monitoring the budget against actual income and expenditure
- determining the levels of delegation of financial responsibility within the school including virement and expenditure thresholds
- evaluating the effectiveness of spending decisions
- awarding contracts by tender to a specific limit
- ensuring that financial returns to the Local Authority meet requirements and are submitted in accordance the timeline.
- appoint a Finance Governor to consider strategic financial issues on behalf of the full Governing Board.

The **Head Teacher** and the **School Business Manager** will:

- ensure that financial regulations are implemented
- ensure that effective systems of internal control are implemented
- report to the Governing Body audit reports and actions taken
- manage operational and strategic financial issues including compiling draft budgets and supplying governors with budget monitoring information.

The **Finance Staff** will:

- implement the procedures defined by the Governing Board and outlined in this document
- ensure that financial systems and information are effectively maintained in line with the requirements set out in this document.

The **Finance Governor** will:

- take a specific interest in the day-to-day systems in place in the school but not at the detail operational level
- the finance Governor will monitor financial processes as required
- report to the Governing Board.

The **Financial and Administration Officers and Administration Assistants** will:

- comply with the school's financial regulations
- be responsible for any budget delegated to them in line with the requirements set out in this document.

Budget Managers will:

- comply with the School's financial regulations
- be responsible for any budget delegated to them in line with the requirements set out in this document
- The Head Teacher will delegate such budgetary values as defined in the scheme of delegation.

A2: Resources Committee

At present, the Governing Board are reviewing the establishing of a Resources committee. Membership and terms of reference are defined by the full Governing Board and reviewed annually, including delegation of approval limits to the Resources committee for virements, purchase orders and payment of purchase orders.

A3: Financial limits of delegated authority

The Governing Board has considered the extent to which it wishes to delegate its powers to the Head Teacher and other staff, including the power of virement between budget headings and has formally recorded its decision (and any revisions) in the minutes of the Governing Board meeting at which the decision was taken.

The table below sets out the latest position:

For purchases agreed under the following limits, the subsequent orders do not need to come back to governors for authorisation for payment as long as they are within the agreed tolerance of 10% of the agreed purchase order amount.

	Authorisation limit	Additional notes
Full Governing Board	Virements – unlimited Purchase Order Authorisation – unlimited Payments - unlimited Pay reviews – see Pay policy	Refer to p.15 for details of arrangements for purchases over £40,000
Head Teacher (incl. Acting Head Teacher)	Virement - £10,000 Purchase Order Authorisation - £10,000 Payments - £10,000	
Deputy Head Teacher	Virements – Nil Purchase Order Authorisation - £5,000 Payments- £5,000	
Budget Holders	Nil	

A4: Financial Information to Governors

The table below sets out details of the financial information to be provided to the Governing Board:

Document	Frequency	Level of Detail	Format	Responsible Person
Initial budget information	Annually in October	Brief overview	Consistent Financial Reporting Framework	Head Teacher
School SFVS	Annually in February	Address series of questions with a statement of evidence	Consistent Financial Reporting Framework	Head Teacher/Finance Governor
Budget	- Draft budget one week prior to Spring term F&R committee - Final budget to be approved by gobs and submitted to LA by 31 st May	Consistent Financial Reporting Categories	Consistent Financial Reporting Framework	Head Teacher
Budget Monitoring	Monthly and Quarterly	Accounting system print out – cost centre summary or budget vs. actually committed CFR format showing % spent and forecast for year-end position	Cost centre/Budget Headings	Head Teacher, School Business Manager, Finance Officer

Document	Frequency	Level of Detail	Format	Responsible Person
Year End Accounts	Annually in May	Consistent Financial Reporting Categories Balance Sheet LA required schedules	Consistent Financial Reporting Framework LA format	Head Teacher, School Business Manager, Finance Officer

A5: Minutes

Minutes are taken of all Governing Board and committee meetings, recording details of decisions, by whom taken and action required. The minutes are circulated and ratified at the next meeting of the relevant Board/committee. The school retains copies of all minutes on the school premises. Once minutes are approved, they are published on the school's website.

A6: Pecuniary Interest

The school holds a register of business interests. Any employee or governor or a close relative of either who could be considered to be a supplier of works, services or goods must register such an interest and ensure that the record is confirmed or updated on an individual basis at least annually. The register is maintained by the Clerk to the Governing Board and is available for inspection at each Governing Board meeting. If a governor is present at a meeting that involves awarding a contract for works, goods or services, then if the governor has a pecuniary interest, he/she will disclose the fact at the meeting and will not take part in the consideration or vote on the matter.

No governor or member of staff will:

- accept gifts or hospitality from current or potential suppliers
- obtain an interest in the disposal of school equipment or property or school materials surplus to requirements at the end of any contract between the LA (including persons acting on its behalf) and any third party
- take or hold any interest in any equipment or property held or used for the school.

Governors' Expenses: Under Schedule 11 of the School Standards and Framework Act 1998, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. The payment of any other allowances is prohibited.

FINANCIAL PLANNING

Financial planning is an essential part of good financial management. It provides the school with a clear view of how it intends to use its resources. There are two elements, the development plan and the budget.

The School Development Plan is a major building block for constructing the budget. The plan identifies the educational priorities and has a strong focus on raising standards. For this reason, the School Development Plan must indicate the resource implications to guide decisions in the budget setting.

Budgeting is essential for good financial management. The budget sets out how resources are allocated and provides the means for monitoring expenditure throughout the year. It should be the concrete expression of the development plan. Clearly identified links are needed between the annual budget and the development plan. Good budgeting means not running into deficit, but equally, it means not carrying forward a large surplus without good reason.

Supporting documents: Financial Planning

- School Development Plan
- Premises and maintenance plans
- Budget for current year
- Costings for new initiatives
- Financial planning timetable
- Budget working papers
- Resources committee minutes (where applicable)
- Cash flow forecast
- Licensed deficit plans

B1: School Development Plan - Educational goals

The School Development Plan outlines the school's educational goals to guide the planning process.

B2: School Development Plan - Educational goals linked to resources

The plan includes the following elements showing how the use of resources is linked to the achievement of the school's goals

- A statement of school policy and objectives
- Spending priorities for the current financial year linked to the premises and maintenance plans
- Spending priorities for the current financial year
- Budget for the current financial year
- Allocation of any delegated budgets to named budget holders.

B3: School Development Plan – One year detailed objectives

The objectives must have sufficient detail to form the basis for constructing budget plans for the next financial year.

B4: Appraisal of new initiatives

The Governing Board will appraise all new initiatives taking into account the following:

- Identifying the need
- Evaluating the options
- Choosing the most cost effective option
- Financial impact and sustainability

B5: School Development Plan - Continuing commitments

The plan should state intended expenditure on continuing commitments commenting on significant changes from the previous year.

B6: Financial Planning Timetable

The Head Teacher and the **School Business Manager** are responsible to the Board of Governors for the preparation of the annual budget.

The budgeting process starts in October each year. The senior management team decides upon major expenditure by 1st November.

The senior leadership team discusses the budget and a draft budget is drawn up by the end of December.

The draft budget is presented to the Finance Governor by the end of March for review, discussion and amendment if appropriate. The budget, along with any observations by the Finance Governor, is submitted to the full Governing Board for formal review and approval. A copy of the budget plan signed by both the Head Teacher and chair of governors is submitted to the LA by 1 May.

B7: School Development Plan - Budget Link

In the budget plan, it should be possible to locate the proposed expenditure for new initiatives and on-going commitments.

B8: Balanced Budget

Total planned expenditure for the financial year may not exceed the budget share, adjusted by amounts carried forward from the previous year, any additional income receivable and any in-year adjustments, which may be made in accordance with the LA Schemes for Financing Schools.

The Governing Board may not plan for a deficit budget. If an unplanned deficit arises at the school, the Governing Board will notify the LA immediately and submit a plan to the LA showing how the school proposes to eliminate the deficit. Any deficit incurred will be the first charge on the school's budget share in the following financial year.

B9: Review of main budget headings

The Governing Board should annually review the main elements of the school's budget to ensure that historic spending patterns are still relevant.

B10: Cash Flow

The Head Teacher and the **School Business Manager** is responsible for the profiling of the budget and the forecasting of cash flow taking into account likely spending patterns. The Chair of Governors will be advised should cash flow issues arise.

B11: Earmarking Surpluses

Surpluses should be earmarked for specific future needs of the pupils but should not deprive them of resources in any given year.

B12: Approval of Budget Plan

A Budget Plan, approved by the Governing Board, must be sent by the School Business Manager to the LA by 1 May each year, showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan.

B13: Changes to Approved Budget Plan

The School Business Manager will forward to the LA a revised budget plan if there are significant changes in income and/or expenditure. These changes will need to be agreed by the Head Teacher and/or the Governing Board depending on the size of the changes.

The Finance Governor monitors all financial aspects of the implementation of the school's budget plan although the Governing Board carries ultimate responsibility for monitoring the budget.

BUDGET MONITORING

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. It allows governors, the head and the finance staff to maintain financial control by reviewing the current position and taking any remedial action necessary. The original budget will need regular updating, following consultation with governors, to take account of in-year developments.

Budget monitoring involves producing monthly monitoring reports and drafting action plans to tackle any significant variances. Expenditure on individual initiatives is also tracked to enable the school development plan. Budget monitoring is an important guide when setting the budget for the following year.

All monitoring reports should be produced using the accruals principles.

Supporting documents: Budget monitoring

- Monthly budget monitoring report plus explanation of variances
- Plans to address significant budget variances
- Papers showing monitoring of expenditure on particular initiatives
- Any monitoring reports for delegated budget elements
- Monthly cash flow report

C1: Monthly budget monitoring

The Budget Advisor prepares a quarterly report supported by the school's computerised accounting system of the actual performance against budget with explanations of the main variances. The computerised report should be annotated where necessary, signed by the Head Teacher and filed for audit purposes. The report is sent initially to the Head Teacher and then to the Resources Committee where appropriate.

C2: Regular monitoring reports to Governing Board / LA

The Head Teacher and School Business Manager, in conjunction with the Finance Advisor, should provide budget monitoring reports to the Finance Governor at least quarterly, which, when approved, are presented to the whole Governing Board. These reports should highlight any significant variances against budget with explanatory notes and if necessary remedial action plans including virements.

A Statement of Income and Expenditure is submitted by the Finance Officer to the LA within six weeks of the end of each quarter. Quarter ends are the ends of the months of June, September, December and March.

A final statement is submitted to the LA by a date determined by the LA and normally by around mid-May. An electronic final statement (CFR) from the school's computerised system is required by the DfE by July and is initially submitted via the

LA in May. These reports must be signed by the Head Teacher and Chair of Governors.

C3: Monitoring of Initiatives

The Head Teacher and School Business Manager should monitor expenditure on the initiatives set out in the School Development Plan.

C4: Monitoring of devolved budget elements

The process of monitoring actual expenditure against budget is continuous. Day-to-day responsibility for monitoring and control lie with each budget holder, who must obtain prior written approval of the Head Teacher if they wish to exceed their budget allocation. The process is co-ordinated by the Finance Officer who issues a quarterly report detailing budgeted and actual expenditure.

C5: Monitoring of cash flow

The Finance Officer should provide monthly cash flow forecasts to ensure that the school's bank account does not go overdrawn.

PURCHASING

As public funds are being used, it is essential that we achieve best value for money from all purchases, whether they are goods or services. In this context, value for money is about getting the right quality at the best available price. It is important that contract specifications contain detailed service and quality provisions.

Many of the standards in this section are there to protect individuals and to ensure that public money is spent without any personal gain. Purchasing procedures are needed to prevent waste and fraud.

Schools are required to abide by Croydon Council's financial regulations and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking into account Croydon Council's policies and procedures.

Supporting documents: Purchasing

- Delegation framework (financial delegation limits)
- Policy on quotations and tendering – Minutes of Resources Committee
- Recent contract specifications – School order forms - Invoice/order file
- List of staff authorised to certify invoices

D1: Seek value for money when purchasing

The school always considers price, quality and fitness for purpose when purchasing goods or services.

D2: Expenditure limits – governors' authorisation

Prior approval from the Governing Board should be obtained for all expenditure above a predetermined limit. The Governing Board will approve a maximum amount and the Head Teacher will be responsible for authorising the order, invoice and payment within this amount.

D3: Expenditure limits

- Three written quotations should be obtained **for goods over £2,000 up to £40,000.**
- Three written quotations should be obtained **for building works over £2,000 up to £40,000.**
- For all purchases **above £40,000**, four **tenders** should be sought.
- For tenders expected **to exceed EU thresholds**, schools must comply with EU procurement requirements.
- There is no requirement to seek LA officer counter signature for any contract for goods or services.

The artificial disaggregation or aggregation of orders to avoid procurement requirements should be avoided at all times.

However, for school journey, finder's fees to agencies, catering contract payments, food contract payments, staff agency fees and emergency supplies this will not be applied.

If there is only one supplier available for particular goods or services, then this should be taken to the Governing Board for approval.

D4: Reporting when the quotation accepted is not the lowest in price

Where a quotation other than the lowest in price is accepted, the reasons for this decision must be reported to the Governing Board and included in the minutes of the relevant meeting.

D5: Expenditure limits – tendering

All purchases estimated to exceed the council limit of £40,000 should be put out to tender. If purchases are over £100,000 then they must follow LA guidelines for sealed bids.

D6: Contract specification defines service

Contract specifications should define the service to be provided in terms of its nature, quality standards, information and monitoring requirements and contract review procedures.

A contract specification should contain the following elements:

- Contract duration
- Definitions
- Contract objectives
- Services to be provided
- Service quantity
- Service quality standards (including customer satisfaction surveys, number of user complaints, inspection checks)
- Contract value and payment arrangements
- Information and monitoring requirements
- Procedure for dealing with disputes
- Review and evaluation requirements

D7: Entering into financial agreements

The school will not enter into any financial agreement with capital implications without ensuring that it complies with current LA Guidelines.

D8: Use of written pre-numbered order forms

Official, pre-numbered orders from the FMS system must be used for all goods and services except utilities, photocopies, rents, rates and petty cash payments. Where urgency requires an oral order, these must be confirmed by a written order.

D9: Orders only used for school purposes

Orders must only be used for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their personal use.

D10: All orders signed by authorised signatory

All orders must be signed by a member of staff approved by the Governing Board and the school should maintain a list of such staff.

D11: Responsibilities of signatories

The signatory of the order should be satisfied that the goods or services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary.

D12 Orders entered as commitments on budget

When an order is placed, the estimated cost must be committed against the appropriate budget allocation so that it features in subsequent budget monitoring.

D13: Check goods and services on receipt

One of the people specified below (E3), must check goods and services on receipt and match the order, which should be annotated accordingly. This should not be undertaken by the person who signed the order.

Spot checks will be carried out by a designated person who will monitor delivery against receipts.

D14: Payment made promptly and only against actual invoices (G8 also)

These checks should confirm:

- Receipt of goods or services, cross referenced to the order number
- Expenditure has been properly incurred and that payment has not already been made
- Prices agree with quotations, tenders, contracts or catalogue prices and the arithmetic is correct
- The invoice is correctly coded.
- Discounts are taken where available.

Payment should not be made based only on a photocopied invoice or a statement from a supplier. Invoices received by email are acceptable.

D15: Approved staff should certify invoices for payment

A member of staff, **who did not sign the order or check receipt of goods**, approved by the Governing Board should certify invoices for payment.

D16: Certification of invoices for payment

The school maintains a list of staff authorised to certify invoices for payment. Where the payments are made by the LA on behalf of the school, the names of authorised staff, together with specimen signatures, should be forwarded to the LA.

D17: Cheque number and invoices

All invoices are stamped and initialled by the cheque signatories. The budget area and date the invoice is processed is initialled by the Finance Officer. The cheque number is automatically printed on the remittance advice. The documentations must be securely stored for easy access.

INTERNAL FINANCIAL CONTROLS

The accounting and financial records maintained by the school are subject to audit by the LA's external and internal auditors. The school builds in systems of financial control in order to protect the school's resources from loss or fraud and to ensure that accurate information is available to guide the Governing Board in decision-making.

The system of internal controls extends to petty cash, purchasing, payroll, income collection and contracting services.

E1: Written descriptions of financial systems

The school uses SIMS Financial module, FMS, for the day-to-day running of finance at the school. The HELP option of FMS provides an operating manual.

Descriptions of financial procedures are set out in this document or its various appendices, which are regularly reviewed to reflect changes in working practice. The changes are ratified annually by the Governing Board.

It is the school's policy that all staff involved with financial administration receive appropriate training in appropriate skills.

The Head Teacher should be able to access financial information and the Finance Officer be able to ensure finance information is accurately reflecting latest requirements.

E2: Financial control when staff absent

The Head Teacher ensures that financial control is maintained in the absence of key personnel through staff training or arranging for temporary cover. Knowledge of the financial processes is shared between the Finance Staff.

E3: Separation of duties

The Head Teacher ensures that duties related to financial administration are distributed so that at least two people are involved. The work of one should act as a check on the work of the other and all checks such as bank and cash reconciliation are documented. Duties are divided as follows:

Individual	Current Post Holder	Responsibility
Subject Leader		<ul style="list-style-type: none"> Initial request for orders on school's requisition sheet
Finance Officer		<ul style="list-style-type: none"> Complete and check budget details on school's requisition sheet Validation of new suppliers and establishing tax status
Head Teacher		<ul style="list-style-type: none"> Authorise request for orders
Finance Officer		<ul style="list-style-type: none"> Input of orders and invoices onto SIMS Financial Management System (FMS)
Head Teacher		<ul style="list-style-type: none"> Authorisation/signing of final order
Finance Officer		<ul style="list-style-type: none"> Send order to supplier Validation of new suppliers and establishing tax status
Caretaker		<p>For <u>premises</u> related products and services</p> <ul style="list-style-type: none"> Checking of deliveries against delivery note Confirmation that these services have been satisfactorily delivered
Finance/Office Staff, authorised staff		<p>For all other <u>products and resources</u></p> <ul style="list-style-type: none"> Checking of deliveries against delivery note
Deputy Head Teacher Assistant Head Teacher		<p>For all other <u>services</u> provided</p> <ul style="list-style-type: none"> Confirmation that these services have been satisfactorily delivered.
Finance Officer		<ul style="list-style-type: none"> Authorisation of invoices as correct and valid for payment Paying income into the local bank account Bank account reconciliation
Head Teacher and School Business Manager		<ul style="list-style-type: none"> Preparation of budgets Quarterly review Reports to Governing Board

E4: Maintaining proper accounting records

Winterbourne N&I School aims to maintain proper accounting records. Only authorised staff are permitted access to the accounting records, which are securely retained when not in use. Current documents are kept in the finance office.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink.

E5: Traceability of transactions

All financial transactions are traceable from original documentation to accounting records and vice versa.

E6: Rules of document alteration

Any alterations to original documents such as cheques, invoices and orders will be clearly made in ink or other permanent form initialled. The use of correcting fluid or the erasure of information is not acceptable. 'Copy Invoices' will be marked 'Copy Invoice', not 'Previously Passed for Payment'.

E7: Security of accounting records

All accounting records including invoices, delivery notes, bank statements etc. are retained in hard copy for six years, plus the current year, in a secure store on the school site. Other records are held in accordance with council guidelines and legislative requirements.

INCOME CONTROL

Income is a valuable asset and is therefore vulnerable to fraud. It is vital that appropriate controls are in place to ensure security. It is also important that we do not exceed the insurance limits on cash on the premises. The current amount is £3,000 (recommended actual cash holding limit of £2,000).

Income comes from a variety of sources, including grant funding, staff dinner money and lettings.

This section covers general income controls to ensure that income is banked regularly and reconciled to the receipts. Frequent and regular checking against bank records is important to ensure that all income is secure.

Supporting documents: Income

- Charging, Remission and Debt policy
- Lettings policy (under construction) – invoices (issued by school)
- Procedures for chasing debt

F1: Governor's Charging Policy

The Governing Board must have a charging policy for the supply of goods or services. This policy should be reviewed annually. The Governing Board has overall responsibility for ensuring that all income due to the school is properly accounted for.

F2: Records kept of all income due

All income should be recorded on the schools computerised system by the Administration Officer and invoices raised where appropriate.

F3: Lettings authorisation

All lettings must be authorised by Head Teacher/School Business Manager within a framework determined by the Governing Board and should be recorded on FMS.

The responsibility for identifying sums due to the school should be separate from the responsibility for collecting and banking such sums.

F4: Separation of responsibilities

The responsibility for identifying monies due to the school should be separate from the responsibility for collecting and banking such sums.

F5: Invoices

Where invoices are required, these should be issued within 30 days.

F6: Security of cash and cheques

All cash and chequebooks are kept in the safe except when being processed. Keys for the safe are held by the Finance Officer or a dedicated member of Office Staff and the Head Teacher. Keys for the safe must not be kept on the premises overnight. The maximum limit for cash in the safe is £2,000.

A record is maintained by the Finance Officer of all items not recorded on the finance system and is updated every day.

F7: Paying into Bank

Collections are paid into the bank account in full by monthly by courier service. Bank Paying-in slips show clearly the split between cash and cheques and list each cheque individually. The total shown on the paying-in slip must agree to the amount on the computerised system.

Banking collection is undertaken fortnightly by Contract Security Services.

F8: Income collection not used for payments

Income collections should not be used for the encashment of personal cheques or for other payments.

F9: Reconciliation of collections and deposits

Reconciliation of the bank statement compared to the income and expenditure on the computerised system should be completed monthly by the Finance Officer and checked by the Budget Advisor.

These reconciliations should be reviewed by the Head Teacher on a monthly basis.

F10: Chasing invoices and writing off debts

The school has a procedure in place for chasing monies, which have not been paid within 30 days. Where necessary, escalation is to the Head Teacher. Bad debts are only written off when the school has followed all possible procedures to ensure their recovery. Any debt under £50 can be written off by the Head Teacher. All debts above £50 should be reported to the Governing Board before action is decided. At the end of the financial year, the Finance Officer will notify the LA of the number of cases and total value of debts written off (if any). If the total cumulative debts of more than £500 need to be written off in any one year, then the Head Teacher will consult with the LA.

F11: Machine and cash handling by two people

All cash collected counted by one Administration Officer and banked by the Finance Officer.

F12: Recording transfers of money between staff

The School Business Manager ensures that transfers of school money between staff are recorded and signed for correctly.

BANKING

The proper administration of bank accounts is the centre of financial control. Regular reconciliations are essential as they prove the balanced shown in the accounting records are correct and provide assurance the underlying accounts are accurate.

The standards in this section cover bank account and cheque controls. Failure to adhere to these standards has potential for error or fraud and indicates a possible breakdown in internal control systems.

Supporting documents: Banking

- Monthly bank reconciliations
- Document showing interest rate on savings account
- Correspondence with bank on overdraft prohibition
- List of banks and building society accounts held by school

G1: Bank Reconciliations

The school receives at least monthly bank statements and these should be reconciled with the computerised accounting system. Any discrepancies should be investigated immediately.

G2: Reconciliations reviewed and certified

All bank reconciliations are signed by the Finance Officer and Head Teacher.

G3: Segregation of duties

The Head Teacher will check and sign all reconciliations.

G4: Optimal investments of surpluses

All funds surplus to immediate requirements are in an interest bearing bank account approved by the LA.

G5: No use of private bank accounts

The school and members of the school will not make use of any private bank accounts for school business.

G6: No overdrafts

The school does not overdraw its bank account. The bank has been informed that the school is not allowed to borrow funds and that no account should be allowed to become overdrawn.

G7: Approval of non-Council loans

The school should not enter into any loan agreements, other than with the Council, without the prior approval of the Secretary of State for Education and Skills.

G8: Two signatories needed on all cheques

The school procedures require that all cheques be signed by at least two signatories approved by the Governing Board. Appendix 2 lists approved signatories.

G9: Supporting documentation for cheque signatories

The school procedures ensure that supporting documents e.g. invoices are made available to cheque signatories to safeguard against inappropriate expenditure.

G10: All cheques crossed

The cheques supplied by the bank for the school are all crossed 'account payee only' to avoid the possibility of improper negotiation of the cheques.

G11: Cheque signatory requirements

The school procedures require that only manuscript signatures are used and cheques should not be pre-signed.

G12: Security of cheque books

Pre-printed cheque stationery is locked in a secure place prior when not in use.

G13: List of bank accounts

Main school account – Nat West

PAYROLL

The school is aware of a number of areas where Inland Revenue regulations affect or determine the way payments are made. For example, there are strict rules about payments to individuals who claim to be self-employed. The school follows the LA guidelines in these circumstances.

Supporting documents: Payroll

- Personnel procedures
- Up to date list of staff employed
- Payroll transaction report

H1: Procedures for personnel/payroll matters

The school follow established Council procedures for the administration of personnel activities. The school uses Strictly Education for payroll and Octavo Partnership for HR services.

H2: Segregation of duties - decisions

The Head Teacher ensures that, where practicable, the duties of appointments, making changes to individuals' conditions or terminating the employment of staff are separated from the duties of processing claims.

H3: Segregation of duties - process

The Head Teacher ensures that at least two people are involved in the process of completing, checking and authorising all documents and claims relating to appointments, termination of employment and expenses.

H4: Authorised access to personal files

The Head Teacher ensures that only authorised staff have access to personnel files and that arrangements for staff to gain access to their own records are in place.

H5: Proper payroll transactions

All payroll transactions are processed ONLY through the payroll system.

H6: Regular updating of staff employed

The School Business Manager maintains a list of staff employed by the school, which is updated promptly to reflect starters and leavers.

H7: Payroll checks

The Finance Officer undertakes monthly checks between payroll reports and the school documentation (Budget plan Staffing sheets) to ensure

- There are no ghost employees
- Staff are being paid the correct rates and allowances
- Old employees have been removed from the payroll

PETTY CASH

A petty cash account is maintained with an upper financial limit of £300.

Individuals purchasing equipment on behalf of the school must obtain prior approval from the Head Teacher, or Deputy Head Teacher in the Head Teacher's absence, and complete an order form. Payments of £20 are reimbursed by cheque on production of a receipt.

TAX

K1: Relevant staff aware of tax regulations

The Head Teacher and School Business Manager ensures that all relevant finance and administrative staff are aware of Value Added Tax (VAT), Income Tax and the Construction Industry Scheme (CIS) regulations.

K2: Payments only on VAT Invoices

A proper VAT invoice is the only basis on which VAT can be reclaimed. It contains the following elements:

- The suppliers name and address
- The date goods / services were supplied
- The name and address of the school
- The goods or service supplied
- Amount payable excluding VAT
- Amount of VAT
- VAT rate

If the total cost, inclusive of VAT, is less than £100, less detail is required.

K3: Procedures for VAT on business activities etc.

This following section sets out the main areas of activities, which generate income and the applicable VAT rate associated with each one. It is vitally important to get the VAT rate right otherwise the LA will be liable to severe penalties from HMRC.

	Standard	Zero	Exempt	Non-business
Sports Development courses			✓	
Private telephone calls	✓			
Payphones	✓			
Book sales		✓		
Children's clothing (Note 1)		✓		
Adults clothing	✓			
School uniform (Note 1)		✓		
Exam/enrolment fees				✓
Sale of work from classes to pupils				✓
School trips - curriculum based				✓
Training/retraining courses			✓	
Equipment (Note 2)				✓
Meals supplied to pupils at Council schools by the Council				✓
Vending machine supplies at schools within canteen				✓
Vending machine supplies at Schools outside canteen	✓			
Printed Matter	✓	✓		
Games	✓			
Meals supplied to adults at Council schools	✓			
Lettings				
- room only			✓	
- use of equipment only	✓			
-sporting (Note3)		✓		
- sporting < 10 lets		✓		
- non sporting	✓			
- mixed	✓			
- catering	✓			
Ofsted - inspections			✓	

School uniform 34 inches and above with school logo supplied to children at juniors and below is zero-rated. All sizes below 34 inches are zero-rated. All sizes 34 inches and above, with the aforementioned exception, are standard-rated.

Provided that equipment is mobile, is brought to school at least once a week, and the item is sold at cost or below, the sale to pupils is non-business and VAT can be recovered on the purchase.

Where relevant, letting of sporting facilities is exempt where 10 lets are booked at one time for the same facility with a gap of not more than 2 weeks between each let. Payment can be made in stages provided the series of lets are for more than 10 weeks. If the rules do not apply, the lets will be standard-rated.

Full details of the Council VAT Guidance Manual should be obtained from the LA.

K4: Payments according to CIS

The school will only make payments to contractors and subcontractors in accordance with the Construction Industry Scheme (CIS). The Councils Financial Regulations detail requirements for payment.

VOLUNTARY FUNDS

The school does not have voluntary source of income.

Voluntary funds provide schools with a substantial additional source of income. Although such funds are not public money, the standard of accounting must be of the same standard as the main public account.

Voluntary fund accounts must be certified by an external and a copy of the 'Management letter for the year ended' sent to the LA.

This section only applies to voluntary funds, which belong to the school and not, for example, to funds held by other organisations, which have a connection with the school such as PTA.

L1: Separate accounting from the school budget

Head Teacher ensures that voluntary funds are recorded for separately from the school's delegated budget and are held in a separate bank account.

L2: Registered with The Charity Commission

The Governing Board ensures that the voluntary funds have been registered with the Charity Commission.

ASSETS

The school has a range of material and equipment for example, iPads and computers. These assets are kept securely and recorded on the asset register on the school's computerised finance system. The asset register is continuously reviewed and updated. The Governing Board sets a monetary value below which inclusion on the inventory is not required. The School Business Manager ensures such items of school property are identified as to their location and need for on-site and/or off-site insurance.

The delegation of funding for structural maintenance means that the school is now responsible for their buildings and other parts of their premises. The school needs to plan the use, maintenance and development of the buildings and take into account the LA's asset management plan.

M1: Maintenance of stock

The School Business Manager ensures stocks are maintained at reasonable levels and subjected to a physical check at least annually.

M2: Security Marking

Up to date inventories must be maintained of all equipment. These items must be identified as school property by security marking.

M3: Asset Register check

The School Business Manager arranges at least annually for the inventories to be checked against the physical items. All discrepancies are investigated and anything over £100 reported to the Governing Board.

M4: Property taken off site

All assets removed from the school site are recorded in a register and signed on their return.

M5: Authorisation of write-offs and disposals

The Governing Board authorises all write-offs and disposals of surplus stocks and equipment in accordance with the LA's regulations.

M6: Security of Safes and keys

The school safe is kept locked and the keys removed and held in a different location.

M7: Plan for use, maintenance and development of buildings

The Governing Board has a plan for the use, maintenance and development of the schools buildings as outlined in the school's 5-Year Premises Development Plan.

INSURANCE

The school has risks for which protection by insurance is needed. Risks may include third party liability, property, money, personal accident, motor vehicles and fidelity guarantee insurance. It is essential that the school reviews its exposure to these risks to ensure adequate cover is provided. If the insurance is not provided by the LA, the cover must be at least as good as the relevant minimum cover arranged by the LA.

N1: Annual review of risks

The Governing Board review all risks annually, in conjunction with the LA where appropriate, to ensure that the sums insured are commensurate with the risks.

N2: Additional insurance cover

The Governing Board should consider whether to insure risks not covered by the LA. The cost of these premiums should be met from the delegated budget.

N3: Notification of new risks / changes

The school notifies its insurers, LA or other agent of all new risks, property, equipment and vehicles that require insurance or of any other alteration affecting existing insurance. An annual update is forwarded to the LA.

N4: Indemnity to third parties

The Governing Board / School will not give any indemnity to a third party without the written consent of its insurers.

N5: Notification of insurance losses or claims

The school immediately informs its insurers of all accidents, losses and other incidents that may give rise to an insurance claim.

N6: Insurance of property taken off site

Insurance arrangements should cover the use of school property, for example musical instruments or computers, when off site.

GENERAL DATA PROTECTION REGULATION

The school uses a computer system to record personal, financial and other management data. Most of the controls in this section cover access to data held on computers. It is important that management information is properly protected from unauthorised access and it is backed up regularly. A recovery plan must be in place to ensure continuity of financial information in an emergency.

The General Data Protection Regulation is designed to protect the rights of individuals in relation to personal data that is held about them. It sets out requirements about the processing, storage and disclosure of that data and extends coverage of the previous legislation from data handled electronically to certain manual record systems.

The Regulation requires governing bodies and Head Teachers to notify the Information Commissioner's Office (ICO). Any suspected breaches must be assessed and reported to the LA and also the ICO, if required to do so. Please refer to the ICO for details of reporting data breaches.

Supporting documents: Data protection

- Information Governance Policy
- Business Continuity Plan
- Notification to the ICO

P1: Security of Access

Computer systems used for school management are protected by password security to ensure that only staff have access. The passwords are changed regularly and updated for staff changes.

P2: Back-up procedures

The School Business Manager, through the ICT provider (Octavo Partnership), ensures that data is backed up regularly and that all back-ups are securely held in a fireproof location and a second copy is held offsite.

P3: Recovery plan for emergency

The Head Teacher has established a recovery plan to ensure continuity of financial administration in the case of emergency. (See Business Continuity Plan.)

P4: Protection against computer viruses

To prevent viruses being imported, only authorised software is used.

AUDIT

The school comes within an internal audit regime determined by the LA, and within the LA external audit regime as determined by the National Audit Office. The school provides access as necessary for audit purposes to its records, for both internal and external auditors.

The DfE requires the school to obtain and provide to the LA annual audit certificates in respect of voluntary and private funds held by them and of the accounts of any trading organisations controlled by them. However, the LA will not itself audit such funds. The auditor of non-public funds must not be connected with the administration of those funds. Any other requirement as to the audit of such funds is a matter for those making the funds available and for the Charity Commission where charitable trusts are concerned.

PROCUREMENT CARD REQUIREMENTS

Q1: Procurement Card

The school has a government procurement card through RBS authorised by Croydon Education Services, Finance department. The main purpose is to allow the school to purchase resources offering best value, as increasingly this is obtained via the internet.

As and when a card is in operation, it will be assigned to the Head Teacher.

Q2: Card Limits

	Single Transaction	Monthly Credit Limit
Head Teacher	£500	£2,500
Deputy Head Teacher	£500	£1,000

Each month a statement will be issued by the bank to the school detailing all transaction carried out since the previous statement. The school will pay the due amount automatically by direct debit each month to ensure that interest charges are not incurred.

Q3: Procurement Card Conditions

- To use the procurement card for appropriate school business purchases only.
- Not to charge any personal purchases to the procurement card issued to them.
- The procurement card will be used, subject to internal school controls and to the councils audit requirements.
- The procurement cardholder will act appropriately to ensure the safety of the procurement card and its PIN. The procurement card is insured for fraudulent use if stolen, whilst being carried about.

- If the procurement card is lost or stolen, the school must immediately notify, National Westminster Bank plc and the school procurement card co-coordinator and agree to complete a lost/stolen procurement card report as soon as possible.
- Appropriate approval is required from the budget holder prior to making every purchase.
- The School will comply with the requirements of the Current Financial Regulations when purchases are made using the procurement card.
- Whenever possible, purchases must be made from suppliers that have been approved by the school.
- If the goods or services required are not available from the school's approved list of suppliers, the Head Teacher needs to be informed before proceeding.
- At the end of each month, the procurement cardholder will pass the assembled transactions list for the month to the schools Finance Administrator who will reconcile with the charge issued by the bank and initiate any investigations as required.

Q4: Procurement Card procedures via internet

- Internal order form to be completed by staff
- **Authorisation by Head Teacher**
- Credit card daily log completed with order details and evidence attached (See Appendix 7).
- Member of staff who placed the order checks goods received are correct.
- Procurement card statement received and reconciled against the credit card daily log by the Finance Officer, within 5 working days of receipt.
- Cardholder signs off his/her daily log.
- Authorised by Head Teacher/Deputy Head Teacher.
- Entered onto the schools finance package (FMS).
- Direct Debit collected monthly.

Q5: Procurement Card procedure direct purchase

- Ensure that the outlet is able to accept a Visa card transaction.
- A VAT receipt is required. This type of receipt/invoice allows the school to reclaim the VAT; failure to obtain a VAT invoice will result in the gross amount of the purchase being charged to the school.
- The details of the purchase must be recorded on the Credit Card Daily Log (see appendix 7).
- File the receipt/documentation with the Credit Card Daily Log.

APPENDICES

Appendix 1

Winterbourne Nursery and Infant School Scheme of Delegation

Governors' meeting 20th May 2020

	Authorisation Limits	
Full Governing Body	Virements	Unlimited
	Purchase Orders	Unlimited
	Payments approval	Unlimited
	Pay review	As per the pay policy
Head Teacher (incl. Acting Head)	Virements	£10,000
	Purchase Orders	£10,000
	Payment approval	£10,000
Deputy Head Teacher	Virements	Nil
	Purchase Orders	£5,000
	Payment approval	£5,000
Designated budget holders	Nil	N/A

Procurement Card Holders

Head Teacher	Single Transaction limit	£500
	Monthly maximum	£2,500
Deputy Head Teacher	Single Transaction limit	£500
	Monthly Maximum	£1,000

Petty Cash

The school has an open account of £500, which may only be drawn down by staff by prior approval from the Head Teacher or Deputy Head Teacher.

APPENDIX 2
Information Specific to Winterbourne N&I School: Staff related

Authorised users of the School Finance Software as per May 2020:

Post	Post holder	Read/Write
Head Teacher	Robert Devlin	Read/Write
School Business Manager	Kurt Ringmo	Read/Write
Finance Officer	Jennifer Huie Gordon	Read/Write
Budget Advisor	Diane Keogh	Read/Write

Posts, Post Holders and Cheque Signatories as at date of last revision May 2020

Area of responsibility	Name	Cheque signatory
Head Teacher	Robert Devlin	Yes
Deputy Head Teacher	Petra Jones	Yes
School Business Manager	Kurt Ringmo	Yes
Finance Officer	Jennifer Huie Gordon	No
Chair of Governors	Patricia Salami	No
Budget Advisor	Diane Keogh	No

APPENDIX 3
Information specific to Winterbourne N&I School: non staff related

Administration Software used

Software Area	Package	Version
Finance	SIMS/FMS	Updated by the LA
Personnel	SIMS	Updated by the LA
Pupil	SIMS	Updated by the LA

Bank Account Details

Bank	Name
Royal Bank of Scotland	London Borough of Croydon RE Winterbourne N&I School (public)

APPENDIX 4

Best Value Statement

The Governing Board of Winterbourne N&I School is committed to the principles of Best Value as set out in the Croydon LA's Financial Regulations for Schools.

The School's commitment to Best Value is demonstrated by:

- Incorporating the principles of Best Value in the School Development Plan in order to raise standards.
- Using our own trained teaching assistants instead of agency supply teachers to cover courses and sickness. Such an approach ensures greater educational continuity and is also better value.
- Consciously comparing competitive quotes for goods or services, making judgements based on quality, suitability and economy. The school will go out to tender in accordance with the Financial Procedures Manuals.
- Comparing the school's performance with other similar schools in relation to pupil achievement, expenditure on resources and equipment.
- Regularly reporting on progress towards targets in the School Development Plan.
- Ensuring the Resources Committee monitors expenditure in the light of the priorities and targets on the School Development plan, using comparative data.

The school will be taking the following steps during this financial year to ensure that financial decisions reflect the principles of Best Value.

- Discuss the principles of Best Value with staff so that awareness is raised and the principles are adhered to.
- Comparing pupil performance data with similar schools to facilitate the setting of challenging targets.
- To comply with DfE guidelines for best financial practice.

APPENDIX 5

Responsibilities

Governors

- Approval of 'Financial Policy and Procedures'
- Budget approval
- Regular monitoring
- Accountability to LA and parents
- Delegation to Head Teacher
- Receiving reports of virements authorised by the Resources Committee
- Ensuring that financial statements required by the LA are produced

Finance Governor

- Production, evaluation, development and documentation of 'Financial Policy and Procedures'
- Monitoring of income expenditure on at least a termly basis
- Reporting on a termly basis to the full Governing Board
- Receiving reports of virements authorised by the Head Teacher

Head Teacher and School Business Manager

- Preparation of draft budget
- Reporting to Governors
- Budgetary control in order to ensure that expenditure is kept within the budget plan
- Virement within limits
- Monitoring of expenditure

Cost Centre Budget Holders

- Placing of orders according to working practice
- Accountability for cost centre
- Approval of invoices for processing

Finance Officer

- Processing of orders and invoices
- Receipt and banking of income
- Preparation of cheques
- Recording of income and virement
- Summary reports for Budget holders
- Drafting of reports for Head Teacher
- Detailed monitoring of budget
- Monitoring of day to day procedures
- Bank reconciliation
- Ensuring that the 'Financial Policy and Procedures' document is updated when required by the Governing Board.

APPENDIX 6

Guidance for schools relating to the acceptable use of public monies

Introduction

In the last few years, some schools have used school monies to purchase goods and services that have been considered, through the financial audit process, as inappropriate uses of public funds.

This paper is intended to provide clearer guidance to schools but it must be emphasised that it is up to individual schools to make the final decisions based on the various guidance documents that apply.

What is the basic principle that applies?

“Sound financial management and controls are essential to schools because they provide an effective framework for financial planning and accountability and safeguard the use of public funds. Although the primary responsibility of a school is to provide the best education possible for its pupils, control over a delegated budget brings with it a responsibility for financial stewardship.”

The above is the first paragraph from the Keeping Your Balance booklet that was issued by the Audit Commission and Ofsted in 1993.

To which school monies does this guidance relate?

The term ‘school monies’ applies not only to the main delegated budget but also to all other private funds (e.g. school fund) that are operated by the school. This does not normally include PTA funds unless these are controlled by the school. In this case, the control of the funds by the school means that any purchases from these funds must be in compliance with the school’s finance policy and procedures and with this guidance. The wishes of the PTA cannot be complied with if this contradicts either the school policies or Councils regulations. However, if the PTA funds are not controlled by the school staff or governors, then they can make their own decisions. This means that **if the purchases are made directly** then this guidance is less applicable.

All monies that pass through the school accounts, including private accounts and those for extended services such as breakfast clubs run by the school should have the same standards. The purpose of monies collected for school fund or similar accounts should be clearly described and the funds should only be used for these stated purposes.

What are the key documents that schools should consult?

The key documents are at three levels:

national such as the Teachers’ Pay and Conditions Document, The Charity Commission’s guidance and guidance from DfE and National Audit Office,

local such as the Council policy including finance regulations, scheme for financing schools and Council pay and conditions for staff not on teachers' pay and conditions,

school generated policies e.g. model pay policy for teachers

Other key principles

Any expenditure must be appropriated where there is an obligation. It must also be affordable and offer good value for money and should not result in the school entering a deficit position. Schools should be aware of the perceptions of the public and media when making decisions.

If there is any doubt as to whether the activity is acceptable then the school should seek advice.

If a school identifies that their systems needs to be changed because their current practice is inadequate, then it is sensible for this to be recorded to evidence due diligence. If significant, then this should be in Governing Board or committee minutes.

Any purchases need to be based on decisions of the Governing Board who, in turn, are basing their judgement on published guidance and the school's policy and regulations including the school's pay policy. It should be noted that such decisions cannot be agreed by any committee other than the main Governing Board.

Payments to individuals

The following paragraphs include a few examples where there have been past issues around the payment of individuals. This document is only meant to draw attention to some of these and is not intended to give definitive advice. Final guidance and direction needs to come from the Teachers' Pay and Conditions document and the Council pay and conditions for staff not on teachers' pay and conditions.

It is essential that any payments made to staff are paid through payroll except in those few situations where the HMRC confirms the payment can be made directly.

It is essential that any salary enhancements or honorarium are awarded based on the school's pay policy. The pay policy should reflect national and local policies.

Note: teachers cannot be allocated honoraria.

Where a member of staff is working outside of the employing school but during the normal school day then the governors need to ensure that the pay policy covers the arrangement and that this conforms to national pay and conditions. It would seem to be appropriate that the school should receive the monies and an appropriate part of any payments be passed to the member of staff concerned.

Teachers' running clubs would need to be conducted with due consideration of the conditions laid down in the Teachers' Pay and Conditions document.

Receipt of gifts

If an external organisation or individual offers a gift to a member of staff then provided it is modest (i.e. value under £25) then this can be accepted but must be declared in the gifts and hospitality register held at the school. Modest gifts from pupils or their parents would not normally be required to be registered.

Acceptable actions include:

- Prizes for children even if they have recently left the school where they are provided as part of a formal process.
- Parties or other “social events” during the school day for the children
- Celebration events for the school e.g. 50th anniversary, which fully involve the children in **all** the activities. This might include in the planning.
- Provision of light refreshments for visitors e.g. parents
- Ticketed travel claims for school use can be reimbursed
- Car mileage can be claimed but should ideally be paid through payroll.

Unacceptable practices:

- The purchase of alcohol is not considered acceptable.
- Staff tea and coffee clubs should not be funded by the school
- School accounts should not be used to purchase gifts for the rewarding of staff that may have completed work or worked beyond the call of duty.
- Free lunches should not be provided for staff except when doing a duty, which is part of their terms and conditions.
- Staff willing to have their lunch with the children (in the dining area) charges will be reduced to £1.
- Volunteer parents or other individuals should not be given any gifts.

Staff training

Staff training can occur at various venues and at various times. Any decision to use venues that are not based in the school or to hold the functions outside of the normal working day need to be able to demonstrate good value for money. Meals should not normally be provided to staff except where it would be outside the normal school day or where it would not be possible for them to make their own provision. A light sandwich lunch might be acceptable for a school training day where it would not be possible for staff to make their own provision.

Careful consideration should be made when considering the use of weekend or of non-school venues such as hotels. It is not considered the norm to include overnight accommodation as part of school-organised training.

Schools should consider the impact and value for money aspects of all externally organised conferences or development activities. The inclusion of any overnight accommodation should be part of the decision making process and is not in itself a reason for not considering the activity.

APPENDIX 7**General information Links not relating specifically to Winterbourne N&I School**

Croydon home page	www.croydon.gov.uk
School Funding and Finance, Finance Matters page	https://www.croydon.gov.uk/education/schools-new/general-info/monitoring/croydon-schools-finance
Scheme for Financing Schools	https://www.croydon.gov.uk/education/schools-new/general-info/monitoring/croydon-schools-finance
Croydon School Financial Regulations	https://www.croydon.gov.uk/education/schools-new/general-info/monitoring/croydon-schools-finance
Croydon Financial Guidance Including retention of records	https://www.croydon.gov.uk/education/schools-new/general-info/monitoring/croydon-schools-finance
Croydon Traded Services	http://www.octavopartnership.org/

APPENDIX 8**Revisions to the Financial Policy and Procedures Manual**

22 nd May 2018	Version 1 – Revised format
23 rd May 2018	Version 2 - Updated
27 th June 2019	Version 3 - Updated
27 th March 2020	Changed name of Finance Officer
6 th May 2020	Replaced Fronter links Updated section A4 Removed/updated staff names where appropriate