

1. Introduction

- 1.1. The Statutory duty of Schools is to provide quality educational services within a structured finance plan. The responsibility for the maintenance of accurate records, sound internal controls and financial management on a day to day basis is that of the Governing Body and the Head Teacher. The overall responsibility across the Local Authority for the stewardship of Public Funds including those held by the Schools is the responsibility of the Chief Finance Officer. Schools must therefore adhere to the Local Authority's Model Financial Regulations and other directives that are issued.
- 1.2. Waltham Forest Council is committed to providing its Schools with clear guidance on managing their finances. The Model Financial Regulations are based on the Government's Schools Financial Value Standard and Waltham Forest Council's constitution.

Purpose of the Model School Financial Regulation

- 1.3. In any organisation it is important to have documented procedures as a point of reference to ensure that those responsible carry out their duties in a consistent manner and comply with Statutory and Accounting requirements. The Model School Financial Regulations allow the Chief Finance Officer to fulfil his responsibility under The Local Government Act 1972 and The Local Government Finance Act 1982.
- 1.4. The Model School Financial Regulations provide a framework for Governing Bodies to ensure that their decisions and the conduct of its school achieves
 - Financial Probity and Stewardship
 - Value for Money
 - Accountability by Schools for their actions
 - Protection for all who are involved with the School's finances
 - Clarity in the expectations of the Schools' conduct

The Governing Body must review its Financial Regulations Annually and ensure that they are fully compliant with recent changes in Accounting Standards, Legislative changes and Chief Finance Officer updates. The Governing Body should receive a report that clearly set outs the amendments and reasons for the amendments. If no changes arise the report should explain this and why.

Sources of Financial Regulations

- 1.5. The sources of Schools Financial Regulations are:
 - The Financial Regulation contained in the constitution of Waltham Forest Council. Link <http://www.walthamforest.gov.uk/pages/services/council-constitution.aspx>
 - International Financial Reporting Standards (IFRS)

- CIPFA Code of Practice
- DFE Schools Financial Value Standard and other DFE guidance

1.6. DFE information on the Schools Financial Value Standard can be found by following this link: <https://www.gov.uk/government/publications/schools-financial-value-standard-and-assurance>

1.7. The basic principles and key controls underlying these regulations are:

- Separation Of Duties
- Maintenance of accurate and reliable records
- Clarity in responsibilities and procedures
- Transparency

1.8. Where there is an issue not contained in these regulations, the financial regulations that are in the Council's constitution shall apply.

2. Authorised Personnel

2.1. The Governing Body shall establish a Finance Committee from among its membership to which it delegates certain powers for acting in financial matters, subject to minuted confirmation at a full Governing Body meeting. This will include appointing a knowledgeable and experienced chair. The Finance Committee shall keep minutes of its proceedings and shall furnish copies of these at or before the first following meeting of the full Governing Body for formal approval. The minutes will contain details of all decisions taken and contain action points and completion dates against specified individuals.

2.2. The Terms of Reference for the Finance Committee and other committees will be reviewed annually by the full Governing Body.

2.3. The Governing Body shall have a scheme of delegation which authorises the Head Teacher, Deputy Head Teacher, School Business Manager and other relevant staff employed at the School to act on its behalf on operational financial matters within the scheme of delegation (see **Appendix A** and **Appendix Ai** - Delegation Decision Planner)

2.4. In order to comply with best practice the Head Teacher, Deputy Head Teacher and Chairs of Governors and the Finance Committee will not authorise their own claims or expenses documents.

2.5. The following are authorised personnel with roles in financial administration and management to have access to the schools financial ledgers e.g. FMS:

- Head Teacher (INSERT NAME)
- Business Manager (INSERT NAME)
- Office Manager (INSERT NAME)
- Office assistant (INSERT NAME)
- Finance Support (INSERT NAME)

Add/delete job titles/names as appropriate

- 2.6. The Governing Body and the senior staff of the School will ensure that the Governing Body has adequate financial skills among its members to fulfil its role of challenging and supporting in the field of budget management and value for money.

3. Use of Public Funds

Explanatory Note: *Dedicated Schools Grant (DSG) is payable to Local Authorities in support of Schools Budgets under section 14 of the Education Act 2002. Local Authorities are responsible for determining the split of the grant between central expenditure and the Individual Schools Budget (ISB) in conjunction with local Schools Forums and the subsequent allocation of the ISB to individual schools in accordance with the local schools' funding formula. The Individual Schools Budget is the main source of income for the School and can only be spent on goods or activities that bring an educational benefit to the pupils registered at the school or other maintained schools. The Governing Body is responsible for the strategic financial planning of the budget and ensuring that the budget addresses the priorities as detailed in the School Improvement Plan.*

- 3.1. The official funds provided to the School remain the property of the London Borough of Waltham Forest until they are spent or committed.
- 3.2. The official funds provided to the School will be spent with demonstrable probity and in accordance with the Council's policies. The Council has a statutory duty to achieve best value in part through economy and efficiency. Best Value principles will underpin the school's approach to procurement and value for money. This does not necessarily mean procuring the cheapest goods and services available; rather it implies an approach which seeks to find the most appropriate blend of goods and services suitable for local needs having regards to cost.
- 3.3. The Governing Body will ensure that no governor, employee or related party gains personally from the delegated budget, other than under agreed arrangements such as a contract of employment.
- 3.4. As the Governing Body is a corporate body and because of the terms of Section 50(7) of the School Standards and Framework (SSAF) Act, the governors of the school will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act 'in good faith'. An example of an act not done in good faith is fraud or expenditure that is authorised to be spent in a way that does not comply with the scheme of delegation.
- 3.5. To help achieve value for money the Governing Body will be aware that schools working together may have greater opportunity to generate efficiencies, as they can pool funding, purchase services jointly and share staff, functions, facilities and technology across sites. Collaboration can also help schools raise standards and

maintain local provision. The Governing Body will decide whether they wish to collaborate and in doing so ensure that the school complies with the guidance as issued by the DfE at:

<http://www.education.gov.uk/a0056911/collaboration-and-federations-an-overview>.

4. Financial Probity

4.1. The Governing Body has a strategic role in the financial management of the school and therefore its key responsibilities include:

- i) Setting financial priorities through the School Improvement Plan (SIP) and the annual budget.
- ii) Deciding on how the School's delegated budget should be spent, in accordance with their SIP and the statutory curriculum requirements laid down by government.
- iii) Approving and monitoring the annual budget.
- iv) Ensuring the budget is managed effectively.
- v) Ensuring the School meets all its statutory obligations and, through the Head Teacher, complies with the Local Authority's Financial Regulations and Standing Orders.
- vi) Approving virement and expenditure thresholds.
- vii) Holding the Head Teacher/ school senior leadership team to account for expenditure/ spending decisions.
- viii) Determining the level of responsibility to be delegated to the Head Teacher and the financial limits of this delegated authority.
- ix) Overseeing the validity and appropriateness of expenditure and spending decisions and that they are within the delegated levels of responsibility.
- x) Ensuring that any grant from the LA is only used for the purpose prescribed.
- xi) Providing such information as the Secretary of State may require.

4.2. Deliberate incorrect entries or omissions in the School records are a serious matter. Special care will be taken with timesheets or other claim forms that generate payments. At no time will pencil be used when making financial entries. Correction fluid will never be used.

4.3. If any member of staff becomes aware of any deliberate act in breach of any of the requirements of these Financial Regulations, or the regulations or requirements of the London Borough of Waltham Forest where these apply, they will immediately

report the same to the Head Teacher or Governing Body. The School will ensure it has appropriate procedures in place for whistleblowing, including making sure that all staff are aware to whom they can report their concerns and the way in which such concerns will be treated. The Governing Body minutes will record that whistleblowing arrangements are in place. There is also the School's Whistle Blowing procedure that can be followed (see **Appendix B**).

- 4.4. It is the responsibility of the Governing Body and the Head Teacher to notify the Head of Audit (Tel: 0208 496 4801) or the Chief Finance Officer (Tel: 0208 496 4260) of any deliberate breach of the financial regulations.
- 4.5. All employees of the School and Governors will declare any interest from which they or their immediate families may make financial gain; in any way have an interest; or in which there is any other form of conflict of interest. Governors and Head Teachers will be aware of the School's Code of Conduct for Employees (see **Appendix C**).
5. All school staff should be required to complete the Public Ethics –Declaration of Interest form Appendix D. The Governing Body will be required to give agreement to staff to engage in works outside the school. All forms should be held as part of the employment records by the school."

5 Register of Business Interests

- 5.1. The Governing Body is responsible for establishing a register that lists for each member of the Governing body, the Head Teacher and staff, and any business interests they have. Disclosures of interests should include not only interests of individual governors and staff, but also interests of relatives, personal associates or any other person known to the Governor or member of staff who may exert influence.
- 5.2. An opportunity should be provided at each meeting of the Governing Body or its committees for potential conflicts of interest to be declared and recorded.
- 5.3. At the first meeting of the Governing Body in the new academic year all governors and staff must make a declaration of interests. The minutes should clearly set out X numbers of declarations. Declarations are to be made in writing.
- 5.4. A Governor or any other person attending a meeting of the Governing Body, or one of its committees, must disclose his or her interest, withdraw from the meeting and not vote on the matter in question.
- 5.5. The Register of Interests will be maintained by the clerk to the Governing Body electronically, with the signed Declaration of Interests forms held in a suitable binder/file in the school.
- 5.6. If a written/printed document or a computer database is used it must contain all information provided in the Declaration of Interests forms.

- 5.7. The Head Teacher is responsible for ensuring that the Register of Interests should be available to authorised officers of the Local Authority and all Governors and Parents.
- 5.8. Governors must declare to the governing body any interests arising after making their annual declaration and must complete and submit a further declaration of Interest form.
- 5.9. The Governing Body and Head Teacher are responsible for annually reviewing “The Register of Declaration of Interest” (prior to which a reminder will be sent to all staff and Governors to declare any interest).
- 5.10. A pecuniary interest includes an interest in a contract or a proposed contract where
Can we have a better description:
i) A relevant person was nominated or appointed to office by a person with whom the contract was made or is proposed to be made.
ii) A person is deemed to have an interest if they are a business partner with the person to whom the contract has been awarded to
- 5.11. A person is deemed to have an interest if a relative (spouse, civil partner, parent, and child) has applied to undertake work or contract within the school.
- 5.12. A specimen of Governors Declaration of Interest form can be found in **Appendix E**

6. The Register of Receipt of Hospitality, Gifts and Other Favours

- 6.1. Governors and Staff must be made aware of the Bribery Act 2010 and its offences and encouraged to report instances of undue generosity by applicants for services/grants and contracts.
- 6.2. All new staff must be made aware of the School Financial Regulations as part of the schools starter pack.
- 6.3. Governors and staff will be on their guard against accepting any payments or inducements that may be construed as being an inducement to perform or not perform any act, and note also, that the recipient does not have to benefit personally from the inducement.
- 6.4. Care will be taken in dealing with all people and organisations with which the School has relationships either by statute or commercially, including voluntary organisations. In respect of the latter members and officers will ensure that they satisfy themselves of the structure of the organisation and that the person with whom they are dealing has produced a letter or other authority confirming they speak for that organisation.
- 6.5. For reasons above it becomes more important for the School to maintain a “Register of Hospitality, Gifts and other Favours received” and to record hospitality or the offer

of gifts or other favours in the “Register of Receipt of Hospitality, Gifts or Other Favours” and consider refusal in certain circumstances.

- 6.6. As a general rule, wherever possible, gifts and hospitality proffered to Governors or staff, other than those gifts, of small value, traditionally given to staff by children, will be declined. However, if it is deemed appropriate to accept items, a "Register of Receipt of Hospitality, Gifts or Other Favours" shall be maintained (see APPENDIX F).
- 6.7. Acceptance of any gift or hospitality, except those of small value detailed above, shall be approved by the Governing Body/Finance Committee and minuted. The Register shall state the reason why the offer was accepted.
- 6.8. The Governing Body will review the “Register of Receipt of Hospitality, Gifts or Other Favours” to see if any one officer or organisation is engaging in a disproportionate amount of hospitality.
- 6.9. The “Register of Receipt of Hospitality, Gifts and Other Favours” shall be available for inspection by the Authority and any parent of a child at the school.
- 6.10. Governors should be aware of the Council’s Anti-Fraud and Corruption Policy Statement (see APPENDIX G).

7. Notice of Concern

- 7.1. The Local Authority may issue a Notice of concern to the Governing Body of any school it maintains where, in the opinion of the Chief Finance Officer and the Director of Children’s Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the Local Authority or the School.
- 7.2. Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it.
- 7.3. These may include:
 - i) Insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the School.
 - ii) Insisting that an appropriately trained/qualified person chairs the finance committee of the governing body.
 - iii) Placing more stringent restrictions or conditions on the day to day financial management of a School than the scheme requires for all schools – such as the provision of monthly accounts to the local authority.

- iv) Insisting on regular financial monitoring meetings at the School attended by Local Authority officers;
- v) Requiring a Governing Body to buy into a Local Authority's financial management systems; and
- vi) Imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

7.4. The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn. It will also state the actions that the authority may take where the Governing Body does not comply with the notice.

8. Suspension of Financial Delegation

8.1. Governing Bodies and Head Teachers are required to manage their delegated budgets with due propriety and to the standards of stewardship required for public money. If they fail to do so the Local Authority will be entitled to take the following action:

- i) Give advice.
- ii) Issue warnings.
- iii) Take other direct remedial action in accordance with the Scheme for Financing Schools.
- iv) The Local Authority will consider the Suspension of a Governing Body's right to a delegated budget where:
 - a. There is evidence of substantial or persistent failure to comply with any requirements applicable under the Scheme for Financing Schools.
 - b. There is evidence of financial mismanagement, where the Governing Body is not managing the appropriation or expenditure of the sum put at their disposal for the purposes of the school in a satisfactory manner.
 - c. There has been mismanagement of the educational affairs of the school.

Where delegation is withdrawn, the following conditions will apply:

8.2. The Local Authority will give at least one month's notice of the suspension to the Governing Body and the Head Teacher.

- 8.3. The Local Authority may withdraw delegation before the expiry of the period of notice in an emergency situation, but must provide immediate written notification and justification of the action to the Secretary of State.
- 8.4. The Governing Body has a right of appeal to the Secretary of State against withdrawal of delegation where the grounds are either failure to comply with the Scheme or financial mismanagement, but not in the case of mismanagement of the educational affairs of the school.

Furthermore:

- 8.5. Where a school has been the subject of an inspection which identified the School as being in need of special measures, the Local Authority is empowered to suspend the governing body's right to a delegated budget subject to conditions specified in section 17 of the School Standards and Framework Act 1998.
- 8.6. Schools will continue to have limited delegation as laid down in para.4 of schedule 15 to that Act.
- 8.7. The Local Authority will be responsible for ensuring that the School budget is not overspent. A limit on a school's authority to incur expenditure and other financial processes to be followed will be set down in a School specific agreement document produced by the Local Authority.
- 8.8. The document will define the roles and responsibilities of both School based staff and the designated Local Authority officers.

9. Schools Financial Value Standard (SFVS)

Explanatory Notes; All Local Authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis.

- 9.1. Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner.
- 9.2. The Governing Body is responsible for the submission of the SFVS form to the Local Authority before 31 March.

10. School Improvement Plan

Explanatory Note: *The School Improvement Plan (Sometimes referred to as School Development Plan) is a high level strategic planning document covering all the school's activities over a period of three or four years. The development and implementation of the School's development plan will be an integral part of the school's management and governance.*

- 10.1. The Annual Budget will be linked effectively to the School Development Plan in order to ensure that the resources available to the school are targeted effectively and efficiently in order to maintain quality of education and improve standards.
- 10.2. **Appendix H** outlines the checklist that will be followed when carrying out this process and possible strategies in order to ensure that the School's Development Plan reflects the priorities and constraints of the annual budget. **Appendix H** gives further website links which may be useful.

11. Budget Management – Budget Planning

Explanatory Notes: *Budget Management allows every organisation to ensure that resources are allocated and are used for the purpose that they were intended for and that resources are properly accounted for. Budget Management comprises two key elements: Budget Planning and Budget Monitoring. In Waltham Forest budget planning is undertaken over a three year cycle. The budget is set for the financial period 1 April to 31 March.*

11.1. In accordance with the Schools Framework Act Governing Bodies are responsible for setting their own budgets and reporting these annually to the Local Authority for approval. In setting School budgets, Governing bodies should give consideration to ; reserves; capital projects; expected changes in legislation e.g. National Funding Formula; local policy changes e.g. Single Status and their School Improvement Plan.

11.2. In setting the annual budget the Governing Body is responsible for ensuring that:-

- i) The budget is submitted to the Local Authority using the required Ratified Budget Template and the coding structure prescribed by the Department of Education in the Consistent Financial Framework.
- ii) The budget should include anticipated income from delegated budget shares and other income and the estimated expenditure required to perform the activities planned to achieve the outcomes set out in the School Improvement Plan.
- iii) The total Income should include the brought forward balances from the previous year. Where there is a deficit from the previous year, this should be deducted from the total resources available.
- iv) All estimates of expenditure should be based on informed opinion taking account of changes in level of provision, inflation, price changes and pay awards.

- v) The summary Budget, signed and dated by both the Head Teacher and the Chair of Governors is sent to the Local Authority –Education Finance Team by the Middle of May each financial year.
- vi) The Head Teacher submits the Special Education Needs (SEN); Additional Educational Needs (AEN) and Pupil Premium Planned budget plans to the Local Authority.
- vii) The minutes of the Finance Committee and full Governing Body meetings clearly set out the discussions held and the key issues facing the school and actions agreed.

11.3. The Education Finance Team will advise each School when their budgets have been approved or if further consideration is required.

Budget Management - Deficit Budget

Explanatory Notes: A deficit budget is one where the total income for the new financial year and the brought forward reserves are insufficient to meet planned expenditure for that year. A Governing Body does not have the power to ratify a deficit budget.

11.4. If a Governing Body takes the decision to set a deficit budget it must send all relevant papers to the Education Finance Team. The relevant papers must include the reasons for the deficit and a recovery plan to address the deficit.

11.5. The Governing Body may also need to request a loan from the Local Authority. The Governing body is responsible for agreeing the cash flow forecast covering the initial loan and its repayment.

11.6. The Local Authority can reject the deficit and request the Governing Body to review its position. The failure of the Governing Body to review the position may result in the Local Authority issuing a Notice of Concern which could result in withdrawal of delegation.

11.7. The Local Authority cannot under any circumstances write off a deficit. The maximum deficit which can be allowed is 20% of the schools budget share. Only in exceptional situation will the Local Authority agree to a recovery timetable in excess of three years

11.8. The Governing Body must adhere to any recovery plan agreed with the authority and contact the Local Authority's - Education Finance Team if it appears any milestone cannot be met.

Benchmarking

Explanatory Notes: *Benchmarking will be part of the School's strategic financial planning to allocate resources to maximise pupil performance. By using it to focus on improvement it will be a powerful tool to highlight opportunities for change.*

11.9. Following the Schools Closure of Accounts and the submission of DfE annual Schools Consistent Financial Reports (CFR), the financial data for a School can be viewed and compared with other schools. The DfE's CFR Benchmarking site is (<https://www.education.gov.uk/sfb>).

11.10. The benefits of benchmarking include:

- Allowing the School to focus on planning and managing the budget.
- Identifying areas for improvement (for example is agency spend high and why?).
- Setting targets for improvement.
- Achieving Best Value.

11.11. The Governing Body is responsible for ensuring it can demonstrate its expenditure is reasonable when compared with other similar Schools. It should regularly request Bench Marking reports and take action to investigate where data is identified to be over or under compared to similar Schools.

12. Budgetary Control and Monitoring

Explanatory Note: *The second part to Budget Management is Budget Monitoring. The Business Manager and Head Teacher will report on the progress of the schools financial management, reporting, explaining and addressing any significant variances to the budget plan. Budget Monitoring should allow the Governing body to hold the Head Teacher and other delegated officers accountable for income and expenditure.*

12.1. A useful aid to Budget Management is the use of bench marking data; for example how much does the School spend on teaching supply cost per pupil compared to its neighbouring Schools?

12.2. The Local Authority and its Schools are required to undertake regular (ideally monthly) financial budget monitoring. Waltham Forest undertakes monthly budget monitoring of its accounts and it is recommended that Schools do the same, however schools are only required to submit quarterly budget monitoring reports for inspection to Education Finance. The financial information submitted by Schools is essential as it has shown that schools that fail to submit prompt budget monitoring often go on to incur deficits and face other financial difficulties.

12.3. School Business Managers/ Bursars are also required to produce at least half termly monitoring reports for the Head Teacher for internal use.

12.4. Budget Monitoring is the process of:

- Comparing actual income and expenditure against planned income and expenditure and explaining variances.
- Assessing the significance of such variations for the successful implementation of the School Improvement Plan.
- Identifying if the school is going into deficit or excess surplus.
- Execution of remedial action required to bring the budget into balance.

12.5. The Governing Body is responsible for ensuring that:-

- i) It receives quarterly budget monitoring Reports for the period ending 30th June, 30th September, 31st December
- ii) It receives an Outturn Report setting out reasons for significant over / underspends.
- iii) Changes to the budget during the year by virement will be reported and approved in line with the schools scheme of delegation.

12.6. The Governing Body of schools in financial difficulty, who have successfully applied for a licensed deficit, will be required to submit more frequent returns in order that milestones are monitored. The precise requirement for each school will be included in their loan agreement.

12.7. Schools are responsible for significant amounts of public money and as part of accountability are required to submit information to the Local Authority for monitoring purposes. Monitoring information is required as part of the terms of the School Standards and Framework Act 1998 and is set out in the Local Scheme for Financing Schools

12.8. **Appendix I** sets out monthly tasks that should be undertaken by a School to ensure accurate recording of data. **Appendix J** sets out key submissions due to the Local Authority that support the Local Authority in monitoring the school and its performance.

13. Annual Statutory Closure of Accounts for Public Accountability

Explanatory Note: *The Accounts and Audit Regulations for England and Wales require every Local Authority to report its first draft of audited statement of accounts to its Audit Committee by the 30 June. The Local Authority's External Auditors will examine the Local Authority's records and systems with a view to presenting their findings in a report to the Audit Committee on 30 September.*

13.1. Schools maintain their own financial records and systems but are required to make submissions to the Local Authority annually so that the Local Authority records can be updated for the Income & Expenditure, Cash, Bank, Creditors, Debtors and Reserves recorded locally by schools. Schools records and systems are subject to external audit scrutiny as part of the preparation and reporting of the Statutory Statement of Accounts.

13.2. New accounting and audit requirements are always arising and Schools will need to meet these.

- 13.3. The Local Authority will appoint external auditors to give an opinion of its Statement of Accounts. The appointment is usually for a period of three years. To give this assurance the auditors will undertake preliminary audits in February/March to ensure prior year recommendations have been implemented, closedown procedures are in place, changes in legislation have been implemented, controls and checks on payroll, bank accounts and asset registers are in place. The schools could be contacted and will be required to evidence within 5 working days of the request.
- 13.4. The Final Audit and review of the Local Authority accounts takes place in July and all working papers must be supplied to Corporate Finance by the last week in June. The Local Authority's Auditors will request a list of working paper requirements in advance for this audit. The working papers are formally handed over to the auditors on 30 June. Where possible the working papers should be in electronic format. Where further supplementary working papers or sample invoices, payslips, copies of contracts, leasing agreements etc. are requested from schools, the information must be provided within 5 working days of receiving the request.
- 13.5. The External Auditors are also required to give assurances in relation to the Teachers Pensions End of Year Certificate. All school external payroll providers are required to submit an assurance certificate from their external auditors to confirm that pension contributions have been deducted in line with regulations. Schools may be asked to provide sample payslips or opt-out forms as part of this audit.
- 13.6. In order to support the Chief Finance Officer in meeting the Local Authority's responsibilities in fulfilling its Public Accountability and Statutory Reporting of Final Accounts the following section sets out what will be required of Schools.

The Governing Body is responsible for ensuring that their School submits the following Revenue and Capital financial records and reports prepared in accordance with the prescribed accounting policies and year-end procedures within the statutory time table set by the Local Authority. The list of reports and submissions set out below are standard returns.

- i) CFR report from SIMs.
- ii) Income and Expenditure (Revenue and Capital).
- iii) School Summary Outturn (electronic & signed hard copy).
- iv) Trial Balance as at 31 March.
- v) Balances & Reserves Report.
- vi) Bank Statement as at 31 March.
- vii) Unreconciled Listings as at 31 March.
- viii) Manual Bank Reconciliation (If Necessary).
- ix) System Bank Reconciliation Report as at 31 March.
- x) Detail list of Liabilities (income and expenditure Revenue and Capital).
- xi) Final Capital Submission Report.
- xii) Payroll analytical Report.
- xiii) Head Teachers Salary
- xiv) Close Relative of the SLT has been employed

13.8 In addition to the standard returns schools may also be required to supply additional information as part of closure of the accounts including responding to external audit requests examples full time equivalent of Agency Staff, aged debtors reports.

13.7. The Governing Body is responsible for ensuring that:

- i) The schools will take steps during the course of the year to ensure that its records are reliable and accurate.
- ii) Where goods and services have been received, or income is due, on or before 31 March, but no invoice and payment has been received that liabilities are raised in the account.

13.8. The Governing Body will review and approve the financial outturn statement, ensuring that the year-end outturn is in line with the most recent projections. If not, the Governing Body will require an explanation of any significant variation before signing the outturn.

13.9. The Governing Body will ensure that the closing balances for outturn are the same as the opening balances for the next reporting year.

13.10. The Governing Body is responsible for ensuring that if errors are found on the school's outturn after the final submission to the Local Authority, the school will treat these as prior year adjustment in the new financial year.

Explanatory Note: Schools Outturn Report for the DFE- Consistent Financial Reporting CFR. The DFE requires all schools via the Local Authority to submit their outturn CFR records by the end of June each year. The Local Authority Finance team will check the records of each school prior to the automated upload.

The CFR records are useful source of data allowing the DFE, schools and other bodies to analyse school's use of resources. Schools need to ensure that the closing balances on CFR report match that of the final accounts submission to the Local Authority.

14. Financial Records and Accounting System

Explanatory Note: Financial records are important as they form the bases of all financial accounts and reporting. Financial records will be examined and reviewed by a number of organisations and officers. The School must ensure it maintains accurate records that are available for scrutiny and challenge if required. The Section 151 officer and the Chief Internal Auditor does examine school accounts as part of the preparation of Annual Statement of accounts (Recording Actual spend for the year) and Use of Grants, Pension, VAT, Tax and NI returns. The Governing Body will ensure that the school has sound records and accounting systems that are properly run and deliver accurate reports, including the annual Consistent Financial Reporting return.

14.1. Where a School relies on a third party to provide it with financial information for example, salary, tax, NI and Pensions such as an external payroll service, the

school is responsible for ensuring that it can place reliance on the records supplied. The School is required to request a Statement of Assurance from the auditors of their external payroll provider. See section 29 on Salaries, Wages and Pensions in particular section 29.9 to 29.11.

14.2. The Governing Body is responsible for ensuring the accounts and financial records of the school will be maintained and employ a system meeting the requirements of the Director of Children's Services and the Chief Finance Officer and approved by them for that purpose.

14.3. The Governing Body is responsible for ensuring all accounting records will be kept in safe custody for the period stated below. No voucher or other document relating to financial transactions shall be destroyed before the time period stated.

Official copy orders	6 years
Receipts Books	6 years
Signed delivery notes	6 years
Certified paid invoices	6 years
Cheque Counterfoils	6 years
Paid Cheque returns	6 years
Bank Statements	6 years
Bank Reconciliation Statement	6 years
VAT returns	6 years
Paying-in slips/records	6 years
Cash Income details	6 years
Petty Cash details	6 years
Timesheets and payroll records	6 years
Detailed accounts or back-up media held on computer	6 years
Credit Card Statements	6 years
Year End Back Tapes	6 years

This section excludes payroll data

These periods are in **addition to the current financial year.**

14.4. Signed and dated copies of all Governing Body and Finance Committee Minutes will be held at the School for six years plus the current year.

- 14.5. All tenders and written quotations obtained by the School will be held for inspection for six years from the date the contract ends. The Local Authority 'Retention Schedule' allows for unsuccessful tenders to be disposed of one year after the contract is let.
- 14.6. In the case of contracts under seal the contract document will be held for twelve years from the date the contract ends.
- 14.7. Written notes of verbal quotations, which will be made at the time they are obtained, will also be held for six years plus the current year.
- 14.8. All records held, as above, will be stored securely so as to be readily available for auditing.
- 14.9. The VAT claims and the associated paid invoices, cash books and details of income received, will be available for inspection by HM Revenue and Customs. (See Section 24 VAT)
- 14.10. Two archive copies will be taken of each completed and closed-down end of year accounts on the School's financial management systems and stored off-line, for example on tape, CD or DVD media.
- 14.11. One copy of the archive will be kept at the School and the second will be securely stored off-site.
- 14.12. A back-up will be taken of current computer records on a daily basis using, at a minimum a cycle of five generations (for example, a cycle of 5 tapes). The most recent backup will be stored off-site.
- 14.13. The Head Teacher will ensure that only authorised personnel have access to payroll and personnel files and financial records.

15. Audit Arrangements

Explanatory Note: Internal audit for Local Authority maintained schools is essential, and the Local Authority's responsibilities are planning and carrying out an audit programme for schools and intervening in schools causing financial concern. Waltham Forest now operates a thematic school audit approach, with cross-school audits undertaken in areas such as recruitment, contracts/tendering, leases and staff pay. Internal Audit will also carry single- school audit per quarter, either by selection or in response to any issues raised, which will involve a detailed audit of an individual school.

- 15.1. The accounting records and supporting documents maintained by the School, together with other significant records relating to financial administration, will be maintained in a secure place for the periods of time specified in Section 14 above.

They will be readily available for inspection by the auditors and other external bodies who have a statutory right of access to them.

- 15.2. If a single audit is carried out or if the school is part of a selection included in a cross-cutting audit, the Governing Body will be notified of the findings and recommendations of the auditors as contained in their reports and this action will be formally minuted.
- 15.3. As part of the annual review of the School's Financial Value Standard (SFVS), the Governing Body will ensure that there are no outstanding matters from audit reports and that the accounting system is adequate and delivers accurate and timely reports including the annual CFR report.
- 15.4. Internal Audit will copy audit reports to the Director of Schools Standards and Chief Finance Officer. Audit reports may be reviewed at the Schools Improvement Group.
- 15.5. The Governing Body is also responsible for the provision of audit certificates in respect of any voluntary and private funds they hold and the accounts of any trading organisations controlled by the School. The School will retain a copy of the audit certificates for all non-public funds held by the School, after the receipt of such certificates by the Governing Body and within six months of the closure of the accounting year for such funds. This may be requested for inspection by Internal Audit or the Local Authority.
- 15.6. The School Business Manager is responsible for the completion of a self-audit and the Local Authority control risk assessment template annually (see **Appendix K**) to confirm the level of the School's compliance with financial procedures, which will be presented to Governors and formally noted.
- 15.7. The Governing Body will use any information from audits and internal self-assessments/control risk assessments carried out during the financial year to complete the Statement of Internal Control as part of the annual closedown process.
- 15.8. The Governing Body is responsible for ensuring that it has reports of instance of fraud or theft detected in the last 12 months and the actions taken.
- 15.9. The Local Authority provides an anti-fraud service which covers investigations, advice and a whistleblowing hotline. All investigations referred to the Investigations Team will be notified to the Chief Finance Officer. The School will also have an internal whistleblowing procedure (**APPENDIX B**).
- 15.10. Any fraud or financial irregularity that **cannot** be dealt with within the School's whistleblowing policy will be reported to the Director of Governance who will determine what course of action will be taken.

16. Procurement and Contracts

Explanatory Note: *Procurement is the process whereby Schools acquire the goods and services they require to conduct their business.*

- 16.1. Schools are required to demonstrate that their processes for procuring provide for probity, transparency and accountability.
- 16.2. Governing Bodies should aim to achieve value for money from all purchases, whether of goods or services. This goes beyond mere consideration of price, and often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account associated costs such as supplies and maintenance over the lifetime of the item. A sensible balance between quality and price should be achieved.
- 16.3. Many of the regulations are there to protect individuals and to ensure that public money is spent with appropriate stewardship. They are designed to prevent waste and fraud. Whilst limits are set with regard to the number of estimates or quotes obtained it remains a duty of any employee to obtain reasonable assurance that prices are competitive and therefore separate quotes should often be obtained below the limits contained in these regulations to provide assurance that value for money is achieved.
- 16.4. The majority of procurement undertaken by Schools will be of relatively small value, where the specification and purchase prices of the goods or services concerned will be set by the market place, and published in catalogues, price lists etc. However, on occasion the goods or services sought by the School are of such a nature (in terms of specification or value) that a specific agreement is required between the School and the supplier. This agreement is known as a “Contract”, and is subject to specific regulations for Legislative compliance, Procurement Thresholds and Tendering Process.
The following link will be helpful:
<http://www.education.gov.uk/schools/adminandfinance/procurement>
- 16.5. In the Local Authority’s Constitution is a section containing Contract Procedure Rules which are intended to promote good purchasing practice and public accountability and deter corruption. (See **Appendix M**) for a School Contract Register.
- 16.6. The following link will also be helpful.
<http://www.walthamforest.gov.uk/pages/services/council-procurement-contracts-management.aspx>
- 16.7. The contact details for Waltham Forest procurement department:
Procurement.User@walthamforest.gov.uk
- 16.8. The Governing Body is responsible for establishing a Procurement Strategy which should include maintaining a contracts register and timetable for review. (See **APPENDIX M** for a School Contract Register)

16.9. The Governing Body will be responsible for ensuring that:

- i) An appropriate committee is established to ensure that EC Procurement directives, domestic legislation, Contract Standing Orders in particular in relation to advertising, invitations and receipts /opening of tenders, evaluations procedures and approvals panels, are complied with.
- ii) No contract shall be entered into unless a provision is made in the annual budget.
- iii) It seeks legal and other professional advice from the outset for major or high risk projects.

16.10. The Governing Body will assess in advance, where relevant, the health and safety competence of contractors, taking account of the Local Authority's policies and procedures in this area (see **APPENDIX N** for Procurement Tool Kit).

16.11. The Governing Body will ensure that a contractor employed for works has an adequate level of indemnity cover.

16.12. The Governing Body is responsible for ensuring that there will be a written, signed contract or official order in lieu thereof which shall specify:

- i) The works, goods, services or materials to be supplied or performed.
- ii) The price to be paid with a statement of discounts or other deductions.
- iii) The time or times within which the contract is to be performed.
- iv) The place or places for delivery or performance.
- v) The terms and conditions that apply to the contract.
- vi) The School's contract managers name.
- vii) The monitoring arrangements for delivery and performance against the contract specification.

16.13. Official orders should be raised and authorised at the time any commitment is made.

16.14. For a large number of items, the specification of goods required will be set by the market place, and published in sales literature. It is however, likely that requirements for works, or services will need a specification to be determined to establish what is required, and to what standard with respect to quality and delivery. The Governing Body is responsible for ensuring that specifications are written in a manner to ensure genuine competition and that competitive bids can be submitted and evaluated on a

fair and equitable basis. Specifications should, wherever possible be based around what the works, services or supplies are expected to achieve.

16.15. The Governing Body must have regard to the regulations related to the Register of Business Interests and the Register of Gifts and Hospitality when the decision is taken to award and place orders.

Procurements & Contract Thresholds

Explanatory Note:

The following process is required to be applied by the School to demonstrate value for money, fraud prevention and probity. For Contracts over a term of years, the value of the Contract is the total value over the whole Contract including any potential extensions, not its annual value. It is not permissible to disaggregate a Contract in order to circumvent the requirements of these Rules that relate to competitive tendering. The School is responsible for complying with the requirement set out.

Table of Procurement Thresholds

Estimated Contract Value	Procurement Requirements	<u>Method of completion of contract</u>
Up to £10,000	At least one written quotation must be received. Where practicable an eligible quotation from a local supplier must be sought. Best value must be obtained and framework and other corporate agreements, where they exist, are used. (Managers must retain sufficient evidence to demonstrate compliance). For under £1,000 written evidence of expenditure must be retained e.g. invoice receipt etc.	Use of Purchase Order.
Contracts from £10,001 to £50,000	At least two written quotations must be received. A quotation from a local supplier must be sought. Where this is not possible the reasons must be recorded. Best value must be obtained and framework and other corporate agreements, where they exist, are used (Business Manager must retain sufficient evidence to demonstrate compliance and best value, e.g. oral quotations are not acceptable). The decision must be recorded in writing and all documentation supporting the decision retained.	Use of Purchase Order or Standard Contract for more complex requirements
Contracts from £50,001 to £100,000 (for supplies and services) or £500,000 (for	<u>At least three written quotations must be received. A quotation from a local supplier must be sought. Where this is not</u>	Use of Purchase Order or Standard Contract for more complex requirements

<p>works):</p>	<p><u>possible the reasons must be recorded. Best value must be obtained and framework and other corporate agreements, where they exist, are used (Officer in accordance with Scheme of Delegation must retain sufficient evidence to demonstrate compliance and best value, e.g. oral quotations are not acceptable). If less than three quotes are received than the Officer as set out in the Scheme of Delegation must complete a waiver form to be approved by the Governing Body. The decision must be recorded in writing and all documentation supporting the decision retained.</u></p>	<p>(refer to 13.4 for requirements for sealing)</p>
<p>Contracts above £100,000 to EU thresholds* (for supplies and services) or £500,000 (for works)</p>	<p><u>At least five written quotations must be received. At least two quotations from a local supplier must be sought. Where this is not possible the reasons must be recorded. Best value must be obtained and where framework services are available from the Local Authority the school should consider their merits as part of the contract award process. (Officers as set out in the Scheme of Delegation must retain sufficient evidence to demonstrate compliance and best value, e.g. by confirmation of oral quotations in writing). If less than five quotes are received then the waiver form needs to be completed for the Governing Body to approve. The decision must be recorded in writing and all documentation supporting the decision retained.</u></p> <p><u>In all cases at least 5 Contractors should be invited to Quote (for works) or Tender, unless there is an overriding business or legal justification that this is not required.</u></p>	<p><u>Up to £100,000:</u></p> <p>Signature on Standard Contract or sealed by Legal Services if required</p> <p><u>Over £100,000:</u></p>

16.16. Where it is not possible for any reason to adhere to the requirements for any of the above thresholds a waiver form has to be completed. A specimen of a waiver form can be found in **APPENDIX O**.

17. Procurement and Contracts: The Tendering Process

Explanatory Note: *A Tender is a special procedure for generating competing offers from different bidders looking to obtain an award of business activity in works, supply, or service contracts. They are usually preceded by a pre-qualification questionnaire (PQQ). Open tenders, open calls for tenders, or advertised tenders are open to all vendors or contractors who can guarantee performance*

17.1. When selecting suppliers for goods works and especially services, the Governors will protect the interests of the School by following a robust and proper procurement process.

17.2. The Governing Body is responsible for establishing a panel to manage the process and ensure that the School complies with all procurement requirements. The panel, consisting as a minimum of the Head Teacher and two governors, will report to the Governing Body. The role of the panel will be.

- i) Approve the Tendering Document, design the Specification and draft the Price and Payment clauses.
- ii) Select a list of tenderers and issue the Invitation to Tender. The number of tenderers to be invited will depend on the value of the contract.
- iii) Designate who will make up any panel to shortlist and/or interview tenderers after shortlisting. The decision will be minuted. The minimum membership of any interview panel shall be the Head Teacher and one Governor.
- iv) Evaluate the tenders using pre-determined criteria.

18. Capital Expenditure and Income

Explanatory Note: *There are different accounting and legislative requirements for the treatment of Revenue and Capital Expenditure and Income. This section covers Capital expenditure and income. Capital expenditure includes costs incurred on the acquisition of a fixed asset and any subsequent expenditure that increases the earning capacity of an existing fixed asset. Capital expenditure, as opposed to revenue expenditure, is generally of a one-off kind and its benefit is derived over several accounting periods.*

18.1. Capital projects can be improvement or planned maintenance schemes. Examples of Improvement projects are:

- i) New builds.
- ii) Major extensions.
- iii) Upgrading teaching accommodation.
- iv) Improvement to social, recreational and staff areas.
- v) Investment in assets that would benefit Schools and the wider community, for example, childcare and sports provision.
Note – Voluntary Aided Schools may not invest in their playing fields or buildings on them connected with their use as playing fields, as these are the responsibility of the Local Authority.
- vi) Remodelling of rooms and fitting them out with furniture and equipment, including ICT.

18.2. Planned maintenance projects are those that replace or repair an element of the site or building, thereby enhancing the life of the building and ensuring that the building can continue to be used, for example:

- i) Boiler replacement.
- ii) Upgrading the fire alarm/electrical services.
- iii) Roof/window replacements.

Capital expenditure threshold

18.3. The Council's capital expenditure threshold is £20,000 and details on this can be found in the Council's Policy Statement (see **Appendix P**). However it is recognised that for a School, legitimate capital projects may involve levels of expenditure that fall below this threshold. Projects may also take more than one year to complete: for example, building a new IT suite over a period of two years and furnishing it with tables and computers in the third year. Therefore, an appropriate level of spend for Devolved Capital projects would be a minimum of £2,000.

18.4. The Governing Body can contact the Corporate Finance Team where there is uncertainty about expenditure that may qualify as capital on 0208 496 4177.

18.5. Capital funds will not be used for:

- i) Revenue expenditure items.

- ii) Routine repairs, redecoration or maintenance included in delegated Schools budgets.
- iii) The hire of accommodation (unless this can be legitimately capitalised as part of building costs).
- iv) To meet any periodic PFI charge, or service contracts (which are revenue costs).
- v) Operating Leases where the risk stays with the Leasing Company for example a photocopier maintained by the lessor. The lessee, i.e. the School, will simply recognise the rental payment as revenue expenditure.
- vi) Small value capital items where the amount falls below the Local Authority's minimum capital spend threshold, unless there are a number of items of the same class that can be bought at the same time for example computers, which may be added together and count as capital.

Devolved Formula Capital Allocations

Explanatory Note: *The School's annual allocation of Devolved Formula Capital will be paid by the Local Authority to the School as a single payment. Schools are expected to use this to support priority health & safety and/or condition works, though this may be used for ICT or other capital expenditure, in line with the School Development Plan.*

18.6. The Local Authority may also fund and/or manage capital investment in the School, through its centrally managed Capital Programme. Occasionally it may be agreed that the School will contribute all or part of its devolved capital allocation towards these works. If so the School will provide in writing their agreement to the devolved capital contribution to the scheme. The School will then be invoiced for the percentage contribution agreed and payment will be made within thirty days.

Capital Expenditure and Income: Management of capital projects

18.7. Support and advice in developing a School Improvement Plan including sections such as Asset Management, ICT etc. can be provided by Asset Management Advisors, the ICT Curriculum Advisor and the School Improvement Partner.

18.8. Schools may use revenue funds from their budget to pay for, or contribute towards a capital project i.e. "Revenue contribution to Capital" and the transactions will be coded accordingly in line with CFR and capital accounting requirements.

18.9. Schools or PRUs may undertake capital projects in line with these regulations and guidance, however, if they choose not to manage or be considered not capable of managing their capital projects, the practical responsibility may pass to the Local Authority

18.10. The Governing Body will confirm before it embarks on any building work, that there is no potential for additional costs to arise which could not be funded from the School's own resources and understand that they cannot expect any additional funding from the DfE or the Local Authority if their original estimates are inaccurate.

18.11. The Governing Body is responsible for:-

- i) Planning for capital investment over three to five years and incorporate these within their three year School Development Plan, taking into account the Local Authority's asset management plans, capital policies and ensuring expenditure is eligible (i.e. capital).
- ii) Maintaining records on capital expenditure and will keep the Local Authority informed of all capital schemes in particular at year-end (February) for capital closedown and capital financing.
- iii) Monitoring financial reports on the progress of award of contracts, spend and financing of Capital Projects.
- iv) Managing their building projects and obtaining appropriate advice from the Local Authority, or appoint other professional advisers at planning stage of major projects.
- v) Ensuring that fees are included in the total project costs, and do not exceed 15% of the total. The cost of VAT, where irrecoverable, also needs to be included in total expenditure.
- vi) ensuring it take into account the professional's experience in the education sector, and ensure that contractors have adequate professional indemnity insurance
- vii) Complying with relevant health and safety regulations, Building Regulations, and other legislation.

19. Leasing Agreements

Explanatory Note: *The Local Authority is aware that some Governing Bodies have inadvertently entered into finance leases, and as such are acting outside of their legal powers ("ultra vires"). Advice has been issued to all Governing Bodies to ensure that when their current leases expire, the Schools act within the law when moving forward.*

19.1. Governing Bodies wishing to procure assets will have a choice of buying the assets outright, or funding the purchases via a Local Authority approved operating lease. All leases must be approved by the Local Authority before the lease is signed. The Local Authority will check whether the leases are indeed operating leases and, if not, will advise the Governing Body how to progress in an alternative manner.

- 19.2. Under the Local Authority Scheme for the Financing of Schools, Local Authority maintained Schools are prohibited from entering into any finance leases without the express approval of the Secretary of State for Education. In a practical sense, this means that finance leases are not permitted as this constitutes borrowing.
- 19.3. Governing Bodies should be aware that leasing is a complex subject for which specialist Local Authority advice should be sought.
- 19.4. When looking to procure assets, the Governing Body should initially consider “lease or buy” decisions. Often, substantial savings can be obtained through buying equipment outright and this option should be fully appraised beforehand.
- 19.5. Governing Bodies should not purchase assets from casual sales personnel. The LBWF procurement policy should be followed.
- 19.6. Devolved formula capital funding may **not be** used to fund lease payments in any circumstances.
- 19.7. If the Governing Body chooses to lease an asset, approval must be sought from the Local Authority’s Treasury Management team. E-mail treasuryandpensions@walthamforest.gov.uk or telephone 0208496 4481 or 4274) beforehand. The Local Authority will confirm (or otherwise) that the lease does not constitute borrowing (i.e. it isn’t a finance lease) and, if possible, will offer the School a more competitive option approved by the Local Authority.
- 19.8. The Department for Education current Guidance to Schools states:
- “A **Finance Lease** is equivalent to you committing the school to a loan, which is prohibited under current legislation.” All Local Authority maintained schools are forbidden from entering into any form of finance lease without permission of the Secretary of State for Education.*
- “An **Operating Lease** is the only type of lease a school should enter into. These leases involve the school paying a rental fee for the hire of an asset for a period of time, and are similar to a rental agreement. No other types of lease, such as a Finance Lease or hire purchase, may be entered in to by the school as this is a form of borrowing.”*
- 19.9. The Governing Body is responsible for ensuring that processes are in place to ensure that only the Chair of the Governing Body or his/her authorised personnel is authorised to sign lease agreements on behalf of the School once Local Authority approval has been given.
- 19.10. The Governing Body must not look to “pay off” an existing third-party lease agreement by having it factored into a new lease agreement as this would constitute borrowing and as would be acting outside of their legal powers (“ultra vires”).

- 19.11. The Governing Body is responsible for ensuring that the School shall not commit to agreements unless there are sufficient resources to meet any annual Lease and Life Lease rentals.
- 19.12. The Governing Body shall consider the timing of any payments and how these may affect the School's cash flow.
- 19.13. The Governing body is responsible for monitoring the schools leasing commitments and is responsible for ensuring it receives regular reports.
- 19.14. The Head Teacher or Business manager is responsible for ensuring the Local Authority Leasing schedule is submitted in a timely manner. The Local Authority's Leasing Schedule is set out in **Appendix Q**).

20. Orders for Supplies of Works and Services

***Explanatory Note:** An official "Purchase Order" will be issued for all work, goods or services to be supplied to the School at the time commitment is made, except for supplies of utilities and periodic payments paid via direct debit. Verbal orders should only be given in cases where it is absolutely necessary and must always be confirmed by an official order, as soon as possible.*

- 20.1. Official Purchase Orders may only be used for official purposes of the School, and therefore must not be used for any personal or private purchases, nor must personal or private use be made of any contracts entered into by the School.
- 20.2. All official School Purchase Orders must be uniquely numbered and clearly printed with the name of the school. Access to the accounting software used to generate purchase orders must be strictly controlled. Spoiled or cancelled Orders will be retained. Orders should contain price, description, quantity and delivery instructions.
- 20.3. The Governing Body is responsible for:-
- i) Agreeing a procedure for ordering from its cost centres.
 - ii) Specifying who the authorised personnel and counter signatories will be in its formal statement of delegated responsibilities.
- 20.4. Each Order must be signed in accordance with the Scheme of Delegation to ensure :
- i) that the goods or services ordered are appropriate and needed.
 - ii) that there is adequate budgetary provision and quotations or tenders have been obtained if necessary.

20.5. The School Business Manager or other authorised officer is responsible for ensuring that:-

- i) All orders adhere to the principles with regard to authorised personnel irrespective of the manner of placement (orders may be placed by post, fax, or via email/e-ordering. For instance, SIMS e-ordering facility may be utilised with the orders being transmitted by the finance staff, instead of signing and posting a hard copy)
- ii) The price of the goods/services is stated. (Where the exact price is not known at the time of placing the order, the method by which the price will be calculated should be shown.)
- iii) The estimated cost is committed against the appropriate budget allocation so that it features in subsequent budget monitoring.
- iv) The school nominates its preferred location for deliveries e.g. main reception, finance office etc. depending upon physical layout.
- v) Members of the school staff who sign for deliveries carries out a brief inspection prior to signing. Staff sign to certify that:-
 - a) The number of parcels equals the number signed for.
 - b) The parcels appear to be in good condition e.g. do not show signs of transit damage.
- vi) The delivery note and goods are then sent to the budget holder for formal checking against the order.

20.6. In line with the Scheme of Delegation checks are undertaken of goods received on the delivery note which is passed to the school office -Finance section for input to the accounting system retained together with the delivery note until the invoice is received.

20.7. The receipt of multiple deliveries against a single order and completion of the order will be monitored by regular review of the outstanding purchase order report.

21. Payments of Accounts

21.1. In managing the payment of invoices, the Governing Body will ensure that it has regard to the implications (particularly with relation to interest) of the Late Payments of Commercial Debt (Interest) Act 1998. The detail on this legislation may be found on this link <http://www.legislation.gov.uk/ukpga/1998/20/contents>

21.2. The Head Teacher is responsible for ensuring that all purchase documentation is filed securely to ensure a clear audit trail from ledger entries to source documentation.

21.3. The Head Teacher must ensure that the processes are in place that comply with the schools Scheme of Delegation see Appendix A.

- i) All goods and services received by the School are checked to ensure they are in accordance with the Purchase Order. If any discrepancies are found, these should be noted on the order and the matter resolved with the supplier without delay.
- ii) All invoices received by the School will be matched to the relevant purchase order, having regard to any discrepancies noted on receipt of the goods or services.
- iii) All invoices will be approved for payment by an appropriate member of staff. Approval is given on the basis that
 - a) The School only pays for goods and services it has ordered and received
 - b) Payments are made to the correct supplier
 - c) Costs are charged to the correct budget head
 - d) Discounts are applied where applicable

22. School Bank Accounts

Explanatory Note: All banking arrangements in respect of official School monies will comply with the Council requirements under Section 151 of the Local Government Act 1972.

22.1. No School bank account is allowed to be overdrawn or hold overdraft facilities. Each Bank account should be named "LBWF name of the School"

22.2. Official School monies do not include unofficial School funds like voluntary funds, donations or other monies not forming part of their budget.

22.3. The Head Teacher may appoint bank signatories. The Governing Body should be promptly informed of any changes to signatories, issue around fraud and changes to personnel.

22.4. The Governing Body may agree to hold more than one bank account but no more than three. The purpose of each bank account must be reported to the Governing Body and reviewed when necessary.

22.5. For each bank account the school can have between 4-8 signatories, these should be limited to senior staff.

22.6.

22.7. The Governing Body must advise of the person to whom all correspondence from the Bank must be addressed. This is usually the Head teacher/Senior Financial Controller or School Business Manager.

22.8. The Governing Body ensures that the controls, particularly access controls, are in place.

22.9. The School recognises that methods of authorisation may change, but the levels of authorisation must comply with the approved bank mandate.

School Bank Accounts: Monthly Bank Reconciliations

22.10. Bank reconciliation allows the balances held on the School's financial accounting system to be agreed to the monies held in the bank. Monthly bank reconciliations are essential to validate records and identify discrepancies and bank fraud at the earliest opportunity.

22.11. The Governing Body will agree procedures for the reconciliation of all bank accounts, and identify, in their Scheme of Delegation, the members of staff responsible. Segregation of duties is vital: any person responsible for this reconciliation should have no responsibility for receiving or banking monies.

22.12. The Head Teacher is responsible for ensuring that bank statements are received monthly and bank reconciliation undertaken monthly within two weeks of receipt of bank statements.

22.13. The Head Teacher is responsible for ensuring that:-

- i) Bank statements are received and reconciled promptly on a monthly basis.
- ii) The person performing the reconciliation signs all bank reconciliations.
- iii) The person reviewing the reconciliation countersigns and understands the reconciliation process.
- iv) Retained for six complete financial years.
- v) The person responsible for undertaking the bank reconciliation reflects all debits due and :-
 - a) Cheques drawn but not presented.
 - b) Other payments debited but not accounted for.
 - c) Credits accepted by the bank but not accounted &.
 - d) Credits accounted for but not cleared by the bank.

- vi) Entries on the bank statements that have not been processed in the accounting records are investigated promptly to ensure that they relate to the School. If so, appropriate entries must be made without delay in the accounting records, and the bank reconciliation annotated accordingly.
- vii) Unduly outstanding items are followed up in a timely and appropriate manner.

School Bank Accounts: Rules for Cheques and BACS payments

22.14. The School Business Manager or other authorised officer is responsible for ensuring:-

- i) Cheque runs are produced (normally weekly) after looking at the payment terms to determine which invoices are due for payment. Unless otherwise specified, the school aims to make payment 30 days from the date of the invoice.
- ii) The cheque run consists of printed cheques and a printed report listing. This list must be signed by the Head Teacher.
- iii) Cheques are collated with supporting documentation (original purchase order and delivery notes where available) and passed to the cheque signatories.
- iv) Copies of current completed Bank Mandates with signatories are kept on file for inspection.
- v) In all cases, at least one signature on each cheque will be from somebody who has not been involved in approving the order or certifying the invoice to which it relates.
- vi) Cheques will never be pre-signed.
- vii) Cheque Books will be used sequentially and unused cheques will be kept in a secure location.
- viii) Pre-printed cheques will not be manually altered or amended. (Errors will only be corrected by cancelling the cheque with the error and printing a new one.)
- ix) If a manual cheque is used, a photocopy of the signed cheque should be retained.
- x) Spoiled/cancelled cheques will be clearly marked "CANCELLED" and retained for audit, together with the reason for cancellation.
- xi) Where cheques that are lost are cancelled by the bank, a copy of the letter from the bank confirming cancellation will be retained on file.

- xii) Cash withdrawals are only permitted for reimbursement of the petty cash imprest and advances for school trips. The arrangements for the withdrawal of cash for these two instances will be properly authorised.

22.15. All cheques to be signed in manuscript by two signatories as required in the bank mandate.

22.16. In line with the Scheme of Delegation the responsible officer will initial and date the invoices indicating their approval to payment and to confirm checking before payment authorisation.

22.17. The School Business Manager is responsible for ensuring that where payments are made by BACS:-

- i) The School maintains an up to date list of suppliers, who require payment by BACS. (This list should be periodically validated by an authorised officer and bank details checked carefully when loaded to FMS ;)
- ii) A BACS payments schedule is produced by FMS which shows order numbers, supplier details, the amount and date of transfers.
- iii) Wherever a note appears indicating a bank account has been added or amended the details have been checked and initialled by the finance officer (or another member of staff if the finance officer is logged as making the change).
- iv) The Schedule is approved, signed and dated by two signatories.
- v) The relevant invoices are checked, initialled and dated as for a cheque run.
- vi) The BACS schedules and summaries are retained in accordance with retention periods for financial records and filed appropriately.

22.18. The School Business Manager or other authorised officers will up-load the BACS payment to the bank. Two separate BACS approvers will need to authorise the BACS run within online banking before it will be actioned by the bank. (There should be a clear segregation of duties between preparing the payment details schedules and authorising the payment.)

22.19. The Bank Mandate should clearly stipulate who has the power to authorise on-line payments of this nature.

23. 23 Payment by Cards

Explanatory Note: *A plastic card having a magnetic strip, issued by a bank or business authorising the holder to buy goods or services on credit, while a debit card (also known as a bank card or cheque) is a plastic payment card that provides the cardholder electronic*

access to his or her bank account. For a school to use a card the school must have a policy that is approved by the Governing Body.

23.1. The card should be in the name of the School, issued to a named individual and held in a secure location (for example the safe).

23.2. If a DEBIT card is chosen the School will need to:-

- i) Maintain a small account with a small balance of between £500 and £3,000 (Primary Schools) & £1,000 to £8,000 (Secondary Schools) to reduce the risk of fraud or abuse.
- ii) Process a cash entry on every occasion the card is used.
- iii) Ensure that the card account is reconciled on a regular basis.
- iv) The Debit card should not be used to withdraw cash and can only be used for online payments.
- v) If a schools needs to reimburse their petty cash they should use cheques made out to the school.

23.3. Interest will never be incurred as the card is settled in full on a monthly basis.

23.4. The School should ensure that there is a Card Policy see Appendix L.

23.5. The School should ensure that there are processes in place to ensure that:-

- i) The cardholder holds approval from the appropriate budget holder in accordance with the school's scheme of delegation and that there is sufficient budget available before making any purchase.
- ii) All telephone and internet orders are processed on official internal forms in the usual way.
- iii) Full VAT receipts are obtained for all purchases and all invoices are in the name of the school so as to ensure compliance with VAT rules.
- iv) When purchasing goods or services via the internet, the site is secure and that an order confirmation is printed off and kept with all transaction documentation relating to the purchase. Caution should be exercised if paying in advance for goods from an unfamiliar supplier.
- v) On completion of a card purchase, including those made over the telephone or Internet, the budget holder authorises the invoice/ receipt to confirm receipt of

the goods and passes this to the finance office for linking to the monthly statement.

- vi) There is a clear segregation of duties between the requisitioning/ ordering and card purchasing processing, including on-line transactions.
- vii) The monthly statement will always be reconciled by someone other than the card holder, (the reconciler) who will ensure that they have all relevant documentation required as per the card policy.

23.6. Specific procedures for the recording and reconciliation of transactions to the School's Financial Management System will vary according to the type of card.

24. Value Added Tax (VAT)

24.1. The Governing Body is responsible for ensuring that the School complies with VAT and other tax regulations. The School adopts the Council's guidance on VAT which can be consulted for a more detailed interpretation (see **Appendix R**).

24.2. The Local Authority is able to reclaim all of its input taxes makes net monthly reimbursement claims to HMRC. Schools submit their net monthly claims through the Local Authority and receive reimbursement accordingly. The Governors and the Head Teacher need to ensure all relevant staffs are kept up to date on new requirements and if errors do arise understand that the School will be liable for any sums due back to HMRC.

24.3. The Business Manager is responsible for ensuring that any charge made which includes VAT will be properly recorded and accounted for. Where official accounts are rendered, the Council's VAT Registration number, **248 2128 66**, will be clearly shown on the invoice as well as the VAT element of the charge.

24.4. The Business Manager is responsible for ensuring where cash income is received, any VAT will be separately identified.

24.5. The Business Manager is responsible for ensuring when paying suppliers' invoices with a value over £250, the following rules are to be observed so that the School may avoid penalties imposed by HM Revenue and Customs:

24.6. The Business Manager is responsible for ensuring the School shall only reclaim VAT where it buys the goods/services.

24.7. The Business/Officer Manager is responsible for ensuring VAT can only be reclaimed where a VAT invoice is received and contains the following details:

- i) Be addressed to the School.
- ii) Have an identifying invoice number.
- iii) Show the date of issue and supply (Tax Point Date).
- iv) Show the supplier's name, address and VAT registration number.
- v) Show a description and quantity of the goods or extent of services provided.

- vi) Show the total charged excluding VAT.
- vii) Show the rate of discount offered (if any).
- viii) Show the amount of VAT charged and the rate.
- ix) Show the total amount of VAT and the total amount of the invoice.

24.8. The Business/Officer Manager is responsible for ensuring in the case of invoices £250 and below (for example till receipts), the following details are shown:

- i) The date of issue.
- ii) The name, address and VAT registration number of the supplier.
- iii) The date of supply (Tax Point Date).
- iv) A description of the goods or services provided.
- v) The rate of VAT charged at each rate. (On till receipts the rate of VAT may not be shown but the goods may still include VAT.)
- vi) The total amount payable including VAT.

24.9. The Business Manager will ensure that no manual adjustment is made by the School to the VAT shown on an invoice but that in such circumstances a Credit Note or Supplementary Invoice is requested from the Supplier.

24.10. The Business Manager will ensure that the correct VAT designation is used on the VAT Return submitted by the School to the Local Authority.

24.11. The Head Teacher/other authorised officer shall sign all Monthly VAT returns submitted to the Local Authority on behalf of the Governing Body authorising that the School has complied with the VAT requirements.

24.12. The school is required to submit its VAT return in a timely fashion. The Local Authority recommends that returns are made within three weeks of the month end thus ensuring practice of maximising cash flow and dealing with VAT issues.

25. Petty Cash Imprest Accounts

25.1. Best practice is to reimburse staff for non-taxable items like travel expenses and curriculum purchases through payroll. However a petty cash float can be maintained.

Petty Cash is to be used for the reimbursement of (small) out of pocket expenses **no more than £100 for any one single item**, incurred by staffs that have used their own money on behalf of the School. In all cases receipts to the value of the claim must be attached to enable the claim to be reimbursed.

25.2. The Governing Body is responsible for:-

- i) Agreeing within its scheme of delegation, the arrangements for managing the petty cash fund and the authorisation of claims.

25.3. The Head Teacher is responsible for ensuring that processes and procedures are in place and their operation monitored on a regular basis so as to ensure that:-

- i) The petty cash fund is held securely and that only authorised staff have access to it.
- ii) Payments from the petty cash fund are limited to minor items that have been approved in advance by an authorised member of staff;
- iii) All such expenditure must be supported by receipts, which identify any VAT paid.
- iv) Personal cheques are never to be cashed from the petty cash fund.
- v) The accounting records of receipts and payments relating to the petty cash fund are reconciled on a regular basis, and the receipts and cash agreed to the total authorised value of the fund.

26. Payments to Individuals

Explanatory Notes: *There is guidance for employers on the HMRC website to assist schools in making a decision on whether an individual has been engaged on an employed or self-employed basis. (Employment Status Indicator – Online Tool).*

26.1. HMRC undertake regular inspections of Local Authorities' records to ensure they are fully compliant. Schools should be aware of the serious penalties that can be imposed for a breach of HMRC requirements.

26.2. If a School contracts an individual's services through an employment agency or firm of consultants and is invoiced directly by these organisations, then the Income Tax and National Insurance contributions are the responsibility of the invoicing organisation.

26.3. Where an individual has their own limited company, this will be verified, for instance by inspecting the certificate of incorporation. Payments will be made payable to the limited company and not the individual. In all instances the correct procedures will be followed, i.e. order issued and payment made against invoice.

26.4. However, if an individual does not have a limited company then the School will follow HM Revenue and Customs (HMRC) employment status guidelines. A worker's employment status, that is whether they are employed or self-employed, is not a matter of choice. **Whether someone is employed or self-employed depends on the terms and conditions of the job and it is the responsibility of the School when entering a contract with an individual to undertake an employment status check to determine whether the person is employed or self-employed. The employment status check will be held by the School along with the completed employment checklist as supporting evidence (see Appendix S &Ti).**

26.5. If the result of the employment status check indicates the individual to be self-employed then payment may be made outside of the payroll. All payments will be

supported by an order and invoice which give clear details of the work or service carried out.

- 26.6. Checks will be carried out and documentary evidence seen to confirm that a Disclosure and Barring Service check (DBS) is completed in line with Safeguarding and Health and Safety procedures and that the contractor has current public liability insurance.
- 26.7. The Head Teacher is responsible for ensuring that the School is fully compliant with the HMRC regulations. The Governing Body should receive regular reports identifying those individuals not paid via the payroll. These reports should clearly show the Employment Status Reference.

27. Work undertaken for third parties by a School Employee

27.1. The Governing body will agree a policy covering work by school staff for third parties

27.2. The Governing Body will consider, in advance, any such proposed episode, having regard to:

- The efficient running of the School
- The School's ability to deliver the curriculum, or to meet any other statutory requirement
- The individual's self-development and the development of new skills ultimately to the benefit of the School.
- Any incremental costs falling on the School's delegated budget.

27.3. The School will not knowingly allow any payments in relation to such work to be made directly to the employee by third parties.

27.4. The Business Manager will be responsible for ensuring in all cases, the income related to such episodes will be collected from the third party by invoice – raised in accordance with the regulations.

27.5. The Governing Body may agree to share the proceeds with the member of staff involved. If so, the share retained by the School should not be less than any incremental costs incurred, but may be more. Any such agreement, and the reasons for it, should be recorded and retained.

27.6. The employee's share (if any) must be processed and paid through the payroll.

28. Construction Industry Scheme (CIS)

28.1. According to the HMRC "New CIS Update" booklet (available at <http://www.hmrc.gov.uk>) some types of payments do not need to be reported under

the new construction industry scheme; "Payments made by maintained schools as agents of the LA (under delegated budgeting arrangements)"

28.2. In the HMRC booklet "Construction Industry Scheme CIS340" Paragraph 2.21. LA Maintained Schools, states "The Scheme will NOT be operated for payments made for construction operations by the governing body or head teacher of a maintained school on behalf of the LA" (available at <http://www.hmrc.gov.uk/forms/cis340.pdf>).

28.3. Within CISR12090 - The Scheme: contractors: local authorities (*available at <http://www.hmrc.gov.uk/manuals/cisrmanual/cisr12090.htm>*). There is also the following statement; "Under funding arrangements set out at section 49(5) of the School Standards and Framework Act 1998, the budget shares of all schools, including foundation schools, remain the property of the maintaining LA until spent. However, from 6 April 2007, SI2005/2045 regulation 22 specifically excludes from the Scheme any payments made for construction operations by the governing body or head teacher of a maintained school. As such, the Scheme will NOT be operated in respect of such payments."

28.4. Also within CISR12090 - The Scheme: contractors: Local Authorities there is a reference to Voluntary aided (VA) schools; "Voluntary Aided Schools are not treated as contractors for the purposes of FA04/S59 (1) (I) and do NOT have to operate the Scheme".

29. Salaries, Wages and Pensions

Explanatory Note: *The staffing budgets represent around 80% of schools budgets. The Governing Body is responsible for managing the procedures and controls for Salaries and Pension in accordance with pay and condition policies issued by The Department of Education, The Local Authority, Teachers Pension Agency and Accounting and Finance regulations. The Governing Body is responsible for ensuring the School is fully compliant in meeting its legal obligations with regard to Tax and National Insurance and Pension Regulations.*

There are on-going changes to pensions. In the case of Teachers Pensions two key developments come into effect firstly from April 2015 a new Career Average Scheme has been introduced and as from April 2016 monthly data collection will replace the current Annual Salary and service returns. Schools need to ensure that they are aware of all new developments and take steps to be compliant.

The key documents are been set out in **Appendix T ii to T iv**

Salaries and Pensions: Appointments, Pay Policies and Structure

- 29.1. The Governing Body will set up an appointment panel of Governors for Head Teacher and Senior Leadership Team appointments, in line with the DFE Pay and Conditions Regulations, School Pay Policy and School Teachers' Pay and Conditions Document (STPCD).
- 29.2. The Governing Body or Personnel & Finance Committees must approve all interim arrangements for leadership support brought in from another school. The Governing Body must agree: hours required; period of appointment; rates of pay and financial arrangements.
- 29.3. The Governing Body must approve interim arrangements to release members of its senior leadership team to support other schools. The Governing Body should approve: hours; period of appointment; the rates of pay and method of reimbursement.
- 29.4. The Governing Body is responsible for determining the staff complement and the appointment of other staff although it may delegate the appointment of less senior staff to school management
- 29.5. The Governing Body must review and ratify all pay policies taking into consideration the processes to be followed in line with the Waltham Forest HR regulations.
- 29.6. The Governing Body will ensure the school reviews its staffing structure annually and receive termly reports on staffing costs and variations regularly. In so doing the Governing Body will consider:-
- i) The impact on its staffing structure following new Central and Local Government changes.
 - ii) How they are making the most of the skills and talents of their staff;
 - iii) How the curriculum can be delivered;
 - iv) How the needs of the pupils can best be met;
 - v) How best value is secured for the school.
- 29.7. In conducting the review the Governing Body must fully evaluate the financial implications including those arising from potential severance, redundancy, ill health or early retirements.

Salaries and Pensions: Responsibilities in Relation to Payroll Functions

- 29.8. The Governing Body manage their payroll responsibility through the external payroll agency of its own choice. In so doing it is responsible for:-
- i) All aspects of the payroll functions.

- ii) Ensuring that the schools internal processes, records and those of its choice of external payroll provider are fully compliant with current and pending HMRC regulations, pension regulations, accounting standards and requirements of the Local Authority.
- iii) Penalties incurred if it fails to discharge its duties in this regard.

29.9. The Governing Body will satisfy the Chief Finance Officer that it can adequately carry out the payroll functions through its external payroll provider. The Governing Body will be responsible for obtaining an Annual Audit Assurance from the external payroll provider's own auditor to confirm that the payroll provider has reasonable controls in place to discharge their payroll functions.

29.10. The Head Teacher will supply a letter of authorisation detailing those persons authorised to certify payroll transactions on behalf of the school (including specimen signatures) to the payroll provider.

29.11. The Governing Body must be informed by the Head Teacher and Business Manager on the performance of the payroll contractor. This should highlight non-compliance against current and new requirements stated in 29.9 and 29.10.

29.12. The Governing Body has selected as its choice of Payroll Provider (<INSERT NAME OF AGENCY>). The Governing Body will ensure that processes are in place to ensure that;

- i) The accuracy of members records in relation to Name; NI numbers; pension reference; male /female pay and allowances paid and FTE, submitted on the Teachers Pension Salary and Service Return and the Local Government Year End List is checked by the School before it is submitted by its payroll provider to the Local Authority.
- ii) The payroll data is regularly checked and updated monthly for starters leavers, change to pay grade and hours, maternity and strike pay, honoraria allowance, on costs payments.
- iii) The calculation of all remunerations and gratuities are correct.
- iv) Timely and accurate monthly deductions are made for Tax and National Insurance to HM Revenue and Customs fulfilling legal obligations.
- v) Timely and accurate monthly deductions are made in relation to Teachers Pension, Local Government Pension Schemes and Auto Enrolment regulations fulfilling legal obligations.
- vi) Timely and accurate information required by Teachers Pension and Local Government Pension schemes is provided to the School or directly to the above organisations by the external payroll provider.

- 29.13. The Business Manager is responsible for ensuring all payroll input forms (starters, leavers, contract variations and claims) are signed in accordance with the Governing Body's letter of authorisation by the Head Teacher and sent to the external payroll providers with any other relevant instructions.
- 29.14. The Business Manager is responsible for ensuring the dummy payroll run is sent every month by the payroll provider to be checked for accuracy.
- 29.15. The Business Manager is responsible for advising by email any corrections or additions to the payroll provider.
- 29.16. The School Business Manager is responsible for ensuring that when the final payroll is sent by the payroll provider:-
- i) An examination of the report and reconciliation to the initial payroll report is undertaken;
 - ii) The reconciliations is signed by the individual undertaking the reconciliation and the Head Teacher;
 - iii) Journal entries in respect of the report totals are made into the FMS system and a copy of the FMS journal filed with the payroll report (duly signed by two persons).
- 29.17. The Business Manager is responsible for ensuring the Timesheets are certified by the manuscript signature of one of the payroll authorised signatories as soon as possible after the close of the relevant period.
- 29.18. The School Business Manager is responsible for ensuring any payments to individuals, where the work undertaken falls into the category of an employee, is paid via the payroll and appropriate deductions in respect of National Insurance and Income Tax made. **(See section 26 and Appendix S).**
- 29.19. All payments to individuals in respect of car allowances, subsistence and glasses will be paid via the payroll, as will all enhancements and additional payments.
- 29.20. Where a free meal is offered to staff, it will be reasonable; it will be available to all staff on the School's premises and unconditional for it to be considered tax free. Where the free meal is offered, while supervising children during meal times, this is deemed to be a taxable benefit (HMRC guidance on tax free allowances can be found at: <http://www.hmrc.gov.uk/helpsheets/hs207.pdf>).

Salaries and Pensions: Pensions Auto Enrol Regulations

- 29.21. The Governing Body is required under new Legislation to ensure it complies with Auto Enrolment regulations. The Governing Body has a duty to Auto enrol all Eligible Job Holders age 22 and above or earning more than £9,440 (this figure varies annually).

29.22. The Governing Body is required to:-

- i) Evidence that all members of staff are aware of Auto Enrolment and keep records of advising staff of Auto Enrolment.
- ii) Advise Members of staff who are not part of a pension scheme that they can be Auto Enrolled at any time.
- iii) All new staff are enrolled for pension by default. If new members wish to opt out they can do provided they follow the guidance specific to their scheme and both individuals and the Schools maintain records of opt out. New staffs have up to three months to opt out.
- iv) Advise the Local Authority of all members of staff who became eligible for Auto Enrolment. A specific template needs to be submitted monthly to the Local Authority. The Opt-out application is only eligible if the template has been sent into The Teachers Pension Agency by the Local Authority.
- v) Have arrangements so that staff opting out in accordance with the Auto Enrolment regulations can be reimbursed.
- vi) Ensure all staff that are Retired members, part time or have multiple contract of employment comply with the Auto Enrolment rules.
- vii) Ensure that the payroll provider is fully compliant with the new regulations.

Salaries and Pensions: Special payments - staff severance payments

Explanatory Note; *Special staff severance payments are paid to employees outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract.*

29.23. Special staff severance payments will not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct will be where legal advice is that the claimant is likely to be successful in an Employment Tribunal claim. In the case of poor performance, an acceptable comparison will be the time and cost of taking someone through performance management and improvement procedures.

29.24. The Governing Body is responsible for ensuring that:-

- i) The School complies with Local Authority rules for staff severance payments.
- ii) When considering making a staff severance payment the payment is justified, based on a legal assessment of the chances of the School successfully

defending the case at tribunal. (If the legal assessment suggests a better than even chance of winning, there is unlikely to be a rationale for settling the case. But where the case may be lost, there is a justifiable rationale for the settlement).

- iii) If the settlement is justified, the School will consider the level of settlement. This will be less than the legal assessment of what the relevant body (e.g. an Employment Tribunal) is likely to award in the circumstances. The Local Authority must be informed of any likely settlements prior to them being discussed with the employee.

30. Payment of Allowances to School Governors

Explanatory Note; *School governors provide a voluntary service, and cannot be paid for their role as a governor. But they can receive out of pocket expenses. This may include reasonable expenses to cover travel costs or child care costs incurred as a result of fulfilling their role as governor. (School Governance Regulations 2003)*

- 30.1. The Governing Body should first decide whether, as a matter of policy, they wish to pay allowances. This decision should be made at a Governing Body meeting and minuted. If agreed a suitable budget should be set aside.
- 30.2. Attendance allowance and payments for loss of earnings may not be paid.
- 30.3. No claim shall be paid that exceeds the rates for travel and subsistence laid down by HM Revenue and Customs, which are changed annually and published on the HMRC's website (<https://www.gov.uk/expenses-and-benefits-travel>). Governing Bodies may pay less than the published rates of the HM Revenue and Customs. All claims will relate to actual costs incurred and will usually be substantiated by the provision of receipts.
- 30.4. Claims other than for travel and subsistence will be reasonable, justifiable and supported where possible by written documentation. See DfE guidance <https://www.gov.uk/government/publications/governors-handbook--3> and **Appendix U** Paying Allowances to School Governors)
- 30.5. This policy should be reviewed annually and in the light of any changes in legislation.

31. Claims incurred by Staff.

- 31.1. The Governing Body is responsible for approving a policy covering the payment of expenses to staff employed by or in the School. This policy should include reference to the following issues:
 - Which types of expenditure may be reclaimed by members of staff.
 - When Expense Claims should be submitted and in what format.

- Wherever practical, VAT receipts must be submitted with the Claim.
- Who may authorise Expense Claims
- Under which circumstances claims may be paid from Petty Cash.

31.2. The Governing Body is responsible for ensuring that travel arrangements are cost-effective, and that any tax implications are identified and complied with. This includes car mileage claims.

31.3. Where a member of staff uses their own vehicle for business travel, the School should ensure that appropriate insurance is held by that member of staff for business use of the vehicle.

31.4. Employees' expense claims must be certified prior to processing for payment either through Payroll or Petty Cash. 'Certification' is taken to mean Journeys were authorised

- All expenses were properly and necessarily incurred
- Allowances are properly payable.

32. Inventories (including Stocks and Stores)

Explanatory Note: An Inventory is a complete list of items such as property, goods in stock, or the contents of a building.

32.1. The Governing Body is responsible for the care and custody of all assets within the School and shall maintain proper security for all buildings, vehicles, plant, stocks, stores, furniture, equipment, money and other valuables of the School.

32.2. The Governing Body shall ensure that an Asset Register is maintained and it is complete. A specimen of items to be recorded in the Asset Register can be found in **Appendix V**.

32.3. The School Business Manager is responsible for :-

- i) Presenting the stocktaking certificate to the Governing Body on an annual basis.
- ii) Reporting items not owned by the school, but leased or rented, such items shall be listed on the school inventory with a note to that effect.
- iii) Maintaining a separate list for items on long-term loan to the School that will specify the name and address of the owner.
- iv) Recording all "disposals" including any inventory items which have been stolen. Stolen items will be reported on a "Theft/Illegal Entry Form" which will be sent to the Insurance and Risk Manager at London Borough of Waltham Forest. Any

such items will still need to be “written off” in line with the procedures outlined in section (33).

33. Disposal of Assets

- 33.1. The Governing Body will authorise the disposal and write-off of redundant, obsolete, non-repairable or surplus furniture, fittings, equipment, plant and machinery, and stocks.
- 33.2. The Governing Body may delegate this responsibility to the Head teacher for items valued below a level at their discretion but this level should not be higher than £100.
- 33.3. The Governing Body is responsible for ensuring that:-
- i) If the asset is subject to leasing arrangements, or was funded from specific grant, disposal must be in accordance with the terms of the lease, or the terms of the specific grant concerned.
 - ii) Any surplus plant, vehicles, furniture or equipment is sold by public tender or auction unless the financial interest of the School is better served by disposal in some other way. In general, auction or tender is only appropriate for items that have significant residual value.
 - iii) Redundant assets are not sold to employees of the School, members of the Governing Body or officers or Members of the Authority, on terms (including price, opportunity etc.) more favourable than available to other interested parties.
 - iv) Income received for the disposal of an asset is properly banked and coded;
 - v) The Asset Register is updated appropriately to reflect the disposal of the asset/s.
- 33.4. Before disposal the school will ensure that any security or other markings, identifying the equipment as the property of the School, are removed from the equipment.

Disposal of Assets – ICT Equipment

- 33.5. To guard against accidental disclosure of personal or business sensitive data, the Governing Body is responsible for ensuring that, in addition to the regulations contained in paragraphs 33.1 to 33.4, the regulations in paragraphs 33.6 to 33.7 are followed.
- 33.6. In case of ICT equipment being disposed of, the Governing Body is responsible for ensuring that:

- i) All data is removed from PC's.
- ii) All hardware to be disposed with in accordance with the WEEE (Waste Electrical and Electronic Equipment). directive

Further assistance and guidance on technical aspects of meeting these requirements must be sought from the Local Authority. Contact details Dickon Exton, ICT Advisor, Asset Management and Delivery Growth and Regeneration

E-mail: dickon.exton@walthamforest.gov.uk

Disposal of Assets – Land and Buildings

33.7. If a Foundation and Voluntary School owns its land and buildings and is contemplating their disposal in full or in part, The Governing Body is required to advise the Local Authority of their intention at the earliest opportunity, as the Local Authority may be entitled to a portion of the proceeds.

34. Income & Credit Control

34.1. The Governing Body is responsible for ensuring that there will be separation of duties as far as possible, where they relate to financial administration of income so that at least two people should be involved in raising invoices and banking monies.

34.2. The School will put processes and procedures in place so as to ensure that:-

- i) There is a pricing/charging policy and lettings framework approved by Governors (**see Appendix W**).
- ii) Accurate and chronological records of all receipts and deposits are kept.
- iii) receipts are issued for all monies being paid over to the School.
- iv) Monies and bankers drafts received by the School are banked without undue delay. (Deposit slips will clearly separate cash and cheques).
- v) Personal cheques will not be cashed out of income that is awaiting banking.

34.3. The School Business Manager is responsible for ensuring that:-

- i) Where a sundry debtor's account is found to be irrecoverable, this should be approved by the Governing Body and the loss shall fall to the School's Delegated Budget.

- ii) Income received by electronic transfer (BACS or CHAPS) is promptly recorded on the Schools system.
- iii) Any debtors outstanding at year end are included in liabilities at closedown.

34.4. The School Business Manager is responsible for ensuring that proper documentation will be obtained and retained by the school to ensure that free school meals are being legitimately claimed by pupils.

35. Write-off of Unrecoverable Debts

35.1. The Governing Body should have clear procedures for identifying and chasing any invoices that have not been paid within 30 days of issue (see the Debt recovery policy in **Appendix X**)

35.2. The School shall take all reasonable steps to recover any outstanding sums due. A record of the recovery attempts will be maintained and this will indicate the reasons why they have not been successful.

35.3. The Head Teacher and Chair of Governors will sign and date the write-off document and all write-offs will be reported annually to the Governing Body. This document will indicate the nature of the debt, the name and address of the debtor, the amount involved and the action taken to recover the amount due.

36. Use of School Equipment Off-Site

36.1. The loan of School property will **only** be made for either of the following purposes:

- Familiarisation with the use of the item, or
- For School related use.

36.2. Items will **not be** loaned from the School for personal use or entertainment.

36.3. Any item loaned shall be approved by the Head Teacher, registered, signed and dated for "as on loan" on the "items on loan register" and upon return signed and dated.

37. Lettings

37.1. The Governing Body shall be responsible for lettings of the School premises.

37.2. The Governing Body shall approve a Lettings Policy (see **Appendix Y**); such policy shall be reviewed at least annually.

37.3. The School may keep all income from lettings of the School premises.

37.4. All income from lettings shall be paid into the School's official fund bank account as soon as practicable.

37.5. The Governing Body shall agree the scale of charges for lettings, including Community Lettings. When setting the level of charges the Governors will take note of any advice from the Local Authority. The agreed scale of charges will be minuted.

37.6. The Governing Body shall ensure that the scale of charges is circulated or made available to all clients for lettings.

37.7. The Governing Body will annually review the scale of charges for lettings.

37.8. The Governing Body shall periodically review the effectiveness and efficiency of lettings with a view to achieving best value in the use of School premises and staff time.

38. Unofficial Funds or School Funds

Explanatory Notes: These are funds that have NOT been delegated to the School by the Local Authority. Examples of School Fund are monies raised by Parent Teacher association or Friends of the School ..

38.1. They are accounted for separately from Schools delegated budget and are held in separate bank accounts. The same standard of financial accounting that applies to Schools' official funds and detailed in these Regulations are applied to Unofficial or School Funds.

38.2. The Governing Body will approve a model constitution which states the purpose of the Fund and the type of expenditure permitted to be incurred through it.

38.3. The accounts of any unofficial funds shall be independently audited on an annual basis by a suitably qualified or experienced individual to ensure that financial procedures have been followed. The suggested minimum standard, based on the gross value (gross receipts) of the fund is:

- Up to £5,000 – no qualifications required.
- £5,001 - £20,000 – bookkeeping/audit experience desirable
- Over £20,000 – qualified auditor/accountant preferable

38.4. The auditor will not be a signatory to or be involved in the operation of the Unofficial or School Fund. The auditor will also not be a relative of any person connected with the operation of the Fund.

38.5. The auditor will be appointed by the Governing Body.

38.6. The independently audited accounts, the auditor's certificate and their report are to be submitted for ratification to a full meeting of the Governing Body following the end

of each financial year and agreement by the Governors to these accounts shall be minuted.

38.7. As prime records, the original documentation, receipts, cheque stubs etc. must be retained by the School for 6 years plus the current year.

38.8. The Unofficial or School Fund will require at least two signatories as authorised by the Governing Body. Under no circumstances will cheques be pre-signed.

38.9. Cancelled or spoilt cheques will be clearly marked as such to prevent further use and retained.

38.10. Bank accounts will not go overdrawn.

38.11. Bank accounts should be reconciled regularly.

38.12. The Governors will ensure that there is adequate insurance cover on the fund.

39. Security including Information Security

39.1. Subject to the approval by the Governing Body, the Head Teacher is authorised to keep sums of money that comply with the Insurance Policy in each locked safe or strong room. This limit will not be exceeded unless agreed by the Insurance and Risk Manager.

39.2. The above limit for wall safes shall be within the limits set by the Insurance Policy .!

39.3. Not more than the sum specified within the limits of the Insurance Policy or the School's petty cash limit, whichever is the lower, will be held in other locked receptacles; sums above this amount shall be deposited in a safe.

39.4. The number of safe keys or combination codes held shall be strictly limited, the minimum shall be two; however, there will only be more than three in exceptional circumstances and subject to the approval of the Finance Committee.

39.5. The keys or combination codes to safes (and strong rooms, if being used as safes for the storage of cash etc.) shall be held on the persons of the authorised holders at all times whilst on the premises and taken home by them overnight. This level of security shall also be maintained in cases where cash is held in locked cabinets or desks.

39.6. If there is reason to believe that the security of safe keys or combination locks has been compromised in any way, (for example stolen or copied), the lock or code shall be changed.

39.7. In the circumstances detailed in paragraph 39.6, the Head Teacher shall notify the Governors of the occurrence and the action taken.

- 39.8. Safes shall be kept locked at all times except when depositing/removing items.
- 39.9. Safes shall be of adequate construction and either be secured to the floor or be within an alarmed area.
- 39.10. As far as possible all equipment owned by the School will be effectively marked as the property of the School.
- 39.11. There will be password and user name security to ensure that only authorised staffs have access to the School's financial management systems.
- 39.12. Data will be backed up regularly and the backup system will be tested regularly. Tapes will be stored securely in a fireproof safe and preferable offsite. Year-end tapes are to be retained for six years.
- 39.13. The School will ensure that all computers have adequate and up to date virus protection software.
- 39.14. The Head Teacher and Governing Body will ensure that there is a Business Continuity Plan (Schools Emergency Response Plan) that is annually reviewed and updated (see **Appendix Z2**). Agreement of the Business Continuity Plan should be minuted at Governing Body.
- 39.15. The School is registered in accordance with the Data Protection Act 1998 with registration number **<INSERT NUMBER>**.

40. Insurance

- 40.1. The Governing Body has satisfied itself that all risks for which insurances are taken out are adequately covered. Insurance is effected via the Local Authority.
- 40.2. The Head Teacher will inform the Finance Committee immediately of any changes in circumstances that may affect the School and Governors' insurance risks.
- 40.3. The Governors will inform the Director of Children's Services and the Chief Finance Officer immediately of any changes in circumstances that may affect property of the Local Authority.
- 40.4. In the case of any works being carried out, the Head Teacher will ensure that the parties undertaking those works hold:
- i) Current public liability insurance cover to provide protection in the event of injuries to staff, pupils and third parties and damage to the buildings or contents. Such insurance will have a minimum limit of £10,000,000.

- ii) Insurance for any work on site which involves the use of heat (for example plumbing, painting and decorating involving the use of a blow torch) will have a minimum limit of £5,000,000.

40.5 The Head Teacher will notify the Chief Finance Officer (Insurance and Risk Manager) immediately, who shall be responsible for notifying the Director of Children's Services:

- i) Of any loss to the Council.
- ii) Of any claim against the Council.
- iii) Of any event which might give rise to a claim against the Council.
- iv) Of any possible or proposed prosecution by the Police of any person(s) accused of causing any loss or damage to the Council's property.

40.6 The Head Teacher will notify the Finance Committee immediately, who shall notify the Chief Finance Officer (Insurance and Risk Manager):

- i) Of any loss or injury to a Governor or employee so covered.
- ii) Of any claim against a Governor or employee so covered.
- iii) Of any event within their knowledge that might give rise to a claim against a Governor or employee so covered.

40.7 It is important that no admission of liability or offer of payment is made by the Governors/Head Teacher regarding any insurance claim as such action could invalidate the policy cover.

40.8 Where staff use their private motor vehicle on school business (for example banking), they will arrange business use cover at their own expense.

40.9 The Head Teacher will ensure that any vehicle owned by the School will be properly insured and taxed and has a valid MOT certificate.

41 Arrangements for Changes of Personnel with Financial Responsibilities

Change of Head Teacher

41.1 The Head Teacher is responsible for the financial management and reporting of the School's accounts. The Head Teacher will need to check and verify financial records at the time of their departure and hand over to a successor or an interim nominated officer, such as the Acting Head Teacher.

41.2 An outgoing Head Teacher will ensure all financial records and processes from the beginning of each financial year to the end of their contract are accurate and available for handover to their successor.

41.3 The outgoing Head Teacher will:

- i) Ensure that all records of Finance Staff are up to date.
- ii) Ensure all income is banked.
- iii) Ensure cash-in-hand is reconciled against the cash-in-hand records.
- iv) Get an up-to-date bank statement for all school accounts, both official and private, where such accounts exist and ensure they are reconciled.
- v) Agree, sign and date all accounts and arrange for these to be counter signed by the Deputy Head teacher.
- vi) Agree, sign and date the following documents at the time of leaving:
 - vii) Budget Monitoring Report.
 - viii) Income & Expenditure Report from the School Financial Management System. This report will act as evidence in support of the budget monitoring report at the time of departure.
 - ix) System Bank Reconciliation report, which should include the Balances & Reserves Report and the latest Bank statement confirming the cash at bank.
 - x) Complete a new bank mandate for approval on leaving and another one to be completed when the new Head starts.
 - xi) Make arrangements for all safe and premises keys to be handed over and signed for.
 - xii) Make sure that an up-to-date inventory of stock, equipment and write off is available.

41.4 The incoming Head Teacher /Acting Head Teacher will countersign the summaries on commencing duties.

41.5 The records signed by the outgoing and incoming Head Teacher are to be retained for 6 years.

Change of School Accounting Personnel

41.6 The Governing Body will ensure that the School has access to an adequate level of financial expertise, whenever specialist finance staff is absent for example on sick leave.

41.7 The Head Teacher in conjunction with the outgoing officer will ensure that the following are undertaken:

- i) New employee is provided with a list of personnel responsibilities and duties related to the School's local accounting procedures and school financial regulations.
- ii) Appraise the new officer knows who is responsible for the various financial tasks (as detailed in the School's Financial Regulations) and who in the School is eligible to sign cheques and on which accounts;
- iii) If the new officer is to be a cheque signatory for any accounts a new bank mandate will be prepared for approval by the current signatories;
- iv) Review of all School systems and bank reconciliations so as to ensure that they are up-to-date.
- v) In the event of an accounting officer leaving part way through a month, request a bank statement to reflect the position at the time of leaving to be obtained and reconciled.(This will apply to school Unofficial or School Funds as well as to schools main accounts).
- vi) The outgoing officer must ensure that all official monies are banked as soon as possible or appropriate records left for the incoming member of staff.
- vii) The outgoing officer should reconcile all petty cash and ensure that any amounts of cash are kept separately in the safe or are clearly identifiable and counter signed by the Head Teacher.
- viii) Ensure that clear notes have been left of petty cash advanced to members of staff, i.e. for school journeys etc. and that any such notes have been signed by the members of staff concerned.

41.8 As part of the new member of staff's induction they should be given guidance in respect of the following:-

- i) Notes on any local accounting systems for non-standardised procedures such as non-public funds.
- ii) Listing of all direct debit payments made from the school's accounts.

- iii) Official money collected for one purpose cannot be used for expenditure.
- ii) Basic security arrangements for cash handling, management of controlled stationary, debit cards and bank.
- iii) Notified that blank cheques cannot be signed.
- iv) Clear notes of unresolved queries made by the outgoing member of staff.
- v) Official guidance notes on accounting procedures issued centrally.
- vi) The names and telephone numbers of the Education Finance Team, from whom advice may be sought on appropriate matters and to whom returns will be made.
- vii) Advised on how to access training on local accounting procedures if required.
- viii) Guidance on the secure keeping of keys and other security measures (including secure cash handling procedures) is given.

42 Arrangements for Accounts upon Replacement of the School (Amalgamation)

Explanatory Notes: *Amalgamation is the process of two schools coming together under one Governing Body and one DFE number. The amalgamation can take the form of one school closing and being absorbed by the other one. In this case the DFE number of the closing school is dropped and the new school uses the DFE number of the absorbing school.*

- 42.1. The closing school needs to communicate to all relevant parties its intention to close. The communication should take place a term before the closure. In particular the School will contact all its creditors advising them of the deadline for submitting their invoices for payment. The School will also pursue recovery of all outstanding debt.
- 42.2. In the term prior to the amalgamation, the Governing Body of the closing school will close all bank and investment accounts and amalgamate monies into the main current account. If deemed appropriate the Governing Body can agree either to change the bank mandates and bank signatory of the main current account thereby converting the account to the name of the replacement school effective from the first day the new school comes into existence.
- 42.3. The Governing Body of the closing school will be responsible for monitoring the financial management of the Official and Non-Public Fund(s) during the time leading up to amalgamation.
- 42.4. The Head Teacher/ and Chair of the Governing Body of the closing school will be required to sign off a draft CFR report and Income and Expenditure account and a list

of debtors and creditors for their school before they leave and this report will be officially handed over to the designated person(s) in the amalgamated school who is responsible for the full closure of the accounts

- 42.5. The Governing Body of the closing school will ensure that accurate, up to date inventories of assets are maintained and that surplus assets, not transferred to the amalgamated schools, are correctly disposed of, either by sale or if they are no longer useable, destruction.
- 42.6. Financial records and accounts will be retained for audit inspection at the amalgamated school or schools for a period of 7 years.
- 42.7. If a Head Teacher is not transferring to the amalgamated school the procedure set out in the Change of Head Teacher will be followed (see section 41).

43. Arrangements for Accounts upon Closure of the School (not amalgamation)

- 43.1. In the case where a School is closed and there is no successor school the accounts will be closed in line with the procedure set out in the section "Year End Closure".
- 43.2. Arrangements will need to be made to transfer records to the Chief Finance Officer and Education Finance team.
- 43.3. A back-up of the School's financial records for the financial year of closure and the prior year will be made on disc and supplied to Chief Finance Officer.
- 43.4. The Governing Body will agree with the Chief Finance Officer the procedure for closure of Official Fund Bank Accounts and the return of unspent funds to the Local Authority.
- 43.5. The School should ensure that action will be taken to use up any non-public funds to the general benefit of all pupils before closure. In view of the potentially large sums involved, any documentation will need to be very clear. Any surplus cash will be banked and the balance on the fund paid over by cheque made payable to the "London Borough of Waltham Forest".
- 43.6. As soon as possible after closure, all non-public fund accounts will be closed, and completed accounts passed to the Fund Auditor with a request that the completed audit certificate be forwarded to the Director of Children's Services with a copy to the Chief Finance Officer.
- 43.7. The Governing Body will ensure that, as far as possible, all outstanding financial commitments are completed well before the closure takes place. In handing over the financial records to Chief Finance Officer, the Head Teacher and Bursar/School Business Manager will ensure they have identified all possible creditors and debtors. Any outstanding insurance matters will also be brought to the attention of the Chief Finance Officer.

43.8. The Governing Body will follow the procedure as normally applied for the closure of accounts and the agreement to final out-turn at the end of the financial year (see section 13 Annual Closure of accounts).

43.9. The Governing Body will make arrangements for the safe storage of old financial records and accounts for audit inspection.

43.10. The Governing Body will ensure that accurate, up to date inventories of assets are maintained and that surplus assets, not transferred to the authority, are correctly disposed of either by sale or if they are no longer useable, destruction.

44. Review and Amendment of Financial Regulations

44.1. The Governing body is required review it's School Financial Regulations Annually. These Regulations should be based on the Model School Financial Regulations issued by the Chief Finance Officer.

44.2. The Finance Committee shall report any proposed amendments to the full Governing Body for ratification and any such action being minuted.

44.3. The Head Teacher shall ensure that all Governors and staff involved in financial matters are aware of any changes made to the Financial Regulations of the School.

44.4. Copies of the adopted financial regulations and in year amendments are made available to all staff and Governors .

45. Carbon Reduction Commitment (CRC)

***Explanatory Notes:** The Local Authority needs to use primary documents in their annual evidence packs of carbon emissions for the Carbon Reduction Commitment (CRC) scheme Phase 1 until April 2014. The Local Authority will probably not qualify for CRC Phase 2 of the scheme – but this has not been finally confirmed by the scheme administrators, the Environment Agency, yet. It is not clear whether another government scheme will replace or supersede the CRC for schools. Schools are therefore advised to continue to monitor their utility use and pass the invoicing information, if requested to the Energy & Carbon Reduction team at the Local Authority.*

45.1. The School can request annual statements from its energy suppliers. Standard unmetered supplies (UMS) are considered to be estimates, which attract an upward adjustment factor of 10 per cent. It is therefore important that the School takes actual meter readings, rather than rely on utility suppliers estimates, and forward those meter readings on a regular basis to their utility suppliers (for gas, electricity and water). Furthermore, the School needs to manage its energy consumption as efficiently as possible.

45.2. The Environment Agency audits 20 per cent of organisations per year. Audit selection is based upon an assessment of risk. There are civil penalties for non-compliance; however it is not clear if this will be charged directly to schools.

45.3. A number of organisations offer practical tips for reducing an organisation's carbon footprint. Useful web links are:

<http://www.carbondetectives.org.uk/content/home/toolkit/energywater>

<http://www.walthamforest.gov.uk/schoolsenergyefficiency>

Glossary of Terms

AUDIT

An independent examination of the financial procedures and controls, within schools carried out by an independent auditor.

BACS

Bankers' Automated Clearing Services. A not-for-profit industry body which operates a scheme for the electronic processing of financial transactions in the United Kingdom.

BANKERS' DRAFT

A Banker's draft is a cheque issued by a bank itself. People often use a banker's draft when making large purchases, like a car. They get this by transferring money out of their account to their bank. In return the bank gives one of their cheques (banker's draft). This means that the draft will not be returned for lack of funds.

BANK MANDATE

It is a written order to a bank that asks the bank to open an account. It also names the person(s) allowed to sign cheques on behalf of the school.

BEST VALUE

The Best Value principles are often summed up as the 4 C's:

- **C**hallenge why, how and by whom a service is provided
- **C**ompare performance with that of others
- **C**onsult with service users, the local community etc
- use fair **C**ompetition, wherever practicable, to secure efficient and effective services.

BUDGET

The representation in financial terms of a school's plans for a given period of time.

BUDGET MONITORING

It is a process of measuring how closely an organization meets its objectives in terms of its finances. It involves the comparisons of Budget to Actual.

BUDGET SHARE

The share of the Individual School Budget (ISB) allocated to an individual school. It is also referred to as the school's delegated budget.

CAPITAL EXPENDITURE

Expenditure on acquisition of an asset or expenditure that adds to and not merely maintains the value of an existing asset.

CAPITAL FUNDS

Money set aside for the purchase of capital or fixed assets, such as land or equipment.

CASH FLOW

The movement of money into or out of a business over a specified, limited period of time.

CHAPS

Clearing House Automated Payment System. It is a same-day automated payment system for processing payments made within the UK. It is primarily used for very high value payments and is used by corporates who make large numbers of these payments but it can be used by individuals too, although there is normally a charge.

CHEQUE SIGNATORIES

The Officers allowed signing cheques as stipulated in the bank mandate.

CHIEF FINANCE OFFICER

Section 151 Officer – A Key officer in the council who leads and directs the financial function. The Chief Finance Officer is sometimes called the Director of Finance.

CONSISTENT FINANCIAL REPORTING (CFR)

A standard framework produced by the Department for Education, which schools can code their income and expenditure to support benchmarking and enable simple reports to be produced for governors and local authorities. Further information is available at: <http://www.education.gov.uk/schools/adminandfinance/financialmanagement/consistentreporting/b00223009/cfr-online-guide-13-14>.

COUNCIL'S ACCOUNTING POLICY

The accounts of the London Borough of Waltham Forest have been prepared under the historic cost convention, modified by revaluation of non-current assets in accordance with the Accounting Code of Practice.

COUNCIL'S AUDIT, FRAUD AND RISK SECTION

Section that deals with internal audit, fraud prevention, detection and investigation, council's risk management and strategy and also providing insurance.

COUNCIL'S FINANCIAL LEDGER

SAP Financial System.

COUNCIL'S PROCUREMENT MANUAL

The Procurement Manual provides guidance on the process to be followed when considering letting a contract for goods or services and its management.

COUNCIL'S TREASURY MANAGEMENT SECTION

The section deals with the management of the Local Authority's investments, cash flows, banking, money market, pensions and capital transactions.

CREDIT CARDS

A card issued by a financial company giving the holder an option to borrow funds, usually at point of sale. Credit cards charge interest and are primarily used for short-term financing. Interest usually begins one month after a purchase is made and borrowing limits are pre-set according to the individual's credit rating.

CREDITORS

Amounts of money owed by the school for goods or services received.

DEBIT CARDS

An electronic card issued by a bank which allows bank clients access to their account to withdraw cash or pay for goods and services. This removes the need for bank clients to go to the bank to remove cash from their account as they can now just go to an ATM or pay electronically at merchant locations. This type of card, as a form of payment, also removes the need for checks as the debit card immediately transfers money from the client's account to the business account.

DEBTORS

Amounts of money owed to the school for goods or services received.

DEDICATED SCHOOLS GRANT (DSG)

A grant payable to local authorities in support of Schools Budgets under section 14 of the Education Act 2002.

DEPARTMENT OF EDUCATION

The Government Department responsible for policy and funding the education of all pupils from ages of 2 to 25 years old (if they are in continuous education) in England.

DEFICIT BUDGET

A budget where a school plans to spend more than its expected income over a given period of time usually a year.

DEVOLVED CAPITAL PROJECTS

The Capital Projects a school plans to undertake over a period covering the current and several future years.

DIRECT DEBIT

A direct debit is an agreement between an organisation and their bank/ building society, which authorises the bank/building society to allow another organisation to collect a regular or irregular payment from their account.

DBS CHECK

A criminal record check processed through the Disclosure and Barring Service (DBS). The Criminal Records Bureau (CRB) and the Independent Safeguarding Authority (ISA) merged into the Disclosure and Barring Service (DBS) in 2012. CRB checks are now called DBS checks.

DEPOSIT SLIPS

A small written form that is sometimes used to deposit funds into a bank account. A deposit slip indicates the date, the name of the depositor, the depositor's account number and the amounts of cheques, cash, and coin being deposited. The bank clerk typically verifies the funds received against the amounts listed on the deposit slip. The deposit slip is processed to indicate it was received and hands any requested cash to the customer.

CAPITAL CLOSE DOWN RETURN

Year-end report for Schools that have received capital payments from the Local Authority are required to submit closedown schedule that details capital income for the year together with capital expenditure and carry forward balances.

FINANCE LEASE

A contractual agreement for the use of an asset, where in substance the risks and rewards associated with ownership reside with the user of the asset (lessee) rather than the owner (lessor). Schools are not allowed to go into Finance Leases.

FINANCIAL CLAW-BACKS

This applies to Early Years Block Funding. This arises when actual hours delivered in calendar year is less than budgeted.

FINANCIAL PROBITY

Strict adherence to a financial code of practice or an expected standard.

FINANCIAL YEAR

This covers the period from 1st April to 31st March.

FMS

The SIMS Financial Management System (FMS) is a software package produced by Capita Business Services Ltd that enables schools to manage all their key financial processes with an integrated double-entry accounting system.

HM REVENUE AND CUSTOMS (HMRC)

HMRC is the UK's tax authority. It is responsible for making sure that money is available to fund the UK's public services and for helping families and individuals with targeted financial support.

INCOME TAX

This is a government tax on the earned and unearned income of individuals and trusts. It usually varies according to the level of income or profits (taxable income) of the taxpayer.

INSURANCE

A contract (policy) in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. The company pools clients' risks to make payments more affordable for the insured.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

From the 1st April 2010, the rules governing the production of the council's external financial reporting have changed. Local Authorities across the country are required to adopt a new code of practice based on internationally agreed set of financial rules. These are commonly referred to as International Reporting Standards (IFRS). This Standard requires a greater level of analysis and disclosure.

INVENTORIES

Inventory or stock refers to the goods and materials that a school holds for the ultimate purpose of use.

INVENTORY/ASSET REGISTER

An asset register is a statement showing the assets that are owned by schools. It consists of clearly stated costs of assets both direct and incidental, the date of purchase, the suppliers name and address, serial number, internal reference number, and depreciation rate and method.

INVITATION TO TENDER

A call for bids, call for tenders, (often called tender for short) is a special procedure for generating competing offers from different organisations.

INVOICE

A commercial document issued by a seller to a buyer, indicating the products, quantities, and agreed prices for products or services the seller has provided the buyer.

IRRECOVERABLE DEBTS

A debt that will never be paid to the person to whom it is owed and must be written off against the allocated budget.

MONEY ORDERS

A money order is payment order for a pre-specified amount of money. As it is required that the funds be prepaid for the amount shown on it, it is a more trusted method of payment than a cheque.

NATIONAL INSURANCE

In the United Kingdom the system of compulsory payments by employees and employers to provide state assistance for people who are sick, unemployed, or retired.

NON-PUBLIC FUNDS

School Private/Voluntary funds e.g. donations from parents, pupils and other benefactors. These funds are to be used to complement those provided by the Local Authority and are not part of the delegated funds from the Local Authority.

NOTICE TO TENDER

Tendering process in which qualified suppliers or contractors are invited to submit sealed bids for construction or for supply of specific and clearly defined goods or services during a specified timeframe. Also called request for tenders.

OPERATING LEASE

An **operating lease** is a lease whose term is short compared to the useful life of the asset or piece of equipment being leased. It is a very short-term agreement for the temporary hire of an asset.

PETTY CASH IMPREST

Petty Cash Imprest is a small amount of cash on hand that is used for paying small amounts owed, rather than writing a cheque.

PRIVATE FINANCE INITIATIVE (PFI)

PFI started in 1997/98 which is a way of creating "public-private partnerships" (PPPs) by funding public infrastructure projects with private capital.

POSTAL ORDERS

A Postal Order is used for sending money through the mail. Postal Orders work in a similar way to cheques, but without the need for a bank account.

PURCHASE ORDER (PO)

A written sales contract between buyer and seller detailing the exact merchandise or services to be rendered from a single vendor. It specifies payment terms, delivery dates, item identification, quantities, shipping terms and all other obligations and conditions.

REVENUE FUNDS

Funds that are not meant for Capital Expenditure.

SCHOOL BUDGET

The budget represents a statement of the school's planned expenditure and income.

SCHOOL FUNDS

Any fund other than an official fund of the Authority which is controlled wholly or in part by an Authority or by the Governors of a school maintained by the Authority. Such funds are also sometimes referred to as Unofficial Funds.

School Funds are intended to finance activities that are not generally supported by funding from the Local Authority. Income is generally derived from fund raising and voluntary contributions. Expenditure is incurred on extra-curriculum activities, provision of additional equipment and transport, charitable donations and support to financially disadvantaged pupils. Expenditure should be appropriate and be for the benefit of the pupils.

SCHOOLS FINANCIAL VALUE STANDARDS (SFVS)

The SFVS replaced the Financial Management Standard in Schools (FMSiS). It was designed in conjunction with schools to assist them in managing their finances and to give assurance that they have secure financial management in place. The standard is a requirement for local authority maintained schools.

STANDING ORDER

Standing orders are a way of setting up a regular, fixed payment from a bank account. The difference between a standing order and a direct debit is that only the account holder can change the date or payment amount on the standing order. With a direct debit these details can be changed by the person or company that the money is being paid to.

SUPERANNUATION

Funds deposited in a special (superannuation) account that grows typically without any tax implications until retirement or withdrawal.

TEACHERS' PENSION AGENCY

The organisation responsible for administering **teachers' pensions** on behalf of the government, Contact details tpmail@teacherspensions.co.uk
Phone number 0845 6066166

TRAVELLING AND SUBSISTENCE CLAIMS

Travel and subsistence expenses describe the cost of spending on travel done in the course of business or work, hotels, sundry items. Schools may refund these costs on the basis of itemized list.

VALUE ADDED TAX (VAT)

VAT is a tax that is charged on most business transactions in the UK. VAT is charged when a VAT-registered business sells to either another business or to a non-business customer. When VAT-registered businesses buy goods or services they can generally reclaim the VAT they've paid. Some things are exempt from VAT e.g. postage stamps and some financial and property transactions.

VIREMENTS

The movement of funds from one budget heading to another within the school's delegated budget.

WAIVER

An authorised departure from the councils Contract Procedure Rules. This may only be applied with limited application.

WRITE-OFF

A write-off is a reduction of the recognized value of something. In accounting, this is recognition of the reduced or zero value of an asset.