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# Nook Lane Junior School Finance Policy September 2017

Financial Services  
Children & Young People's Directorate

**Sheffield** *where everyone matters*



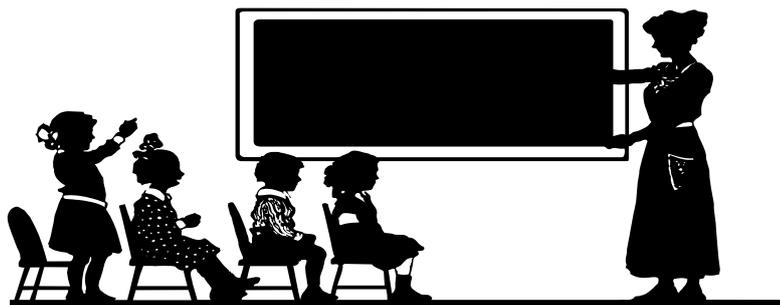
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The Policy will form the framework within which the schools financial administration will operate.

**The document should be specific to each school and should reflect its managerial and administrative structures. Any policies mentioned in the document e.g. income and charging policy or asset management policy should be appended.**

The document should reflect the school's existing policies approved by governors. All staff and governors should either be issued with a copy and required to clarify their responsibilities or be informed of where it is kept in school and encouraged to use it as a reference document.

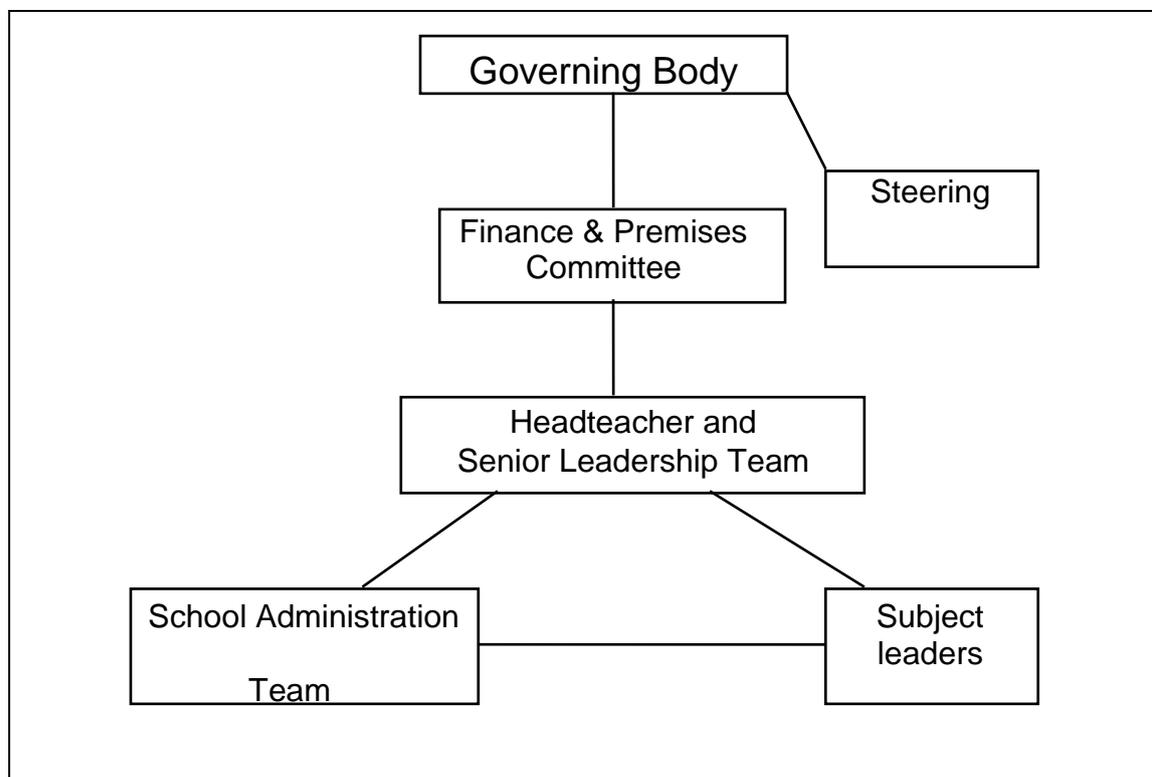
A checklist of tasks which are required to be completed annually is included (*see Appendix 8*). It should be completed to reflect individual school's responsibilities and is designed to help Governing Bodies ensure that financial systems and processes are updated on a regular basis.





## INTRODUCTION

### THE SCHOOL'S FINANCIAL ORGANISATION CHART



The school has the following Committee structure:

#### COMMITTEE STRUCTURE

- Steering group
- Finance & Premises Committee
- Personnel Committee
- Curriculum Committee

The frequency of Governing Body/Committee meetings will be reviewed termly or annually by the Headteacher and Chairs of the Committees and a timetable produced. (See *Appendix 1*) The group will also consider any recommendations with financial implications from other Committees, prior to them being presented to the full Governing Body.

All reports to the Governing Body will include a section on the financial implications of any recommendations contained in the report.

The full Governing Body will meet termly or more frequently as required.

The Chairs of the Committees will receive, for information purposes, copies of the agendas and adequately detailed minutes, including appending

relevant submissions, in order to support policy decisions taken from **all** the Committees.

# 1 Organisation of Financial Responsibility and Accountability

## 1.1 FULL GOVERNING BODY

### Composition as at September 2017:

3 Parent Governors: Caren Carter; Matt Hampton; Peter Naldrett;  
1 LEA Appointed Governor: Liz Harris  
1 Teacher/Staff Governor: Diane Wilkinson (Assistant Headteacher)  
5 Co-opted Governors: Jim Bell (Co-opted); Diane Shaw (Chair);  
Marie Foster (Co-opted –Vice Chair); Tracey Harrison (Co-opted);  
Andy Kerr (Co-opted)  
1 Headteacher: Steven Arbon-Davis  
1 Deputy Headteacher: John Chadbourne

1 Bursar: Deborah Hardwick

### Role:

To provide a strategic view of how the school will effectively use the financial resources under its control to raise standards of achievement and promote effective teaching and learning.

To oversee that procedures are in place which ensure accountability for and the proper stewardship of the public money delegated to the school.

### Responsibilities:

- ◆ To discharge statutory responsibility for the oversight of financial management in the school.
- ◆ To monitor and evaluate the effectiveness of the school's financial management procedures and ensure that the school's financial arrangements comply with the City Council's Financial Framework and the Local Educational Authority's "Scheme for Financing Schools".
- ◆ To require all governors and members of staff to declare any links they have with firms from which the school might wish to buy goods or services. To ensure that a register of such interests is maintained by the Headteacher on behalf of the Governing Body and is open to inspection and reviewed on an annual basis.
- ◆ To ensure the school has a written statement of its aims and objectives (School Improvement Plan) in sufficient detail to provide the basis for constructing budget plans.

- ◆ To ensure the school has a medium term educational and budget plan (covering 3 - 5 years) indicating the intended use of resources in achieving its educational goals.
- ◆ To ensure that the school has a statement setting out the steps it will take to ensure expenditure reflects the principles of best value.
- ◆ To approve the school's annual spending plans.

### **Delegated Authority:**

The Headteacher has full discretion in the use of funds allocated for supply staffing and for all non-staff headings up to a value of £5000 for an individual item or service. Sums in excess of this will ordinarily require the sanction of the finance and premises committee. In the event of an emergency, the governing body have delegated authority for the Headteacher to use funds up to £10 000.

The Headteacher in consultation with the senior leadership team may nominate members of staff as budget managers for curriculum areas of the budget and may allow them to spend funds in these areas as sanctioned by the Headteacher and the senior leadership team.

The full Governing Body has elected to delegate responsibility for the financial administration of the school budget including the overseeing of its preparation, monitoring its implementation and controlling expenditure against it to the Finance Committee.

The statutory responsibility for the oversight of financial management in the school will remain with the full Governing Body.

### **Reporting Arrangements:**

The Finance Committee will report back to the full Governing Body who will consider the minutes of the Committee and endorse their recommendations where appropriate. The decisions made by the full Governing Body and the Finance Committee under its delegated powers are binding on all governors. All reports from Committees should include a section on the financial implications of any decisions or recommendations.

The headteacher and Senior Leadership Team will receive monthly expenditure reports so that the overall budget position and those funds delegated to members of staff can be monitored.

## 1.2 FINANCE & PREMISES COMMITTEE

Composition as at September 2017:

Chairperson: Diane Shaw

Committee Members: Jim Bell; Marie Foster; Tracey Harrison;  
Steven Arbon-Davis

### **Role (finance)**

To ensure proper financial administration arrangements are in place that enables the Governing Body to fulfil its statutory responsibilities for financial management and also demonstrate the achievement of key financial administration standards required by Ofsted and the Audit Commission.

To oversee the management of the school's finances within the framework established by the Sheffield Scheme for Financing Schools and the City Council's Financial Framework.

### **Responsibilities:**

#### **With the support of the headteacher:**

- ◆ To ensure the budget reflects the school's prioritised educational objectives as detailed in the School Improvement Plan, seeks to achieve best value and is subject to regular effective monitoring.
- ◆ To establish formal documented procedures and a timetable for planning the budget to ensure that all relevant factors are considered.
- ◆ To ensure that planned expenditure for each year does not exceed the available resources.
- ◆ To monitor the amount of each budget allocation in the light of known activity and to take decisions on the virement of funds between budget heads, subject to the advice of the Headteacher and in the interests of the school achieving its overall aims and objectives.
- ◆ To ensure that the school has sound internal financial controls in place which safeguard the probity of its financial transactions and the reliability and accuracy of its financial records.
- ◆ The Finance Committee will ensure that there are written descriptions of financial systems and procedures are kept up to

date and that all appropriate staff are trained in their use. Where necessary, the Finance Committee will ensure that the school obtains satisfactory support services.

- ◆ To formally approve in year revisions to the Spending Plan (where delegated authority has been granted).

### **Reporting Arrangements:**

The Committee will receive:

- ◆ An annual report on the school's long term financial plans.
- ◆ Reports on the annual school budget process and proposed spending plan.
- ◆ Monthly finance reports from the school bursar
- ◆ Termly monitoring reports showing spending and receipts, including sums committed but not yet paid for against the school's approved budget; explanation of major variances; details of corrective action taken; and a forecast of the expected year end position, discussion of which should be formally minuted.
- ◆ Final year-end report including a review of the school's performance and an assessment of progress against objectives in the school improvement / action plan.
- ◆ Quarterly monitoring reports showing departmental/cost centre spending against approved allocations.
- ◆ Quarterly Cash flow reports.

### **Delegated Authority:**

The Finance and Premises committee has authority to make decisions on behalf of the full Governing Body to enable it to fulfil the responsibilities shown above. Decisions or recommendations will be reported to the full Governing Body for ratification.

### 1.3 THE HEADTEACHER/LEADERSHIP TEAM

Composition as at September 2017:

Headteacher: Steven Arbon-Davis

Deputy Headteacher: John Chadbourne;

Assistant Headteacher: Diane Wilkinson

Assessment Leader & Upper Key Stage 2 Leader: Louise Bullen

English Leaders: Debbie Smith & Alison Slattery

Head of Integrated Resource: Colette Taylor

are responsible for:

- ◆ ensuring that sound systems of internal control and financial administration are in place that enable the proper processing of the school's transactions and activities.
- ◆ ensuring that the school properly discharges its responsibilities as set down in the Sheffield Scheme for Financing Schools.

#### **Responsibilities:**

- ◆ To prepare estimates of expenditure and income sufficiently in advance of each financial year to allow for consideration and approval by the Governing Body.
- ◆ To forward details of the approved budget and any subsequent budget changes to the LEA as required.
- ◆ To profile the budget and forecast cash flow to take account of likely spending patterns.
- ◆ To provide *termly* written reports to the Governing Body on spending compared with the approved budget and other monitoring information as requested by the Governing Body, including documented explanations of major variances and details of management action or recommendations.
- ◆ To ensure that where parts of the budget are delegated to a cost centre / departmental level the responsibility for controlling these budgets is matched by the level of accountability (i.e. budget managers are accountable only for items they can directly control.)
- ◆ To consult periodically with the Governing Body and staff to ensure that the financial and management information they receive is timely, reliable and meaningful.

- ◆ To report to the Governing Body any proposals for policy changes which significantly affect the school's expenditure or income budgets.
- ◆ To ensure that sound systems of financial control are in place and arrangements made to maintain control in the absence of key staff.
- ◆ To maintain and update on an annual basis a register of pecuniary interests for both governors and members of staff on behalf of the Governing Body.

### **Reporting Arrangements:**

The Headteacher/Leadership Team will report to the Finance Committee and full Governing Body in accordance with the reporting timetable shown in *Appendix 1*.

The Headteacher/Leadership Team will receive monthly expenditure reports so that the overall budget position and those funds delegated to members of staff can be monitored.

### **Delegated Authority:**

The Headteacher has full discretion in the use of funds allocated for supply staffing and for all non-staffing headings up to a value of £5,000 for an individual item or service. Sums in excess of this will ordinarily require the sanction of the Finance Committee, unless in an emergency whereupon the Headteacher has been delegated the authority to use up to £10 000.

The Headteacher in consultation with the Leadership Team may nominate members of staff as budget managers for curriculum areas of the budget and may allow them to spend funds in these areas as sanctioned by the Headteacher and Leadership Team.

## 1.4 THE ADMINISTRATIVE OFFICER/ADMINISTRATIVE TEAM

### **Composition as at September 2017:**

Senior Business Support Officer: Kerry Wales

Business Support Officer: Ruth Hall

### **Role:**

To maintain and develop the school's systems of internal control and financial administration in order to enable the proper processing of the school's transactions and activities.

To assist the Headteacher in ensuring that the Sheffield Scheme for Financing Schools information requirements are complied with.

### **Responsibilities:**

- ◆ To assist the Headteacher prepare estimates of expenditure and income and to maintain relevant budget working papers and records.
- ◆ To monitor the cash flow position of the school and report to the Headteacher on a regular basis.
- ◆ To assist the Headteacher in providing termly reports of actual income and expenditure as compared to the approved budget and other monitoring information as requested by the Governing Body.
- ◆ To provide monthly monitoring information to the Headteacher, Leadership Team and cost centre budget holders.
- ◆ To prepare and maintain the financial accounts, reports and records of the school in accordance with the City Council's Financial Framework and the financial standards and procedures required by the Governing Body.
- ◆ To review the effectiveness of internal control procedures and where necessary make proposals to the Headteacher and Finance Committee for improvements.

## 1.5 COST CENTRE MANAGERS/BUDGET HOLDERS

### **Role:**

To manage efficiently and effectively, and to be accountable for the resources delegated to them by the Headteacher/Leadership Team.

### **Responsibilities:**

- ◆ The day-to-day monitoring and control of delegated budgets.
- ◆ To ensure goods/services purchased from the delegated budget are in accordance with the schools aims and objectives.
- ◆ To ensure goods/services purchased are done so in line with Sheffield City Council's Financial Framework and giving due consideration to Best Value.

## 2 Financial Systems and Processes

### 2.1 FINANCIAL PLANNING AND THE BUDGET

- 2.1.1 The Headteacher and Leadership Team will prepare a draft financial plan for the school during the autumn term for discussion and approval by the Finance Committee. The plan will cover the forthcoming financial year and at least the following two financial years. The plan should demonstrate in financial terms how the school intends to use its resources to achieve the aims and objectives stated in the School Improvement Plan.

The draft financial plan will be an integral part of the budget process and forms the link between the School Improvement Plan and the school budget; the medium term financial plan will be reviewed annually.

The plan will incorporate the financial details set down in the asset management plans and the work done by the Planning Section for developing repairs and maintenance programmes.

- 2.1.2 A draft budget will be presented to the Finance Committee in March. The Headteacher will be responsible for the preparation of the draft budget costed out using zero based budgeting principles where applicable. The principles and calculations used in preparing the budget should be documented and retained for future use. The budget will reflect the first year of the school's financial plan, subject to the level of resources available to the school. It may be necessary to review the financial plan and the improvement plan objectives to reflect final budget decisions that are made in light of the known resources.
- 2.1.3 The Governing Body will consider the draft budget and either approve it or return it to the Finance Committee for amendment. The Headteacher will forward an approved budget to the Local Education Authority after the summer term meeting or by the 21<sup>st</sup> May (whichever is the earlier).
- 2.1.4 Spending plans will be broken down sufficiently into appropriate cost centres to promote effective financial control.
- 2.1.5 Each month the headteacher will receive financial statements from the school's accounting system so that the overall budget and school bank account position can be monitored and reported to the Headteacher monthly and to the Finance Committee on a termly basis. The Headteacher will ensure that financial statements are provided to members of staff who have been designated as budget managers so that delegated funds are also monitored.
- 2.1.6 In the summer term governors will undertake a documented review of progress in implementing the provisions of the current improvement plan and review the management of the previous

year's budget. The Headteacher will indicate where any proposal or policy change would significantly affect costs in the future.

- 2.1.7 Records will be kept showing how budgets have been built up enabling officers responsible for the allocation of expenditure or income to identify from which areas expenditure is to be funded.
- 2.1.8 Expenditure will only be made against available budget resources.
- 2.1.9 The school will not incur costs of a capital nature without the approval of the Local Education Authority.

## 2.2 BUDGET MONITORING AND CONTROL

- 2.2.1 The Headteacher will ensure that the process of monitoring actual expenditure against the budget is continuous. The Headteacher, in consultation with the Leadership Team, will nominate members of staff and the Leadership Team as budget holders for specific curriculum and non-curriculum cost centres. (Details of the approved budget holders and the budgets they are responsible for are shown in Appendix 2). A note detailing the responsibilities of budget holders, the method used to allocate curriculum budgets and the rules to be applied to the carry forward of any under or overspends will be prepared by the Headteacher and Leadership Team and circulated to each budget holder and the Finance Committee.
- 2.2.2 The Headteacher may vire amounts up to £5 000 in line with paragraph 1-3 between budget heads without reference to the Finance Committee; virements in excess of £5 000 must have the prior approval of the Finance Committee, unless in case of emergency the headteacher has delegated authority to use up to £10 000. The Headteacher is responsible for ensuring that the school's budget and finance systems are updated to reflect all virements and changes to the budget.
- 2.2.3 Day to day responsibility for monitoring and control lies with each budget holder who must obtain the prior written approval of the Headteacher or a named member of the Leadership Team if they wish to exceed their budget allocation.
- 2.2.4 The school administrative officer will be responsible for co-ordinating the day-to-day monitoring process; the Headteacher and Leadership Team will review the monitoring position monthly.
- 2.2.5 The school administrative officer will issue monthly reports to each budget holder detailing budgeted and committed and actual expenditure for their area of responsibility. The Headteacher will be provided with monthly reports detailing the overall monitoring position and a summary of spending by cost centre.
- 2.2.6 The Headteacher or responsible officer will present to the Finance Committee on a *termly* basis of the school's actual and

committed spending compared with the budget, with written explanations of any significant variances and a forecast of the school's expected year end position. A report showing the school's current and forecast cash flow position will also be reported to the Finance Committee on a quarterly basis.

- 2.2.7 The Headteacher or responsible officer will ensure that proper commitment accounting records are maintained.

### **3 Internal Control Procedures**

- 3.1 In order to ensure that transactions will be properly processed or that errors will be detected promptly, as far as possible the duties of staff concerned with financial transactions will be distributed so that at least two people are involved in processing receipts and payments. The work of one person should act as a check on the work of the other and any such checks will be documented as being carried out. There should be a written summary of financial procedures that is kept up to date.
- 3.2 Alterations to documents will be made in ink; correcting fluid or erasure will not be used.
- 3.3 Signatures on documents must be original and in ink and will be sufficient to identify the signatory concerned (i.e. ticks, rubber stamps or scanned signatures are not acceptable)
- 3.4 Accounting records will be properly maintained and held securely. Financial documents will be retained in accordance with the arrangements laid down in the LEA's Finance Guidance Manual for Schools (See Appendix 3). The Headteacher will specify who is authorised to access the records and documentation.

### **4 Insurance**

- 4.1 The Headteacher will liaise with the LEA to effect insurance arrangements.
- 4.2 The Finance Committee will review insurance arrangements annually to ensure they are commensurate with risks and to determine whether to insure risks not covered by the LEA. Arrangements will cover the use of school property e.g. musical instruments, computers, when off the premises.
- 4.3 The Headteacher will ensure where lettings of School Premises are undertaken that the lettee has sufficient public liability cover. Where this is not the case further advice will be sought from the LEA.

## **5 Computer systems**

- 5.1 The school maintains accounting records and information on computerised systems, the Headteacher will ensure that the school is registered in accordance with the Data Protection Act 1998.
- 5.2 The Headteacher will ensure that there are effective back-up procedures in place for the financial data held by the school. Back up discs will be stored in a fireproof location, with a second set held off site.
- 5.3 The Headteacher will also ensure that only authorised staff have access to computer hardware and software used for school management. Passwords will not be disclosed and will be changed regularly. Only authorised software will be used in order to prevent viruses being imported.
- 5.4 Wherever possible access levels will be restricted to re-enforce the principles of internal control set out in Section 3 above.

## **6 Purchasing Procedures**

- 6.1 Before placing an order the person responsible for making it will ensure that the school is obtaining best value for money and that the remaining budget is sufficient to meet the proposed order value.
- 6.2 If the estimated cost of an item is more than £250 but less than £1,000, normally two quotations will be obtained and recorded in writing. In the case of contracts with a value between £1,000 and £24,999 there will be three written quotations. Where it is not practical to obtain the minimum number of quotations or if the lowest price is not accepted, the Headteacher will document the reasons and formally report this to Governors in case such action is ever questioned. The school catering and photocopying contracts are bought through local authority approved contractors. School employs cleaners in-house.

In the case of contracts with a value over £5 000 the decision on which quotation to accept will be referred to the Finance Committee.

- 6.3 Where the proposed works would fall within the Construction Industry Taxation Scheme (CITS) the Headteacher will obtain the appropriate CIS documentation from contractors at the quotation stage; contractors not compiling with CITS regulations will be not contacted to do work.
- 6.4 If the estimated cost of a contract exceeds £25,000, then the tendering procedures laid down in the City Council's Financial Framework and contract standing orders will be followed and the full Governing Body will decide which tender to accept. Details of the full tendering

procedures are shown in the Purchasing Chapter of the LEA's Schools Financial Procedures Manual, (see Appendix 4); the Headteacher will also seek the advice of the appropriate officers of the LEA in handling the matter of tenders.

- 6.5 All orders for goods and services will be printed on official stationery.
- 6.6 Documents supporting purchases/contracts (i.e. specifications, quotes, tenders and correspondence) will be retained with the copy order and where the chosen quote is not the cheapest, approval will be obtained from Governors prior to ordering.
- 6.7 The ordering of goods and services by telephone will not be undertaken except in emergencies and will be followed by the issue of an official confirmation order as soon as possible.
- 6.8 Orders will be issued for all goods and services, except for utilities (energy costs, telephone bills, rates etc.), agency staff and petty cash purchases, and purchases for which a written contract is signed.
- 6.9 As well as showing details of the goods or service required, the order will also show the estimated or agreed price, net of VAT.
- 6.10 The order will be authorised by the Headteacher or by persons to whom this function has been delegated by the Headteacher with the approval of the Finance Committee. All such persons will be budget holders, and all names will be maintained on a list held by the school's finance staff. (See appendix 2)
- 6.11 Orders will be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their private use. Only staff approved by the Governing Body or Headteacher will authorise orders.
- 6.12 The names and signatures of staff authorised to sign orders, certify invoices, sign cheques, etc, are recorded in Appendix 5.
- 6.13 The person receiving the goods or services must make careful checks, to ensure that they are in accordance with the order; the check will be recorded on the delivery note and/or invoice and include the initials of the checking officer, and passed to the member of staff responsible for maintaining the school's financial records. Payments will not be authorised until all necessary checks have been made, including prices, discounts and the VAT accounting checks. Payment will only be made against an official invoice.
- 6.14 Officers authorising/certifying invoices for payment must be satisfied that those payments comply with the appropriate tax regulations. (Guidance on VAT & CITS can be found in the Taxation Section of the Finance Manual)

- 6.15 Blank order sheets will be held securely, with access to them restricted. Similarly, access to cheque books/stock of blank cheques will be controlled. The holding of excessive stocks of order sheets or cheques will be avoided.

## **7 Personnel**

- 7.1 All appointments, terminations and salary levels will be formally approved by the Governing Body and notified to the Personnel section of the LEA.
- 7.2 Appointments and amendments to payroll will only be authorised by the Headteacher (or a nominated deputy in his/her absence) unless the amendment affects the Headteacher in which case the Chair of Governors will certify the documents.
- 7.3 The Headteacher will ensure that all the financial and administrative processes concerning employment in the school are checked, and that the school records agree with those of the LEA, which administers the payroll.
- 7.4 Payroll and personnel records will be retained in a secure place.
- 7.5 Payroll transactions will be processed through the payroll system; any payments to individuals who have worked for the school on a “one off “ or casual basis will always be made through the payroll system. The same applies to additional payments to staff such as honoraria, or travel and subsistence payments. Such payments will never be made from petty cash or the school private fund.
- 7.6 Any contractor claiming to be self-employed will automatically be paid through the payroll as a temporary employee, unless proof of official tax status is provided. (Guidance on self-employed and CITS requirements can be found in the Taxation Section of the Finance Manual)

## **8 Security of Stock and Other Property**

- 8.1 The Headteacher is responsible to the Governing Body for the safe custody and control of cash and property belonging to the school.
- 8.2 An inventory will be maintained of all attractive and portable items, with details of make, model, serial number and purchase value. A documented check of the inventory will be undertaken annually against actual items. Items with a purchase value of over £100 that are missing will be reported to the Finance Committee who will include it in its reports to the full Governing Body.

- 8.3 Items will be recorded in the inventory promptly (i.e. at the point of purchase). The inventory will have sufficient detail to identify individual assets (i.e. make, model, serial no., location etc). The record will be on sequentially numbered sheets and held in a fireproof location.
- 8.4 A register will be maintained of items taken off the school premises. All such loans of equipment should be authorised by the Headteacher and entered in the register, the register being noted upon return of each item with details of dates and signatures. The return of loan items will be countersigned by a second person.
- 8.5 Obsolete items to be written off or items to be sold will be reported to the Finance Committee for approval and then clearly recorded in the inventory records.
- 8.6 Safes and secure cupboards will be kept locked, the keys removed and held securely by the person designated by the Headteacher. The loss of any keys will be reported immediately to the Headteacher.

## **9 Income**

- 9.1 The Governing Body through its Finance & *Premises Committee* and subject to the recommendations of the Headteacher will establish a charging policy for the supply of goods and services by the school.
- 9.2 The Headteacher is responsible to the Governing Body for accounting for all income due and cash collected as set out in the charging policy.
- 9.3 The charging policy will be reviewed annually by the Governing Body to ensure that levels of charges fall in line with school policy and at least cover the cost of the service provision.
- 9.4 Where invoices are required they will be issued promptly by the *Finance Officer*; where possible the school will obtain money in advance of supplying goods or services to improve the school's cash flow and avoid the time and cost of administering debts.
- 9.5 Receipts and bankings will be cross-referenced to debtors by the administrative staff.
- 9.6 Bad debts up to £500 will only be written off with the formal minuted approval of the full Governing Body and must be notified to the Director of Finance. In the case of larger debts procedures laid down in Sheffield City Council Financial Framework should be followed.
- 9.7 The administrative staff will issue pre-numbered receipts for all income collected except where formal records (e.g. class sales book) are maintained. Where a receipt is not given there will be a signature of

discharge whenever cash changes hands. All receipts, vouchers and other income records will be securely retained. Personal cheques will not be cashed.

- 9.8 The accounting and debtor records will be properly and promptly updated and all income and VAT due to the school identified. Cash collected will be receipted and banked as soon as possible. Cash held on school premises will be kept to a minimum and in a lockable receptacle in a locked safe or cabinet.
- 9.9 The responsibility for identifying money due to the school will, as far as is practicable, be kept separate from the responsibility for collecting and banking the money.
- 9.10 Cash income will be kept separate from petty cash and school private fund money.
- 9.11 Staff and governors will not use their personal bank accounts or the school private fund account for any payment or receipt relating to the school's budget.

## **10 Banking Arrangements**

- 10.1 The Headteacher is responsible on behalf of the Governing Body for ensuring that the school complies with the requirements of the Sheffield scheme for school bank accounts. The main requirements are described in the Schools Financial Procedures Manual (See Appendix 6).
- 10.2 Cheques will not be signed unless all details are fully completed.
- 10.3 A bank reconciliation will be completed by the *Senior Business Support Officer* on a monthly basis to prove that balances are correct and to provide assurance that the underlying accounts of the school have been properly compiled and are accurate.
- 10.4 The Headteacher will certify the monthly bank reconciliations having checked these to the supporting documentation. Bank statements and FMS6 bank reconciliation reports will be initialled by the Headteacher to demonstrate such checks have been undertaken.
- 10.5 Where practicable, staff responsible for undertaking bank reconciliations will not be responsible for the processing of payments or receipts.
- 10.6 The Governing Body will review its banking arrangements annually and document as such to ensure they provide the best value for money. They will also review the authorised signatories annually.

10.7 The school's cash flow will be monitored regularly by the school bursar to ensure that the school's account does not go overdrawn; the cash flow information will also be used to identify funds surplus to immediate requirements that can be invested to optimal effect.

## **11 Petty Cash**

11.1 The Headteacher is authorised to decide what amounts of petty cash are held in the school and by whom. The person holding the cash must sign to accept responsibility for it, the Headteacher will be responsible for the total amount in the school. The Headteacher will ensure that the cash sums held are covered by insurance and for security reasons do not exceed £200.

11.2 Petty cash floats will be reconciled on a monthly basis by the administrative staff.

11.3 Staff authorised to hold petty cash are responsible for :-

- ◆ Obtaining proper vouchers and receipts for all cash payments made.
- ◆ Obtaining receipts that identify any VAT paid to support the reclaiming of VAT.
- ◆ Ensuring the safe custody of the cash.
- ◆ Producing on demand to the Headteacher, auditor or other authorised person, cash and vouchers/receipts equal to the total amount held.

11.4 The petty cash amounts will only be reimbursed from the school bank account. Cash income from other sources will not be used to reimburse petty cash.

11.5 The use of petty cash will be limited to minor items for which there is proper authority and provision in the budget. Petty cash will not be used for paying regular suppliers, mileage claims by staff or for the purchase of items in excess of £50. Where items exceed £50 and it is not practicable to issue an official order, then any payment in excess of £50 from petty cash will require the prior documented approval of the Headteacher.

## **12 School Private Funds**

12.1 The Governing Body requires that there is an annual audit of the private funds by those appointed by the Governing Body. Annual accounts will be submitted to the Governing Body together with the certificate of audit required by the LEA.

12.2 Accounting procedures for the school fund will reflect the standards required for accounting for public money.

12.3 There will be a proper separation of the voluntary funds and related accounting records from those for the school's budget.

### **13 School Sports Centre**

Not applicable

## Appendix 1

### Timetable of Governing Body/Committee Meetings

Name of Sub Committee	Timetable of Meetings
Personnel	7/11/17; 13/2/18; 19/6/18
Finance and premises	5/10/17; 30/1/18; 1/5/18
Curriculum	16/11/17; 15/3/18; 27/6/18
Inclusion	TBC
Full governors	11/1/17; 28/3/18; 18/7/18

### Reporting timetable

Report to	Subject	Date due	Report from	Completed

## Appendix 2

### Subject Leaders Budget Holders

for Financial Year 2017-2018

<b>NAME</b>	<b>POSITION</b>	<b>COST CENTRE</b>
Steven Arbon-Davis	Headteacher	Pupil Premium
Colette Taylor	SLT/IR Leader	IR
Diane Wilkinson	Assistant headteacher	SEN/Inclusion
John Thornton	Class teacher	Computing
Louise Bullen	SLT/class teacher	Assessment/Maths
Debbie Smith	SLT/Class teacher	English & Art
Alison Slattery	SLT/Class teacher	English
Suzanne Lawson	Class teacher	Modern foreign languages
Katie Parkin	Class teacher	Design and technology
Drew Cornelius & Claire Lindley	Class teachers	Physical Education/Sports Premium
Rosie Mayes -Cooper	Class teacher	Science
Phil Walsh & Jo Bagnall	Class teachers	Religious Education
Alison Slattery	Class teacher	Geography & History
Colette Taylor	Class teacher	Music

## **Appendix 3**

### **Accounting Records**

#### **Extract from (School's Financial Procedures Manual)**

The school should properly maintain accounting records, only allow access by authorised staff and hold all records in a secure place. Financial documents must be retained in accordance with the following arrangements:

- (i) To comply with the requirements of both the Inland Revenue and the Department of Social Security it is necessary to keep relevant payroll and other related financial records, for at least 6 complete financial years plus the current year.
- (ii) VAT regulations require that business records must be preserved for 6 years - these are deemed to include invoices, income records, orders, delivery notes, bank statements, paying in slips, annual accounts and relevant business correspondence.
- (iii) Contract documents should be retained for 6 years after the contract has expired or 12 years if they have been signed under the Council's Common Seal.

All financial transactions should be traceable from the original documentation to the accounting records and vice versa.

## Appendix 4

### LEA Tendering Procedures

#### Extract from (School's Financial Procedures Manual)

The governing body should establish a tendering procedure policy for putting all purchases (other than purchases from and through the Council) estimated to exceed a predetermined amount out to tender.

The tendering procedures should cover:

- ◆ contract advertisement in the local or national press giving at least seven days public notice
- ◆ the need to comply with any relevant EC regulations
- ◆ the procedures for the submission, receipt, opening and recording of tenders
- ◆ the circumstances when financial or technical evaluation is necessary
- ◆ acceptance of tenders
- ◆ the form of contract documentation
- ◆ cancellation clauses in cases involving corruption or bribery.

Every contract that exceeds £25,000 must follow the full tendering procedures specified in the Council's Standing Orders. It must be entered into by way of a contract deed under the Council's Common Seal, except in those circumstances where the Director of Legal Services advises that this is not necessary.

Any queries should be addressed to the Head of Corporate Contracts on 273 6890.

## Appendix 5

### **Names & Signatures of staff authorised to sign orders:**

**for Financial Year 2017-2018**

<b>NAME</b>	<b>SIGNATURE</b>
Steven Arbon-Davis	
John Chadbourne	
Kerry Wales	

### **Names & Signatures of staff authorised to certify invoices:**

<b>NAME</b>	<b>SIGNATURE</b>
Steven Arbon-Davis	
John Chadbourne	
Kerry Wales	

### **Names & Signatures of staff authorised to sign cheques:**

<b>NAME</b>	<b>SIGNATURE</b>
Steven Arbon-Davis	
John Chadbourne	
Kerry Wales	

## Appendix 6

### Requirements of Sheffield Scheme for School Bank Accounts

#### 1 General Outline of the Scheme

This scheme applies to all community, voluntary, foundation, and community special and foundation special schools in the area of the LEA.

Schools may hold an external bank account for official funds: schools choosing to hold an external bank account must comply with the rules and conditions in this scheme. Appropriate staff must attend training courses on systems and financial procedures.

All schools within the Sheffield LEA hold external bank accounts and the budget share for each school is issued as a cash advance. In the following section's text the instalment of budget share will be referred to as cash advance payments.

#### 2 Frequency of Instalments

The cash advance will be made available to governing bodies on a monthly basis at a time in the month prescribed by the authority's Director of Finance and which will permit prompt payment of salaries. Provision is also made to allow the payment in full of additional devolved funding, where appropriate.

#### 3 Proportion of Cash Advance Payable at each Instalment

The monthly advance on dates to be prescribed by the authority's Director of Finance will be calculated on the basis of a percentage of the school's approved funding which provides a cash flow pattern not in advance of current arrangements and is approved by the authority's Director of Finance.

The percentages to be applied each month are set out below:-

<b>APRIL</b>	<b>12%</b>
<b>MAY</b>	<b>8%</b>
<b>JUNE</b>	<b>8%</b>
<b>JULY</b>	<b>8%</b>
<b>AUGUST</b>	<b>8%</b>
<b>SEPTEMBER</b>	<b>8%</b>
<b>OCTOBER</b>	<b>8%</b>
<b>NOVEMBER</b>	<b>8%</b>
<b>DECEMBER</b>	<b>8%</b>
<b>JANUARY</b>	<b>8%</b>
<b>FEBRUARY</b>	<b>8%</b>
<b>MARCH</b>	<b>8%</b>

## **4 Interest Clawback And Interest Payments On Late Cash Advance Payments**

The frequency, timing and the percentage of cash advanced each month provides a cash flow pattern which is not in advance of existing arrangements and spending patterns. It will therefore NOT be necessary for the Authority to make a deduction from cash advances to cover any estimated interest lost by the Authority in making available these amounts.

### **4.1 Interest On Late Cash Advance Payments**

If, due to an LEA error, cash advance payments are paid later than the arrangements described above, interest will be added to the late payment at the prevailing Bank of England base rate.

## **5 Cash Advances For Closing Schools**

Provision is made for schools in the cheque book scheme for whom approval for closure or amalgamation has been secured, to receive cash advances until closure on a monthly basis, net of estimated pay costs, even where some different basis was previously used.

### **5.1 Suspension Of Financial Delegation**

If the Governing Body of a cheque book school has had its right to manage a delegated budget suspended, the cheque book facility may also be suspended and the school required to use the authority's central accounting systems and banking arrangements.

## **6 Bank And Building Society Accounts**

All schools may have an external bank account into which their cash advances (as determined by other provisions) are paid. Where schools have such bank accounts they shall be allowed to retain all interest payable on the account

When a school opens an external bank account, in the first year of operation its cash advances will include the balance carried forward from the previous year. The full amount of the balance will be advanced in July based on the actual year-end carry forward figure, adjusted for the reversal of accruals taken in the previous year. However if a school desires, the LEA must transfer immediately to the account an amount agreed by both school and LEA as the estimated surplus balance held by the LEA in respect of the school's cash advance, on the basis that there is then a subsequent correction when accounts for the relevant year are closed.

A school can meet from its= bank account all the expenditure items in its delegated budget. It must NOT meet from its chequebook account:

- ◆ any items relating to private school funds
- ◆ any non-Local Education Authority activities such as unsubsidised school trips.

It can pay money into the chequebook account from the following sources only:

- ◆ advances from Sheffield City Council, VAT and other tax reimbursements
- ◆ any income which may be generated such as private lettings or craft sales
- ◆ contribution or donations towards school expenditure by charities, school private funds, Education Action Zones and other external bodies.
- ◆ delegated school meals

## **6.1 Restrictions on Accounts**

Accounts may only be held for the purpose of receiving cash advance payments, at the following banks

Barclays Bank PLC	Co-operative Bank PLC
Girobank PLC	Lloyds TSB PLC
HSBC PLC	National Westminster Bank PLC
The Royal Bank of Scotland PLC	Bank of Scotland PLC
Yorkshire Bank PLC	

Schools may seek approval from the LEA for other banks or building societies not shown on the above list. (Former GM schools are allowed to nominate as the account for cash advance payments the account used in 1998-99 for payments of AMG by the FAS, even if it is not on the above list.)

Any school closing an account used to receive its cash advance and opening another must select the new bank or building society from the approved list, even if the closed account was not with an institution on that list.

Money paid by the LEA and held in school bank accounts remains LEA property until spent. It is recommended that bank accounts are opened in the name of the school and Sheffield City Council. Where a bank account is opened only in the name of the school, then the bank mandate must allow the Local Authority as owner of the funds to receive statements and take control of the account if the school's right to a delegated budget is suspended

Schools must notify the LEA (Financial Services) of the bank used, account numbers and authorised signatories for all LEA Bank Accounts. Changes to banks and/or signatories should also be notified.

## **7 Borrowing By Schools**

Overdrafts are not permitted, and schools must not under any circumstances arrange overdrafts or allow the account to become overdrawn. (Any monies borrowed will impinge on the legal maximum that the Council as a whole may borrow, and could incur penalties)

## **8 Other Provisions**

The LEA has formulated rules and guidance in respect of banking arrangements, which are detailed below.

The scheme places certain requirements on the school. When accounts are opened, schools should ensure that the following requirements are fulfilled: -

- a) Accounts must only be opened with the approval of the governors and preferably in the name of the school and Sheffield City Council.
- b) Governors may authorise a minimum of four and up to a maximum of six signatories. These should be reviewed annually.
- c) A proforma should be completed by the school, authorising the bank to accept a request from the Director of Finance or their representatives (Internal Audit and Financial Services staff) for access to information on the school account, in order to fulfil their statutory duties.
- d) All correspondence from the bank to the school must be addressed to the headteacher.
- e) Bank statements must be provided monthly, sent to the school on the last banking day of each month immediately after the last banking day's transactions.
- f) A copy of the bank statement should be sent by the school to the LEA at the end of June, September, December and March
- g) Paying-in books must be provided and used for paying in income.
- h) Cheque counterfoils must be completed in every case and retained for audit purposes.
- i) Cheques of up to £5,000 must be signed in manuscript by two of the signatories.

- j) Cheques of over £5,000 must be signed in manuscript by three (one of whom must be the headteacher or a designated responsible officer in place of the headteacher) of the signatories.
- k) Cheques should be crossed, non-negotiable and "a/c payee only".
- l) The schools retains any interest and bears any charges made by the bank. Interest should be paid gross.
- m) A surplus may be invested, but only in accounts of an approved bank which bear no risk to the principal sum. Any investment must be made through the school itself and not through an intermediary. Details of this must be provided to the LEA in accordance with paragraph 6.1.
- n) Direct debits or standing orders may be used for salaries and recurring payments such as utility bills and rates. Debit and credit cards are not currently permitted.

Schools wishing to use telephone or electronic on-line banking systems must ensure that the following control procedures are in place and adhered to:-

- ◆ the authority is notified of any changes in banking procedures
- ◆ controls, particularly access controls, are of a level that is comparable to that provided by the current cheque book system
- ◆ the school recognises that methods of authorisation may change, but the levels of authorisation must comply with the approved bank mandate.

## Appendix 7

### Checklist of task completion:

<b>Item</b>	<b>Responsibility</b>	<b>Date completed</b>
Committee timetable	Chair of Governors	September 2017
Reporting timetable	Chair of Governors	September 2017
List of Cost Centre Managers/Budget Holders	Finance Officer	September 2017
List of authorised signatories	Finance Officer	September 2017
Review of financial procedure documentation & training (including Finance Policy)	Headteacher	September 2017
Annual report on long term financial plans	Headteacher	April 2018
Year- end report on performance	Headteacher	May 2018
Annual budget plan approved, to LEA	Headteacher	April 2018
Register of pecuniary interests	Finance Officer	Renewed at all full governor meetings
Data Protection registration	Finance Officer	September 2017
Inventory check & report	Finance Officer	December 2017
Charging policy review	Finance Officer	2006/2010/2014/2018
Banking arrangements and cheque signatures review	Finance Officer	September 2017
Private Fund accounts audit	Chair of Governors	April 2018
Performance against Schools Improvement Plan reviewed and reported	Headteacher	March/April 2018 June/July 2018

