

Talbot Specialist School Financial Management And Administration Policy



Document approved by the Standing Committee on 3rd February 2017

Signed (Chair)



Print Name

Marion Hutchinson

Date of next review

April 2018

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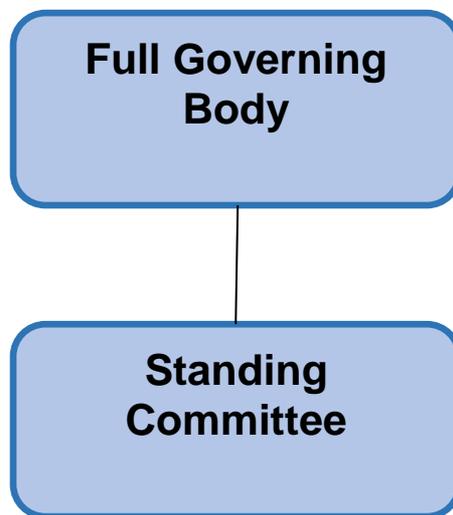
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Introduction

This document has been written with reference to the Standards for Financial Administration in Schools published jointly by OFSTED and the Audit Commission publication “Keeping Your Balance” and in accordance with the Sheffield Scheme for Financing Schools.

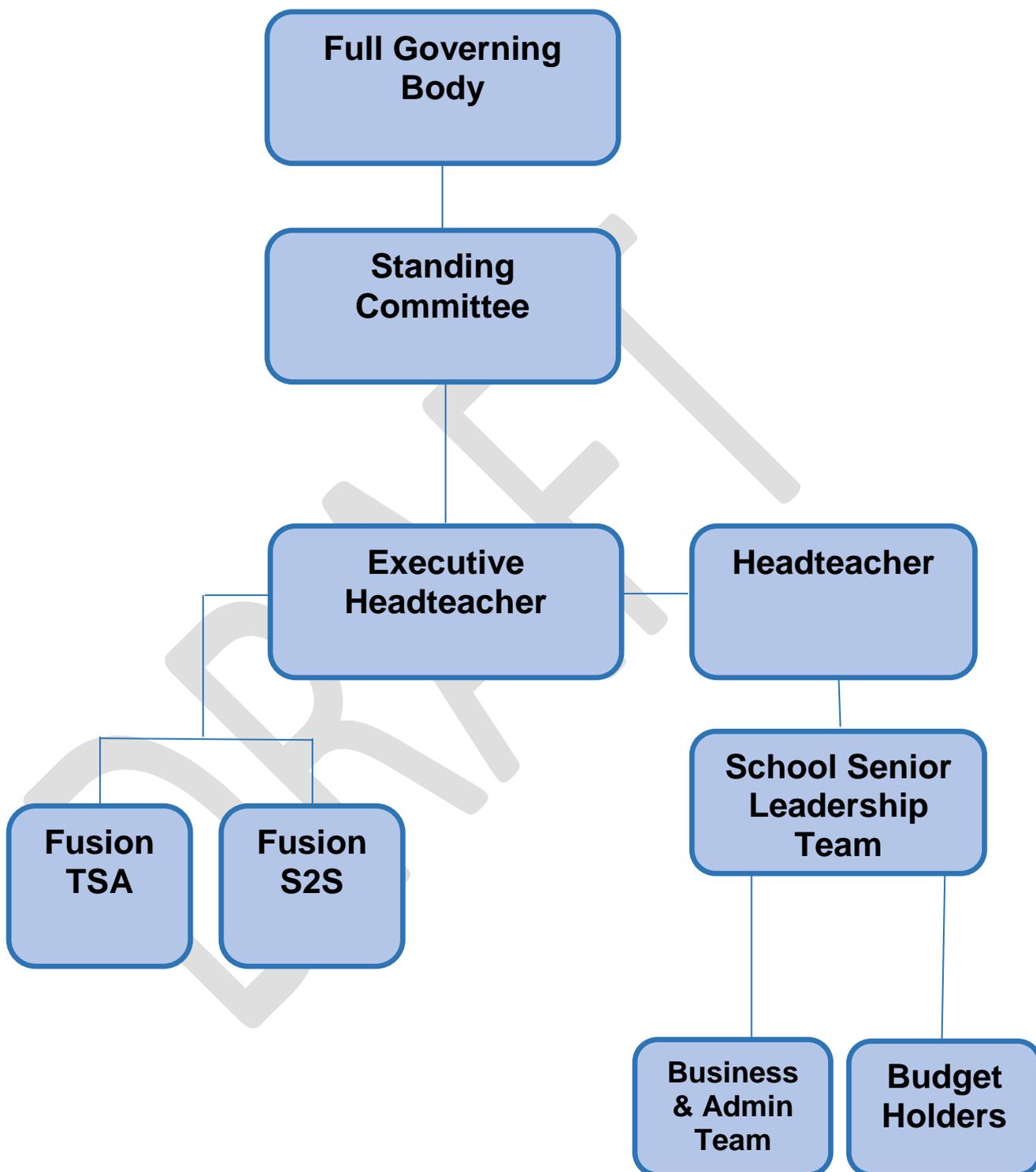
It is envisaged that this document will provide the framework of accountability for governors and staff within the school and will form the basis for more detailed financial system and process notes for school staff.

The School’s Governing Body Structure



- The full Governing Body will meet on at least a termly basis;
- The Standing Committee will meet on a monthly basis;
- A timetable of meetings will be produced and agreed at the start of each academic year (see *Appendix 1*);
- The minutes of Standing Committee meetings will be distributed to all governors and an opportunity to discuss them will be provided. A summary of the main points will be included in the minutes of the full Governing Body meetings;
- Decisions made at Standing Committee meetings which have financial implications will be referred to the full Governing Body for ratification before being actioned.

The School's Financial Organisation Chart



1. Organisation of Financial Responsibility and Accountability

1.1 Full Governing Body

Composition as at 1st April 2017

Governors:	Mrs M Hutchinson – <i>Chair of Governors</i> Mrs D Granger-James – <i>Vice Chair of Governors</i> Mr P Morgan Mr I Peake Mrs A Butlin Ms A Snowden
Staff Governor	Mr M Hussain
Executive Headteacher	Ms J Smith
Headteacher	Mrs C Sutcliffe
Associate Governor	Mrs T Bennett

Role:

- To provide a strategic view of how the school will effectively use the financial resources under its control to raise standards of achievement and promote effective teaching and learning.
- To ensure that procedures are in place which ensure accountability for and proper stewardship of the public money delegated to the school.

Responsibilities:

- To discharge statutory responsibility for the oversight of financial management in the school.
- To monitor and evaluate the effectiveness of the school's financial management procedures and ensure that the school's financial arrangements comply with the City Council's Financial Regulations and the Sheffield Scheme for Financing Schools.
- To establish a Register of Business and Pecuniary Interests, in which staff and governors are required to declare links with any suppliers from whom the school might wish to purchase goods or services or relationships with any staff or children currently at the school. To ensure that the register is maintained by the Executive Headteacher on behalf of the Governing Body, is open to inspection and is reviewed on an annual basis.

- To ensure the school has a School Improvement Plan which gives an overview of its educational aims and objectives for a three year period in sufficient detail to provide the basis for constructing budget plans.
- To ensure the school has a multi-year budget indicating the intended use of resources in achieving its educational goals in line with the timeframe of the School Improvement Plan.
- To ensure that the school has a statement setting out the steps it will take to ensure expenditure reflects the principles of best value.
- To ensure the school's annual spending plan is approved.
- To ensure the school complies with the deadlines for the return of financial monitoring information as required by the Sheffield Scheme for Financing Schools.

Delegating Authority to Committees

Where time dictates that financial reporting/decision making or approving of key documents is such that it is unreasonable to wait for a Full Governing Body meeting the full Governing Body has elected to delegate responsibility for the financial administration of the school budget to the Standing Committee. This will include:

- Overseeing budget preparation;
- Overseeing budget approval;
- Monitoring the budget's implementation;
- Controlling income and expenditure against the budget.

The statutory responsibility for the oversight of financial management in the school will remain with the full Governing Body.

Reporting Arrangements

The Standing Committee will report back to the full Governing Body who will consider the minutes of the Committee and endorse their recommendations where appropriate. The decisions made by the full Governing Body and the Standing Committee under its delegated powers are binding on all governors.

All reports from Committees should include a section on the financial implications of any decisions or recommendations.

1.2 Standing Committee

Composition as at 1st April 2017

Governors: Mrs M Hutchinson – *Chair of Governors*
Mrs D Granger-James – *Vice Chair of Governors*
Mr P Morgan
Mr I Peake
Mrs A Butlin
Ms A Snowden

Staff Governor Mr M Hussain

Executive Headteacher Ms J Smith

Headteacher Mrs C Sutcliffe

Role

- To ensure proper financial administration arrangements are in place which enable the Governing Body to fulfil its statutory responsibilities for financial management and also to demonstrate the achievement of key financial administration standards required by OFSTED and the Audit Commission.
- To oversee the management of the school's finances within the framework established by the Sheffield Scheme for Financing Schools and the City Council's Financial Regulations.

Responsibilities

- To ensure the budget:
 - Reflects the school's prioritised education objectives as detailed in the School Improvement Plan;
 - Seeks to achieve best value;
 - Is subject to regular effective monitoring.
- To establish formal documented procedures and a timetable for planning the budget to ensure that all relevant factors are considered.
- To ensure that planned expenditure for each year does not exceed the available resources.
- To monitor the amount of each budget allocation in the light of known activity and to take decisions on the virement of funds between budget headings, subject to the advice of the Executive Headteacher and in the interests of the school achieving its overall aims and objectives.
- To ensure that the school has sound internal financial controls in place which safeguard the probity of its financial transactions and the reliability and accuracy of its financial records and that a Statement of Internal Controls is completed as assurance to this effect and returned to the Local Authority on an annual basis.

- To ensure that there are written descriptions of financial systems and procedures which are kept up to date and that all appropriate staff are trained in their use. Where necessary, the Committee will ensure that the school obtains satisfactory support services.

Reporting Arrangements

The Committee will receive:

- A report on the annual school budget process and the proposed spending plan, which should explain:
 - The basis for the planned level of unspent balances / or recovery of deficits;
 - The basis of income and expenditure estimates;
 - Links to the School Improvement Plan.
- A multi-year budget supported by a report on the school's long-term financial plans.
- Termly budget monitoring reports showing:
 - Income and expenditure, including sums committed but not yet paid for, against the school's approved budget;
 - Departmental / Cost centre spending against approved allocations;
 - An explanation of major variances;
 - Details of corrective action taken or recommendations;
 - A forecast of the expected year end position.
- Details of the school's bank balance and monthly cash flow reports.
- A final year-end report, including a review of the school's performance and an assessment of progress against objectives in the School Improvement Plan.
- Update Governors on reports provided to SCC in respect of the schools Deficit Recovery Plan

Delegated Authority

The Standing Committee has authority to make decisions on behalf of the full Governing Body to enable it to fulfil the responsibilities shown above.

Decisions or recommendations will be reported to the full Governing Body for ratification.

1.3 The Senior Leadership Team

Composition as at 1st April 2017

Executive Headteacher -	Judith Smith
Headteacher -	Carolyn Sutcliffe
Deputy Headteacher -	Tricia Bennett
Assistant Headteacher -	Nigel Kirkpatrick
Assistant Headteacher -	Joanne Howe
Assistant Headteacher -	Cheryl Gaughan
Business Manager -	Darryl Smedley

Role

The Senior Leadership Team is responsible to the Governing Body for:

- Ensuring that sound systems of internal control and financial administration are in place which enable the proper processing of the school's transactions and activities;
- Ensuring that the school properly discharges its responsibilities as set down in the Sheffield Scheme for Financing Schools.

Responsibilities

- To prepare estimates of expenditure and income sufficiently in advance of each financial year to allow for consideration and approval by the Governing Body;
- To forward details of the approved budget and any financial returns in respect of the budget to the SCC as required;
- To profile the budget and forecast cash flow to take account of likely spending patterns;
- To provide timely, reliable and meaningful written reports on a termly basis to the Governing Body on spending compared with the approved budget and other monitoring information as requested by the Governing Body. Reports should include documented explanations of major variances and details of management action or recommendations;
- Where appropriate provide the Standing Committee with financial management reports to ensure that key financial information is shared at pertinent times of the year;
- To ensure that where parts of the budget are delegated to a cost centre/ departmental level, the responsibility for controlling these budgets is matched by the level of accountability (i.e. budget managers are accountable only for items they can directly control);
- To report to the Governing Body any proposals for policy changes which significantly affect the school's expenditure or income budgets;

- To ensure that sound systems of financial control are in place and arrangements are made to maintain control in the absence of key staff.
- To maintain and update on an annual basis a Register of Business and Pecuniary Interests for both governors and members of staff on behalf of the Governing Body.

Reporting Arrangements

The Executive Headteacher will report to the Standing Committee and full Governing Body in accordance with the reporting timetable shown in Appendix 1.

The Executive Headteacher/Headteacher will receive monthly reports that contain the following management information:

- Budget: Agreed Changes
- Aged Debtors
- Aged Creditors
- Cost Centre – Income/Expenditure to date
- Payroll
- Bank Reconciliation
- Cash Flow Forecast
- Sickness Absence Claim
- General Update as required

The Executive Headteacher/Headteacher will receive Quarterly reports (that will be shared with Governing Body) that consist of the following:

Delegated Authority

The Executive Headteacher has full discretion in the use of funds allocated for supply staffing and for all non-staffing headings up to a value of £5,000 for an individual item or service. Sums in excess of this will require the sanction of the Standing Committee.

The Executive Headteacher, in consultation with the Senior Leadership Team, may nominate members of staff as budget managers for curriculum areas of the budget and may allow them to spend funds in these areas as sanctioned by the Executive Headteacher and Leadership Team.

1.4 The Administrative Officer / Administrative Team

Composition as at 1st April 2017

Business Manager: Darryl Smedley
Finance Officer: Sharon Taylor

Role

- To maintain and develop the school's systems of internal control and financial administration in order to enable the proper processing of the school's transactions and activities.
- To assist the Executive Headteacher in ensuring that the requirements of the Sheffield Scheme for Financing Schools are adhered to.

Responsibilities

- To assist the Executive Headteacher in preparing estimates of expenditure and income and to maintain relevant budget working papers and records.
- To monitor the cash flow position of the school and report this to the Executive Headteacher on a regular basis.
- To assist the Executive Headteacher in providing termly reports of actual income and expenditure as compared to the approved budget and other monitoring information as requested by the Governing Body.
- To provide monthly monitoring information to the Executive Headteacher and Headteacher Team and cost centre/departmental budget holders.
- To prepare and maintain the financial accounts, reports and records of the school in accordance with the City Council's Financial Regulations and the financial standards and procedures required by the Governing Body.
- To review the effectiveness of internal control procedures and, where necessary, make proposals to the Executive Headteacher and Standing Committee for improvements.

1.5 Cost Centre Managers / Budget Holders

Role

To manage efficiently and effectively, and to be accountable for, the resources delegated to them by the Executive Headteacher / Senior Leadership Team.

Responsibilities

- The day-to-day monitoring and control of delegated budgets;
- To ensure goods / services purchased from the delegated budgets are in accordance with the school's aims and objectives;
- To ensure the purchasing of goods / services is in line with Sheffield City Council's Financial Regulations and that due consideration is given to Best Value.

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2. Financial Systems and Processes

2.1 Financial Planning and the Budget

- 2.1.1 The Executive Headteacher and Leadership Team will prepare a draft financial plan for the school during the autumn term for discussion and approval by the Governing Body / Standing Committee.

The financial plan will:

- Reflect the first year of the school's planned income and expenditure, subject to the level of resources available to the school, and cover at least the following two financial years.
- Demonstrate in financial terms how the school intends to use its resources to achieve the aims and objectives stated in the School Improvement Plan.
- Be an integral part of the budget process and form the link between the School Improvement Plan and the school budget.
- Incorporate the financial details set down in the Asset Management plans and the work done by the Planning Section for developing repairs and maintenance programmes.
- Be reviewed annually.

- 2.1.2 A draft budget will be presented to the Governing Body / Standing Committee in March.

The Executive Headteacher will be responsible for:

- The preparation of the draft budget, costed out using zero based budgeting principles where applicable.
- The retention of documentation of the principles and calculations used in the preparation of the budget.
- Any necessary reviews of the financial plan and the school's Improvement Plan objectives to reflect final budget decisions that are made in the light of known resources.

- 2.1.3 The Governing Body will consider the draft budget and either approve it or return it to the Standing Committee for amendment.

- 2.1.4 The Executive Headteacher will forward an approved budget to the Local Authority by the 1st May.

- 2.1.5 Spending plans will be broken down sufficiently into appropriate cost centres to promote effective financial control.

- 2.1.6 In the summer term governors will undertake a documented review of progress in implementing the provisions of the current School Improvement Plan and review the management of the previous year's budget. The Executive Headteacher will indicate where any proposal or policy change would significantly affect costs in the future.
- 2.1.7 Records will be kept showing how budgets have been built up, enabling officers responsible for the allocation of expenditure and income to identify from which areas expenditure is to be funded.
- 2.1.8 Expenditure will only be made against available budget resources.
- 2.1.9 The school will not incur costs of a capital nature without the approval of the Local Authority.

2.2 Budget Monitoring and Control

- 2.2.1 The Executive Headteacher will ensure that the process of monitoring actual income and expenditure against the budget is continuous. The Executive Headteacher, in consultation with the Leadership Team, will:
- Nominate members of staff and the Leadership Team as budget holders for specific curriculum and non-curriculum cost centres. (Details of the approved budget holders and the budgets they are responsible for are shown in *Appendix 2*).
 - Produce a note detailing the responsibilities of budget holders, the method used to allocate curriculum budgets and the rules to be applied to the carry forward of any under or overspends. The note will be circulated to each budget holder and the Standing Committee.
- 2.2.2 The Executive Headteacher may vire amounts up to **£5,000** (in line with Section 1.3) between budget headings without reference to the Standing Committee. Virements in excess of **£5,000** must have the prior approval of the Standing Committee. The Executive Headteacher is responsible for ensuring that the school's budget and finance systems are updated to reflect all virements and changes to the budget.
- 2.2.3 Day to day responsibility for monitoring and control lies with each budget holder who must obtain the prior written approval of the Executive Headteacher or a named member of the Leadership Team if they wish to exceed their budget allocation.
- 2.2.4 A member of the School Administrative Team will be responsible for co-ordinating the day to day monitoring process.
- 2.2.5 A member of the School Administrative Team will issue monthly reports to each budget holder detailing budgeted, committed and actual expenditure for their area of responsibility.

- 2.2.6 The Executive Headteacher will receive monthly financial statements from the school's accounting system, detailing the overall monitoring position, a summary of spending by cost centre and a forecast of the school's year end position so that the overall budget and school bank account position can be monitored.
- 2.2.7 The Executive Headteacher or responsible officer will present to the Standing Committee on a **termly** basis details of the school's actual and committed spending compared with the budget, with written explanations of any significant variances and a forecast of the school's expected year end position. A report showing the school's current and forecast cash flow position will also be reported to the Executive Headteacher/Headteacher on a monthly basis.
- 2.2.8 The Executive Headteacher or responsible officer will ensure that proper commitment accounting records are maintained.

3. Internal Control Procedures

- 3.1 In order to ensure that transactions will be properly processed or that errors will be detected promptly, as far as possible the duties of staff concerned with financial transactions will be distributed so that at least two people are involved in processing receipts and payments. The work of one person should act as a check on the work of the other and any such checks will be documented as being carried out. There should be a written summary of financial procedures that is kept up to date.
- 3.2 Alterations to documents will be made in ink; correcting fluid or eraser will not be used.
- 3.3 Signatures on documents must be original and in ink and will be sufficient to identify the signatory concerned (i.e. ticks, rubber stamps or scanned signatures are not acceptable.)
- 3.4 Accounting records will be properly maintained and held securely. Financial documents will be retained in accordance with the arrangements laid down in the Schools' Finance Manual (see *Appendix 3*). The Executive Headteacher will specify who is authorised to access the records and documentation.

4. Insurance

- 4.1 The Executive Headteacher will liaise with the Local Authority to ensure effective insurance arrangements.
- 4.2 The Standing Committee will review insurance arrangements annually to ensure they are commensurate with risks and to determine whether to insure risks not covered by the Local Authority. Arrangements will cover the use of school property, e.g. musical instruments, computers, when off the premises.

- 4.3 The Executive Headteacher will ensure where lettings of the school premises are undertaken that the lettee has sufficient public liability cover. Where this is not the case, further advice will be sought from the LA.

5. Computer Systems

- 5.1 The Executive Headteacher will be responsible for the school maintaining accounting records and information on computerised systems and ensuring that the school is registered in accordance with the Data Protection Act 1998.
- 5.2 The Executive Headteacher will ensure that there are effective back-up procedures in place for financial data held by the school. Back up discs will be stored in a fireproof location, with a second set held off site.
- 5.3 The Executive Headteacher will also ensure that only authorised staff have access to computer hardware and software used for school management. Passwords will not be disclosed and will be changed regularly. Only authorised software will be used in order to prevent viruses being imported.
- 5.4 Access to computerised systems should be restricted to those members of staff authorised by the Executive Headteacher and their permission levels should be set appropriately to enable them to carry out their designated tasks and to re-enforce the principles of internal control set out in Section 3 above.

6. Purchasing Procedures

6.1 Purchasing

- Before placing an order the person responsible for making it will ensure that the school is obtaining best value for money and that the remaining budget is sufficient to meet the proposed order value.
- If the estimated cost of an item is more that £250 but less than £5,000, three quotations will be obtained, verbal or written and the details recorded. In the case of contracts with a value between £5,000 and £24,999 there will be three written quotations. Where it is not practical to obtain the minimum number of quotations or if the lowest price is not accepted, the Executive Headteacher will document the reasons and formally report this to the Standing Committee in case such action is ever questioned.
- In case of contracts with a value over **£5,000** the decision on which quotation to accept will be referred to the Standing Committee.
- If the estimated cost of a contract exceeds £25,000, then the tendering procedures laid down in the City Council's Financial Regulations will be followed and the full Governing Body will decide which tender to accept. Details of the full tendering procedures are shown in the Procurement Process Chapter of the Schools' Finance Manual (see *Appendix 4*). The

Executive Headteacher will also seek advice from the appropriate officers at SCC in handling the matter of tenders.

6.2 Orders

- Orders will be issued for all goods and services, except for utilities (energy costs, telephone bills, rates etc.), agency staff and petty cash purchases and purchases for which a written contract is signed.
- All orders for goods and services will be printed on official stationery. As well as showing details of the goods or service required, the order will also show the estimated or agreed price, net of VAT.
- The ordering of goods and services by telephone will not be undertaken except in emergencies and will be followed by the issue of an official confirmation order as soon as possible.
- Documents supporting purchases / contracts (i.e. specifications, quotes, tenders and correspondence) will be retained with the copy order and where the chosen quote is not the cheapest, approval will be obtained from the Standing Committee prior to ordering.
- Orders will be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their private use.

6.3 Signatories

- Orders will be authorised by the Executive Headteacher or by people to whom this function has been delegated by the Executive Headteacher with the approval of the Standing Committee. All such people will be budget holders (see *Appendix 2*).
- The names and signatures of staff authorised to sign orders, certify invoices, sign cheques etc. are recorded in *Appendix 5*.

6.4 Payments

- The person receiving the goods or services must make careful checks to ensure that they are in accordance with the order. The check will be recorded on the delivery note and / or invoice and include the initials of the checking officer. This will be passed to the member of staff responsible for maintaining the school's financial records.
- Payments will not be authorised until all necessary checks have been made, including prices, discounts and the VAT accounting checks.
- Payment will only be made against an official invoice.

- Officers authorising / certifying invoices for payment must be satisfied that those payments comply with the appropriate tax regulations. (Guidance on VAT is available in the Taxation Section of the Schools' Finance Manual).

6.5 Security

- Blank order sheets will be held securely, with access to them restricted.
- Similarly access to cheque books / stocks of blank cheques will be controlled.
- The holding of excessive stocks of order sheets or cheques will be avoided.

6.6 Government Procurement Card

- The Executive Headteacher will ensure that the school has an up-to-date log of:
 - All cardholders;
 - Cardholders' individual transaction limits;
 - Cardholders' monthly expenditure levels;
 - Cardholders' merchant category group code blocking.
- When procuring goods and services using a Procurement Card the Executive Headteacher will ensure that best value principles are applied.
- The Executive Headteacher will ensure that cardholders adhere to the rules set out in the Procurement Card Manual for Sheffield schools.

7. Personnel

- 7.1 All appointments, terminations of staff contracts and salary levels will be formally approved by the Governing Body and notified to Capita HR and Payroll.
- 7.2 Appointments and amendments to payroll will only be authorised by the Executive Headteacher (or a nominated deputy in his / her absence) unless the amendment affects the Executive Headteacher in which case the Chair of Governors will certify the documents.
- 7.3 The Executive Headteacher will ensure that all the financial and administrative processes concerning employment in the school are checked and that the school records agree with those held by Capita HR and Payroll.
- 7.4 Payroll and personnel records will be retained in a secure place.
- 7.5 Payroll transactions will be processed through the payroll system. Any payments to individuals who have worked for the school on a "one off" or casual basis will

always be made through the payroll system. The same applies to additional payments to staff such as honoraria or travel and subsistence payments. Such payments will never be made from petty cash or the school private fund.

- 7.6 Any contractor claiming to be self-employed will automatically be paid through the payroll system as a temporary employee unless proof of official tax status is provided. (Guidance on self-employed requirements can be found in the Taxation section of the Schools' Finance Manual.)

8. Security of Stock and Other Property

- 8.1 The Executive Headteacher is responsible to the Governing Body for the safe custody and control of cash and property belonging to the school.
- 8.2 An inventory will be maintained of all attractive and portable items with details of make, model, serial number and purchase value. The inventory should be kept electronically or in a fireproof location.
- 8.3 Items will be recorded in the inventory promptly (i.e. at the point of receipt).
- 8.4 A documented check of the inventory will be undertaken annually against actual items. Items with a purchase value of over £100 that are missing will be reported to the Standing Committee who will include them in its reports to the full Governing Body. Obsolete items to be written off or items to be sold will be reported to the Standing Committee for approval and then clearly recorded in the inventory records.
- 8.5 A register will be maintained of items taken off the school premises. All such loans of equipment should be authorised by the Executive Headteacher and entered in the register. The register will be updated upon return of the each item with details of dates and signatures. The return of loan items will be countersigned by a second person.
- 8.6 Safes and secure cupboards will be kept locked, the keys removed and held securely by the person designated by the Executive Headteacher. The loss of any keys will be reported immediately to the Executive Headteacher.

9. Income

- 9.1 The Governing Body, through its Standing Committee and subject to the recommendations of the Executive Headteacher, will establish a charging policy for the supply of goods and services by the school.
- 9.2 The Executive Headteacher is responsible to the Governing Body for accounting for all income due and cash collected as set out in the charging policy.
- 9.3 The charging policy will be reviewed annually by the Governing Body to ensure that levels of charges fall in line with school policy and at least cover the costs of the service provision.

- 9.4 Where invoices are required they will be issued promptly by the Finance Officer. Where possible the school will obtain money in advance of supplying goods or services to improve the school's cash flow and avoid the time and cost of administering debts.
- 9.5 Receipts and bankings will be cross-referenced to debtors by the administrative staff.
- 9.6 Bad debts up to £500 will only be written off with the formal minuted approval of the full Governing Body and must be notified to the Director of Finance. In the case of larger debts, procedures laid down in the Sheffield City Council Financial Regulations should be followed.
- 9.7 The administrative staff will issue pre-numbered receipts for all income collected except where formal records (e.g. class sales book) are maintained. Where a receipt is not given there will be a signature of discharge whenever cash changes hands. All receipts, vouchers and other income records will be securely retained.
- 9.8 The accounting and debtor records will be properly and promptly updated and all income and VAT due to the school identified. Cash collected will be receipted and banked as soon as possible. Cash held on school premises will be kept to a minimum and in a lockable receptacle in a locked safe or cabinet.
- 9.9 The responsibility for identifying money due to the school will, as far as is practicable, be kept separate from the responsibility for collecting and banking money.
- 9.10 Cash income will be kept separate from petty cash and school private fund money.
- 9.11 Staff and governors will not use their personal bank accounts or the school private fund account for any payment or receipt relating to the school's budget. Personal cheques will not be cashed.

10. Banking Arrangements

- 10.1 The Executive Headteacher is responsible on behalf of the Governing Body for ensuring that the school complies with the requirements of the Sheffield Scheme for school bank accounts. The main requirements are described in the Schools' Finance Manual (see *Appendix 6*).
- 10.2 Cheques will not be signed unless all details are fully completed.
- 10.3 A bank reconciliation will be completed by the **Business Manager** on a monthly basis to prove that balances are correct and to provide assurance that the underlying accounts of the school have been properly compiled and are accurate.

- 10.4 The Executive Headteacher will certify the monthly bank reconciliations, having checked these to the supporting documentation. Bank statements and FMS6 bank reconciliation reports will be initialled by the Executive Headteacher to demonstrate such checks have been undertaken.
- 10.5 Where practicable, staff responsible for undertaking bank reconciliations will not be responsible for the processing of payments or receipts.
- 10.6 The Governing Body will review its banking arrangements annually and document this review to ensure they provide the best value for money. They will also review the authorised signatures annually.
- 10.7 The school's cash flow will be monitored monthly by **Business Manager** to ensure that the school's account does not go overdrawn. The cash flow information will also be used to identify funds surplus to immediate requirements that can be invested to optimal effect.

11. Petty Cash

- 11.1 The Executive Headteacher is authorised to decide what amounts of petty cash are held in school and by whom. The person holding the cash must sign to accept responsibility for it and the Executive Headteacher remains responsible for the total amount in the school. The Executive Headteacher will ensure that the cash sums held are covered by insurance and for security reasons do not exceed **£500**.
- 11.2 Petty cash floats will be reconciled on a monthly basis by the **Finance Officer**.
- 11.3 Staff authorised to hold petty cash are responsible for:
- Obtaining proper vouchers and receipts for all cash payments made;
 - Obtaining receipts that identify any VAT paid to support the reclaiming of VAT;
 - Ensuring the safe custody of cash;
 - Producing on demand to the Executive Headteacher, auditor or other authorised person, cash and vouchers / receipts equal to the total amount held.
- 11.4 The petty cash amounts will only be reimbursed from the school bank account. Cash income from other sources will not be used to reimburse petty cash.
- 11.5 The use of petty cash will be limited to minor items for which there is proper authority and provision in the budget. Petty cash will not be used for paying regular suppliers, mileage claims by staff or for the purchase of items in excess of £50. Where items exceed £50 and it is not practicable to issue an official order or use a procurement card, prior documented approval from the Executive Headteacher will be required in order to use petty cash.

12. School Private Funds

- 12.1 The Governing Body requires that there be an annual audit of the private funds by persons appointed by the Governing Body. Annual accounts will be submitted to the Governing Body together with the certificate of audit required by the LA.
- 12.2 Accounting procedures for the school fund will reflect the standards required for accounting for public money.
- 12.3 There will be a proper separation of the voluntary funds and related accounting records from those for the school's budget.

13. Gifts and Hospitality

- 13.1 The Executive Headteacher will ensure that all staff and Governors are aware of and adhere to the Local Authority guidelines in relation to offers of gifts and hospitality made from any source.
- 13.2 The use of the school budget for the provision of gifts and hospitality to staff will be limited to the following circumstances:-
 - Where the Executive Headteacher approves an appropriate purchase of a gift for work related activities for a member of staff. The expenditure per head should not exceed **£25**.
 - Where refreshments are provided for staff incidental to a meeting, visit, conference, training day or event in school. The expenditure per head should not exceed **£15**.
- 13.3 The school budget should not under any circumstances be used for the purchase of alcohol for staff.

Appendix 1

Timetable of Governing Body / Committee meetings for **2017/18**

Date of meeting	Full Governing Body	Standing Committee
	16 th March 2017	10 th March 2017
	29 th June 2017	28 th April 2017
		26 th May 2017
		30 th June 2017

Meetings for Academic Year 2017/18 to be confirmed in the summer term and updated and publicised as appropriate.

Appendix 3

The extract below from the Schools' Finance Manual outlines the procedures for keeping up to date accounting records and document retention periods:

Schools should ensure that all stages of a transaction can be easily traced, for example, from original purchase order to cheque number on bank statement and in reverse. Alterations to original documents such as orders, invoices and cheques should be clearly made in ink or other permanent form and initialled.

Proper accounting records should be maintained and stored securely. All documents relating to financial transactions should be retained in accordance with the following guidelines:

- To comply with HMRC and Department for Work and Pensions, it is necessary to keep relevant payroll and other related financial records for at least **6 complete financial years** plus the current year.
- VAT regulations require that business records be kept for **6 years** – these are deemed to include invoices, income records, orders, delivery notes, bank statements, paying in slips, annual accounts and relevant business correspondence.
- Contract documents should be retained for **6 years** after the contract has expired or 12 years if they have been signed under the City Council's seal.

Appendix 4

The extract below from the Schools' Finance Manual outlines the Local Authority Tendering Procedures which schools should follow:

The Governing Body should establish a tendering procedures policy for putting all purchases (other than purchases from and through the City Council) estimated to exceed a predetermined limit (usually £25,000) out to tender.

The tendering procedures should cover:

- Contract advertisement in the local, national or appropriate trade press giving at least seven days public notice.
- The need to comply with any relevant EC regulations.
- The procedures for the submission, receipt, opening and recording of tenders.
- The circumstances when financial or technical evaluation is necessary.
- Acceptance of tenders.
- The form of the contract documentation.
- Cancellation causes in cases involving corruption or bribery.

Every contract that exceeds £25,000 should follow the full tendering procedures specified in the City Council's Financial Regulations. Any queries about this should be addressed to the Head of Corporate Procurement.

Appendix 5

Please note that authorised officers listed for signing orders and certifying invoices should be members of school staff only. Members of the Governing Body can be included as cheque signatories, but should only be used in the absence of authorised members of school staff.

Names & signatures of staff authorised to sign orders:

Name	Signature
Judith Smith	
Carolyn Sutcliffe	
Darryl Smedley	
Sharon Taylor	

Names & signatures of staff authorised to certify invoices:

Name	Signature
Judith Smith	
Carolyn Sutcliffe	
Darryl Smedley	
Tricia Bennett	
Nigel Kirkpatrick	
Jo Howe	
Cheryl Gaughan	

Names & signatures of staff authorised to sign cheques:

Name	Signature
Judith Smith	
Carolyn Sutcliffe	
Darryl Smedley	
Tricia Bennett	
Nigel Kirkpatrick	
Jo Howe	

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Appendix 6

The extract below from the Sheffield Scheme for Financing Schools outlines the instalments of the budget share and banking arrangements (“The School Cheque Book Scheme”):

Schools may hold an external bank account for official funds. Schools choosing to hold an external bank account must comply with the rules and conditions in this scheme. Appropriate staff must attend training courses on systems and financial procedures.

All schools within the Sheffield Children’s Services Authority hold external bank accounts and the Budget Share for each school is issued as a cash advance. In the following section, the instalment of budget share will be referred to as cash advance payments.

3.1 Frequency of Instalments

The cash advance will be made available to governing bodies on a monthly basis at a time in the month prescribed by the Authority’s Chief Finance Officer and which will permit prompt payment of salaries. Provision is also made to allow the payment in full of additional devolved funding, where appropriate.

3.2 Proportion of Cash Advance Payable at each Instalment

The monthly cash advance on dates to be prescribed by the Authority’s Chief Finance Officer will be calculated on the basis of a percentage of the school’s approved funding which provides a cash flow pattern not in advance of current arrangements and is approved by the Authority’s Chief Finance Officer.

The percentages to be applied each month are set out below:

APRIL	12%
MAY	8%
JUNE	8%
JULY	8%
AUGUST	8%
SEPTEMBER	8%
OCTOBER	8%
NOVEMBER	8%
DECEMBER	8%
JANUARY	8%
FEBRUARY	8%
MARCH	8%

3.3 Interest Clawback and Interest Payments on Late Cash Advance Payments

The frequency, timing and the percentage of cash advanced each month provides a cash flow pattern which is not in advance of existing arrangements and spending patterns. It will therefore NOT be necessary for the Authority to make a deduction from cash advances to cover any estimated interest lost by the Authority in making available these amounts.

3.3.1 Interest on Late Cash Advance Payments

If, due to a Children's Services Authority error, cash advance payments are paid later than the arrangements described in Section 3.2, interest will be added to the late payment at the prevailing Bank of England base rate.

3.4 Cash Advances for Closing Schools

Provision is made for schools in the chequebook scheme for which approval for closure of amalgamation has been secured, to receive cash advances until closure on a monthly basis, net of estimated costs, even where some different basis was previously used.

3.4.1 Suspension of Financial Delegation

If the Governing Body of a chequebook school has had its right to manage a delegated budget suspended, the chequebook facility may also be suspended and the school may be required to use the authority's central accounting systems and banking arrangements.

3.5 Bank and Building Society Accounts

All Sheffield schools have an external bank account into which their cash advances (as determined by other provisions) are paid. Schools are allowed to retain all interest payable on the account.

A school can meet from its bank account all the expenditure items in its delegated budget. It must NOT meet from its chequebook account:

- Any items relating to private school funds;
- Any non-Children's Services Authority activities such as unsubsidised school trips.

It can pay money into the chequebook account from the following sources only:

- Advances from Sheffield City Council, VAT and other tax reimbursements;
- Any income which may be generated such as private lettings or craft sales;
- Contributions or donations towards school expenditure by charities, school private funds and other external bodies;
- Delegated school meals.

3.5.1 Restrictions on Accounts

Accounts may only be held for the purpose of receiving cash advance payments, at the following banks:

TSB PLC	Bank of Ireland
Barclays Bank PLC	Co-operative Bank PLC
HSBC PLC	Yorkshire Bank PLC
Bank of Scotland PLC	Lloyds PLC
National Westminster Bank PLC	The Royal Bank of Scotland PLC

Schools may seek approval from the Children's Services Authority for other banks or building societies not shown on the above list.

Any school closing an account to which its cash advance is credited and opening another must select the new bank or building society from the approved list, even if the closed account was not with a bank on the list.

Money paid by the Children's Services Authority and held in school bank accounts remains Children's Services Authority property until spent. It is recommended that bank accounts are opened in the name of the school and Sheffield City Council. Where a bank account is opened only in the name of the school, then the bank mandate must allow the Children's Services Authority as owner of the funds to receive statements and take control of the account if the school's right to a delegated budget is suspended.

Schools must notify the SCC of the bank used, account numbers and authorised signatories for all Children's Services Authority bank accounts. Changes to bank and/or signatories should also be notified.

3.6 Borrowing by Schools

Overdrafts are not permitted and schools must not under any circumstances arrange overdrafts or allow the account to become overdrawn.

Schools are not permitted to use credit cards as this is a form of borrowing.

Governing bodies may borrow money only with the written permission of the Secretary of State (see Section 4.7 of the Scheme for Financing Schools).

3.7 Other Provisions

The Children's Services Authority has formulated rules and guidance in respect of banking arrangements, which are detailed below.

The scheme places certain requirements on the school. When accounts are opened, school should ensure that the following requirements are fulfilled:

- Accounts must only be opened with the approval of the governors and preferably in the name of the school and Sheffield City Council.
- Governors may authorise a minimum of three and up to a maximum of six signatories. These should be reviewed annually.
- A proforma should be completed by the school, authorising the bank to accept a request from the Chief Finance Officer or their representatives (Internal Audit and Financial Services staff) for access to information on the school account, in order to fulfil their statutory duties.
- All correspondence from the bank to the school must be addressed to the Executive Headteacher.
- Bank statements must be provided on a monthly basis, include all transactions for that month and be sent out at the earliest opportunity after the month end.

- A copy of the bank statement should be sent by the school to SCC at the end of June, September, December and March.
- Paying in books must be provided and used for paying in income.
- Cheque counterfoils must be completed in every case and retained for audit purposes.
- Cheques of up to £5,000 must be signed in manuscript by two of the signatories.
- Cheques of over £5,000 must be signed in manuscript by three of the signatories (one of whom must be the Executive Headteacher or a designated responsible officer in place of the Executive Headteacher).
- Cheques should be crossed, non-negotiable and “a/c payee only”.
- The school retains any interest and bears any charges made by the bank. Interest should be paid in gross.
- A surplus may be invested, but only in accounts of an approved bank, which bear no risk to the principal sum. Any investment must be made through the school itself and not through an intermediary. Details of this must be provided to the Children’s Services Authority in accordance with paragraph 3.5.1.
- Direct debits or standing orders may be used for salaries and recurring payments such as utility bills and rates. Credit cards are not permitted.

Schools wishing to use telephone or electronic on-line banking systems must ensure that the following control procedures are in place and adhered to:

- The Authority is notified of any changes in banking procedures.
- Controls, particularly access controls, are of a level that is comparable to that provided by the current chequebook system.
- Access to Internet banking systems is by unique User ID and password.
- Users should keep their password secure and not share this with other staff.
- There is separation of duties between the staff preparing payment runs and the staff authorising payment.
- The school recognises that methods of authorisation may change, but the levels of authorisation must comply with the approved bank mandate.
- Payment runs should not be amended once authorisation has taken place.

Appendix 7

Checklist of task completion:

Item	Responsibility	Date completed
Committee timetable		
Reporting timetable		
List of Cost Centre Managers / Budget Holders		
List of authorised signatories		
Review of financial procedure documentation & training (including Finance Policy)		
Annual report on long term financial plans		
Year-end report on performance		
Annual budget plan approved, send to SCC		
Register of Pecuniary Interests		
Data Protection registration		
Inventory check & report		
Charging policy review		
Banking arrangements and cheque signatories review		
Private Fund accounts audit		
Performance against school's Improvement Plan reviewed and reported.		