



London Fields Primary School Financial Procedures Manual

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1. INTRODUCTION

1.1 Purpose of this Manual

1.1.1 The purpose of this Financial Procedures Manual is to clearly define and document effective financial controls and processes for London Fields Primary School (LFPS). It informs those involved in the financial aspects of running the LFPS of what is expected of them, thus reducing the risk of procedures not being implemented properly.

1.1.2 Producing such a document also provides the following benefits:

- Allows continuity and consistency in the absence of or changes to key financial personnel.
- Documents the financial procedures and internal controls within those procedures.
- Documents decisions received from the Governing Body.
- Reduces audit time in testing systems, procedures and controls, because they are properly recorded.
- Allows an opportunity to consider whether existing systems at LFPS meet Schools' financial control objectives, and whether the procedures are being implemented in the way intended.

1.2 Who should Read It?

1.2.1 The Financial Procedures Manual is relevant to school staff at all levels.

1.2.2 All staff with duties involving financial administration should be made aware of the contents of this manual and have access to it.

1.2.3 It is the responsibility of the Headteacher to ensure that staff, follow the requirements of the manual whilst delivering their service.

1.2.4 Examples of relevant financial activities are listed below. This list is not exhaustive, but is intended to show that the most routine task has a procedure set out in this Financial Procedures Manual.

- Submitting staff time sheets or travel claims for payment
- Procuring goods, services and works
- Paying invoices
- Receipt of cash
- Raising sundry debtor invoices
- Insurance claims
- Budgets
- Leasing equipment
- Inventories
- Computer security
- Internal audit
- VAT matters

1.3 Access to the Schools Financial Procedures Manual

1.3.1 An electronic version of this manual can be accessed on the share drive and the school website.

2. FINANCIAL MANAGEMENT AND RESPONSIBILITY

2.1 Financial Management & Controls

2.1.1 The Governing Body is responsible for the financial management and control of the LFPS budget, and compliance with the Scheme for Financing Schools and the Council's Financial Regulations.

2.1.2 However, in order for the Governing Body and school to function effectively, it is vital that decisions are taken by the appropriate people or bodies, and those people and bodies are given the appropriate authority.

2.2 Delegation of Authority

2.2.1 In practice, and in order for the Governing Body and LFPS to operate effectively, Governors will delegate authority to a Committee, an individual Governor, or the Headteacher. To delegate authority to a Committee the Governing Body must establish 'terms of reference' for that Committee. To delegate authority to an individual Governor or the Headteacher, the Governing Body must establish a 'schedule of delegation'.

2.2.2 Both the 'terms of reference' and the 'schedule of delegation' must be documented, minuted as approved by the Full Governing Body, and cover:

- What authority has been delegated.
- To whom it is delegated (named committee, governor, Headteacher or other responsible officer).
- What the limits of authority are (values, timescales or specific areas).
- What reporting arrangements are required.

2.2.3 Both the 'terms of reference' and 'schedule of delegation' should be reviewed and approved annually by Governors.

2.3 Outline of Responsibilities

2.3.1 The Governing Body will:

- Give strategic direction to the annual budget.
- Approve the annual budget.
- Approve the School Profile statement (staffing structure).
- Approve budget virements (transfers) of over £20,000.
- Approve the school's charging policy for lettings and other income.
- Authorise the disposal of assets valued at over £2,500.
- Ensure that there is a regularly updated Register of Business Interest.
- Authorise contracts in excess of £20,000.
- Ensure that the school's Asset Register is kept up-to-date and reviewed at least once a year.

2.3.2 ***The Finance and Resources Committee will:***

- Consider the annual budget and make budget recommendations to the Governing Body.
- Consider the School Profile statement (staffing structure) and make recommendations to the Governing Body.
- Approve significant budget transfers of between and £5,000 - £20,000.
- Monitor and control the budget; receive audit reports and ensure action plans are implemented.
- Consider the charging policy for lettings and other income.
- Authorise the disposal of assets with value between £250 - £2,500.
- Ensure that there are adequate internal financial controls.
- Authorise contracts between up to £20,000.

2.3.3 ***The Headteacher will:***

- Prepare the annual budget.
- Prepare reports to the Governing Body and Finance Committee for consideration and or approval, including termly financial monitoring reports to the Committee.
- Prepare the School Profile statement (staffing structure).

- Approve budget transfers of no more than £10,000.
- Prepare budget virement (transfer) requests for Finance Committee or Full Governing body consideration.
- Ensure spending remains within approved budget limits and budgeted income is received.
- Receive audit reports and develop action plan to implement recommendations.
- Develop/review charging policy for lettings and other income.
- Authorise contracts up to £15,000.
- Ensure that there are adequate internal financial controls are in operation and that they are documented.
- Authorise the disposal of assets up to a value of £250.

2.3.4 *The Bursar/SBM/Finance Lead will, under the direction of the Headteacher/School Business Manager:*

- Update /maintain the school’s financial system.
- Monitor spending against budget and report variances.
- Produce financial reports as requested for the Headteacher.
- Ensure adequate cash flow.
- Ensure Construction Industry Scheme (CIS), Value Added Taxation (VAT) and payroll legislation is adhered to.

2.4 Summary of Recommended Delegated Authorities

2.4.1 The following tables summarises the levels of financial authorities delegated by the Governing Body.

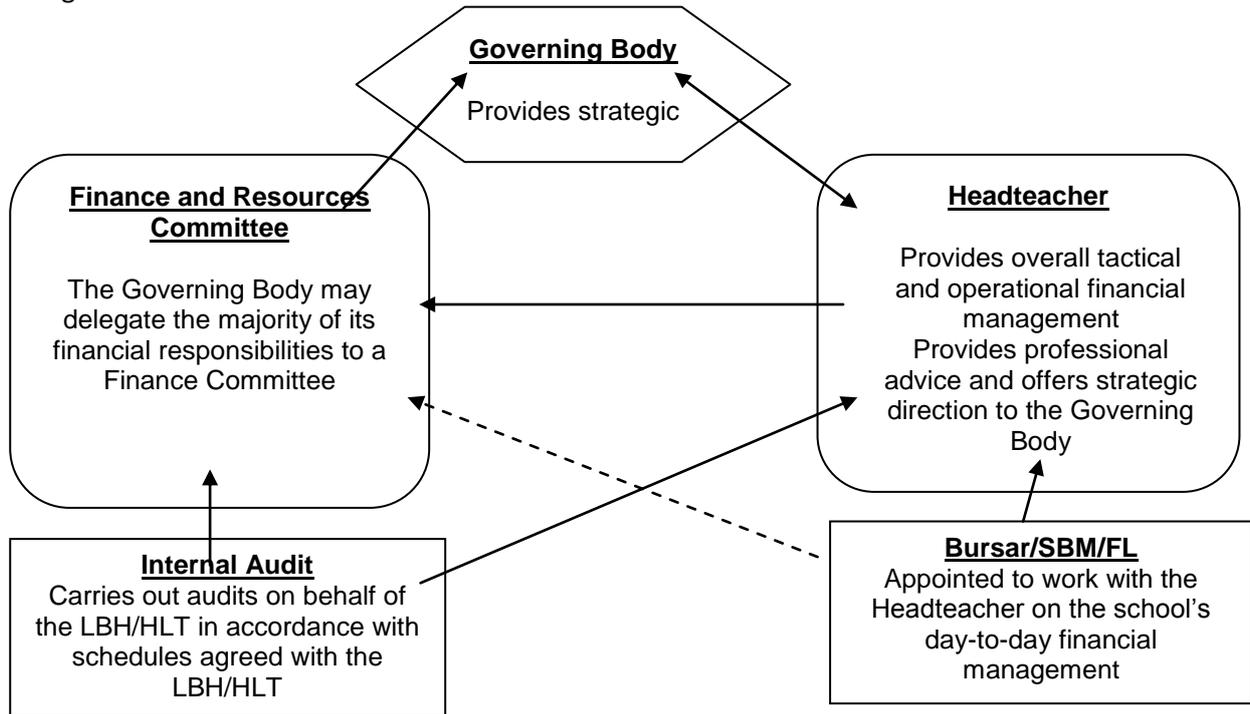
2.4.2 Delegated Authorities:

Delegated Authority	Transfer monies	Enter into a contract	Debt Write-off
Governing Body	£20,000+	£20,000+	£2,500+
Finance and Resources Committee	£5,000 - £20,000	Up to £20,000	£250 - £2,500
Headteacher	Up to £10,000	Up to £15,000	Up to £250

2.4.3 For debts above £5,000, the school must first obtain approval to write off the debt from the Head of Finance at Hackney Learning Trust, then the Governing Body/Finance Committee.

2.5 Organisational Structure of LFPS

2.5.1 The chart below shows WPS organisational structure, with the arrows representing the general lines of reporting:



2.6 Internal Controls

2.6.1 The Governing Body must ensure that there are adequate internal controls in place. There are a number of controls that should be applied by the Governing Body (in practice through the Headteacher) to ensure that the risks of error or fraudulent activity are minimised:

- Staff expertise.
- Segregation of duties.
- Documentation.
- Register of business interests.
- Financial Accounting records.

2.6.2 Schools must have in place documented financial procedures, which should be based on those in this Financial Procedures Manual for Schools.

2.6.3 The Schools Financial Value Standards (SFVS) is a tool designed to assist schools in managing their finances and gives assurance that they have secure financial management in place. Governing bodies have formal responsibility for the financial management of their schools and so the standard is primarily aimed at Governors. The Governing Body must demonstrate compliance with the Schools Financial Value Standards and complete assessment forms signed by the Chair of Governors before 31st March 2013 and annual thereafter. The SFVS assessment form must include a summary of remedial actions with a clear timetable ensuring that each action has specified deadline and agreed owner.

2.7 Register of Business Interests

2.7.1 Business interests include employment by or ownership of (including by means of partnership or shares) a potential supplier to LFPS or a major supplier or sub-contractor to a potential supplier to LFPS.

2.7.2 In accordance with the Scheme for Financing Schools, the Governing Body is required to establish and maintain a register which lists, for each member of the Governing Body and the Headteacher, any business interests which they or any member of their immediate family have.

2.7.3 In addition to the Headteacher, key staff (Deputy Headteacher, Business Manager, Bursar, Premises Manager) and all Governors, it is good practice for all staff who make or influence procurement decisions to have their own and their immediate family's business interests added to the register.

2.7.4 The register must be kept up-to-date by the Headteacher notifying the Governing Body of changes. The Headteacher must ensure that the register is reviewed at least annually.

2.7.5 The register must be available for inspection by Governors, staff, parents and the HLT/LBH and be published on the school website.

2.7.6 Where a Governor or Headteacher has no business interests, this should also be recorded on the register.

2.8 Governors' Allowances

2.8.1 A policy statement has been developed in accordance with the Education (Governors' Allowances) Regulations 2003. These regulations give Governing Bodies the discretion to pay allowances from the school's annual budget allocation to Governors for certain expenses that they incur in carrying out their duties.

2.8.2 The amount of Governors' allowances and the items for which claims may be made are a matter for the Governors to agree before expenses can be claimed.

3. ORDERING & PURCHASING

3.1 Effective Procurement and Value for Money

3.1.1 LFPS seeks to achieve efficiencies and value for money in the goods and services they procure, to optimise the use of their resources and to invest in teaching and learning, taking into account the purchasing and contracting requirements herein set out.

3.1.2 The Headteacher and Governors have determined at school level how to secure optimum value for money. There are significant variations in efficiency between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to be more efficient.

3.1.3 Quality - the most critical element of any procurement is ensuring that we purchase a fit for purpose good or service. For higher value procurements (those over £1,000) there should be a specification that outlines exactly what is needed (if applicable). It is important to consult widely, taking comments from all those who may be affected by the procurement, as what you think is needed or what has been purchased before may not still be what is required. Ensure that the item or service you are buying is of 'sufficient' quality to meet the LFPS needs.

3.1.4 The school must follow the following key principles when procuring any goods or services:

- Be open and transparent – allow bidders to understand what you are going to do and how you are going to do it.
- Be objective and ensure equal treatment of those making tenders – allow all bidders a fair and equal chance of winning the contract.

- Be consistent – do what you said you were going to do.

3.2 Expenditure Limits

3.2.1 LFPS obtains prior approval from the Governing Body for all expenditure above the delegated authority given to the Headteacher or Finance and Resources Committee.

3.2.2 With the exception of purchases made through Framework Contracts (see below), the following limits apply:

3.2.3 No specific number of quotations is required for purchases totalling less than £1,000, although the school should be able to demonstrate value for money. An official order must be however be completed.

3.2.4 Two or more written quotations are required for purchases totalling between £1,001 and £10,000. An official order must be completed.

3.2.5 Three or more written quotations or tenders are required for all expenditure above £10,001. An official order must be placed.

3.2.6 Remember that with all procurements the threshold is defined by the total amount spent under a contract, not the initial purchase or contract value. Thus, if you contract for a sum that is just under a threshold and your requirements then increase so that the total rises above the threshold, the increase will require an additional procurement activity. Ensure that you select a threshold that is high enough to cover all anticipated needs. If a contract has a minimum term, say three years, then it is the total liability over the term of the contract that defines the contract value.

3.2.7 In circumstances where it has not been practicable to obtain the required number of quotations (e.g. where one or more suppliers have refused to quote), the reasons for not doing so must be reported to the Finance and Resources Committee and/or the Governing Body.

In circumstances where LFPS make the acquisition through Hackney Council, e.g. when purchasing IT equipment or services, it will be acceptable to waive obtaining the pre-requisite number of quotes. It is expected that the HLT/LBH will have conducted its own such due diligence.

3.3 Single Tender Action

3.3.1 A single tender action is where multiple proposals are not sought from the market. A single tender action is only permitted when:

- Specialist expertise or product is required and is only available from one supplier.
- The goods/services to be provided consist of parts for/repairs to existing proprietary equipment, where such parts/repairs are specific to that equipment.
- Works, supplies or services are urgently needed for the immediate protection of life or property or to maintain the immediate functioning of the school.
- The service is essential to complete a project and arises as a consequence of a recently completed contract/assignment, where engaging a different supplier for the additional service would be inappropriate/not cost effective; or
- The funding/grant provider has specifically stipulated that a particular supplier or procurement procedure be complied with for the goods/services that are being procured.

3.3.2 In all the above cases, a business case must be approved.

3.3.3 Single tendering still requires a tender document, or a request for proposal to be drawn up to reflect the school's requirement and the supplier must be approached in the same way as if a full complement of tenderers were being given the opportunity to bid for the work.

3.4 Government Procurement Cards

3.4.1 LFPS has the use of the government procurement card (GPC) for payment of ad hoc, low value purchases.

3.4.2 Each procurement card is assigned to an individual cardholder who has personal responsibility for its proper operation, in accordance with this regulation and the school's procurement card policy. Procurement cards must not be used for private use.

3.4.3 The Headteacher is responsible for ensuring that all staff assigned a GPC are operating procedures such that:

Cards are safeguarded from theft and misuse.

Expenditure incurred through the use of procurement cards is bona-fide, lawful and in accordance with the requirements of the service.

Expenditure is within budget limits.

There is a clear audit trail of approval and reconciliation for all expenditure.

3.5 Leasing

3.5.1 An operating lease is the only type of lease a school can enter into. These leases involve LFPS paying a rental fee for the hire of an asset for a fixed period of time, and are similar to a rental agreement. Finance leases must not be entered into by LFPS as these are a form of borrowing.

3.5.2 The features of an operating lease are:

- ownership remains with the leasing company providing the finance.
- there is no option to buy at a price below market value.
- the term is fixed and should not represent the major part of the economic or useful life of the asset involved.
- as a general rule of thumb, the whole cost should not exceed 90% of the value of the equipment.

3.5.3 Schools should not roll over leases (i.e. settle a lease part way through the minimum term and refinance the settlement value under the new lease). In these cases the current lease is terminated and the settlement cost of this will be rolled over into the new rental agreement. The new rental contract will include the capital cost of the new equipment, the settlement from the previous contract (capital and interest) and the interest on the total amount of finance being provided under the new lease. This means the school is paying compound interest and the cost of the liability can quickly escalate.

3.5.4 The length of the lease should not exceed the expected useful life of the equipment. As a general rule, 3 years is the maximum rental period that should be entered into for reprographic equipment.

3.6 European Union Procurement Regulations

3.6.1 Strict rules apply to all public bodies (including schools) spending more than the EU thresholds. From January 2012, the threshold for supplies and services was £173,934. Capital works have a higher threshold of £4,348,350. The threshold applies to the contract value, not the annual value of the contract, so a three year contract with an annual value of £60,000 would be subject to the regulations.

3.6.2 The regulations apply in their entirety to Part A services, which include things like telecoms and computers, cleaning and maintenance, vehicles and transport, consultancy and professional fees.

3.6.3 Educational services and school catering services are defined as Part B Services. This means that they are not subject to all the regulations, but there are obligations regarding the advertisement of the contract opportunity and the contract award and the treatment of entities making tender.

3.6.4 Very heavy penalties apply to contraventions of these regulations. It is thus essential that you undertake procurements in a compliant manner.

3.7 Framework Agreements

3.7.1 A framework agreement is an umbrella agreement that sets out the terms (particularly relating to quality and price) under which individual contracts (call-offs) can be made throughout the period of the agreement.

3.7.2 Frameworks are essentially contracts procured by other organisations, such as local authorities, central government departments or public buying organisations that schools and other public sector organisations can call off from.

3.7.3 Frameworks can offer the following benefits to school:

- Saves time as the competitive tendering procurement has already been carried out
- Suppliers on the framework will have been evaluated to ensure that they have the capacity, technical and professional ability and economic stability to provide the goods or services
- Lower prices resulting from the aggregated buying power of the wider public sector
- Balanced contract terms should have been negotiated that protect the interests of the school
- Contract management support is often provided by the organisation that awarded the framework agreement

3.7.4 To buy from a framework, depending on how the framework agreement has been structured, you may be able to go directly to a supplier or you may need to carry out a 'mini-competition' among the relevant suppliers on the framework.

3.8 When Quotation Accepted is not the Lowest

3.8.1 Sometimes it is advisable not to accept the lowest quotation received. In these circumstances, LFPS must report the reason for the decision to the Governing Body and include it in the minutes of the relevant meeting.

3.8.2 It may be necessary for LFPS to demonstrate that it has achieved value for money in these circumstances.

3.9 Agreements with Capital Implications

3.9.1 Any financial agreement with capital implications should be linked to the priorities set out in the school's Asset Management Plan.

3.10 Purchase Orders

3.10.1 Written (or computerised) orders ensure that LFPS has a precise record of what has been ordered, which can then be compared against items delivered.

3.10.2 Official uniquely-numbered orders are used for all goods and services except utilities, rents, rates and petty cash payments.

3.10.3 Where urgency requires a verbal order, it must be followed up as soon as possible with a written order.

3.10.4 All orders should be stored in a secure location to prevent unauthorised access.

3.10.5 Orders are only used for goods and service provided to LFPS. Individuals must not use official orders to obtain goods and services for their private use.

3.11 Authorising Orders

3.11.1 All orders must be signed by a budget holder. Authority to authorise orders must be aligned to budget management responsibilities. Officers should not be permitted to make orders against budgets falling outside of their responsibilities.

3.11.2 LFPS records staff authorised to sign off orders on SIMS FMS, indicating what they are entitled to order and the budget(s) against which they are entitled to order.

3.11.3 The signatory of the order should be satisfied that the goods or services ordered are appropriate and needed, that there is adequate budgetary provision, and that the required quotations or tenders have been obtained, prior to authorising the order.

3.11.4 Orders should be passed through to the bursar/SBM/FL. They will:

- counter-sign the order.
- record it as on the SIMS FMS (thus raising a commitment entry).
- retain a copy on file.

3.11.5 Where a member of staff intends to buy goods or services using personal funds, prior approval from the appropriate budget holder must first be obtained, using the staff expenses form.

3.11.6 A receipt must be produced by the member of staff when claiming back the expense. Reimbursement will be made by BACS.

3.11.7 Should a member of staff purchase goods from their own funds without prior approval from an appropriate authoriser, no guarantee should be given for reimbursement.

3.11.8 Orders should include the following details:

- Specification of requirements.
- Quantity required.
- LFPS address. The address should always be LFPS address.
- Contact person's name and telephone number.
- Date of issue.
- All relevant prices and quotations, including any VAT elements.
- Name and address of supplier and suppliers' reference, where applicable.

3.11.9 Orders should be filed with information on quotations sought, and any appropriate information on the need for the purchase.

3.12 Orders Entered as Commitments on Budget

3.12.1 When orders are entered onto SIMS FMS, the system generates a commitment. The commitment outstanding reduces or is eliminated once the invoice is received and entered onto the system.

3.12.2 Committed are be included in the budget monitoring information, giving the school a much clearer position of how much they have left available to spend.

3.13 Payroll Contractors

3.13.1 As of 1st April 2000, any school choosing a payroll contractor other than Hackney Learning Trust's preferred payroll provider will need to demonstrate to the satisfaction of the head of finance at Hackney Learning Trust, that the school's proposed contractor has the necessary expertise and capacity to deliver the contract in a satisfactory manner. LFPS has a contract with Capita Business Services to provide payroll services.

3.14 Self-employed Contractors

3.14.1 When engaging a contractor, particularly from a small or a one-man business, the employment status should first be established. LFPS only engages the services of self employed contractors when it has been established that they contribute to HMRC and have the necessary registration.

3.14.2 This policy of checking employment status applies to all individuals who are engaged by LFPS to carry out any work or service for which a payment is made.

3.14.3 To find out if someone is employed or self-employed, LFPS uses the Inland Revenue's website: www.hmrc.gov.uk/employment-status If in doubt, advice would be sought from the Inland Revenue.

3.15 Construction Industry Scheme (CIS)

3.15.1 Effective 6 April 2007, changes to the Construction Industry Scheme allowed for Local Authority maintained schools, not to be deemed contractors, regardless of construction related spending.

3.15.2 Payments for construction work by the headteacher or governing body on behalf of the LBH/HLT are not covered by CIS. Therefore maintained schools do not become deemed contractors no matter how much they spend.

3.16 Receiving Goods and Services

3.16.1 When goods or services are received, the relevant copy order(s), whether computer generated or manual, must be marked off, initialled and the date of receipt noted. Any variations from the order must be noted on the copy order. This must not be carried out by the person who authorised the order.

3.16.2 Where goods are accompanied by a delivery note, the delivery note should be checked against the items received with any variations noted, dated and initialled before if necessary signing. The original delivery note should then be passed on to the Bursar/SBM/FL and checked if the items/quantities/qualities are correct.

3.16.3 The delivery notes form part of the audit trail and are usually found within an item's packaging. They should be attached to the associated purchase order and retained.

3.16.4 Single items that are portable and valuable should be entered into the school's asset register.

3.17 Returning Goods

3.17.1 Where goods or services received are unsatisfactory or otherwise not in accordance with an order, the carrier/supplier should be notified promptly of the rejected items and why they have been rejected.

3.17.2 Any goods returned should be recorded clearly on the delivery note and copy order. In the event of an item being returned for which no order was raised, the school should maintain a separate record for financial control and audit trail purposes.

3.18 Payments & Invoices

3.18.1 Payment should be made within the agreed payment terms (whatever is agreed with the supplier, under the Late Payment Regulations public sector organisations must make payment within 30 calendar days of receiving an invoice) and only when a proper invoice has been received, checked, coded and certified for payment.

3.18.2 Under the Late Payment of Commercial Debts Regulations 2013, businesses are able to claim interest on invoices that are paid late, at a rate of 8% above the base rate, plus a compensation fee.

3.18.3 Late payment is defined as payment made after the last day of the credit period, if one has been arranged. Where there is no agreed credit period, the Act sets a default period 30 days, after which interest can run. The 30 day period starts from whichever is the later of:

- the delivery date of the goods or performance of the service, or
- the day on which the purchaser has notice of the amount of debt.

3.18.4 Application for interest can be up to 6 years after the date on which the payment was due.

3.18.5 Any such charges will fall to LFPS for settlement. In order to minimise the risk of interest being charged, LFPS must:

- be aware of both existing and new suppliers' payment terms.
- have arrangements in place to ensure that invoices can be paid within the payment terms during school holidays.
- have procedures in place to deal with faulty goods, including arrangements with suppliers that interest will not be charged on the cost of these goods and that they (the supplier) are responsible for rectifying faults before any invoice is payable.

3.18.6 Invoices should be recorded on the SIMS FMS and matched to orders raised on the system, before being passed to the relevant budget holder for authorisation.

3.18.7 Before passing an invoice for payment, documented checks should confirm:

- receipt of goods or services, cross-referenced and checked with the order.
- expenditure has been properly incurred and payment has not already been made.
- prices accord with quotations/tenders, contracts or catalogue prices, and the arithmetic is correct.
- correct accounting treatment of VAT.
- the invoice is correctly coded.
- discounts have, where appropriate, been applied.

3.18.8 Payment should not be made on the basis of a photocopied invoice or a statement from a supplier. If an invoice goes missing, a certified copy should be requested from the supplier before processing it.

3.18.9 The Bursar/SBM/FL (not the person who signed the order or checked the receipt) should certify invoices for payment.

3.18.10 A list of names and sample signatures of authorised signatories is held by LFPS.

3.18.11 All BACS payments require any two of the authorised bank signatories. Invoices must be shown and initialled by the signatories before signing the BACS.

3.18.12 All invoices must show the name of the ledger code and cost centre incurring the expenditure.

3.18.13 Once paid, all invoices should be:

- easily identifiable as paid.
- dated.
- stored securely.

3.18.14 Invoices are retained for six years from the date of payment, for audit purposes.

3.18.15 Invoices for the supply of gas, water and electricity must be checked as follows:

- The latest meter readings on the invoice should be verified and entered in a register.
- The previous meter reading on the invoice should be checked against the corresponding entry in the register.
- The consumption (i.e. number of units used in the period) should be checked for reasonableness.
- Invoices should be checked for compliance with agreed contract prices of tariffs.

3.19 **Pre-payments**

3.19.1 Where a supplier will only provide goods or services if payment is made at the time of the order or in advance of receipt of the goods or services, the arrangement must be approved by the appropriate authorised signatory.

3.19.2 A VAT invoice must be received to facilitate the reimbursement of VAT.

3.20 **Supplier Queries**

3.20.1 Claims for non-payment: if a supplier states that payment has not been made against an invoice that your records show has been paid, the supplier should initially be asked to check their records. Give the supplier details of your BACS and the date it was cleared.

3.20.2 If the supplier continues to claim non-receipt of payment, check your bank statement to see whether the BACS has been cleared.

- If the BACS has been paid, contact the bank and seek guidance.

3.20.3 **Copy Invoices**

3.20.4 Copy invoices should only be requested if the original has gone astray. Upon receipt of a copy invoice, check SIMS FMS computerised financial accounting system and copy order records to ensure that payment has not been made. Only when these checks have been carried out should arrangements be made to authorise and pay the invoice in the normal manner.

3.21 Credit Notes

3.21.1 Where an invoice is incorrect or an order was fulfilled incorrectly, request a credit note and hold the invoice until this has been received. The invoice and credit note should then be processed together.

3.21.2 Where a credit note has been received with no invoice attached, either hold the note until the next invoice is received and process it against that, or ask the supplier to provide a cheque to clear the credit.

4 INCOME & COLLECTION

4.1 General

4.1.1 Income may be generated subject to the provisions of the Education Act 1996.

4.1.2 LFPS generates income from a variety of sources. For example:

- School meal sales
- Bank account interest
- School visit contributions
- Fund raising activities

4.1.3 LFPS retains all income generated.

4.2 Charging Policy

4.2.1 LFPS has a Charging Policy which takes into account each type of activity charged for and provide an explanation of the charges made.

4.2.2 The policy is presented annually to Governors for approval. The charging policy is submitted for Governor's approval, with the original school budget plan and best value statement.

4.3 Debt Management

4.3.1 The Governing Body has a policy for the collection of any monies due LFPS.

4.3.2 Debt collection is the responsibility of LFPS. This includes:

- the normal settlement period and how it is communicated.
- the actions to be taken, and by whom, to chase unpaid amounts due once the settlement period has passed.
- other actions to be taken, e.g. removing credit facilities or the use of facilities whilst debts remain unpaid.
- whether an individual or body is granted delegated authority to exercise discretion on specific debts, and what the limits of the discretion are.
- a process of debt write off.

4.3.3 LFPS implements the debt collection processes as soon as the settlement period given on an invoice/charge has passed.

4.4.4 LFPS operate a debtors' control account through Tucasi in order to record all accounts issued and monies received. The online payment system links in with the school system for dinner money/numbers of meals provided.

4.4.6 LFPS regularly reviews outstanding debts weekly and ensure that debt recovery is being actively pursued.

4.4.7 If an account remains unpaid after a reminder has been issued, further action may be required, depending on whether the debt originates from an internal or external source. If the debt is from an internal source, say between another school within the HLT legal proceedings will not be instigated; instead, LFPS must will inform the Schools Support (Finance) Team at HLT of the outstanding debt so that they may resolve the issue on the school's behalf. If the debt is from an external source, it may be pursued by taking legal action if sufficient reminders have not resulted in payment. In such cases, the school will should seek legal advice from HLT on how to proceed.

4.4 Debt Write Off

4.4.1 When assessing whether a debt can be written off, LFPS must first consider the following:

- Have all reasonable steps been taken to collect the debt?
- What is the prospect of receiving the income without significant investment in time or resources?
- What is the cost to LFPS (e.g. in pursuing recovery)?

4.4.2 Where the Headteacher proposes to write off a debt approval must be sought from the Governing Body unless it is £250 or less. Debts written off should be reported for information to the Governing Body.

4.4.3 The Headteacher's authority to write off debts is £250.

4.4.4 Where debts exceed £5,000, LFPS must first obtain the approval of the Assistant Director of Finance at HLT and then the Governing Body and Finance and Resources Committee, to write the debt off.

4.5 Voluntary Funds

4.5.1 LFPS has no voluntary funds.

5 PETTY CASH

5.1 LFPS does operate a petty cash system but is used sparingly. The maximum amount that a cheque will be written for the purpose of petty cash will be £500. Contained within this figure will be purchases that are for 'lower value' (one off purchases) items such as – petrol/expenses for staff meetings/Foundation stage resources/Building Maintenance/general school resources. The premise being that purchases are made where the orders usually couldn't be made via invoice or in advance. A folder exists to determine the purchases made with all relevant receipts attached to specific forms. All expenditure is signed for by the Head teacher.

6 AUDIT & FINANCIAL REPORTING

6.1 Financial Reporting

6.1.1 LFPS regularly reports their financial positions to Governors and HLT.

6.1.2 LFPS regularly reports to budget holders.

6.2 Budget Plans

6.2.1 LFPS submits a draft budget plan to HLT by 1st May and a final approved budget by 31st May each year. The plan is balanced (or shows a surplus) and include the expected closing balance from the preceding financial year.

6.2.2 LFPS presents Governors with budgets 3 year plan including the current financial year.

6.2.3 When presenting the forthcoming financial year budget for approval, Governors will be asked to note future year budgets. Both actions should be minuted.

6.3 Financial Reporting to HLT

6.3.1 LFPS is required to submit financial reports to Hackney Learning Trust within 15 days of each month end, except at the financial year end. These reports are used by The Trust to assess the school's financial position, reimburse VAT and to verify that a key financial control, the school's bank reconciliation, is satisfactory.

6.3.2 Special arrangements are put into place each year end (31st March) to comply with external financial reporting legislation. HLT issues year end guidance each year, setting out the arrangements.

6.3.3 All Information submitted by LFPS is compatible with the Consistent Financial Reporting (CFR) framework.

6.3.4 All returns are signed by the Headteacher or an authorised signatory.

6.4 Checklist of Information Required by HLT

6.4.1

- Bank reconciliation reports.
- Bank reconciliation.
- Bank reconciliation – un-reconciled Items.
- A copy of your bank statement showing the month end balance.
- Reconciled items list or balance.
- Un-reconciled items list.
- A copy of your bank statement showing the month end balance.
- VAT reimbursement claim.
- VAT Submittal.
- Budget monitoring.
- User Defined Report.
- Summary Trial Balance by ledger code.

6.4.2 LFPS retains a signed copy for their own records and audit requirements.

6.5 Financial Reporting to Governors

6.5.1 LFPS provides financial monitoring reports to Governors termly. The information reported is:

- Current budget.
- Spend-to-date.
- A comparison of spend against budget.
- A commentary (written or verbal) explaining variances and seeking approval to make budget changes, as appropriate. Any verbal commentary is minuted.

6.5.2 LFPS also provides a forecast of the year end position and last year's outturn, for comparison.

6.6 Bank Reconciliation

6.6.1 A Bank Reconciliation is the reconciliation of the LFPS accounting system (SIMS FMS) to the school's bank transactions (bank statement). It is a key financial control.

6.6.2 LFPS performs bank reconciliation monthly, and a document demonstrating this reconciliation is forwarded to HLT by the 15th of the following month.

6.6.3 LFPS submits to HLT a bank reconciliation statement signed by the Headteacher each month.

6.6.4 The bank reconciliation statement comprises three documents:

- Bank statement for the period concerned.
- Reconciled items list or balance.
- Un-reconciled items list.

6.6.5 Both the reconciled items list or balance document and the un-reconciled items list are taken directly from SIMS FMS.

6.6.6 LFPS follows all year end guidance as instructed by HLT.

6.7 **Reconciled Items**

6.7.1 The reconciled items listing (or balance) reports the items on SIMS FMS which have been reconciled to the transactions on the bank statement. Therefore, the closing balance on this document exactly matches the closing balance on the bank statement for the relevant period.

6.8 **Un-reconciled Items**

6.8.1 The un-reconciled items listing details all items that have been sent to be banked (e.g. BACS, cash or cheques being paid in) or BACS/cheque payments issued but not yet cashed.

6.8.2 Income due to but not yet received is excluded from the un-reconciled items listing.

6.8.3 Items more than 6 months old should be reviewed. Payments are, after review, cancelled and, if appropriate, new payments BACS/cheque.

6.8.4 Records of cancelled BACS/cheques are held by for audit purposes.

6.9 **Completing a Bank Reconciliation**

6.9.1 Each month, the bank statement is compared to the SIMS FMS cash book and the corresponding entries matched. Items matched are marked as reconciled on the SIMS FMS cash book and ticked on the bank statement to indicate they have been matched. Items that are in the bank statement but not in the cash book are entered onto the cash book e.g. direct debits, BACS credits. There are, however, entries in the cash book that cannot be ticked, e.g. bacs paid that have not been cleared by the bank.

6.9.2 System reconciled items and un-reconciled items reports are produced from SIMS FMS.

6.10 **Capital Expenditure**

6.10.1 To qualify as a capital expenditure, the expenditure must:

- meet the capital criteria as defined in the Consistent Financial Reporting Framework issued by the DfE.

- comply with the following definition, drawn from the Chartered Institute of Public Finance and Accountancy (CIPFA), who define capital expenditure as:
 - The acquisition, construction, preparation, enhancement or laying out of land.
 - The acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
 - The acquisition, installation or replacement of moveable or immoveable plant, machinery, apparatus, vehicles and vessels.
 - Be above a predetermined minimum value (known as the de minimus level) - currently £6,000.

6.10.2 In addition to all the above criteria, the expenditure must also result in one of the following:

- The substantial lengthening of the useful life of a building/asset.
- A substantial increase in the open market value of a building/asset.
- A substantial increase in the extent to which a building/asset can be used.

6.10.3 Where the above criteria are not met, the costs should be recorded as revenue.

6.11 **Capital Funding Restrictions**

6.11.1 Capital funding clauses can restrict the type of costs that can be charged against capital funding streams. LFPS must satisfy themselves that they have appropriate capital funding (with contributions from their revenue funds if necessary) to meet capital costs, before entering into commitments.

6.12 **Reporting on the Intended use of Surplus Balances**

6.12.1 Whilst decisions on how surplus balances are spent rest with the LFPS, HLT needs to be assured that, as part of its budget planning process, the surplus balance plan is robust, viable and being managed effectively.

6.12.2 In order to allow the HLT to monitor balances, the governing body is required to report to HLT on their intentions for the use of surplus balances in excess 8%.

6.12.3 LFPS must report on the intended use of surplus balances as part of the school budget plan and supply a spending plan separately by 31st May.

6.12.4 Surpluses should be earmarked for specific future needs to ensure that pupils benefit from a planned approach to spending that does not deprive them of resources in a given year. These earmarked surpluses should be clearly linked to the School Development Plan or to cover possible pupil roll adjustments. Surpluses must be used within three years of the end of the financial year when they arose unless there are extraordinary circumstances. Any non-specific surplus balances should be kept to a minimum to cover any unexpected financial demands on the school budget.

6.13 **Claw-back of excessive surplus balances**

6.13.1 The lead in time to effective use of balances is usually 1-2 years which means that without the review of surplus spend plans by HLT, LFPS could become subject to an automatic claw-back.

6.13.2 HLT will apply a claw-back on surplus balances where a surplus balance of 15% or more has been held for three successive years (the excess above 15% being the amount clawed back). This claw-back will be automatic, subject to the possibility of a dispensation being agreed in exceptional circumstances.

6.14 **Criteria for evaluation of Schools Surplus Balances Plan**

6.14.1 Does the proposal involve a revenue contribution to an agreed capital scheme?

6.14.2 Are balances earmarked to support the costs incurred by the review of contracts of a significant value?

6.14.3 Are balances supporting the management of the costs related to expansion of pupil numbers?

6.14.4 Are balances supporting the management of financial difficulties associated with a budget reduction in the following financial year, resulting from either a significant reduction in pupil numbers or a loss or significant reduction of a specific funding stream?

6.14.5 Are balances supporting the management of exceptional circumstances in such a way as to avoid significant financial turbulence that may impact on standards? This may include, for example, outcomes of HR processes?

6.15 **Whistle Blowing**

6.15.1 LFPS has a clear policy in place for dealing confidentially with aggregations of malpractice. Where an established policy does not exist, the protection afforded by the Public Interest Disclosure Act 1998 makes it unlikely that employers will be successful if they take action against those who publicly 'blow the whistle'.

6.15.2 A whistle blowing policy establishes the basis on which staff can properly raise concerns without prejudice to their personal position. This policy covers:

- Respect for staff confidentiality.
- Opportunity to raise concerns outside the management line structure.
- A proper way of raising concerns outside of the organisation, if necessary.

6.16 **Reporting Fraud**

6.16.1 Fraud deprives schools of resources that should be spent on children's education. If fraud is discovered it should be reported to the Headteacher. The Headteacher should in turn ensure that the fraud is reported to LBH Internal Audit Section.

6.16.2 If it is felt inappropriate to report the fraud to the Headteacher, it can be reported through the 'whistle blowing' arrangements (see the section 6.15).

6.16.3 Fraud covers a wide range of activities. For example:

- A supplier billing for goods or services not provided.
- A member of staff lying on an application form.
- Contracts being awarded to friends or relatives.
- A member of staff claiming for expenses not incurred by them.
- An unauthorised person trying to use a school cheque book.
- A facilities manager not passing lettings income onto the school.

6.13.4 Internal audit will advise on how to take the case forward. They will not necessarily investigate a case on the school's behalf. All suspected frauds, including unsuccessful attempts, should be reported promptly.

6.17 **External Audit**

6.17.1 External auditors are appointed by the Audit Commission to audit LBH'S Annual Statement of Accounts. Since school accounts form part of LBH's Annual Statement, this external audit scrutiny includes school accounts.

6.17.2 LFPS is required, in accordance with the Scheme for Financing Schools, to give both internal and external audit access to the school's records at all reasonable times.

6.18 Internal Audit

6.18.1 Under the Accounts and Audit Regulations 1996, LBH's Finance Director maintains an internal audit function. In accordance with the Scheme for Financing Schools, they carry out regular compliance audits of all schools to ensure that adequate systems of control are in place and are being adhered to.

6.18.2 In carrying out their statutory duties regarding the proper stewardship of the Council's finances, the Council's Director of Finance or nominated representative has a right of access to any information held in schools, including originals invoices, bank statements and cheque books.

6.18.3 Audit will assess the compliance with procedures on the secure and efficient operation of bank accounts and provide advice on accounting records and procedures, and review systems to assist in preventing and detecting fraud or irregularities.

6.18.4 The Governing Body should view an audit as a tool to help them improve the financial controls of LFPS. The audit report produced at the end of the audit will provide an evaluation of the current controls and, possibly, a list of improvements that should be implemented. It will categorise the potential risks related to any weaknesses identified.

6.18.5 A follow up audit will be arranged. This will look specifically at the recommendations of the original audit and how they are being implemented.

6.19 Retention and Disposal of Documents

6.19.1 Confidential waste is disposed of by shredding.

6.19.2 Cheque stubs are retained and matched with any returned cheques requested from your bank, and with any cancelled cheques.

6.19.3 Cancelled cheques are retained, clearly marked '**CANCELLED**'.

6.19.4 Copy orders are kept in a file in numerical order, with the delivery notes attached. When payments are made, the relevant copy orders should be clearly marked off as paid by detailing the cheque number, payment date and amount paid.

6.19.5 Original purchase invoices are subject to Customs and Excise inspection. They must therefore be filed in batches and cross-referenced to computer records.

6.19.6 LFPS filing and storage arrangements must facilitate the means to trace payments from cheque number to the order and invoice, and from the monthly VAT and bank reconciliation statements sent to HLT back through the school's records, to the individual invoice.

6.19.7 LFPS adheres to the following document retention schedule. Retention periods begin after the financial year, unless otherwise stated.

CY+6 = the (current year) relevant financial year plus a further 6 years

Document Title	Retention Period	Current Format
Finance		
Annual budget	6 years from current year	Paper or electronic
Annual statement of accounts	CY+6	Paper or electronic
Bank Statements	CY+6	Paper
Budget monitoring papers	CY+6	Paper or electronic
Budget files	CY+6	Paper or electronic
Changes to bank mandates	CY+6	Paper
Contract documentation (including advert details, list of interested parties, list of who received tender documents)		
- under seal	12 years from financial year end	Paper or electronic
- not under seal	6 years from financial year end	Paper or electronic
Correspondence files	CY+6	Paper or electronic
Debtors records	CY+6	Paper or electronic
Headteacher's budget reports	CY+1	Paper or electronic
Information files	Until superseded	Paper or electronic
List of Authorised signatories	6 years after person ceases to be signatory, or the list is suspended	Paper
Orders and Delivery documentation	CY+6	Paper
Returned cheques, cheque stubs, monthly bank reconciliations	CY+6	Paper
Requisitions for goods or services	CY+6	Paper
Scheme of Delegation	Until superseded	Paper or electronic
School development plans	CY+3	Paper
Service level agreements	Until superseded	Paper or electronic
Outturn statements (including transactions Reports)	CY+6	Paper or electronic
Register of Tender and Quotations	CY+6	Paper or electronic
Student Grant Applications	CY+3	Paper or electronic
Successful tenders and quotations	Life of contract	Paper or electronic
Unsuccessful tenders and quotations	2 Years	Paper or electronic
School Meals		
Dinner Registers	CY+3	Paper or electronic
FSM Authorisations	Whilst child attends school	Paper
School Meals Summary Sheets	CY+3	Paper

7 ASSET MANAGEMENT

7.1 Introduction

7.1.1 The Governing Body is responsible for the proper management and security of the school premises and the custody and physical control of all other assets including machinery, furniture, equipment, stock and other assets such as cash.

7.2 The Asset Register

7.2.1 LFPS maintains an Electronic Asset Register of items held by the school that the Governing Body deems to be valuable and/or subject to an insurance claim. Moveable assets and IT equipment valued at £100 or more are recorded.

7.2.2 The asset register includes the following information:

- Date of acquisition of asset.
- Description of asset, including colour, a unique identification mark such as a serial number and security marking, where appropriate.
- For ICT/electrical equipment, a record of the model or other unique reference/security number.
- Cost of the asset purchased.
- Location of the asset.
- Details of the disposal of any assets, whether scrapped, sold or donated.
- Items used by the school but owned by others (e.g. leased items) supported by a note of ownership.

7.2.3 The Asset Register is held on Paragon Asset System.

7.2.4 A copy of the Asset Register is kept in the safe, and is available for inspection.

7.2.5 Acquisitions and disposals are recorded on the register at the time of acquisition or disposal and reported to the Governing Body.

7.2.6 The Governing Body must ensure that the asset register is kept up-to-date and is reviewed at least once a year. The review must include the physical check of the assets and must be performed by someone other than the person maintaining the register. The asset register should be certified and dated on completion of the review.

7.2.7 The upkeep of the asset register can be particularly important for insurance reasons, as policies will often limit the insurance of equipment etc. to those items present on the schools asset register.

7.2.8 Registers are reconciled annually with the School's Insurance Services records. The register is submitted to LBH insurance programme.

7.3 **Loaning Assets**

7.3.1 An asset can be loaned to staff, LFPS keeps a log of such loans.

7.4 **Disposing of Assets**

7.4.1 The Governing Body may dispose of assets through sale, donation or scrapping.

7.4.2 Assets that have been disposed of must be removed from the Asset Register, and the insurer (if applicable) notified.

7.4.3 For every disposal, the Governing Body or Headteacher (if the authority has been delegated) must:

- Record the reasons for the disposal.
- Be able to demonstrate that the assets are either obsolete or surplus to requirements.

7.4.4 The Headteacher has appointed the Bursar/SBM/FL to be responsible for disposing of assets, and has informed them in writing that they are ultimately accountable for doing so. The responsible person's name must be clearly identified in the disposal file.

7.4.5 LFPS must ensure that they adhere to the latest WEEE (Waste Electrical and Electronic Equipment) legislation, which sets out the requirements for disposing of electrical/electronic equipment. The legislation states that such assets cannot just be thrown away, but must be disposed of properly, either by:

- Donation to a charity (for refurbishment and re-use) – e.g. Tools for Schools.
- Disposal by a specialist organisation, who will take such items away and recycle them (Specialist organisations normally charge for this service).

7.4.6 Before disposing of computer equipment schools must ensure compliance with the Data Protection Act 1984 by erasing all personal data from the hard disk. Note that merely deleting files may not physically remove the data, which could be restored using specialised products. You must also ensure that any software products for which licences are maintained in-house are removed from the equipment prior to disposal.

7.4.7 Any member of staff who determines that an asset is surplus to requirement, or who is involved in the disposal, should never attempt to purchase it or take it for personal gain. There should be a clear separation of duties and the Headteacher must approve all disposals.

7.4.8 Official receipts must be issued for income received for disposed assets. Monies must be received and properly accounted for by someone who has not been involved in the disposal.

7.4.9 The income received from the sale of any asset must be treated as income in the school's budget.

7.5 **Obsolete Assets**

7.5.1 Assets are deemed obsolete if they have no resale value.

7.5.2 Schools may donate surplus, obsolete assets to the voluntary sector, or scrap them.

7.6 **Retention of Disposal Documentation**

7.6.1 All documentation relating to the disposal of the asset must be retained for a period of six years after the disposal.

7.6.2 The following documentation is retained:

- The Governing Body or Headteacher's written record declaring the asset surplus, and instructions to the person appointed as responsible for the disposal.
- The advertisement.
- The offers made.
- The receipt.

7.7 **Security – General**

7.7.1 The Governing Body is responsible for the security of the school's assets.

7.7.2 It is the responsibility of all Budget Holders to ensure that a yearly stock check is carried out during the summer term. Any missing items must be reported to the Governing Body.

7.7.3 Appropriate arrangements must be in place for the security of all assets. Security measures could include the following:

- Secure equipment and other assets by means of physical and other security devices (e.g. locked in cupboards).
- Authority to access these secured assets should be clearly documented.
- All items in the asset register should be permanently and visibly marked as the school's property.
- Maintain a record of any model or other unique reference/security number in the asset register
- Clearly mark any portable equipment that is vulnerable to theft with the name of the school.

7.7.4 Items which are easily portable and saleable (videos, televisions, computers, cameras, etc.), must be security marked and kept securely locked away when not in use, particularly overnight

7.7.5 Items of school property should not be removed from the school premises without the appropriate delegated authority.

7.7.6 Should property be removed from the school premises, the school should:

- Establish the position related to insurance before the assets are taken off site.
- Be aware that assets on loan for extended periods or to a single member of staff on a regular basis may be deemed a benefit-in-kind, which may be subject to taxation.
- Keep a record of all assets removed from the school premises.
- Update the record when the assets are returned.

7.8 Computer Security and Protection

7.8.1 LFPS computer systems hold sensitive financial and personal data. LFPS must, therefore, take appropriate action to ensure that equipment and data is kept secure.

7.8.2 LFPS has an ICT Security Policy, which should encompass the guidelines for protecting hardware and software, set out below.

7.9 Protecting Hardware

7.9.1 The main dangers to hardware are:

- Loss through theft.
- Damage (accidental or otherwise).

7.9.2 To minimise the danger of loss or damage, the machines are:

- Labelled with a unique asset number.
- Entered onto the asset register with their serial numbers.
- Correctly positioned (i.e. towers not laid on their sides).

7.9.3 If possible, the machines should also be:

- Not visible from outside the building or to the public generally.
- Kept in a locked room when not in use, particularly overnight.
- Where possible, secured to furniture.
- Labelled, marked with indelible pen or have the name of the school soldered onto the case.

7.9.4 To minimise damage and the chances of the machines being damaged all users should:

- Refrain from eating or drinking whilst working on the machines.

- Never move or attempt to clean a machine without first obtaining the IT co-ordinator's advice.
- Ensure any loose cabling into the machine is not in danger of being stood on or tripped over by staff.
- Know who to contact in the event of a breakdown of the machine.

7.9.5 Laptops and other easily portable equipment are particularly vulnerable to theft and damage. They should be kept in a locked cupboard when not in use and carefully protected when taken outside the office.

7.9.6 The file servers is kept in locked server room, which has access limited only to authorised individuals.

7.10 **Protecting Software**

7.10.1 The main dangers to software are:

- Unauthorised access to data.
- Accidental loss of data by the user or because of machine failure.
- Corruption of data by computer viruses.

7.10.2 To minimise the danger of unauthorised access, users should ensure that:

- The system is returned to the password screen when leaving the office.
- The machine is switched off when not in use.

7.10.3 Only authorised staff have access to computer hardware and software for school management.

7.10.4 Passwords are be used to stop unauthorised access to information.

7.10.5 Procedures are in place for a new password to be issued to new staff, and withdrawn when staff leave.

7.10.6 Passwords should be:

- At least six characters long and preferably contain a number.
- Changed regularly (every 90 days) and as soon as a user leaves.
- Not shared between users.
- Not written down.
- Not obvious (e.g. qwerty, 123abc).

7.10.7 LFPS has a recovery plan in the event of loss of accounting or financial data. All electronic back-ups, secure storage of back-ups (off-site), are managed by HLT MIS team.

7.10.8 The following precautions should be taken to minimise any loss of data caused by machine failure or user error. (When PCs are networked and data is stored to a server, these functions should be carried out by the System Administrator – HLT MIS.)

- Give all users proper written instructions on how to use the system.
- Back up all data regularly (i.e. files created by the user such as word processor documents or spreadsheet files). It is recommended that data be backed up after 8 hours' work on the machine.
- If possible, keep at least three generations of back-up (i.e. the previous three back-ups). Back-up cycles should be taken daily, weekly and monthly.
- Maintain a back-up of all operating software (such as Windows NT).
- Store the system disks/CDs for the applications (such as Microsoft Office) securely.
- Store all back-ups away from the vicinity of the machines in a fireproof, locked cabinet or safe - preferably off-site.

- Ensure that there is adequate hardware maintenance cover for critical equipment.

7.10.9 To minimise the danger of data corruption by viruses an anti-virus solution must be implemented for all networked PCs and servers. There is a continuing threat from previously undetected viruses, so staff should take the following precautions.

- Never load software without the school's IT co-ordinator's approval, including software from the Internet.
- Never load any disks/CDs sent unexpectedly through the post (for example, demonstration or customer research software).
- Strictly control the transfer of software and data from one machine to another.
- Never make unauthorised copies of any software.
- Ensure virus-checking software is installed on all computers, and regularly updated.

7.11 Unauthorised Use of Software and Data Protection

7.11.1 The 7th Data Protection Principle of the 1998 Act requires personal data to be surrounded by proper security. Take care at all times to ensure that staff does not render themselves liable to prosecution under the Data Protection Act.

7.11.2 Take particular care to protect data accessed or processed by 3rd parties. Any contract held with organisations or contractors authorised to process LBH/HLT data should specify the security standards required.

7.11.3 Unauthorised copying of software is illegal under copyright.

7.12 Internet Usage

7.12.1 LGfL web filtering is installed to automatically block any inappropriate websites from being accessed.

7.13 Computer Printouts

7.13.1 Employees must not release information or computer data, particularly that of a personal or sensitive nature, to unauthorised persons.

7.13.2 Take care to prevent inadvertent disclosure of information, e.g. by ensuring that paper is suitably filed and disposed of securely.

7.13.3 Confidential waste must be shredded.

8. INSURANCE AND RISK MANAGEMENT

8.1 Risk Management

8.1.1 The main risks currently LFPS are as follows:

- Playground equipment.
- Damage to property caused by flooding.
- Bullying.
- Accidents.
- Arson.
- Theft.
- Cash kept in the safe.

8.1.2 LFPS purchases appropriate insurance cover from HLT/LBH and it forms part of the school's overall risk management strategy. However, it should be acknowledged that risk management goes far wider than just the purchase of insurance. Risk Management is a method of identifying, controlling and managing the risks that face an organisation. For example, we reduce risk by the following:

- Ensure that buildings are secured when unoccupied.
- Install a good quality alarm system.
- Illuminate external areas.
- Make arrangements to bank cash collected regularly, so as to ensure the amounts of cash held in the school safe, is in line with the insurer's advice.

8.2 Business Continuity & Emergency Planning

8.2.1 Schools have a statutory responsibility to have in place a suitable Business Continuity & Emergency plan and a Disaster Recovery plan.

8.3 Purchasing Insurance Cover

8.3.1 LFPS is part of LBH's Insurance Scheme.

8.3.2 LFPS maintains an up-to-date list of their insurers and the insurance cover they have purchased, as well as the property/risks covered by those policies.

8.4 Making Insurance Claims

8.4.1 Claims via LBH's Insurance Section.

8.5 Dealing with claims against you

8.5.1 If you receive a claim against your school, or a threat of legal proceedings, you should acknowledge it and send it to LBH insurance Section as soon as possible.

8.5.2 In any claim against you:

- DO NOT enter into any correspondence with the claimant
- DO NOT admit liability

8.6 Record Keeping

8.6.1 LFPS ensures that:

- Primary pupils' files are kept for a minimum of 12 years.
- Secondary pupils' files are kept for a minimum of 7 years.
- The files are available in the event of a claim.

8.6.2 Remember that the statutory limitation for a child making a claim is until they reach the age of 21.

9 SCHOOL JOURNEYS

9.1 Voluntary Contributions, Charging & Remissions Policy

9.1.1 The Headteacher has designated that all school visits and journeys are of educational value and related to the curriculum.

9.1.2 Where trips are an essential part of the National Curriculum, or they take place during school time, they must be provided free of charge (except for board and lodgings). Parents can, however, be asked for a voluntary contribution.

9.1.3 All letters to parents asking for a contribution make it clear that there is no obligation to make such a contribution, and that pupils will not be treated differently if their parents do not make a contribution.

9.1.4 Where a charge for residential accommodation is made (e.g. for a trip abroad, or a residential centre) the charge cannot include the cost of transport, as this is legally deemed incidental to the education. However, voluntary contributions can be requested to cover the cost of the transport element. Any letters to parents setting out the costs of residential trips must clearly distinguish between the chargeable element and the voluntary contributions required. It is good practice to provide parents with a breakdown of how the cost per child has been calculated.

9.1.5 Where the trip takes place outside normal school time, a charge may be made, in accordance with the approved Governing Body charging policy.

9.1.6 LFPS assesses whether or not a trip is viable, and set budget targets for remissions or subsidies that will be chargeable to the school budget share.

9.1.7 If the money collected is less than the expenditure incurred on a visit, the Governing Body may subsidise any shortfall from the budget allocation it receives from LBH. It may also meet shortfalls by fund raising or other voluntary contributions. Any funds must be treated as income and accounted for through the school budget.

9.1.8 No profits are made from LFPS visits and journeys.

9.1.9 The cost of any supply teachers required to fill in for the normal teachers taking part in the trip is not recovered, or form part of the calculation, when establishing the cost of the trip.

9.1.10 All income and expenditure in connection with a particular trip is accounted through the school's disbursement account.

9.2 Recording Receipts and Payments

9.2.1 If payments are in cash money is kept in the school safe and banked promptly.

9.2.2 Officers responsible for collecting school trip money will create a collection register.

9.2.4 Responsible officers will issue a receipt for cash payments received.

9.2.5 Refunds should be made only on receipt of a request form from the parent, countersigned by the officer in charge of the trip.

9.2.6 When cash is collected the Bursar/SBM/FL/Office staff should check that the amount being handed in for banking is a true record, and provide the officer who administered the collection with a receipt.

9.2.7 School income for educational trips is paid into the school's disbursement account.

9.2.8 The Headteacher ensures that adequate insurance is taken out prior to the start of the trip.

10 SCHOOL BANK ACCOUNTS

10.1 Introduction

10.1.1 LFPS operates a bank account. The framework under which school bank accounts must operate is set out in the Scheme for Financing Schools.

10.1.2 The following sections set out the terms, responsibilities and requirements of the Scheme, and is consistent with Section 3 of Section 48 of the School Standards and Framework Act 1998 (Instalments of the Budget Share: Banking Arrangements).

10.2 Responsibilities of the Finance Director, London Borough of Hackney

10.2.1 The Finance Director has a statutory responsibility under the provisions of Section 151 of the Local Government Act 1972, and Section 114 of the Local Government Finance Act 1988, for the secure and efficient financial arrangements of the Local Authority and for the accuracy of the accounts and financial returns required by Central Government. The Finance Director also has statutory duties under the Accounts and Audit Regulations 1996 relating to the accounting systems used within the Authority, the form of the Authority's accounts and the provision of Internal Audit.

10.2.2 These overall responsibilities remain with the Finance Director notwithstanding the introduction of the School Standards and Framework Act 1998. However, its aim is to allow schools the desired freedom, whilst maintaining public accountability.

10.3 Responsibilities of Governing Bodies

10.3.1 The Governing Body is responsible, under the provisions of the School Standards and Framework 1998, for ensuring that Schools operate within their delegated budget.

10.3.2 The financial responsibilities of a Governing Body are defined by the arrangements set out in the Scheme for Financing Schools.

10.4 Responsibilities of Schools

10.4.1 LFPS is responsible for:

- Timely payment of all invoices and charges properly payable from the school bank account.

- Production of remittance advice to accompany BACS/cheques, so that creditors can determine for which particular goods, services or invoice the cheque represents payment.
- Answering creditor queries on payments.
- Reconciling the school bank account to local accounting records.
- Completing monthly income and expenditure returns for HLT.
- Retaining all original invoices and other payment documentation safely and for the minimum required period (see section 6).
- Monitoring and maintaining adequate cash flow in order to generate maximum interest receipts and prevent overdrawn balances.

10.4.2 Any breach of banking terms must be reported immediately by the Headteacher to the head of finance at HLT.

10.5 Pooled Arrangements

10.5.1 HLT/LBH offers a pooling arrangement for schools which LFPS is part of. This facility offers attractive interest rates, low bank charges, and removes the need for schools to operate a separate current and deposit account and the associated bank reconciliation issues that that presents.

10.5.2 The daily balances of schools participating in the pooling arrangements are aggregated and invested on the schools behalf. The interest earned, less any charges made for the service, is shared pro-rata to the aggregate balance invested. Net interest payments are made into school bank accounts on the last working day of each month.

10.6 Funding and Income Paid into the Bank Account

10.6.1 Funding and Income that may be paid into school bank accounts includes:

- Advances made by HLT of the school's delegated budget.
- Advances made by HLT in respect of approved Standards Fund schemes.
- VAT reimbursement sent by HLT.
- Any income generated by activities funded from school's delegated budgets and extended school activities funded from other sources, e.g. miscellaneous sales, including contributions towards school expenditure received from the Parents Teacher Association.

10.7 Operating School Bank Accounts – Expenditure

10.7.1 All accounts are in impersonal names and include the full name of the school, and 'London Borough of Hackney Council'.

10.7.2 The bank mandate must include at least three authorised signatories and require all BACS/cheques to be signed by two authorised members of staff.

10.7.3 Authorised signatories on school cheque accounts are the Headteacher, Deputy Headteacher and Business Manager.

10.7.4 All maintained schools must have a minimum of two and a maximum of four cheque signatories, one of whom must be the Headteacher. A second signatory must be a senior member of staff (e.g. Deputy Headteacher). This does not normally extend to the Secretary or Bursar, as this is unlikely to result in an adequate segregation of duties. However, if the Secretary or Bursar/SBM is not involved in payment processing and accounting, and provided that an adequate level of internal control is maintained, they may be a signatory.

10.7.5 BACS/Cheques are signed in manuscript by two authorised signatories. Facsimile signatures and rubber stamp signatures are not acceptable.

10.7.6 Blank cheques must not be pre-signed under any circumstances and should be held securely at all times.

10.7.7 Cheques that are spoiled during issue must be clearly marked ‘cancelled’ and retained with their counterfoil, for audit purposes.

10.7.8 BACS runs must not exceed £20,000. Before running the BACS payment it must be signed by two authorised signatories.

10.7.9 The Bursar/SBM/FL uploads payments onto Bankline, the Bursar/SBM/FL cannot authorise Bankline payments.

10.7.10 Only the Headteacher or Deputy Headteacher can authorise payments on bankline.

10.7.11 Once authorised, a Bankline payment should be printed for each individual payment.

10.7.12 Each BACS payment is stored with the invoices, signed BACS reports and Bankline print out.

10.7.13 All cheques, including cancelled and returned cheques, are printed and processed through SIMS FMS.

10.7.14 Payments due to LBH and HLT for goods or services are recovered by invoice.

10.8 Funding – School Budget Share

10.8.1 The amount to be advanced to schools is the total budget share for each particular school, comprising:

- The delegated budget.
- Standards Fund allocations.
- Schools Standards Grant.

10.8.2 Instalments of the school delegated budget and Standards Fund allocations are paid by direct transfer to the school’s bank account, as follows:

Month	%
1 April	25.0
1 May	8.3
1 June	8.3
1 July	8.3
1 August	8.3
1 September	8.3
1 October	8.3
1 November	8.3
1 December	8.3
1 January	8.3

100%

10.8.2 HLT will advance Schools Standards Funds at intervals throughout the year, reflecting when payment is received from the DfES. Payments are normally made in five instalments: June, October, January, March and April.

10.9 Overdrafts

10.9.1 Overdrafts are not permitted.

10.9.2 Applications can be made for early release of part of their next advance will be considered sympathetically by the head of finance at HLT (subject to an interest charge of 1% above base rate and an administration charge).

10.10 Interest Earned on a School's Bank Account

10.10.1 LFPS retains the interest earned on its account, and should ensure that interest is paid gross, without deduction of tax.

10.10.2 If the interest is paid net, LFPS should obtain a tax deduction certificate and send it to the head of finance at HLT, to obtain a refund and enable school bank accounts to be reimbursed accordingly.

10.11 Interest Payable to LBH

10.11.1 As a result of the timing of advances made to schools (with advances being made earlier than costs being incurred) a loss of interest on Council bank balances occurs. Therefore, in accordance with the provisions of the School Standards and Framework Act 1998, a recovery from schools equivalent to that loss of interest is deducted).

10.12 Bank Charges

10.12.1 All bank charges are paid by LFPS.

11 VAT

11.1 Introduction

11.1.1 VAT is a tax on consumer expenditure and is chargeable on all supplies of goods and services within the UK except those specifically exempted or zero-rated. It is administered by Her Majesty's Revenue & Customs (HMRC) whose officers may visit all VAT registered persons and organisations. During these visits they examine business and accounting records and extraction of data for period VAT returns, to ensure compliance with all VAT regulations.

11.1.2 LFPS operate within LBH's overall framework, and are bound by the same conditions and regulations as LBH and are registered under LBH's VAT number. **LBH's VAT number is 220 5529 95.**

11.1.3 For further information on VAT and taxes refer to the HLT financial procedures manual.