

Financial Regulations & Procedures for Schools

Statutory Guidance

Effective from Nov 2021

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**1 INTRODUCTION**

The School Standards and Framework Act 1998 [*SSAF Act 1998*] places upon governors of schools with delegated budgets the responsibility for managing the school’s finances. It must be stressed that this is public money and remains the responsibility of Liverpool City Council **(LCC)** until spent. Governing Bodies are accountable to the Director of Finance & Resources for the way in which these monies are used.

The Act also absolves governors of personal liability when acting in good faith.

It is in the interests of Governing Bodies, Head teachers and other employees of the school that a clear set of financial procedures is laid down and understood by all. The following may be adapted to suit the individual needs of the school. It must be stressed however, that nothing can override LCC’s Scheme for Financing Schools ***(The Scheme)****.*

LCC’s intention with these conditions and requirements is to observe a balance between the freedom schools require to exercise their delegated authority and LCC’s own responsibility to maintain due regard for the proper accountability and control over the expenditure of school finances, which as part of LCC’s total accounts, are public funds.

Although under the principles of financial delegation, schools are able to purchase goods and services from whatever sources they see fit, LCC would wish to ensure that the principles of Best Value are observed and health and safety requirements are adhered to.

For this reason, when taking into account the quality of goods and services purchased, convenience for the school and price, LCC will expect schools, where desirable, to seek advice from and make use of the services offered by LCC.

Governing Bodies are free to allocate resources to their own curricular priorities but it is an essential requirement of *The Scheme*that they spend their budget allocation in a manner which is consistent with the implementation and maintenance of the National Curriculum.

***S.3.2*** of *The Scheme*details how the school budget share will be allocated to schools throughout the year as cash advances.

LCC reserves the right to withhold payment of these cash advances from any school that does not submit its budget plan by 31 May**,** or other date agreed by LCC or the appropriate monthly return/documentation from the school local financial management system by 1stworking day of the following month. In addition LCC may charge such schools the cost of accounting resources applied to produce the required statements and returns. In cases of persistent failure by a school to produce the required statements and returns by the due dates, LCC reserves the right to withdraw the facility for local banking.

**2 ACCOUNTABILITY**

The Governing Body of [“the School”] shall have overall responsibility for the management of public and voluntary funds within the school.

Where the Governing Body establishes a finance committee, this will meet on a regular basis and not less than once a term. The finance committee will report to the main Governing Body at least once a term. Where no finance committee is established, all reference to the finance committee will be for the Governing Body. The Head teacher will be a member of the finance committee.

The day to day management of the budget shall be delegated to the Head teacher who will be responsible to the Governing Body for ensuring that the regulations laid out in *LCC’s Financial Regulations & Procedures* and *The Scheme* are observed.

The Head teacher may delegate responsibility for financial control for elements of the budget to other members of staff in accordance with documented responsibilities

**3 MANAGEMENT BY GOVERNING BODIES**

Governing Bodies are responsible for the management of school revenue budgets and the deployment of school-related resources which are financed by revenue. Governing Bodies, Head teachers and other employees of schools must comply with *LCC’s Financial Regulations & Procedures* and *The Scheme* in discharging their local management responsibilities.

This includes its conditions and requirements and any information, advice, guidance, instruction or warnings issued by LCC or its officers in accordance with its terms. In complying with the terms of *LCC’s Financial Regulations & Procedures* and *The Scheme*, Governing Bodies will have particular regard to LCC’s guidelines on policies such as Health & Safety, Best Value and Charging.

Governing Bodies may, under *The Scheme*, delegate within their ‘Governing Body Decision Planner’, which should be reviewed annually, the management of the school’s budget and specific functions to sub-committees of the Governing Body or to the Head teacher. See ***Appendix 1***.

LCC envisages that the Governing Body may wish to form sub-committees to consider:

* performance review and financial control
* staffing and personnel-related matters
* premises and health and safety
* community use and
* curriculum

There are, however, some key decisions, which cannot be delegated, and these must be taken by the Governing Body, for example, curriculum matters. These may be considered by a committee or other group of governors and recommendations made.

LCC also envisages that Governing Bodies may wish to delegate to the Head teacher, the responsibility for certain staff appointments and in conjunction with the chair of governors determine tenancy applications.

**4 PERSONAL LIABILITIES of GOVERNORS**

The governors of a school shall not incur any personal financial liability in respect of any contract they enter into in good faith, as an agent of LCC and in the exercise or purported exercise of their delegated powers under *The Scheme*.

Any contractual liability, for example resulting from the cancellation of a contract for supplies, may fall ultimately on LCC. However, depending on the circumstances, LCC may charge some or all of the resulting costs to the school’s delegated budget, if it considers that to be an appropriate and practical sanction in accordance with its regulatory powers, as explained in ***s.6*** *of The Scheme*.

Governors, however, are not exempt under *The Scheme*from liability under common law for any negligent action resulting in damage to people or property. An example would be where they failed to ensure the repair of faulty equipment and personal injury resulted. Any liability falling on governors as a result of their negligence would be joint and several.

Funding for insurance is delegated to schools that purchase an appropriate level of insurance from LCC or an alternative provider.

The common law duties of Head teachers and school employees are in substance unchanged by financial delegation. They will continue to be individually liable for any negligent acts, but if they have acted in the course of their employment, LCC as employer, or in aided schools the Governing Body as employer, will be liable.

**5 DETERMINATION of BUDGETS**

The funding framework is based on the legislative provisions in the *[SSFA 1998 s.45-53].*

Under this legislation, local authorities (**LA**) determine for themselves the size of their Schools’ Budget. The categories of expenditure which fall within the Schools’ Budget are prescribed under regulations made by the Secretary of State, but included within the Schools’ Budget is all expenditure, direct and indirect, on an authority’s maintained schools. LAs may retain funding for purposes defined in regulations made by the Secretary of State under *[s.46 of SSFA 199*8]. The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions prescribed by the Secretary of State. The balance of the Schools’ Budget left after deduction of centrally retained funds is termed the Individual Schools Budget.

LCC will allocate budgets to individual schools by means of the formulae described in detail in *The Scheme*. This amount is notified to schools in the spring term and forms their revenue budget for the following financial year.

LCC will publish annually a statement covering all Liverpool Maintained schools listed in *The Scheme* to include information on the:

* Amounts of the Schools’ Budget and Individual Schools’ Budget
* Resource allocation formula
* Planned expenditure per pupil in each school met from the delegated budget.

**6 BUDGETS**

The school’s budget should be fully aligned to the school’s plan for raising standards and attainment using its aims and objectives as the basis for constructing the budget.

The school development plan for raising standards and attainment shall indicate the intended use of resources to achieve its objectives including costed planned developments in priority order for the immediate year ahead and in the context of medium term financial planning include a further two years. This is compliant with **Q7** of the Schools Financial Value Statement (SFVS).

The Head teacher shall prepare estimates of income and expenditure and details of other relevant information to inform the decisions to be made at each stage of the budget cycle.

The Governing Body shall ensure that the budget prepared, approved and submitted is within the limits of the financial resources available.

The Head teacher will forward details of the approved budget in the prescribed format to LCC prior to ***31 May*** each year and any revised budgets within two weeks of approval by the Governing Body.

Schools’ financial positions will be monitored on a pre-determined RAG *(Red, Amber & Green)* Risk Rating basis to identify any ‘schools causing concern’. This rating will be reviewed by LCC on a regular basis.

The Governing Body will consider how best value is being obtained at all times and in particular at the budget planning stage.

The Head teacher shall monitor cash flow to ensure that bank accounts are not overdrawn and inform LCC in good time of any anticipated issues, taking account of monthly spending patterns.

The Head teacher should revise the budget so it remains consistent with the aims and objectives as stated in the plan for raising standards and attainment. This should be reported to the finance committee as soon as possible but at least at the next scheduled meeting.

The Head teacher shall consult the Governing Body regarding any proposed policy change which would significantly affect the income or expenditure budgets.

Budget managers shall monitor their expenditure regularly and provide the Head teacher with a written report highlighting details of any significant variations and proposed action to deal with them a week in advance of each regular finance committee meeting.

The Head teacher shall monitor actual income and expenditure to the budget and provide a clear and concise monitoring report to members of the finance committee at least three times a year. This will include a reconciled account of actual and committed income and expenditure, forecast position for the remainder of the year and details of any variation to the last approved budget.

The monthly statement of expenditure (MSE) required by LCC shall be with Schools Finance section of School Improvement Liverpool Limited (**SIL**) by the **1st** working day of each month.

The Governing Body shall seek advice from LCC prior to entering into leasing, credit arrangements, rental or other deferred payment agreements for equipment or land and property.

**7 BUDGET PREPARATION and REVIEW**

During the autumn term Governing Bodies will consider their budget requirements for following financial year in the context of local needs and priorities.

Governing Bodies will submit to LCC in the prescribed format, information required to determine their budget share. The governors will submit any supporting documentation, which LCC requires.

LCC will consider this information when determining the School’s Budget for the following financial year. A similar arrangement will apply in regard to capital expenditure bids.

Governing Bodies are required to prepare plans and proposals for the current year and for the following two-year period. In particular, when submitting the annual budget plan, it is best practice and compliant with SFVS that each school completes a statement setting out the steps it will be taking in the course of the year to ensure expenditure, particularly in respect of large service contracts, reflects principles of best value, see ***Annex C*** *of**The Scheme*.

These plans should take account of the educational priorities for the school and their effect on the school budget.

Other issues which should be considered include:-

* Likely demographic changes affecting pupils and staff
* A planned building repair and maintenance programme and
* Repair and renewal programmes for furniture, fittings and equipment.

Governing Bodies will keep these plans under continual review on at least a termly basis, and may be required each year to report variations in the plans to LCC.

In connection with a programme of building repairs and maintenance, for both capital and revenue expenditure, schools are encouraged to engage the services of a suitably qualified building professional to ensure projects are managed effectively and safely and in compliance with relevant statutory regulations.

Schools may finance capital expenditure from their revenue budget. However, LCC must be advised before any commitment is entered into, see ***Annex I*** *of The Scheme*.

In exercising their delegated authority to reach the most effective outcome for schools, Governing Bodies will be able to make savings in one year and deploy them in the next. Any such savings will be carried as part of the school balances.

Once the budget share has been notified for the following financial year, Governing Bodies will consider and prepare for LCC, by May 31st, an estimated expenditure profile for that financial year in a format to be determined by LCC. This will identify expenditure and income under the following main headings and any sub-heads as LCC may require:

* Employees
* Learning resources
* Other Supplies and Services
* Premises
* Planned Income

Once balanced to available resources and approved by the Governing Body, the budget should be entered on the Schools Information Management System (SIMS) or other local resource management system and fixed. Alterations to the figures may still take place after this time by virement within budget headings. Governing Bodies will receive, monthly, detailed information in regard to employee related expenditure where the payroll service is provided by the LCC. Schools that use alternative payroll providers should ensure that their providers make payroll monitoring information available on a similar basis.

The governors, Head teacher or appropriate committee as the governors may determine, will consider the information on a regular basis, together with non-employee related expenditure and income, both incurred and committed, and determine if any virement or alteration is necessary to ensure the achievement of a balanced budget.

Appropriate procedures are required to agree changes to the budget plan. The Governing Body may delegate authority to the Head teacher or committee to make changes up to an agreed limit. Any changes, when agreed, should be notified to the Schools’ Finance Section of SIL.

Schools are required to adhere to their budget limits in all cases. In certain circumstances, LCC may allocate an additional sum from central contingencies if the school has agreed to de-delegate the contingency fund.

A school cannot set a deficit budget plan and any unplanned deficit, which does not arise from legitimate call on any contingency provision, will be reflected in the balances position of the school the following year *(see Licenced deficits* ***s4.10*** *of**The Scheme*).

**8 INTERNAL FINANCIAL CONTROLS**

The handling of all public funds including income credited to the budget share shall be accounted for through the financial system of the school, whether this be SIMS or other local resource management system. The instructions provided by LCC and published on *www.schoolimprovementliverpool.co.uk* should be followed, specifically ensuring that income and expenditure generated by extended facilities such as breakfast clubs and after school clubs is accounted for separately and not netted off. Separate recording of income and expenditure is necessary for the purposes of complying with CFR.

Written detailed descriptions of the duties of financial staff and plans of how systems operate should be made available. Only authorised staff shall be permitted access to the financial system and accounting records which shall be securely stored at all times. The Head teacher is responsible for ensuring that no unauthorised staff access financial systems. Access to computer software will be by password only. If an employee is aware that an unauthorised person has obtained knowledge of their password then it should be changed immediately. All authorised users must change their passwords regularly and at least once a term.

The Head teacher shall ensure that financial control is maintained in the absence of key staff by establishing appropriate support arrangements. However, Head teachers should ensure that duties are properly segregated between individuals. Head teachers are responsible to the Governing Body for ensuring that the situation can never arise where one person can carry through a transaction from start to finish including ordering the goods, checking delivery, authorising payment and signing cheques.

Procedures must be structured in such a way that at least two persons are involved in taking through a transaction whereby each person acts as a check on the other(s). Segregating duties in this way reduces the risk of error or intentional manipulation of the system.

Alterations to any original documents shall be made clearly in ink. There shall be no erasure of information or use of correcting fluid.

The Head teacher will ensure that the requirements relating to the storage of documentation for external and internal audit as prescribed by statute and LCC are complied with.

The Head teacher shall be permitted to incur expenditure on goods or services with a value in accordance with the Governor’s Decision Planner, see ***Appendix 1***.

The Governing Body shall set a de-minimis limit of £\_\_\_\_\_\_\_\_ (**£30,000** VA Schools) at which all projects/items of expenditure, above this limit, related to premises will be classified as capital in nature.

**8.1 Statement of Internal Control (SIC)**

#### Statements of Internal Control (SIC) have been introduced in both the public and private sectors as part of a move to more effective corporate governance arrangements. The SIC acknowledges the school’s responsibilities for the system of internal control from which their operational/financial outcomes are derived. It is also used to highlight any known problems with that system so that the GB can take these into account when considering the outcomes.

The SIC should provide the Authority’s s.151 officer with assurance that the funds managed by a school are being properly controlled and accounted for. However, the Governing Body needs to be aware that no matter how sophisticated an internal control system is, it can never prevent or detect all errors or irregularities.

The statement can be signed at any point during the year. Schools should update the SIC annually and take it to Governing Body for approval. Therefore all schools should have, at any given point in time, a SIC that has been signed within the previous **12** calendar months. All **3** schedules of the completed SIC must be submitted to the School Finance Team (SIL) by ***31 May*** each year.

The SIC should reflect the full **12** month period in arrears but should also include information for the period up to and including the signature date. This means that if, for example, the SIC reflects the full **12** month period from *1st April 2018* to *31st March 2019,* but is not signed by the school until *12th April 2019,* then the statement makes it clear that it includes the period up to the time of signing. The text in the Statement has been revised to clarify this requirement.

To achieve SFVS, each school will be expected to use the wording given in the specimen statement and the pre-certification checklist as a minimum. In the event of the school not being subject to an LCC Internal Audit review and/or a “purchased” Financial audit/review from the Schools Finance Team (SIL) of the school’s internal controls within the previous **12** months, a Financial Risk & Control Self-Evaluation will also be required. See ***Appendix 2, Schedule 3****.*

**9 FINANCIAL CONTROL and SUPERVISION**

The accounts of schools with delegated budgets form part of LCC’s own accounts and, as such, are subject to audit scrutiny in the same way as the LCC’s accounts. This means that the determination of the Schools Budget and the Individual Schools Budget are subject to scrutiny by LCC or the appropriate Committee(s). LCC will issue accountancy procedures and guidance for school employees who handle cash or deal with financial matters during the course of their duties. Head teachers will be responsible for ensuring that all such employees receive a copy of and comply with all procedures relevant to their duties.

Schools are required to keep accounts and records of a type and in a form specified by LCC and will provide to LCC copies of these and other relevant documents as required Head teachers of schools with Delegated Budgets will be responsible for ensuring that Governing Bodies are advised of the requirement that they comply with the conditions of *LCC’s Financial Regulations & Procedures* and *The Scheme.*

**10 ACCOUNTS and AUDIT**

LCC will be responsible for keeping the principal accounting record for all maintained schools and will exercise overall supervision and control of accounting arrangements.

LCC will prescribe the form of any financial records, statements and accounts to be maintained by schools. It will also determine which relevant documents and information it will require from time to time to be provided by the governors.

In every case where any loss or misuse of money or property or other financial irregularities is discovered or suspected, the Head teacher will immediately inform the Head of Internal Audit of the circumstances.

The Director of Finance and Resources, on behalf of LCC, will exercise an audit function over financial transactions of schools and staff employed at schools. For this purpose appropriate officers of Finance & Resources will have authority to visit any school without prior notification to examine accounts and supporting documents relating in any way to the finances of the school or LCC. They may also require the production of any documents, cash, stores and other property, and will be entitled to request explanations as are deemed necessary to determine the propriety of any financial matter

Governing Bodies are required to permit any officer nominated by the Director of Finance & Resources of LCC to attend meetings of the Governing Body at which any agenda items are relevant to the exercise of his or her responsibilities. This officer’s attendance shall normally be limited to items, which relate to issues of probity or overall financial management and shall not be regarded as routine.

Where schools operate unofficial funds (e.g. School Fund Accounts / PTA Funds) the Governing Body should ensure that appropriate accounting procedures have been implemented. In particular, there is a requirement to have School Funds Accounts audited by an independent person and an audit statement and set of accounts produced on an annual basis, see ***s.2.15*** *of The Scheme and* ***Appendix 5.***

**11 COMMUNITY FACILITIES**

Those schools choosing to provide community facilities under *[s.27 (1) of Education Act 2002]* will be subject to a range of controls.

* Regulations made under *[s.28 (2)],* if made, can specify activities which may not be taken at all under the main enabling power.
* Following a decision to exercise their powers, the Governing Body must inform LCC in writing, detailing any third party involved, a description of the proposed scheme and an estimate of the timescale for the scheme to go live.
* Having consulted LCC, the Governing Body must have regard to advice from LCC
* Schools will provide LCC every six months with a summary statement in a form determined by LCC. If, having given notice to a school, LCC believes there is cause for concern regarding the community facilities power, it can require financial statements every three months and the submission of a deficit recovery plan for the activity.
* Mis-management of community facilities can be grounds for suspension of the right to a delegated budget.
* The Secretary of State issues guidance to Governing Bodies considering using this power and schools must have regard to that.

**12 INSURANCE**

Insurance arrangements shall be reviewed annually by the finance committee to ensure that the sums insured are commensurate with risk and include cover for school property when off the premises.

The school insurers shall be informed of all new risk, property, equipment and vehicles which require insurance or any other alteration affecting existing insurances

The school shall not give an indemnity to a third party without the written consent of insurers.

The insurers shall be informed immediately of all accidents, losses or other incidents which may give rise to an insurance claim.

Any member of staff using their car for school purposes of any description is required to amend their personal insurance accordingly. A register of official users shall be held at the school and signed by each person listed to acknowledge that the insurance cover provision has been made. A procedure must be in place to check documentation annually to ensure compliance.

**13 COMPUTERISED SYSTEMS**

The school shall be registered in accordance with GDPR *[General Data Protection Regulations 2018]* in relation to SIMS or other local resource management system.

All financial data on the computer system shall be backed up at the end of each working day.

All back-ups shall be stored securely in an area separate from that housing the computer system, preferably on a remote site.

Only authorised staff shall have access to the computer hardware and SIMS system and arrangements for allowing access should follow the guidance provided by LCC. A register of trained authorised staff should be maintained. These staff should receive relevant SIMS operational manuals and the relevant details of GDPR. They should acknowledge receipt of them in writing.

Access to the financial computer software will be by password only. If an authorised member of staff becomes aware that another person has obtained knowledge of their password then they shall change it immediately. All authorised users must change their passwords regularly and at least once a term.

Only authorised software shall be used in order to prevent the import of viruses.

**14 PERSONNEL & PAYROLL**

**Personnel**

The appointment of staff at schools should be made with due regard to best practice, recruitment and child safeguarding strategies. Further guidance on the recruitment of staff and all relevant checks can be found on *www.schoolimprovementliverpool.co.uk*. The Governing Body should establish procedures to ensure:

* Clear and up to date job descriptions and person specifications are maintained for all school roles
* Appropriate checks are carried out for all potential employees to make certain they are competent, suitably qualified and trained to a level consistent with their responsibilities
* Suitable checks are undertaken to certify all staff are legally permitted to work in the UK and not barred from working with children
* Reasonably fit, both mentally and physically, to carry out their work responsibilities. If necessary, the Governing Body requires that a prospective employee obtain a medical certificate from a duly qualified medical practitioner nominated by LCC or the school’s Governing Body
* Salaries for job roles are paid at the appropriate rate. For community schools, all job roles must be scrutinised by an LCC Job Evaluation Analyst, prior to being released for advert, to ensure the salary is at a rate comparable to other, similar roles. In all other maintained schools, job roles should be paid at the appropriate market rate to ensure the school does not contravene any equal pay / discrimination legislation
* Ensure cost of all appointments can be met within resources available to the school
* All staff are issued with a detailed, written statement of employment particulars within eight weeks of commencing their employment with the school

Head teachers shall notify LCC or its agent of all appointments, promotions, re-grades, resignations, dismissals, retirements and absences from duty, or any other circumstances affecting the salaries, pensions or emoluments of employees in their schools.

Unless governors have purchased a payroll service from outside LCC, LCC’s Director of Finance and Resources shall be responsible for the preparation of payrolls and for the method of payment of all wages and allowances and Head teachers shall provide LCC with all information necessary to maintain records of service, superannuation, income tax and national insurance liability. Payment of salaries or wages before the due date will not be made, except with the approval of the full Governing Body.

Each school employee shall hold his/her appointment subject to and in accordance with the appropriate National Schemes of Conditions of Service.

In all appointments of staff employed in schools, it shall be a term of the appointment that all monies which may be received by virtue of their respective offices, from bodies other than the school, shall be paid to the school unless the Governing Body otherwise agrees.

The extent to which an employee shall engage in other employment outside his/her employment with the school shall be governed by the appropriate conditions of employment.

No employee shall, unless authorised by the Head teacher or chair of governors, enter into any communication with the media with reference to the business of the school.

Employees who are appointed to honorary offices under voluntary organisations must not make use of official addresses for the purpose of these offices, without the permission of the Governing Body.

**Payroll**

Payments shall only be made to bona fide employees in respect of services provided to the school and in accordance with individuals’ conditions of employment.

Head teachers shall check and authorise payroll adjustments for personnel at the school. The relevant governor committee shall authorise any adjustments to payroll for the Head teacher of the school.

The monthly payroll information shall be checked and input into the financial system. Clear records shall be maintained or errors or disputes and their correction or resolution.

All employees and anyone providing personal services to the school should be paid through the payroll system for the work they have provided, except where the school has satisfied itself that the engagement should be considered as self-employed for tax and national insurance purposes, in accordance with HMRC rules.

**15 SECURITY of ASSETS, STOCK and OTHER PROPERTY**

Head teachers must maintain a register/inventory of all equipment and furniture with an estimated market value of **£1,000** or more per item**.** Other ‘portable attractive items’ which should be included in the register /inventory are:

* Laptops
* Ipads
* Tablets
* Kindles
* Mobile phones
* Digital cameras & microphones
* IT / computer equipment
* DVD / CD players
* Hi-fi / musical equipment
* Televisions

. The register should be kept up to date and include:-

* Date acquired
* Description of the item, including make/model number or serial number
* Security marking identifying it with the school
* Cost of item
* Location of item / responsible person
* Details of disposal/write off

Items used by the school but owned by others should be included with details of ownership.

An independent check of each inventory shall be made on an annual basis. Any discrepancies shall be reported to the Head teacher who will in turn inform the Governing Body. Discrepancies should be investigated promptly.

No item which is recorded on an inventory shall be taken off-site without a signature being received by the inventory holder.

Loans must be recorded by the school on a ‘loans log’ and the record updated when the asset is returned. Before assets are removed from the school appropriate checks should be made regarding insurance for the equipment. Loan periods should be reviewed, as loans for extended or regular periods may have implications for tax purposes and ‘benefits in kind’.

No leased item is to be disposed of in any way without the express permission of the leasing company (via LCC). This includes sale, part exchange, scrapping, writing-off, donating, re-leasing, sub-letting or any other form of ‘give away’.

Schools are able to retain income from the proceeds of the sale of assets to be paid directly into the school’s FMS cost centre I08 (ledger code 93199 general sales). For other items, schools should notify LCC of the disposal and should arrange for other Liverpool schools to be advised of availability, *see* ***Appendix 9****.*

Safes and secure storage areas shall be kept locked and keys removed. Key holders should carry the keys on their person and not leave them in the vicinity of the secure area. Loss of keys must be reported immediately to the Head teacher and LCC. Further information see ***2.4*** *of The Scheme*.

**16 PURCHASING**

**16.1 Purchase Orders**

Schools should ensure that before orders are issued, costs are covered within the school’s budget share, or by other specific arrangement agreed by LCC. All orders/requisitions should be authorised by Head teachers acting under powers delegated to them by the Governing Body.

Official orders for all work, supplies and services required by a school shall be issued using the local financial management system (ie: SIMS). Orders shall not be raised retrospectively ie: upon receipt of goods, services or invoice.

|  |
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| **“**NON ORDER**”** payments should be restricted to:   * Utility bills * Rates * Subscriptions * Licences * Some courses * Staff sickness cover |

In these instances, payment without an order is acceptable.

Official orders should be numbered consecutively and in accordance with the notation approved by the LCC. No other form should be used. Orders should be given verbally only in cases of emergency and will quote the number of the official order to be issued and should immediately be confirmed by the written order.

**16.2 Delivery of Goods**

In order that all paperwork can be retained by the school administrative officer, it is essential that goods should be delivered to the administration office.

Delivery notes should be checked against the delivered goods and the order certified by the person checking the delivery, then stored in preparation for processing.

**16.3 Procedures for Ordering/Payment of Goods & Services**

The procedures for ordering goods and services shall be approved by the Finance Committee and reviewed annually. Invoices must be checked against delivered items. Should there be any variance or dispute in respect of invoices, they should be referred back to the supplier. Schools must not alter invoice details in any way.

School should have procedures in place to ensure that invoices are paid within the legally required ‘Prompt Payment Period’.

The invoice should be checked and certified by a member of staff who has not previously signed the order. Checks should be made that the invoice is compatible with the order in all respects and that payment is made only in respect of goods/services actually received. Verify that the invoice is correct as regards prices, discounts, allowances and is arithmetically accurate.

Where VAT is charged, the amount should be checked to ensure that it is applied at the correct rate and to the appropriate sum. The VAT registration number of the supplier or contractor must clearly be shown on the invoice, otherwise, the VAT must not be paid. It is essential that invoices are addressed to “Liverpool City Council \_\_\_\_\_\_School”, as LCC cannot claim any VAT on tax invoices unless it is evident that the goods and services have been provided to LCC.

It should be noted that any invoices which are marked ‘Pro-forma’ or ‘This is not a tax invoice’ cannot be used as evidence for reclaiming VAT (input tax).

Once the invoice is verified, it should be processed through the local management finance system. The invoice should then be attached to the copy order and delivery note. The copy order should be marked with the invoice number and the date it was processed and the invoice stamped “PAID” in accordance with the current authorisation procedures.

Payment must not be made against statements, order acknowledgements, delivery notes, pro-forma invoices or photocopied invoices. Where an original invoice has not been received a “certified copy” should be requested from the supplier.

Where a supplier provides the school with a credit note, either in respect of goods ordered subsequently returned, or where the invoiced total is greater than the value of the order originally generated, it should be entered into the local financial management system, the credit note to be attached to the invoice against which expenditure has been offset.

As all schools with delegated budgets shall generally be paid by bank transfer for goods and services, all invoices and credits will be for local authorisation. Invoices must be authorised through the local financial management system in the first instance. The authorisation slip generated should be detached from the payment advice and firmly stapled to the invoice/credit note.

As authorisation of local payments through the local financial management system actually generates the next sequential cheque number, payee and amount, it is essential that cheques are not processed in retrospect. If a number of invoices due to one supplier are tagged, the local financial management system will aggregate these and produce one cheque.

Where a credit note entry is tagged the value of the authorised payment will be reduced by the value of the credit. Cheques may only be issued in respect of a supplier or where petty cash is required. Cheques should only written after authorisation has taken place.

In exceptional circumstances cheques may be issued to individual members of staff as reimbursement for bona fide purchases on behalf of the school. In such instances the guidance provided on the checking of goods and presentation of receipts must be followed.

Apart from certain specific items, such as subscriptions to publications, schools must not make any payments in advance of receipt of the goods or services ordered.

When any works are carried out or services are provided by one of LCCs Service Areas, the school will receive an invoice in the form of a Sundry Accounts Invoice. This should be paid by cheque in the prescribed manner.

**16.4 Purchasing Orders for Goods & Service Contracts/Tenders**

The decision to spend school monies is the responsibility of the Governing Body. Any decision by the Governing Body relating to expenditure shall be minuted in the records of the actual meeting at which the expenditure was approved.

In order that schools can maintain and demonstrate the integrity of public expenditure, governors must have regard to:

* Best Value – challenge, competition, comparison and consultation, s*ee* ***Annex C*** *of The Scheme*.
* Probity – to demonstrate that all parties are dealt with on a fair and equitable basis and that there is no private gain, favouritism or corruption involved in the contractual relationships of the school.
* Accountability – the school is accountable for its expenditure and the conduct of its affairs.

Contracts should be placed having regard to the principles of Best Value where it is not necessarily the lowest price or tender which is accepted, but the service which offers best value in terms of price, quality and other issues, which may be of importance to governors. Governing Bodies will be responsible for all orders issued in respect of their schools.

Schools must have in place systems for monitoring levels of expenditure against budget plans and for ensuring that the cost of all orders issued can be met from within the school’s budget share or by other specific financial arrangements. All items of expenditure shall be authorised by the Governing Body, finance committee or Head teachers acting under powers delegated to them by the Governing Body.

Governing Bodies should set monetary limits to the level of expenditure, which can be incurred without the approval of the full Governing Body.

Governing Bodies must prohibit divisible contracts. This is to prevent one contract, which may exceed a particular level of delegated authority or legislative limit, being broken down into two or more smaller contracts.

All work, supplies and services required by a school will be ordered on an official order and in form prescribed by and/or agreed by LCC, with the exception of those items of expenditure which LCC will notify to HTs from time to time.

Governing Bodies must not enter into any leasing agreement without the express approval of LCC, s*ee* ***2.28 & Annex E*** *of The Scheme*. Before entering into any commitments, the Head teacher, on behalf of the Governing Body, should seek advice from the LA.

Schools must check the terms and conditions of leases and rental agreements very carefully. Particular care should be exercised over cancellation charges and clauses which can be extremely onerous.

Orders and requests for quotations should be simple and precise and avoid misunderstanding. The following points should be addressed when drawing up a specification:-

* Clear and detailed specification of requirements
* The use of brand names should be avoided. If brand names must be used then the term “or equivalent” should follow
* Where appropriate a European or British Standard or other quality guideline should be used. Reference should be made to appropriate safety standards and compliance with fire regulations where applicable
* Delivery requirements should be included and the school address should always be indicated

The school may wish to maintain a list of approved regular suppliers, which should be reviewed periodically. Other sources of potential suppliers are:

* Business directories
* Trade journals
* Supplier catalogues and mailshots
* Information from other schools

Only contractors registered with their profession or trade association will be employed to undertake major work at the school.

Only travel agents who are members of schemes providing bonding arrangements to safeguard funds, shall be used for arranging trips abroad.

The procedures for ordering goods and services shall be approved by the finance committee and reviewed annually.

**16.5 Expenditure Limits**

Expenditure under **£3,000**

For items up to and including £3,000, there is no specific requirement for a number of quotations, but an official order form should be used. The Head teacher must ensure that a record is kept of quotations sought, including verbal quotations.

Expenditure between **£3,001** and **£20,000**

For any single purchase or contract being placed in excess of £3,000, three verbal or written quotations must be sought. The Head teacher must ensure that a record is kept in school pertaining to the quotation exercise.

Expenditure between **£20,001** and **£100,000**

For purchases between £20,001 and £100,000, the onus is on the governors to be involved to ensure a proper procurement process has taken place, to increase transparency and to minimise the risk of fraud and irregularity. Governors should advertise for applications to tender in a local journal with a reasonably wide circulation and/or in the relevant trade or professional journals. Where possible, at least three contractors should be invited to tender.

Expenditure over **£100,000**

Any major purchases or contracts which are to be undertaken in excess of £100,000, shall be subject to public tender and advice sought by the Governing Body from LCC relating to the procedures to be followed. In addition, for expenditure above the current EU threshold, EU procurement regulations must be complied with.

If a quotation other than the lowest is accepted the reasons shall be recorded in the minutes of the appropriate Governing Body.

**16.6 Petty Cash**

Under no circumstances shall petty cash funds be used to cash personal cheques or provide loans to individual members of staff.

The HT shall arrange a check of the completeness of funds held by petty cash holders at least termly.

The maximum amount of cash to be held as a petty cash float at any one time is **£500**.

The GB should agree an appropriate level for the amount of petty cash to be held. This amount should represent a balance between the need for ready access to the funds for local payments and the risk of holding cash on the premises. The level agreed upon should be recorded by the GB in its minutes.

The maximum amount for any petty cash item/transaction shall be **£50**.

It should be remembered that petty cash is intended for the purchase of mino**r** items for which there is proper authority and provision in the budget. Petty cash expenditure should then be coded to a budget/departmental account, the purchase must be made first and then the receipt presented to the administrative officer. The person receiving reimbursements should sign for the amount received.

Once the petty cash transaction has been recorded in the local financial management system the payment can be made. All petty cash receipts should be numbered and retained, together with the petty cash voucher, which has been signed by the recipient to acknowledge payment.

Cash is a vulnerable asset which must be properly controlled, only authorised staff should have access to petty cash and will be responsible for:-

* Obtaining a receipt or acknowledgement of payment which identifies any VAT paid
* Obtaining a petty cash voucher to record reimbursement to members of staff upon the production of the relevant receipt. This voucher should record the date and value of the sum reimbursed and is signed by both the paying officer and the member of staff claiming reimbursement as received.
* Ensuring the safe custody of cash. As with cheque books, cash should be kept in a lockable cabinet and the keys taken off site when the school is closed
* Producing on demand to the HT, auditor or other authorised person, cash or vouchers to the total of the amount drawn
* Ensuring that staff promptly submit claims for reimbursement, properly authorised and supported by vouchers and receipts

VAT on petty cash expenditure can be recovered as long as any invoice or receipt satisfies the requirement of HMRC (HM Revenue & Customs) for reclaiming Input Tax. A till receipt will generally be insufficient because it does not contain all the information required. Members of staff purchasing goods to be claimed out of petty cash should ask for a VAT receipt so that VAT can be recovered.

Under no circumstances shall petty cash funds be used to cash personal cheques or provide loans to individual members of staff.

Personal credit/debit cards belonging to members of staff or third parties, should not be used to purchase petty cash items for the school which are later reimbursed to the member of staff or third party via cheque or cash from the school.

The Head teacher should arrange for periodic checks on the completeness of funds held by the petty cash holder, reconciling the cash in hand to the balance of cash in hand on the local management system, at least once a term.

Separate petty cash accounts must not be held. All petty cash transactions should be recorded through the local financial management system, as soon as possible after the transaction has taken place.

**16.7 VAT – Input Tax**

It is essential that proper tax invoices are obtained for all supplies received, as VAT can only be reclaimed from HMRC supported by a proper tax invoice.

**Invoices for Supplies or Services for Input Tax purposes must clearly show:-**

* Invoice number (this must be unique)
* Name, address and VAT registration number of the supplier
* Date of supply
* Date of issue of invoice (if different to date of supply)
* Name & address of person receiving the goods/service i.e. LCC [*Insert school name]*
* Type of supply (i.e. sale)

Description of goods and services supplied by each:-

* Quantity of goods or services supplied
* Charge excluding VAT
* VAT rate i.e. 20%
* Total charge excluding VAT
* Rate of any discount offered
* Total amount of VAT charged

VAT can’t be reclaimed on invoices which are marked ‘pro-forma’ or ‘this is not a tax invoice’

**Simplified Tax Invoice**

If the supply is **£250** or less (including VAT) a simplified invoice may be accepted but must show:-

* Name, address and VAT registration number of supplier
* Date of supply
* Description of goods or service supplied
* Total charge including VAT
* Rate of VAT i.e. 20%

On petty cash expenditure (i.e. up to **£50**) VAT can be recovered as long as the invoice or receipt satisfies the above rules.

**Building Repairs & Maintenance Work at Voluntary Aided and Special Schools**

Payments for building repairs and maintenance that are the responsibility of the Governors and for which a DfE grant applies

* If governors are financing the **10%** element, then they should pay the invoice in full from the governors’ account and reimburse the account when the cheque for the DoE **90%** element arrives. The administration of that account in relation to VAT is a matter for the governors. Any such transactions should not be processed through the local financial management system for monthly returns
* If the governors wish the **10%** element to be financed through the school budget share then the invoice should be paid in full from the school cheque account and the account reimbursed when the cheque for the DfE **90%** element arrives

These transactions must then be processed through the local financial management system, but there can be no reclaim of VAT on either the **10%** or the **90%** elements.

In order to achieve this, the gross total of the invoice i.e. goods and services, plus VAT, must be processed through the local financial management system without identifying the VAT element and there must be no VAT reclaim made on the monthly statements. The VAT is the responsibility of the governors and cannot be reclaimed through LCC. It should be remembered that VAT is not reclaimable on any capital work in respect of building repairs and maintenance that is the responsibility of the governors.

**De Minimis Limits**

Liverpool Voluntary Aided Schools have all now identified and set a de minimis limit of **£30,000**. Therefore, expenditure below this threshold shall not be treated as capital expenditure. For further and more detailed guidance, please read HMRC Guidance in ***Annex J*** *of The Scheme.*

**Climate Change Levy (CCL)**

By virtue of their charitable status, Voluntary Aided and Foundation schools are entitled to exclusion from CCL provided they make an application with their energy provider. Once registered, the school will pay VAT at the **5%** rate.

CCL effectively applies to all schools but there are exclusions and exemptions that may apply to some sites, ie: if a school is registered as a charity then it will only pay domestic VAT i.e. **5%.** CCL does not apply to supplies that are charged **at 5%** VAT.

Exclusions -The **5%** VAT rate applies to:

* Supplies of energy for domestic use (maybe a caretaker’s house?)
* Supplies of energy for use by a charity for non-business purposes (they must have registered with the HMRC).
* Business customers who use less than **1,000** kWh of electricity per month, OR less than **4,397** kWh gas per month.

If the school qualifies for any of the above then they would then need to complete a VAT Certificate for their supplier which qualifies them for the **5%** VAT.

If a school is entitled to one of the above exemptions they will need to complete a PP10 and a PP11 form from HMRC

\* *Until recently energy generated from qualifying renewable sources, such as solar and wind power, were exempt from CCL. The government has now withdrawn this exemption from 1 August 2015. For those schools on the LCC Scottish Power electricity contract they will be receiving 100% green electricity and have benefited from not paying any CCL for many years. Scottish Power will continue this under the present arrangement until 1 April 2017 after which CCL will be applied again at the going rate and LCC will review energy contracts.*

**16.8 Reconciliation**

The final stage of the expenditure procedure is reconciliation. As expenditure will be generated and paid through the use of the LMS bank account, all reconciliations will relate to the use of the local cheque facility. LMS bank account payments can only be reconciled once the bank statement shows that the cheque has been presented. Reconciliation will, therefore take place from the monthly bank statements

Schools purchasing LCC payroll service will reconcile staff costs in line with hierarchical statements.

Individual schools will receive listings of payments from Schools Finance Team (SIL). All agreed information will have to be keyed in by the school until such time as electronic transfer of payments.

Those schools purchasing a payroll service from an external provider will process journals, as specified by LCC, on their local financial management system (e.g. SIMS). These must be submitted on a monthly basis as part of their Monthly Return.

**16.9 School Credit Card**

Schools will be allowed to apply to the LCC for permission to set up a school credit card. This facility is purely for purchasing by the school and not to be used for personal expenses. All regulations and procedures with regard to purchasing and tendering will still apply. Any balance owing on the receipt of the monthly statement must be paid in full by the due date in order to prevent the school being deemed to be undertaking borrowing.

As per ***s.2.18*** of *The Scheme*, schools must make available electronic copies of their monthly credit card statements to their respective SIL Finance Officer on a monthly basis.

Further guidance on applying the financial regulations & procedures, is provided within LCCs School Credit Card Policy (***Appendix 7).***

***Note:*** *Non adherence to these regulations may result in withdrawal of the credit card facility and in certain circumstances the issuing of a notice of concern or withdrawal of delegation.*

**16.10 Internet / Online Purchasing**

Purchases to be made in accordance with the School Credit Card Policy as in ***s.16.9*** above and ***Appendix 7*** (See ***16.11*** & ***16.12*** below).

**16.11 Online Banking / BACS** (Bankers Automated Clearing Service)

Schools offered online banking services may wish to improve the automation of their systems by utilising this service.

The following controls must be in place when using online banking facilities

* The use of online banking facilities and staff access/user rights must be approved by the Head teacher and Full Governing Body. This must be fully documented in the school’s Financial Procedures Manual
* Online payments procedures should be documented in the school’s Financial Procedures Manual and be available to all relevant staff. Training should be given as appropriate
* System access is to be protected with individual cards and pin numbers which are kept confidential and not shared
* The system must require dual authorisation for all amendments to users and access rights
* Supplier bank account details should be obtained in writing and confirmation of accurate entry into SIMS must be confirmed by a second person
* Invoices must be checked and approved prior to export from SIMS and this should be evidenced.
* Schools who are not using the BACS facility and are making payments via the banking website directly, should ensure that payments are reflected in SIMS first
* Procedures and controls must be in place to ensure that files exported from SIMS are only imported to the online system once
* Payments listed for online approval should be checked to the SIMS listing/report and to supporting invoices prior to approval
* Online payment approval will require dual authorisation and there should be at least three staff authorised to approve payments
* The system must require dual authorisation of transfers or set up of accounts to which transfers can be made
* Appropriate separation of duties should operate between the processing of payments, the authorisation of payments and system administration
* There should be an adequate audit trail that allows two way tracing of individual payments and identifies the individuals responsible for processing and authorisation
* Online payments should be reconciled from bank statements to SIMS on a monthly basis

**16.12 Using eBay, Amazon & PayPal in Schools**

The following guidelines must be followed by any school wishing to use eBay (to purchase or sell items), Amazon and PayPal.

The purchase of goods using eBay and Amazon can give schools cost efficiencies but schools need to be aware of the risks of trading on them. Although following these guidelines will help to minimise these risks, schools should ensure they have read the eBay & Amazon user agreements and privacy policies thoroughly before opening an account to ensure they are happy with the risks.

eBay and Amazon should only be used where the school has satisfied themselves that this option provides the school with the best value for money and only used for low value purchases.

There is a great deal of information contained both on the eBay, Amazon and PayPal websites which provide advice on how to minimise risks associated with using them. Schools should familiarise themselves with this information using the following links:

[www.ebay.co.uk](http://www.ebay.co.uk) [www.amazon.co.uk](http://www.amazon.co.uk) <https://www.paypal.co.uk/uk>

**Purchasing Goods on eBay & Amazon**

* The Governing Body must give their approval for eBay, Amazon and PayPal accounts to be set up in the schools name. The Governing Body should be made aware of all the relevant risks and should therefore, have had an opportunity to read the eBay and Amazon user agreement and privacy policies before making their approval.
* Schools wishing to use eBay and Amazon must set up Business Accounts in name of the School. No personal accounts to be used to purchase goods on behalf of school.
* The registered name on the account(s) should be that of the Head teacher, the registered address should be the school address.
* Deliveries should only be made to the school address.
* The account(s) should only be used to purchase goods for the school. There should be no personal sales nor purchases for staff or third parties using the school’s account.
* Purchases or sales through eBay should be made using PayPal.
* Therefore, the school must set up a PayPal business account. Using PayPal ensures that all purchases on eBay are covered by their Buyer Protection policy.

<http://pages.ebay.co.uk/safetycentre/buyerprotection.html>

* The school’s PayPal account must only be linked to the school’s credit card. Under no circumstances should the PayPal account be linked to the school’s bank account nor personal credit/debit cards belonging to staff or third parties.
* Purchases through Amazon should be made using the school credit card.
* Schools may purchase Amazon Prime if this service demonstrates value for money and prior approval has been sought from the Governing Body and their decision has been minuted.
* eBay, Amazon and PayPal accounts should only be accessed from school computer’s and not mobile devices or apps.
* Access to the accounts should be restricted to the School Business Manager/Bursar and the Head teacher only.
* Purchases should only be made from Business sellers and not Private sellers. Schools will have much more recourse if there are problems with products if they are bought through Business sellers rather than Private sellers. Payment for goods will ordinarily be required before goods have been received. Although PayPal may provide some form of recompense where goods are not received, this heightens a school’s exposure to risk.
* Products should be bought from UK sellers only.
* Items should only be purchased through “buy it now” options rather than auctions.
* Purchases should be for new goods only and not pre-owned items.
* Electrical goods should not be purchased.
* Internal Audit may verify account details & transactions as part of their regular audits.
* Head Teachers must ensure that more stringent checks on the school credit card statements to ensure that all purchases are valid. The statement will only say PayPal regardless of the originating website of the transaction. All purchases must be pre-approved via a requisition form signed by the Head teacher.

Once the school has a PayPal account, it will be possible to pay for goods on other websites using PayPal, however the school must take into account the associated risks of using the PayPal account to purchase goods over those of using the school’s credit card.

**Sale of Goods on eBay**

* Schools must consider carefully if the item they wish to sell is suitable to be sold on eBay. Any item must be listed as ‘sold as seen’ to reduce any come back on the school from unhappy buyers. Consider what you would do if buyers wanted to return goods that they felt were not of merchantable quality.
* PayPal should be the only accepted form of payment and schools need to consider any commission that will need to be paid on sales. There will be charges from eBay and PayPal for selling goods.
* There will be costs associated with postage and packaging, staff time taking items to the Post Office for delivery etc. which need to be considered.
* Schools must consider also what would happen should goods you have sold not be received by the buyer. Therefore, all packages regardless of their value, must be sent via a postal carrier who issues the school with a valid tracking number.
* Schools must not sell ICT equipment on eBay. There are serious implications if personal, pupil and other sensitive data was made public and there are also risks around the transfer of software licensed to the school to a third party (e.g. Microsoft products).

These guidelines are intended to provide schools with some guidance on the potential use of eBay (to buy and sell goods) and Amazon, however they may not provide an exhaustive list of risks and potential issues. Schools and their Governing Body need to assure themselves that all the relevant risks have been considered before approving eBay and Amazon as procurement tools.

**17 GIFTS, HOSPITALITY, EXPENSES & OTHER FAVOURS**

The Governing Body shall set down appropriate arrangements for expenditure on hospitality and for the acceptance of hospitality by members of the school staff.

To demonstrate the openness and integrity of the circumstances relating to the offer and acceptance of gifts, hospitality or other favours the governors should ensure that a register is established and maintained for members of school staff of all favours etc. offered, detailing the nature of the favour and indicating whether such favours are declined or accepted.

The essential principle is that favours must not affect proper working relationships, or allow concern that they are affecting proper working relationships.

In appropriate circumstances schools may incur expenditure on hospitality, write-off losses, or make/sanction gifts and ex-gratia payments. Expenditure of this kind must be considered carefully if it is to be paid from public funds. Governors need to be satisfied that in maintaining the integrity of public funds, expenditure on hospitality is incurred in the provision of education and that they can demonstrate probity, accountability and value for money.

The Governing Body shall ensure that all expenditure on hospitality, gifts and ex-gratia payments and the writing off of losses is approved by the full Governing Body and that a written record should be maintained of all such losses and special payments.

It is important that Governing Body ensure the propriety of all dealing with the private sector and are able to demonstrate it publicly.

**17.1 Acceptance of Gifts, Hospitality & Exclusions**

Where hospitality is offered to governors and school staff it may be accepted where it appears correct in all circumstances to do so.

Where hospitality is offered to one employee only, special caution is needed as an employee alone may be viewed as more vulnerable than a number of employees.

It is also important to avoid any suggestion of improper influence. The following examples are intended to give general guidance:-

**Acceptable**

* A working lunch of modest standard provided to allow the parties to continue to discuss business over lunch
* Invitation to trade fairs or similar events where there is a general invitation to customers
* Invitation to a Society or Institute dinner or function
* Invitation to take part in a company jubilee or other anniversary celebration

**Unacceptable**

* Offer of a holiday, hotel accommodation or company flat at the company’s expense per LCC’s Code of Conduct
* Excessive hospitality, entertainment or other services from existing or prospective suppliers
* Gifts and hospitality must not be accepted from the same party on a frequent or regular basis to avoid any concern that any proper relationships are consequently being compromised

***Note:*** *LCCs Officer Code of Conduct states that ‘gifts of personal nature should not be accepted’.*

**17.2 Provision of Gifts, Hospitality & Exclusions**

Appropriate arrangements for the provision of hospitality by and to members of school staff shall be set down by the Governing Body. Any expenditure of this kind must be considered carefully if it is to be paid from public funds.

It is important that the Governing Body ensures the propriety of all dealings with the private sector and are able to demonstrate it publicly. Governors need to be satisfied that in maintaining the integrity of public funds, they can demonstrate that any expenditure on hospitality, whether to their own staff or 3rd parties, is incurred in the following provision of education.

The following guidelines on the provision of hospitality exclude the normal tea/coffee and biscuits provided for meetings only.

* The provision of all hospitality should be approved by the full Governing Body
* So far as it is practicable, hospitality must be provided in the workplace
* Soft drinks only to be provided in the workplace
* Consumption of alcohol is in contravention of LCC’s Anti-Alcohol & Drugs policy
* Should it be necessary to provide hospitality outside the workplace, this should be on a modest scale, appropriate to the occasion and pre-approved by the Governing Body
* The number of staff involved on any occasion where hospitality is provided should not extend beyond those directly involved with the matter in hand
* The HT will maintain a register of all occasions upon which hospitality has been provided, the number of persons involved and the cost incurred

**Unacceptable**

* Flowers – must be financed only by individual contributions to a private collection and not the school’s delegated budget nor the School Fund Account
* Staff/3rd party - birthday/birth/wedding gifts etc.
* Staff/3rd party - alcohol/parties/celebrations etc.
* Staff/3rd party - benefits/welfare/team building/days out/nights out
* Staff/3rd party - tea/coffee/cakes/refreshments
* Staff/3rd party - gratuities/payments/gifts
* Staff/3rd party - cashing of personal cheques/loans

**17.3 Retirement Gifts**

Previously the LA reimbursed schools for gifts to retiring employees at a rate of **£7** per year of service. Following DfE funding reforms which were implemented on 1st April 2013, the School Contingency Fund, which funded this reimbursement was required to be delegated and the use of this is now under the control of schools. Therefore, the LA no longer reimburses retirement gifts.

However, schools have the discretion to offer retirements gifts (not cash-in-hand) to recognise the long service of staff after **25 years’** continuousservice. However, this should be funded from within the school’s delegated budget at a maximum of **£7** for each year of continuous service.

**17.4 Travel, Subsistence & Expenses**

In accordance with LCCs Travel & Expenses policy, all business travel and expenses must be reasonable and necessary. Every attempt should be made to keep the cost of business travel and expenses to a minimum ie: sharing cars and avoiding 1st class travel etc.

Expenses must be ‘wholly, exclusively and necessarily’ incurred in the performance of your duties. The business purpose must be specific. This is to ensure that LCC and its employees are complying with UK tax law in respect of expenses that can be reimbursed without being counted as taxable income.

All claims must have ‘adequate evidence of expenditure’. If VAT is applicable, then an itemised VAT receipt must be obtained.

All receipts must be kept for three years from the end of the financial year they relate to and be made available if required by HMRC.

Car mileage must be claimed electronically via the Oracle Self Service and not via staff expenses or petty cash.

Travel and subsistence claims cannot be reimbursed through petty cash.

All claims must be submitted within three months of the expense being incurred.

**Exclusions**

The following expenses will not be reimbursed:

* Alcohol
* Staff entertaining
* Leaving gifts and similar
* Parking/speeding fines
* Bank charges & credit card interest
* Travel between home and your normal place of work
* Fuel, unless for use in a hire car
* Gratuities

**17.5 Expenses Eligible for Re-Imbursement**

Employees will be reimbursed for the necessary business travel costs incurred in the performance of their duties.

Transport outside of the Merseyside boundary must be booked in advancewhere practicable, to minimise the cost to the school.

Business travel within the Merseyside boundary should be by public transport if it is the most viable/economic option, taxi fares & parking fees must be taken into consideration.

The cost of a season ticket may be less than the cost of purchasing individual tickets for regular business journeys. However, although this may be used for private journeys, this could attract a tax charge for the provision of a taxable benefit.

**Rail Travel**

Economy class rail travel must be used for all journeys outside of the Merseyside boundary.

**Private Car**

Where the use of public transport is not practical or economical, private cars may be used. Employees must have adequate business UK insurance cover. Car mileage must be claimed through Oracle Self Service and not the expenses claim form.

**Parking**

Parking costs incurred in the course of business travel may be claimed via the expenses system. Costs must be value for money and cost effective. Wherever VAT is charged on parking costs, which may be claimed, a suitable VAT invoice/receipt should be obtained and attached to the claim form.

**Fuel**

Fuel expenses should only be claimed in very limited circumstances. If a hire car is approved and arranged then a claim for the associated business fuel cost for refilling the hire car prior to returning it can be made. A VAT receipt must be obtained and amount of VAT paid should be entered on the claim.

**Taxis**

Taxis should only be used if walking, cycling and public transport are not viable options. The visit must last more than 5 hours and the distance must be less than 10 miles.

**Subsistence**

Employees who are required to work away for more than 5 hours, or have to travel a distance of more than 5 miles from their normal place of employment may claim the cost of reasonable subsistence. All receipts must be submitted via the expenses system.

* Breakfast up to **£6.03**
* Lunch up to **£8.30**
* Tea up to **£3.27**
* Evening Meal up to **£10.27**

The following conditions must apply:

* Claims for alcohol are not permitted
* The tea rate applies from 3pm-6pm. You cannot claim both tea and evening meal
* A claim for breakfast and evening meal can only be made where an overnight stay is required
* If breakfast or an evening meal is included in a room rate for a hotel, a claim for an alternative meal is not permitted
* Gratuities paid cannot be reclaimed

**Business Use of Home Phone or Personal Mobile**

Where you uses your home phone or personal mobile phone for business, you may claim for the cost of the business call, if the business call resulted in an additional cost. Claim must be supported by an itemised bill and VAT invoice stating who the call was to.

*Detailed guidance & mileage rates can be found in LCCs Travel & Expenses Policy available on LCC’s Intranet.*

***Note:*** *Breach of this policy is a disciplinary offence*

**17.6 Governor Allowances & Expenses**

In accordance with ***s.11*** *of The Scheme*, School governors provide a voluntary service and cannot be paid for their role as a governor. However, *[The School Governance (Roles, Procedures & Allowances) (England) Regulations 2013]* allows Governing Bodies in maintained schools with a delegated budget to choose whether to pay allowances or expenses to boards and associate members of the board to cover any costs, such as travel or childcare, which they have incurred because of serving on a board. Where they choose to do so, it must be in accordance with a policy, see ***Appendix 12*** for Governor’s Allowances & Expenses Policy.

Payments can only be paid for expenditure necessarily incurred to enable the person to perform any governance duty. This does not include payments to cover loss of earnings for attending meetings. Travel expenses must not exceed the HMRC approved mileage rates which are changed annually and are on the HMRC website. Other expenses should be paid on provision of a receipt (at the current rate set out in the policy) and the completion of a Governor’s Allowances & Expenses claim form (***Appendix 13)*** within two weeks of the date when the allowances were incurred and be limited to the amount shown on the receipt.

Where a Governing Body does not have a delegated budget, the LA may pay the allowances and expenses at a rate determined by them.

htpp://www.legislation.gov.uk/uksi/2013/2688/contents/made

**18 INCOME**

All income shall be banked intact as soon as possible after receipt but at least once a week. Cash held on school premises overnight should not exceed the amount covered by the school’s insurer.

All school staff, as part of their duties and obligations to the Governing Body, shall take all reasonable and practical steps to safeguard LCC’s assets and interests from fraud and corruption and to eradicate waste, extravagance, inefficient administration and poor value for money. Any actual or suspected fraud or irregularity should be reported immediately to the Head of Internal Audit at LCC. See ***2.27*** of *The Scheme*.

No monies due can be written off without the authorisation of the Governing Body.

**18.1 Income and Banking Arrangements**

Head teachers will be responsible for the opening and operation of bank/building society accounts from which schools will issue cheques to meet all expenditure in their delegated budget and pay-in their LCC Allocations, VAT reimbursements and income due the school.

When opening these bank/building society accounts it is considered appropriate for the Chief Finance Officer of LCC is to be named on the bank/building society account(s) mandate as having sole authority for the closure of the accounts. Under these circumstances schools should notify LCC of any proposed changes to their banking arrangements.

The arrangements for the collection of all monies due to schools or to LCC will be in accordance with directions issued from time to time by LCC.

Procedures must exist to ensure income is received on the due dates and for the administration of receipts for all sums received.

All receipt forms, tickets, licence and other documents representing receipts for money will be in a form approved by the Chief Finance Officer.

Cash and cheques received as income must be credited promptly to the school’s account and must not be used to defray any expenditure, including petty cash.

Income sales for the letting of school premises or the use of facilities must be approved by the Governing Body and a formally documented and approved ‘Debt Recovery’ policy is required, see ***Appendix 10***.

Many staff at school may be involved in the receipt of cash e.g. school trips. Head teachers must ensure that staff are aware of their responsibilities. All transactions must be properly documented and receipted, including transfers between members of staff.

Separation of duties should be applied to the invoicing and receipt of income and to the recording and banking of receipts.

Access to invoices and debtors should be restricted to authorised personnel and where possible, exclude those responsible for receipt of income.

**18.2 Income Procedures**

Insert the name and address of the school clearly on all invoices and quotations and make as many copies as required, or create them on clearly headed paper. When issuing a quotation, a photocopy should be taken and stored.

Once the goods, services or facility have been provided, an invoice should be created and issued promptly. A photocopy of the invoice should be taken and attached to the copy quotation.

On receipt of the income from the provision of goods or services, schools should process the transaction through the local financial management system.

All income must be recorded against a relevant income code and a payment receipt produced for cash or cheques received. A photocopy should be taken and attached to the stored copy quotation and invoice prior to the original being sent to the purchaser.

All income has to be entered through the local management system, after which time the cheque or cash may be physically paid into the bank.

Monies received should in their entirety be paid promptly, i.e. no later than four working days after first receiving it into the appropriate bank account. Should any cash or cheques be received which cannot be banked immediately, they should be kept in a lockable cabinet to safeguard it against loss or theft

Income collections should not be used for the encashment of personal cheques or for other payments. Cash received, as income must be credited to the school’s account and must not be used to defray expenditure including petty cash.

The reconciliation procedure which operates in respect of expenditure through the LMS cash account should now be followed in respect of income. Cheques, cash and direct credits, shown as received on the bank statement should be reconciled in the usual way.

The school should reconcile the sums collected to the sums deposited at the bank. Bank paying in slips must show clearly each element of cash and cheques. Cheques should be identifiable by reference to the receipt numbers and the names of the drawers and cash by reference to receipt numbers.

**18.3 VAT (Output Tax)**

Schools will have to account for VAT (output tax) where it should be levied on income. To assist schools to determine whether VAT should be levied on income the following guidelines have been prepared.

**Liable for VAT**

Any activity for which the charge more than covers the cost e.g.

* Tenancies
* Hire of equipment
* Sale of work from classes
* Field studies and organised visits as part of the school curriculum
* Hire of sports pitches for fewer than ten periods to sporting clubs or associations (HMRC Regulations)

**Not Liable for VAT**

Any activity for which the charge made only recovers the cost i.e.

* Tenancies
* Hire of equipment
* Sale of work from classes
* Field studies and organised visits as part of the school curriculum
* Holidays, including adventure courses as part of the school curriculum
* Hire of the sports pitches for ten or more periods to sporting clubs or associations (HM Revenue & Customs Regulations)
* Refund of examination fees
* Sale of milk to pupils
* Recovery from parents, guardians or pupils of children’s travelling expenses
* Donations

The above represents only a brief guide to the treatment of VAT and is not intended to be exhaustive. Any specific queries should be referred to the Schools Finance Team (SIL).

Severe penalties may be imposed by HMRC in the event of serious incorrect declaration of VAT due or payable, or failures to complete returns on time. If such penalties are imposed as a result of incorrect or late returns by any school, LCC reserves the right to recharge the penalty to the school in question.

VAT reimbursed by LCC must be recorded through the local financial management system (in accordance with SIMS instructions) and not as income

When entering the list of suppliers into the local financial management system it is essential that the VAT registration number is entered into the record.

**18.4 Debt Management/Recovery**

The Governing Body is responsible for ensuring that procedures are in place for the management/recovery of outstanding debt and for the write-off of any debt which is deemed to be irrecoverable. This includes school meals, educational trips and general debt. If debts are incurred then the school budget has to pay for them.

**General requirements**

The school will take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be written off only after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it, see ***Appendix 11*** for Records of Debts Written Off**.**

The school’s debt recovery policy (***Appendix 10***) will observe the following financial regulations and guidance.

* The Governing Body will not write-off any debt belonging to the school which exceeds **£5,000**.
* Debts greater than **£5,000** will be referred to the Director of Finance & Resources for approval for write-off.
* If any debtor has a number of debts which together exceed the write-off limit then these will be treated as a total amount.
* A formal record of any debts written off will be maintained and this will be retained for 7 years (***Appendix 11****)*
* The school will not initiate any legal action to recover debts, but will refer any debts which it has not been able to collect (unless a decision to write-off the debt is demonstrably a reasonable course of action) to LCC Legal Services Section to consider taking legal or other action to recover the debt.
* In general payment for all goods and services supplied by the school should be collected in advance or ‘at the point of sale’.
* The Debt Management/Recovery policy/procedures to secure the collection of all debts should be followed by all school staff.

**Acceptable ‘credit period’**

The GB must determine the length of time they deem to as an acceptable ‘credit settlement period’ before the debt recovery procedures are applied.

The GB may consider that an ‘acceptable’ credit period may vary between different income generating activities

* School lettings *[insert number of days …]*
* School Meals *[insert number of days …]*
* Trips and activities *[insert number of days …]*

The governors may have stipulated a maximum settlement period for school lettings in a separate ‘Lettings policy’. However, in order to ensure a consistent approach & demonstrate transparency, the *‘acceptable’ period for each activity should be stipulated here.*

**Reporting of outstanding debt levels**

The Head teacher will ensure that the level of outstanding debt is regularly monitored. Suitable records will be maintained to detail individual debts and the total value of debt to the school in order that it can be determined at any time and reported to the Finance Committee. The Governing Body/Finance Committee/Head teacher will review the level of outstanding debts every *month/quarter/term* to determine whether this level is acceptable and whether action to recover debts is effective.

***Note:*** *Monitoring of outstanding debts may be differentiated by type, e.g. if school meal debts prove more of a problem than those for lettings of premises then the frequency and degree of monitoring should reflect this.*

**Debt Recovery Procedures**

Where payment has not been received in advance, or ‘at the point of sale’, the following process should be applied:

An invoice should be issued for the full amount within **7** days in order to officially set up the debt. Where invoices are raised they should state the date by which payment is due date/month/year.

In all other cases, such as:

* Correspondence with parents/guardians etc. the maximum period that the school regards as reasonable before payment is overdue should be clearly stated, for example contributions for a school trip should be received by date/month/year.
* Payment for items purchased should be sent to the school office by date/month/year.

A record of all goods and services will be maintained detailing:

* Type of good/services supplied
* Value
* Date(s) good/services supplied and
* The identity of the ‘debtor’ e.g. child, parent, hirer, etc.

**Verbal and Written Reminders**

Details of all reminders, whether verbal or in writing, should be maintained. Where a letter is issued, a copy must be retained on file.

Should a debt need to be taken beyond two reminder letters, formal written evidence may have to be produced.

It is therefore important that at least one, but preferably two, written reminders are sent.

***Initial ‘overdue payment’ reminder***

An initial reminder may be informal and can be made either in person eg: when a parent/guardian comes to collect/drop off the child, or by telephone.

The date of the initial reminder should be recorded.

***First ‘overdue payment’ reminder letter***

For school meals, a formal reminder letter should be issued **7** days after the overdue payment.

For general debt ie: lettings, a formal reminder letter should be issued **21** days from the issue of the invoice.

It should state clearly that legal action will be taken if the debt is not settled in full within a further **14** days of the date of the reminder.

*\*If action is to proceed further, it is necessary to prove that all reasonable attempts have been made to recover the debt, and that these attempts have been made in a timely manner, i.e. at the time that the debt first became overdue*.

The date of the reminder letter should be recorded.

***Second ‘overdue payment’ reminder letter***

For school meals, a final warning reminder letter should be issued **7** days after the first ‘overdue payment’ reminder letter informing the parents that if the debt remains unpaid the school will refuse to feed the child and requests that the parent/guardian contacts the school to discuss the outstanding debt.

For general debt ie. lettings, a second formal reminder letter should be issued **14** days from the issue of the invoice.

The date of the reminder letters should be recorded.

**Failure to respond to reminders / settle a debt**

For school meals, if dinner monies remain outstanding after **21** days, a ‘notification of withdrawal of school meals’ letter must be issued to the parent/guardian informing them that the school will not provide the child with a school lunch from the following Monday.

The parent/guardian will also be informed that the school reserves the right to begin legal proceedings to recover the debt and to inform social services of their concerns that the parent/guardian is not providing a meal for the child at lunchtimes. The school again requests that the parent/guardian contacts the school to discuss the outstanding debt.

For general debt, if after **2** reminders, a response or payment is not received, a letter will be sent to the debtor advising them that the matter will be referred to LCC’s Legal Services Section.

At the discretion of the Governing Body/Finance Committee/Head teacher the debtor may be advised that they will be required to pay in advance for all future supplies or the supply will no longer be available to them. This decision and its basis will be recorded and reported to the Governing Body/Finance Committee.

**Negotiation of repayment terms**

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first ‘overdue payment’ reminder.

***However, if people are unable to pay***

The School may reduce or cancel a debt in certain circumstances. A sensitive approach to debt recovery will be carried out, taking the following factors into account.

* Hardship - where paying the debt would cause financial hardship.
* Ill health - where our recovery action might cause further ill health.
* Time - where the debt is so large compared to the person’s income that it would take an unreasonable length of time to pay it all off.
* Cost - where the value of the debt is less than the cost of recovering it.
* Multiple debt - where someone owes more than one debt to the school. In this situation, an attempt

to agree one repayment plan to include all debts will be established.

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first ‘overdue payment’ reminder.

If a debtor requests for ‘repayment terms’ these may be negotiated at the discretion of the Governing Body/Finance Committee/Head teacher. A record of all such agreements entered into will be retained.

In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment. The settlement period should be the shortest that is judged reasonable.

The Governing Body/Finance Committee/Head teacher will decide whether any debtor who has been granted extended settlement terms will not be offered any further ‘credit’ and will, in future, be required to pay in advance. This decision and its basis will be recorded and reported to the Governing Body/Finance Committee.

**Costs of debt recovery**

Where the school incurs material additional costs in recovering a debt then the Governing Body/Finance Committee/Head teacher will decide whether to seek to recover such costs from the debtor.

The debtor will be formally advised in writing that they will be required to pay the additional costs incurred by the school in recovering the debt. This decision and its basis will be recorded and reported to the Governing Body/Finance Committee.

**Bad debts**

Write-off of any debt requires the written approval of the Governing Body/Finance Committee up to a maximum of **£5,000**. A record of the write-off, the reason for it, and the approval for it, will be retained for **6** years plus the current year **7**.

*Note: See* ***Appendix 10***for Debt Management/Recovery Policy and***Appendix 11*** *for Records of Debts Written Off*

**19 BANKING ARRANGEMENTS**

The finance committee shall review the banking arrangements annually and ensure that the school is receiving the best available service and terms.

Based on the most favourable terms offered, each school will select the bank in which their account is to be opened from the approved list provided by the Director of Finance & Resources (***Appendix 17***).

When opening these bank/building society accounts, it is necessary for the Director of Finance & Resources to be named on the bank/building society mandate as having sole authority for the closure of the accounts and any school changing their bankers should notify LCC of any proposed changes to their banking arrangements. Details of the new account should be forwarded to Schools Finance Team (SIL) (***Appendix 18***).

Each school will need to select a minimum of three signatories authorised to sign cheques. They must be employees of the school and LCC, or in the case of Voluntary Aided Schools, employees of the School Governing Body. They should not be the same members of staff who authorise orders or certify accounts for payment. Each cheque must be signed by two of the authorised signatories.

Schools may arrange with their bank to have traditional cheque books or continuous stationary designed to match the printing format of SIMS. Cheques may be personalised (e.g. School crest) but the words “Liverpool City Council” must appear on the title of the account *(e.g. “Liverpool City Council……...School”).*

Pay-in-books, as opposed to individual slips, should be ordered from the bank and must be used for banking income. The bank must agree to accept cheques payable to “Liverpool City Council………...School” without the need for any endorsement.

As a minimum, schools need to arrange to receive monthly bank statements on a date which enables the submission of Monthly Statements of Expenditure/ documentation from the local financial management system to Schools Finance Team (SIL) by the due date.

The details of these Bank/Building Society accounts will be reviewed annually by the Schools Finance Team (SIL).

Schools may only invest directly in accounts of approved banks for which it has been clearly demonstrated that there is no risk capital to the sum. Under no circumstances may investment be arranged through any intermediary.

The investment must be in a current or deposit account (including single deposits). Deposit accounts may include managed money market accounts, as long as the bank provides a written agreement incorporating a guarantee of the capital sum invested.

Schools are allowed to retain interest earned on their accounts and are responsible for bearing any charges made by their bank. Interest should be paid in gross. (In the event that interest is paid net, a tax deduction certificate should be obtained to claim reimbursement).

Schools must not incur any overdraft or arrange any loan, deferred purchase, or any other form of credit. Schools must not offer any security to a bank. If requested LCC may guarantee official accounts.

Schools will be able to issue cheques from the account to meet all expenditure from their delegated budget, including that relating to payroll items should they wish to opt out of LCC Payroll Service.

Schools must not use cheques from their account to meet expenditure from: any excepted item listed in The Scheme, any items relating to unofficial funds (e.g. tuck shop); and any non-LCC activities such as unsubsidised school trips.

It is essential for security and accountability purposes that cheques are never signed in advance by any of the signatories and only completed when payment is to be made and the relevant invoice(s) and any supporting documents are available for inspection.

Any cheque which is cancelled must be clearly marked “cancelled” and retained, together with the counterfoil.

Any cheques lost either at school, in the post or by the recipient must be “stopped” immediately to protect against loss. This should be done by telephoning details of the relevant cheque to the bank and confirming those details in writing.

A replacement cheque must not be issued until the bank has confirmed the stopped cheque has not been presented.

Payments may be made by Standing Order, Direct Debit, BACS, Automated Credit Payments, Credit Card or any electronic means, provided an independent record in the form of a copy of any agreement is retained on file. If schools are in any doubt about such arrangements Schools Finance Team (SIL) should be consulted.

Debit cards are not permitted.

All cheque stubs or counterfoils must be annotated with the date, name of the beneficiary, relevant invoice number(s) and the total amount paid.

Schools must credit to their account, whether by BACS, cheque or cash: all LCC Allocations, VAT and tax reimbursements; any income which the school may generate (e.g. lettings) and any contributions towards school expenditure by charities, school fund etc.

When paying cheques into the bank the pay-in slip (and counterfoil, depending on the type of paying-in book) must be annotated for each cheque to show the name of the drawer, the nature of the income and the amount. The latter must be totalled to agree with the total value of cheques banked. Cash dispensers must not be used.

**20 SCHOOL FUND ACCOUNT / VOLUNTARY FUNDS / CHARITY COMMISSION**

A voluntary or unofficial fund is defined as “any fund (other than those of the LA) which exists for the purposes of a school and is established under the authority of the governors of a college or school. This includes the School Fund Account (**SFA**) and any monies collected from students or pupils for activities arranged by the school”. Such funds are also referred to as Non Public Funds (**NPF**) and will be collectively referred to as the School Fund Account.

Where funds are held in unofficial funds and are not combined with the normal school funds, the provisions of the *[Charities Act 2011]* applies. This guidance is compiled to provide guidance on the governance and use of unofficial funds. It is a summary of relevant legislation and other requirements and is not directed at PTA or other funds that are not held and controlled at the school.

The SFA can provide schools with an additional source of income. Although the SFA is not public money, the standards for the guardianship of this fund must be as rigorous as those for the administration of the school’s delegated budget. Parents/carers, pupils and other benefactors are entitled to receive the same standards of stewardship for the funds to which they’ve contributed **º**.

The accounting procedures therefore, shall reflect the standards for accounting of the SFA in accordance with ***s.2.15*** *of* *The Scheme*. All public and non-public funds shall be kept in separate bank accounts with authorized signatories.

The CFR Framework requires that all non-public funds including the SFA are under the control of the Governing Body.

The SFA must have published aims, policy & procedures in place which demonstrate a ‘*public benefit aspect’* **¹**. In the case of the SFA, the ‘*public benefit aspect’* **¹** would be for the benefit of the pupils. Any benefit to individuals other than the pupils is not allowed.

The aims, policy & procedures must state the purpose of the fund, the type of income/expenditure permitted and maximum spending limits before Governing Body approval is required.

Monthly bank reconciliations must be checked independently by HT and a statement of SFA to be presented to the GB once a term.

There must be an appointed treasurer for the SFA and proper records/receipts are to be maintained and kept up-to-date. All records to be retained for **6** years plus the current year.

**20.1 Charity Commission**

The ‘purpose’ of the SFA is governed by the Charity Commission under the description “**the advancement of education**” ¹ in accordance with the *[Charities Act 2011].*

“By law, if you set up a charity you must [apply to register it with the Commission](https://www.gov.uk/how-to-register-your-charity-cc21b) if it is a charitable incorporated organisation (CIO) or its annual income is more than **£5,000**, unless it is a specific type of charity that doesn’t have to register. The commission will take action to secure compliance if it identifies a charity which isn’t registered but should be. If your charity isn’t a CIO and your income is under **£5,000** you don’t have to register with the Commission”.**¹**

Therefore, a SFA with an annual income of more than **£5,000** must legally register as a Charity with the Commission, and returns and accounts must be filed in accordance with the *[Charities Act 2011]* and the Governing Body of the school will be known as the ‘trustees’.

“Trustees of charities with an income of over **£25,000** are under a legal duty as charity trustees to submit annual returns, annual reports and accounting documents to the Commission as the regulator of charities. Even if the charity’s annual income is not greater than **£25,000** trustees are under a legal duty to prepare annual accounts and reports and should be able to provide these on request. All charities with an income over **£10,000** must submit an annual return to the Charity Commission.

Failure to submit accounts and accompanying documents to the Commission is a criminal offence. The Commission also regards it as mismanagement and misconduct in the administration of the charity.

For those individuals who were not trustees at the initial date of default, when they became a trustee, they became responsible for making good the default.

It is important that the financial activities of charities are properly recorded and their financial governance is transparent. Charities are accountable to their donors, beneficiaries and the public. Donors to charities are entitled to have confidence that their money is going to legitimate causes and reaches the places that it is intended to. This is key to ensuring public trust and confidence in charities”.**²**

“For financial years ending on or after 31 March 2015, and gross income is more than **£25,000** but less than **£1m**, trustees may opt for an independent examination instead of an audit. This is a simpler form of scrutiny than an audit but it still provides trustees, funders, beneficiaries, stakeholders and the public with an assurance that the accounts of the charity have been reviewed by an independent person. All charities with an income of more than **£25,000** that opt not to have an audit must have an independent examination”. **³**

However, there is a process to be followed for an independent examination and separate guidance is available – *Independent Examination of Charity Accounts: Examiners (CC32)*.**³**

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**¹**[*https://www.gov.uk/guidance/how-to-set-up-a-charity-cc21a*](https://www.gov.uk/guidance/how-to-set-up-a-charity-cc21a)

**²** [*https://www.gov.uk/government/publications/meole-brace-school-fund-inquiry-report*](https://www.gov.uk/government/publications/meole-brace-school-fund-inquiry-report)

**³** [*https://www.gov.uk/government/publications/independent-examination-of-charity-accounts-trustees-cc31*](https://www.gov.uk/government/publications/independent-examination-of-charity-accounts-trustees-cc31)

**20.2 Independent Audit**

In accordance with *The Scheme*, the Governing Body must arrange for an annual independent audit of SFA. This may be an externally appointed auditor, an independent member of staff or governor from another school. Governors should ensure the appointed auditor has the necessary skills or qualification to fulfill this role. Refer to Auditor Guidelines (***Appendix 5****).*

The audited accounts along with the auditor’s certificate must be presented to the Governing Body within 3 months of the accounting year end.

A copy of the audited accounts along with the auditor’s certificate must be forwarded to SIL by 30 October each year.

If the fund is a Registered Charity, returns and accounts must be filed annually with the Charity Commission as required.

The Governing Body shall report any suspected irregularities to the independent auditor, LA or the police if criminal activity is suspected.

Where an auditor issues an adverse report or declines to sign the audit certificate, the Head teacher must inform LCCs Director of Finance & Resources.

**20.3 Disallowed Income (must be paid directly into FMS accounts)**

**Voluntary Contributions for Educational Trips/Visits**

All voluntary contributions from parents/carers must be banked in their entirety and paid directly into the school’s FMS cost centre **I12** (ledger code **92809** - Contributions to visits) and not the SFA.

Matching expenditure must be paid directly from the school’s FMS cost centre **E19** (ledger code **57105** - Educational visits) and not the SFA.

**Dinner Monies**

All dinner monies received must be banked in their entirety and paid directly into the school’s FMS cost centre **I09** (ledger code**93603** *-* School Meal Sales) and not the SFA.

**Breakfast & After School Clubs**

Payments from parent/carers must be banked in their entirety and paid directly into school’s FMS cost centre **I08** (ledger code **94198** - Breakfast/After School Club) and not the SFA.

Matching expenditure must be paid directly from the school’s FMS cost centre **E24** (ledger code **43298** - Breakfast/After School Club) and not the SFA.

**School Uniform Sales**

Payments from parents/carers must be banked in their entirety and paid directly into the school’s FMS cost centre **I08** (ledger code **93199** - General Sales) and not the SFA.

Matching expenditure must be paid directly from the school’s FMS cost centre **E24** (ledger code **44197** - Clothing & Uniforms for pupils) and not the SFA.

**Student Mentor Fees**

Payments received from other schools/institutions must be banked in their entirety and paid directly into the school’s FMS cost centre **I08** (ledger code **94498** - Income from other schools) and not the SFA.

**20.4 Disallowed Expenditure (non-negotiable)**

* Flowers - must be financed only by individual contributions to a private collection
* Hospitality including alcohol/lunches/staff parties/celebrations etc.
* Staff/3rd party - benefits/welfare/team building/days out/nights out
* Staff/3rd party - tea/coffee/milk/cakes/refreshments/subsistence
* Staff/3rd party - gratuities/payments/gifts
* Staff/3rd party - cashing of personal cheques/loans
* Staff/3rd party - retirement/birthday/birth/wedding gifts etc.

*Note: Although schools have the discretion to offer retirements gifts to recognise the continuous long service of staff (25+ years), this must be funded from the school’s delegated budget and not the SFA. See* ***s.17.3*** *for conditions.*

Further information and legislation can be found:

* LCC Scheme for Financing Schools
* The *[Charities Act 2011]* / Charity Commission
* Ofsted/Audit Commission – Keeping Your Balance, Standards for Financial Management in Schools**º**
* Schools Financial Value Standard **Q28**

Further statutory guidance on applying the financial regulations & procedures, is provided within LCCs School Fund Account Policy (***Appendix 4***).

***Note:*** *Non adherence to these regulations will result in the withdrawal of the School Fund Account and in certain circumstances the issuing of a notice of concern or withdrawal of delegation.*

**21 CHARGING & REMISSIONS**

*[Sections 449-462 of the Education Act 1996]* sets out the law on charging for school activities in schools maintained by LAs in England. Academies (including free schools, studio schools and university technical colleges) are required through their funding agreements to comply with the law on charging for school activities.

No charges can be made unless the Governing Body of the school or LA has drawn up a charging policy giving details of the optional extras or board and lodging that they intend to charge for, and a remissions policy.

The GB’s policy may be more or less generous than the LA’s, as long as it meets the requirements of the law. A policy statement will take account of each type of activity that can be charged for and explain when charges will be made.

If a charge is to be made for a particular type of activity, for example optional extras, parents need to know how the charge will be worked out and who might qualify for help with the cost (or even get it free). This information should be made available to parents.

The remissions policy must set out any circumstances in which the school or LA propose to remit (wholly or partly) any charge which would otherwise be payable to them in accordance with their charging policy. For example, a school may decide to provide an Italian language evening class as an optional extra. The Governing Body may decide to reduce the cost for those children whose parents are in receipt of certain benefits.

For LCCs Charging & Remissions Policy**¹** (***Appendix 6).*** This policy must be reviewed and updated annually and made available on the School’s website.

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**¹** *is guided by DfE ‘Charging for School Activities - October 2014’*

*- departmental advice for governing bodies, school staff and local authorities*

**22 APPRENTICESHIP LEVY**

*[The Enterprise Act 2016]* changed the way the government funds apprenticeships in England. From 1 April 2017 employers with an annual pay bill over **£3m** are required to contribute to a new Apprenticeship Levy. The government’s view is that employers can benefit from this investment by training apprentices. In return for the Levy payment funding is received, via a digital account, which can only be spent on apprenticeship training.

The Levy is charged to relevant employers at a rate of **0.5%** of employer’s annual pay bill.

Payments are made via PAYE on a monthly basis and Levy funds are automatically deposited on a monthly basis into an online digital account. This amount is then increased by **10%** via a government ‘top up’.

The Levy paying employer can then use these funds to purchase apprenticeship training, either as a training and development opportunity for existing employees or when recruiting new members of staff.

It is important to note that the funds can only be used for the apprenticeship training and cannot be used to pay the salary of an apprentice.

Community and voluntary controlled schools maintained by the LA and where LCC is their employer, are considered to be part of LCC’s pay bill for the calculation of the Levy payment.

The government is committed to boosting productivity by investing in human capital. As part of this, the government is committed to developing vocational skills and to increasing the quantity and quality of apprenticeships. It has committed to an additional **3m** apprenticeship starts in England by 2020.

**Community and Voluntary Controlled schools**

Community and VC schools are in scope to pay the Apprenticeship Levy regardless of the amount of their individual pay bills. In these schools the LA is the employer and therefore all staff in Community/Voluntary Controlled schools are added onto the pay bill of the LA, with the Levy equivalent of **0.5%** of the overall pay bill for the LA. All Community/VC schools pay bills will be included in the LA’s calculation, regardless of whether the school uses the LA for payroll services. This will result in an increase of **0.5%** on the school wage bill.

**Voluntary Aided (VA) / Foundation schools, Academies and Multi Academy Trusts (MAT’s) with a pay bill greater than £3 million**

In these schools the governing body is considered to be the employer. Therefore each VA/Foundation or Academy schools’ liability for the Levy will be based on its own pay bill. For MAT’s, it is the overall pay bill of all the academies that make up the trust.

The Apprenticeship Levy will need to be paid each month through the PAYE process in the same way as Income Tax or National Insurance contributions are paid. Schools that use LCC as their payroll provider will see the relevant amount deducted on a monthly basis on their hierarchical reports. Schools that do not use LCC as their payroll provider will need to liaise with their provider to ensure the correct amount is paid over on a monthly basis. Information can be found at the following link:

[*https://www.gov.uk/guidance/manage-apprenticeship-funds*](https://www.gov.uk/guidance/manage-apprenticeship-funds)

Schools paying the Levy should register for their digital account. Information about setting up this account can be found here:

[*https://www.gov.uk/guidance/manage-apprenticeship-funds*](https://www.gov.uk/guidance/manage-apprenticeship-funds)

***Note:*** *Levy paying Schools must ensure that the Apprenticeship Levy is factored into their budget setting process.*

**Voluntary Aided (VA) / Foundation Schools, Academies and Multi Academy Trusts (MAT’s) with pay bill of less than £3 million**

Schools who do not pay the levy can still take on apprentices, and access co-investment, whereby the government will pay 90% of the cost of training and assessment. Information can be found at the following link:

[*www.gov.uk/take-on-an-apprentice/get-funding*](http://www.gov.uk/take-on-an-apprentice/get-funding)

*Further guidance can be found in* ***LCCs Apprenticeship Levy – A Guide for Schools & LCCs Apprenticeship Policy,*** *both**are**available on:*

*www.schoolimprovementliverpool.co.uk*

**23 STORAGE of DOCUMENTATION**

To comply with the requirements of HMRC and External and Internal Auditors, financial documents must be retained for the current and previous six financial years.

Invoices paid electronically have to be retained electronically. Invoices paid as paper invoices (which most schools currently are) then they must be retained as paper copies.

The following principles for document retention are suggested for the current year.

**Cheques**

Cheque counterfoils should be retained in cheque number order (together with paid cheques if the bank uses a system of returning them). Cancelled cheques should be clipped to the appropriate counterfoils in the file.

At the end of the financial year the relevant pay-in counterfoils should be added (or if the bank has pay-in books with the counterfoils, the counterfoils should be kept in date order)

**Expenditure (Orders, delivery notes, invoices)**

Photocopies of the orders produced through local financial management system should be retained in numerical order with supporting delivery notes and invoices attached.

They should be marked with the invoice number and the date it was processed. When payments are made the cheque number(s), payment date(s) and amount(s) paid should be marked on the copy order. Credit notes must be attached to the invoice from which the credit has been offset.

***Note:*** *It is suggested that it may be useful to have a stamp for this purpose leaving sufficient space for two or three inserts alongside each heading in order to accommodate situations where orders are delivered in parts and therefore payments made in two or three stages*

**Income**

Copies of receipts (e.g. Photocopies of SIMS or other local resource management system receipts for non-invoice income, cash book journals in respect of bank interest, fund to bank journals in respect of school budget share etc.) should be retained, together with quotations and invoices.

**Monthly Statements**

Monthly bank statements should be retained in numerical order with the appropriate monthly statements of expenditure, photocopies of CIS documentation and the relevant reports from the local financial management system. (ie. photocopies of the petty cash analysis with the appropriate petty cash slips in date order and the reimbursement statements).

**Petty Cash**

Petty cash transaction reports, reimbursement listing and petty cash expenditure folios, together with the appropriate petty cash receipts in date order.

**General**

All general and on-going documentation should be retained with appropriate sub-sections (i.e. list of signatories, details of any leasing arrangement, register of business interests etc:).

**24 Service Level Agreements**

Service Level Agreements for Individual Services will be negotiated annually on a service by service basis. Termination of such services will be set out in the Service Level Agreement, but will require at least three months’ notice.

**School Improvement Liverpool Ltd (SIL)**

Service Level Agreements for SIL will be sent out to schools the first week of the January proceeding the new financial year for return by February half term. Schools will be invoiced the first week in April.

**APPENDIX 1: GOVERNING BODY DECISION PLANNER**

A well organised governing body can spread its workload by setting up committees and delegating tasks to these committees, or in some instances to individuals. Governing bodies are accountable in law for all major decisions about the school and its future. However, this does not mean that they are required to carry out all the work themselves. For example; governing bodies have a responsibility to ensure that their schools have a pay policy, but they would not be expected to draft it themselves. This task can be delegated to a member of the school staff or the governors could use a model policy produced by the LA. The governors will then discuss and amend/endorse and adopt the policy as necessary. The same principle can be applied to the production of any required policy.

*\*This planner shows to which level the governing body may legally delegate functions. However, governors must remember that although decisions may be delegated, the governing body as a whole remains responsible for any decision made under delegation.*

|  |
| --- |
| **KEY**  Level 1: Full governing body (GB)  Level 2: A committee of the governing body  Level 3: An individual governor (\**not recommended*)  Level 4: Head teacher (HT)  Box blank: Action could be undertaken at this level.  Box greyed: Function cannot be legally carried out at this level. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Key Functions** | **Decision Level** | | | |
|  | **1** | **2** | **3\*** | **4** |
| To approve the first formal budget plan each financial year |  |  |  |  |
| To monitor monthly expenditure. |  |  |  |  |
| To establish a charging & remissions policy |  |  |  |  |
| Miscellaneous financial decisions |  |  |  |  |
| To enter into contracts (GB may wish to agree financial limits) |  |  |  |  |
|  |  |  |  |  |
| **Staffing** |  |  |  |  |
| HT appointments (selection panel) |  |  |  |  |
| Deputy appointments (selection panel) |  |  |  |  |
| Appoint other teachers |  |  |  |  |
| Appoint non-teaching staff |  |  |  |  |
| Agree a pay policy |  |  |  |  |
| Pay discretions |  |  |  |  |
| Establishing disciplinary/capability procedures |  |  |  |  |
| Dismissal of HT |  |  |  |  |
| Dismissal of other staff |  |  |  |  |
| Suspension HT |  |  |  |  |
| Suspension staff (except HT) |  |  |  |  |
| Ending suspension (HT) |  |  |  |  |
| Ending suspension (except HT) |  |  |  |  |
| Determining staff complement |  |  |  |  |
| Voluntary & foundation schools to agree whether or not the Chief Education Officer / Diocesan authority should have advisory rights |  |  |  |  |
| Determining dismissal payments / early retirement |  |  |  |  |
|  |  |  |  |  |
| **Curriculum** |  |  |  |  |
| Ensure National Curriculum (NC) is taught to all pupils & to consider any disapplication for pupil(s) |  |  |  |  |
| To establish a curriculum policy |  |  |  |  |
| To implement curriculum policy |  |  |  |  |
| To agree or reject monitor curriculum policy |  |  |  |  |
| Responsible for standards of teaching |  |  |  |  |
| To decide which subject options should be taught having regard to resources & implement provision for flexibility in the curriculum (including activities outside school day) |  |  |  |  |
| Responsibility for individual child’s education |  |  |  |  |
| Provision of sex education – establish an up-to-date written policy |  |  |  |  |
| To prohibit political indoctrination & ensuring the balanced treatment of political issues |  |  |  |  |
| To establish a charging and remissions policy for activities (non-NC based) |  |  |  |  |
|  |  |  |  |  |
| **Performance Management** |  |  |  |  |
| To formulate a performance management policy |  |  |  |  |
| To establish a performance management policy |  |  |  |  |
| To implement the performance management policy |  |  |  |  |
| To review annually the performance management policy |  |  |  |  |
|  |  |  |  |  |
| **Target Setting** |  |  |  |  |
| To set & publish targets for pupil achievement |  |  |  |  |
|  |  |  |  |  |
| **Discipline / Exclusions** |  |  |  |  |
| To establish a discipline policy |  |  |  |  |
| To review the use of exclusion & to decide whether or not to confirm all permanent exclusions & fixed term exclusions where the pupil is either excluded for more than 15 days in total in a term or would lose the opportunity to sit a public examination. (Can be delegated to chair/vice-chair in cases of urgency) |  |  |  |  |
| To direct reinstatement of excluded pupils (Can be delegated to chair/vice-chair in cases of urgency) |  |  |  |  |
|  |  |  |  |  |
| **Admissions** |  |  |  |  |
| To consult annually before setting an admissions policy (but in community & controlled schools only where the LA has delegated this power to the GB) |  |  |  |  |
| To consult annually before setting an admissions policy (VA & Foundation schools) |  |  |  |  |
| To establish an admissions policy (special schools where pupils do not have a statement) acting with LA |  |  |  |  |
| Admissions: application decisions (but in community & controlled schools only where the LA has delegated this power to the GB) |  |  |  |  |
| Admissions: application decisions (VA, Foundation and special schools) |  |  |  |  |
| To appeal against LA directions to admit pupil(s) (Voluntary, Foundation & special schools; also community & VC schools where LA is the admissions authority) |  |  |  |  |
|  |  |  |  |  |
| **Religious Education** |  |  |  |  |
| Responsibility for ensuring provision of RE in line with school’s basic curriculum (all schools)  \* *this must fall into line with locally agreed syllabus* |  |  |  |  |
| Decision to revert to previous RE syllabus (Foundation Schools except VA of religious character) |  |  |  |  |
| Decision to provide RE according to trust deed/specified denomination in VA schools with religious character (Foundation & VC schools of religious character at request of parents |  |  |  |  |
| Decision to provide RE in line with locally agreed syllabus (VA schools – only if parents request it. All other schools not covered above) |  |  |  |  |
|  |  |  |  |  |
| **Collective Worship** |  |  |  |  |
| In all maintained schools to ensure that all pupils take part in a daily act of collective worship (after consulting GB) |  |  |  |  |
| To make application to the advisory councils, SACRE, concerning the requirements for collective worship (schools without a religious character) to no longer apply (after consulting GB) |  |  |  |  |
| Arrangements for collective worship (schools without religious character (after consulting GB) |  |  |  |  |
| Arrangements for collective worship in Foundation schools of religious character, VC or VA schools (after consulting HT) |  |  |  |  |
|  |  |  |  |  |
| **Premises & Insurance** |  |  |  |  |
| Buildings insurance & personal liability – GB to seek advice from LA, diocese or trustees where appropriate (it is suggested that the GB as a whole should be involved in this decision) |  |  |  |  |
| Developing school buildings strategy or master plan & contributing as required to LA Asset Management Planning arrangements (it is suggested that the GB as a whole should undertake this decision) |  |  |  |  |
| Procuring & maintaining buildings, including developing properly funded maintenance plan |  |  |  |  |
|  |  |  |  |  |
| **Health & Safety** |  |  |  |  |
| To institute a H&S policy (in Community & VC schools this would be the LA) |  |  |  |  |
| To ensure that H&S regulations are followed |  |  |  |  |
|  |  |  |  |  |
| **School Organisation** |  |  |  |  |
| To publish proposals to change category of school |  |  |  |  |
| Proposal to alter or discontinue voluntary foundation or foundation special school |  |  |  |  |
| To set the times of school sessions & dates of school terms and holidays (except in Community & VC schools where it is the LA) |  |  |  |  |
| To ensure that the school meets for 380 sessions in a school year |  |  |  |  |
| To ensure that school lunch nutritional standards are met where provided by the GB. |  |  |  |  |
|  |  |  |  |  |
| **Information For Parents** |  |  |  |  |
| To prepare & publish the school prospectus |  |  |  |  |
| To prepare & publish the school profile |  |  |  |  |
| To ensure provision of free school meals to those pupils meeting the criteria |  |  |  |  |
| Adoption & review of home-school agreements |  |  |  |  |
|  |  |  |  |  |
| **GB Procedures** |  |  |  |  |
| To draw up instrument of government & any amendments thereafter |  |  |  |  |
| To appoint (& remove) the chair & vice-chair of a permanent or a temporary GB |  |  |  |  |
| To appoint & dismiss the clerk to the governors |  |  |  |  |
| To hold a full GB meeting at least three times in a school year or a meeting of the temporary GB/IEB as often as required |  |  |  |  |
| To appoint & remove community or sponsor governors. |  |  |  |  |
| To set up a Register of Governors’ Business Interests |  |  |  |  |
| To approve & set up a Governors Expenses Scheme |  |  |  |  |
| To discharge duties in respect of pupils with special needs by appointing a “responsible person” in community, Voluntary & Foundation Schools |  |  |  |  |
| To consider whether or not to exercise delegation of functions to individuals or committees |  |  |  |  |
| To regulate the GB procedures (where not set out in law) |  |  |  |  |
|  |  |  |  |  |
| **Federations** |  |  |  |  |
| To consider forming a federation or joining an existing federation |  |  |  |  |
| To consider requests from other schools to join the federation |  |  |  |  |
| To leave a federation |  |  |  |  |
|  |  |  |  |  |
| **Extended Schools** |  |  |  |  |
| Decision to offer additional activities & to the form these to take |  |  |  |  |
| To put into place the additional services provided |  |  |  |  |
| To ensure delivery of services provided |  |  |  |  |
| To cease providing extended school provision |  |  |  |  |
|  |  |  |  |  |

*Date review*…………………………………………………

*Signed by Chair of Governors ………………………………………………….*

*Signed by Head Teacher …….……………………………………………*

**APPENDIX 2: STATEMENT OF INTERNAL CONTROL (SIC), PRE-CERTIFICATION CHECKLIST & FINANCIAL RISK & CONTROL SELF-EVALUATION**

#### The Format of the Statement (SIC)

**Paragraph 1** explains the Governing Body responsibilities. To achieve the SFVS, each school will be expected to use the wording given in the specimen statement at **Schedule 1**.

**Paragraph 2** explains the limitations of control systems. This wording is important because it aims to make it clear to the reader that “absolute” assurance cannot be given and is not expected. To achieve the SFVS,each school will be expected to use the wording given in the specimen statement at ***Schedule 1***.

**Paragraph 3** explains how the GB has satisfied itself that controls are adequate before its representative agrees to sign the statement. To achieve the SFVS, each school will be expected to use the wording given in the specimen statement ***Schedule 1*** as a minimum. It may be that the GB has carried out additional steps and may wish to add those to this paragraph of the SIC.

**Paragraph 4** states that the GB is satisfied that internal controls at the school were adequate during the previous 12 months. If the GB is not satisfied about the adequacy of key internal controls, they should list any serious / high priority control weaknesses.

**Paragraph 5** is where planned action to improve the control system is disclosed. Such disclosure is normally only needed if the GB has expressed in paragraph 4 concern about the adequacy of any of the controls.

The specimen statement is attached as ***Schedule 1*** and can be tailored for school use, subject to the minimum wording requirements previously clarified.

**Deciding Whether to Disclose a Weakness at Paragraph 4**

When deciding whether or not to disclose that a particular control is inadequate, Governing Body should take into account all the relevant information available to them and also consider:

* How likely is the risk, i.e. to what extent the inadequacy of the control(s) puts the school at risk
* The likely impact of the risk on the school if it occurred, for example on the school’s financial position, ability to function, reputation etc.
* The cost of any action needed to reduce the level of risk posed
* Whether this cost is justified and proportionate given the risk perceived.

The Risk Matrix illustrates the dynamic relationship between the likelihood of a risk occurring and its potential impact. HT and GB may wish to rank the control weaknesses they or an internal auditor have identified in terms of gravity of the risk they pose to the school.

*\*A note of caution is necessary. This Risk Matrix cannot substitute for the use of informed judgement by experienced professionals, about the importance of a particular control weakness. Therefore, if the school is uncertain about the gravity of a particular weakness in the control system it should first involve the relevant staff at the school in a discussion about the weakness and if uncertainty remains, school should contact LA Internal Audit and/or Schools Finance Team (SIL).*

**Risk Matrix**

An illustration of the qualitative assessment of the priority of control weaknesses

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Likelihood of risk arising from the weakness** |  | | **Degree of Impact** | |  |
| **Minimal** | **Moderate** | | **Significant** | |
| **Likely** | Low/Medium Priority [[1]](#footnote-1) | High Priority | | Very High Priority | |
| Address within three to six months. | Address urgently [[2]](#footnote-2)2 | | Address immediately | |
| Do not disclose in SIC | Normally disclose in SIC | | Always disclose in SIC | |
| **Possible** | Very Low Priority | Medium Priority | | High Priority  Address urgently [[3]](#footnote-3) | |
| Address within nine months. | Address within three months. | | Address urgently | |
| Do not disclose in SIC | Only disclose in SIC if it is thought particularly useful to do so | | Normally disclose in SIC | |
| **Unlikely** | Not a Priority | Low Priority | | Medium Priority | |
| Only address if cost effective and if not prepared to accept the low risk | Address within six months. | | Address within three months. | |
| Ignore | Do not disclose in SIC | | Seldom disclose in SIC | |

#### Deciding Whether to Sign the Statement (SIC)

#### The GB should only sign the SIC when it feels it can do so with confidence, having studied all the available evidence. The GB should be able to derive much of the evidence they need from:

#### Meeting and/or working towards SFVS

* Their own monitoring of financial management and regular scrutiny of financial reports
* Their regular meetings with the HT and other staff
* The most recent report on the school’s finances by the LA appointed internal auditor
* An annual Financial Risk & Control Self–Evaluation of the internal control systems (***Schedule 3***) has been completed for the significant systems not audited within the previous 12 months by LA Internal Audit team.

#### In addition, members of the GB should have completed the Pre-certification Checklistfor Governors at *Schedule 2* before they sign the SIC.

#### If the Governors answer “*Yes”* to all questions they should be able to sign the SIC without the need to tailor paragraph 4 to accommodate their concerns about any of the controls, or to add a fifth paragraph to say how these might be addressed.

#### If they answer “*No”* to any question, they should consider the implications of such a response, and these are explained in the checklist at *Schedule 2*.

#### The specimen statement can be tailored for school use, subject to the minimum wording requirements previously clarified.

**Schedule 1**

**Statement of Internal Control (SIC) – Specimen Template**

1. This statement relates to the Internal controls for ***[insert name …]***school for the previous 12 months from ***[1 April 20...]*** to ***[31 March 20...]***up to and including the signature date below.The Governing Body is responsible for ensuring that the school:

* keeps proper accounting records during the year which will disclose, with reasonable accuracy and at any time, the financial position of the school, have been drawn up in accordance with the DfE (CFR) guidelines, and will enable it to prepare an annual income and expenditure statement that complies with DfE guidelines
* maintains and operates an effective system of internal control to safeguard all the resources delegated, granted or otherwise entrusted to the school and ensure they are used cost effectively

2 The system of internal control has been developed and is coordinated by the Head Teacher. It aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly

1. Our review of the effectiveness of the systems of internal control is informed by:

* regular scrutiny of our financial and other performance monitoring data
* regular reports from the Head Teacher and other managers to the Governing Body
* the most recent LCC Internal Audit and/or School Finance (SIL) review of our internal controls dated ***[insert date ...]*** *or*
* the most recent Financial Risk & Control self-evaluation of our internal controls ***(Schedule 3)*** dated ***[insert date …]***

4 We are therefore, satisfied that the internal control systems in operation at our school during the year up to & including the signature date below, were adequate & effective ***(except for..)***

* ***List any notable weaknesses here i.e. those rated as* *requiring remedial action as a high priority***

1. We propose over the coming year to take the following steps to address the weaknesses noted above.

* ***This paragraph should provide either brief details of the action taken/proposed, to rectify weaknesses in the system of internal control, or a short explanation of why corrective action has not been considered necessary)***

*Governing Body of [****Insert Name****……………………………….] School*

*(Signed)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*(Head Teacher)*

*(Signed)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*(Chair of Governing Body)*

*(Signed)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*(Chair of Finance Committee)*

## **Schedule 2**

##### **Statement of Internal Control (SIC) - Pre-Certification Checklist**

#### GB should complete this Pre-certification Checklistprior to completing and signing the SIC.

#### If GB answer “*Yes”* to all questions they should be able to sign the SIC without the need to tailor paragraph 4 to accommodate their concerns about any of the controls, or to add a fifth paragraph to say how these might be addressed.

#### If GB answer “*No”* to any question, they should consider the implications of such a response, which will require either further action or an explanation in the SIC.

|  |  |  |
| --- | --- | --- |
| **Question** | **Agreed Yes / No** | **Implication of the Response** |
| Did we set the school budget in line with the priorities detailed in the School Development Plan either before the beginning of the financial year (1st April) or as soon as possible thereafter? |  | If yes, no action.  If no, paragraph 4 should disclose this weakness. Paragraph 5 should explain the steps being taken to ensure next year’s budget is set on time and reflects the school’s priorities. |
| Did we see regular reports on the school’s financial position during the year? (eg: Finance Reports, 3 year Budget Plan, Budget Monitoring Reports, Income & Expenditure Reports)  **AND**  Did the Head Teacher and School Business Manager (or equivalent) answer all the questions raised with them and were we satisfied that materially accurate and up-to-date records have been maintained during the previous 12 months? |  | If yes, no action.  If no, paragraph 4 should disclose the inadequate availability of base financial records as a weakness. Paragraph 5 should explain the steps being taken to rectify the position. |
| Have we been advised or been made aware of any actual or potential non-compliance by the school with The Scheme for Financing Schools or LCC’s Financial Regulations & Procedures (possibly via LCC Internal Audit and/or Schools Finance Team (SIL) that could cause the school to incur a financial loss? |  | If no, no action.  If yes, list all non-compliance at paragraph 4 and explain in paragraph 5 the action planned to correct non-compliance. |

|  |  |  |
| --- | --- | --- |
| **Question** | **Agreed Y / N** | **Implication of the Response** |
| After the year end, did the Head Teacher review a reconciliation of the school’s final Consistent Financial Reporting (CFR) report with LCC’s Outturn statement and confirm that they are:   * a complete record of the total of school’s transactions for the year and that the two documents are consistent with each other? |  | If yes, no action.  If no, make arrangements for the Head Teacher to complete/review the reconciliation before the SIC is signed. |
| Have we received a report from LCC’s Internal Audit Team and/or a ‘purchased’ Financial Audit/Review from the Schools Finance Team (SIL) giving us assurance that the systems of internal financial control within the school have operated satisfactorily during the previous 12 months?  **OR**  Have we undertaken a thorough Financial Risk & Control self-evaluation of the internal control systems in operation **(Schedule 3)** during the year and did not find any weaknesses that needed to be addressed as a high priority? |  | If yes to either question, no action.  If no to both questions, either:  Delay signing the statement until we have received the audit/schools finance reports or have undertaken a thorough Financial Risk & Control self-evaluation  **(Schedule 3)**  **OR** If the reports or the self-evaluation have identified weaknesses that need to be addressed as a high priority, list them at paragraph 4 and explain in paragraph 5 the action planned to rectify them |

*Governing Body of* ***[Insert******Name……………………………….]*** *School*

*(Signed)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*(Head Teacher)*

*(Signed)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*(Chair of Governing Body)*

*(Signed)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*(Chair of Finance Committee)*

## **Schedule 3**

##### **Financial Risk & Control Self-Evaluation - SIC**

This checklist is designed to help the Governing Body (GB) review their levels of internal control with a view to assessing the likelihood/impact of any risk arising from the controls not being in place. It is intended that the checklist will be completed on an annual basis as part of the annual Statement of Internal Control (SIC) that needs to be signed by the Head teacher (HT), Chair of Governors and Chair of Finance Committee.

The expected internal controls have been identified for each of the nominated risk areas, e.g. Governance. The school should indicate whether the internal controls are in place (“yes” or “no”) and based on the overall responses for that risk area, assess if the likelihood and impact of any residual risk is considered to be “high”, “medium” or “low” risk.

Where action is required to mitigate against any identified risk, this should be noted under the risk area as “Y” (or “N” if no action required) and an action plan produced that identifies the action to be taken, the responsible officer and the timescale for implementation. Any “high” risk areas should also be reported in the SIC (paragraphs 4 & 5).

As the financial control checklist should be completed annually, part of the following year's review should be to confirm the implementation of the previous year's action plan.

It is also considered good practice that the system relating to each control is documented. This can then be used as a procedural note for new staff and also made available to help resolve any queries from the Head teacher or Chair of Governors in relation to their responsibility for signing off the SIC.

|  |  |
| --- | --- |
| **Governance** | **Control in place**  **Y / N** |
| The Roles and Responsibilities & Terms of Reference for the GB, its committees and all financial staff are set out in writing and are reviewed annually by GB. |  |
| *The Scheme for Financing Schools* *(The Scheme)* is reviewed annually by the GB. |  |
| *LCC’s Financial Regulations & Procedures* are reviewed annually by GB. |  |
| The Governor Decision Planner is reviewed annually by GB. |  |
| Staff with financial responsibilities have access to *The Scheme* & *LCC’s Financial Regulations & Procedures* |  |
| Detailed minutes are taken and retained of all meetings of the GB and its committees. |  |
| The Register of Business Interests for all governors and staff who influence financial decisions is updated annually. |  |
| Financial control is maintained in the absence of key personnel. |  |
| Accounting records are maintained and retained in accordance with DfE Guidelines. |  |
| Accounting records are held securely and access is controlled. |  |

*Risks: There is a lack of accountability for financial decision making, checks and balances are not carried out and there is inadequate control over accounting records.*

Based on the responses to the above what is the:

|  |  |  |
| --- | --- | --- |
| **Likelihood / Impact of the risk** | | **H / M / L** |
| **Action required** | | **Y / N** |
| **HR Payroll & Recruitment** | | **Control in place**  **Y / N** | |
| In accordance with ***s.14,*** *LCC’s Financial Regulations & Procedures*, there are formal recruitment policies & procedures in place that include processes to ensure:   * A ‘safer recruitment’ trained person is on each recruitment panel * All pre-employment recruitment checks are completed i.e. DBS, references, medicals * There is an allocated person who administers appointments, terminations of employment, variations to pay and expenses on a timely basis. * School uses the ‘recruitment checklist’ which is available on *www.schoolimprovementliverpool.co.uk* * All relevant up-to-date policies/procedures have been issued or made available to all staff e.g. Code of Conduct, Safeguarding, H&S | |  | |
| The duties of authorising appointments, changes to pay, terminating employment and maintaining organisation structure changes are allocated according to *The Scheme* and are separated from the duties of processing claims. | |  | |
| Only authorised staff have access to personnel files. | |  | |
| Payroll transactions are processed only through the payroll system unless there is clear evidence of self-employment. | |  | |
| In cases of self-employment, there is a contract for services as agreed by both parties. | |  | |
| HT ensures the hierarchical reports are recorded on SIMS on a monthly basis and payroll statements are checked by HT for accuracy i.e. staff names, additional payments etc. | |  | |
| Expense claims e.g. mileage, are submitted promptly at the beginning of each month to meet HR & Payroll deadlines. | |  | |
| HT authorises all requests for supply staff. | |  | |
| Supply staff invoices are recorded and checked against the charge made to the school. | |  | |

*Risk: Payroll expenditure is not controlled adequately.*

Based on the responses to the above what is the:

|  |  |
| --- | --- |
| **Likelihood / Impact of the risk** | **H / M / L** |
| **Action required** | **Y / N** |

|  |  |
| --- | --- |
| **Purchasing** | **Control in place**  **Y / N** |
| The procedures for ordering goods and services in accordance with ***s.16,*** *LCC’s Financial Regulations & Procedures* |  |
| Tenders, quotations are obtained in accordance with ***s.16.4,*** *LCC’s Financial Regulations & Procedures* |  |
| Where the quotation/tender process has not been followed or the lowest price not accepted, the GB is informed of the reason for the decision and it is included in the minutes of the relevant meeting. |  |
| Each contract specification defines the service to be provided in terms of its nature, quality standards, information, monitoring requirements and contract review procedures. |  |

*Risk: There are inadequate controls over expenditure (ie. authorisation of orders, invoices, petty cash payments)*

Based on the responses to the above what is the:

|  |  |
| --- | --- |
| **Likelihood / Impact of the risk** | **H / M / L** |
| **Action required** | **Y / N** |

|  |  |
| --- | --- |
| **Ordering and Receipt of Goods** | **Control in place**  **Y / N** |
| The procedures for ordering goods & services shall be in accordance with ***s.16*** of *LCC’s Financial Regulations & Procedures* |  |
| Only official orders are used for the purchase of goods and services except utilities, rent, rates, online & credit card purchases. |  |
| In an emergency where a verbal order is made, it is confirmed by a written order. |  |
| Orders are used only for goods and services provided to the school and not for private use by staff. |  |
| Orders are certified/authorised in accordance with ***s.16* of***LCC’s Financial Regulations & Procedures* |  |
| There is a process in place for checking goods received to the original order. |  |
| There is a separation of duty between the person authorising the order and the person receiving and checking the goods delivered. |  |
| Inventories are updated promptly when assets are purchased in accordance with ***s.15*** of *LCC’s Financial Regulations & Procedures* |  |

Based on the responses to the above what is the:

|  |  |
| --- | --- |
| **Likelihood / Impact of the risk** | **H / M / L** |
| **Action required** | **Y / N** |

|  |  |
| --- | --- |
| **Invoices** | **Control in place**  **Y / N** |
| Only original invoices are processed for payment once they have been checked, coded and certified for payment by HT. |  |
| There are controls over the processing of electronic invoices. |  |
| Procedures are in place to ensure invoices are paid within the legally required ‘prompt payment period’ in accordance with ***s.16.3***of *LCC’s Financial Regulations & Procedures* |  |
| Invoices are certified for payment in accordance with ***s.16***of *LCC’s Financial Regulations & Procedures* |  |
| There is a separation of duty between the person authorising the order and the person certifying the invoice. |  |
| All paid invoices are marked in some way to prevent duplicate processing. |  |

Based on the responses to the above what is the:

|  |  |
| --- | --- |
| **Likelihood / Impact of the risk** | **H / M / L** |
| **Action required** | **Y / N** |

|  |  |
| --- | --- |
| **Income** | **Control in place**  **Y / N** |
| The charging policy for goods and services which is in accordance with ***s.16***of *LCC’s Financial Regulations & Procedures* is reviewed annually by GB. |  |
| There are procedures in place for identifying income due. |  |
| Invoices are issued within 30 days of goods/services supplied. |  |
| The school requests all cheques are made payable to *[Insert* ***school*** *name ...]* |  |
| All income received is recorded & receipted (in accordance with school policy). |  |
| All machines that take money, including vending machines are emptied and the cash counted by two people and recorded in SIMS finance system. |  |
| Only officially approved documentation is used for recording income. |  |
| Receipt books are held securely in a locked cabinet |  |
| All cash is held securely in a safe or locked receptacle. |  |
| Access to the safe is restricted to authorised staff. |  |
| Cash held is within LCC insurance limits. |  |
| Income received is not used for cashing personal cheques or for other payments. |  |
| The transfer of school money between staff is recorded and signed for by receiving officer. |  |
| Income is banked at least once a week in its entirety. |  |
| There is an independent reconciliation on a monthly basis of the income received/banked. |  |
| There is proof of monies collected by a security company and records are maintained. |  |

*Risk: There are inadequate controls over income (collection, receipts, cash holding, banking, etc)*

Based on the responses to the above what is the:

|  |  |
| --- | --- |
| **Likelihood / Impact of the risk** | **H / M / L** |
| **Action required** | **Y / N** |

|  |  |
| --- | --- |
| **Petty Cash Account** | **Control in place**  **Y/ N** |
| There are written procedures for the administration and use of the petty cash account in accordance with ***s.16.6***of *LCC’s Financial Regulations & Procedures* |  |
| Responsibility for the administration of the petty cash account has been assigned appropriately. |  |
| The level of the petty cash float held is appropriate to the needs of the school |  |
| The cash float is held securely and access is limited to authorised staff. |  |
| Payments from the petty cash account are limited to minor items of expenditure. |  |
| All expenditure is authorised, supported by a VAT receipt, is signed for by the recipient and countersigned by an authorised member of staff with delegated responsibility. |  |
| The petty cash account is reconciled to the bank statement and accounting records on a monthly basis. |  |
| An independent reconciliation of the petty cash account is undertaken on a regular basis (at least 6 monthly) by a person other than the account administrator. |  |
| Petty cash funds are **not** to be used to cash personal cheques or provide loans to staff. |  |

Based on the responses to the above what is the:

|  |  |
| --- | --- |
| **Likelihood / Impact of the risk** | **H / M / L** |
| **Action required** | **Y / N** |

|  |  |
| --- | --- |
| **Assets** | **Control in place**  **Y / N** |
| An up to date inventory is maintained of all assets above **£500** **or** those that are deemed portable/desirable in accordance with ***s.15*** *of LCC’s Financial Regulations & Procedures* |  |
| An independent check of each inventory/item shall be made on an annual basis. |  |
| Discrepancies should be investigated promptly. |  |
| All discrepancies are reported to the HT who in turn informs the GB. |  |
| All property taken off the school site is authorised by the inventory holder and recorded on a ‘loans log’, signed for and its return recorded. |  |
| Before assets are removed from school, appropriate checks regarding insurance for the equipment are made. |  |
| Loan periods are reviewed regularly as loans for extended or regular periods may incur implications for Income Tax purposes including ‘benefits in kind’. |  |
| Leased items are not disposed of without the express permission of the leasing company (via LCC). |  |
| The annual inventory is signed & dated by HT to confirm agreement of all assets. |  |
| LCC is notified prior to the disposal of any assets and other schools advised of availability. |  |
| School has a Premises/Asset Management Plan/Lifecycle Maintenance Contractors which includes a programme of planned maintenance projects which is reviewed annually by GB. |  |
| The procedure for the security of school premises is adequate & reviewed annually by GB. |  |
| The number of keys in existence to buildings is limited and access is controlled. |  |
| Safes, cash boxes and secure storage areas are kept locked and the keys removed. |  |
| All keys to safes, secure storage areas, cash boxes and other receptacles in which money or valuables are secured are carried on an authorised, responsible person at all times. |  |

*Risk: there is inadequate control over the security and safeguarding of assets of the school.*

Based on the responses to the above what is the:

|  |  |
| --- | --- |
| **Likelihood / Impact of the risk** | **H / M / L** |
| **Action required** | **Y / N** |

|  |  |
| --- | --- |
| **School Fund Account / Voluntary Funds** | **Control in place**  **Y/N** |
| All expenditure is for the **benefit** of the children in accordance with the *[Charities Act 2011]* |  |
| All School Fund Account/Voluntary Funds/PTA monies & Private Funds (SFA) have written policy & procedures in accordance with *The Scheme* *and* ***s.20***of *LCC’s Financial Regulations & Procedures* stating the purpose of the funds, the type of expenditure permitted and maximum spending levels and that they are approved annually by the GB. |  |
| In accordance with *The Scheme*, GB arranges for an annual independent audit of SFA and the audited accounts are presented to the GB within **3** months of the accounting year end. |  |
| The annual auditor’s certificate, checklist and accounts are circulated to the GB, where they are discussed and formally approved. |  |
| A copy of the auditor’s certificate, checklist and accounts are forwarded to SIL by **30 October** each year |  |
| If annual income is over **£5,000**, school has either registered or applied to register the SFA as a Charity with the Charity Commission in accordance with the *[Charities Act 2011]* |  |
| If the fund is a Registered Charity, returns and accounts have been filed with the Charity Commission in accordance with the *[Charities Act 2011]* |  |
| There is an appointed treasurer for the SFA. |  |
| Income/expenditure that relates to the school's delegated budget has **not** been credited/debited to SFA and vice versa in accordance with ***s.20***of *LCC’s Financial Regulations & Procedures* |  |
| Proper records/receipts are maintained and kept up-to-date. |  |
| Monthly bank reconciliations are undertaken and checked independently by HT. |  |
| HT presents a statement of all non-public funds to the GB once a term. |  |
| SFA has a separate bank account and cheque book with authorised signatories. |  |
| The accounting procedures for SFA shall reflect the same standards of accounting used for public funds in accordance with *The Scheme*. |  |

*Risk: The control over voluntary funds is inadequate*

Based on the responses to the above what is the:

|  |  |
| --- | --- |
| **Likelihood / Impact of the risk** | **H / M / L** |
| **Action required** | **Y / N** |

|  |  |
| --- | --- |
| **Insurance** | **Control in place**  **Y / N** |
| In accordance with ***s.12***of *LCC’s Financial Regulations & Procedures* the school reviews all risks annually to ensure that sums insured are commensurate with the risks. |  |
| The GB has considered the need to insure risks not covered by the LA. |  |
| The school notifies the LA immediately of all new risks, property, equipment and vehicles that require insurance or where it affects existing insurance. |  |
| The school notifies the LA and insurers immediately of all accidents, losses or other incidents that may give rise to an insurance claim. |  |
| Members of staff using their car for school purposes amend their personal insurance accordingly. School keeps copy of insurance details. |  |

*Risk: There has been no review of the insurance provision delegated to the school.*

Based on the responses to the above what is the:

|  |  |
| --- | --- |
| **Likelihood / Impact of the risk** | **H / M / L** |
| **Action required** | **Y / N** |

*Governing Body of [Insert Name……………………………….] School*

*Signed by:*

*Chair of Governors: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Chair of Finance Committee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Head Teacher: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Agreed at the Governing Body Meeting on [Insert Date …]*

**APPENDIX 3: BEST VALUE STATEMENT**

**School** *[Insert Name …]* **Date** *[Insert Date …]*

## **Introduction**

The governing body is accountable for the way in which the school’s resources are allocated to meet the objectives set out in the school's development plans. Governors need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services.

**What Is Best Value?**

Governors will apply the four principles of ***best value****:*

* **Challenge** - Is the school’s performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do parents want?
* **Compare** - How does the school’s pupil performance and financial performance compare with all schools? How does it compare with LA schools? How does it compare with similar schools?
* **Consult** - How does the school seek the views of stakeholders about the services the school provides?
* **Compete** - How does the school secure efficient and effective services? Are services of appropriate quality, economic?

**The Governors’ Approach**

The Governors and school managers will apply the principles of *best value* when making decisions about:

* Allocating resources to best promote the aims and values of the school.
* Targeting resources to best improve standards and the quality of provision.
* Using resources to best support the various educational needs of all pupils.

Governors and the school managers will:

* Make comparisons with other/similar schools using data provided by the LA and the Government, e.g. Raise on Line, quality of teaching & learning, levels of expenditure.
* Challenge proposals, examining them for effectiveness, efficiency, and cost, e.g. setting of annual pupil achievement targets.
* Require suppliers to compete on grounds of cost, and quality/suitability of services/products/backup, e.g. provision of computer suite, redecoration, buildings maintenance.
* Consult individuals and organisations on quality/suitability of service we provide to parents and pupils, and services we receive from providers.

Governors and school managers will not waste time and resources

* On investigating minor areas where few improvements can be achieved
* To make minor savings in costs
* By seeking tenders for minor supplies and services

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas. This will apply in particular to:

**Staffing**

Governors and school managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management.

**Use of Premises**

Governors and school managers will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching & learning, for support services, and for communal access to central resources, e.g. the library.

**Use of Resources**

Governors and school managers will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality of learning.

**Teaching**

Governors and school managers will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with:

* a curriculum which meets the requirements of the National Curriculum, EYFS and the needs of pupils
* teaching which builds on previous learning and has high expectations of children’s achievement

**Learning**

Governors and school managers will review the quality of children’s learning, by cohort, class and group, to provide teaching which enables children to achieve nationally expected progress, e.g. setting of annual pupil achievement targets, foundation stage targets and initiatives,

**Purchasing**

Governors and school managers will develop procedures for assessing need, and obtaining goods and services which provide “best value” in terms of suitability, efficiency, time, and cost. Measures already in place include:

* competitive tendering procedures (e.g. for goods and services above **£3,000**)
* procedures for accepting “best value” quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship)
* procedures which minimise office time by the purchase of goods or services under **£3000** direct from known, reliable suppliers (e.g. stationery, small equipment)

**Pupils’ Welfare**

Governors and school managers will review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation.

**Health & Safety**

Governors and school managers will review the quality of the school environment and equipment, carrying out risk assessments where appropriate to provide a safe working environment for pupils, staff and visitors and comply with government and local regulations.

**Monitoring**

These areas will be monitored for best value by:

* In-house monitoring by the Head teacher and curriculum managers, e.g. classroom practice, work sampling.
* Target setting meetings between the Head teacher and curriculum managers
* Annual performance management
* Annual budget planning
* Head teacher’s half termly financial review
* Termly visits by the LSIP
* Termly visits by the SIL Finance Budget Officer
* Analysis of school pupil performance data, e.g. SATs results, standardised test results against all schools, LA schools, similar schools
* Analysis of LA pupil performance data,
* Analysis of LA financial data, e.g. ORACLE reports, against bench mark data for all schools, LA schools, similar schools
* Analysis of DfE pupil performance data, e.g. Raise on line
* Ofsted Inspection reports
* Governors’ annual classroom observations
* Governors’ termly committee meetings
* Governors’ annual finance review
* Governors’ annual target setting/development plan meetings
* School Self Evaluation (SIC)

In the next three years the Governing Body will:

* Hold an annual performance plan meeting to set targets for improving pupil achievement.
* Hold an annual development plan meeting.
* Discuss and review the “Best Value” statement annually
* Consider best value when arranging internal and external redecoration contracts.
* Obtain tenders and a consultant’s advice on any large scale refurbishment of the premises or building projects.
* Investigate the opportunities of obtaining external grant funding
* Implement the findings of LA/SIL Audit Report

*Signed by:*

*Chair of Governors: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Head Teacher: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Agreed at the Governing Body Meeting on [Insert Date …*

**APPENDIX 4: SCHOOL FUND ACCOUNT POLICY**

**School** *[Insert Name …]* **Accounting Year End** *[Insert Date …]*

The use of the School Fund Account (SFA) policy is governed by ***s.15*** *of The Schem*e**, *s.20*** of *LCC’s Financial Regulations & Procedures &* the *[Charities Act 2011].*

This policy sets out the way in which the school’s SFA is controlled and managed. All income generated and paid into the SFA is to be expended for the benefit of current pupils. It is important therefore, that the SFA is not used for inappropriate purposes.

The purpose of the fund is ‘the advancement of education’ of pupils in accordance with the Charity Commission by providing goods or experiences which would not otherwise be funded by the School’s Delegated Budget or Pupil Premium.

* to enhance education provided by the school
* to provide additional materials, books and equipment
* to finance opportunities to improve the learning experiences of pupils
* to provide additional items over and above those funded from the delegated budget
* to provide a contribution to school activities for any child in financial need

No member of staff will receive any benefit in money/in kind from the SFA, or have a financial interest in the supply of goods/services to the SFA or in any way paid for by SFA.

**Main Sources of Income**

* School fundraising activities eg: school fete, sponsored walks, discos, non-uniform days, tuck shops
* Donations from parents/carers, charities or others
* Commission from the sale of school photographs/book fairs
* Pupil performances – sale of programmes, photographs & DVDs

If SFA income for the year exceeds **£5,000**, in accordance with the *[Charities Act 2011],* school must apply to register the SFA as a Charity with the Charity Commission. If income exceeds **£10,000**, school must in law, submit an annual return to the Charity Commission. Failure to submit accounts and accompanying documents is a criminal offence.

**Disallowed Income**

* Voluntary contributions received from parents/carers (eg. trips/activities)
* Dinner monies
* Breakfast / After school clubs
* Sale of school uniforms
* Student Mentor Fees

All disallowed income must be banked in its entirety and paid directly into the relevant FMS income cost centre in compliance with ***s.20***of *LCC’s Financial Regulations & Procedures****.***

**Allowable Expenditure**

* Subsidy of school educational visits
* Costs of fundraising activities (eg: prizes, PTA funds)
* Provide payment to visiting performers
* Learning support materials
* Support for special projects/discos/bouncy castle hire
* To purchase gifts for individual pupils e.g. school leavers/prizes/rewards
* Donations to identified charities
* School council activities

**Disallowed Expenditure (non-negotiable)**

* Flowers - must be financed only by individual contributions to a private collection
* Hospitality including alcohol/lunches/staff parties/celebrations etc.
* Staff/3rd party - benefits/welfare/team building/days out/nights out
* Staff/3rd party - tea/coffee/cakes/refreshments/subsistence
* Staff/3rd party - gratuities/payments/gifts
* Staff/3rd party - cashing of personal cheques/loans
* Staff/3rd party - retirement/birthday/birth/wedding gifts etc.

**Management & Administration**

The appointed treasurer of the SFA is *[Insert Name ……..….…] [Insert Role/Title ……..….…]*

SFA has separate bank account and managed separately from School’s Delegated Budget. No income/expenditure that relates to the School’s Delegated Budget will be credited/debited to the SFA in compliance with ***s.20*** *of LCC’s Financial Regulations & Procedures.* The same standards of financial accounting are applied to income/expenditure of the SFA as to the School’s Delegated Budget. All records are retained for 6 years plus the current year.

**Approval and Authorisation**

The following approval limits apply to the SFA:

Expenditure under **£1,000** - Head Teacher

Expenditure between **£1,000** & **£5,000** - Finance Committee

Expenditure over **£5,000** - Full Governing Body (FGB)

**Banking Arrangements**

The funds are held by [Insert Bank Name ....] in the name of [Insert Fund Account Name ….]

Chequebook signatories are: *[Insert Name 1 …] [Head Teacher]*

*[Insert Name 2 …] [Insert Role/Title …]*

*[Insert Name 3 …] [Insert Role/Title …]*

Blank cheques must not be signed in advance of use and cancelled cheques/receipts must be retained.

**Responsibility & Accountability**

**Governors**

* Although governors are ultimately responsible for the control/management of the SFA and the safeguarding of its assets, the day to day administration is delegated to the Treasurer.
* Are responsible for receiving and agreeing the audited accounts annually and regular updates on the balance of the bank account.
* Approve the independent competent person to audit the SFA annually.
* To make available the annual audit report, together with the statement of account, to all staff and parents of current pupils.
* Power to incur expenditure only in accordance with the purpose of the fund.

**Head Teacher**

* Is the account holder and a primary signatory on the account
* Responsible for the day to day management of SFA
* Ensures good management and adequate administration procedures are followed
* Checks and signs monthly SFA bank reconciliations provided by the Treasurer to confirm the records are correct
* Presents termly reports of SFA to the Finance Committee.
* Power to incur expenditure only in accordance with the purpose of the fund.

**Treasurer**

* Responsible for maintaining the records and accounts.
* Ensures that any 2 of the 3 agreed signatories sign each payment cheque.
* Is not a signatory on the SFA
* Ensures income is banked regularly and in its entirety
* All cash & cheques awaiting banking are kept in the school safe
* Ensures the insurance limits for cash held in the safe are not exceeded
* Ensures receipts/invoices are obtained for all expenditure and kept on file
* Ensuring income from charitable, parental or other donations for named projects may be used only for the specific named project
* SFA is reconciled with bank statements on a monthly basis and given to the HT for checking and signing to confirm the records are correct
* Cash held is reconciled to the cashbook record on a regular basis (at least termly)
* Present the audited accounts along with ***Schedules 1-4*** ***(Appendix 5)*** to the FGB within 3 months of the accounting year end.
* Forward authorised ***Schedules 1-4*** ***(Appendix 5)*** to LCC by 30 October each financial year.

**Dissolution**

If the FGB decides that it is necessary or advisable to dissolve the SFA, they will call a meeting of all interested parties and representatives from the LA. If the proposal is confirmed, they have the power to realise any assets held by or on behalf of the SFA. Any assets remaining after satisfaction of any proper debts and liabilities should be transferred to any other school fund or institution, having the same of similar objects as the members of the FGB may determine, or if it cannot be done, shall be applied for any other purpose approved by the LA.

**Review and Approval**

This policy must be formally approved and minuted by the FGB on an annual basis.

*Date last reviewed****:*** *[Insert Date …]*

*Signed: Chair of Governors ……………………………*

*Signed: Head Teacher …………………………………………*

*Next review date due: [Insert Date …]*

**APPENDIX 5: SCHOOL FUND ACCOUNT AUDITORS GUIDELINES**

To be read by School Fund Auditors and individuals responsible for maintaining the Unofficial School Fund Accounts **(SFA).**

Statutory guidance is available***s.20*** *&* ***Appendices 4-5,*** *LCC’s Financial Regulations & Procedures*.

In accordance with *The Scheme*, GB must arrange for an annual independent audit of the SFA. The audited accounts along with ***Schedules 1-4*** ***(Appendix 5)*** must be presented to the GB within 3 months of the accounting year end.

***Schedules 1-4*** must be submitted yearly to LCC Schools Finance Team by 30 October.

# Purpose of the Audit

# The purpose of the audit is to:

* Provide an independent opinion to the Head Teacher, Governors, staff and parents that the funds which the school administers, from sources which are not controlled by the Local Authority, have been well managed. See ***Schedule 1***.
* Ensure school meets the requirements of *LCC’s Financial Regulations & Procedures* & the *[Charities Act 2011].*
* Ensure school meets the requirements of the insurance cover for unofficial funds arranged on behalf of the school by the LA.
* An annual audit will identify situations whereby the funds have not been correctly brought to account or have not been used for the benefit of the pupils.

**Who can serve as an Auditor?**

The GB must appoint a person to audit the annual accounts of the fund. All appointments are to be recorded in writing and should clearly state the relationship that the individual holds with the school e.g. parent of a pupil, member staff/governor from a neighbouring school.

Staff employed at the school cannot carry out the audit of the SFA as the auditor must be independent. The auditor must have a financial background or awareness of financial procedures and practices. Ideally, a governors should not audit the funds of their own school as they may be involved in taking decisions on how SFA monies are to be spent. However, if the school is having difficulty in appointing an auditor, a governor may be appointed who is not closely involved in the school’s finances e.g. they must not be a member of the Finance Sub-Committee or the Chair of Governors.

Some schools opt to audit the SFA of a neighbouring school in return for the neighbouring school undertaking the SFA audit for them. However it is important that the individuals involved are familiar with the principles of auditing a SFA and meet the qualification criteria if the turnover of the fund exceeds £5,000.

SFVS states “very small funds (less than **£5,000**) could be audited by a suitable individual familiar with the principles of accountancy rather than necessarily a qualified accountant”. However, where the gross annual income of the SFA is in excess of **£5,000***, [Charities Act 2011]* legislation applies.

**Who finances the cost of the audit if a fee is charged?**

Any audit fee must be met from the SFA.

**Records to be maintained by the School**

The SFA should have a separate bank account. All withdrawal of funds and cheques should require two authorising signatures. Cheques should not be signed before completion. There should be sufficient authorised signatories to ensure that two are always available.

A cash book (manual or electronic) should be used to record all items of income and expenditure. The cash book should be designed to include separate columns to analyse different types of income and expenditure.

A receipt/invoice should be retained and referenced to the entry in the cash book, to support all transactions. The receipt/invoice should enable the identification of the nature of the income or expenditure.

The cash book should be reconciled to the bank statements once a month and the HT checks and signs the monthly reconciliations to confirm they are correct and a statement of SFA to be presented to the GB once a term.

At the end of the year, an Income & Expenditure Account should be prepared by listing the totals of each income column, and the totals of each expenditure column to calculate a total surplus or deficit for the year. Please refer to the example in ***Schedule 4.***

**School Fund Account Policy**

Each SFA should have its own Constitution. The SFA must have published aims, policy & procedures in place which demonstrate a ‘*public benefit aspect’.* In the case of the SFA, the ‘*public benefit aspect’* would be for the benefit of the pupils. Any benefit to individuals other than the pupils is not allowed. See ***Appendix 4***.

**What records should be provided to the auditor?**

The following accounting records and information should be made available:

* Bank statements including deposit accounts
* Cash books
* Cheque/paying in books
* Receipts/invoices
* Any payment documentation (letters or paid invoices)
* Records of any cash in hand
* Bank mandate
* Monthly bank reconciliations signed by HT
* Governor minutes to show SFA presented to FGB on a termly basis
* Previous year’s audited accounts
* Copy of signed SFA policy & procedures
* Copy of *LCC’s* *Financial Regulations & Procedures*

**What should the Auditor check?**

See Auditor’s Checklist in **S*chedule 2***

**Cash in Hand**

Cash in hand should be verified and counted in the presence of a member of staff and the amount for each fund noted.

**Bank Reconciliation**

The bank reconciliation should be prepared by the Treasurer or the Auditor at the year-end.

(A worked example is provided in ***Schedule 3***).

* Note the balance as shown on the Bank Statement as at the year-end date.
* Examine the cash book and paying in book and compare these to the bank statement to identify income received up to and including the accounting period end date that have not cleared the bank statement until after the period end date. These are known as unpresented receipts.
* **Add** the total value of unpresented receipts to the running total identified at (a) above.
* Review the cash book and cheque book stubs and compare these to the bank statements to identify cheques written up to and including the accounting period end date that have not cleared the bank statement until after the period end date. These are known as unpresented cheques, note them in cheque number order.
* **Deduct** the total value of unpresented cheques to the running total identified at (c) above.
* By allowing for unpresented income/cheques, the balance calculated should agree to the balance recorded in the cash book for the year-end date. This process should be repeated for each bank or building society account.

**Payments**

Examine the payments documentation and ensure that:

* All payments up to £1,000 have been authorised by the HT, all payments over £1,000 must be authorised by GB
* All payments have been entered in the cash book and supported with an invoice, receipt or letter of receipt, which should be filed in chronological order and cross referenced to the Cash Book;
* Particular attention should be paid to expense payments to ensure they are appropriate and are for the benefit of the pupils.
* Payments to staff, visiting tutors, and casual employees are not being paid through SFA.

**Income**

Review income by examining the Cash Book to ensure that:

* Income should always be banked promptly and intact.
* All cash transactions are covered by consecutively numbered receipts.
* Receipts issued should be checked to income recorded in the cash book and to bank paying in books and then to the bank statements to ensure that all income has been adequately recorded and banked intact.

**Income & Expenditure Account**

An Income & Expenditure Account to be prepared by the Treasurer or the Auditor at the year-end to show income & expenditure by each category during the year. The opening cash/bank balance(s) must be the closing balance(s) from the previous year.

*Note:* (A worked example is provided in ***Schedule 4***).

**Completing the Auditor's Certificate *(Schedule 1)***

You should ensure that all figures are arithmetically correct, checked thoroughly and that the accounts balance. The total balance of fund at the year-end should equal:

* Opening balance at the start of the year (cash in hand and bank balances)
* Plus receipts in year
* Less payments during year

The opening balance at the start of the year must be the same as the closing balance which was reported for the previous year on the SFA Audit Certificate.

Auditor’s checklist should be completed and attached to Auditor’s Certificate ***(Schedule 2).***

A check should be carried out to ensure that the detailed accounts which will be presented to staff and Governors are in agreement with the overall figures recorded on the Audit Certificate.

When all calculations and necessary examinations are completed, if the auditor is satisfied that the opinion recorded on the Audit Certificate accurately reflects the work they have undertaken and that proper accounts have been kept of all money received and disbursed, the auditor should sign and date the certificate to confirm that the accounts show a true and fair view

Any best practice points identified by the auditor should be recorded and appended to the Audit Certificate.

Once the accounts have been audited, the accounting records must be returned to the School and the FGB provided with signed copies by the Auditor of:

* Audit Certificate (***Schedule 1***)
* Auditor Checklist (***Schedule 2***)
* Year End bank reconciliation (***Schedule 3***)
* Income and Expenditure Account (**Sch*edule 4***)

**Completing the Auditor's Certificate – What happens if the auditor has concerns**

If the auditor has been unable to agree with the Auditor Statement, they should clearly cross it through and record in the space provided on the certificate, their findings/concerns arising from the audit. The auditor may wish to append a separate report setting out these findings and concerns.

If an irregularity is suspected the auditor should contact LCC’s Internal Audit to discuss their findings before making any further contact with the School or returning any records.

**Concluding Matters for the School**

The HT should sign the Audit Certificate and ensure that a copy of the audited accounts ***(Schedules 1-4)*** are submitted to the FGB for approval, then made available for staff and parents at the school.

The Chair of Governors should sign the Audit Certificate (***Schedule 1)*** as confirmation that the accounts of the SFA were accepted by the FGB and that any action points raised by the Auditor have been accepted and will be addressed.

School to forward to LCC School Finance Section, signed copies of the following 4 records for each fund & account that have been audited, by 30 October each year.

* Audit Certificate (**Schedule 1**)
* Auditor Checklist (**Schedule 2**)
* Year End bank reconciliation (**Schedule 3**)
* Income and Expenditure Account (**Schedule 4**)

**Schedule 1**

**AUDITORS CERTIFICATE OF UNOFFICIAL FUNDS**

I have audited ………....…………… School Fund Account for the year ended …...............

I have completed the checklist on the back of this certificate: **YES / NO** (please cross out)

In my opinion, proper accounts have been kept of all money received/disbursed and the accounts show a true & fair view. I examined all books, vouchers and records and confirmed the bank and cash balances. The summary signed below reflects a true position of the School Fund Account.

*(****Note:*** *if the above wording does not reflect the work undertaken or the status of the Unofficial School Fund, please cross it through and record your own opinion below together with a brief summary of the reasons for the revised opinion)*

Auditors revised opinion and reasons, if not in agreement with the above opinion: ……..........

…………………………………………………………………….....................................................

...................................................................................................................................................

*Auditor: ..................................... Signed: ..................................... Date: ...................................*

*Relationship to School*: …………………………………. ……………………...……………………

**RECEIPTS / PAYMENTS £**

|  |  |
| --- | --- |
| Opening Balance of Fund at Start of Year - *(per bank balance dated xxx)* | *0.00* |
| **Add:** Total receipts during year | *0.00* |
| **Less:** Total payments during year | *(0.00)* |
| **Total Balance of Fund at the Year End** *(date xxx)* | ***0.00*** |

**FUND BALANCES as at YEAR END £**

|  |  |
| --- | --- |
| Cash at bank - Current Account(s) | *0.00* |
| Cash at bank - Deposit Account(s) | *0.00* |
| Investments *ie: Building Society etc.* | *0.00* |
| Cash in hand | *0.00* |
| **Total Balances at the Year End** – *(date xxx)* | ***0.00*** |

The audited accounts, a copy of which is attached, have been submitted to the governors and made available for staff and parents at the school.

*Signed: ............................................... (Head teacher) Date: ................................................*

Accounts of the School Fund Account were accepted by the Governing Body who confirm that any action points raised by the Auditor have been accepted and will be implemented within one month of the date of signing this Certificate.

*Signed: ............................................. (Chair of Governing Body) Date:* .................................

**Schedule 2**

**AUDITORS CHECKLIST**

Must be completed by the Auditor before signing the Auditor’s Certificate

|  |  |  |
| --- | --- | --- |
|  | **QUESTIONS** | **YES/NO** |
| **1** | Has the annual turnover of the audited fund exceeded £5,000 in-year? (i.e. 2019/20) |  |
| **2** | If the answer to Q1 is yes, please confirm that the school has registered the Unofficial School Fund Account (**SFA**) as a Charity in accordance with the *Charities Act 2011* |  |
| **3** | Has the annual turnover of the audited fund exceeded £10,000 in-year? (i.e. 2019/20) |  |
| **4** | If the answer to Q3 is yes, please confirm that the school has submitted an annual return to the Charity Commission in accordance with the Charities Act 2011 |  |
| **5** | If the answer to Q1 is yes, please confirm whether you hold a recognised Accountancy/Auditing qualification in accordance with the *Charities Act 2011* |  |
| **6** | Are you independent of all staff who are responsible for administering the SFA and individuals involved in financial decision making within the School? |  |
| **7** | Can you evidence an up to-date SFA Policy which has been signed & dated by both the Head teacher & Chair of Governors within the previous 12 months? |  |
| **8** | Can you confirm that you have read ***s.20*** *of LCC’s Financial Regulations & Procedures* and received a copy of the SFA Auditor Guidelines (***Appendix 5***)? |  |
| **9** | Can you confirm that the school maintains an up to date cashbook (manual or electronic) to record all income and expenditure of the fund? |  |
| **10** | Ensure that the cash book reconciles to the bank statements and cash in hand at the end of the accounting period. |  |
| **11** | Can you confirm that all receipts, invoices, bank statements and other documentation are retained to support income and expenditure? |  |
| **12** | Can you confirm that no ‘Disallowed Income & Expenditure’ has gone through the SFA in accordance with ***s.20*** *of LCC’s Financial Regulations & Procedures?* |  |
| **13** | Can you confirm that where income is received into the SFA, the associated expenditure has also been paid from SFA? |  |
| **14** | Are you satisfied that VAT has been appropriately accounted for? |  |
| **15** | Can you confirm that SFA has not been used to finance staff activities, nor have there been any payments to staff, visitors or casual employees through the SFA? |  |
| **16** | Are you satisfied that funds have been used only for the benefit of the pupils and all income/expenditure complies with ***s.20*** *of LCC’s Financial Regulations & Procedures* |  |
| **17** | Can you evidence that the School Fund bank account is reconciled monthly and a statement of the SFA is presented to the GB at least once a term? |  |
| **18** | Can you evidence that the bank reconciliations have been signed by the HT? |  |
| **19** | Can you confirm that the opening balance at the start of the year is the same as the closing balance recorded on the Auditors Certificate for the previous year? |  |
| **20** | Have you attached the year end Bank Reconciliation & Income & Expenditure Accounts? |  |

*Note: If you have answered ‘No’ to any question please provide an explanation below:*

*Auditor: ….............................................. Signed: ….............................. Date:* ……..................

**Schedule 3**

**BANK RECONCILIATION - example**

**Year End Bank Reconciliation as at 31.3.xx**

£ £

Closing Bank Balance 31.3.xx *(per bank statement number*..............) 400.00

**Add:** Unpresented Income *(Entries in the Cash Book but not*

*yet credited on the bank statement)*

……………… 60.00

……………… 40.00 100.00

**Less:** Unpresented Cheques *(Cheques issued and entered in*

*the Cash Book but not yet cleared on the bank statement)*

……………. Chq 1238 -50.00

……………. Chq 1237 -20.00

……………. Chq 1236 -70.00 -140.00

Adjusted Closing balance as at 31.3 xx **360.00**

**Proved by:**

Actual balance per Cash Book as at 31.3.xx 355.00

Entries on the bank statement not yet entered into Cash Book:

**Add:** Interest received 10.00

**Less:** Bank charges -5.00 5.00

Adjusted Cash Book balance31.3 xx **360.00**

*Auditor: .................................................. Signed: ................................. Date: ……..………………………………*

**Schedule 4**

**INCOME & EXPENDITURE ACCOUNT - example**

**Income & Expenditure Account for Y/E** ………………….………..

**2016/17 *2015/16***

**£ £ *£ £***

**Balances b/f 1.4.xx**

Cash 20 *20*

Bank 410 *290*

**Total b/f 1.4.xx** 430  *310*

**Add Income in year**

Fund Raising 80 *150*

Donations 100 *140*

Photograph sales 50 *110*

Bank Interest 10 *0*

Book Fair 50 *70*

School Disco 80 *170*

Miscellaneous 20 *10*

390*650*

**Less Expenditure in year**

Donations -150  *-180*

Photographs -120 -*130*

Bank charges - 5 *0*

Children rewards/prizes -90 -*100*

Auditor’s fee -30 -*30*

Miscellaneous -10 -10

-405*-530*

**Balance c/f as at 31.3.xx 415 *430***

**Proved by:**

**Closing Balances**

Cash 105  *20*

Bank 360 *400*

465 *420*

Add: Unpresented Income 100 *40*

Less: Unpresented Cheques -140 *-30*

Less: Income relating to prior year -40 *0*

Add: Expenditure relating to prior year 30  *0*

-50 *10*

**Closing Balance as at 31.3.xx** **415**  ***430***

*Auditor: ........................................... Signed: ........................................... Date: .....................................*

**APPENDIX 6: CHARGING & REMISSIONS POLICY**

***School*** *[Insert Name …]* **Date** *[Insert Date …]*

This Charging & Remissions Policy is guided by DfE document ‘*Charging for school activities 2014*’¹.

No charges will be made for activities that are not included in the charging and remissions policy. The policy defines each type of activity that will be charged for and when charges apply.

The school cannot charge for education during school hours, including any materials, books, instruments or other equipment, subject to the exceptions referred to in this policy.

If a charge is to be made for a particular type of activity, for example optional extras, parents will be advised of how the charge has been calculated, who may benefit from school subsidy (remissions) and how to apply.

The school will inform parents/carers on low incomes and in receipt of benefits of the support available to them when being asked for contributions towards the cost of activities.

This policy sets out circumstances in which the school proposes to remit or subsidise (wholly or in part) any charge which would otherwise be payable to them in accordance with the policy.

**Education**

The school **cannot** charge for:

* Admission applications to any state funded school
* Education provided during school hours (including the supply of any materials, books, instruments or other equipment)
* Education provided outside school hours if it is part of the national curriculum¹, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of religious education
* Instrumental or vocal tuition, for pupils learning individually or in groups, unless the tuition is provided at the request of the pupil’s parent
* Entry for a prescribed public examination, if the pupil has been prepared for it at the school
* Examination re-sit(s) if the pupil is being prepared for the re-sit(s) at the school²

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

¹ *It should be noted that ‘part of the national curriculum’ is not restricted to learning outside the classroom experiences that are specifically subject based (e.g. geography or science fieldwork) and include, for example, activities designed to fulfil requirements under the national curriculum ‘inclusion statement’ (e.g. developing teamwork skills).*

² *If a pupil fails, without good reason, to meet any examination requirement for a syllabus, the fee can be recovered from the pupil’s parents.*

The school **can** charge for:

* School meals (except for those entitled to free school meals)
* Materials, books, instruments, or equipment, where parents’ wish to own them
* Provision of materials/ingredients for subjects such as Art & Design or Food Technology where pupils take home the finished product
* Optional extras
* Music and vocal tuition, in limited circumstances
* Certain early years provision *[Education Regulations 2012]*
* Community facilities *[s.27(1) Education Act 1996]*

**School Meals**

Payment for school meals (dinner money) must be made by parents/carers weekly in advance. This would normally be the Monday of the week ahead for which the meals are being provided.

Children will not be provided with a school meal unless it is paid for, except for those pupils that are entitled to free school meals or infant free school meals. If parents believe that their child may qualify for free school meals, they are advised to contact the school office or an LCC ‘One Stop Shop’.

Pupils who are not entitled to free school meals will be charged a set amount of *[Insert £ …]* per day/week decided by the GB/Academy Trust in accordance with *LCCs Charging & Remissions Policy*. (***Appendix 6***, *LCC’s Financial Regulations & Procedures).*

Access to free school meals is a statutory (legal) entitlement and it is important that parents register for free school meals if they are eligible, to enable the school to secure funding for Universal Infants Free School Meals and Pupil Premium.

Arrears of dinner money from the sale of school meals will be pursued by the school on a weekly basis in accordance with *LCCs Debt Management/Recovery Policy. (****Appendix 10****, LCC’s Financial Regulations & Procedures).*

**Optional Extras**

Charges may be made for some activities that are known as ‘optional extras’. Where an optional extra is being provided, a charge canbe made for providing materials, books, instruments, or equipment.

The HT will decide when it is necessary to charge for optional activities, and the levels of charge will be set annually by the HT on the recommendations of the finance committee. The charges, when determined, will be published on the school’s website and appended to this policy. Optional extras are:

* Education provided outside of school time that is not:
* part of the national curriculum
* part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school
* part of religious education
* Examination entry fee(s) if the registered pupil has not been prepared for the examination(s) at the school
* Extended day services offered to pupils. Charges will cover the costs of teaching/non-teaching staff engaged to provide the activity or brought in to run the club
* breakfast club
* after-school clubs
* lunch club (not included in 15 hr free entitlement)
* childcare
* supervised homework sessions
* Transport (other than transport that is required to take the pupil to school or to other premises where the local authority/governing body have arranged for the pupil to be provided with education)
* Board and lodging for a pupil on a residential visit
* Visits to school by professionals e.g. theatre groups, dancers, musicians, artists etc.
* *Note: If school charges for any other activities that take place outside of school hours, they should be listed here …*

In calculating the cost of optional extras an amount may be included in relation to:

* Materials, books, instruments, or equipment provided in connection with optional extra
* The cost of buildings, insurance and accommodation
* Non-teaching staff
* Teaching staff engaged under contracts for services purely to provide an optional extra, this includes supply teachers engaged specifically to provide the optional extra
* The cost, or an appropriate proportion of the costs, for teaching staff employed to provide tuition in playing a musical instrument, or vocal tuition, where the tuition is an optional extra

Any charge made in respect of an individual pupil will not exceed the actual cost of providing the optional extra activity, divided equally by the number of pupils participating. It cannot include an element of subsidy for any other pupils wishing to participate in the activity whose parents are unwilling or unable to pay the full charge.

In cases where a small proportion of the activity takes place during school hours the charge cannot include the cost of alternative provision for those pupils who do not wish to participate.

No charge will be made for supply teachers to cover for those teachers who are absent from school, accompanying pupils on a residential visit.

Participation in any optional extra activity will be on the basis of parental choice and a willingness to meet the charges. Parental agreement is therefore a necessary pre-requisite for the provision of an optional extra where charges apply.

School may decide to provide for example, an Italian language evening class as an optional extra. However, the GB may decide to reduce the cost for those children who are eligible for free school meals.

**Voluntary Contributions**

Nothing in legislation prevents a school from asking for voluntary contributions for the benefit of the school or any school activities. However, if the activity cannot be funded without voluntary contributions, the school will make this clear to parents at the outset. The school must make it clear to parents that there is no obligation to make any voluntary contribution.

No child should be excluded from an activity simply because his or her parents are unwilling or unable to pay. If insufficient voluntary contributions are raised to fund the activity/visit, or the school cannot fund it from some other source, then it must be cancelled and all monies paid will be returned to parents/carers.

School will make this clear to parents. If a parent is unwilling or unable to pay, their child must still be given an equal chance to go on the activity/visit. The school will make it clear to parents at the outset what their policy for allocating places on school visits will be.

When making requests for voluntary contributions, parents will not be pressurised into paying as it is voluntary and not compulsory. The school will not send colour coded letters, reminders to make payments, direct debit or standing order mandates to parents.

**Music Tuition**

Although government legislation states that, in general, all education provided during school hours must be free, instrumental and vocal music tuition is an exception to that rule. All children study music as part of the normal school curriculum. This is non-chargeable.

However, charges may be made for vocal or instrumental tuition provided either individually, or to groups of any size, provided that the tuition is delivered by specialist tutors and provided at the request of the pupil’s parent. The cost of these lessons may depend on the size and duration of the class as well as the type of instrument.

Charges may not exceed cost of the provision, including cost of staff who provide the tuition.

Charges will not apply if teaching is either an essential part of the national curriculum, or is provided under the first access to the key stage 2 Instrumental and Vocal Tuition Programme. No charge will be made in respect of a pupil who is looked after by the LA *[s.22 (1) of the Children Act 1989].*

**Transport**

The School cannot charge for:

* Transporting registered pupils to or from the school premises, where the LA has a statutory obligation to provide transport
* Transporting registered pupils to other premises where the governing body or LA has arranged for pupils to be educated
* Transport that enables a pupil to meet an examination requirement when he has been prepared for that examination at the school
* Transport provided in connection with an educational visit

**Residential Visits**

Schools cannot charge for:

* Education provided on any visit that takes place during school hours *[s.452 Education Act 1996]*
* Education provided on any visit that takes place outside school hours if it is part of the national curriculum, or part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school, or part of religious education;
* Supply teachers to cover for those teachers who are absent from school accompanying pupils on a residential visit.

Schools cancharge for:

* Board and lodgings and the charge must not exceed the actual cost.

When a school informs parents/carers about forthcoming visits, they should make it clear that parents/carers of children entitled to free school meals, will be exempt from paying the cost of board and lodging.

**Education Partly During School Hours**

Where an activity takes place partly during and partly outside school hours, there is a basis for determining whether it is deemed to take place either inside or outside school hours. However, a charge can only be made for the activity outside school hours if it is not part of the national curriculum, not part of a syllabus for a prescribed public examination that the pupil is being prepared for at the school and not part of religious education.

If 50% or more of the time spent on the activity occurs during school hours, it is deemed to take place during school hours. Time spent on travel counts in this calculation if travel itself occurs during school hours. School hours do not include the break in the middle of the day.

Where less than 50% of the time spent on an activity falls during school hours, it is deemed to have taken place outside school hours. For example, an excursion might require pupils to leave school an hour before the school day ends, but the activity does not end until late in the evening.

**Non-residential activities**

If 50% or more of the time spent on the activity occurs during school hours, it is deemed to take place during school hours. Time spent on travel counts in this calculation if the travel itself occurs during school hours. School hours do not include the break in the middle of the day.

Where less than 50% of the time spent on an activity falls during school hours, it is deemed to have taken place outside school hours. For example, an excursion might require pupils to leave school an hour before the school day ends, but the activity does not end until late in the evening.

**Residential visits**

If the number of school sessions taken up by the visit is equal to or greater than 50% of the number of half days spent on the visit, it is deemed to have taken place during school hours (even if some activities take place late in the evening). Whatever the starting and finishing times of the school day, regulations require that the school day is divided into 2 sessions. A ‘half day’ means any period of 12 hours ending with noon or midnight on any day. Examples:

* Pupils are away from noon on Wednesday to 9pm in Sunday. This counts as 9 half days including 5 school sessions, so the visit is deemed to have taken place during school hours.
* Pupils are away from school from noon on Thursday until 9pm on Sunday. This counts as 7 half days including 3 school sessions, so the visit is deemed to have taken place outside school hours.

**Damage to Property & Breakages**

Where school property has been wilfully or recklessly lost/damaged by a student/parent/carer/3rd party, the school may charge those responsible for some or all of the cost of the repair or replacement.

Where property belonging to a 3rd party has been damaged by a pupil and the school has been charged, the school may charge some or all of the cost to those responsible. Whether or not these charges will be made will be decided by the HT and dependant on the situation.

**Uniform**

Pupils’ cardigans/sweatshirts/ties/coats are available for sale from the school office at cost price. Adult sizes reflect VAT. School does not accept responsibility for lost or damaged articles of clothing or any personal possessions.

**Swimming**

The school organises swimming lessons for children. These take place in school time and, although some lessons may exceed the National Curriculum requirement, the school does not levy a charge to parents/carers.

**Remissions Policy**

Where the parents of a child are unable to meet any one of the charges the school may make, they can apply in writing and complete confidence, to the HT for the remission of charges in part or full. The HT in consultation with the finance committee will make any authorisation of the remission of charges.

Pupils whose parents/carers are in receipt of relevant government support payments may, in addition to having a free school lunch entitlement, also be entitled to the remission of charges for board and lodging costs during residential school visits/trips.

* Income Support (IS)
* Income based Jobseekers Allowance (IBJSA)
* Support under part VI of the Immigration & Asylum Act 1999
* The guarantee element of the State Pension Credit
* Child Tax Credit, providing that Working Tax Credit is not also received and the family’s income (as assessed by HMRC) does not exceed the limit for that tax year
* An income related employment and support allowance that was introduced in October 2008

The identity of the child or parents/carers of the child who did not want to make the payment/charge, or could not make the payment/charge, will not be disclosed.

**Review and Approval**

This policy will be formally approved and minuted by the Full Governing Body on an annual basis and be made available on the school’s website.

*Date last reviewed****:*** *[Insert Date …]*

*Signed by Chair of Governors ………………………………………………….*

*Signed by Head Teacher …………………………………………………*

*Next review date due:* *[Insert Date …]*

**APPENDIX 7: SCHOOL CREDIT CARD POLICY**

***School*** *[Insert Name …]* **Date** *[Insert Date …]*

The use of the Credit Card by [“the School”] is governed by ***s.2.18*** *of The Scheme.* Under no circumstances can a school have a debit card.

The governing body has approved the use of the Credit Card and these procedures will be included in the ‘Schools Finance Procedure Manual’ approved by the relevant committee/governing body *[Insert date …]* of the finance committee or governing body meeting

From time to time the school may be offered an opportunity to purchase goods or arrange for services for the school from companies that shall not invoice but shall only accept a direct payment. In order to make use of these best value offers, the school holds a credit card. The head teacher will ensure that that there is budgetary provision for all purchases and that there is sufficient balances available in the bank to cover the expenditure

The primary method of payment remains invoicing and this shall generally be used in preference to card purchases where such is offered by the supplier.

* The head teacher/chair of governors may authorise anyone or more of the following to be a cardholder - head teacher, deputy head teacher, senior teacher
* Each card must have LCC as part of the name on the credit card
* Each card shall be stored in the school safe when not in use.
* The PIN number for each card shall be known only by the cardholder and not disclosed to anyone else or written down.
* Should the card be lost or stolen the loss shall be reported by the cardholder to the issuing bank, the police (only if the card has been stolen), the school bursar and the head teacher immediately.
* Should fraud or misuse be suspected, the bank and LCC (Schools Finance Team (SIL) and Internal Audit) should be informed immediately so that the appropriate action can be taken. See ***s.2.27*** of*The Scheme*.
* There shall be 1 credit card account per school and no more than two cardholders in each Primary School and four cardholders in each Secondary School.
* Each credit card account (not each individual card), shall have a maximum spending limit of **£5,000** for Primary Schools and **£10,000** for Secondary Schools, controlled by the bank but set by the governing body. Limits for special schools will be the appropriate limit given the age range of the pupils
* The credit card balance shall be settled in full automatically each month thereby avoiding credit card interest charges.
* The card statement will be cross referenced with the original purchase receipts by the School Finance Officer. The credit card statement should be entered into the schools financial management system as soon as possible as a ‘Cash Book Journal’. The journal must itemise each purchase made on the card (Net and VAT) against the appropriate ledger code ensuring that the total of the journal reflects the total on the credit card statement. The School Finance Officer and head teacher will then sign the statement as confirmation of reconciliation. The Cash Book Journal and original purchase receipts, together with the credit card statement, should be kept on file, to ensure the completeness of the accounting records & ready to be checked during visits by the Schools Financial Advisor (SIL).
* All receipts shall be authorised by the head teacher
* The cards shall not be used for personal expenditure under any circumstances or for purchases on behalf of a third party.
* Cash withdrawals are not permitted.
* All authorised cardholders shall sign the ‘cardholder consent form’ to accept that they have personal responsibility for transactions on “their” card which are not conducted with the approval of the school in accordance with this policy. The cost of any unauthorised transactions and were reimbursement is not received then the cardholder will be subject to gross mis-conduct.

Separation of duties is fulfilled by the following:

* If staff require goods via the internet they must liaise with the office manager/bursar to place the order on line providing they have sufficient budgetary provision and get the head teacher or the deputy to authorise the purchase.
* Cardholder makes purchase.
* The head teacher authorises receipt of transaction submitted by cardholder
* The office manager/bursar officer records expenditure on the schools accounting system.
* Office manager/bursar to reconcile direct debit on bank account statement against credit card statement;

**Purchases under £200**

* May be off-site but must be kept to a minimum and approved prior to purchase
* A VAT (if applicable) receipt must be obtained
* Cardholder must present the receipt for goods/service to the bursar

**Purchases over £200**

* Must be ordered on the school premises by the authorised cardholder only
* All orders must be delivered to the school address
* A VAT receipt must be obtained
* Must have record of receipt of goods/service at school, i.e. delivery note
* When using the credit card the money will be taken from the bank account once the purchase is complete although the goods may not have been received

***Note:*** *We understand that non-adherence to this policy/regulations may result in the withdrawal of the credit card facility from the school and in certain circumstances the issuing of a notice of concern or withdrawal of delegation.*

*Date last reviewed****:*** *[Insert Date …]*

*Signed by Chair of Governors ………………………………………………….*

*Signed by Head Teacher …….……………………………………………*

*Cardholder 1 ………………………………………………….*

*Cardholder 2 ………………………………………………….*

*Next review date due:* *[Insert Date …]*

**APPENDIX 8: SCHOOL CREDIT CARDHOLDER CONSENT FORM**

I *[****Name of Cardholder*** *…]* consent to be a cardholder on the following credit card account held by *[****Insert******Name*** *…]* School

*Credit Card Issuer ……………………………………………*

*Card Number* ……………………………………………

I confirm that I have read the School Credit Card Policy and that I will abide by its terms and conditions.

In particular I acknowledge and agree that:

* I will use the account only to purchase items/services on behalf of the school and not use the account for any personal expenditure
* I will only purchase items/services in accordance with the policy
* I will take care of the card whilst in my possession to avoid its loss or theft
* I will not allow the card to be used by any other person
* I will not disclose to any other person, or write down, the Card PIN number
* I will not use the card to withdraw cash
* I understand that upon discovery of loss or theft of the card, I must as soon as possible notify:
* the issuing bank and
* the bursar or head teacher and
* the police (only in the event of theft)
* I understand that I am personally liable for all charges on the account which relate to transactions which have not been conducted in accordance with the policy and understand that I may be subject to disciplinary action
* I agree that, when not required for purchases, I will return the card for safekeeping in the school safe, to the office manager/bursar
* I agree that if I cease to be employed by the school I will return the card to the head teacher immediately

***Note:*** *I understand that non-adherence to these terms & conditions may result in the withdrawal of the credit card facility from the school and in certain circumstances the issuing of a notice of concern or withdrawal of delegation.*

*Signed by Cardholder …………………………………………………. [Insert Date …]*

*Signed by Head Teacher ………………………………………………… [Insert Date …]*

*Signed by Chair of Governors …………………………………………….…… [Insert Date …]*

**APPENDIX 9: ASSET DISPOSAL & WRITE-OFF POLICY**

***School*** *[Insert Name …]* ***Date*** *[Insert Date …]*

The Governing Body is responsible for ensuring that assets purchased by the school are disposed of in an appropriate manner. This policy will help ensure that equipment is properly accounted for prior to disposal and that the disposal is by appropriate method, minimising any risk to the schools.

The purpose of this policy is to provide protocols for the disposal of schools assets. This policy will help to ensure that equipment is properly accounted for prior to disposal and that the disposal is by appropriate method, minimising any risk to the schools.

‘Assets’ applies to the terms ‘asset(s)’, ‘item(s)’, ‘equipment’, throughout this policy and refers to any item listed on the schools inventory.

Non-disposal of obsolete equipment not only takes up space, but potentially incurs on-going maintenance costs. The schools should therefore dispose of such equipment in line with the processes set out in this policy.

Consideration has been given to identifying the risk and the areas most susceptible to fraud. This policy is designed to minimise fraud and misappropriation.

**School Inventories**

School must maintain a register/inventory of all permanent stock such as equipment and furniture with an estimated market value of **£1,000** or more per item**.** Other less expensive ‘portable attractive items’ which must be included in the register/inventory are:

* Laptops
* Ipads
* Tablets
* Kindles
* Mobile phones
* Digital cameras & microphones
* IT / computer equipment DVD/CD players
* Hi-fi / musical equipment
* Televisions

Electrical equipment carry security mark and can be identifiable through make, model & serial number.

Within the inventory, equipment should be documented with details to clearly identify the item in question and its location. If items are scheduled for disposal, the disposal method and authorisation is to be documented.

* Date of purchase
* Cost of item
* Location of item / responsible person
* Details of disposal/write off

This may mean expanding and updating the inventory records where necessary to reflect the additional information required. If it would not be appropriate to reflect the information in the existing inventory, a separate but linked record should be maintained instead.

Items used by the school but owned by others should be included with details of ownership.

No item which is recorded on an inventory shall be taken off-site without a signature being received by the inventory holder.

Loans must be recorded by the school on a ‘loans log’ and the record updated when the asset is returned. Before assets are removed from the school appropriate checks should be made regarding insurance for the equipment. Loan periods should be reviewed, as loans for extended or regular periods may have implications for tax purposes and ‘benefits in kind’.

**Reasons for Disposal**

Items can be available for disposal because they are:

* Incapable of running required operational software systems or being upgraded to do so
* No longer required, due to changed procedures, functions or usage patterns
* No longer complying with occupational health and safety standards
* Beyond repair but able to be sold for scrap

**Responsibilities of the Head teacher / Designated Officer**

The Head teacher / Designated Officer must be aware that:

* He/she is accountable for all decisions they make in the disposal process
* Accounting and control procedures should be observed and all decisions documented and reported to the Governing Body

**Options for the Disposal of Assets**

Assets identified for disposal may be disposed of using the procedures outlined below. Acceptable methods of disposal are:

* Transfer of the assets to a new schools site
* Sale of assets
* Donation of assets to a community service organisation or school
* Destroy assets
* Recycle assets

Choice of the most appropriate disposal option will normally be influenced by the age and functionality of the equipment for disposal and by market value.

**Transfer of Assets to a New School Site**

Prior to the transfer of existing assets to a new school site, a check should be made to ensure that all such items are included in the school’s inventory. If this is found not to be the case, the inventory should be updated.

If many assets are to be transferred to the new site, an appropriately detailed list of such items could be compiled for ease of use. However, the disposal column of the inventory should also be appropriately updated to show that the items in question have been transferred. The receiving school should include all transferred items in its own inventory.

Historical inventories and the new inventory should be held together in a central file for reference purposes, to ensure consistency for inspection purposes.

**Sale of Assets**

The sale of assets involves assigning a minimum price to the item(s) and publicising the item’s availability for sale and setting a closing date for receipt of bids. This may range from an advertisement on LCC’s Intranet Site, a newsletter advertisement or a general round-robin email notice. Where appropriate, consideration should also be given to selling assets back to the original supplier. Assets should be advertised as "sold as seen" with no guarantee of lifespan given.

It is essential to adopt documented procedures, which are clear and transparent and minimise the risk of allegations of unfairness in any process of distribution.

Where items are to be sold, it is important that the best price for the item is achieved. The Governing Body should be fully involved in the decision making process for any items over **£500**. The Head teacher has responsibility for the disposal of such items up to a value of **£500** without prior approval of the Governing Body.

Where the Head teacher has sold obsolete items within his/her delegated powers, it must be reported to the next meeting of the full Governing Body. The Head teacher must ensure that any decisions/approvals taken are clearly minuted and cross-referenced.

The schools are to be clear and transparent in determining the appropriate minimum prices of items. The minimum price of items should at least cover the costs connected to the disposal, for example those related to clearing data from a PC or Laptop, etc. For all sales the schools will adhere to LCC’s Financial Regulations & Procedures.

Rules state that official receipts should be issued (and copies retained) for any payments received in this regard. In addition, appropriate documentary evidence needs to be retained to allow all such income to be accounted for to the point of banking (cash receipting reports, paying -in slips). Proceeds from the sale of assets must be paid directly into the school’s FMS cost centre I08 (ledger code 93199 general sales).

All items should be in a good and safe condition. If you are unsure if goods are safe then you should not sell them, or offer them for sale, until you have had them checked by an expert. Electrical goods should only be sold if the Portable Appliance Test is in date. Advice and guidance is available from LCC’s Premises Management Unit.

Prospective buyers should be given adequate opportunity to inspect the goods prior to collection and on collection, the inventory should be updated. The item may, on receipt of an offer, be sold to the first person to make such an offer.

If when originally purchased the asset was subject to VAT then VAT at the appropriate rate in force, must be charged on the agreed sale price, and schools should indicate this as Vatable income when paid into the main schools budget.

For other items, schools should notify LCC of the disposal and should arrange for other Liverpool schools to be advised of availability.

**Donations to External Organisations including Schools**

Schools may authorise donations of equipment to another organisation/school, updating the inventory to reflect this. In the main, such donations should be to organisations or schools, and not individuals.

**Donations to External Organisations including Schools**

The school may authorise the donation of equipment to another organisation or school, updating the inventory to reflect this. In the main such donations should be to organisations or schools and not individuals.

**Destroy or Recycle Assets**

Items with no market value and no use to any other organisation or person may be destroyed in an appropriate and safe manner. Items must be destroyed or recycled in accordance with legislation (for example there are certain legislative requirements for the disposal of batteries, recycling of electrical and white goods etc.).

Advice on how to destroy or recycle assets in accordance with legislation can be obtained from LCC’s Premises Management Unit. Environmental Services provide services for recycling and refuse collection. The disposal must be authorised by the Head teacher / Governing Body and the schools inventory must be updated.

**Disposal of PC’s or Laptops**

It is essential to ensure that any computer and laptop hard drive/memory/data store is professionally cleared of such data prior to disposal. This is to ensure that the schools adheres to data protection legislation and minimises the risk that sensitive information is exposed to unauthorised individuals

LCC has a contract with a supplier in this regard which schools are advised to follow. The supplier charge a fee per item cleared and will provide certificates to the schools, confirming that such items have been cleared. Certificates should be retained for reference purposes.

LCC’s ICT Service can arrange for computers and laptops to be destroyed and recycled. There will be a fee for this service.

**Donating or Selling Items to Staff**

When offering items to staff, the schools will follow their individual school’s Code of Conduct for Staff, which lays down guidelines on how schools and individual members of staff should avoid any impropriety or any suspicion of improper conduct.

In this regard, if schools receive any such offers from staff, they need to consider carefully what subsequent action may be appropriate. For example, items should be appropriately advertised within schools to allow all staff the opportunity to see what may be available. In addition, consideration could be given to allocating items like computer equipment via a lottery if there are more interested parties than items available.

As well as updating this inventory to reflect the donation/sale, it is essential to retain appropriate documentation of the disposal process which are clear and transparent and minimise the risk of allegations of unfairness in any process of distribution. Such documentation should be retained in case of query/challenge later. Staff should also understand that computer/ laptop hard drives will be cleared of all data prior to any handover.

**Updating School Inventory Records**

Asset disposal decisions, and the reasons for taking them, should be documented. Not only does this assist in audit and other examinations, but it also highlights successes and problems for future reference. The following information should be recorded against all items in the schools inventory:

* Chosen option of disposal including the reason/ rationale
* The date the equipment is sold, transferred, donated, destroyed or recycled.

For equipment which is to be sold, transferred or donated the following information should also be recorded:

* Where the equipment went and who handed it over (with signature) and who received it (with signature).

For equipment to be recycled/ destroyed, the following information should also be recorded:

* Who disposed of it (with signature) and counter-signature of a second member of staff as witness
* If a large number of items are intended for a single destination, for convenience these could be grouped together for sign-off

**Health & Safety Notice**

For all equipment ensure the recipient signs the following health and safety notice:

“The schools will not be liable for any Health and Safety issues surrounding the use of the equipment. It is the recipient’s responsibility to ensure that the equipment is suitable and safe for its intended use, installed correctly, and that it can be used without risk to health or safety. It is the recipient’s responsibility to obtain any instruction for and advice on the installation and use of the equipment and to carry out or to have competent persons carry out all necessary checks appropriate to the equipment. The school will not be liable for any loss, damage, or injury arising out of the installation or use of the equipment, however caused”.

**Checklist for the Disposal of Assets**

* Identify assets for disposal
* Select the best disposal option
* Seek authorisation from Head teacher / Designated Officer / Governing Body for Disposal.
* Remove asset strips from all items
* Remove the items from any outstanding maintenance arrangements and cancel contract if appropriate
* Oversee the disposal including the collection of any income and issuing of receipts.
* Retain appropriate records to show that procedures have been followed
* Update the schools inventory records and asset logs
* Update insurance policy to reflect disposal of assets

Additional requirements for items identified for sale or donation:

* Ensure items are in a good and safe condition
* Ensure Portable Appliance Tests are in date for all electrical appliances
* Issue the H&S notice to recipients (in writing) and request a signature from the recipient
* Issue original documentation to recipients such as manufacturer’s instructions and safety notices and where applicable service history

*Note:* No leased item is to be disposed of in any way without the express permission of the leasing company (via LCC). This includes sale, part exchange, scrapping, writing-off, donating, re-leasing, sub-letting or any other form of ‘give away’.

**Disposal of Fixed Assets**

This policy does not include the disposal of fixed assets e.g. fitted furniture, sinks, doors boilers etc. School should contact LCC’s Premises Management Unit for advice and assistance for the disposal of any fixed Assets.

**Writing Off Assets**

On identification of item (s) to be written off, which have been bought from budgets under the Governing Body’s control, a schedule should be prepared for approval by the Head teacher and approved by Governors. Disposal details should be entered in the inventory/equipment register.

The financial limit based on current estimated value for disposal of asset to be approved by the Head teacher is **£500**, above this limit a proposal will need to be approved by the Governing Body at appropriate meetings. The Governing Body can delegate this function to the Finance Sub-committee.

**What property is subject to write-off?**

* Any individual item that is recorded in the schools’ asset register
* Any individual item not recorded on the school asset register, but has a replacement value of **£50** or more

**What property is not subject to write-off?**

* Minor items (under **£50** each)
* Consumable items/stationery that are surplus to requirement, unserviceable
* Obsolete or unsafe and need to be removed from school

The Head teacher will not inform the governors about routine write-offs. However, the Governing Body must be informed when:

* There is a criminal offence (e.g. theft from school)
* The write-off of a major item that has a replacement value over **£1,000**
* The write-off of a number of duplicate/similar items with a total replacement value of over **£1,000** (e.g. two or more computers).

**Retention of Records**

Inventory / disposal / sale records are to be retained in school for 6 year plus the current one. It is essential to retain appropriate documentary evidence to demonstrate that the school has followed these procedures. All disposals will be subject to random audit checks by LCC’s Internal Audit team.

**Review and Approval**

An independent check of each inventory shall be made by the school on an annual basis. Any discrepancies shall be reported to the HT who will in turn inform the Governing Body. Discrepancies should be investigated promptly. This policy will be formally approved and minuted annually by the Governing Body.

*Date of review**…………………………………………………*

*Signed by Chair of Governors …………………………………………………*

*Signed by Head Teacher …………………………………………………*

*Next review date due* *…………………………………………………*

**Appendix 10: DEBT MANAGEMENT / RECOVERY POLICY**

The Governing Body is responsible for ensuring that procedures are in place for the recovery of outstanding debt.

This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

**General Debt**

Payment should be obtained as and when goods/services/facilities are provided wherever possible, where the value of goods and services are relatively small i.e. less than **£100**.

Where payment is not received at the time when the goods/services/facilities are delivered an invoice must be raised as soon as possible, but normally within 7 days of the goods/services/facilities being provided.

Invoices should state that the bill is due and payable at the invoice date.

If no payment is received within 21 days from date of issue of the invoice a final reminder should be issued to the debtor. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 14 days of the date of the reminder.

Where only part of the debt has been settled a final reminder for the balance outstanding should be issued 21 days from the issue of the invoice. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 14 days of the date of the reminder.

Where a debtor requests permission to settle the debt by instalments and extend the normal terms and conditions of supply they must submit an application in writing explaining the reasons for their inability to meet the original contract terms. The HT (**HT**) and chair of finance committee (**FC**) will agree the revised terms, which must not exceed 49 days from the date of issue of the invoice. If the debt is not settled within the terms set by the HT and chair of FC then a final reminder should be issued to the debtor. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 14 days of the date of the reminder.

At each meeting of the GB/FC, the HT is required to inform the governors of any debt which is still outstanding after the 14 day period following the final reminder, together with any proposed action: This may be a referral to solicitors for legal action, a debt collection agency or to write-off the debt if there is no realistic prospect of debt recovery being successful, or if further action is not cost-effective.

Outstanding debt of up to **£50** may be written-off by the HT provided that the appropriate follow-up actioned outlined above has been taken and the details of the debtor, amount written-off and the reason for no further action being taken is reported to the FC for information at their next meeting.

Write-off of outstanding debt in excess of **£50** must be approved by the FC following submission of details of the debt by the HT together with reasons for no further action being taken.

A write-off must not be communicated to the debtor. It is not an acknowledgement that the debt does not exist, but is an internal transaction in the accounts of the school, which removes the debt from the records

Individuals or organisations that have previously defaulted on payments to the school are not allowed credit facilities.

Where a debtor’s payments are regularly or consistently paid outside the terms of supply the HT must consider withdrawal of credit facilities and request the individual/organisation to pay for goods/services/facilities at the time they are consumed.

**School Meals**

Payment for school meals should be made weekly in advance. This would normally be the Monday of the week for which the meals are being paid for in accordance with *LCCs Charging & Remissions Policy (****Appendix 6,*** *LCC’s Financial Regulations & Procedures).*

Children will not be provided with a school meal unless it is paid for, except for those that are entitled to free school meals. If parents/carers (**P/C**) believe that their child may qualify for entitlement to free school meals, they should be advised to contact the ‘One Stop Shop’ or school office. This allowance is a statutory right and it is important that P/C are encouraged to register for free school meals if they are entitled as this also enables the school to access *Pupil Premium* funding.

Any arrears of dinner money that arise must be pursued by the school on a weekly basis.

On the first day of non-payment, a member of school staff will attempt to contact the P/C in *person* or by *telephone* to discuss the debt and requesting payment on the following day.

If dinner monies remain outstanding at the beginning of the second week, a *reminder* letter should be issued to the P/C.

If dinner monies remain outstanding at the beginning of the third week, a *final warning* letter must be issued to the P/C. This letter will remind the P/C of the previous reminder letter and the current amount outstanding. The letter will also inform the P/C that if the debt remains unpaid, the school will refuse to provide a school meal for the child and the P/C will need to provide the child with a healthy packed lunch or be taken home for lunch and requests contact with the school to discuss any problems in making the outstanding payment.

If dinner monies remain outstanding at the beginning of the fourth week, a *notification of withdrawal of school meals* letter must be issued to the P/C. This letter will give the P/C a final opportunity to clear the outstanding debt. The letter will inform the P/C that if the debt is not cleared in full, the child will not be provided with a meal with effect from the following Monday. The P/C will be advised makes alternative arrangements for the child’s lunch.

Arrangements can be made to clear any dinner money debt by instalments, however, the amount should be acceptable to both the school and the P/C

Social services may also be informed that these P/C are not carrying out the ‘responsibility of care’ by failing to provide food for their child at lunchtime. It is not the responsibility of the school to provide lunch for pupils, it is the responsibility of the P/C to provide a meal, either a school lunch, packed lunch or to take the child home.

This debt management policy in respect of dinner monies includes the refusal to provide a school meal when the P/C has not paid or made contact with the school and payment has been outstanding for 4 weeks. This policy is intended to keep debts to a minimum and thereby avoid the cost of a referral to solicitors for legal action or debt collection agency, or to write-off the debt if there is no realistic prospect of debt recovery being successful. This course of action would not be cost-effective with the amounts concerned.

At each meeting of the GB/FC, the HT is required to inform the Governors of any outstanding dinner money debt.

Outstanding individual school meals debt of up to **£50** may be written-off by the HT provided that the appropriate follow-up action outlined above has been taken and the details of the debtor, amount written-off and the reason for no further action being taken is reported to the finance committee for information at their next meeting.

Write-off of outstanding debt in excess of **£50** must be approved by the FC following submission of details of the debt by the HT together with reasons for no further action being taken.

A write-off must not be communicated to the P/C. It is not an acknowledgement that the debt does not exist, but is an internal transaction in the accounts of the school, which removes the debt from the records.

By implementing this debt policy, school aims to manage its school dinner money effectively, by reducing administration time and costs involved chasing dinner money and general debts.

Most importantly, to ensure that money which should be spent on the children’s education now, is not used to pay for debts incurred by P/C and debtors.

*Signed by:*

*Chair of Governors: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Head Teacher: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Agreed at the Governing Body Meeting on: [Insert Date …]*

**(1) REMINDER LETTER – SCHOOL MEALS**

Date …………………..…….

To Parent/Guardian of …………………………..…

Address …………………………………………..

…………………………………………..

Our records show that despite a phone call on ……………… you have not paid dinner money for your child.

…………………………………………….……….. Class …............…….

As at ………………………… our records show a debt of £ ……………………..

Please arrange for this money to be paid immediately. Please send in money to the school on Monday morning in a marked envelope.

The cost of a school meal is £ …..…… per day - £ ……….. per week

If you have any queries regarding these arrears, please contact the school office.

Yours sincerely

Head Teacher

**(2) FINAL WARNING LETTER – SCHOOL MEALS**

Date …………………..…….

To Parent/Guardian of …………………………..…..

Address ……………………………………………..

……………………………………………..

Our records show that despite a previous’ ‘reminder letter’ on ……………… you have still not paid dinner money for your child.

…………………………………………….……….. Class …............…….

As at ………………………… our records show a debt of £ ……………………..

Please arrange for this money to be paid immediately. Please send in money to the school on Monday morning in a marked envelope.

The cost of a school meal is £ …..…… per day or £ ……….. per week

If the debt remains unpaid, the school will refuse to provide a school meal for the child and you will need to provide the child with a healthy packed lunch or take him/her home from school for lunch.

If you have any queries regarding these arrears, please contact the school office.

Yours sincerely

Head teacher

**(3) NOTIFICATION OF WITHDRAWAL OF SCHOOL MEALS LETTER**

Date …………………..…….

To Parent/Guardian of …………………………..…

Address ……………………………………………

……………………………………………

Our records show that despite several ‘reminder letters’, you have still not paid dinner money for your child.

…………………………………………….……….. Class …............…….

As at ………………………… our records show a debt of £ ……………………..

Please arrange for this money to be paid immediately. Please send in money to the school by the end of this week in a marked envelope.

The cost of a school meal is £ …..…… per day - £ ……….. per week

Since non-payment for school meals affects the quality of service we offer to the children, we need to ensure that all payments are up to date. If the debt is not cleared by the end of this week, it will not be possible to provide your child with a school lunch with effect from Monday, and you will need to provide your child with a healthy packed lunch or take him/her home from school for lunch.

The school reserves the right to begin legal proceedings to recover the debt and to inform social services of our concerns that you are not providing a meal for your child at lunchtime.

If you have any queries regarding these arrears, please contact the school office.

Yours sincerely

Head Teacher

**Appendix 11: RECORDS OF DEBTS WRITTEN OFF**

**………………………………… SCHOOL**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Debtor | Details of  debt | Amount  (£) | Invoice reference and date (*where applicable*). | Reason for write-off (*including brief details of measures taken to secure payment - as appropriate*). | Authorisation of write off – *name & signature of the authorising individual & date*.  *Cross reference to entry in the accounts where applicable*. |
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*\*This record must be kept for a minimum of 7 years from date of the debt*

**Appendix 12: GOVERNOR ALLOWANCES & EXPENSES POLICY**

This policy statement has been developed in accordance with the *[School Governance (Roles, Procedures and Allowances) (England) Regulations 2013].* These regulations give Governing Bodies the discretion to pay allowances from the school’s budget to governors for expenditure necessarily incurred in carrying out their duties as a governor of the school. This governing body believes that paying governors’ allowances is important in ensuring equality of opportunity to serve as governors for all members of the community and so is an appropriate use of school funds. The specific items allowable reflect this objective.

From [date ….], all governors of XXX School will be entitled to claim the actual costs, which they incur as follows:

Governors will be able to claim allowances providing the allowances are incurred in carrying out their duties, as a Governor or representative of XXX School, and are agreed by the Finance Committee that they are justified before any reimbursable costs are incurred.

Governors will be able to claim for the following, on a case-by-case basis and with the prior approval of the Governing Body:

* Childcare or child minding allowances (excluding payments to a current/former spouse or partner);
* Cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner);
* The extra costs they incur in performing their duties either because they have special needs or because English is not their first language;
* The cost of travel relating only to travel to meetings/training courses at a rate of XXX pence per mile (which does not exceed LCCs approved rate);
* Travel and subsistence costs (which do not exceed LCCs approved rates) associated with attending national meetings or training events, unless these costs can be claimed from any other source;
* Telephone charges, photocopying, stationery, postage etc;
* Any other justifiable allowances.

It is acknowledged that:

* Governors may not be paid an attendance allowance
* Governors may not be reimbursed for loss of earnings

Governors wishing to make claims under these arrangements, once prior approval has been sought, should complete a claims form, attaching receipts where possible, and return it to the school within two weeks of the date when the allowances were incurred. The expense claim form will be submitted to the Finance Committee for final approval.

This policy is reviewed annually.

*Signed by:*

*Chair of Governors: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Head Teacher: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Agreed at the Governing Body Meeting on: [Insert Date*

**Appendix 13: GOVERNOR ALLOWANCES & EXPENSES CLAIMS FORM**

|  |  |
| --- | --- |
| **School:** | **Name of Governor:** |
| **Address** | **Date:** |
| **Post Code** | **Claim Period:** |

I claim the total sum of £………… for governor expenses as detailed below.

I have attached the relevant receipts to support my claim.

Signed………………………………

|  |  |
| --- | --- |
|  | £ |
| Child care/Babysitting expenses |  |
| Care arrangements for an elderly or dependent relative |  |
| Support for governors with special needs |  |
| Support for governors whose first language is not English |  |
| Travel to meetings/training courses |  |
| Travel/subsistence to national meetings or training events |  |
| Telephone Charges |  |
| Postage |  |
| Photocopying |  |
| Stationery |  |
| Other (please specify) |  |
|  |  |
| **TOTAL EXPENSES CLAIMED** |  |

*This form is subject to scrutiny by Internal Audit*

This form should be submitted within two weeks of the date when the allowances were incurred to:

[Details e.g. school office]

**APPENDIX 14: GOVERNORS FINANCIAL MANAGEMENT MATRIX**

**Introduction**

The attached matrix summarises the financial management competencies that best practice determines should be available within the Governing Body. This competencies matrix has been designed as a practical document which can be used by schools at different levels:

* by individuals who wish to identify their personal training and development needs
* by Governing Bodies or their Finance Committees to ascertain their collective financial management competencies

It should be stressed that this is seen as a key development tool for both individuals and the Governing Body as a whole. Experience shows that for most schools only small numbers of governors will initially be at levels 1 and 2.

**How to use the matrix**

Identify who within the Governing Body should have key financial competencies and fill in their details at the top of the grid. This allows for the grid to be tailored to the individual schools Governing Body financial management requirements. The Key Financial Management competency is in bold (e.g. the first is "provides strategic leadership and management") and examples of the characteristics that demonstrate this competency are provided beneath it.

The aim, in completing the matrix, is to determine the relative Financial Management skills available within the Governing Body. However, this needs to be related to the way that the Governing Body deals with financial management issues and so not all governors will need the highest levels of financial management competence. Typically, for a school with a Finance Committee, the Finance Committee members and the Chair of the Governing Body would be the most appropriate governors to complete the matrix. For schools without a Finance Committee the Chair of Governors, any governor specifically tasked with finance issues and those governors from the Governing Body who possess Financial Management Skills should complete the matrix.

For each governor identified use the ratings (below) i.e.1,2,3 & 4 to show the level at which the governor has the relevant competencies by making reference to the key indicators and the typical examples.

On completion, analyse the results to ensure the skills, knowledge and attitudes are spread across the staff in the most appropriate way i.e. there is not over or under concentration of competencies with one specific staff member. Specific financial training may be identified.

*NOTE: A Key Point is that not all Governors need all these skills, but collectively the Governing Body (& Finance Committee if it exists) will ideally have these competencies between them.*

**RATING SYSTEM**

|  |  |  |  |
| --- | --- | --- | --- |
| **1** | **2** | **3** | **4** |
| **Highly Competent** | **Competent** | **Developing** | **Not Yet Developed** |
| Where relevant to the competency or example, the following apply to the individual concerned:   * this is an area in which you have significant practical experience * this is something that you undertake on a regular basis * this is a personal characteristic or style that you demonstrate all of the time * there is a regular programme of activities to maintain technical competence | Where relevant to the competency or example, the following apply to the individual concerned:   * this is an area in which you have some practical experience * this is something that you undertake on an infrequent basis * this is a personal characteristic or style that you demonstrate most of the time * there is a regular programme of activities to maintain technical competence | Where relevant to the competency or example, the following apply to the individual concerned:   * this is an area in which you have little practical experience * this is something that you rarely undertake * this is a personal characteristic or style that you demonstrate some of the time * there is a programme of activities to develop the technical competence in this area | Where relevant to the competency or example, the following apply to the individual concerned:   * this is an area in which you have no practical experience * this is something that you have never undertaken * this is a personal characteristic or style that you rarely demonstrate * there is no programme of activities to develop technical competence in this area |

**GOVERNOR FINANCIAL MANAGEMENT COMPETENCIES MATRIX**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **GOVERNORS WITH FINANCIAL MANAGEMENT RESPONSIBILITIES** | | |
| **Key Indicators** | **Chair of Governing Body** | **Governor 1 with Finance Role** | **Governor 2 with Finance Role** |
| ***1 PROVIDES STRATEGIC LEADERSHIP*** |  |  |  |
| **Leads the development of strategic plans:** |  |  |  |
| Has knowledge and understanding of school priorities, aims and objectives and takes a long-term view |  |  |  |
| Knows the strategic level that governors should operate at |  |  |  |
| Able to articulate strategic priorities and objectives clearly |  |  |  |
| Can assimilate the financial implications of school priorities |  |  |  |
| Delegates tasks to Head Teacher or SBM/Bursar providing them with necessary direction, guidance and authority to undertake the task(s) |  |  |  |
| Acts with integrity and sets a good example |  |  |  |
| Promotes team working between governors and staff |  |  |  |
| **Able to identify viable options and select or recommends those most likely to achieve the School’s goals and objectives:** |  |  |  |
| Able to use information provided by staff in a useful way |  |  |  |
| Will take necessary decisions, even if difficult |  |  |  |
| Able to develop creative or innovative solutions to problems (e.g. uses lateral thinking) |  |  |  |
| Knows how to review the results of techniques for assessing different approaches to the same project |  |  |  |
| Is open to new ideas, consults/listens to stakeholders |  |  |  |
| Knows how to focus those matters which are most significant (e.g. the materiality principle) |  |  |  |
| Willing to work in partnership with outside bodies |  |  |  |
| **Has a clear understanding of best financial management practice and school performance compared to it:** |  |  |  |
| Has knowledge of the School’s current financial performance |  |  |  |
| Has knowledge of internal control processes |  |  |  |
| Understands and participates in the school’s self-evaluation activities of financial performance/controls |  |  |  |
| Co-operates with external inspectors/auditors etc. and initiates appropriate action in response to their findings |  |  |  |
| Regularly participates in networking activities and is outward looking rather than internally focused |  |  |  |
| ***2 ENSURES ACCOUNTABILITY*** |  |  |  |
| **Understands the LA and statutory financial requirements for the school:** |  |  |  |
| Understands the financial framework in which the School operates |  |  |  |
| Has knowledge of the School’s funding arrangements and funding streams |  |  |  |
| Has knowledge of information that can be requested by LA and Government departments |  |  |  |
| **Understands and can undertake budget setting and budget monitoring activities:** |  |  |  |
| Understanding of finance and budgeting |  |  |  |
| Has numeric and analysis skills |  |  |  |
| Understands that resource allocation can affect outcomes and focuses on this rather than just looking at inputs |  |  |  |
| Has knowledge of the financial information that should be provided for review regularly |  |  |  |
| Able to interpret budget monitoring information in useful way and communicates the interpretation to interested parties |  |  |  |
| **Understands the importance of communicating the schools performance to stakeholders:** |  |  |  |
| Knows the procedural requirements and timescales for the school and checks they are followed |  |  |  |
| Anticipates stakeholder questions and gets answers |  |  |  |
| Understands and uses a clear framework in any reporting by governors to parents on school finances |  |  |  |
| Understands the monitoring returns provided to the LA and the DfE |  |  |  |
| Is open and diplomatic when communicating with stakeholders |  |  |  |
| ***3 ACTS AS A CRITICAL FRIEND*** |  |  |  |
| **Has a commitment to the school and the work of the governing body:** |  |  |  |
| Participates in the work of the Governing Body by preparing for meetings, attending meetings, contributing to discussions, taking agreed actions |  |  |  |
| Improves knowledge of the school and becomes familiar with it through discussions with head and staff, reading relevant papers, visiting the school etc. |  |  |  |
| Takes part in available financial training and other chances to develop knowledge, skills and understanding |  |  |  |
| Helps new governors to understand their financial management role and to make a full contribution |  |  |  |
| Declares personal or pecuniary interests as appropriate and avoids using his/her position for personal gain |  |  |  |
| **Presents information and views clearly and influentially to others:** |  |  |  |
| Has credibility with partners and colleagues |  |  |  |
| Able to influence others and build consensus using the power of argument and clear presentation of the case |  |  |  |
| Uses analytical skills to challenge management constructively and ask probing questions |  |  |  |
| Gives and receives constructive feedback |  |  |  |
| Understands where to get additional information and advice from |  |  |  |
| Seeks to resolve misunderstanding and conflict |  |  |  |

**APPENDIX 15: SCHOOL STAFF FINANCIAL MANAGEMENT MATRIX**

**Introduction**

The attached matrix summarises the financial management competencies that best practice determines should be held by staff exercising financial management responsibility within the school. This competencies matrix can be used:

* by individuals that wish to identify their personal training and development needs
* by Head teachers and senior management teams to find out what financial management competencies are available to the school.

It should be stressed that this is seen as a key development tool for both individuals and the Management Team as a whole.

**How to use the matrix**

**1** Identify who within the management team who has key financial responsibilities and fill in their details at the top of the grid. This allows for the grid to be tailored to the individual school’s Governing Body’s financial management requirements. The Key Financial Management competency is in bold (e.g. the first is "provides strategic leadership and management") and examples of the characteristics that demonstrate this competency are provided beneath it.

Examples of who to include when using this tool might be as follows:

A large school may include – Head teacher, deputy head, management team, other main budget holders, bursar, finance assistants, finance administrator.

A small school may include – Head teacher, other main budget holders, School Business Manager, Office administrator, Finance assistant.

As schools vary so much in size and are organised in different ways, it is impossible to give precise guidance on who should be included when using this tool. However, main budget holders are likely to include subject leaders or heads of years, but not individual teachers with small budgets for teaching materials or consumables but no wider responsibilities. The latter teachers will be responsible to something more senior for the use of that budget and that more senior person is likely to be part of this review. Typically, even for the largest school, it would be unusual to include more than 12 people in a review of this kind. For a small primary school, a review may not include more than four or six people.

**2** For each staff member identified use the ratings (which are explained in some detail below) i.e. 1,2,3 or 4 to identify the level at which the staff member has the relevant competencies by making reference to the key indicators and the typical examples.

**3** On completion, analyse the results to ensure the skills, knowledge and attitudes are spread across the governors in the most appropriate way i.e. there is not over or under concentration of competencies with one specific staff member. Specific financial training may be identified.

*NOTE: A Key Point is that not all staff need all these skills, but collectively the school senior management team will ideally have these competencies between them. Individuals need only those relevant to their area of responsibility.*

**RATING SYSTEM**

|  |  |  |  |
| --- | --- | --- | --- |
| **1** | **2** | **3** | **4** |
| **Highly Competent** | **Competent** | **Developing** | **Not Yet Developed** |
| Where relevant to the competency or example, the following apply to the individual concerned:   * this is an area in which you have significant practical experience * this is something that you undertake on a regular basis * this is a personal characteristic or style that you demonstrate all of the time * there is a regular programme of activities to maintain technical competence | Where relevant to the competency or example, the following apply to the individual concerned:   * this is an area in which you have some practical experience * this is something that you undertake on an infrequent basis * this is a personal characteristic or style that you demonstrate most of the time * there is a regular programme of activities to maintain technical competence | Where relevant to the competency or example, the following apply to the individual concerned:   * this is an area in which you have little practical experience * this is something that you rarely undertake * this is a personal characteristic or style that you demonstrate some of the time * there is a programme of activities to develop the technical competence in this area | Where relevant to the competency or example, the following apply to the individual concerned:   * this is an area in which you have no practical experience * this is something that you have never undertaken * this is a personal characteristic or style that you rarely demonstrate * there is no programme of activities to develop technical competence in this area |

**SCHOOL STAFF FINANCIAL MANAGEMENT COMPETENCIES MATRIX**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **SCHOOL STAFF WITH FINANCIAL MANAGEMENT RESPONSIBILITIES** | | |
| **Key Indicators** | **Head Teacher** | **Staff 1 with Finance Role** | **Staff 2 with Finance Role** |
| ***1 PROVIDES STRATEGIC LEADERSHIP & MANAGEMENT*** |  |  |  |
| **Leads and manages the development of strategic financial plans:** |  |  |  |
| Takes a long term view of financial management issues |  |  |  |
| Has knowledge of, and advises governors on the key trends in education and their financial implications |  |  |  |
| Works with governors to develop the school priorities, aims and objectives |  |  |  |
| Knows the role/level that staff should operate |  |  |  |
| Able to translate broad aims and priorities into SMART objectives (specific, measureable, actionable, relevant & time-bound) |  |  |  |
| Delegates tasks to best placed person providing them with necessary direction, guidance and authority to undertake the task(s) |  |  |  |
| Acts with integrity and sets a good example |  |  |  |
| Promotes team working between staff and with governors |  |  |  |
| **Able to research and analyse strategic choices and recommends those most likely to achieve the school’s goals and objectives:** |  |  |  |
| Able to extract and analyse information in a useful way |  |  |  |
| Presents information clearly to others including governors |  |  |  |
| Has an understanding of financial risks and the potential impact |  |  |  |
| Uses own experience, networking and lateral thinking to identify different options |  |  |  |
| Assesses the financial implications of strategic choices facing the school |  |  |  |
| Knows how to focus those matters which are most significant (e.g. materiality) |  |  |  |
| Is open to new ideas, consults/listens to stakeholders |  |  |  |
| Willing to work in partnership with outside bodies |  |  |  |
| Will take necessary decisions, even if difficult |  |  |  |
| **Has a clear understanding of good financial management practices and the School’s performance compared to it:** |  |  |  |
| Has knowledge of current financial performance of the school |  |  |  |
| Regularly participates in networking activities and is outward looking rather than internally focused |  |  |  |
| Has knowledge and understanding of internal control processes |  |  |  |
| Understands and participates in the school’s self-evaluation activities of financial performance and internal controls (SIC) |  |  |  |
| Reviews and undertakes benchmarking activities & SFVS dashboard |  |  |  |
| Co-operates with external inspectors/auditors etc. and initiates appropriate action in response to their findings |  |  |  |
| ***2 ENSURES ACCOUNTABILITY*** |  |  |  |
| **Understands the LA and statutory financial requirements for the school:** |  |  |  |
| Understands the financial framework in which the school operates |  |  |  |
| Has knowledge of the school’s funding arrangements and funding streams |  |  |  |
| Has knowledge of information that is required by the LA and DfE |  |  |  |
| Ensures that information is provided in line with LA timescales and deadlines |  |  |  |
| **Understands and can undertake budget setting activities:** |  |  |  |
| Has numeric skills |  |  |  |
| Understanding of finance and budgeting |  |  |  |
| Understands that resource allocation affects outcomes and focuses on this rather than just looking at inputs |  |  |  |
| Pursues income generation opportunities when required |  |  |  |
| Understands links between activities of the school and their associated costs |  |  |  |
| **Understands and can undertake budget monitoring activities:** |  |  |  |
| Has knowledge of the financial information that should be provided for review regularly |  |  |  |
| Able to interpret budget monitoring information in a useful way |  |  |  |
| Communicates budget monitoring information to Head teacher and the Governing Body |  |  |  |
| **Understands the importance of communicating the School’s performance to stakeholders:** |  |  |  |
| Ascertains and provides information to meet governors needs |  |  |  |
| Anticipates stakeholder questions and gets answers |  |  |  |
| Establishing trusting and inclusive relationships with school staff, the Governing Body and the LA |  |  |  |
| Provide financial information that contributes to the annual parents meeting |  |  |  |
| Uses diplomacy when answering difficult questions |  |  |  |
| ***3 EFFECTIVELY OPERATES FINANCIAL PROCESSES*** |  |  |  |
| **Demonstrates the personal commitment and qualities required for financial management:** |  |  |  |
| Participates in the financial work of the school by preparing for and attending meetings, contributing to discussions and taking agreed actions |  |  |  |
| Takes part in available financial training to develop knowledge, skills and understanding |  |  |  |
| Seeks appropriate professional support and development |  |  |  |
| Is systematic in the way that tasks are undertaken |  |  |  |
| Takes responsibility for self and work load |  |  |  |
| Gives and receives constructive feedback |  |  |  |
| Understands where to get additional information and advice from |  |  |  |
| **Has a clear understanding of the framework of financial control:** |  |  |  |
| Follows good financial practice within statutory, and national requirements |  |  |  |
| Follows good financial practice in accordance with LA requirements, as set out in *LCCs Financial Regulations and Procedures* |  |  |  |
| Has an understanding of own and others roles and contributions in relation to the financial management structure |  |  |  |
| Regularly revises financial planning timetables to take account of changes in deadlines |  |  |  |
| **Controls and monitors financial systems:** |  |  |  |
| Supervises the work of other people |  |  |  |
| Ensures that operational, procedural and regulatory requirements are met |  |  |  |
| Takes action when things are not being done properly or efficiently |  |  |  |
| Supervisory (control and monitoring) activity covers:  Income received   * Payroll * Purchasing * Banking * Petty Cash * VAT * School Fund Accounts & Voluntary Funds * School’s assets * Financial systems e.g. SIMS |  |  |  |
| **Operates the financial systems:** |  |  |  |
| Follows operational and procedural requirements |  |  |  |
| Meets operational and regulatory deadlines |  |  |  |
| Operates the school systems for:   * Income received * Payroll * Purchasing * The banking system * Petty Cash * VAT * School Fund Accounts & Voluntary Funds * School’s assets * Financial systems e.g. SIMS |  |  |  |

**Appendix 16: DECLARATION OF BUSINESS INTERESTS**

**School:** …………………………………………………….

**Name:** ………………………………………………………….

**Date:** ………………………………………………………….

**Status: Governor/Employee** *(Delete whichever is not applicable)*

|  |
| --- |
| **Complete EITHER Statement A or Statement B** |

**Statement A**

I declare that I do not have any interest(s) which may conflict with my duties as a governor/employee of the school.

I agree that in the event of any interest(s) arising after making this declaration, I will declare to the Governing Body any such interest(s) and will complete and submit to the Head teacher a further Declaration of Interests Form.

|  |
| --- |
| **Signature: Date:** |

**Statement B**

I declare that I have the following interest(s) which may conflict with my duties as a governor/employee of the school:

**1. …………………………………………………………………………………………………………………**

**2. ………………………………………………………………………………………………………...………**

**3. …………………………………………………………………………………………………………………**

*\*If necessary, continue on a separate sheet of paper.*

I agree that if in the event of any further interest(s) arising after making this declaration, I will declare to the Governing Body any such interest(s) and will complete and submit to the Head teacher a further Declaration of Interests Form.

|  |
| --- |
| **Signature: Date:** |

**Appendix 17: LCC APPROVED CLEARING BANKS & BUILDING SOCIETIES**

**Institutions for Investment**

**Banks**

Royal Bank of Scotland

Nat West

Lloyds TSB

HBOS

Barclays

Citibank International Bank

Close Brothers

Goldman Sachs International Bank

HSBC

Santander UK

Standard Chartered

UBS

**Building Societies**

Coventry

Leeds

Yorkshire

Nottingham

Skipton

West Bromwich

Principality

Newcastle

Progress

**Appendix 18: SCHOOL BANK ACCOUNT DETAILS**

|  |  |  |  |
| --- | --- | --- | --- |
| SCHOOL NAME |  |  |  |
| BANK OR BUILDING SOCIETY NAME |  |  |  |
| BANK OR BUILDING SOCIETY ADDRESS |  |  |  |
| NAME / TYPE OF SCHOOL ACCOUNT |  |  |  |
| BANK SORT CODE |  |  |  |
| ACCOUNT NUMBER |  |  |  |

1. *Whether it is a medium or low depends on specific details such as the volume of activity affected by the weakness. High volume areas would probably be assessed as medium because of the accumulation effect of many small errors. Low volume areas would probably be considered a low priority*. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)
3. *Urgent implies action within weeks rather than months. Please note that all the time periods indicated in figure 1 are purely illustrative and aim to show the relative urgency of different weaknesses. Actual implementation plans will need to be locally determined taking account of all relevant known factors* [↑](#footnote-ref-3)