

Gilmorton Chandler C of E Primary School
Financial Procedures Policy M6

Signed by the Governing Body:

Agreed by the Governing Body: June 2016

Review date: Summer 2017 or earlier if required.

‘Working in partnership with the community to provide an excellent and enjoyable learning environment firmly rooted within a Christian ethos.’

1. INTRODUCTION

1.1. Alongside the accounting policies of the external auditor and the current Academies Financial Handbook, these financial procedures shall govern the financial arrangements relating to Gilmorton Chandler School's finances and accounts.

2. DELEGATED AUTHORITY

2.1 As an academy trust, the Governing Body is responsible for the control of expenditure and income; liaising with the Education Funding Agency in the discharge of its statutory duties.

2.2 The Governing Body has in turn delegated the governors' financial responsibilities to the Business Management Committee (BM). Members of the BM are also the members of the Audit Committee.

2.3 The Business Manager in liaison with the Headteacher shall be responsible for implementing agreed policies and maintaining day to day control of the school finances and accounts.

2.4 The following staff are designated as authorisers of

(i) Salaries Documentation:

Headteacher

Assistant Headteacher

(ii) Cheques

Chair of Governors

Headteacher

Assistant Headteacher

Business Manager

KS2 Co-ordinators

Two signatories are required for all cheques.

The Chair of Governors must be a signatory for cheques of £5000 or above.

(iii) Orders

Headteacher

Assistant Headteacher

3 REVENUE BUDGET PREPARATION

3.1 The school's budget timetable for the next financial year shall be as follows:

Spring Term

➤ Identify commitments and new plans; agree priorities

➤ Agree staffing requirements

➤ Cost first draft of the budget, with the plan covering at least the next three years, and submit to governing body

Summer Term

➤ Business Manager and Headteacher to outline the budget plan

➤ Submit to the BM Committee for recommendation to the Governing Body

➤ Submit to Governing Body for final approval

➤ Submit final approved budget plan to the EFA by relevant deadline

3.2 The BM Committee shall decide on the order of priorities from the Strategic School Development Plan.

3.3 The Headteacher and Business Manager shall prepare the detailed costings and submit them for approval to the BM Committee.

3.4 All plans and budgets should be regularly reviewed during the year and all significant changes will require the approval of the BM Committee.

3.5 The Headteacher shall inform the EFA of the school's revenue budget by the end of July. If the school's revenue spend falls outside its budget, corrective action must be taken where possible and the Headteacher will formally make the EFA aware of the school's financial position as soon as practicable.

Gilmorton Chandler C of E Primary School
Financial Procedures Policy M6

Signed by the Governing Body:

Agreed by the Governing Body: June 2016

Review date: Summer 2017 or earlier if required.

4 REVENUE BUDGET CONTROL

- 4.1 The Governing Body shall decide how to use the budgets within the cash limit allocated. The Business Manager will be responsible for the control of spending against budgets. A commitment accounting system is in place to monitor current commitments and liabilities.
- 4.2 As far as possible a budget monitoring report should be prepared monthly for the Headteacher and this report should be forwarded to the BM Committee on a termly basis. A bank reconciliation and VAT analysis should be prepared as soon as the bank statements have been received.
- 4.3 Budget holders will receive a termly SIMS financial transaction report or on request.

5 VIREMENTS

- 5.1 Substantial virements shall be approved and minuted by the BM Committee and should be within the agreed criteria and financial limits.
- 5.2 The Headteacher is given delegated power to vire from one budget to another and shall seek approval from the BM Committee retrospectively.
- 5.3 All virements exceeding £5,000 or 1% of the budget shall require prior approval from the BM Committee.

6 AUTHORITY TO INCUR CAPITAL EXPENDITURE

- 6.1 The Headteacher is given delegated power to incur expenditure up to £5,000 on any single item or issue within the financial year.
- 6.2 All expenditure exceeding £5,000 shall require the prior approval of the BM Committee.
- 6.3 All expenditure must be authorised by the designated staff.
- 6.4 Payment of invoices should be made through the school bank account.
- 6.5 The Governing Body may borrow money only with the written permission from the EFA and the Secretary of State (i.e. external loans or bank overdrafts). The Governing Body needs to seek the EFA permission to enter into any arrangement, which commits the school to payments over a period of more than twelve months that exceed specified limits by the EFA. Borrowing will include:
- Finance Leases
 - Credit Arrangements
 - Hire Purchase

7 LOCAL PAYMENTS SYSTEMS

- 7.1 The Business Manager shall be responsible for making all payments on behalf of the school.
- 7.2 All invoices passed for payment must be properly certified and evidenced by the relevant designated staff – payments shall be made on original invoices only.
- 7.3 Before certifying an invoice for payment, designated staff must be satisfied that for the goods and services delivered:
- An official purchase order has been raised for the purchase
 - That the delivery note has been checked
 - That it is of correct quantity, quality and price
 - That it has not been previously paid
 - That funds are available in the relevant budget
 - That the VAT chargeability on qualifying expenditure is shown
- 7.4 The Headteacher should carry out selective invoice checking termly to ensure that all sums which the designated staff have certified for payment were legally and properly payable.

8 ORDERS FOR GOODS AND SERVICES

- 8.1 Staff may order goods and services from whatever reputable source they see fit; but will be expected to take into account quality and value for money.
- 8.2 An official order must be made in writing on the school's official order form for all expenditure on goods and services initiated by the school.

Gilmorton Chandler C of E Primary School
Financial Procedures Policy M6

Signed by the Governing Body:

Agreed by the Governing Body: June 2016

Review date: Summer 2017 or earlier if required.

- 8.3 Orders must be completed in accordance with the following procedures:
- Authorised by designated staff only
 - Show estimated prices on the order form
 - Sent to the supplier through the Business Manager
 - If placed by telephone or internet, written copy of order with estimated prices must be given to the Business Manager.
 - Telephone orders should be followed up by a confirmation order by the next working day if possible
- 8.4 Copies of all orders should be retained in file 'Copies of Official Orders' until delivery and payment.
- 8.5 On receipt of authorised invoice, Official Orders and Delivery Notes should be attached to invoice and filed in the 'Unpaid File'. Once payment has been made, this should be moved to the 'Paid File'.
- 8.6 Individual budget holders are not permitted to spend in excess of £1000 without the prior approval of the Headteacher.
- 8.7 Three written quotes should normally be obtained for all goods and services in excess of £5000, unless no other equivalent goods or services are available, or where Governors have previously committed themselves to a particular service/supplier, brand/type of goods.
- 8.8 For building works expected to cost in excess of £15,000, three tenders will normally be obtained (refer to Diocesan Agents YMD Boons). Where tenders have been obtained a tender form will be completed showing those invited to tender, those tendering, the successful tender and the reasons for accepting the tender (in those circumstances where the cheapest tender is not accepted).
- 8.9 Schools entering into high-value contracts should also be aware of EC procurement regulations.
- 9 CASH ACCOUNTS**
- 9.1 Small items of expenditure not exceeding £50 will be made from the petty cash account.
- 9.2 The Business Manager shall ensure that all petty cash payments are properly recorded and authorised; and supported by receipts.
- 10 TRAVEL AND SUBSISTENCE**
- 10.1 Payment shall be made in accordance with the school rate, as appropriate.
- 10.2 Car user allowances, both casual and essential, will be paid by the school at 45p per mile (home to office is taxable).
- 10.3 The Business Manager shall inform the Inland Revenue of casual car user allowances for home to base, which are paid locally, at the end of each month.
- 11 SALARIES, WAGES AND PENSIONS**
- 11.1 The Governing Body is responsible for the salary and wages costs of all teaching and support staff employed to work at the school.
- 11.2 The Business Manager must ensure that the school provides the necessary information and returns to its chosen payroll provider to effectively administer the payroll and related staffing procedures.
- 12 INCOME**
- 12.1 Income should be collected in advance wherever possible to improve cashflow.
- 12.2 The Business Manager must maintain records of all income received/due; acknowledge receipt of income; and bank all monies promptly and intact into the School's bank account.
- 12.3 The Governing Body has delegated powers to write off debts up to £250. In the case of larger debts the school must consult with the EFA.
- 12.4 The Governing Body shall approve a charging policy for all income generation.
- 13 BANK ACCOUNTS**

Gilmorton Chandler C of E Primary School
Financial Procedures Policy M6

Signed by the Governing Body:

Agreed by the Governing Body: June 2016

Review date: Summer 2017 or earlier if required.

- 13.1 The Governing Body shall authorise the opening and closing of all bank accounts.
- 13.2 The Business Manager shall ensure that bank statements are received monthly and reconciled to accounting records, investigating and resolving all discrepancies.
- 13.3 The Business Manager shall be responsible for cheque ordering and custody of unused cheques.
- 13.4 Under no circumstances shall private cheques, money or postal orders be cashed through the school account.
- 13.5 In no case shall money, cheques, etc. belonging to the school be paid into a private bank account.
- 13.6 The Business Manager must ensure, where possible, that the total amount of cash, including disbursements and voluntary funds, held on the premises shall not exceed £500.
- 13.7 Cash should be banked at least once per week, and the value of cash held on the premises should not exceed the insurance limit.

14 INSURANCE

- 14.1 Insurance will be required for Governing Body, third party liabilities, premises and equipment; and school trips.
- 14.2 The Governing Body must ensure that all insurance cover is adequate.
- 14.3 The Governing Body will meet the excess from insurance claims or any losses not covered by insurance.
- 14.4 The Governing Body shall inform the school's insurers of all accidents, losses and incidents that may give rise to an insurance claim. The Business Manager will maintain a register of all accidents, losses and incidents.

15 HEALTH AND SAFETY

- 15.1 The Governing Body must ensure that all staff comply with the Health and Safety regulations.
- 15.2 The Headteacher will report significant injuries to all persons, including staff/parents/pupils/visitors.

16 PROTECTION OF PRIVATE PROPERTY

- 16.1 The Headteacher must inform all persons concerned that all private property taken onto the school premises will be at the owner's risk.

17 INVENTORIES AND STOCK

- 17.1 The Business Manager is responsible for the management of the school's assets and will maintain a record of stock receipts and issues and ensure that items that become obsolete or surplus to the school's requirements are disposed of economically.
- 17.2 The Administrative Officer must maintain an inventory of all non-consumable items purchased priced over £250. The inventory must be regularly updated in respect of purchases and disposals. Attractive, portable items having a value less than £250 but over £50 should also be controlled/monitored.

18 SECURITY

- 18.1 The Headteacher is responsible for the security of the school's premises and equipment.

19 FINANCIAL IRREGULARITIES

- 19.1 The Headteacher shall inform the Governing Body and EFA of any circumstances where a financial irregularity is suspected.

20 AUDIT

- 20.1 The Governing Body must ensure internal auditors and external auditors are allowed access to staff, premises and documents, as necessary.
- 20.2 The Governing Body shall discuss all audit reports and agree the implementation of audit recommendations with the Headteacher.

21 DOCUMENT RETENTION

- 21.1 The Headteacher shall ensure that documents are retained for periods in accordance with the requirements of the District Auditor, the Inland Revenue and Customs and Excise.

Gilmorton Chandler C of E Primary School
Financial Procedures Policy M6

Signed by the Governing Body:

Agreed by the Governing Body: June 2016

Review date: Summer 2017 or earlier if required.

22 GIFTS AND HOSPITALITY OFFERED BY SUPPLIERS

22.1 Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 should be reported to the Headteacher in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses.

23 REGISTER OF BUSINESS INTERESTS

23.1 A register of business interests is maintained by the school. This is completed by all Governors and those staff with significant financial responsibilities. It is suggested that this be cheque signatories, finance staff and those members of staff with specific budgetary responsibilities (e.g. curriculum area leaders). Entries in the register should be kept up-to-date and, in all instances, be reviewed and amended (where relevant) on at least an annual basis. This annual review can be evidenced simply by staff re-signing and dating existing declaration forms, making any amendments as necessary.

24 COMPUTER SYSTEMS AND DISASTER RECOVERY PLANS

- 24.1 Computer systems used for school management should be protected by password security to ensure that only authorised staff have access. Passwords should be changed regularly and updated for staff changes.
- 24.2 The Business Manager should ensure that data is backed up regularly and that all back-ups are securely held in a fireproof location off-site.
- 24.3 The Governing Body should establish a recovery plan to ensure continuity of financial administration in the case of emergency.
- 24.4 The Governing Body should ensure that systems are in place to safeguard school software and data against computer viruses. To prevent viruses being imported, only authorised software should be used.
- 24.5 The Governing Body should ensure that the school has written descriptions of all its financial systems and procedures. These should be kept up to date and all appropriate staff should be trained in their use.
- 24.6 The Headteacher should ensure that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing.

PLEASE SEE APPENDIX A FOR DETAILS OF DAY TO DAY FINANCIAL PROCEDURES

Gilmorton Chandler C of E Primary School
Financial Procedures Policy M6

Signed by the Governing Body:

Agreed by the Governing Body: June 2016

Review date: Summer 2017 or earlier if required.

Appendix one

USE OF CHARGE CARD:

The following conditions apply to the use of a charge card to make payments:

1. Governors should approve the use of the card (1 card)
 2. The card should be used in controlled circumstances with due regard to separation of duties (see below for a list of financial controls)
 3. The card should be in the name of the school, with the signature of the Headteacher
 4. The school should set a limit on the maximum amount that can be charged to the card each month (£500)
 5. The balance should be paid off in full by direct debit each month
 6. The card is to be used generally to facilitate internet ordering
 7. Adequate VAT documentation must be obtained at all times
 8. The card must be retained securely
 9. The card should not be used to avoid official ordering channels
 10. Cash withdrawals, and card privileges such as air miles, are not permitted
 11. The sharing of the card is not permitted
 12. Misuse of the card will result in the facility being withdrawn
 13. A credit card is not permitted as this would constitute borrowing
- As purchases are made with the card, these should be entered promptly onto SIMS to commit the expenditure.

Financial Controls – Ordering and Paying for Goods and Services

1. The governing body should ensure that the school has written descriptions of all its financial systems and procedures. These should be kept up to date and all appropriate staff should be trained in their use.
2. The headteacher should ensure that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing.
3. The headteacher should ensure 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 should be fully documented.
4. The school should maintain proper accounting records and retain all documents relating to financial transactions for at least the period recommended
5. All financial transactions must be traceable from original documentation to accounting records, and vice versa.
6. Any alterations to original documents such as cheques, invoices and orders should be clearly made in ink or other permanent form, and initialled.
7. All accounting records should be securely retained when not in use and only authorised staff should be permitted access.
8. The headteacher should ensure that all expenditure from sources of earmarked funding is accounted for separately and that the funding is used for its intended purpose.
9. Official, pre-numbered orders should be used for all goods and services except utilities, rents, rates and petty cash payments. Where urgency requires an oral order, this should be confirmed by a written order.
10. Orders should be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods or services for their private use.
11. All orders must be signed by a member of staff approved by the governing body and the school should maintain a list of such staff.
12. 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.
13. When an order is placed, the estimated cost should be committed against the appropriate budget allocation so that it features in subsequent budget monitoring.
14. The school should check goods and services on receipt to ensure they match the order and the order should be marked accordingly. This should not be done by the person who signed the order.
15. Payment should be made within time limits specified in law for the payment of debts and only when a proper invoice has been received, checked, coded and certified for payment.
16. A member of staff approved by the governing body should certify invoices for payment.

Gilmorton Chandler C of E Primary School
Financial Procedures Policy M6

Signed by the Governing Body:

Agreed by the Governing Body: June 2016

Review date: Summer 2017 or earlier if required.

Internet Ordering

1. GENERAL

Schools are responsible for ensuring those goods or services purchased are obtained from sources which demonstrate best value for money. This is often through obtaining supplies through central purchasing / ESPO unless cheaper alternatives of comparable quality are available and ESPO are unable to match these terms. Schools are also responsible for obtaining alternative quotations or tenders before orders are placed, where the proposed expenditure is significant.

With recent advances in technology, the procurement of goods via the internet is becoming more common. These guidance notes are intended as an aid to schools to identify, and thus minimise, the risks involved with internet ordering.

The advantages of raising official orders on the SIMS system are two-fold:-

- it commits the estimated expenditure to the relevant budget heading at ordering stage and thus acts as a control over inadvertent overspending and maximises effective budgetary control; and
- it enables the Headteacher, or other certifying officer, to approve (or reject) a proposed purchase beforehand. Schools have a responsibility to ensure that adequate controls are in place to ensure that there is sufficient budget provision to meet the proposed expenditure. The SIMS system fulfils this purpose

2. CIRCUMSTANCES WHERE INTERNET ORDERING IS CONSIDERED TO BE APPROPRIATE

It is strongly recommended that internet ordering or purchasing be restricted to those goods or services that cannot be acquired through the normal ordering procedures (i.e. by SIMS order) or where there are significant financial savings that can be made by the school (e.g. an on-line discount).

Internet ordering should not be seen as an option to ordering via the SIMS system, but an avenue for procurement in exceptional circumstances.

3. INTERNET ORDERING

It is recommended that internet ordering is used only where goods cannot be requisitioned through normal ordering channels.

It is recommended that internet orders are placed only with reputable companies, ideally whom the school has dealt with in the past.

Where goods or services are to be purchased via the internet it is recommended that schools check supplier details before an order is placed, for example:-

- The internet web-site should make reference to the supplier's name and address. A '.uk' internet address doesn't always mean the firm is UK based. A supplier's web-site will include information on that company's terms and conditions of trading. This information should be checked by schools beforehand.
- It is recommended that transactions take place under UK jurisdiction where normal forms of redress are available to solve problems or disputes regarding faulty goods or non-delivery of goods.
- A full description of the goods or services that is to be purchased.
- The prices including taxes.
- Delivery costs and arrangements.
- How long the price will stay valid.
- How to make payment.
- Whether you have a right to cancel your order.
- If it is a service being procured, then how long you are committed for.
- That the contract in law is between the school and the supplier, and not between the individual and the supplier.

Once you are happy with the details and the terms and conditions of the supplier then an order can be placed via the internet.

4. AUTHORISING THE ORDER / COMMITMENT ACCOUNTING

One of the risks of internet ordering is that it can by-pass normal order authorisation procedures (i.e. expenditure can be incurred without the prior approval of the budget holder). Also, expenditure can be committed without any check to ensure that there is sufficient budget provision for the expenditure.

To minimise these risks it is strongly recommended that, where items are to be ordered via the internet, a 'notional' order is raised on the SIMS system concurrently. This will ensure that the estimated expenditure is committed to the relevant cost centre at ordering stage. Additionally, this will ensure that there are sufficient funds in the budget to finance the purchase.

Furthermore, it is recommended that this SIMS order be authorised by the budget holder / certifying officer in the normal way, and prior to the internet order being processed.

Where possible, it is recommended that the SIMS order number be quoted on the internet order as a useful cross-reference.

Gilmorton Chandler C of E Primary School
Financial Procedures Policy M6

Signed by the Governing Body:

Agreed by the Governing Body: June 2016

Review date: Summer 2017 or earlier if required.

The order should be raised in the name of the school, and not in the name of an individual. The Legal Section has reservations that, in law, the contract may be deemed to be not between the school and the supplier but between the individual and the supplier. Internet orders should clearly state that the purchase is being made by an individual on behalf of (acting as an agent of) the school / authority. Where possible, a copy of the internet order should be printed off, and attached to the SIMS order.

5. MAKING PAYMENT

The payment options available are:-

- a) ordering via the internet, but requesting that an invoice is issued by the supplier, in order that it can be processed through the school's local cheque account in the usual way;

or

- b) payment is made on-line by a member of staff with his / her own debit / credit card.

or

- c) payment is made on-line by an authorised member of staff with the school's charge card.

Clearly option (a) is the more favourable, with payment typically being made after the goods have been received. However, many suppliers will only accept payment by debit / credit card. Nevertheless, option (a) should always actively be explored.

With regard to option (b) or (c), the risks involved include goods effectively being paid for prior to being received. This could lead to financial loss where, say, a supplier goes bankrupt. Similarly, payment is made prior to goods being confirmed to be of merchantable quality. Schools may encounter difficulty seeking replacement for faulty items if payment has already been made. Further problems might arise if, under contract law, the contract is seen as being between an individual and the supplier, as the authority would then have no legal right of intervention.

A further risk in regard to option (b) is that of credit / debit card fraud. Schools are advised to make it clear to staff that internet ordering is discouraged, and that staff do so at their own risk, and that the school will not accept liability for any loss incurred by an individual through the use of his / her personal debit / credit card. It is acknowledged, however, that debit / credit card payments are an efficient means of payment and can often be low-risk transactions, especially where undertaken with reputable suppliers and in a secure manner.

Before any payment is made on-line it is paramount that the transactions taking place over the Internet are in a secure manner. Most financial transactions that are undertaken on the Internet are by using a secure method called SSL. The visible proof of this will be a message appearing in a small window that the transmission is to take place over a secure line and can also be evidenced by a small closed padlock icon on the bottom row of the browser screen and / or the Internet address starting with '**https://....**', the **s** denoting the secure link. In these cases it should be a secure enough facility to make payment electronically.

The 'TrustUK' logo is another safety symbol to look for. Where the 'TrustUK' symbol is displayed on the web-site, it means the supplier has agreed to abide by certain standards, so if there are any disputes with the trader then 'TrustUK' can help resolve the dispute depending on the nature of the dispute.

Where staff do make purchases with their own debit / credit cards, these should be reimbursed through the school's local cheque account / petty cash system in the normal way, upon production of a supplier's invoice or receipt.

6. LEGITIMATE RECOVERY OF VAT

Irrespective of the method of payment (cheque, debit card, credit card), staff making purchases via the Internet should ensure that adequate invoice documentation is received. Where standard-rated items are purchased, it is important that the documentation received is adequate for VAT recovery purposes (i.e. a valid tax invoice with the VAT shown separately where the invoice value exceeds £250 (less detailed tax invoices are only acceptable for supplies of less than £250 in value)). Of particular importance is the need for any invoice to be addressed to the school and not be solely in the name of the member of staff making the purchase, or otherwise VAT is not recoverable.

Clearly, any advantages of on-line discounts obtained through internet ordering are eradicated if VAT incurred is not recoverable as a result of supporting documentation being inadequate.