

FINANCIAL REGULATIONS, PROCEDURES AND ROLES AND RESPONSIBILITIES DOCUMENT

Barlborough Primary School

| | Date | Minute No. | Next Review date |
|-----------------------|---------------|--------------|------------------|
| Approved by Governors | ___03-12-19__ | 20b/03-12-19 | Annually |
| Reviewed by Governors | 30-11-20 | 23b/30-11-20 | Annually |
| Reviewed by Governors | _____ | _____ | _____ |
| Reviewed by Governors | _____ | _____ | _____ |

Only significant changes from September 2018 edition is

- Sections previously titled “To all staff including agency workers and volunteers” and “General” are now included mainly within the “Introduction” section.
- Summary table of key financial limits is included
- Schools Debit Card Policy & Declaration is now separate and has its own Policy

(Once approved this document should be published on the School’s website)

Contents Page

| Section | Page No. |
|--|-----------------|
| Summary of key financial limits | 2 |
| Introduction | 3 |
| A. Income / Banking | 5 |
| B. Expenditure and orders for work, goods and services | 6 |
| C. Paying Accounts | 7 |
| D. Salaries, Wages and Pensions | 8 |
| E. Travel and Subsistence | 9 |
| F. Contracts | 9 |
| G. Revenue Budgets | 10 |
| H. Capital Expenditure | 11 |
| I. Internal Audit | 12 |
| J. Imprest Account | 12 |
| K. Stores and Inventories | 13 |
| L. Insurance | 14 |
| M. Property and Assets | 14 |
| N. VAT | 14 |
| O. Procurement | 15 |
| P. Unofficial Funds | 17 |
| Q. Hospitality and Gifts | 18 |
| R. Retention of Records | 19 |
| S. Extended Services | 19 |
| Appendix 1 Roles and Responsibilities | 20 |

Summary of the School's financial limits

Details of the School's financial limits that have been approved by the Governing Body for use in line with the guidance notes within these Financial Regulations.

| Area | Amount |
|--|-------------------|
| Cash limit for the School safe (page 5) | £1,000.00 |
| Head Teacher or Deputy Head Teacher delegated spending limit (page 6) | £1,500.00 |
| School Business Officer delegated spending limit (where applicable) (page 6) | £100 |
| School virement limit (page 10) | £1,500.00 |
| School tender limit (page 14) | £17,800.00 |
| School written quotation limit (page 16) | £5,000.00 |

The 'Suggested Financial Limits' guidance below should be used to aid Governors in achieving financial resilience and setting appropriate financial limits based on the total budget size of the School. It is essential that in setting the School's financial limits the Governing Body approvals allow both transparency and best value to be achieved.

| Budget Size (£) | Suggested Financial Limits (£) | | | |
|-----------------------|--------------------------------|-----------|-------------------|----------|
| | Tender | Quotation | Governor Approval | Virement |
| 40,000 – 150,000 | 11,500 | 500 | 500 | 500 |
| 150,001 – 50,000 | 12,500 | 750 | 1,000 | 1,000 |
| 250,001 – 500,000 | 15,000 | 1,000 | 1,500 | 1,500 |
| 500,001 – 1,000,000 | 20,000 | 2,000 | 2,000 | 2,000 |
| 1,000,001 – 1,750,000 | 27,500 | 2,500 | 2,500 | 2,500 |
| 1,750,001 – 3,000,000 | 30,000 | 3,000 | 3,000 | 3,000 |

Introduction

- ◆ The School will comply with all accounting policies and requirements of the Authority.
- ◆ These Financial Regulations and Procedures set out the duties and responsibilities of all staff and Governors in respect of the financial administration of the School, including the planning and control of the revenue budget and Devolved Formula Capital, the collection of income, and the security of School assets. Summary guidance on individual roles and responsibilities for the Governing Body/ Governors, Head Teacher and School Business Officer are included in Appendix 1.
- ◆ Financial Regulations and Procedures govern the actions of all staff who have an involvement in the spending or collecting of money or any responsibility for the property of the School. They apply to all transactions even where the spending is fully reimbursable by a third party or where it is covered by any other form of income such as the Private School Fund, Parent Teacher Association or a grant. These regulations also apply to any trusts or subsidiaries that the School may control or operate, e.g. School Fund, tuck shop.
- ◆ No payments should be made through the School's financial accounts for any personal or private purchases. Personal items must not be delivered to School address or personal use made of any school contract.
- ◆ The overall responsibility for the expenditure of the School's delegated budget and other School finances is that of the Governing Body. The Head Teacher should provide budget monitoring reports to Governors six times a year in order to comply with the requirements of the Schools Financial Value Standard (SFVS). An annual Financial Skills Matrices should also be completed by all members of the Governing Body to ensure sufficient financial knowledge and support is available.
- ◆ The Head Teacher has responsibility for ensuring that all relevant staff, agency workers and volunteers are aware of or have access to these regulations and procedures, understand their requirements and are made aware of any future changes agreed by the Full Governing Body. Should any doubt exist on their meaning, the School Business Officer/Head Teacher should be consulted in the first instance and the Authority in the second instance. Failure on the part of any member of staff to observe Financial Regulations and Procedures may result in disciplinary action.
- ◆ The Governing Body will appoint a Finance Committee with delegated powers according to the terms of reference agreed annually by the Full Governing Body (good practice to be the first meeting of the Governing Body in the Autumn Term). Minutes of all Finance Committee meetings will be taken and maintained by the Clerk to the Governors. These minutes should be reported to the Full Governing Body with the discussion and approval of the Committee meeting minuted. The Finance Committee should take no decision on any item having financial consequences without first obtaining a financial assessment of the initial cost and any future running costs.
- ◆ These regulations and procedures may only be altered in the light of new legislation/regulations as advised by the Authority or to encompass changes in procedure

brought about by new technology. They will be reviewed annually and kept up to date by the Finance Committee with final approval given by the Full Governing Body.

- ◆ Governors have a statutory responsibility not to take part in the decision making process relating to any purchase in which they, or immediate family members have a personal or business interest. This responsibility also applies to the School's staff. The Head Teacher, in consultation with the Clerk to Governors is responsible for maintaining a register of business interests in respect of all governors and staff who may be in a position to influence financial decisions which must be reviewed on an annual basis.
- ◆ The Governors will operate within the guidelines of the School's Code of Conduct when carrying out their responsibilities. The financial and governance arrangements of the School should be compliant with the SFVS which must be approved annually by the Governing Body and signed by the Chair of Governors prior to submission to Audit Services by the 31 March deadline set by the Department for Education.
- ◆ In relation to the above the above, the DfE recently announced that schools are not required to submit their Schools Financial Value Standard (SFVS) to Audit Services in the 2020-21 financial year (normally by 31 March 2021). However, the SFVS is an important Governance tool and the value of its output should be considered before schools decide whether or not to complete the return and discuss their findings with Governors.
- ◆ It is the responsibility of all staff in cases of suspected fraud, misappropriation of funds, materials or equipment, or any other irregularities, to comply with the School's 'Whistle-Blowing Policy/Confidential Reporting Code': and to report immediately to the Head Teacher. The Head Teacher/Governing Body must report all such cases immediately to the Authority's Assistant Director of Finance (Audit), Audit Services Unit.

A. INCOME/BANKING

1. The Governing Body is responsible for drawing up a statement of its policy on charging and remissions. The Head Teacher in consultation with the relevant School staff shall undertake an annual review of all scales of charges with Governor approval sought for any changes made. Where lettings are also managed, a similar review should be undertaken.
2. The School Business Officer shall take prompt action to collect all amounts due to the delegated budget. All income shall be recorded at the point of receipt in a form approved by the Authority's Director of Finance & ICT. Official receipts must be made out at the time of receiving the income and copies retained in School. All income should be banked promptly and intact and the details entered into SAP. Two employees will be present to verify all totals which are to be presented to the Bank. This check should be evidenced by the signing / initialling of the paying in book counterfoil retained in School.
3. The School Business Officer, or if appropriate, the Clerk to Governors will raise invoices for lettings in accordance with the School Lettings policy creating invoices on SAP.
4. The Governing Body shall have the discretion to write off individual bad debts after all recovery options have been exhausted and in consultation with the Authority's Director of Legal and Democratic Services.
5. No sale of goods and services on credit shall be made without the prior approval of the Head Teacher and must be reported to the full Governing Body.
6. No proposals involving the generation of income should be implemented without prior consultation with the Governing Body.
7. The Head Teacher is responsible for ensuring the security, collection and banking of income due to the delegated budget.
8. Under no circumstances shall personal cheques be cashed from any school income.
9. The insurance limit for cash kept in a locked cabinet in an alarmed area with the key off site is £500. In an unalarmed area the limit is £250. The limit for the School's safe is **£1000.00** (latest limits can be provided by the Insurance section). If the safe is accessed using a key then the key must be taken offsite in the evening/weekend.
10. Where a cheque is accepted as payment it should be made payable to Derbyshire County Council with the School cost centre number recorded on the back.
11. Where the Authority has arranged for a security firm to collect deposits a receipt should be obtained and retained for the current year plus six previous years. The Security Firm's receipt must be attached to the paying in slip and stored securely.
12. The use of online payment solutions should be controlled within schools with staff provided with unique user accounts and passwords. Transactions processed by online payments systems should be supported by an audit trail of activities. All payments received from online payment solutions must be paid into the delegated budget. A monthly reconciliation should be undertaken and documented to ensure the amount of money collected agrees to the School's official records.

B. EXPENDITURE AND ORDERS FOR WORK, GOODS AND SERVICES

1. The ordering of goods and services and the payment of accounts, shall be in accordance with these financial procedures and advice from the School Business Officer/Head Teacher. All orders shall be on an official order and be authorised by the officer agreed by the Governing Body. No expenditure is to be made without proper authority and provision in the budget estimates.
2. Official orders shall be placed for all goods and services except for such items as recurring charges for public utilities, periodic payments, petty cash purchases and any other exception approved by the Governing Body. Orders will be generated by the computerised system (SAP - Orderpoint) wherever possible.
3. The payment of all goods and services shall be made by the Head Teacher, or under arrangements approved or controlled by him/her.
4. Goods will not be paid for in advance of receipt, unless in urgent and exceptional circumstances. The Head Teacher will authorise the payment in these circumstances and all such purchases will be reported to the Governing Body for approval. This does not apply to online purchases where School staff are required to use their official debit card to place the order. Where necessary consult the Authority's School Support Finance Section prior to such payment being made.
5. If the School is included in the Authority's arranged contracts and services there must be compliance with the terms and conditions of the Authority's contracts in relation to those services.
6. The Head Teacher or Deputy Head Teacher shall be authorised to approve orders up to **£1500.00** (including non-recoverable VAT) for individual purchases or combination of items forming a scheme or project before Governor's approval is required. Where this is exceeded a Governors' minute number is required before the order is placed.

The following suggested limit can be applied based on the School's total budget size:

| Budget Size (£) | Spending Limit (£) |
|-----------------------|--------------------|
| 40,000 – 50,000 | 500 |
| 150,001 – 250,000 | 1,000 |
| 250,001 – 500,000 | 1,500 |
| 500,001 – 1,000,000 | 2,000 |
| 1,000,001 – 1,745,000 | 2,500 |
| 1,750,001 – 3,000,000 | 3,000 |

7. SAP OrderPoint should be used wherever possible however if raising a paper order then all parts of the order form should be completed, including the actual price of supply if known, or if not, a best estimate.

8. As soon as the order is placed, the commitment must be recorded by the School Business Officer. When using OrderPoint, commitments are automatically recorded in SAP. All other orders i.e. Utility bills, Property Services cannot be recorded on SAP. Other ways of monitoring these commitments should be kept in School.
9. The School Business Officer shall be responsible for the ordering of controlled stationery and maintain appropriate records of its receipt and issue.
10. Expenditure against relevant budgets will be monitored by the Head Teacher/School Business Officer in the first instance and by the Finance Committee (School Governors) in the second instance. Governors must also have oversight of the budget and be presented with at least six clear and concise budget reports per year. These reports should include estimated balances for the current and at least two further financial years.

C. PAYING ACCOUNTS

1. Goods should be received by the School Business Officer and be checked against any delivery note and the original orders. When an invoice is received, a check should be made to ensure that:
 - a) The goods which have been supplied or the services rendered are of satisfactory quality and correct quantity.
 - b) The goods and services have not been previously paid for.
 - c) They are in accordance with the contract price or estimate where appropriate.
2. If satisfied that the invoice is correct the School Business Officer should send it to Accounts Payable, via the Pink folder, so the invoice can be processed.
3. Vendor Invoice Management (VIM) may not be used for any of the following transactions.
 - a) Payments to individuals (e.g. tuition fees).
 - b) Payments to Derbyshire County Council Property Division
 - c) Salary or travel payments or sub-contractors.
 - d) Payments to the Private School Fund.
4. Any queries about the invoice should be raised with the firm concerned by the School Business Officer. If agreement cannot be reached, the matter should be referred to the Head Teacher who should consult with School Support Finance, Audit Services or the Authority's Director of Legal and Democratic Services as appropriate.
5. The following three duties must not be carried out by the same person. However, in small Schools **i** and **iii** can be the same person:
 - i. ordering of goods and services.
 - ii. Receiving of goods and services
 - iii. Authorising invoices for payment (This should be in line with these regulations and procedures.
6. The process of authorising VIM invoices is as follows:
 - 1st authorisation: School Business Officer inputs the data.
 - 2nd authorisation: Head Teacher or Deputy Head Teacher, (School Business Manager in Secondary Schools).

7. The person authorising an invoice for payment is confirming that:
 - a) The goods and services to which the invoice relates have been received or carried out satisfactorily.
 - b) The prices, calculations, discounts, credits and VAT are correct.
 - c) The expenditure has been properly incurred, and is within the relevant estimated provision.
 - d) Appropriate entries have been made in the inventory.
8. All users of SAP must comply with current data protection legislation and the Computer Misuse Act 1990. User account details should not be written down or shared with other School staff. The Governing Body will approve the delegation limit and permission levels. The SAP in Schools Team will be notified of any new starters or leavers.

D. SALARIES, WAGES AND PENSIONS

1. The payment of salaries, wages, other taxable allowances and emoluments from the delegated School's budget shall be made by direct BACS transfer (Payments by cash will not be made) only by the Authority's Shared Services Centre unless the Governing Body makes a formal decision for alternative payroll provision. The Authority Shared Services Centre shall be responsible for the deduction of all pension contributions, trade union subscriptions and other items from employees' salary payments and will arrange for the paying over of such deductions to the relevant bodies.
2. The Head Teacher shall notify the Authority's Shared Services Centre in writing of all appointments, changes to working hours/salary grades, resignations, absences or other changes which may affect the pay or pension of an employee or ex-employee of the School. Any changes to contracts must be approved by the Governing Body in advance, with the exception of urgent short-term supply appointments. At regular intervals the Head Teacher/School Business Officer shall check all actions have been completed correctly.
3. The Head Teacher will authorise all salary documents relating to appointments, resignations, additional supply or payments and absence of staff. Properly authorised new starter, adjustments or leaver forms should be used to notify of such contract changes and promptly sent to the Shared Services Centre. A resignation letter should be attached where applicable and all access rights to IT systems removed with all School owned assets collected.
4. In addition to the properly authorised starters form, the following documents should be obtained from a new member of staff and sent to the Shared Services Centre:
 - i. P45 (income tax) - in the event of the employee not having one, a P46 should be completed.
 - ii. Bank credit form.
 - iii. Medical Clearance Form – medical clearance is required before a new employee commences employment.
5. Documents relating to appointments, resignations or absence of the Head Teacher shall be authorised by the Chair of Governors.

6. Timesheets or claim forms submitted as the basis for work done should be completed and signed by the member of staff and authorised by the Head Teacher who must evidence the satisfactory completion of the work/journeys for which payments are claimed. Should the claim relate to the Head Teacher, the form should be approved/signed by the Chair of Governors.
7. All staff absences and temporary variations should be recorded monthly. A report (PT91) can be run on SAP after the absences have been entered, which should be entered (not uploaded) after authorisation to the SAP system.

E. TRAVEL AND SUBSISTENCE

1. The claiming and payment of travel and subsistence expenses is based upon the principle that the journeys and expenses are actually and necessarily incurred to enable members of staff to perform their duties, and are appropriately authorised. All claims must be supported by a bona fide VAT receipt.
2. Claims should be completed on a monthly basis and checked by the School Business Officer and authorised by the Head Teacher or Deputy Head Teacher. Where the claim relates to the Head Teacher it should be authorised by the Chair of Governors. (NB. Staff should never authorise their own claim). Authorised forms should be forwarded to the Authority's Shared Services Centre where the payment will be processed.
3. Governors may claim expenses in accordance with the Policy on Paying Governors' Allowances.

F. CONTRACTS

1. All contracts shall be in writing and:
 - a) specify the subject matter, price, contract period, contract specification and terms of payment.
 - b) contain a clause permitting cancellation in circumstances of corruption or failure to meet contractual terms.
 - c) require access to the supplier's records under this contract for Internal Audit.
 - d) require compliance with any British Standard specification or code.
 - e) indemnify the School against any claim which may be made in respect of personal injury to any person unless due to negligence by the School and against any claim for damage to property due to negligence of the contractor, and the contractor shall produce evidence of suitable insurance against such claims.
 - f) In the event that the contract relates to **the processing of personal data, (as defined under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 "the Act")**, specifically reference and require compliance with the Act.
2. No member of staff shall authorise work to be undertaken or goods to be supplied which are to be subject of a contract or other legally binding agreement until a document in a form approved by the Authority's Legal Services Division is completed and signed by the contractor. Legal Services would only be able to offer advice on contract forms to those schools who have subscribed to Legal Services.
3. All Contracts must be formally approved by the Governing Body. Price increases on any contract shall be subject to prior consultation with the Finance Committee.

4. The Authority's Director of Finance & ICT must be notified in advance of any proposed leasing arrangements or any other arrangements to delay or defer payment for goods or services. Any scheme, however described, which effectively spreads the cost of payments across financial years is likely to fall into this category. Such arrangements may only be entered into after obtaining written approval from the Authority's Director of Finance & ICT.
5. Disposal of leased and financed assets is subject to the prior approval of the Authority's Director of Finance & ICT.
6. Any form of agreement intended to defer payment or provide for payment by instalments must be subject to the prior approval of the Director of Finance & ICT.
7. All contracts shall be subject to the financial limits as specified in these Financial Regulations and Procedures.

For the purpose of these procedures, the definition of a contract shall be any signed agreement (other than routine orders) for the provision of goods and/or services over a period of time. The School should ensure that the management of contracts is undertaken in accordance with procurement website <https://schoolsnet.derbyshire.gov.uk/administration-services-and-support/finance-and-legal/procurement.aspx>

<https://www.gov.uk/government/publications/procurement-training-for-Schools>

G. REVENUE BUDGETS

1. Estimates of income and expenditure will be prepared for the forthcoming financial year, jointly by the Head Teacher and the School Business Officer, based on advice provided by the Authority, and considered in detail by the Finance Committee where appointed or Full Governing Body.
2. The format of the estimates will be consistent with the needs of management information for financial control purposes, and the format of the annual accounts as prescribed by the Governing Body.
3. The estimated out-turn figures relating to the current financial year should also be included with the new financial year budget estimates, along with estimates for at least the next two financial years.
4. An annual budget timetable will be set by the Head Teacher and the School Business Officer and agreed by the Finance Committee. The timetable must comply with the Authority's deadlines.
5. The Governing Body will formally approve the expenditure and income budgets for the financial year, plus at least the next two financial years, after which the School Business Officer will be instructed by the Head Teacher to input the budget split into SAP (for the forthcoming year only). A deficit budget plan for the forthcoming year is not acceptable, unless a 2 or 3 year plan has been agreed with the Authority.
6. The Governors must have a strategy to use excessive surplus balances of the budget share.

7. The Head Teacher will be responsible for the delegation of the authorised budget, and it is his/her responsibility to ensure that budget heads are not substantially overspent or under spent, taking into account the overall budget position.
8. Where it appears that an approved expenditure budget may be exceeded, or income target not realised, such information will be conveyed to the Finance Committee at the earliest opportunity. Recommendations will be made to the Governing Body in regular reports as to remedial action to be taken where appropriate. The Governing Body will determine the financial information which needs to be provided by the Head Teacher for monitoring purposes with reports presented six times a year.
9. No expenditure which requires a continuing financial commitment in future years may be incurred without the prior approval of the Governing Body.
10. Virement of funds between budget heads may only be made in accordance with limits set by Governors. To a maximum of £1500 may be made and must be reported to the Finance Committee. Virements exceeding £1500 require the approval of the Finance Committee before they are carried out and the minute number recorded.

The following suggested limit can be applied based on the School's total budget size:

| Budget Size (£) | Virement Limit (£) |
|-----------------------|--------------------|
| 40,000 – 150,000 | 500 |
| 150,001 – 250,000 | 1,000 |
| 250,001 – 500,000 | 1,500 |
| 500,001 – 1,000,000 | 2,000 |
| 1,000,001 – 1,750,000 | 2,500 |
| 1,750,001 – 3,000,000 | 3,000 |

11. Any request for virement from Contingency / unallocated budget to any other budget head must be referred to the Finance Committee for approval before the virement is completed.

H. CAPITAL EXPENDITURE

1. Capital expenditure generally falls outside the scheme of delegation and such expenditure on buildings can only be incurred with the approval of the Portfolio holder with the exception of expenditure through the School's allocation of Devolved Formula Capital.
2. The Governors will be responsible for drawing up expenditure plans for Devolved Formula Capital, taking into account the three year spending deadline. Approval of the Local Authority must be sought for all schemes unless solely for I.C.T. purchases (which must not include alterations to electrics or the fabric of the building). Approval is also needed when using revenue monies for capital expenditure.
3. The Governors will delegate responsibility to the Head Teacher to spend up to £1500 from Devolved Formula Capital (i.e. the same spending limit for orders of goods), before approval is sought from the Governing Body.

4. The Governors can approve expenditure from the delegated budget to meet the cost of capital expenditure on the School premises, subject to Section 2.14 of the Derbyshire Scheme for Financing Schools and the expenditure limits outlined above. Where the County Council owns the premises, or the School has voluntary controlled status, the approval of the Council for the proposed works must be obtained via an approved Project Approval Form. Governors of Voluntary Aided Schools must seek the approval of the Diocese.

I. INTERNAL AUDIT

1. The Authority's Audit Services Unit shall have unrestricted access to all records, personnel and physical properties of the School necessary for the purposes of audit work however and wherever these are held. The Authority's Audit Services Unit shall be entitled to require from any employee, Governor or volunteer of the School such information and explanation as may be necessary for that purpose.
2. It is the responsibility of all staff in cases of suspected fraud, misappropriation of funds, materials or equipment, or any other irregularities, to comply with the School's 'Whistle-Blowing Policy/Confidential Reporting Code' or otherwise and report immediately to the Head Teacher and the Authority's Assistant Director of Finance (Audit), Audit Services.
3. The Head Teacher must consult the Authority's Assistant Director of Finance (Audit) who must review any proposed changes to existing financial, control and IT systems for the maintenance of financial records, pupil recording systems, inventory or processing of personal data held by the School. No changes may be actioned without formal approval by the Director of Finance & ICT.
4. The implementation of new ICT systems must be notified to the Assistant Director of Finance (Audit) where personal or financial data is to be held.
5. The Head Teacher and Governors are responsible for the maintenance of an effective control environment and securing School assets. The Head Teacher and Governors should ensure that Audit Reports are addressed with agreed recommendations implemented promptly and periodically reviewed.

J. IMPREST ACCOUNT

1. The Imprest account should only be used for transactions of a nominal value to purchase items which cannot be processed using official ordering procedures and shall be operated in accordance with the instructions of the Head Teacher. The Imprest account shall not be allowed to be overdrawn.
2. Cash floats shall be operated in accordance with the instructions of the Head Teacher.
3. All disbursements from the Imprest account must be supported by authorised vouchers, receipts and records with all transactions recorded promptly.
4. Salaries, wages or taxable expenses must never be paid through the Imprest account.

5. The School will maintain a bank account with the Authority's approved bank for the purposes of operating the Imprest account with three signatories approved by the Governing Body. The level of funds to be held shall be determined by the Head Teacher with requests for further allocations submitted on a Summary of accounts form to be processed through the Vendor Invoice Management System.
6. The Authority will make debit cards available for School Imprest Account signatories. The Council's Schools Debit Card Policy provides detailed guidance on using debit cards and describes the responsibilities and restrictions which cardholders must accept before being provided with any such card. Staff must comply with the Debit Card Policy at all times.
7. The Imprest account shall be reconciled to the bank statement by an officer independent of the day to day running of the account and who does not hold a debit card. Where this is not possible then the Head Teacher should countersign the reconciliation. The Form A shall be completed annually for the Imprest account at 31 March each year which shall be retained and made available for Audit inspection.
8. Cash payments out of the account shall be confined to small amounts where direct payment by the debit card would be inappropriate. Individual transactions should be specifically approved by the Head Teacher and should not exceed

| | Cash (£) | Internet (£) | Point of sale (£) |
|-----------|----------|--------------|-------------------|
| Primary | 200 | 200 | 200 |
| Secondary | 200 | 500 | 500 |
| Special | 200 | 500 | 500 |

9. Out of Pocket Expenses – Wherever possible the School's debit card should be used for low value items of expenditure only. Under exceptional circumstances, and with prior approval, an Out of Pocket expenses claim form can be submitted for reimbursement of expenditure incurred by staff to acquire goods and services for approved School business. Local Authority's Audit Services recommend a limit of £25 for Out of Pocket expenses. Under no circumstances can a member of staff authorise their own Out of Pocket claim form.

K. STORES AND INVENTORIES

1. The School Business Officer shall be responsible for the safe custody of stores and inventory items, and the maintenance of records. The inventory record should be held in the SAP Finance Inventory module or an alternative Asset Recording System (evaluated by Audit Services) of all items deemed to be portable or desirable. The inventory must be kept up to date and amendments/additions made promptly. Serial numbers or other identifying reference should be quoted wherever possible.
2. The Head Teacher shall be responsible for ensuring that an evidenced, independent check of inventory items is carried out at least once a year. Where applicable, an evidenced, independent stock take of stores should also be carried out.
3. Any inventory/stores discrepancies should be investigated promptly. Any writing off of obsolete inventory/stores shall be done only with the prior approval of the Governing Body.

Details of disposal where appropriate, including authorization, signature, date, and method of disposal should be documented.

4. Items which need not be included on an inventory are furniture, personal property, and consumables and equipment worth less than £50 (recommended between £50 and a maximum of £200). Exemptions to this, may include a group of items e.g. 10 tablets in one classroom which exceeds the value quoted above.
5. The ICT Co-ordinator or Network Manager/ICT Technician will maintain an inventory using the SAP Finance Inventory Module or an alternative Asset Recording System of curriculum software used in School, ensuring that all software is covered by appropriate licences and the software inventory should be subject to independent, evidenced checks.
6. Due to the inherent weaknesses and lack of effective audit trail, spreadsheets must not be used as a means of recording the School's inventory.

L. INSURANCE

1. The Governors through the Head Teacher will be responsible for ensuring the School has the necessary insurance cover in line with the policy determined by the Governing Body.
2. All staff shall notify the School Business Officer/Head Teacher immediately of any loss, liability or damage which may lead to a claim. The Council's Insurance Section should also be notified.

M. PROPERTY AND ASSETS

1. All School staff shall be responsible for ensuring the proper physical and logical security of all buildings and other assets under their control.
2. No School assets shall be subject to personal use by staff or students without proper authority from the Head Teacher. An up to date register of all assets used outside the School by School staff should be kept. The staff member should sign the register to confirm both receipt and return of the asset along with the Head Teacher or nominated representative.
3. The Head Teacher is responsible for ensuring that suitable arrangements are made for the safe custody of keys to buildings, safes and similar receptacles. Keys to the safe should be taken off site in the evening/weekends.
4. To maintain the security of information away from the School, all mobile devices including laptops and USB devices should be encrypted to prevent unauthorised access to the School's data in line with current data protection legislation. USB devices should be issued by the School with a log maintained of the staff these have been allocated to.

N. VAT

1. The Head Teacher shall be responsible for ensuring that the School conforms to VAT procedures as issued by the Authority (failure to comply could lead to HM Revenue and Customs claims against the School's budget). Where in doubt, staff should seek guidance from the County Council's Corporate Finance Division.

2. The Council's VAT Officer or their representatives shall have right of access to all records appertaining to VAT. The VAT Officer will also, from time to time be required to visit the School in order to confirm that VAT procedures are being adhered to.
3. HM Revenue & Customs inspectors visit the County Council to carry out inspections. They will include Schools within their inspection and are legally entitled to inspect Schools' records.

O. PROCUREMENT

Tendering

1. Each School's maximum tendering threshold is determined by the following formula:

£10,000 plus 1% of a School's budget (to include Schools Block, High Needs Funding, ERS, SEN TA funding, EYSFF and Post 16 funding; excluding rent and rates).

If the calculation of the above generates a figure of less than £30,000, then that is the maximum tender limit for your School. If the figure generated is over £30,000, then your maximum tender limit is £30,000, (applies to Schools with budget / income streams of over £2,000,000).

Schools can have a lower tender limit if they wish (Not recommended to be lower than £10,000).

The following suggested limit can be applied based on total budget size:

| Budget Size (£) | Tender limit (£) |
|-----------------|------------------|
| 150,000 | 11,500 |
| 250,000 | 12,500 |
| 500,000 | 15,000 |
| 1,000,000 | 20,000 |
| 1,750,000 | 25,000 |
| 3,000,000 | 30,000 |

2. Consequently, the School's tender limit is **£17800**
3. Schools are advised that, in operating within this increased upper threshold, they should consider:
 - tendering below this if they feel it is of benefit on a specific scheme; and
 - reviewing their internal authorisation limits regularly as part of the SFVS governance framework.
4. Where the estimated value or amount of a proposed contract exceeds the School's tendering threshold, tenders shall be invited either by selective or open tendering as prescribed by the Council's Financial Regulations and Standing Orders relating to Contracts.

Open tendering: tenders shall be invited by giving at least ten days' public notice. The

notice shall express the nature of the contract or where appropriate as required by EU Procurement Law.

Selective Tendering would entail the use of a mini-competition from a framework that schools could access

5. The requirement to go to tender may be waived only by the Governing Body where they are satisfied that there are special circumstances justifying exemption. Such exemptions shall be recorded in the minutes with reason(s) for waiving the tendering requirements.
6. An invitation to tender shall state clearly the closing date and time for receipt of tenders and that:
 - a) The Governing Body does not bind itself to accept the lowest or any tender.
 - b) No tender will be accepted unless it is enclosed in the special envelope bearing the distinctive label supplied with the tender form, properly sealed and addressed to the Head Teacher and either sent by post or hand delivered to the Head Teacher.
 - c) Proof of posting will not be accepted as proof of delivery if the tender fails to arrive at the address shown on the tender envelope label for the closing date and time.
7. No tender received after the closing date and time shall be considered (any such tender will be returned to the tenderer unopened by the Head Teacher).
8. Tenders shall be kept securely in the custody of the Head Teacher until the time and date specified for their opening.
9. Tenders shall be opened at one time, which shall be as soon as possible after the closing date and time and only in the presence of three people appointed by the Finance Committee. Those people shall certify a list of tenders received.
10. Acceptance of Tenders

Under normal circumstances the School will award to the supplier quoting the lowest price or the Most Economically Advantageous Tender (MEAT). However, there may be times when the lowest price should not be accepted, and any such reasons for accepting a higher price must be reported to the Governing Body and be recorded in detail. A list of tenders received, identifying the tender accepted shall be reported to the Finance Committee with the successful tenderer minuted.

11. Alteration of Tenders

Once opened, tenders shall not be altered except that a tenderer may be given an opportunity to correct an error in calculation. When such an opportunity is given the tenderer shall be given no information about other tenders or the likelihood of the tender being accepted.

Quotations

12. Quotations
 - a) Where the estimated value of a proposed contract does not exceed the tendering threshold above but does exceed £5000 alternative written quotations shall be invited

by three firms/suppliers considered competent to perform the contract. (It is strongly recommended that where a planned project or purchase is non-routine and not obtained from an approved supplier three written quotations are obtained irrespective of the estimated cost in order to demonstrate best value).

- b) The Finance Committee may waive the requirements for quotations below the tender limit where they are satisfied that there are special circumstances justifying exemption. Such exemption shall be recorded in the minutes.
- c) Under normal circumstances the School will award to the supplier quoting the lowest price or the Most Economically Advantageous Tender (MEAT). However, there may be times when the lowest price should not be accepted, and any such reasons for accepting a higher quote must be reported to the Governing Body, and be recorded in detail.

The following suggested limit can be applied based on the School's total budget size:

| Budget Size (£) | Quotation Limit (£) |
|-----------------------|---------------------|
| 40,000 – 150,000 | 500 |
| 150,001 – 250,000 | 750 |
| 250,001 – 500,000 | 1,000 |
| 500,001 – 1,000,000 | 2,000 |
| 1,000,001 – 1,750,000 | 2,500 |
| 1,750,000 – 3,000,000 | 3,000 |

P. UNOFFICIAL FUNDS

1. The Governing Body has responsibility for the unofficial funds of the School. The Head Teacher shall report to the Governing Body on the unofficial funds.
2. The Head Teacher shall arrange for a suitable bank account to be opened for any unofficial funds. A minimum of two signatories for the bank account shall be reviewed by the Finance Committee and approved by the Governing Body. The number of bank accounts should be kept to a minimum. Bank accounts must be opened in the name of the School.
3. The Head Teacher is responsible for the maintenance of accurate financial records and banking records of all unofficial funds. The School Business Officer will maintain the records on a day-to-day basis with a cash book used to record all transactions on the computerised accounting system so that statements of income and expenditure can be generated at any time.
4. All payments must be supported by vouchers and receipts giving full details of the expenditure and made by cheque or debit card where applicable.
5. All income must be banked intact at least weekly or as the cash in hand exceeds £250. (Or approved limit for the safe if applicable).

6. The running of particular activities (e.g. School journeys, tuck shop etc.) should not necessarily fall upon the School Business Officer but those responsible must keep suitable records. In the case of educational visits and School journeys, the teacher in charge should keep a simple account of the money received and spent and should present a final statement to the School Business Officer, this should be entered on SAP and supported by evidence of expenditure (e.g. receipts, invoices etc.)
7. The accounts should be prepared to run from 1st September to 31st August each academic year and an annual summarised statement of receipts and payments, supported by the subsidiary records and vouchers, must be submitted for audit. The Governors should appoint an auditor that is independent of the operation of the unofficial funds and should not have had close connections with the fund or been involved in the fund raising activities. The audit should be undertaken annually in accordance with advice issued by the Authority's Director of Finance & ICT. It should be completed within three months of the period end and a signed certificate provided by the auditor that states the accounts represent a 'true and fair view' or include details why they do not. The accounts and the certificate should then be presented to the Governing Body.
8. No payments for overtime to members of staff or for payment of fees to staff for carrying out additional work as part of their normal duties should be paid out of the School fund. Under no circumstances must personal cheques be cashed from the School fund.
9. To provide transparency, summary information should be made available to interested parties with details published on the School's website including the auditor's certificate.

Q. HOSPITALITY AND GIFTS

1. Hospitality may only be accepted where it is of minimal value, with no attached conditions, and there is a genuine need to impart information or represent the School. The acceptance of hospitality must not create a conflict of interest or cause embarrassment to the School. The offer must be reported to the Head Teacher regardless of whether it is accepted. If hospitality is offered to the Head Teacher this should be reported to the Chair of Governors.
2. Gifts of a nominal value, up to the value of £50, with no attached conditions, such as calendars, diaries etc. may be accepted if they are retained within the School. Gifts worth more than £50 must not be accepted. Gifts of more than a nominal value offered to employees by contractors, organisations, firms or individuals should always be declined and must be reported to the Head Teacher.
3. If it is suspected that an improper motive may or is perceived to exist, ie the giver is seeking to influence decisions or actions, the offer must be declined and reported to the Head Teacher.
4. In no circumstances should a monetary gift be accepted and such offers must be reported to the Head Teacher.
5. All offers of gifts and hospitality should be recorded in a gifts and hospitality register whether these are accepted or declined. Annual review of the entries made in the register should be undertaken by the Governing Body with evidence of the review minuted.

6. Where delegated or unofficial funds are used to pay for staff hospitality e.g. to celebrate an Ofsted success or provide a meal on an inset day, this must be formally approved by the Governing Body with consideration given as to whether it is an appropriate use of funds. The hospitality is deemed a 'benefit in kind' and potentially has a tax implication should the value exceed £50 and as such must be notified to the Shared Services Centre. A number of exemptions apply whereby there is no tax implication and as such no need for notification with further information available at;

<https://schoolsnet.derbyshire.gov.uk/administration-services-and-support/human-resources/school-payroll-hmrc-advice-regarding-p11ds-for-benefits-provided.aspx>

R. RETENTION OF RECORDS

1. All financial records should be retained in accordance with the Authority's retention guidelines. The majority of financial records should be retained for six years, plus the current year, or back to the previous audit inspection, whichever is the longer period. Certified, paid invoices must be kept for the current year plus the previous six years in a safe, secure environment which will enable easy location and be available for inspection by HM Revenue and Customs (HMRC). Schools using SAP will not retain invoices as they are sent to the County Council where they are scanned and then destroyed as approved by HMRC.
2. Disposal of confidential information and records should be done in a secure manner in compliance with current data protection legislation. If records are shredded using an external company then a Destruction Certificate should be obtained and retained.
3. The School should approve a schedule for the retention of financial and non-financial records. Records held within School should be reviewed annually in accordance with the retention document.

S. EXTENDED SERVICES

1. If a School decides to provide extended or 'wraparound' services these need to be formally agreed and approved in advance by the Governing Body. In addition, a nominated officer should be appointed within the School to manage and coordinate the additional services and ensure that the Governing Body is provided with regular budget monitoring information on the financial position of the services being provided. The extended or 'wraparound' services should be managed in line with the principles of these financial regulations and procedures.
2. To enable the Governing Body to make informed decisions on the effectiveness, an initial projection of income and expenditure plan must be prepared. The plan should include details of all potential 'losses' to the School so that the Governing Body can approve the funding that will be required from the 'mainstream' School budget to support such services. Where the initial funding from the 'mainstream' budget is not sufficient, approval of the Governing Body must be obtained for any additional shortfall in advance.

3. Costs and income should be recorded using the extended services codes:

| | |
|-----------------------------------|-----------------|
| Extended Services Employee Costs: | 111500 – 111515 |
| Extended Services Resources: | 146150 |
| Extended Services Income: | 231080 |

4. It is important that on-going monitoring of income and expenditure is undertaken so that the Governing Body is fully apprised on the impact of the additional provision on the School's budget. The financial information relating to extended or 'wraparound' services including any identified losses should be reported on a regular basis, at least six times a year, with the agreed actions and approvals formally recorded within the Governing Body minutes.

5. If the above codes are not used, internal monitoring of costs incurred against other codes will need to be performed. Transfers of costs between codes can be actioned in School to simplify the monitoring process.

Appendix 1 Roles and Responsibilities

Governing Body

The statutory responsibilities of the Governing Body are detailed in Section 21 of the Education Act 2002. Governors have collective responsibility for the financial decisions and are answerable to parents and the wider community.

The Governors have a strategic responsibility for managing the School finances and resources to optimise the standards of education.

The Governors' role will be to:-

- Manage the School budget. Consider and approve the annual budget plan in line with the School Improvement Plan, by the second Friday in May each year.
- Decide whether to delegate responsibilities to the Finance Committee, Head Teacher, School Business Officer and establish the level of their responsibility and financial limits.
- To determine the staff establishments in line with the School Improvement Plan / Strategic Forward Planning Document, and a pay policy for the School.
- To determine a procedure for ensuring there are adequate cover arrangements for teaching and support staff absences, taking into account budget limitations.
- Receive and consider information received from the LA regarding changes to the funding formula.
- Ensure accurate accounting records are maintained and retained for appropriate periods of time in accordance with the Governors' Document Retention Policy and legal requirements.
- To provide support, advice, and act as a 'critical friend' to the Head Teacher.
- Receive budget monitoring reports and consider changes to the budget plan in the light of information contained in the monitoring reports.
- Ensure the School meets all statutory financial responsibilities through the establishment and annual review of the financial regulations and procedures, taking into account the LA financial regulations.
- Ensure the School achieves 'Best Value' from its budget.
- Ensure that a Declaration of Pecuniary and Personal Interest Register is maintained for all governors and all staff.

- Ensure that prompt responses are made where necessary to audit and other inspections, and improvement action plans are followed.
- Authorise the disposal/write off of inventory items and “written off stock”.
- Ensure the School has an appropriate Confidential Reporting Code or ‘Whistle Blowing’ policy that staff, parents and contractors are made aware of it.

The Governing Body may delegate some of its responsibilities to Committee. If this decision is taken, the main Governing Body will:-

- Define the terms of reference of all Committees that are in operation.
- Define the extent of delegation.
- Ensure the main Governing Body receives minutes and reports from each Committee.
- Annually review the Committee’s terms of reference.
- Ensure there is a formal link between the Committee and other Governors’ Committees where decisions of one affect the other.

Role of the Head Teacher

The Head Teacher will be responsible for the day to day leadership and financial management of the School. The level of those responsibilities and maximum limits of expenditure will be determined by the Governing Body and formally minuted.

The key responsibilities of the Head Teacher will be:-

- The internal organisation of the School to ensure the sound management of financial systems and procedures.
- Formulate the draft budget plan for submission to the Governors in line with the School Improvement Plan and agreed staffing establishments.
- To monitor the School budget at least *monthly* and provide reports to the Governors / Finance Committee at least 6 times per year, covering the current financial year, and at least the next two.
- Formulate and implement financial policies and procedures to ensure efficient and effective management and control (and in accordance with LA requirements).
- To ensure there is adequate supply cover for teaching and support staff absences in line with Governors' procedures and strategies.
- Ensure all staff with financial responsibilities receive training and advice on financial policies and procedures.
- Manage the School's voluntary funds and ensure they are independently audited on an annual basis and the accounts and auditor's report are presented to the Governors promptly.
- Implement budget virements up to the limit as agreed by the Governors and obtain Governors' approval for virements above that level.
- Respond to the audit reports and action plans and provide reports to the Governors on progress against these requirements.
- Ensure the maintenance of an up to date inventory of equipment in a form approved by the Local Authority, which is reviewed annually.
- Ensure the School has appropriate insurance cover for public liability, building and contents etc.
- To sign official orders for the purchase of goods and services up to the limit agreed by the Governors. The Governors will be responsible for approving orders above that limit.
- Be responsible for the authorisation of employee timesheets / starters / leavers / changes forms.
- To ensure that financial and confidential information is held securely at the School with access restricted to authorised staff only.

Role of the School Business Officer

The level of responsibility of the School Business Officer will be determined by the School Governors on the advice of the Head Teacher who will be the employee's Line Manager. The School Business Officer may be given responsibility for a level of expenditure determined by the Governing Body and formally minuted.

The key responsibilities of the School Business Officer are:-

- The general administration of the School Finance Systems and procedures ensuring good practice and efficiency.
- Working with the Head Teacher to formulate a draft annual budget plan for submission to the Governing Body.
- To maintain accurate and up to date financial records and accounts, this will be retained for the statutory length of time.
- To monitor expenditure against budget headings in respect of the School's formula budget and Standards Funding, and provide reports to the Head Teacher.
- To sign official orders for the purchase of goods and services up to the limit approved by Governors. The Head Teacher and Governors will be responsible for orders above that limit.
- The management and training of staff with financial responsibilities under the guidance of the Head Teacher.
- Work with the Head Teacher to respond to audit reports and action plans.
- Maintain the School inventory in conjunction with the Head Teacher and assist with its annual review.
- Maintain the School Imprest / petty cash system and provide reports for the Head Teacher.
- To bank all income promptly and intact, working with a second employee for verification purposes ensuring cash held in school is securely stored and does not exceed £250.
- Ensure invoices are paid promptly in line with the School's Financial Procedures.
- Ensure all SAP "postings" are promptly and regularly checked and 'signed off'.
- Be responsible for the completion of all employee leaver / starter / changes forms for authorisation by the Head Teacher and onward submission to the Shared Services Centre at Matlock.
- Ensure access to the SAP and RM Integrus systems are adequately controlled and that user accounts are promptly deleted following staff departures.