

**LANGLEY FITZURSE C of E PRIMARY SCHOOL**

**FINANCIAL PROCEDURES MANUAL**

**DECEMBER 2019**

**TABLE OF CONTENTS**

1. Introduction
2. Annual Calendar of Returns required by the Local Authority
3. Assets
4. Audit Requirements
5. Bad Debts
6. Bank Accounts
7. Bank Reconciliation
8. Benchmarking
9. Budget Monitoring
10. Cashflow forecast
11. Finance Officer Absence
12. Fraud
13. Insurances
14. Invoices (Creditor Payments)
15. Lettings
16. Ordering supplies/equipment/services
17. Passwords
18. Payment Cards
19. Petty Cash
20. Policies
21. Receipt of Goods/Services
22. Receiving Monies
23. School Fund – Unofficial (Private & Voluntary) Fund
24. Schools Financial Value Standards (SFVS)
25. Staff Pay & Personnel Records
26. Trial Balance
27. Value Added Tax

**1. INTRODUCTION**

The purpose of this manual is to document the school’s financial procedures in order that staff and governors with financial responsibilities understand the financial procedures in place, and to aid compliance with the requirements of the Schools Financial Value Standards (SFVS).

The manual is reviewed annually and should be read in conjunction with the Wiltshire Schools Finance Regulations 2008 located here:-

 http://www.wiltshire.gov.uk/schools-finance-manual

Specific instructions on how to perform financial processes are held separately by the Finance Officer.

**2. ANNUAL CALENDAR OF RETURNS REQUIRED BY THE LOCAL AUTHORITY**

*The financial year for the main school accounts runs from 1st April – 31 March. The financial year for the school fund (unofficial funds) accounts runs from 1st September – 31 August.*

In addition to monthly VAT Reports and regular Trial Balance reports, the following information is required from/to the Local Authority (LA).

February/March The LA issues the schools budget details for the following financial year. The Finance Officer and Headteacher will have already started working on the next 5 year budget plan on the Access software before this information arrives.

 A budget monitoring report is prepared for governors.

March End of financial year procedures commence (checks, accruals, etc.).

Deadline for submitting the Schools Financial Value Standard (SFVS) report to the LA is 31 March.

April/May Budget scenarios for the 5 Year Budget Template are discussed at length between Finance Officer/Headteacher/Governors on Leadership &Resources (L&R) Committee. Draft approved by L&R Committee with recommendation to Full Governing Body.

May/June LA Support Accountant visits to do the end of year closedown procedures and produce CFR Report. This is when the school finds out the precise level of rollover (if applicable) to be carried forward to the next financial year.

June The FGB approves a 5 Year Budget Template, which needs to be submitted to the LA by 30 June.

June/ July The approved budget is allocated to the FMS Accounts software. A budget monitoring report is prepared for governors.

September/October School Fund (unofficial funds) accounts are independently verified.

October Budget Monitoring report is prepared along with an Income & Expenditure Return for September - due to the LA by 31 October.

December The School Fund (Unofficial funds) declaration is due to the LA by 31 December.

January Budget Monitoring report is prepared along with an Income & Expenditure Return for December - due to the LA by 31 January.

**3. ASSETS**

All assets owned by the School which are classed as valuable and/or desirable are recorded in the Asset Register. As a guide, this includes:

1. Easily portable office equipment, i.e. computers, printers, etc.
2. Other desirable electrical goods, i.e. televisions, music players, microwaves, etc.
3. Specialist equipment, i.e. weights and measures, presentation equipment, etc.
4. All items (excluding furniture & fittings) exceeding a value of £50
5. Equipment held on loan or on hire

The register is on a MS Excel file that is stored in the Finance folder on Winpool (i.e. on the school server, which is backed up daily). It is password protected and the password is set and held by the Finance Officer. A hard copy of the register is stored in the Finance Office, plus an additional copy is held off site at the Finance Officer’s home address (as per the Business Continuity Policy).

When new equipment is acquired, the name of the school is written on it with both a permanent marker pen and an ultraviolet security pen. The item is labelled with a sequential asset code number and details of the make/model, serial number, date of purchase, cost, etc. are recorded in the register.

As asset check is carried out by the Finance Officer annually. All items on the register are located and checked off in the register. Any items that cannot be located are recorded as losses and the Headteacher and L&R Committee are informed. If any items have been moved from their original location (or have been disposed of – see below), the register is updated accordingly. When the check is complete, the hard copy of the register is signed by the Finance Officer and Headteacher. The L&R Committee is advised that the asset check has taken place.

Occasionally an item of school equipment may be taken off the premises by a member of staff. In these circumstances, the Finance Officer is advised and a record is maintained (blue book) to ensure the item is returned. Staff are reminded on an annual basis of the need to follow this procedure.

Disposal of Assets

Authorisation must be sought from the Headteacher to dispose of equipment that is unrepairable/obsolete/no longer required, and it must be disposed of in an appropriate manner. Collection of electrical equipment is arranged through a reputable recycling contractor who adhere to the relevant disposal regulations and accreditations. The hard drive of all computers are wiped and a certificate confirming all files on the computer have been ‘wiped’ clean is requested. The certificates are held in the Finance Office.

Disposal of non-electrical equipment is carried out via the hire of a skip, or via a reputable commercial waste contractor.

The L&R Committee is informed of the disposals made, and the Asset Register is updated.

**4. AUDIT REQUIREMENTS**

The following processes are in place to demonstrate the school’s commitment to assurance/ effectiveness of financial (and other) controls:-

Financial Administration and Governance

* The Scheme of Delegation details the financial thresholds for delegated responsibility between staff and governors and is reviewed and updated annually.
* The Register of Business Interests is established and maintained in accordance with the LA Internal Audit Themed Review document (February 2013).
* The Schools Financial Value Standard (SFVS) is reviewed and updated annually (see separate section in this manual). A financial skills matrix is completed for governors and staff with financial responsibilities to evaluate financial competencies.
* Financial decisions are challenged and supported at governor meetings and are minuted accordingly.
* The Schools Financial Management Information Statement, provided by the LA is examined and noted by governors.
* Themed Review reports from the LA Audit Team are presented to, and discussed by, governors and the audit recommendations are incorporated into school policy and procedures.

Financial Planning and Budget Setting

* Financial Benchmarking exercise is carried out annually and results analysed by L& R Committee.
* Budget planning is carried out by Finance Officer, Headteacher and members of the L&R Committee, and linked to the School Improvement Action Plan for raising standards and attainment.
* Various budget scenarios are presented and discussed with L&R Committee governors, along with comprehensive budget notes.
* Advice is sought from the LA Accounting & Budget Support Team where necessary.

Budget Monitoring

* This is carried out and a report presented to L&R Committee governors quarterly, with budget variations investigated and explained. The figures on the Budget Monitoring Excel Report are reconciled with the source data from the FMS accounts system (Cost Centre Summary Report). A copy of the source data is retained on file with the Budget Monitoring reports to show that the figures agree on both reports, and the Excel figures have not been manipulated.
* Income & Expenditure returns, and the year-end Consistent Financial Report, are produced with the assistance of a LA Support Accountant.

Purchasing

* The school has a Purchasing Policy which is reviewed by the L&R Committee every three years.
* There is separation of duties during the purchasing process. Three members of staff are involved in the authorisation of Purchase Orders, Invoices and Payments.
* Use of the school’s payment card is monitored by the L&R committee six times a year. The monthly bills are reconciled with the purchase orders raised, and the statements countersigned by the Headteacher. A L&R governor also reviews the credit card statements throughout the year.
* VAT is accounted for accurately in accordance with the current VAT regulations, and VAT reports are sent to the LA monthly.

Income & Banking

* Separation of duties is demonstrated as far as possible. Bearing in mind the size and staffing structure of the school, the majority of the income and banking is carried out by the Admin Officer, whilst cross-checks, FMS processing and bank statement reconciliations are carried out by the Finance Officer. Cash/cheque income is recorded on an MS Excel Income Sheet promptly upon receipt which can be reconciled to the money in the safe at any given time.

Receiving income electronically from parents via the school communications and payment system, or by direct bank transfers, is favoured over cash/cheque payments as it reduces the risk of fraud, theft or error. Parents have been informed of the school’s intention of being cashless from September 2019.

**5. BAD DEBTS**

The School has a duty to collect all monies owed and will take all reasonable measures to collect debts as part of its management of public funds.

Refer to the school’s Debt Management Policy which sets out the procedures for debt recovery and for the write-off of any debt, which is deemed to be irrecoverable. The policy is reviewed every two years.

**6. BANK ACCOUNTS**

The school holds two bank accounts with Lloyds Bank, Chippenham:-

* Main account – for official school delegated income and expenditure.
* School Fund account – for unofficial (voluntary) school income and expenditure (non- curriculum related).

A deposit account may also be held at any time should funds be available to invest on a short term basis.

The authorised signatories on all of these accounts, as per the school’s bank mandate, are

Richard Hearn, James Osler, Lizzy Moor and Liz Howe. These signatories may view balances electronically via the Lloyds Bank Commercial Banking online facility using their personal, secure logins. Any two of the signatories may sign bank correspondence, cheques and authorise online banking payments (see also the separate section below regarding payment of invoices).

Cheque books and paying-in books are stored in the school safe, the combination of which is only known by the Headteacher, Assistant Headteacher, Finance Officer and Admin Officer.

**7. BANK RECONCILIATION**

The School receives monthly bank statements for each of the school’s accounts. The Finance Officer is responsible for promptly reconciling the accounts on a monthly basis and ensuring they never become overdrawn.

The reconciliation process involves:-

1. reconciling the balance on the bank account statements with the balance on the ledger bank account of the Financial Management System (FMS), i.e making sure that all transactions that have passed through the bank account are accurate and have been recorded in the FMS system.
2. checking the unreconciled transactions , i.e. identifying transactions that have been recorded in the FMS system, but not yet passed through the bank account. The ‘current ledger balance’ plus ‘unreconciled payments’ less ‘unreconciled receipts’ should equal the bank account balance.

All unreconciled items should be cleared within six months to ensure the school accounts accurately reflect actual transactions that have passed through the bank. For example a cheque that has been issued to a supplier but not yet presented for payment for several months, should be investigated further. A full audit trail and explanation of differences between the bank statement and the ledger bank account on FMS should be kept.

Although bank statements can be viewed online anytime by the Finance Officer and Headteacher, only original statements received through the post from the bank are used for reconciliation purposes. The bank statements are annotated and signed by the Finance Officer upon completion of the reconciliation. Because the Headteacher holds responsibility for the school’s finances, the statement is then passed to the Headteacher for verification. The Headteacher countersigns the bank statement accordingly to confirm that they are satisfied the reconciliation is complete and accurate.

A routine check of the bank reconciliation/unreconciled entries is made by the LA Support Accountant on their quarterly visits. It is good practice for a governor to carry out periodic spot checks on the school’s bank reconciliations too.

**8. BENCHMARKING**

This process enables schools to compare income and expenditure with that of similar schools. Schools record their income and expenditure into categories called Consistent Financial Reporting (CFR) codes and at the end of the financial year the CFR information is submitted to the LA. The LA forward the information to the Department for Education (DfE) which collates the data from all schools in the country and publishes it on their Schools Financial Benchmarking website, usually in the autumn.

The Finance Officer carries out a Benchmarking exercise and reports the findings to the L&R Committee for discussion and further actions deemed necessary.

**9. BUDGET MONITORING**

It is important to keep a regular check on the school’s financial situation. Staff salaries make up approximately 80% of the school’s expenditure so it is vital to keep a check on the salary payments being made (including extra hours and supply teaching costs). The budget should always be checked before purchase orders are raised for goods and services, and unexpected costs should be kept to a minimum.

Budget monitoring involves running off a Cost Centre Summary Report (CCSR) from the FMS accounts system, and examining the actual income/expenditure during the financial year against the budgeted information (including commitments). Any significant variances between the actual figures and the budgeted figures are investigated straightaway and further details are included on the report for governors’ attention.

The CCSR can be exported into an MS Excel spreadsheet for easier sorting and annotation. A copy of the report is given to the L & R Committee and the Headteacher for examination and discussion. The Finance Officer should show on the report that the ‘Budget Allocated’, ‘Commitments’, and ‘Actual Spend’ figures on the Excel spreadsheet match the figures on the CCSR, to show that the figures have not been manipulated in any way. A copy of the CCSR is therefore kept on file with a copy of the Budget Monitoring Report in the Finance Office.

Budget monitoring is carried out by the Finance Officer on a quarterly basis as follows:

January Budget monitoring is carried out as part of the Income & Expenditure Return for December, due to the LA by 31 January.

February/March Budget monitoring is carried out to ascertain a more accurate picture of the likely year-end financial position.

June/July Budget monitoring is carried out once the new financial year’s budget has been set on the FMS accounts software.

October Budget monitoring is carried out as part of the Income & Expenditure Return for September, due to the LA by 31 October.

As well as the full Budget Monitoring Reports detailed above, interim reports are done periodically (monthly is good practice), which involves running off a CCSR and checking the ‘%Spend’ to ensure no cost centres have exceeded 100% spend without good reason/explanation.

Class teachers and subject leaders are responsible for the expenditure from their class and subject budgets. They are given budget updates quarterly at the same time as the main budget monitoring exercises. The Headteacher is given budget updates for the Pupil Premium and the Sports Grants quarterly.

**10. CASHFLOW FORECAST**

This exercise enables the school to forecast the bank balance at the end of each month to ensure sufficient cash is available to meet requirements and provide an early warning of possible shortfalls. Producing a cashflow forecast involves predicting when income will be received into the school’s bank account, and when payments will be made from the bank account. It is recommended that a budgeted cashflow forecast is produced at the start of the financial year, and it is best practice to review it throughout the year.

The cashflow forecast is produced by the Finance Officer on a MS Excel spreadsheet and a copy passed to the L&R committee for information and discussion. Instructions on how to produce the cashflow forecast can be found in the Finance Officer’s notes.

**11. FINANCE OFFICER ABSENCE**

There is an action plan in place for covering the Finance Officer post in the event of absence and an updated version is available on the school server (G:/ Winpool – Finance – Financial Procedures Manual folder). This is updated annually and a hard copy is on display on the Finance Office noticeboard.

**12. FRAUD**

Schools in general are becoming increasingly targeted by cyber crime such as:-

Phishing - the sending of emails purporting to be from reputable companies in order to induce individuals to reveal personal information, such as passwords and credit card numbers

CEO Fraud - finance staff being asked to transfer money quickly via spoof Headteacher instructions from false email accounts

Mandate fraud - finance staff being asked to change supplier bank account details by fraudulent interception and amendment of invoices

Sextortion – online blackmail with the purpose of scaring people into handing over money

Staff are made aware of the risk of fraud and are asked to remain vigilant at all times and not to click on any suspicious email links or respond to unsolicited emails. Antivirus software is installed on the school computer system. Any requests for change of bank details for school suppliers are investigated to ensure they are genuine.

Any incident of fraud will be reported to Action Fraud, the national reporting centre for fraud and cyber crime.

**13. INSURANCES**

The school arranges the following specialist school insurances through the LA Right Choice Scheme: Buildings & Contents, Business Interruption, Money, Additional cost of working, Terrorism, liabilities such as Fidelity Guarantee, Officials & Professional Indemnity, Libel & Slander, School Journey (travel), All Risks (additional cover for high risk items as identified from Assets Register).

Group Personal Accident Insurance is arranged by the school to provide cover for sports, playground and classroom activities, and educational visits. The cover is for all pupils, staff and authorised adult helpers, volunteers or assistants.

Staff absence insurance is arranged by the school to provide cover for teachers, teaching assistants, and administrative staff sickness absences of more than three days.

If a member of staff regularly uses their own vehicle on Council business, they will need ‘business use’ on their personal motor insurance policy.

Any person who may transport pupils in their private vehicle must be properly licensed, insured and driving a roadworthy and suitable vehicle. For example, a parent helping the school to transport children on trips/sporting events. The parent is asked to complete a ‘consent to drive on school business form’ and must supply copies of their driving licence, MOT, insurance and tax certificates. The information supplied is checked and authorisation for the transportation to take place is sought from the Headteacher. See file in Admin Office for further details.

**14. INVOICES (CREDITOR PAYMENTS)**

Invoices received from suppliers are matched up with the official purchase orders and delivery notes (where applicable), and checked for accuracy before payment is considered. The person who signed the purchase order must not authorise the invoice for payment as segregation of duties must be demonstrated.

The majority of invoices relate to purchase orders already raised from the FMS accounting system, but invoices are also received that are ‘non –order’ (i.e. do not have corresponding purchase orders – such as utility bills, etc).

Self employment status checks, including the seeking of relevant evidence, should be carried out for any agency worker or consultant who has invoiced the school. IR35 – off payroll working legislation applies and further information is available via LA Circular A053/17 and the HMRC website.

The Finance Officer raises any queries/discrepancies on invoices with the supplier promptly. The invoices are recorded on the FMS system, and payment is made in accordance with the supplier’s credit periods (usually 30 days).

Each invoice is authorised for payment by either the Headteacher, the Assistant Headteacher, or the Finance Officer. It is usually the Headteacher or the Finance Officer. An approval stamp is used on the invoice to record that it has been checked for accuracy, authorised for payment, and the date and method of payment used:-

BACS payments

The school’s preferential payment method is via BACS (Bankers Automated Clearing System), whereby the payment is sent directly from the school’s bank account to the supplier’s bank account. Supplier bank details are usually included on their invoices, if not, the relevant bank details to use are sought from the supplier, along with the correct email address to which to email remittance advices.

BACS payments are prepared on the Lloyds Bank Commercial Online system by the Finance Officer, and is then authorised by two other authorised bank signatories as per the bank mandate. It is impossible for one person to authorise a BACS payment, it needs three people. Each BACS run is sequentially numbered so it is easy to check that they run in sequence. Instructions on how to process the BACS run are held in the Finance Office.

Cheque payments

When invoices are paid by cheque, the cheques are signed in accordance with the bank mandate. Cheques are used in sequential order (correctly matched against FMS system) and the counterfoil of any spoilt or cancelled cheque is clearly annotated as to the reason. Spoiled cheques are retained and made unusable. Under no circumstances are blank cheques to be pre-signed by signatories.

Paying invoices by Direct Debit

Some suppliers prefer the School to make payments by direct debits, for example for the photocopier lease, telephone bills, utilities, data protection registration, catering, etc. Invoices are provided by these suppliers and are authorised/filed in the same way as detailed above. The transaction is recorded on the FMS accounts system by cashbook journal.

Once payment has been made, the invoices are filed in alphabetical order. Invoices need to be kept for at least six financial years, plus the current financial year. Archived documents are stored in the Resources Room.

Issuing invoices *from* the school (Debtor payments)

Occasionally there are situations where the school needs to invoice a parent or a third party for money they owe the school, e.g. invoicing other schools when one of our teachers has helped them out with training or teaching. Templates for these manual invoices are stored on G:Winpool-finance-manual invoices. Each invoice must be given a sequential reference number, and a hard copy of the invoice is filed in the front of the’ Invoices’ file in the Finance Office. Once paid, the invoice is annotated accordingly. The Finance Officer diarises to ensure payment is received, and it is chased if not received within 30 days.

**15. LETTINGS**

A Letting of School Premises Policy is in place which details the relevant procedures to follow. All applications to hire the school premises are considered by the Headteacher, and the administration and record keeping for all approved lettings is carried out by the Finance Officer. If the Governing Body is approached by a third party wishing to provide a service/activity to children or the community on the school premises then a Transfer of Control Agreement must be in place.

**16. ORDERING SUPPLIES/EQUIPMENT/SERVICES**

Evidence of all quotes, tenders and approvals pertaining to purchase orders are kept on file.

Official purchase orders are raised by the Finance Officer for all supplies/equipment/services from the main account via the FMS accounting software, which ensures that a budgetary commitment is recorded. Orders from the school fund account are raised online, or in written format and recorded on the school fund account spreadsheet.

The cost of the supply/service is established before any order is placed, to ensure the price is appropriate and best value. The Headteacher authorises all orders (or the Assistant Headteacher in the Headteacher’s absence) by signing the purchase order document which is then kept on file in the Finance Office.

Teachers/support staff are not allowed to place their own orders because the budget needs to be checked, and best value established, before any orders are authorised.

Signed purchase orders are then emailed to the supplier for processing. Verbal instructions may be given for speed, as long as the unique PO number is quoted when ordering.

Orders may be placed online with the school credit card by the Finance Officer only as the card is in her name. A Purchase Order is still raised from the FMS system, and signed by the Headteacher, for the online order to ensure the cost commitment is included in the accounts and to show that the Headteacher has authorised the spend.

Supplies and equipment ordered from The Consortium can be electronically sent via the SIMS/FMS accounts system. The purchase order is automatically filed in the s:\sims\transfer\out\out\edi\outl directory and can be quickly emailed to the supplier. Alternatively, Consortium orders can be placed via their website and automatically imported into the FMS system.

**17. PASSWORDS**

The Finance Officer has numerous User I.D. and passwords that are required to access various supplier/utility online accounts, and the Lloyds Bank Commercial Banking online banking system. It would be impossible for her to remember each and every one, so the relevant details are recorded in a private document which is kept locked away in the Finance Office.

**18. PAYMENT CARD**

The school has a Lloyds Bank Charge Card (credit card) which is available for use by the Finance Officer only (the cardholder). Note that schools are forbidden to use bank account ‘debit cards’.

The school has guidelines for the use of payment cards – see separate document on G:/Winpool – Finance Folder.

The credit card is kept in a sealed and signed envelope in the school safe and the PIN is only known by the cardholder. The L&R Governors have agreed the following:

* Single transaction limit of £500
* Daily transaction limit of £500
* Monthly limit of £1,500
* The Chair of the L&R Committee can agree a higher spend than £500 if necessary, if it warrants ‘good value’. This, however, must not exceed the monthly limit.

A purchase order is raised for supplies/equipment/services from the FMS accounts system for all purchases made with the payment card. This ensures that the Headteacher authorises the expenditure before the purchase is made, and a commitment is recorded against the relevant cost centre.

The credit card balance is settled automatically each month via direct debit from the school bank account. The monthly bills are reconciled with the relevant purchase orders before the direct debit payment is deducted at the beginning of every month. VAT is accounted for where VAT invoices apply. The Headteacher checks the bills and countersigns them each month.

The details of payment card transaction are reported to each L&R Committee meeting, and the statements are periodically inspected by a L&R governor.

**19. PETTY CASH**

Two petty cash systems are held:

1. Through the main school account on the School’s Financial Management (FMS) system
2. Through the school fund account (on Excel spreadsheet) for non-curriculum expenses

Money is drawn from the bank accounts when needed, usually £200 at a time from the main account, and £50 at a time from the school fund account. Cheques can only be cashed by a signatory on the bank account, or upon authority of a signatory on the bank account. As the Administration Officer usually visits the bank to pay in school monies, a letter of authority is given to the bank to give the school’s permission for the cash to be issued to the Administration Officer (upon production of identification).

The cash is kept in two separate money tins in the school safe, and is balanced against the FMS /Excel records each time a reimbursement is made to it, and an expense made from it. The main account petty cash is occasionally checked for accuracy by the LA Support Accountant during his/her regular visits.

A member of staff (or other person in the school community) who wishes to make low value purchases for adhoc items must seek authorisation from the Headteacher and/or Finance Officer first before making the purchase. The limit on petty cash transactions is £40. All claims for petty cash must be accompanied by a valid receipt, which should only list the items purchased for the school, and not include any other personal shopping.

Petty cash claim forms are held in the Finance Office. White forms are used for expenses through the main account, and yellow ones for school fund expenses. These are both completed by the Finance Officer with the name of the person claiming the petty cash, the value, the cost centre, and VAT details. When the cash is issued to the claimer, the form is signed by that person to acknowledge receipt of the money. The payment is then authorised and the claim form countersigned by the Headteacher. If the Headteacher is the person making the claim, then the forms are countersigned by the Assistant Headteacher.

**20. POLICIES**

The following school policies are related to the school’s financial procedures and are approved by the L&R Committee:-

* Charging and Remissions – reviewed annually
* Unofficial School Fund Policy – reviewed annually
* Debt Management Policy – reviewed every two years
* Lettings Policy – reviewed every two years
* Purchasing Policy – reviewed every three years

**21. RECEIPT OF GOODS/SERVICES**

When the goods arrive, the Finance Officer unpacks them and:-

1. checks the items match the delivery note usually enclosed therewith
2. checks the items are in good condition
3. checks that the correct items have been sent as per the school’s purchase order.

Any discrepancies/mistakes are raised with the supplier straightaway.

The delivery note is then filed with the purchase order documentation.

Services rendered do not generally have delivery notes. When the Finance Officer is satisfied that the service has been completed to the school’s satisfaction, the purchase order is annotated accordingly and held, awaiting the supplier/contractor invoice.

Segregation of duties is demonstrated by the purchase order being authorised/signed by the Headteacher, and the goods/services being checked upon receipt by the Finance Officer.

**22. RECEIVING MONIES (INCOME)**

Cash and Cheques

Income is received for various reasons, such as school trips/visits, charitable donations, uniform purchases, extended school services, etc. The school became ‘cash and cheque less’ from September 2019, and parents are encouraged to use the school’s online communication and payment system, ParentMail, for making payments.

Any cash and cheques that are received is collected by the Admin Officer, who promptly records each payment on an Income Cashbook (spreadsheet file), issues a receipt, and stores the money in a locked cash tin in the school safe. At any point the amount of money held in the safe can be reconciled against the record of income received.

Payments for clubs that are administered by the school (e.g Early Morning Club/ After School Club/Sports Clubs) can be received in various ways – electronic bank transfers, childcare vouchers, or online via ParentMail.

Money for clubs/activities run and administered by external organisers may be collected by the Admin Officer but is not recorded as school income. All payments should be in clearly marked envelopes and they are kept in the school safe until handed over to the club organiser at the earliest opportunity.

Similarly, monies handed in for Parent Teacher Association (PTA) events are not recorded as school income and is collected by the Admin Officer and kept in the school safe until handed over to the PTA treasurer.

Dinner Money

Dinner money is not school income, it needs to be paid to the school’s catering contractor. All parents pay for school dinners via the ParentMail system whereby they ‘top up’ an electronic wallet and the school deducts the payment for each meal from the online wallet. ParentMail forwards the dinner money directly to Edwards & Ward the catering contractor. Debts are not permitted to accumulate. The Finance Officer contacts any parents who do not have sufficient funds in their dinner money wallets and politely reminds them to top up.

Direct payments made electronically

The ParentMail system enables parents to pay electronically using their debit/credit card and the funds are transferred from the communications system to the school’s bank account on a weekly basis. The school incurs transaction charges of 1.29% for each payment.

Payments can also be made electronically into the school’s bank account via internet banking transfers/BACS. Monies from the Local Authority (LA) are received in this way.

Receipting monies

Receipts for cash/cheques received are issued promptly on the same day by the person accepting the money (either the Admin Officer or Finance Officer). A receipt will always be issued for payments in excess of £30.00, and quite often receipts are issued for smaller amounts where proof of payment is considered important. The receipts are completed in duplicate so that the school maintains a copy of the receipts issued.

Receipts for payments received via the school’s online payment and communications system are automatically generated by the system and the parent receives an email confirming the payment has been successfully made.

Receipts for payments received direct into the school bank account are issued when the Finance Officer carries out bank reconciliations and notices the credit in the bank account. The receipt is in email form.

Paying in at the bank

The bank paying-in books are kept in the school safe. The Admin Officer is responsible for banking all cash and cheques promptly so that the level of cash kept on site is minimal and cheques are cashed without delay. Note that is a requirement of the school’s insurance policy that a maximum of £2,000 in cash can be paid in by one person – amounts over that value require the Admin Officer to be accompanied to the bank.

Paying-in on the FMS Accounts System

All monies paid into the main school bank account are recorded on the FMS accounts system by the Finance Officer. The monies are allocated to the appropriate cost centres, and a record of the entries are printed off on an FMS receipt and given to the Headteacher to examine and sign. The FMS receipts are filed in the Finance Office.

Monies received from the LA are entered on the FMS accounts system via a cashbook journal. Copies of the journals are filed in the budget file in the Finance Office.

Monies paid into the school fund account are recorded on the School Fund cashbook file on Excel.

Audit Trail

These procedures demonstrate that the collection, paying-in, recording and reconciliation of school income is not all completed by one person. As well as this separation of duties, the Income Cashbook is reconciled against paying-in slips, and monies received for school trips/activities are reconciled against the Admin Officer’s parent payment records.

The school’s record keeping systems enable any parental queries regarding payments to be quickly and efficiently dealt with.

Security

Note that the combination to the school safe is only known by four people within the school – the Headteacher, the Assistant Headteacher, the Finance Officer, and the Admin Officer. The combination is changed at least annually by the Finance Officer.

Parents are asked to put all cash/cheques in a clearly marked envelope which is checked promptly by the Admin Officer. Collecting large amounts of loose change, especially during the busy period first thing in the morning, can cause confusion for the Admin Officer if the money isn’t clearly labelled.

**23. SCHOOL FUND – UNOFFICIAL (PRIVATE & VOLUNTARY) FUND**

The school holds an account which is used for non-curriculum based income and expenditure - see separate policy document for full details. The balance of the account is reported to the Leadership & Resources Committee six times a year, as part of the school’s Budget Monitoring process.

The transactions for this fund are recorded on a spreadsheet based cashbook, stored on the school server (Winpool – Finance – School Fund). All paperwork is filed in the Finance Office.

A petty cash system is run through the School Fund account, with the cheque book and petty cash tin being locked away in the school safe at all times.

The bank account is reconciled monthly by the Finance Officer, and reviewed, signed and dated by the Headteacher.

The financial year of this fund runs academically from 1 September – 31 August. End of financial year accounts are prepared by the Finance Officer, checked by an independent examiner, and certified as correct by the Headteacher and Chair of Governors. A summary of the accounts is presented to the L&R Committee. An examination certificate is sent to the LA by the end of December annually.

**24. SFVS – SCHOOLS FINANCIAL VALUE STANDARD**

It is a mandatory requirement for LA maintained schools to complete the SFVS assessment form on an annual basis and send a signed copy to the LA by 31st March each year. The SFVS helps schools to manage their finances and to provide assurance to the LA that they have secure financial management in place. As governing bodies have formal responsibility for the financial management of their schools, the standard is primarily aimed at them.

The SFVS comprises of five sections, with a total of 29 questions to be completed and the SFVS assessment form, support notes and additional resources are available on the DfE website.

All action points identified in Section E must be followed up by the L&R committee to ensure they are completed within the appropriate timescale identified.

**25. STAFF PAY & PERSONNEL RECORDS**

Local Authority Information

All staff salaries are paid monthly by the LA on the 25th of the month. If the 25th falls on a weekend, salaries are received on the Friday before.

The LA send costing reports to the school every month (usually around the 20th), which give details of the regular salary payments and any extra hours or supply teaching costs being paid that month. The Finance Officer checks the reports to ensure:

* The basic salaries being paid match the school’s budget commitments on the FMS Accounts system.
* Any pay increments have been applied correctly and with effect from the correct date.
* The payments relating to extra hours/supply teaching hours are correct.
* Any unpaid leave is deducted correctly.
* Sick pay (where appropriate) has been taken into account.
* Any expenses due have been paid.
* Any employees who have left the school’s employment have ceased being paid.
* Any new employees have been paid correctly
* There are no unusual or suspicious payments listed on the report

Any queries with the above points are raised with the LA payroll team straightaway.

Once the Finance Officer is satisfied that all payments are correct, the payroll report is passed to the Headteacher for authorisation.

Salary accounting

The monthly salaries are recorded on the FMS accounts system. The cost for each type of salary is deducted from the appropriate cost centre via journal entries. The LA deducts the school’s monthly payroll costs from the school bank account in three instalments (to spread the cost) and three separate cashbook journals are entered on the FMS system for these transactions. More detailed procedures for processing the monthly payroll can be found in the Finance Officer’s notes.

Extra hours/supply teaching hours

It is the responsibility of the individual member of staff to submit a claim for extra hours or supply hours worked during the month (pink forms for teachers, green forms for support staff – available in the Admin and Finance Office). Any such hours must have been authorised by the Headteacher *before* being worked.

Claims need to be passed to the Finance Officer by the 31th of the month (or earlier if the 31st falls during a weekend or holiday period). The claims are then checked by the Finance Officer and passed to the Headteacher for signing/authorisation. The claims are submitted to the LA before the relevant deadline (usually 3rd of the month). Payment is made a month in arrears, thus claims submitted by the end of one month should be paid in the following month’s salary.

Leavers/Changes Forms/Sickness Forms

When a member of staff resigns, the LA payroll team must be informed straightaway via a Cessation of Employment Form, submitted via the Wiltshire Schools HR online system. The Finance Officer completes this and a copy of the resignation and HR form is held on the staff personnel file.

Changes Forms can be used to advise the LA payroll team of any unpaid leave to be deducted from salaries, or to authorise a pay increase to a member of staff, or a change to grade or weekly hours, etc. The Headteacher authorises this change and the Finance Officer notifies the LA, keeping a copy of the details on file.

When a member of staff is absent from work due to illness, they must complete a pink self-certification form upon their return to work. The Finance Officer ensures this form is completed by the employee and signed by the Headteacher, and HR is notified of the absence. Other rules apply for absences of more than 5 working days, as a doctor’s certificate is needed. Refer to the LA payroll team for advice in these circumstances. Details on how to submit sickness absences to the LA are held in the Finance Officer’s notes.

In all the above cases, the personnel records on the Sims.net system is updated by the Finance Officer, to ensure the salary commitments on Sims.net and thus FMS accounts are correct.

Access to personnel records on Sims.net is only accessible by the Finance Officer via a personal and secure login. Each member of staff also has a paper based personnel file held in a locked cabinet in the Finance Office. Access to personnel files is restricted to the Finance Officer and Headteacher, although staff may request to see information on their own file if required. Personnel files are stored for a period of six years after termination of their contract at which point they are securely disposed of.

Expenses

Members of staff may claim travelling expenses for authorised travel to courses, events, etc. A mileage claim form is completed by the employee, countersigned by the Headteacher, and the Finance Officer sends it to the LA payroll team for processing.

**26. TRIAL BALANCE**

This is a method of error checking by producing a statement of all the debits and credits in the FMS accounting system and ensuring they balance. The LA asks the school to produce a Trial Balance (TB) for September, December and March, and reminder letters (and instructions) are sent to the school. The Finance Officer runs the TB report and submits it to the LA for verification.

**27. VALUE ADDED TAX (VAT)**

The school comes under the umbrella of Wiltshire Council’s VAT Registration with HMRC, and the reference number is GB 501 6248 82. This means that the school is permitted to reclaim VAT paid on purchases (input tax). The school can also charge VAT on sales (output tax), for example, invoicing third parties for use of the school photocopier.

There are different categories of VAT transactions:

1. Non-Business. No VAT applies as a non- business activity falls outside the scope of VAT. This covers all local authority supplies/services (including statutory education), and businesses that are not registered for VAT.
2. Exempt. VAT is not chargeable according to specific legislation. This covers activities such as land and buildings, non-statutory education, health and welfare, cultural services, postage.
3. Zero Rated. These activities are taxable under VAT regulations, but at a rate of 0%. Examples are basic food and drink, children’s clothing, books, newspapers, passenger/public transport carrying 10 or more passengers
4. Reduced Rate. Such as fuel and power, which is 5% VAT.
5. Standard Rate. All other supplies/services (unless otherwise covered above) the VAT rate is 20%.

Care is taken to apply the correct VAT code when processing invoices/receipts on the FMS accounts system. VAT can only be reclaimed against expenditure which the school holds valid VAT invoices/receipts for. Advice can be sought from the Local Authority VAT Helpline if necessary.

VAT Returns

A VAT report needs to be run off the FMS accounts software on/around the 1st day of the month. The report itemises all the income and expenditure for the previous month and the corresponding input and output VAT details. This information is the basis on which the school receives a VAT reimbursement from HMRC (via the LA).

The report must be sent to the LA Accounting & Budget Support Team by the 10th working day of the month. The LA then arranges to reimburse the school with the VAT reclaimable amount, which the school usually receives a few weeks later.

Instructions on how to produce the VAT report, send it securely to the LA, and the processing of the reimbursements monies are detailed in the Finance Officer’s notes.

Schools could be asked to provide VAT information to the HMRC (via the LA), so all invoices must be kept for at least six financial years.

Lizzy Moor

Finance Officer

Updated 6 December 2019

*Winpool(G):FINANCE-FINANCIAL PROCEDURES MANUAL*