



## Beths Grammar School

### Financial Procedures Manual

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## 1. Introduction

- 101 The purpose of this manual is to ensure that the school maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).
- 102 The school must comply with the principles of financial control outlined in the academies guidance published by the DfE. This manual expands on that and provides detailed information on the school's accounting procedures and should be read by all staff involved with financial systems.

## 2. Organisation

- 201 The school has defined the responsibilities of each person involved in the administration of school finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

### **The Governing Body**

- 202 The governing body has overall responsibility for the administration of the school's finances. The main responsibilities of the governing body are prescribed in the Funding Agreement between the school and the DfE and in the school's scheme of government. The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the school's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the Headteacher and
- appointment of the Business Manager, in conjunction with the Headteacher.

### **The Finance & Asset Management Committee**

- 203 The Finance & Asset Management Committee is a committee of the governing body. The Finance & Asset Management Committee meets at 4 times each year.

- 204 The main responsibilities of the Finance & Asset Management Committee are detailed in written terms of reference which have been authorised by the governing body. The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
- recommending to the Governing Body the award of contracts, virements and unbudgeted expenditure over £50,000
- reviewing the reports of the Internal Auditor on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.

### **The Headteacher**

- 205 Within the framework of the school improvement plan as approved by the governing body the Headteacher has overall executive responsibility for the school's activities including financial activities. Much of the financial responsibility has been delegated to the Business Manager but the Headteacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them;

- authorising contracts over £50,000 in conjunction with the governors
- signing cheques over £5,000 in conjunction with other authorised governor signatories.

### **The Business Manager**

206 The Business Manager works in close collaboration with the Headteacher through whom he or she is responsible to the governors. The Business Manager also has direct access to the governors via the Finance & Asset Management Committee. The main responsibilities of the Business Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the school financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the school;
- the preparation of monthly management accounts;
- authorising orders over £10,000 in conjunction with budget holders
- signing cheques in conjunction with other authorised signatories and
- ensuring forms and returns are sent to the DfE in line with DfE requirements.

### **Internal Auditor/Scrutiny**

207 The Internal Auditor is appointed by the governing body and provides governors with an independent oversight of the school's financial affairs, ensuring systems are effective and compliant. Internal scrutiny must focus on:

- **Evaluating** the suitability of, and level of compliance with, financial and other controls. This includes assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed
- **Offering advice and insight** to the board on how to address weaknesses in financial and other controls, acting as a catalyst for for improvement, but without diluting management's responsibility for the day to day running of the school.
- **Ensuring all categories of risk** are being adequately identified, reported and managed.

208 The school will identify a programme of works on a risk basis (with reference to the risk register), the areas it will review each year. The Internal Auditor must follow the programme of internal scrutiny, providing independent assurance to the governing body that the schools financial and other controls and risk management procedures are operating effectively. Regular updates should be provided to the Finance and Asset Management Committee and the Full Governing Body. Detailed guidance on Internal Scrutiny is published in the Academies Financial Handbook.

### **Other Staff**

209 Other members of staff, primarily the Administration & Finance Manager (AFM) the Finance Assistant (FA) and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of school property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the school's financial procedures.

### **Register of Interests**

210 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all school governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the school may purchase goods or services.

The register is open to public inspection.

- 211 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the school. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.
- 212 The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

### **3. Accounting System**

- 301 All the financial transactions of the school must be recorded on the PS Financials (PSF) accounting system which is operated by the Finance Department.

#### **System Access**

- 302 Entry to the PSF system is password restricted and the Business Manager is responsible for implementing a system which ensures that passwords are changed at least every 3 months.
- 303 Access to the component parts of the PSF system can also be restricted and the Business Manager is responsible for setting access levels for all members of staff using the system.

#### **Back-up Procedures**

- 304 PS Financials is a cloud hosted application and as such provides a continual back up of records. However, as an added precaution, the Network Manager runs differential daily backups overnight on Monday to Thursday and a full backup is taken on Friday. The weekly Friday tapes are stored offsite on a three weekly cycle.
- 305 The Business Manager & Network manager should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the school is exposed and the systems that have been put in place to mitigate those risks.

#### **Transaction Processing**

- 306 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures are included in the following sections of the manual. Bank transactions should be input by the FA and the input should be checked, and signed to evidence this check, by the AFM.

### **4. Financial Planning**

- 401 The school prepares both medium term and short-term financial plans.
- 402 The medium term financial plan is prepared as part of the school improvement planning process. The improvement plan indicates how the school's educational and other objectives are going to be achieved within the expected level of resources over the next three years.
- 403 The improvement plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the school and the planned use of those resources for the following year.

404 The improvement planning process and the budgetary process are described in more detail below.

### **School Improvement Plan**

405 The improvement plan is concerned with the future aims and objectives of the school and how they are to be achieved; that includes matching the school's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

406 The form and content of the improvement plan are matters for the school to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

407 The completed improvement plan will include detailed objectives for the coming academic year and outline objectives for the following two years where income budgets are known in advance. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

### **Annual Budget**

408 The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Finance & Asset Management Committee and the Governing Body.

409 The approved budget must be submitted to the DfE by the date and in the format specified by the EFA each year. The Business Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

410 The annual budget will reflect the best estimate of the resources available to the school for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the improvement plan objectives and the budgeted utilisation of resources.

411 The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of students to estimate the amount of DfE grant receivable;
- review of other income sources available to the school to assess likely level of receipts;
- accurate forecast of staffing requirements and costs;
- review of past performance against budgets to promote an understanding of the school cost base;
- early planning of capital works;
- identification of potential efficiency savings and
- review of the main expenditure headings in light of the improvement plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

### **Balancing the Budget**

412 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

### **Finalising the Budget**

413 Once the different options and scenarios have been considered, a draft budget should be prepared by the

Business Manager for approval by the Headteacher, the Finance & Asset Management Committee and the Governing body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

- 414 The budget should be seen as a working document which may need revising throughout the year as circumstances change.

#### **Monitoring and Review**

- 415 In line with DfE regulations Monthly management accounts will be prepared by the Business Manager on an accruals basis and will be distributed to the Chair of Governors and Accounting Officer. Termly management accounts will be presented at the Finance and Asset Management Committee and subsequently Full Governing Body for approval and a further three months management accounts will be distributed to Governors during the Academic Year. In total six management accounts will be produced for Governors during the year.
- 416 Any potential overspend against the budget must in the first instance be discussed with the Business Manager. The accounting system will not allow payments to be made against an overspent budget without the approval of the Business Manager.
- 417 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. Budget virements over £50,000 must be authorised by the Finance & Asset Management Committee.

## **5. Payroll**

- 501 The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

#### **Staff Appointments**

- 502 The Governing Body has approved a personnel establishment for the school.
- 503 The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteachers and the Business Manager whose appointments must follow consultation with the governors. The Business Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Business Manager immediately.

#### **Payroll Administration**

- 504 A single payroll covering all members of staff will be administered on behalf of the school by Baxter & Co Ltd from 1<sup>st</sup> April 2011 (Strictly Education Ltd prior to this date) and the Business Manager will be the school's liaison officer. No cash payments are made from the payroll.
- 505 Changes to the payroll will be advised in writing by the Business Manager, all such advices being signed by the Headteacher and being retained for audit. In the case of a new appointment, a copy of the appointing letter will pass to the Business Manager for action. Regular amendments to the payroll, such as overtime, are to be authorised by the budget holder/Line Manager and countersigned by the Business Manager. Increases in salary and honoraria will be authorised by the Headteacher and Business Manager. It should be noted that, as an individual may not authorise a document which generates a personal benefit, additional payments to the Headteacher must be countersigned by the Chair of Governors.

- 506 A complete monthly payroll printout is to be obtained before payment date. Printouts, together with associated documentation will be checked for accuracy and authorised for payment by the Business Manager and the Headteacher.
- 507 Access to personnel, payroll and payment records will be restricted to staff members directly involved in the administration of these functions. When not in use, such information is to be kept under lock-and-key.
- 508 The Governing Body is responsible for compliance with requirements for the payment of statutory PAYE/NIC deductions to the appropriate authority by the due dates. The year-end return to HM Revenue and Customs (P35) will be returned by the payroll provider.
- 509 The procedure outlined in appendix 2 is designed to allocate individual responsibility and applies to all payroll changes. The Business Manager must ensure pension contributions are paid promptly to the appropriate fund.

The Business Manager will ensure that all eligible employees are enrolled into an approved pension scheme in accordance with auto enrolment with effect from the staging date of 1<sup>st</sup> May 2014. All employees will be re-enrolled in the scheme every 3 years within 3 months of the anniversary of the staging date.

## 6. Purchasing and Payment

- 601 The school wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:
- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the school;
  - **Accountability**, the school is publicly accountable for its expenditure and the conduct of its affairs;
  - **Fairness**, that all those dealt with by the school are dealt with on a fair and equitable basis.
- 602 Strict procedures for financial dealings have been determined and are detailed in the following paragraphs (flow charts in appendix 3 and 4 refer)
- 603 For orders valued at less than £10,000 best value must be obtained. For orders valued between £10,001 and £15,000 3 quotes must be obtained and quotes documented on form QT1. Order values of between £15,001 and £50,000 will be subject to at least 3 formal written quotations which must be documented and evidenced on form QT1. Orders over £50,000 are subject to formal tendering. Flowchart and thresholds for procurement are shown on annex 8.
- 604 Two methods of submitting requests for official school purchase orders will pertain. Most originators will complete a requisition form (appendix 5 refers) which will be authorised by the relevant Head of Department/budget holder. Form QT1 will also need to be completed when the request exceeds £9,999 (appendix 6 refers). Certain originators with appropriate keyboard expertise and authority to sign requisitions in their own right will be granted access to the computer system so they may key-in directly. This route will not include the facility to print the order.
- 605 Beths official school purchase orders will be raised on the finance system and printed on the school's purchase order template. The school's full delivery address will be stated and variances from this will require the Business Manager's approval. The requirement for all invoices and statements to be addressed to the Finance Department at the school will be stated.

- 606 Originators are required to state quantity and price details together with a clear indication of inclusion/exclusion of VAT.
- 607 The computer system will accept an order and allocate a consecutive number only where there are sufficient budget funds available for the total value of the order. The Finance Assistant will authorise and print a copy of the order. This will be emailed to the supplier, or the order will be placed on the supplier's website. It will then be filed in the order pending file in alphabetical/number sequence. Each official school purchase order for goods/services at Beths will be controlled within the computer system by order number. Confirmation of action taken will be confirmed to the originator by email.
- 608 In exceptional circumstances, staff specifically authorised below may order goods/services without an order number (e.g. by telephone/facsimile) but in such circumstances, the Administration and Finance Manager/Finance Assistant is to be informed without delay so that a retroactive order may be raised. Such orders must indicate clearly that the goods/services have been ordered already by telephone/facsimile.
- Headteacher
  - Business Manager
  - Administration and Finance Manager
  - Facilities Manager
- 609 Regular payments such as monthly fees should be invoiced as non-orders.
- 610 The satisfactory delivery of goods/services will be the responsibility of the originator. Deliveries are accepted by the reception team or facilities staff, who will sign them as 'unchecked' if they are not able to do so and email the originator to notify them the goods have arrived. The originator must check them as soon as possible to indicate satisfaction in terms of quantity and quality. The delivery note will pass to the Finance Assistant who will attach the note to the copy order and the requisition and re-file on accounts pending to await receipt of the invoice. Short-delivered, wrongly delivered or damaged items will not be entered into the computer but must be reported to the supplier by originator and then to the Finance Assistant immediately. Such items will be retained under lock and key for collection by the supplier. Should goods/services be delivered without delivery note which cannot be related to an official school purchase order, the Finance Assistant is to be advised immediately and appropriate action taken.
- 611 Budget holders who have access to the finance system will then enter a goods received note, which will authorise payment of the subsequent invoice when it arrives.
- 612 Invoices are to be passed directly to the Finance Assistant who will scan-check them as financially sound. For those where no goods received note has been entered by the Budget Holder on the computer system, or where there is a price variation against the original order, they will be passed to the Budget Holder (and Business Manager if invoice exceeds £10,000) for endorsement of the invoice control stamp (Appendix 7 refers). The Finance Assistant will retrieve the requisition, copy order and delivery note (the payment bundle) from accounts-pending and attach the invoice. Confirmation that the goods/services have been received will be checked and annotated on the control stamp grid and details of the invoice will be entered onto the computer system. The Administration and Finance Manager will authorise invoices for payment where the invoice matches the purchase order and delivery note. Otherwise, liaison with the relevant Head of Department/budget holder will be necessary. The payment bundle will be filed in accounts-payable.
- 613 When an invoice becomes due for payment, the Finance Assistant will raise a cheque or BACS payment listing on the computer system, print remittances, attach them to each invoice and pass the bundle to the Finance Manager and then Business Manager for approval and signature of the payment listing.
- Cheque payments - The cheque will be drawn by the Finance Assistant, linked with the payment bundle and passed to two authorised signatories who will sign both the cheques and the remittances. The Finance Assistant will mail the cheque to the supplier.



- BACS Payments – The payment bundle will be passed to two authorised signatories will sign the remittances attached to each invoice. A list of BACS payments will be exported electronically from the finance system by the Finance Assistant. The Business Manager or Headteacher in the Business Manager’s absence will upload and import the BACS run to the bank, approve it, print the bank BACS report and sign it. The Headteacher or other authorised signatory will then also approve the BACS import on line with the bank and sign the report. The Finance assistant will email remittances to suppliers.

614 Where it is not considered pertinent for the cheque or BACS payment to be accompanied by the bundle for signatory purpose, it may pass on its own but the control stamp grid will need to be completed as usual. Every effort will be made to ensure that Budget Managers do not sign cheques or BACS payments for expenditure within their own budgets.

615 Invoices and remittances will be filed alphabetically by supplier’s name. The signed payment listing report and signed bank BACS report will be filed together in the payment listing file.

616 Cheques remaining un-presented after six months are not to be honoured by the bank and will be written-back. A further payment will be made if appropriate.

617 Payment will be made only against approved invoices addressed to the school. Copy-invoices will be acceptable where a valid reason is documented.

**EU Law on Tendering**

618 EU law requires that public bodies advertise contracts through the Official Journal of the European Union (OJEU) where they exceed certain monetary thresholds. The current thresholds must be established and adhered to before tender documents are issued.

**Minimum Financial Thresholds - Public Sector: 2020/2021**

Supply, Services and Design Contracts	Works Contracts	Social and other specific services
£189,330	£4,733,252	£663,540

**Forms of Tenders**

619 There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below. The budget holder should consult with the Business Manager to agree which tendering process should be followed.

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Business Manager how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
  - there is a need to maintain a balance between the contract value and administrative costs,
  - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the school’s requirements,

- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
  - the above methods have resulted in either no or unacceptable tenders,
  - only one or very few suppliers are available,
  - extreme urgency exists,
  - additional deliveries by the existing supplier are justified.

### **Preparation for Tender**

620 Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

621 It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

### **Invitation to Tender**

622 If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

623 An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

### **Aspects to Consider**

#### ***Financial***

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

#### ***Technical/Suitability***

- Qualifications of the contractor

- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

#### ***Other Considerations***

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

#### **Tender Acceptance Procedures**

624 The invitation to tender should state the date and time by which the completed tender document should be received by the school. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

#### **Tender Opening Procedures**

625 All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

- For contracts over £50,000 - either the Business Manager or the Headteacher plus 1 Governor.

626 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

#### **Tendering Procedures**

627 The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

628 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

629 Full records should be kept of all criteria used for evaluation. Contracts over £50,000 should be reported to the Finance & Asset Management Committee.

630 Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

631 The accepted tender should be the one that is economically most advantageous to the school. All parties should then be informed of the decision.

## 7. Income

701 The main sources of income for the school are the grants from the DfE. The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the school are collected.

702 The school also obtains income from:

- students, mainly for trips and
- the public, mainly for sports and educational lettings.

### **Trips**

703 A lead teacher must be appointed for each trip. In liaison with the lead teacher, the Trips Administrator must prepare a list of students eligible to go on the trip showing the amount due and when.

704 The Trips Administrator will pass this information to the Finance Assistant, who will set up the account of ParentPay. This is the online method whereby all trips income is collected and recorded.

705 The Trips Administrator and Finance Assistant will liaise to ensure all payments are collected on time.

### **Lettings**

706 The Site Manager is responsible for maintaining records of bookings and for identifying the sums due from each organisation.

707 The Site Manager will produce sales invoices on the finance accounting system and email them to suppliers. Payments are requested directly to the school's bank account or by cheque.

708 No debts should be written off without the express approval of the governing body (the DfE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

### **Custody**

709 All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £10,000 insurance limit on the Finance Office safe.

710 Monies collected must be banked in their entirety in the appropriate bank account. The Finance Assistant is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Administration and Finance Manager.

## 8. Cash Management

### **Bank Accounts**

801 The school's bank accounts are listed below:

- Beths Grammar School - Main Account for Public Funds  
Lloyds TSB  
Bexleyheath Branch  
28925268  
30-90-76
- Beths Grammar School - Private Account for Non-public Funds

Lloyds TSB  
Bexleyheath Branch  
28925960  
30-90-76

- 802 As the school is a charity, accrued interest is paid gross
- 803 The accounts may not be overdrawn or incur overdraft charges
- 804 The school will operate interest bearing accounts
- 805 Cheques and BACS payments require two signatures. The authorised signatories are:
- Chair of Governors
  - Chair of Finance & Asset Management Committee
  - Headteacher
  - Deputy/Assistant Head, Budget Manager
  - Deputy/Assistant Head, Budget Manager
  - Business Manager
- 806 Cheques and BACS payments valued over £10,000 will require a signature from 2 of the following: the Business Manager; the Chair of Governors; the Chair of the Governors Finance & Asset Management Committee; the Headteacher
- 807 Electronic cash transfers, standing orders and direct debit mandates are to be authorised as above, except in the case where the payee is an agency, duly authorised by the Governing Body to act as the school's payroll agency where the £10,000 restriction will not apply
- 808 The schools business charge card may be used in the following circumstances:
- where goods can be obtained solely through online ordering
  - where greater discount can be obtained through online ordering
  - for overseas transactions which would otherwise require special bank mandates ie: international money orders
  - in place of a petty cash transaction where properly authorised in advance according to these procedures
- 809 The following members of staff are authorised to place orders for goods/services by using the school's business charge card. Authorisation must be obtained from the Business Manager and 1 other cheque signatory prior to the order being placed
- Finance Assistant (card limit £5,000 per month)
  - Administration and Finance Manager (Card limit £5,000 per month)
- 810 The following members of staff are authorised to purchase goods by using the school's business charge card. Authorisation must first be sought from the Business Manager and budget holder prior to purchase
- Finance Assistant (card limit £5,500 per month)
  - Administration and Finance Manager (Card limit £4,500 per month)
  - Site Manager (Card limit £1,000 per month)

#### **Deposits**

- 811 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

- the amount of the deposit and
- a reference, such as the number of the receipt or the name of the debtor.

### **Payments and withdrawals**

812 All cheques, BACS payments and other instruments authorising withdrawal from school bank accounts must bear the signatures of two authorised signatories:

The Business Manager will usually sign all Lloyds Bank cheques and BACS payments excepting those for which request for payment originated in the Finance Department

813 This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the school. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure although the Headteacher is expected to sign all cheques in excess of £10,000.

### **Administration**

814 The Business Manager must ensure that bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the PSF accounting system;
- reconciliations are prepared by the Finance Assistant;
- reconciliations are subject to a monthly review carried out by the Administration & Finance Manager and authorised by the Business Manager
- adjustments arising are dealt with promptly.

### **Petty Cash Accounts**

815 Separate petty cash floats for both the Main account and Private accounts will be held by the AFM during working hours. During non-working hours all monies will be held in the safe. Regular banking runs will be completed, usually once a week. The limits are to be maintained at £500 per account but amounts in excess of this may be authorised by the Headteacher.

816 Petty cash claims are to be authorised by the relevant budget holder. Should items need to be purchased in cash, an advance may be obtained and cheques will be made available by prior arrangement with the relevant Finance Office.

817 Staff will not be permitted to purchase postage stamps from the school.

818 Petty cash will be maintained on an imprest system and where sub-petty cash accounts are required, they will operate as imprests.

819 Receipts into petty cash normally will be either from the bank account as a top up or as a repayment of part or all of an advance drawn from petty cash.

820 Petty cash transactions will be supported by signed vouchers and receipts will be entered by AFM directly onto the computer system.

821 The imprest for each account is to be reconciled at each month-end checked by the Business Manager

### **Staff Expenses**

822 Reimbursement of actual expenditure incurred may be made from petty cash (or by cheque if over £20) on receipt of an authorised claim form

823 Reimbursement of travel costs and subsistence allowances will be made via payroll on receipt of an

authorised claim form

- Expenses forms must be completed by the claimant and duly authorised by the budget holder
- Claims by the Headteacher are to be authorised by the Budget Manager or Chair of Governors where the Headteacher is the Budget Manager
- Self-authorisation will not be permitted
- All claims must be substantiated by receipts

824 Subsistence allowances and travel costs will be determined by the Governing Body. Travel costs will normally be limited to a maximum equivalent to the second class return rail fare. Subsistence and mileage allowances are published in the staff handbook. Should the limits need to be exceeded, the Headteacher must sanction the increased rate by an accompanying note.

#### **Cash Flow Forecasts**

825 The Business Manager is responsible for preparing cash flow forecasts to ensure that the school has sufficient funds available to pay for day to day operations. Monthly cashflow forecasts are produced with the management accounts and forwarded to the Accounting Officer and Chair of Governors for approval. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account to cover potential cash shortages.

#### **Investments**

826 Investments may only be placed with Lloyds TSB money markets

827 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

## **9. Fixed Assets**

#### **Fixed asset register**

901 All items purchased with a value over the school's capitalisation limit of £5,000 must be entered in the fixed asset register (and the asset register). The fixed asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of department responsible for the asset

#### **Depreciation of fixed assets**

902 Depreciation levels have been set as follows:

- Buildings (& associated ie double glazing), 50 years @ 2% straight line

- Vehicles @ 25% reducing balance
- Servers/ICT equipment (including building management systems) and D&T machinery, 5 years @ 20% straight line

### **Asset register**

903 Purchases with a value of £500 and over and lower cost items (ie cameras) that require tracking should also be entered in the asset register recording only the following data:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- location
- name of department responsible for the asset

Budget holders will be responsible for maintaining accuracy of the asset register, and the actual recording, will be completed by the Assistant Facilities Manager. No deletions are to be made from the computer register without being logged as deleted. The asset register will be established by liaison with those members of staff who have assets in their charge submitting up-to-date lists. Full details relating to asset register and disposals are detailed in the Asset Register Procedure.

904 The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- external auditors to draw conclusions on the annual accounts and the school's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

### **Security of assets**

905 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

906 All the items in the register should be permanently and visibly marked as the school's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the governing body. Inventories of school property should be kept up to date and reviewed regularly. Where items are used by the school but do not belong to it this should be noted.

### **Disposals**

907 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Business Manager and signed off annually by the Chair of the Finance & Asset Management Committee. Where values are significant, items should be sold following competitive tender and authorised by Chair of the Finance & Asset Management Committee. The school must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

908 ICT equipment over 5 years old that has been removed from service through the routine 5 year rolling programme of replacement and whose value has become insignificant may be disposed of without reference to governors.

909 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence that the school



obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the school would need to ensure licences for software programmes have been legally transferred to a new owner. Departments wishing to dispose of equipment must complete "Request for removal of equipment" form.

910 The school is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other school assets. If the sale proceeds are not reinvested then the school must repay to the DfE a proportion of the sale proceeds.

911 All disposals of land must be agreed in advance with the Secretary of State.

#### **Loan of Assets**

912 Items of school property must not be removed from premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back in school when it is returned.

913 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the school's auditors.

*Approved June 2020  
To be reviewed Spring/Summer 2023*

## 10. Appendices

### APPENDIX 1: STAFF EMPLOYMENT PROCEDURES

PHASE	ACTION	RESPONSIBILITY
Resignation of staff member	Payroll Agency informed	Business Manager
Job description for replacement	Job description updated	Teaching: Headteacher Other: Head's PA
Advertisement required	Produce advertisement	Teaching: Headteacher Other: Head's PA
Advertise	Place advertisement	Head's PA
Responses received	Forward application packs	Head's PA /Receptionists
Applications received	Short list produced	Headteacher/Business Manager/Chair of Governors/Chair of HR Cmtee
References	Contact referees	Head's PA
Arrange interview	Interview packs forwarded	Head's PA
Interviews take place	Timing and co-ordination: Refund of travel cost:	Head's PA FAM
Employment Offer	Letter sent offering appointment, subject to health & CRB checks	Business Manager
Offer accepted	Personnel Dept advised: Payroll agency advised:	Business Manager
Suitability check	DBS/List 99 Health form	Business Manager
Work commences	Contract to be signed	Headteacher/Chair of Governors

## APPENDIX 2: ORDER AND INVOICE FLOW FOR USE WITH CHEQUE AND BACS PAYMENTS

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**Requisition** **Originator** Completes purchase order requisition (appendix 5) or enters directly onto PSF  
**Budget Holder** Signs requisition or authorises on PSF

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**Order** **FA** Progress requisition to order on PSF  
**AFM** Checks and approves. **Business Manager** (plus Headteacher and Chair of Governors if required) to counter sign QT1 if > £10,000  
**FA** Emails order to supplier or completes order on supplier web site  
**FA** Confirms with originator that order has been progressed  
**FA** Files copy of order

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**Goods received** **Originator** Checks quantity and quality of goods, informs Budget Holder and passes delivery note to FA  
**Budget Holder** Enters goods received note on PSF to authorise payment for the goods

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**Invoice received** **FA** Checks and:  
a) If goods received note has been entered by Budget Holder on PSF, enters invoice at register period *or*  
b) If no goods received note has been entered, for non order invoices, or for price discrepancies, stamps and passes to Budget Holder for signature/authorisation before entering invoice  
**Business Manager** to sign if >£10,000  
**AFM** checks and posts invoice

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**Payment** **FA** Creates cheque or BACS payment listing and passes together with invoices and remittances to AFM  
**AFM** Checks and signs payment listing  
**Business Manager** Checks and signs payment listing, remittances and cheques  
**2<sup>nd</sup> Payment signatory** Checks and sign remittances and cheques  
**Business Manager** For BACS – Uploads/Imports to Bank and approves. Prints BACS report and signs  
**Headteacher** Approves BACS import and signs BACS report and payment listing  
**FA** Emails remittances to suppliers  
Posts cheques with remittances  
Files invoices together with remittances  
Files signed payment listing and signed bank BACS report

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**APPENDIX 3: ORDER AND INVOICE FLOW FOR USE WHEN ORDERING ONLINE WITH SCHOOL BUSINESS CHARGE CARD**

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**Requisition**     **Originator** Completes purchase order requisition (appendix 5)  
**Budget Holder** Signs requisition

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**Order**             **FA** Checks and signs. **Business Manager** (plus Headteacher and Chair of Governors if required) to counter sign QT1 if > £10,000  
**FA** Obtains authorisation from Business Manager and 1 payment signatory  
**FA** Raises online order and prints copy of order for confirmation  
**FA** Confirms with originator that order has been progressed

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**Goods received**     **Originator** Checks quantity and quality of goods, informs Budget Holder and passes delivery note to FA

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**Invoice**            **FA** Ensures supplier provides vat invoice, files with signed order, enters transaction on spreadsheet pending reconciliation against monthly card statement.  
**AFM** reconciles against monthly statements and raises journal on PSF  
**Business Manager** Checks and signs journal reconciliation  
**FA** Files bundle in charge card payment file

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- 1 Unless the originator is authorised to key-in directly to the computer system, requisitions will be accepted only on the format issued by the finance office.
- 2 Special instructions are to be stated.
- 3 The budget may not be exceeded.
- 4 Telephone/facsimile orders are to be made only by authorised personnel.
- 5 When the order has been raised, a copy of the requisition, as applicable, will be returned to the originator. The original requisition form will be retained as part of the payment bundle.
- 6 When an order exceeds £9,999, form QT1 is to be completed recording details of prices obtained and purchasing decision. QT1 to be submitted with the purchase order requisition and retained with quotes as part of the payment bundle.
- 7 Exceptions to these procedures must be duly authorised by Chair of Governors (on behalf of the Governors) and the Headteacher.

**APPENDIX 5: FORM QT1 - RECORD OF PURCHASING DECISIONS WHEN ORDER EXCEEDS  
£9,999 (exc VAT)**

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Department budget .....

Details of order .....

Name of staff requesting quotes .....

Budget holder's signature .....

Business Manager's signature .....

**For exception**

Chair of Governor's Signature .....

Headteacher's Signature .....

Date of quote	Name and Address of Supplier	Name of Contact	Type? (Tel, email, fax, written) written if £15K- £50k	Total value of quote (exc. VAT, inc. discount)	Accept or reject?

Please attach written, fax or email quotes to this form

**APPENDIX 6:  
INVOICE CONTROL STAMP**

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<b>INVOICE MATCHED TO DELIVERY NOTE</b>	
<b>PRICES CHECKED</b>	
<b>NOMINAL CODE</b>	
<b>ACCOUNT CODE</b>	
<b>AUTHORISED BUDGET HOLDER</b>	
<b>AUTHORISED BUSINESS MANAGER</b>	

**BUSINESS CHARGE CARD CONTROL STAMP**

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<b>AUTHORISED BUSINESS MANAGER</b>	
<b>AUTHORISED PAYMENT SIGNATORY</b>	
<b>AUTHORISED BUDGET HOLDER (IF VARIANCE IN COST)</b>	
<b>CONFIRMATION PRINTED VALUE</b>	<b>£</b>
<b>JOURNAL NO. RAISED ON PSF</b>	
<b>NOMINAL CODE</b>	
<b>ACCOUNT CODE</b>	
<b>ORDER RECEIVED</b>	
<b>CONFIRMATION MATCHED TO DELIVERY NOTE /INVOICE</b>	
<b>RECONCILED ON STATEMENT NUMBER</b>	



**APPENDIX 7: FLOWCHART FOR PROCUREMENT**

