



Emersons Green Primary School

Keeping Your Balance 3.2 Financial Regulations Policy

1.1 Introduction

Clearly established financial regulations for schools exist to ensure that the highest standards of financial integrity and accountability operate when spending the public's money. This policy sets out how these regulations apply to the day to day running of the school.

1.2 1. Terms of Reference

The Terms of Reference are discussed and agreed annually at a Full Governor Body meeting. A copy of the most up-to-date Terms of Reference can be found in Appendix A.

2. Budgets

- 2.1 The schools aims and objectives are drawn up as part of the School Development Plan (SDP) in consultation with staff, governors, parents and the wider school community. School Centre is used as a planning tool. All staff and governors have access at different levels. Other personnel such as OfSTED, auditors will be given temporary access as appropriate.
- 2.2 There are budgetary implications in the implementation of these plans; these are considered by staff and governors. Details are written into individual action plans and planned expenditure sheets.
- 2.3 Procedures and timetables for budget planning are largely determined by LA requirements. School Administration Handbook details the planning timetable.

- 2.4 The Headteacher and Finance Assistant prepare estimates of expenditure and income, in accordance with the LA timetable, for each financial year to allow consideration and approval by the governing body. A computer printout with percentages of expenditure is shared with governors at committees and full governors meetings as appropriate.
- 2.5 The Headteacher in collaboration with governors ensures that planned expenditure for each financial year does not exceed the available budget.
- 2.6 The budget details are forwarded to the LA, by the Headteacher, as required.
- 2.7 Budget profiling and forecasts of likely spending patterns will be carried out whenever possible. However, as part of the revised budget exercise in November, the Headteacher, finance assistant and school's finance officer reviews spending to date and estimates future spending taking into account seasonal fluctuations (e.g. energy consumption in winter months, large consortium order in summer etc).
- 2.8 The Headteacher provides the governing body with regular reports on expenditure, and commitment to spending, at Resources Committee and Full Governor body meetings.
- 2.9 Budgets for SDP priorities are itemised in individual action plans.
- 2.10 Records of spending in aspects such as SEN are available.
- 2.11 Occasionally funds are transferred from one budget heading to another. Virements are only made by the Finance Assistant, LA Finance Officer or Headteacher. Copies of all virements and journal transfers are signed by the Headteacher and kept securely. These are communicated to governors at meetings. Limits are set in the Schedule of Delegated Authority
- 2.12 The Headteacher and governing body assess progress against the objectives in the SDP regularly.
- 2.13 The Headteacher periodically consults the governors and staff to ensure that the financial and management information they receive is relevant, timely, reliable and understandable.
- 2.14 The Headteacher reports to the governing body any proposals for policy changes which significantly affects the expenditure or income budgets. The report highlights current and future year costs or income for consideration alongside the SDP.
- 2.15 The school has a policy for use of significant carry-forward if applicable.

3. Internal Financial Control

- 3.1 The Headteacher, Deputy Headteacher, School Secretary and Finance Assistant oversee all financial transactions.
- 3.2 There are a number of financial systems and procedures including the Lettings policy, the Charging and Remissions policy, collection of other monies. Only appropriately trained staff are authorised to handle money.
- 3.3 In the absence of the Headteacher, the Deputy Headteacher assumes the role. In the long-term absence of the Secretary or Finance Assistant the governors must appoint a temporary person whenever possible. Help and advice will be sought from the Local Authority Finance Officer.
- 3.4 The duty of calculating, checking and recording money due to or from the school **should as far as possible** be separated from the duty of collecting or paying out money. The Headteacher monitors all funds.
- 3.5 Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink.
- 3.6 Accounting records are kept securely in the main or Headteacher's office and access is only given to authorised staff. Documents relating to the financial transactions of the school are retained in an appropriate format to comply with the statutory requirements:-

Own invoices	6 years
Official orders and budget printouts	3 years
Attendance and curriculum records	3 years
Individual children's records – pass to secondary school	15yrs after 18 th birthday
Payroll – income tax/NI	6 years
Pensions	until employee reaches benefits age
Insurance records	6 years
VAT transactions, banking records	6 years
Records relating to ongoing illness/injury	must not destroy

Documents should not be destroyed before the completion of the audit of accounts by the external auditors for the financial year concerned.

- 3.7 Accounting records are kept so that all financial transactions are traceable.

- 3.8 Only authorised staff are permitted access to the accounting records which are securely retained on the computer and in the filing cabinet in the main office. See 5.2.
- 3.9 Controlled financial stationery requirements to be checked regularly. Orders to be sent to the Controlled Stationery Officer at Least ten working days before stationery required. Only 2-3 months supply to be kept at any one time. All unused controlled financial stationery to be held under lock and key and its use properly controlled and recorded.

4. **Insurance**

- 4.1 The Headteacher will liaise with the LA to effect and review insurance agents. All risks should be reviewed annually to ensure that sums insured are commensurate with risks.
- 4.2 Any costs of premiums not met by the LA will be met from the school's budget.
- 4.3 The school will notify the LA of all new risks, property and equipment that require insurance or any alteration effecting existing insurances. An inventory is kept and updated as appropriate but checked annually.
- 4.4 The school will not give any indemnity to a third party without the written consent of the insurers, LA, DFEE or other agents.
- 4.5 The school will inform the LA of all accidents, losses, and other incidents, which may give rise to an insurance claim.
- 4.6 The school is part of the LMS pool fund, which covers the use of school property such as musical instruments and computers.

5. **Computer Systems**

- 5.1 The school computer based management system is registered in accordance with the Data Protection Act of 1984.
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|---------------------|----------|
| Registration number | Z8758354 |
| Security number | 10142043 |
| Expiry date | May 2010 |
- Unauthorised access to financial/personal data is prevented.
- 5.2 The Headteacher with LA is responsible for ensuring that there are effective back-up procedures. The authorised staff who have access to computer hardware and software used for school management are Mrs J Isaac (Headteacher), Mr K Hemmings (Deputy Headteacher), Mrs B S Lockyer (School Secretary), Mrs N Richardson (Finance Assistant). Control is exercised over computer access through unique user identities, access levels, passwords and identification of security violations. Only authorised software is used in order to prevent viruses from being imported.

6. Purchasing

Placing an order

- 6.1 Value for money is always considered when purchasing.
- 6.2 There is a Schedule of Delegated Authority which is reviewed at least annually by the Resources Committee.
- 6.3 For purchases over £5000 at least 3 quotations are requested where ever possible. If it is not practical to obtain at least 3 quotations then the reasons for not doing so will be discussed with the Chair of the Resources Committee and reported to the Governing body and recorded in the minutes of the meeting.
- 6.4 If a quotation other than the lowest is accepted this will be discussed with the Chair of the Finance Committee and reported to the Governing body. The reasons for this decision will be recorded in the minutes of the meeting.
- 6.5 The Governing body has a policy for putting all purchases estimated to exceed £50,000 out to tender. The Governing body will liaise with the LA to ensure:
 - 6.5.1 advertisement of tenders
 - 6.5.2 compliance with EEC regulations
 - 6.5.3 the procedures for the submission, receipt, opening and recording of tenders
 - 6.5.4 the circumstances when financial or technical evaluation is necessary
 - 6.5.5 acceptance of tenders
 - 6.5.6 the form of contract documentation
 - 6.5.7 cancellation clauses in cases involving corruption or bribery
 - 6.5.8 financial compensation for late delivery of goods or services
- 6.6 There is a purchasing procedure policy. In the absence of the Headteacher, the Deputy Headteacher assumes the role. Written, pre-numbered orders are used for all goods and services, rents, rates and petty cash payments. Where urgency requires a verbal order, this is followed up by a written confirmatory order.
- 6.7 Only official order forms are used. They are retained in the office.
- 6.8 Orders are used only for goods and services provided to the school. Individuals will not be able to use official orders to obtain goods and services for their private use.
- 6.9 Order forms are properly completed and ruled off below the last item or service ordered so as to prevent alteration. Copy orders are securely retained in the main office.

- 6.10 Only the Headteacher is approved by the Governing body to certify orders. If the Headteacher is absent for more than 3 days, the Deputy Headteacher assumes the role of the Headteacher.
- 6.11 The Headteacher must be satisfied that the goods or services ordered are appropriate and needed, that there is adequate budgetary provision and that quotes have been obtained if necessary.
- 6.12 If goods are faulty or not suitable they will be returned immediately. Payment will not be made until the correct items have been delivered.
- 6.13 The school's computer management system will be used to enable accurate identification of expenditure already committed i.e. orders placed for which payments have yet to be made. Upon placing an order, the estimated cost will be committed against the appropriate budget allocation so that it features in subsequent budget monitoring.

South Gloucestershire Schools Corporate Purchasing Card

- 6.14 The school has chosen the NatWest Purchasing card to pay for some goods and services. Traditional invoice, payment and reconciliation processes are replaced by a simple transaction which reduces administration costs.
- 6.15 The school has 3 named cards- Mrs J Isaac, Mr J Phipps and Mrs N Richardson. On receipt the cards are signed and stored in the safe.
- 6.16 The Finance Assistant is the card administrator who manages the card on a day to day basis.
- 6.17 Authorised card holders must notify the card administrator if there is any change of details.
- 6.18 The card can only be used with suppliers who are able to accept VISA payments.
- 6.19 The supplier must be contacted to confirm price and availability of goods or services needed by phone, post email or internet.
- 6.20 The order is confirmed by giving supplier address, card details and 16 digit account number on card.
- 6.21 A security number is given if needed.
- 6.22 All purchasing procedures will be followed as normal- e.g. order raised and order number given, goods checked on delivery and reconciled against order.

- 6.23 The order copy is checked off against the monthly statement. The administrator will ensure all payments are accurate. In the case of a discrepancy queries are made to NatWest Purchasing Card helpline- 0870 909 3702 within 4 weeks of receipt of statement.
- 6.24 A transaction log will be started by the administrator at the beginning of each month and reconciled to the card statement at month end. Each card holder will complete the transaction log as outlined in the guidelines
- 6.25 The card holder guide will be referred to in case lost and stolen cards, renewal of cards etc

Payment of accounts

- 6.26 The school always checks goods and services to ensure that they are in accordance with the order. The Finance Assistant usually does this.
- 6.27 Payment is not made unless a proper invoice has been received, checked, coded and certified for payment confirming , for example;- 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 accord with quotations, or catalogue prices and arithmetic is correct
correct accounting treatment of VAT (*see notes in financial reg book*)
the invoice is correctly coded
that copy orders and inventories have been properly endorsed
discounts where available have been taken
- 6.15 Where ever possible an approved member of staff such as the Deputy Headteacher will certify invoices.
- 6.16 Only the Headteacher is authorised to sign invoices. In the absence of the Headteacher, the Deputy Headteacher assumes responsibility. Where the LA on behalf of the school makes payment, the names of authorising officers (the Headteacher, Deputy Headteacher, Finance Assistant and the School Secretary) together with specimen signatures will be forwarded to the LA.
- 6.17 All invoices will be sent to the LA for payment (Exchequer Services, Bowling Hill) for payment. (Note intra-committee invoices go to Education Finance dept).
- 6.18 The school will make every effort not to make any payment on a photocopied invoice.

7.0 Personnel

- 7.1 The largest expenditure is the cost of staff. The Governing body has agreed to buy back the services of payroll from the LA.
- 7.2 We are following the procedures documented by the LA for the administration of personnel activities including appointments, terminations and promotions.
- 7.3 The process of completing, checking and authorising all documents and claims related to appointments, terminations of employment and expenses will be carried out by the Headteacher and School Administrator. A second check is carried out by the person involved e.g. successful applicant etc.
- 7.4 The Headteacher or Chair of governors or chair of staffing committee carry out the duties of authorising appointments, making changes to individual's conditions or terminating the employment of staff.
- 7.5 Personnel records are kept securely in the filing cabinet in the main office. Other personnel information will be kept on the computer and stored in accordance with the Data Protection Act 1984.
- 7.6 Payroll transactions will be processed through the payroll system administered by the LA.
 - 7.6.1 a claim form, signed by the claimant and certified by the Headteacher, must be submitted for any additional work e.g. over-time
 - 7.6.2 payment of all allowances, e.g. travel, must be made through the payroll system
- 7.7 Re-imbursments for petty cash items purchased on the school's behalf may be made directly to the claimant via the school. A receipt must be submitted and authorisation for payment given by the Headteacher.

8. The Security of Stocks and Other Property

- 8.1 The Headteacher is responsible to the Governing body for the safe custody of cash and other property belonging to the school.
- 8.2 The Headteacher, in conjunction with all staff, will ensure that stocks are maintained at reasonable levels and subject to regular, independent checks. The curriculum co-ordinators will be responsible for checking stock relating to their subject area. All purchases must be approved by the Headteacher.
- 8.3 An inventory of attractive or portable items valued in excess of £50 is kept with a note of make, model and serial number. All items are marked with the school name.

- 8.4 The Headteacher is responsible for getting the inventory checked each year. Any discrepancies will be investigated and reported to the Governing body. Internal Audit are to be advised of any equipment that cannot be accounted for.
- 8.5 Whenever school property is taken off site it will be signed for in a register by the person borrowing the equipment and the Headteacher or Deputy Headteacher. The register is kept in the main office.
- 8.6 The Governing body will authorise all write-offs and disposals of surplus and redundant stocks and equipment in accordance with legislation, Council policy and regulations.
- 8.7 Safes and similar receptacles will be kept locked and the keys removed. Key holders are the Headteacher, School Secretary and Finance Assistant. The loss of any keys will be reported to the Headteacher immediately.
- 8.8 The building is secured with a security alarm system, (Contractors 1st Century) accessible only by the key holders – the caretaker and all members of the Senior Leadership Team. NSG Security are employed to attend call outs during out of school hours (6.00pm-7.30am). They also hold a key and have an alarm code. A set of school keys is kept by the vice chair of the governing body on behalf of OOSC.

9. Income

- 9.1 There is a Charging and Remissions policy. The Headteacher is responsible to the Governing body for accounting for all income due and cash collected as set out in the policy.
- 9.2 The school does separate, as far as is practicable, the responsibility for identifying sums due to the school from the responsibility for collecting and banking such sums.
- 9.3 Where invoices are required, they are issued promptly. If possible, in advance of the service being provided. The issuing of low value invoices (below £10) should be avoided.
- 9.4 The school will issue pre-numbered receipts or maintain other formal documentation where ever possible for all income collected.
- 9.5 Transfers of money between staff will be signed for.
- 9.6 Receipts, tickets and other records of income is securely retained and kept in the main office.
- 9.7 Cash and cheques will be kept securely in the safe to safeguard against loss or theft.

- 9.8 Collections in their entirety will be paid promptly into the appropriate bank account.
- 9.9 Income collections will not be used for the encashment of personal cheques or for other payments.
- 9.10 The school will reconcile the sums collected to the sums deposited at the bank. Bank paying in slips will show clearly the split of cash and cheques.
- 9.11 Irrecoverable debts to be identified early and referred to the Governing body for approval to write-off. All irrecoverable debts exceeding £2,000 to be referred by the Governing body to the Chief Financial Officer for write-off approval.
- 9.12 Record VAT properly (guidance on VAT available from Corporate Finance ext 4727)
- 9.13 The policy on Income and write-offs is detailed in the Schedule of Delegated Authority.

10. Banking Arrangements

- 10.1 The school has a cheque book for school fund set up with Barclays (from the approved institution list).
 - 10.1.1 School fund will be spent in accordance with regulations laid down by the LA
 - 10.1.2 There are three authorised signatories, Mrs J Isaac (Head Teacher), Mr K Hemmings (Deputy Headteacher) and Mrs B S Lockyer (School Administrator); two of whom are required to sign each cheque. Supporting documentation must be shown to the signatories when presenting a cheque for signature.
 - 10.1.3 The maximum value of any individual transaction will be in line with Governor recommendations for the management of the school budget.
 - 10.1.4 All cheques are clearly filled in and crossed "a/c payee not negotiable".
 - 10.1.5 A paying in book is used for banking. This clearly shows a) name and drawer b) nature of income c) amount for each cheque banked.
 - 10.1.6 Cheques will not normally be pre-signed. The only exception to this is when classes are on school visits and a cheque is needed for entry.
 - 10.1.7 The cheque book is kept in the safe in the main office
 - 10.1.8 Cheques must be capable of being traced from receipt from the bank to issue to a creditor (audit trail)
 - 10.1.9 Used cheques, returned by the bank, are retained for 6 years. Any cheque requiring cancellation to be clearly marked "cancelled" and retained with its counterfoil. Out of date cheques to be cancelled and a replacement issued.
 - 10.1.10 The school fund account will not get overdrawn and overdraft facilities

will not be available.

- 10.2 Bank statements will be sent at regular intervals and these will be reconciled with accounting records. Discrepancies will always be fully investigated. Bank statements are filed in date order and retained for 6 years.
- 10.3 It is not always practical for the member of staff responsible for undertaking bank reconciliation to be different to that who is responsible for the processing of receipts of payments.
- 10.4 All funds surplus to immediate requirements will be invested to optimal effect in accordance with LA policy.
- 10.5 Individuals cannot use their private bank accounts for any payment or receipt related to the school budget.

11. Petty Cash (Imprest)

- 11.1 A maximum of £350 is kept as petty cash (check with ext 4730). All cash is kept securely in the safe, retained in a lockable box. (The Finance Assistant is the authorised holder of the key to the petty cash box).
- 11.2 Only authorised staff (Headteacher and Finance Assistant) will have access to petty cash. Payments will be limited to minor items for which there is proper authority and provision in the budget. The school will not use petty cash for transactions with regular suppliers. (Nothing over £50).
- 11.3 The authorised employee to hold petty cash is Mrs N Richardson (Finance Assistant), who is responsible for:-
 - 11.3.1 obtaining receipts for all cash payments made including VAT
 - 11.3.2 ensuring the safe custody of cash
 - 11.3.3 producing on demand to the Headteacher, auditor or other authorised person cash or vouchers to the total of the amount drawn.
 - 11.3.4 submitting regular claims for reimbursement, properly certified and supported by vouchers and receipts
- 11.4 Personal cheques are not cashed from petty cash.
- 11.5 The Headteacher will arrange for periodic checks on the completeness of funds held by the petty cash holder.

12. Voluntary Funds

- 12.1 The school will ensure that there is a safe and efficient system for the custody and control of voluntary funds under the control of the Governing body, including:-

- 12.1.1 the appointment of a treasurer and an independent auditor
- 12.1.2 accounting procedures which reflect the standards for accounting for public money
- 12.1.3 an annual audit of the accounts
- 12.1.4 two signatures on cheques (authorised signatories are Headteacher, Treasurer, Chair of PTFA)
- 12.1.5 a statement in the Governors annual general meeting report
- 12.1.6 the immediate reporting of any suspected irregularities to the LA auditor
- 12.1.7 establishing adequate insurance arrangements
- 12.1.8 proper separation of voluntary funds and related records from the official school funds

Agreed FGB 2007
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