



Financial procedures

Core Values

Readiness

Resilience

Respect

School Values

Independence

Ambition

Compassion

Co-operation

Initiative

Enjoyment

Responsibility

Confidence

Celebration

Kindness

Honesty

Individuality

Reviewed: Spring 2022

INTRODUCTION

- 1.1 It is the objective of the Governing Body to establish and maintain a system of financial controls to facilitate the efficient and most cost effective running of the Kender Primary School. To achieve this it has put in place systems of internal financial control ensuring separation of duties and clear, delegated authority relating to all of the School's finances and accounts.
- 1.2 The School's budget plan is central to the achievement of the School's educational objectives. These are contained the School Improvement Plan and will therefore be under constant review by the Governing Body and agreed annually to allow the School's budget plan to be prepared before the commencement of the financial year. A final budget plan will be agreed by the Personnel and Finance Committee who has the delegated responsibility under their terms of reference when notification of the School's budget share has been received.
- 1.3 These Procedures are in line with Lewisham's Schools Financial Manual (Jan 2012) and Scheme of Delegation to Schools (2014).

2 DELEGATED AUTHORITY

- 2.1 The Governing Body of Kender Primary School is responsible for the control and expenditure of income in accordance with the delegated budget in order to assist Lewisham Education Authority in the discharge of their statutory duties and responsibilities. The Governing Body in turn delegates its financial responsibilities to the Personnel and Finance Committee ("the Committee") while remaining ultimately accountable.
- 2.2 The Governing Body ensures that any responsibility delegated to its Committees, Working Parties and the Headteacher is fully documented. Terms of Reference should be approved for each Committee. Responsibilities that are delegated by the Headteacher to other members of staff should also be fully documented. The Headteacher will maintain a record of these responsibilities together with a record of the staff that are authorised to sign documents or have access to computerised financial systems.
- 2.3 The Headteacher has responsibility for implementing agreed policies and maintaining day-to-day control of the School's financial accounts.
- 2.4 The School Business Manager (SBM) assists the Headteacher in the discharge of his/her financial responsibilities.
- 2.5 The Finance Assistant is responsible for financial data entry, invoicing and reconciliation of wraparound care and other invoices and for the management of the ordering system.
- 2.6 Authorisation of expenditure, with stated limits, is delegated to:

- a) items up to £10,000 - the Headteacher
- b) items over £10,000 but under £25,000 – Personnel and Finance Committee
- c) items over £25,000 – the Governing Body

2.7 In the absence of the Headteacher, the Deputy Headteacher assumes delegated authority as detailed in 2.5 above.

3 INTERNAL FINANCIAL CONTROL

3.1 It is vital that the person who raises an order is not also responsible for authorising the expenditure and signing the cheque or authorising the BACS payment. As the school is spending public money it is imperative that a clear division of roles and responsibilities is ensured at all times.

There must be at least three senior staff designated as authorised signatories. The Headteacher is responsible for maintaining a list of these staff, along with their signatures, indicating the level of their authority and value limitations commensurate with 2.6 above.

3.2 At least two people, from either the Senior Leadership Team (SLT) and/or Admin Team, will be involved in receipts and payments checking each other's work. This will be evidenced on various documentation associated with a transaction.

3.3 Level of authorisation is restricted, mainly to the Headteacher and Deputy Headteacher. One other member of the SLT is trained and authorisation will be delegated to this person in the absence of the Headteacher and/or Deputy Headteacher.

3.4 Original documents will remain as such, there will be no alterations to vouchers, cheques, etc by correcting fluid.

3.5 Sufficient audit trail will be established to allow the auditor to trace a transaction from its source document to final incorporation into the accounting records and vice versa.

3.6 Access to financial records will be limited to the Headteacher, the Deputy Headteacher, the SLT, the SBM, Schools Finance and the Finance Assistant.

4 BUDGET PLANNING AND CONTROL

4.1 The Committee prepares a budget plan in line with expected income and expenditure for the following three years. This is based around the main priorities of the School Development Plan including committed balances for planned expenditure in future years. The draft budget and the Committee's recommendations are presented to the Governing Body for scrutiny and subsequent approval.

- 4.2 The Headteacher is responsible for the regular review of the budget to ensure that spending is on track. Information on income, expenditure and commitments is collated and presented by the SBM.
- 4.3 The Committee meets at least termly to monitor and review expenditure. Variances are investigated and remedial action is taken and noted as required. The Committee reports to the termly meeting of the Governing Body highlighting any potential deficits or surpluses and recommending measures to eliminate these.
- 4.4 The SBM and/or Schools Finance prepare the following reports for monitoring and reconciliation:
- weekly reports of income and expenditure for the Headteacher;
 - quarterly reconciliation reports, certified by the Headteacher, for the LA;
 - monitoring reports as requested by the Personnel and Finance Committee;
 - monitoring reports for termly meetings of the Governing Body; and
 - end of year reports for the LA.

To enable the governing body to meet their statutory responsibilities for the financial management of the school and so they can safeguard the large amounts of public money for which they are responsible, the SBM will prepare clear and concise reports of the school's budget at least six times a year for consideration by the Chair of the Committee so that action can be taken on them to good effect.

- 4.5 The Headteacher has delegated power to vire to a maximum of £10,000 between budget heads and reports these virements to the next meeting of the Committee for countersigning by the Chair.
- 4.6 All virements exceeding £10,000 need prior approval from the Committee and are reported to the Governing Body.

5 INCOME

- 5.1 All income is collected in advance wherever possible to maintain adequate cash flow.
- 5.2 All monies will be retained in the school safe and recorded in the safe contents ledger.
- 5.3 The SBM will maintain records of all income due and received.
- 5.4 All monies are banked by the SBM using paperwork prepared by the SBM or the Finance Assistant. Banking should be performed more frequently if the cash and cheques exceed the insurance limit.
- 5.5 Most income is made electronically either via the school's Arbor Parent Portal or via bank transfer. Income is regularly reconciled by the SBM.

6 PURCHASING GOODS AND SERVICES

- 6.1 All orders are authorised by the Headteacher, Deputy Head or budget holders ensuring that best value is being secured both on price and quality. This is achieved through discussion with budget holders and scrutiny of orders by the person authorising the order.
- 6.2 An official order must be placed for all goods or services ordered, including those ordered by telephone, email or internet wherever possible and are placed by the Finance Assistant who records the order on the school's finance system.
- 6.3 Designated budget holders must ensure that funds are available in the appropriate budget head before placing an order. Details are held in the Internal Budget Holder file held in the school office, which allows the budget holder to keep a running check on the budget balance.
- 6.4 The Finance Assistant is responsible for despatching all orders to suppliers and maintaining the system for tracking the status and payment of orders.
- 6.5 The Finance Assistant is responsible taking delivery of goods and will initial the delivery note as evidence of receipt and forward it to the SBM.

7 CONTRACTS FOR WORKS

- 7.1 The Governing Body will enter into contracts for the provision of works within the procedures laid down by the London Borough of Lewisham.
- 7.2 All members of the Governing Body and school staff must declare any pecuniary interest prior to the consideration of tenders offered. The SBM keeps a Register of Business Interests in respect of Governors and staff.
- 7.3 The school seeks value for money when exercising its powers to spend delegated budgets on supplies, works and services. To achieve this objective, we obtain competitive quotations or tenders in accordance with the procedures set out below.
- 7.4 Estimated value of purchase

Under £10,000 – none required

£10,001 - £25,000 – three written quotations

£25,001 - £50,000 – Four written quotations

£50,001 - £100,000 – by tenders following procedures in LA Manual

£100,001 and above – by tender with LA approval

The Premises Manager, under the direction of the Headteacher, is responsible for securing competitive and written quotations from the LA approved lists of contractors and the approval of the Governing Body sought through Chair's Action.

8 EXPENDITURE

- 8.1 The SBM is responsible for making all payments on behalf of the School.
- 8.2 All payments must be authorised by the Headteacher or the Deputy Headteacher.
- 8.3 All invoices must be authorised by the Headteacher. In the case of the Headteacher originating the order, the invoice will be authorised by a member of the SLT. Similarly, if an order is authorised by the SBM, the invoice will be authorised by the Headteacher.
- 8.4 All payments are made only on the presentation of the original invoice. Faxed, copied or scanned invoices are not acceptable. An emailed invoice is acceptable if it is in the PDF format.
- 8.5 Before an invoice is certified for payment, either the SBM or the Budget Holder should check the delivery against the original order and be satisfied that they are of the correct quantity, quality and price.

9 PETTY CASH & STAFF REIMBURSEMENT

- 9.1 The school does not hold petty cash.
- 9.2 All reimbursements for expenses must be authorised by the Headteacher and made by the SBM using BACS payments. If the payment is to the Headteacher then it is authorised by a member of the SLT. If the payment is to the SBM then it is authorised by the Headteacher.
- 9.3 All claims for petty cash will be supported by an official voucher/ receipt/paid invoice, showing VAT where appropriate.

10 SALARIES, WAGES AND PENSIONS

- 10.1 The Governing Body is responsible for the salary costs of all teaching and non-teaching staff employed in the School and gives delegated authority to the Personnel and Finance Committee to award increases in-line with agreed pay scales and the School's staffing structure.
- 10.2 The administration of the payroll will be by SLA with Strictly Education and the contract of employment is between the Governing Body of Kender Primary School and the employee.
- 10.3 The SBM, under the direction of the Headteacher, will ensure that the School provides the necessary and relevant information and returns to Strictly Education to facilitate an efficient payroll system.
- 10.4 Authorised signatories for changes to the payroll are the Headteacher and Chair of Governors.

- 10.5 Each month the payroll reports are checked thoroughly to ensure there are no discrepancies. Any errors must be notified to Strictly Education immediately and the details retained with the School's financial records.

11 BANK ACCOUNTS

- 11.1 The Governing Body will authorise the opening and closing of all bank accounts, by Chair's Action where necessary.
- 11.2 The SBM keeps a record in the safe of cheque books for all accounts. All cheques are kept in the safe when not in use.
- 11.3 All cheques must have two signatures from the School's approved signatory list, one of which must be the Headteacher or Deputy Head.
- 11.4 Authorised signatories shall be the Headteacher, Deputy Headteacher and one of the Assistant Headteachers.
- 11.5 No pre-signed cheques will be held by the School.
- 11.6 Cheques which require cancelling must be clearly marked *Cancelled* and retained for audit inspection. Cheques can only be reissued after a missing cheque has been cancelled.
- 11.7 The SBM will reconcile all bank accounts each month and the documentation checked and endorsed by the Headteacher.
- 11.8 Direct debits are only allowed for business rates, telephone, operating leases and utility bills. All direct debits will be authorised by the Headteacher.

12 INSURANCE

- 12.1 The Governing Body will review the insurance arrangements for the School annually, ensuring adequate arrangements are made to cover the building, its contents, public and employer's liability.
- 12.2 The Governing Body, through the Headteacher, must ensure adequate insurance cover for pupil activities eg school trips, offsite sports.
- 12.3 The Headteacher must inform the Governing Body of all accidents, losses and incidents which may give rise to an insurance claim.
- 12.4 The Headteacher must inform all site users that property taken onto the site will be at the owner's risk.

13 CONTROL OF ASSETS

- 13.1 The Headteacher is responsible for the School's assets.

- 13.2 The Premises Manager shall maintain an Inventory of all non-consumable and portable electrical items having a value over £500.
- 13.3 All equipment in the Inventory shall be security marked by the Premises Manager on receipt and, where appropriate, kept securely when not in use. The Inventory should list the date of purchase, the value, description, the serial number and location.
- 13.4 The Headteacher will ensure that a check of all items to the Inventory is carried out each year and, following this, certify the inventory record. Any missing items should be noted and promptly investigated. Written records of investigations carried out for any missing items should be held with the inventory records.
- 13.5 Any equipment that is lost, damaged or written off will be recorded in the Inventory stating the date and reason, initialled by the Headteacher, and reported to the Governing Body.
- 13.6 Equipment loaned to staff must be approved by the Headteacher or Deputy Head and recorded in the Loans Register by the SBM.

14 VOLUNTARY FUNDS

The School holds no voluntary fund.

15 FINANCIAL IRREGULARITIES

- 15.1 The Personnel and Finance Committee, the SLT and/or the SBM must inform the Chair of Governors of any circumstances where a financial irregularity is suspected.
- 15.2 In such a circumstance the Chair or Vice Chair would decide on the course of action to be taken in line with the School's Whistleblowing Policy.

16 AUDIT ARRANGEMENTS

- 16.1 The Governing Body will cooperate fully with the LA's internal auditors and allow full access to staff, premises and documents as necessary.
- 16.2 The Governing Body will discuss all audit reports and agree implementation of recommendations with the Headteacher.

17 FINANCIAL RECORDS

- 17.1 The Headteacher must ensure that the current and previous six years financial records are maintained and accessible for audit and other statutory bodies in line with Records Management Society Guidelines.
- 17.2 All records must be clearly labelled with the date for disposal.

Approved by the Governing Body October 2012.

Revised on auditor's advice November 2012

Reviewed: September 2013

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Reviewed: Spring 2018

Reviewed: Spring 2020

Reviewed Spring 2021

Reviewed Spring 2022

Appendix A

Financial Procedure for Electronic Payment Cards

Purpose

- 1.1 To provide guidance on the use of Electronic Payment Cards ("EPCs") by authorised users.
- 1.2 The basic objective of using the EPCs is to reduce the paperwork and administration time involved in the ordering and invoice process for low-value, high-volume goods and services.

Scope

- 1.3 The School holds two EPCs, one in the name of the Headteacher and one in the name of the Premises Manager.
- 1.4 The cardholder may only use the card for business purposes and it must be used with approved suppliers, unless given specific permission by the Payment Card Administrator (PCA).
- 1.5 When an end user identifies a requirement, the cardholder/end user must check to see if the total value of the purchase is within their transactions limit and monthly credit limit and whether the purchase is within their approved category. If the item is outside the limit, then the normal purchasing procedures must be followed.
- 1.6 If the purchase meets the criteria above, then the purchase can be made.
- 1.7 EPCs must **NOT** be used for the following:
 - cash withdrawals unless specifically authorised
 - utility bills
 - items in excess of your limit
 - items outside your approved category
 - personal purchases.

Any misuse of the EPC will be treated as gross misconduct.

Procedure

Purchasing goods via the EPCs

- 1.8 Orders must be placed by the cardholder and can be made in any of four ways:
 - via the web
 - ordering the goods/service by telephone and quoting the card number; telephone
 - orders must be delivered to a site address and not to the cardholder's private address
 - ordering by mail where an application form can be completed with details for charge card payment

- personally visiting the supplier's premises and presenting the card and signing for the goods.
- purchases must not be made via fax (for card security purposes).

- 1.9 In all instances, the cardholder must inform the supplier of:
- the full card number and date of expiry
 - the full name of the cardholder (as shown on the card)
 - the school name
 - the full delivery address
 - a clear description of the goods required.

The goods and goods received note (GRN), where appropriate, should be marked prior to shipment 'Card Payment', and with the cardholder's name and location/department.

Card declined

- 1.10 If a transaction is declined, the PCA must be informed immediately. This could be due to exceeding the monthly card limit, exceeding the individual transaction limit or using a supplier that is within a Merchant Category not allowed by the school.

Problems with supply of goods

- 1.11 Inform the supplier of the rejected goods, as it is they who will arrange a credit to the school.

Incorrect amount billed

- 1.12 In these circumstances contact the relevant supplier to seek explanation/adjustment. In the event that the discrepancy remains unresolved, you must contact your PCA for further instructions.

Billed but goods not received

- 1.13 Contact the supplier to ensure that the goods have been despatched. According to VISA regulations, the transaction is not processed until the goods are despatched. The PCA must be notified if this regulation has been breached.

Missing transactions

- 1.14 Any purchases made just prior to the month end date will show up the following month. If any transactions do not turn up as anticipated, contact your PCA before taking any action.

The transaction log

- 1.15 Details of the transaction must be recorded on your daily log and updated when the goods/service are received.

Reconciliation to Bank Statement

- 1.16 The Finance Assistant will reconcile the transactions and all supporting documents should be given to the SBM as appropriate for checking. Supporting documents will be VAT invoices (where appropriate), delivery notes, visa receipts, etc.

- 1.17 The SBM should examine supporting documentation and use bank statements to mark all transactions 'Reviewed' as approved. The Headteacher or the Deputy Headteacher will authorise the reconciliation.
- 1.18 The Headteacher must check, prior to the month end, that the cardholders have reviewed all outstanding transactions.
- 1.19 The Headteacher must ensure that the cardholders maintain the following records and keep them up to date and available for inspection:
- retain a copy for outstanding issues and personal record purposes
 - any photocopies of past log's showing clearance of disputed items
 - VAT invoices (where appropriate), delivery notes, Visa receipts.

Safeguarding the use of the card

- 1.22 The card provided to the cardholder is to be used by the cardholder only and should not be lent to anyone else. It is in the name of the school and it is the cardholder's responsibility to ensure that it is retained in a secure location.

Credit limits

- 1.23 The monthly credit limit for both cards in combination is £2000.

Transaction limit

- 1.24 The school has an agreed maximum transaction limit for each card. The card must not be used for purchases in excess of this limit. Attempts to do this will be met with a decline when authorisation is sought for the transaction. This limit is inclusive of any VAT, carriage charges, etc.

Budgetary control

- 1.25 Cardholders must neither exceed the budgetary provision nor avoid any budgetary restraint measures that may be in force and should refer to the PCA for advice if in any doubt.

Non-receipt of cards

- 1.30 Replacement cards should be received approximately 14 days before the renewal date.

Leavers

- 1.31 Upon leaving the employment of the school, cards must be cut in half and returned to the PCA. All leavers must ensure that their transaction log and reconciliations are complete before leaving or pass details of all outstanding transactions to the PCA for completion.

Loss or theft of the card

- 1.32 If a card is lost or stolen, advise the NatWest Bank immediately (they operate a 24-hour customer service).

Change of holder's name

- 1.33 If the cardholder's name needs to be amended (eg because of marriage, etc), contact the PCA. The obsolete card should be cut in half across the magnetic strip and returned to the PCA following receipt of the new one.

Cardholder's liability/credit status

- 1.35 Whilst the Payment Card is embossed with the cardholder's name, the account and therefore the liability is in the name of the school. Consequently, there is no impact on the cardholder's personal credit status.