

GENERAL FINANCE POLICY

Procedures

Banking Arrangements

The school will invest official County Funds only in accounts set up by the Assistant Director (Finance).

Money set aside by the Governing Body for specific purposes may be invested in a separate bank account if a higher rate of interest can be earned than that offered through the County scheme.

The signatories for all cheques are: Headteacher, and two Deputy Headteachers. The Headteacher may sign cheques below the value of £2000 alone, but requires a second signature from one Deputy Head for amounts exceeding this. The Deputy Headteachers may sign jointly on cheques below £2000.

All cheques drawn on the accounts are crossed a/c payee only to avoid the possibility of improper negotiation of the cheques. Cheques will always be made out with the current date. No cheque will be signed prior to all other details being completed and all cheques must be signed by hand.

Cheques may only be used in settled official invoices or claims. Any payments to individuals (other than reimbursement) may be subject to tax. In these circumstances advice should be sought from the Assistant Director (Finance).

Cheques paid in as income into local accounts, which are returned by the bank unpaid, will be entered into the schools local records as reduced income. Lost or misplaced cheques are to be cancelled at the bank and written back on the Finance System before issuing a replacement. Where a cheque written by the school remains unrepresented six months after the date of issue, the school will enter this into its local records as reduced expenditure.

Request to vary the authorised signatories will be notified by the Headteacher to the Education Finance Division on the form LMSBANK1. The Finance Division will notify the bank. The school will not make requests for variations of this nature direct to the bank.

All direct debits and standing order mandates must be signed by the Headteacher and one other authorised signatory. Authorised signatories are the Deputy Headteachers. The bank will confirm the details with one of the authorised signatories before it is actioned.

The Budget Share will be paid into the school's General Account and all surpluses will be held in this account, together with other allocations made by the LEA.

Interest will be paid to the school quarterly, gross of tax.

Bank charges at the rates negotiated with the County Council will be deducted quarterly.

The Assistant Director (Finance) will be notified by the bank of the balances on all accounts, and will also notify the authority of any account that has gone into overdraft.

Any discrepancy in the bank account will be reported by the Headteacher immediately to the Assistant Director(Finance).

The school will permit full and immediate access to all documents and records relating to its bank accounts to: Assistant Director (Finance) and his representatives, Internal Audit, External Audit, the Inland Revenue, Customs & Excise, and any other authorised person.

The school will ensure that an adequate separation of duties between staff exists, so that it is not possible for one person to authorise an order, certify the invoice and sign the cheque payment.

The Headteacher will ensure that the balance of the accounts is reconciled at least monthly to the financial records held by the school. All bank reconciliations will be prepared by the Bursar, signed and independently reviewed by the Finance Manager and countersigned.

No account is permitted to go into overdraft.

No form of borrowing or loan is permitted.

Monies will be taken to the bank frequently to minimise the risk of loss and to ensure that the insurance limit for the safe (£1000) is not exceeded. The days and times of banking should be changed regularly to ensure that a pattern does not become apparent. All monies kept in school must be securely stored in the safe, the keys for which are restricted to the Finance Department.

Expenditure

When invoices are received they will be matched against orders where applicable.

Where invoices have not been matched against an order authorisation from the budget holder will be obtained before payment.

All payments made will be recorded on the Finance System as soon as possible after cheque processing.

Invoices will be filed in cheque order.

Petty Cash

Cheques for petty cash will be raised by the Bursar when necessary, and drawn on the General Account.

The limit for the petty cash float is usually £250 other than in exceptional circumstances approved by the Headteacher or Finance Manager.

Petty cash expenditure must be authorised by the budget holder before reimbursement takes place.

All staff claiming for items purchased over the value of £250 must produce a VAT receipt.

Petty Cash will be reconciled monthly and recorded on the Finance System.

Income

All monies received are recorded on daily spreadsheets by Finance Assistant to ensure clear and accurate listing of money to be banked.

Receipt of income to be listed by Finance Assistant (or person other than the one who ultimately records it on Finance System).

Departmental income must be paid in to the Finance Assistant, accompanied by the top copy of the 'duplicate sales book page' or a student's slip indicating the nature of goods etc.

Bursar to keep separate records for pupils on trips etc. and to record income relating to each paying-in slip on Finance System.

Banking slips to be prepared by Finance Assistant/Finance Manager.

Purchasing

The school will keep a list of approved budget holders.

The Governing Body will ensure that procedures and best practice are exercised to obtain goods and services in the most cost effective way from the least expensive sources who are able to provide the required performance, quality and delivery.

Purchasing by the school is subject to the Authority's contract tendering procedures and to the Authority's general regulations regarding purchasing which are covered by the Purchasing Conditions & Guidelines, Code of Purchasing Practice and Contract Regulations.

Purchases over £10,000 should be subject to formal tender procedures. This does not apply to any single or aggregate purchase of any value made through County Supplies and Contract Services or any other County Council departments, as it is deemed that a suitable competitive exercise will have been carried out on behalf of purchasers.

All orders will be placed using our internal order system.

Bad Debts

When a bad debt occurs the Bursar/Finance Manager will send a reminder letter.

If the debt remains unpaid and no response has been received in respect of the reduction of the debt (e.g. a payment schedule agreed), the school will again write pointing out that if no response has been received within 7 days the debt will be referred to the Law and Admin Section of County Hall. After this time the debt will be referred to County Hall.

In some special cases, the Headteacher may write off bad debts up to the value of £500. The Finance Committee will be notified of such write offs. The Finance Committee will agree the referral of individual bad debts over £500 to the Chief Financial Officer.

Construction Industry Tax

The Bursar and the Finance Manager will have access to the Inland Revenue CITDS publication and any other advice or guidance issued by the LEA. They will also be familiar with the regulations appertaining to the construction industry tax deduction scheme.

Where a relevant invoice is dealt with incorrectly without the school seeking advice or payment through an agent, any incorrect treatment resulting in an additional cost will be payable by the school from its own resources.

To simplify matters, all invoices for any construction work, including repairs and maintenance over £1000 (excluding materials) should be submitted to ITNET (accounts payable service) for payment on the school's behalf.

Payment should be authorised by the Headteacher or the Finance Manager when the work has been satisfactorily concluded, by attaching a completed coding slip (A529) to the invoice, together with an A14 form. These forms will then be submitted to ITNET.

Such payments will then be debited to the school's account.

Insurance

The Finance Manager will liaise with the LEA to effect and review insurance arrangements.

Risks will be reviewed annually to ensure that sums incurred are commensurate with risks. Any additional insurance cover above that provided by the LEA, which the Headteacher feels necessary, will be brought to the attention of the Governing Body. Such insurance premiums will be met by the school.

The school should notify its insurers of all new risks, property, equipment and vehicles which require insurance and any other alteration affecting existing insurances.

The school will not give any indemnity to a third party without the written consent of its insurers or the LEA.

The school will immediately inform its insurers or the LEA of all accident, losses and other incidents which give rise to an insurance claim.

Insurance arrangements will cover the use of all school property when off the premises within this country. NB: Laptops not covered in vacant vehicle.

Personnel and Payroll

All salaries, wages, fees and other remuneration (including honorariums) due to staff and other individuals, whether under a formal contract of employment or not, shall be paid through the payroll system (approved by the Director of Finance).

The Clerk to the Governors will maintain a register of pecuniary interests. This will be reviewed annually, and the Director of Finance will be notified of any benefits in kind received by employees.

The School's budget will be changed for any expenditure falling on the Authority where Governors fail to comply with these requirements.

School Meal Administration

The school is responsible for the following areas of school meals administration:

Maintaining a register of students eligible for free school meals and issuing relevant dinner tickets.

Holding dinner money until it is banked.

Banking the dinner money promptly using the deferred banking system.

On an ad hoc basis checking the till reconciliation sheets against monthly submissions, and the accuracy of free pupil and duty meal numbers.

Value Added Tax (VAT)

The Headteacher is responsible for ensuring the proper treatment of VAT on all income and expenditure, and that the VAT is reclaimed and paid promptly.

The Bursar/Finance Manager will submit a VAT Reimbursement Claim each month to Education Finance using a computerised submittal.

If an error is detected by the school in its VAT treatment of income or expenditure, the Headteacher will notify the Chief Financial Officer for direction on identifying its value and to arrange for its correction in compliance with UK VAT regulations.

If penalties are incurred by the County Council as a result of incorrect treatment of income and expenditure, and as a result of the school not following (or seeking if in doubt) the advice given by the Chief Finance Officer, such penalties will be met by the school from its own resources.

All VAT reclaimed and paid will be recorded on the computerised Finance System, and records kept in the files.

Voluntary Funds

The Headteacher and the Governors will identify to HCCs Internal Audit Division Private (School Fund) accounts and submit an annual return of these to the Chief Internal Auditor.

Voluntary (private) funds will be subject to the same standards of stewardship applied to public funds.

Computerised recording of the private accounts are to be maintained in accordance with these procedures.

Approved by the Finance Committee on 29.9.2004.

Approved by Governors 20.1.2005 and agreed that in the case of The Chauncy School and for the purposes of this policy the duties of the Bursar are the responsibility of the Finance Manager.