

**Bath & North East
Somerset Council**

SCHOOLS FINANCE MANUAL

(incorporating Financial Regulations for Schools)



**For Governors, Headteachers,
Management Teams, School Business Managers,
Bursars, Finance Managers, Finance Officers and
Administrative Staff in Schools.**

***Issued by Internal Audit
Audit & Risk Service***

SUMMARY

1. Financial Regulations for Schools	4
2. Introduction to Finance Manual	5
3. Summary of Principles	6
4. Organisation of Responsibility and Accountability	7
5. Strategic and Financial Planning - Budgets	9
6. Internal Financial Control	11
7. Financial Monitoring & Returns	12
8. Cheque Book Management	14
9. Income	19
10. Purchasing	23
11. Payroll Procedures	30
12. Purchasing Cards	33
13. Petty Cash	38
14. Unofficial and Voluntary Funds - "The School Fund"	40
15. School Inventory and Equipment	44
16. School Meals (Primary Schools only)	46
17. ICT and Security Information	47
18. Pupil Number Returns	49

List of Appendices

- 1 [Scheme for Financing Schools \('The Scheme of Delegation'\)](#)
- 2 [Terms of Reference – for financial responsibilities.](#)
- 3 [Responsible Officer – Guidance and Activities Checklist](#)
- 4 [Register of Business Interests – a Pro-forma](#)
- 5 [Schools Retention of Documents - Guidance](#)
- 6 [Departmental Budgetary Control – a Pro-forma](#)
- 7 [Example of a School's Finance Policy](#)
- 8 [Cash Flow Monitoring – a Pro-forma](#)
- 9 [Example Policy Statement on Lettings of School Facilities](#)
- 10 [Purchasing Policy – a suggested approach](#)
- 11 [Cheque Payment Requisition Form](#)
- 12 [Invoice Certification Stamp – a suggested example](#)
- 13 [Purchasing Cards – Guidance notes and Transaction log.](#)
- 14 [School Fund Cash Book – a recommended approach](#)
- 15 [Accounting Sheet for School Visits – a Pro-forma](#)
- 16 [Unofficial School Fund: Auditor's Guidelines](#)
- 17 [School Fund Audit Certificate – a Pro-forma](#)
- 18 [Inventory – Headteacher's Certificate](#)
- 19 [School Meals Arrears Income Policy](#)
- 20 [Termly School Meals Return](#)
- 21 [Computer Legislation Guidance Notes](#)
- 22 [E – mail and Internet Policy](#)
- 23 [E – mail and Internet Access User Guidelines](#)

1. Financial Regulations for Schools

1.1 Why do Schools need Financial Regulations?

They establish the standards that Headteachers, Governing Bodies and all employees must adhere to in order:

1. to ensure that every Schools' resources are used wisely,
2. to ensure the best practice for dealing with financial matters,
3. to improve service delivery and user satisfaction.

Bath & North East Somerset Schools are responsible for the control of many millions of pounds of public money. Financial Regulations aim to ensure that every School manages its affairs with high standards of financial integrity and accountability as befits a public organisation and as expected by taxpayers who fund the services.

These regulations define the boundaries within which Schools operate financially, in order to maintain an appropriate balance between sensible caution, creativity and innovation, as well as meeting their statutory duties. They help to make lives easier by clarifying responsibilities and providing a framework for decision making. This serves to protect all employees, Governors and taxpayers when the day to day transactions of the School are carried out.

All large organisations have a set of rules to regulate their finances and to protect the interests of their stakeholders and staff. However, the rules themselves are not of any use unless everyone understands them and adheres to them in everyday work.

1.2 Schools Financial Manual

For the assistance of Bath and North East Somerset Schools, the Financial Regulations have been incorporated in the Schools Finance Manual which provide details of the processes, procedures and controls for all financial systems in operation at our Schools, and which need to be adhered to.

1.3 Who should read these regulations?

These regulations apply to everyone in every School i.e. all employees and Governors of every School. Headteachers are responsible for bringing the regulations to the attention of every member of staff, providing the necessary training and monitoring compliance.

2. Introduction to Finance Manual

1. The main purpose of this Manual is to provide Schools with the components of a sound approach to financial control and to outline the general standards of good practice on which auditors and inspectors base their evaluation of financial management in schools.
2. The Manual should be used in conjunction with the Bath and North East Somerset Council's 'Scheme for Financing Schools' which has been issued to all schools (the latest copy is attached as [Appendix 1](#)).
3. The Manual also provides schools with a framework to evaluate the strengths of their financial management and identify any shortcomings in support of Standards regarding financial governance issued by the Department for Education (separate guidance will be provided for these as and when necessary).
4. The principles of sound financial management, summarised here, are the same for all schools, although it is recognised that due to varying sizes of establishments these may be carried out in different ways. The way in which these principles are implemented depends on:-

The size and organisation of each school.

- ◆ A small primary school would find it impractical to apply some controls, which will be standard procedures in a large secondary school.

The specific financial regulations and guidance which a school must comply with.

- ◆ All schools are required to ensure that their financial management arrangements comply with the "Scheme for Financing Schools", the Schools Finance Manual (incorporating Financial Regulations for Schools), Schools' Contract Standing Orders and other arrangements for the local management of schools issued by Bath and North East Somerset.
5. Governors have a statutory responsibility for the oversight of financial management in all maintained schools with delegated budgets. Throughout this document the use of the terms 'Governor', 'Headteacher' and 'School' is not intended to imply a particular division of responsibility.
 6. Further guidance on the role of Governors is available in the publication '[School Governors: A Guide to the Law](#)'.

3. Principles of Sound Financial Management in Schools.

- 3.1. The responsibilities of the Governing Body, its committees, the Headteacher and staff are clearly defined and limits of delegated authority established.
- 3.2. The budget reflects the school's prioritised educational objectives, seeks to achieve value for money and is subject to regular, effective monitoring by the Governors and Headteacher.
- 3.3. The school has established sound internal financial controls to ensure the reliability and accuracy of its financial transactions.
- 3.4. The school is adequately insured against exposure to all risks.
- 3.5. The school is registered under the Data Protection Act 1998 and will have its own policy on "Freedom of Information".
- 3.6. All computer data is protected against loss. Accordingly, regular back-ups will be made by the school and these will be held securely "off site" or a safe distance from the IT hardware.
- 3.7. Purchasing arrangements by the school always achieve the best value.
- 3.8. The school has efficient and effective procedures for the administration of personnel matters including the monitoring of references and Disclosure and Barring Service (DSB) checks.
- 3.9. Stocks, stores and other assets are recorded and adequately safeguarded against loss or theft.
- 3.10. All income due to the school is properly identified and all collections are receipted, recorded and banked promptly.
- 3.11. The school is properly controlling the operation of bank accounts and is regularly reconciling bank balances with the accounting records.
- 3.12. The school controls the use of petty cash - with an agreed maximum amount that can be claimed.
- 3.13. Unofficial and voluntary funds held by the school are managed and administered as rigorously as the school's public funds.
- 3.14. The school has ensured that there are procedures in place for sound budgetary control. Regular up to date financial reports are circulated to the Governing Body, the Headteacher and the school's management team.
- 3.15. The statutory requirements of H.M. Revenue and Customs are fully considered by the school, in respect to deduction of Tax and National Insurance Contributions, when making payments to staff.

4. Organisation of Responsibility and Accountability

- 4.1 The roles of the Governing Body, its Committees, the Headteacher and other staff are defined in a “Terms of Reference”, giving details of the respective responsibilities of the Governing Body, Committees and Staff.

Examples of financial responsibilities to be included within a Terms of Reference document are recorded in [Appendix 2](#).

- 4.2 The School will have a clearly defined organisational structure with established limits of delegated authority and channels of reporting to the Governing Body and Finance Committee. It is considered best practice for the Governing Body to delegate the majority of its financial responsibilities to a Finance Committee.

- 4.3 The Finance Committee would then become responsible for ensuring that the School sets financial objectives, prepares a financial plan and initiates and maintains the necessary systems of internal controls.

- 4.4 The Full Governing Body is required to hold at least three meetings a year, although most governing bodies meet more often. It is recommended that the Finance Committee should meet at least termly (i.e. up to 6 times per annum). Minutes of all meetings will be taken and all committee minutes will then be presented to the next full Governing Body meeting.

Responsible Officer

- 4.5 The Governing Body **may** appoint a Responsible Officer who will carry out an important role in the financial management and monitoring of the school finances.

Each school, as an autonomous entity, is accountable and responsible for all aspects of its financial management and control and must demonstrate public accountability and value for money.

Such responsibility rests with the Governing Body, and school staff should fully support the Governing Body in this regard. To help discharge their responsibilities, the Governing Body of each school may if they so wish appoint a Responsible Officer.

An outline of the job function for this position is included in [Appendix 3](#), together with a check listing of areas to be covered.

- 4.6 The Responsible Officer must not be involved with the day-to-day design, implementation and operation of the financial systems, but should have a clear understanding of these financial systems. The importance of the role should be fully recognised.

- 4.7 The Headteacher is responsible to the Governing Body for ensuring that sound systems of internal control are in place that enables the proper processing of the school’s transactions and activities.

- 4.8 In addition, the Headteacher is responsible to the Governing Body for ensuring that the school complies with the Council's Financial Regulations and Contract Standing Orders for schools, the main features of which are included in this Manual.

Register of Business Interests

- 4.9 The Governing Body must establish a register of business interests of Governors, the Headteacher and any other staff who influence financial decisions. This will record their own business interests or business interests of relatives or other associates where it may be possible that the school may wish to purchase goods or services from them now or in the future. The register must be completed annually and new business interest relationships are to be recorded in the register as soon as possible. Governors, Headteachers and other staff who can influence financial decisions must complete a 'Nil' return if appropriate. The register should be open to examination by Governors, staff, parents and the Council. (An example is attached in [Appendix 4](#)).

It is important for anyone involved in spending public money to demonstrate and be seen to demonstrate that they do not benefit personally from decisions that they may make.

It is also a requirement at the beginning of every meeting of Governors (Governing Body and all Committees) that those in attendance must declare an interest against any issue on the meeting's Agenda. At the appropriate time the Governor must leave the meeting room when the item is due to be presented and discussed and must not take part in the decision making process.

5. Strategic and Financial Planning – Budgets

5.1 School Development Plan (SDP)

The SDP (sometimes referred to as the School Improvement Plan) is a medium term education and budget plan (covering at least 3 years) indicating the intended use of resources by the school in achieving its goals. The SDP should outline which areas are the priorities for spending and why.

The SDP should be a working document of aims and objectives for staff and Governors stating, 'Where do we want to be – How do we get there'?

There should be a clear and identifiable link between the school's annual budget and its SDP.

5.2 Setting the Budget

- The budget has a controlling influence over the whole cycle of school affairs. Budgetary control is a continuous process, which reviews and adjusts budgetary targets during the financial year. It also provides a mechanism to call budget holders to account.
- The school should have a written statement of its aims and objectives for Governors and staff and in sufficient detail to provide the basis for constructing budget plans.
- The Governing Body should establish formal procedures and timetables for planning the budget to ensure that all relevant factors are considered. Pupil numbers, being one of the main factors when planning the budget, should be taken into account, with highest and lowest scenarios.
- The Headteacher should prepare estimates of expenditure and income sufficiently in advance of each financial year to allow for consideration and approval by the Governing Body.
- When setting the budget, income must be balanced against all expenditure, all contingencies, known and otherwise should be allowed for. Special attention should be given to the following budget areas:-
 - ◆ Staff Costs
 - ◆ Maintenance
 - ◆ Occupancy Costs e.g. Fuel/Water/Insurance
 - ◆ Educational Supplies and Services
 - ◆ Furniture and Equipment
 - ◆ Surplus/Deficit.
- The Governing Body should ensure that planned expenditure for each financial year does not exceed the available budget.
- The Governors must ratify the agreed budget and the Headteacher must promptly forward details of the formal budget plan to the Council by the 31st May each year. All subsequent budget changes must also be notified to the Children's Services Finance Team as soon as they are agreed.
- Details of the agreed budget £figure (normally the net expenditure) must appear in the minute of the Full Governing Body as part of the approval statement.

- Schools are encouraged to profile budgets to take account of likely spending patterns. It should be noted that certain expenses might be greater or less at certain times of the year, e.g. electricity, gas etc.
- Budget plans must be in a format, which contains approved subject codes supported by working papers for explanation.
- The Council may also require the submission of any revised plans where it is deemed necessary.
- The Headteacher must provide regular reports (taken directly from SIMS or appropriate finance system) to the Governing Body on spending, including sums committed but not yet paid against the approved budget.
- The Headteacher and the Governing Body must assess progress against the objectives in the SDP at least once a year.
- To aid the planning process, the Governors are encouraged to start to prepare a draft budget during September each year, for the following year.

5.3 **Central funds and earmarking**

- The Council is authorised to make sums available to schools from central funds, in the form of allocations, which are additional and separate from the schools' budget share. Such allocations shall be subject to conditions setting out the purpose or purposes for which the fund may be used. While these conditions need not preclude virement this should not be carried to the point of assimilating the allocations into the budget share.
- Such earmarked funding from centrally retained funds is to be spent on the purposes for which it is given, or on other budget heads for which earmarked funding is given and is not to be vired into the budget share. Unspent earmarked funds must be returned to the Council.
- The sums so allocated must be shown separately within school budget plans and record of expenditure. Schools will be expected to demonstrate the use made of central funds in the annual record of expenditure submitted to the Council.

6. Internal Financial Control

- 6.1 The Governing Body is responsible for ensuring that the duties of staff concerned with financial transactions are, as far as practicable, distributed so that at least two people are involved with both receipts and payment. The work of one person should act as a check on the work of the other. All such checks should be documented as having been carried out.
- 6.2 The Governing Body must ensure that there are written descriptions of financial systems and procedures (the School Finance Policy), which are kept up to date and subject to periodic review. All appropriate staff must be trained in their use. See [Appendix 7](#) for an example of a School's Finance Policy.
- 6.3 The Headteacher must ensure that financial control is maintained in the absence of key staff by training or by arranging for staff to shadow each other's duties from time to time.
- 6.4 The duty of calculating, checking and recording money due to or from the school should as far as possible be separated from the duty of collecting or paying out money.
- 6.5 Alterations to any original documents such as cheques, invoices and other vouchers must be made clearly in ink. The use of correcting fluid or the erasure of information is not acceptable.
- 6.6 The school must properly maintain accounting records and hold them securely. Vouchers or other documents relating to the financial transactions of the school must not be destroyed except in accordance with arrangements specified by the Council. See [Appendix 5](#) for a Retention of Financial Documents schedule.
- 6.7 All financial transactions must be traceable from the original documentation to the accounting records and vice versa.
- 6.8 Only authorised staff must be permitted access to the accounting records, which must be securely retained when not in use.

7. Financial Monitoring & Returns

7.1 Reports

- Prompt, accurate and up-to-date financial information should be readily available at the appropriate levels within the school. To achieve this, the school should ensure that there are clearly defined channels of reporting to the Finance Committee and Governing Body.
In this respect, reports direct from the school's accounting system (Sims or appropriate) must be obtained on a regular basis and at least monthly and carefully checked by the Headteacher to ensure that all details are correct.
- The Governing Body and Finance Committee must receive reports at each meeting from the school's accounting system and must monitor the amount of each budget allocation in the light of known activity. Where it appears that areas of the budget may be under spent the school may wish to transfer funds from one area of the budget to another. This process is called virement. The Governing Body should ensure that virements assist in achieving the school's overall aims and objectives.
- When the Headteacher provides regular reports to the Governing Body on spending, sums committed but not yet paid against the approved budget must be included.
- A financial recovery plan for Schools with deficit balances must be agreed with the Council. Deficit balances must be cleared within an agreed period of time and will be agreed at an appropriate level with Council officers, Senior Management and Governors, with progress monitored on a regular basis.
- If elements of the budget are delegated to departmental or class level the Headteacher must ensure that responsibility for financial control matches the managerial use of resources. Budget managers must be accountable only for items of expenditure and income that they directly control and must be aware of their financial responsibilities and constraints.
- In this respect, where Headteachers delegate budgets to Departments and Faculties, it is recommended that the individual budget holders maintain their own control records, which can be used to verify the accuracy of the school's consolidated accounts. Ideally, such records should include details of commitments, expenditure, income received and virements (A pro-forma is attached as [Appendix 6](#)).
- Budget managers should receive and review regular financial reports comparing the amount spent or committed to date against their budgets and own supporting records. The results of the reviews should be recorded and communicated to the Headteacher with details of any variations and discrepancies.
- The Headteacher should periodically consult with the Governing Body and staff to ensure that the financial and management information they receive is relevant, timely, reliable and understandable.

7.2 Virements

- Schools are free to vire between budget heads and Governors are advised to establish criteria and financial limits above which their approval is required. Budget allocations given for specific purposes such as Standards Fund allocations must not be transferred into the delegated budget.

- In respect of virements, schools are recommended to include a policy on virements together with details of delegated authority, in the Terms of Reference re financial responsibilities for the Full Governing Body and appropriate Committees. See [Appendix 2](#).

7.3

VAT

- Schools are responsible for correctly accounting for VAT on expenditure and income and a '[VAT Systems for Schools](#)' Guide has been produced to support this. Further information and advice on VAT matters is available from the Council's VAT officer, whose contact details are provided in the Guide.
- These VAT guidelines apply to all schools whether they purchase financial services from the Council or elsewhere.
- H.M. Revenue and Customs have indicated that failure to take account of VAT may result in serious financial consequences for the Council as a whole. Ignorance of the law is no defence in the event of non-compliance.
- VAT returns must be completed by the school each month and forwarded to the Children's Services Finance Team within 5 days of the end of the accounting period. Returns received after the due date will delay reimbursement of the VAT incurred to the school concerned until the following month.

7.4

Cash Flow Monitoring

- As schools now fully operate their own bank accounts and receive the full budget share from the Council, they are encouraged to produce monthly cash flow forecasts.
- Schools should profile the expected flow of cash into and out of its bank account so that it can be sure it will have the cash it requires to pay its likely outgoings in the year (see [Appendix 8](#) for an approved template example).

8. Cheque Book Management

8.1 Choosing a Bank Account

- All schools in Bath and North East Somerset have cheque book management status and so are responsible for making all their own payments, together with staff salaries if they so wish, from a locally managed bank account. The choice of bank to be used is made by the School Governing Body.
- Schools can only pay into the account their budget share and other advances made by the Council, VAT and tax disbursements received from the Council, income from official activities, lettings, sales, contributions from the School Fund or PTA and donations.
- The Council currently banks with the National Westminster Bank and a scheme is in place whereby schools who have a current account with National Westminster can take advantage of specially negotiated interest rates and bank charges. This is due to the aggregation of schools' bank balances with Council balances. Another advantage of this arrangement is that schools can decide which branch of the National Westminster they wish to use.

8.2 Opening a Bank Account

- Schools are allowed to have accounts for budget share purposes, which are in the name of the school rather than the Council. Money paid over by the Council and held in such accounts remains Council property until spent.
- Schools electing to open bank accounts with the Council's bankers will do so through the Council's Director of Resources, who will inform the school of all the necessary information they must provide in order to open the account. The Director of Resources and other finance staff at the Council have direct access to information concerning the account.
- Where the school does not elect to use the Council's bankers, a "Statement of Conditions", issued by the Director of Resources, must be given to the chosen bank in order that the Director of Resources and other authorised finance officers have direct access to information at the bank concerning the account. This "Statement of Conditions" should read as follows:

- **"The money in this account is the property of Bath & North East Somerset Council until dispersed. Accordingly, this mandate gives authority for the Council's Director of Resources, the Chief Financial Officer & Divisional Director (Business Support), the Head of Risk and Assurance or officers nominated by them, to have direct access to the account".**

- Where a school elects to use a bank other than the Council's bankers, it must inform the Director of Resources of the particulars of the account. The information required is:
 - Name of Account
 - Type of bank account/s (i.e.: current, interest bearing)
 - Name and address of bank
 - Name of all signatories to the account and their position in the school
 - Any other arrangements made with the bank
 - A copy of the "Statement of Conditions" given to the Bank (see 8.2 above).
- Details of changes to bank accounts held with other Banks and Building Societies must be notified to the Director of Resources immediately they are agreed and implemented by the Governing Body.
- Any subsequent changes to the bank account arrangements held with the Council's bankers must be made through the Director of Resources (e.g. changes to cheque mandates etc).
- New bank account arrangements may only be made with effect from the beginning of each financial year. The Council must be notified in writing by the previous 31st January at the latest if the school wishes to change its bank account with effect from the forthcoming 1st April.
- Schools should be aware that banks may be offering special bank rates for Schools and care should be taken to ensure that the best rates of interest are obtained from interest bearing and current accounts.
- On opening new accounts schools must always advise banks in writing that the account must not become overdrawn. Schools are prohibited from borrowing to finance a revenue deficit under the 'Scheme for Financing Schools'.
- Any school closing an account used to receive its budget share and opening another must obtain approval for the chosen bank or building society from the Director of Resources.

8.3 Operating a Bank Account

- Opening of the Bank Account can only be authorised by the Governing Body, who should set out formal procedures and arrangements covering the operation of the accounts and the cheque signing arrangements.
- In particular, the Governing Body must implement the following controls, ensuring that:
 - There is a segregation of duties between the preparation, authorisation and issue of cheques so that no one person who may sign a cheque may also prepare and issue it.
 - Suitably authorised documents exist, such as cheque requisitions and invoices, initiated or approved by non cheque signatories, in respect of every cheque signed,
 - A maximum of six people are authorised to sign cheques. All cheque signatories must be paid members of staff at the School and must be kept up to date with current procedures.

- Restrictions are in place on the signing of cheques so that, as a minimum requirement, there is a mandatory limit on a cheque signed by one person and that over that value, dual signatures must be used. There is a maximum limit of £250 for cheques with one signature.
 - Mandates are held by the school's bankers detailing the above arrangements, together with clear instructions that the school's bank accounts must not become overdrawn.
- Appropriate controls and authorised documentation exist in respect of electronic transactions and transfers, which will include Direct Debits, Standing Orders and BACS.
- Cheques must not be pre-signed and manuscript signatures must not be used.
- All unused cheques are held securely in a locked cabinet or safe with access only available to authorised officers.

8.4 Types of Cheques

- Two types of cheque book can be used in conjunction with SIMS FMS as follows:
 - The first option is to use the traditional cheque book and manually write the cheques. This will require the school to raise Remittance Advice notes and ensure that the cheques are posted to the correct supplier at the correct address. Schools would also need to manually update supplier account details within SIMS FMS.
 - The second option is to use pre-printed computerised cheques. The school can purchase these cheques from an approved supplier, details of which can be obtained from the Children's Services Finance Manager. The school's name and address and logo, if required, will be printed onto A4 size paper along with the school's bank account details. There is also a section for the supplier's name and address and for Remittance Advice details.
 - This method uses the cheque print run facility within the school's accounting system whereby selected cheques are printed in a batch. The suppliers' account details within the system will be automatically updated, as will the bank account details. The computerised cheque 'schools section' will be printed for the school's own records and should be filed in cheque number order either with the invoices or separately.
- Payments that cannot be made from the school's bank account will include payments to suppliers in Liquidation or Bankruptcy, unofficial School Fund expenditure and payments that relate to contracts of employment outside of the payroll system. In particular, payments to Clerks to Governors must be made through the payroll system.
- Bank charges for schools using the Council's bankers will be charged directly to the school's bank account and will appear on bank statements. Where schools use another bank of their choice, charges will be made according to the terms negotiated by the school with the bank concerned.

8.5 Bank Reconciliations

- The school must obtain bank statements at least monthly. A monthly reconciliation must be carried out between the computerised accounting system and each bank statement. After this has been successfully completed, an accounting system reconciliation print out must be obtained and filed with the bank statement. In addition, signed copies of the reconciliation print out and bank statement must be sent to Children's Services Finance.
- The person carrying out the reconciliation must sign and date the bank reconciliation statements as correct. In addition, they must be reviewed and countersigned by the Headteacher or a member of the school's senior management (or someone nominated by the Governing Body) to confirm that the reconciliation process has been carried out correctly and that the account has been reconciled.
- Any credits that are paid into the bank account directly, (e.g. instalments by the Council of the school's delegated budgets, or electronic payments made, namely Direct Debts, Standing Orders etc), should be entered into the school's accounts by means of a journal. This should be carried out as soon as the credits are identified on the bank statement, prior to the reconciliation.
- Any items of income and expenditure listed on the bank statement that the school does not recognise, or considers being an error, should be investigated immediately and resolved prior to completion of the reconciliation.
- If on completion of the reconciliation process, a discrepancy between the school's accounting system and the bank statement occurs, this matter should be investigated and resolved immediately.
- All cheques are now legally valid for up to 6 years, however, schools are advised to review any still outstanding and not presented after six months and consider them for cancellation and write back into the accounts. Depending on the nature of the payment, the creditor may need to be contacted and another cheque issued. Banks have indicated that they will normally query any cheques still outstanding after 6 months.

8.6 What can be administered through the Bank Account

- Schools **can only** administer the following through the account:
 - a) Budget shares and other advances made by the Council,
 - b) Income from official activities, lettings, sales and donations,
 - c) Contributions from the School Fund or from the PTA etc,
 - d) VAT and Tax disbursements received from the Council,
 - e) Expenditure directly related to the running of the school, in accordance with the "Scheme for Financing Schools", ([Appendix 1](#)). This can include both staff and non-staffing costs.
 - f) Capital expenditure on the school premises, again, as outlined in the "Scheme for Financing Schools".

8.7 What cannot be administered through the Bank Account

- Schools **must not** administer the following through their bank account:

- a) Payments and transfers relating to the unofficial School Funds where this is administered through a separate bank account ,
- b) Payments to suppliers in Liquidation or Bankruptcy.

8.8 **Cash Flow Monitoring**

Schools should be aware of the need to closely monitor cash flow. Schools are not allowed overdraft facilities on their Bank account and therefore close monitoring of the school's Bank balances will be necessary in order to prevent the account from becoming overdrawn. This may to a degree determine when purchasing can take place. (See also section 7.4)

8.9 **Investment of Funds**

- Investment of funds is subject to the following conditions. Schools can only place funds from their delegated budget in accounts at approved Banks and Building Societies and must carry no risk to the capital element.
- Investments cannot be made through intermediaries. Schools must not offer security to the Bank.
- Schools using the Council's contracted bank will not be able to invest elsewhere as the Bank balance will be aggregated with the Council's balances to accrue interest. This will be to the benefit of individual schools because the interest rates applied to the Council's aggregated bank balance will be higher than the rates on offer to individual schools.

8.10 **Borrowing by Schools**

Schools will not be permitted to arrange loans with external organisations. The only exception to this is when the Governing Body has received written permission from the Secretary of State.

8.11 **Cheque Book Security**

- All cheques must be kept in a locked cabinet or safe when not in use. The key to these receptacles must be held by the Headteacher, Bursar, Finance Manager or named authorised individual.
- New cheque books must be recorded immediately upon receipt along with the sequential numbering. They must be checked for printing, accuracy, continuity and completeness of numbering. When new cheques are brought in to use they must be recorded and signed for in the record book.
- Pre-printed cheques are ordered by the school directly from the authorised supplier.
- All cheques must be crossed "Account Payee".
- Cheques must not be pre-signed or post dated.
- Cheque stubs for manual cheques and the 'schools section' of printed cheques must be kept for a minimum of six years.
- The Bank must be informed of lost cheques as soon as they are known and the cheque(s) must be cancelled.
- Used cheques are not normally returned to the school but are held by the Bank.
- Any cheque requiring cancellation must be clearly marked "CANCELLED" over both the cheque and the stub and retained with the counterfoil by the School. Each cheque must be capable of being traced from receipt at the school to the issue to a creditor.

9. Income

9.1 Overall Policy

- The Governors must establish clearly defined and documented procedures for determining its income on an annual basis by identifying all sources for inclusion in the annual budget.
- The school should check that the information used in the calculation of delegated budgets is correct and that income has been quantified as accurately as possible for inclusion in the financial plan.
- Procedures should be developed to ensure income is received on the due dates.
- The Governors should establish clearly defined procedures for the collecting of income due to the school and the Council.
- All cheques and postal orders must be made payable to the school.
- The school must separate as far as is practicable, the responsibility for identifying sums due to the school from the responsibility for collecting and banking such sums.
- Income received by the school whether received by way of fees and charges, fund raising activities, or the sale of assets, should be separately recorded in the school's accounts under the appropriate income codes and not coded to expenditure codes.

9.2 Banking of Income

- Income received must be deposited at the Bank (or Post office where appropriate) at least weekly and when amounts held total £100 or more.
- All income collected must be banked intact. Monies in excess of the collection records must be banked and may not be retained by the school. Collecting officers will not be required to make good deficiencies in collections; however, discrepancies must be reported to the Headteacher. Abnormal trends or single large discrepancies must be reported to Internal Audit.
- Monies received may be used to give change, but not for any other purpose, e.g. purchase of items.
- Members of staff collecting income must not accept post-dated cheques.
- Personal cheques, from members of staff must not be cashed out of the income received or any other cash balances held by the School.
- When completing Bank paying-in slips, details of cheques to be banked must be recorded on the slip, as follows:-
 - ◆ the amount of the cheque and
 - ◆ the receipt number issued or
 - ◆ the name of the drawer.
- Every paying-in book must have a carbon copy, which will remain in the book. If an error is made the slip must be endorsed, cancelled and both copies left in the book and a new paying-in slip completed.
- Income details must be entered onto the School's own accounting system using the correct income code. Income must not be allocated to an expenditure code. VAT must be correctly identified in the accounts.
- The school must reconcile the sums collected to the sums deposited at the bank. Bank paying-in slips must show clearly the split of cash and cheques.

9.3 Income Security

- Monies received and held on school premises must be locked in a safe or other secure lockable place. Headteachers must ensure that the keys to these secure receptacles are not left on the premise at night but are held by themselves or nominated members of staff.
- Whilst at work, key holders must carry keys on their person and keys must not be left in the vicinity of the secure area.
- The loss of any keys must be reported immediately to the Headteacher and action taken to trace their whereabouts. Where appropriate, locks must be changed when lost keys are not found.
- Under no circumstances must official monies be taken home.
- It must be emphasised that the responsibility for income collected rests with the member of staff receiving payment until deposited with the Bank. Any transfer of income to another member of staff must be recorded and a signature obtained.

9.4 Lettings

- The Governors must establish a lettings policy and set appropriate charges for the hire of school premises. The Headteacher is responsible to the Governing Body for accounting for all income due and cash collected as set out in the Governing Body's charging policies.
 - The Headteacher and Governors must ensure that fees for lettings are sufficient to ensure that all costs are covered, including those costs associated with caretaking, heat and light etc. Costs associated with lettings must not be subsidised from the school's delegated budget.
 - An application form must be completed by the lessee and the Headteacher must ensure that they are fully aware of the Terms and Conditions of the letting, details of which must be handed to the lessee. [Appendix 9](#) provides a suggested approach for an application form and terms and conditions.
 - The application form must be authorised by the appropriate person as per the Letting Policy and the school must receive the fee before the letting commences.
 - Where invoices are required they should be issued promptly.
- All income including VAT due to the School should be identified ensuring that the correct VAT code is used as detailed in the [VAT for Schools Guide](#).

9.5 Issuing Receipts

- Official receipts must be issued for all income received and banked into the School's official bank account. Receipts issued must always reconcile to the bank paying-in book to ensure that all monies received are properly and promptly banked.
- Schools will normally issue receipts directly from their own financial accounting system but can also purchase stocks of manual numbered receipt books if required. .

- It should be noted that individual receipts do not need to be issued where large volumes of small amounts are collected on a regular basis, e.g. school trips. In such circumstances, a comprehensive record book should be maintained, showing names of pupils, dates and individual amounts of income received and total amounts banked. This total should be directly cross-referenced to the bank paying-in book.
A class register book is an ideal record to show such income collected. In addition to the above centrally maintained record it is suggested that 'receipting' cards are issued to individual pupils if they are required to pay by instalments for a trip / activity (see 9.6 below).
- The Headteacher should check the receipt books to ensure that all monies have been promptly banked.
- All unused receipts must be kept locked away.
- All completed receipt books must be held for future audit inspections.

9.6 Contributions and Donations

- Adequate permanent records must be maintained for each school activity where contributions or donations are collected from parents.
- These records must show the name of the pupil to which the contribution or donation, relates to, with the date of collection and the amount collected. As stated in 9.5 above, when pupils are required to make instalment payments it is recommended that 'receipting' cards are issued to each pupil. This card should be completed by the member of staff responsible for maintaining the centralised record book of income collected.
- The records must be totalled and the monies paid over intact to the person responsible for banking. A signature must be given and the date recorded by the person receiving the money and shown in the record book.
- The contributions should then be banked to the appropriate income code.

9.7 Income from the sale of assets

- Schools may retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds, (in which case it should be for the Council to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the Council.
The sale of assets will be subject to the guidelines in Section 15 of this manual.
- Any income received should be paid into the school's delegated budget account and in almost all cases the appropriate code will be 'sales subject to VAT'. Income from the sale of assets must not be banked into any school unofficial or private fund.
- However, this income can be used by the school for whichever purpose is determined by the Governing Body, so long as it is spent for the direct purposes of the school, as determined by the "Scheme for Financing Schools".

9.8 Writing off Debts

- Governors must set a policy for the collection of any debts due to the School. The policy should include the collection procedures from the initial invoice to the use of legal proceedings in the event of non-payment.
- Governing bodies will be responsible for the writing off of debts. In this respect, there should be agreed procedures to follow, issued by the Governing Body, in the event of writing off a debt as irrecoverable. Accordingly, Governing bodies will recommend the write off of debts in line with the following procedures:
 - Any sum due to the school shall only be discharged by payment in full or official write-off,
 - All debts due will be identified in the accounts of the school. In particular, all debts over £50 must be recorded in the accounts through the raising of an invoice.
 - All irrecoverable debts must be written off on the direct authority of the governors, through a resolution of the full Governing Body.
 - Debts that are approved for write-off by the Governing Body shall be written back as irrecoverable in the school's accounts
 - The school shall maintain a record of all debts written off, showing clearly what attempted recovery action was taken, including any legal action, and the justification for non-recovery.
 - At the end of each financial year, the school shall inform the Council detailing any debts written off during the year.

10. Purchasing

10.1 Accountability

- As schools award contracts and issue orders for the purchase of goods and services, which will be paid for with public funds, they ***not only need to maintain the integrity of the process, they must also be seen to do so.***

This entails three aspects:

- Probity – to demonstrate that all parties are dealt with on a fair and equitable basis and that there is no private gain, favouritism or corruption involved in the contractual relationships of the school,
 - Accountability – the school is publicly accountable for its expenditure and the conduct of its affairs,
 - Value for money – the school is able to demonstrate economy, efficiency and effectiveness in the use of public funds.
- Any member of the school staff must disclose to the Governing Body and the Headteacher any interest that he or she may have, including that of relatives and friends, in any purchasing decision in which they may be involved. Staff who face such a conflict of interest must not participate in the decision with whom to place the contract. This will include the appointment of staff. (Further guidance on this matter is given in section 4.9 “Register of Business Interests”).

Purchasing Policy - to support the need for accountability and transparency the Governing Body must agree a Purchasing Policy setting out predetermined limits for purchasing, covering contracts and leases. A sample format is attached as [Appendix 10](#).

10.2 Budgeting

- Purchasing is inextricably linked to the budgeting process. Schools must have in place mechanisms to monitor levels of commitment against budgets and consideration must always be given to whether there will be adequate funds available to pay for an order before that order is authorised and placed. This is particularly relevant in relation to the tender process, where the financial sums involved are higher and any difficulties are likely to impact upon the school's financial position more significantly.

10.3 Value for Money

- The Governing Body must ensure that the school obtains best value for money from any purchase by testing the market before the school is committed to any expenditure.
- The school must always have regard to value for money considerations. This may not always result in the cheapest goods and services. Consideration must be given to other factors such as quality, suitability, delivery date, reliability of supplier, after sales service and the financial position of a supplier.

10.4 Competitive Quotations & Tendering

- Tendering is a formal procedure in which suppliers are invited to submit a sealed bid to a purchaser by a specific day. Their bid is then evaluated together with other bids received against specified criteria.
- The Governing Body must establish a tendering process and this can form part of the Purchasing Policy (see 10.1 above). This policy must comply with the Council's 'Contract Standing Orders for Schools'.
- The tendering process must be supported by detailed working practices relating to the following:
 - advertisement
 - compliance with EC regulations
 - the procedures for the submission, receipt, opening and recording of tenders
 - the circumstances when financial or technical evaluation is necessary
 - acceptance of tenders
 - the form of contract documentation
 - cancellation clauses in cases involving corruption and bribery
- EU law requires that certain procedures must be followed with regard to contracts awarded by public bodies that exceed certain thresholds. Advice should be sought from Legal Services on compliance with these EU regulations.
- If a quotation or tender, other than the lowest price, is accepted this must be reported to the Governing Body and the reasons for the decision must be recorded in the minutes of the Full Governing Body meetings.
- Governing bodies must expressly prohibit divisible contracts. These arise where one contract, which would exceed a particular level of authority, is broken down into two or more smaller contracts. This is often done where staff have failed to take account of the longer timescales that may be involved or where the tender process will be invoked by the value of the proposed purchase.
- The school may wish to maintain a list of approved major and regular suppliers, which should be reviewed at least annually.
- The Governing Body should specify a sum above which all quotations should be reviewed by it.
- Existing contracts must be reviewed and renegotiated at regular intervals where appropriate.
- All paperwork and documentation must be retained for all quotation and tendering exercises. This should clearly show the basis upon which a purchasing decision has been made, especially if the chosen option is not the lowest initial cost.

10.5 Administration of Expenditure

- Each school will be allocated an annual budget in accordance with the formula embodied in the LMS Scheme and it is then the responsibility of the Governing Body in consultation with the Headteacher to allocate the appropriate budget amongst the various expenditure headings.

- The Governing Body must establish clear lines of authority within the School which details the staff who will be responsible for particular elements of the budget and who will be authorised to sign orders or to certify accounts for payment.
- In order to maintain a clear division of duties, thereby maximising internal control, it is recommended that these responsibilities are separated between two or more individuals.
- Expenditure must only be incurred where there is an adequate budget provision to cover it.

10.6

Issuing Official Orders

- Bath and North East Somerset official orders must be completed and sent to the supplier for all goods and services ordered by schools. These will be raised directly from the school's own accounting system. The use of the computer generated order will ensure that a commitment is automatically made in the school's financial accounts.
- When an order is raised a contract is immediately entered into with the supplier.
- Only staff authorised by the Governing Body must certify orders. Normally this would be the Headteacher / Deputy Headteacher although it may be the Bursar / Finance Manager of a larger school. The school must maintain a list of all persons authorised to certify orders and invoices.
- Orders must be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their private use. For example, staff cannot purchase from the school items that have been obtained by the school at a competitive price and they cannot take advantage of the VAT position of the authority and obtain goods via official orders, thus avoiding the payment of VAT.
- Verbal orders must be confirmed by the despatch of an official order, raised on the same day as the verbal order was made.
- In larger schools, particularly secondary, Headteachers are recommended to use requisition forms, where budgets have been delegated to Heads of Faculties and Departments. They enable a budget holder to provide details of their requirements, which they then authorise prior to forwarding to the Finance office, to facilitate the raising of the official order. The use of these requisitions will ensure that budget holders properly authorise all expenditure from their own particular budgets.
- All official orders must be signed by members of staff authorised to do so by the Governing body's terms of reference and policies on delegated responsibilities.

Requests for Payment

- Where a budget holder requires a payment to be made, which will not require an order or invoice, a formal request for payment must be made, using the recommended form ([Appendix 11](#)). This must be authorised by the budget holder and certified for payment by the appropriate member of staff responsible for paying invoices.

10.7 Receipt of Goods and Services

- All goods and services received must be checked off against the appropriate order and delivery note to ensure that:-
 - the correct type of goods have been delivered,
 - the correct quantity has been delivered,
 - the service has been carried out to the required standard.
- The supplier and /or carrier must be notified immediately of any shortages or rejected items and a record must be maintained.
- Any surplus items must be returned to the supplier if not required. Care should be taken to ensure that when the invoice is received only goods ordered and received are paid for.
- All delivery notes must be checked to the original order, held and stored in an appropriate format for future reference.

10.8 Payment of Accounts

- The school must not make payment unless an invoice has been received from the supplier. Every supplier's invoice must be checked, prior to payment, to the appropriate order and delivery note to ensure that:-
 - the goods and/or service has been received,
 - expenditure has been properly incurred and that payment has not already been made (* see note below),
 - prices accord with quotations, tenders, contracts or catalogue prices,
 - the invoice is arithmetically correct,
 - correct accounting treatment of VAT,
 - the correct ledger/cost centre code has been used,
 - appropriate discounts have been taken.
- All the above checks must be recorded on the invoice as having been completed – a rubber stamp grid is recommended for use by schools, enabling all relevant details regarding the invoice to be held in one place. A suggested example for such a stamp is attached at [Appendix 12](#).

***Note** - Internal controls have been designed into the computerised payments system to highlight potential duplicate invoices, i.e. to prevent them being paid twice. The computer system will make it known if a supplier's invoice number has been input previously or an invoice has been paid against a computer order for a second time. These controls should be effective as long as all goods / services are ordered through the computer. If a computer order is not raised or invoices received are not referenced to the computer order then there is a risk that invoices processed may not be subject to the controls to detect and prevent duplication of payment. It is important that orders are despatched for all goods / services where payment will be made on an invoice. If a manual order has to be issued then the invoice details must be written on the copy order prior to the invoice being processed.
- Segregation of duties must be adequately maintained with reference to staff available. Segregation of duties for authorisation between incurring the expenditure and certifying the payment is desirable and must be followed wherever possible.

- The segregation of duties relating to the ordering and receipt of goods and between the receipt of goods and authorisation of payments is highly desirable. In schools where staff numbers are limited, compensating controls can be introduced to supplement the segregation of duties.
- The Governing Body must satisfy itself that the payment arrangements ensure that bills are being paid promptly when they fall due with discounts for prompt payment where appropriate.
- The invoice must be authorised for payment in accordance with the school's policy on delegated authority for authorised signatories.

10.9 Payment by Cheque

- Schools are responsible for making all their own payment of accounts by cheque, adhering to the following guidance:-
 - following the certification of the invoice for payment, a cheque will be printed off from the school's financial accounting system;
 - it is important that prior to initiating a cheque print run, a reconciliation is carried out on cheque numbers, to ensure that the numbers on the actual cheques correspond with those on the accounting system,
 - cheques will be signed in accordance with the Governing Body's policy;
 - when a cheque is presented for signature to a member of staff, all relevant supporting documents should be attached for scrutiny, to include the certified invoice and any quotations received;
 - schools can hand write a cheque from their 'manual cheque book' or one which is normally processed through the computer system if the computerised system is unavailable. However, if a 'computerised cheque' is handwritten care must be taken as the sequence of cheque numbers recorded on the computer system will have to be adjusted;
 - cancelled and spoilt cheques must be retained on file and marked as "Cancelled" across each cheque.

10.10 Payment by BACS

BACS Direct Credit is a secure and reliable service, which enables organisations of all sizes to make payments by electronic transfer directly into a bank or building society account.

Before progressing with this schools are advised to

- contact their bank for further information regarding costs (and potential savings) plus software requirements
- contact the Children's Services Finance Manager regarding integrating payments made into SIMS (if that is your primary accounting system).
- adhere to the following guidance notes

The School must obtain the approval of the Governing Body before introducing payments by BACS.

The agreement with NatWest to introduce access to Bankline and BACS payments must be signed on behalf of the School by the Chair of Governors.

The School must follow the BACS guidance notes produced by the Schools Finance Team (please contact your Schools Finance Officer to obtain a copy).

This will ensure that proper controls are in place including:

- The dual administration function is set as “ON”. This will ensure that 2 administrators are always required to action any payments or approve any changes.
- The School should have at least 3 staff set up as Administrators for continuity purposes.
- The BACS Run process must always be authorised by 2 Administrators one of which must be the Headteacher or the Deputy Headteacher (or member of the SLT as appropriate particularly in the case of secondary schools).
- The Administrators must both sign and date the individual BACS Run Report.
- Individual Administrators are personally responsible for keeping their Smartcard, PIN and Password secure at all times.
- The School must update its Finance Policy to include references to the BACS process.
- It is also important that the School is aware of the need for an anti-fraud strategy if and when a supplier requests a change of bank details. The School must be vigilant and carry out additional validation checks to ensure that the information is bone fide.

10.11 Leasing and Rental of Equipment

- There are two kinds of leases, operating leases and finance leases. Finance leases are a type of borrowing and therefore schools are not allowed to enter into such agreements. Where schools are intending to enter into any contract or lease agreement, appropriate advice must be sought from Children’s Services Finance.

Operating leases are a type of rental agreement and are therefore an option available to schools. Schools should always read the terms and conditions of operating leases and rental agreements very carefully. Particular care should be taken over cancellation clauses that can prove to be extremely expensive e.g. some photocopier contracts.

- The option of renting a piece of equipment can be a worthwhile consideration, particularly if the need is short term or the equipment may become obsolete quickly. Short-term rental may cost a fraction of the purchase price. Other factors to consider are:-
 - The costs of repair and insurance are usually the responsibility of the hiring company. This of course should be checked and be specifically stated in the hire contract.
 - Equipment that does not live up to expectation or is used less frequently than anticipated can be returned. Indeed, equipment can be rented to ascertain whether usage would make purchase or further rental cost effective.
 - Contracts can be terminated in times of financial constraint as a cost saving measure.
 - The full purchase price is not payable and instalments spread the cost thus improving cash flow.
 - Rental can be the most cost effective way of procuring equipment that is used infrequently.
 - Long term rental may ultimately be more expensive than outright purchase.

10.12

Construction Industry Tax Scheme (CIS) – Payments to sub contractors.

- Under the latest CIS scheme (effective from 6 April 2007) payments made by “maintained schools as agents of the local education authority” no longer need to be reported to H.M. Revenue and Customs.
- This means that schools can pay all of their own CIS type (i.e. payments to sub contractors) invoices and no longer need to send any invoices to the Council for payment.

11. Payroll Procedures

- Schools can choose to use the B&NES in-house payroll service (operated by People Services) or employ an external payroll bureau.
- Approval of staffing appointments and changes for all members of staff must be made in accordance with the arrangements for delegated authority approved by the Governing Body.
- A member of staff must not approve a change to their own conditions of employment, e.g. a Headteacher (or other School Manager with payroll authorisation responsibility) must not approve any changes which would have an affect on their own salary payments including claims for expenses and grade enhancements.
- Changes to a Headteacher's pay can only be authorised by an appropriate committee of the Governing Body as per the Terms of Reference of the School and subsequent changes must be checked and evidenced by the Chair of Governors.
- Each Headteacher must ensure that all changes affecting the remuneration of employees are entered on to the proper payroll forms and properly certified by members of staff, with the appropriate delegated authority. In particular, this should apply to:
 - appointments, resignations, dismissals, suspensions, secondments and transfers.
 - absences from duty for sickness or other reason, apart from approved leave.
 - changes in remuneration other than normal increments and pay awards.
 - information necessary to maintain records of service for superannuation, income tax and national insurance.
- The school must ensure, through a monthly review, that only bona fide staff have been included on the payroll and that all payroll charges are correct and appropriately authorised.
- In addition, the school must ensure at least annually, that the gross pay agrees with contracts or other authorised documents for each member of staff and that deductions have been correctly determined and authorised.
- Supply teachers must complete and sign appropriate claim forms to record their teaching duties. These forms will be checked and appropriately completed by administration staff and certified by the Headteacher or authorised representative.
- It will be important that all payroll forms (including Supply Teacher claims) reach the appropriate payroll provider by the nominated date each month, otherwise payment may not be made until the following month.

11.1 Travelling/Subsistence and Governors Expenses

- Claims for payment of car allowances, subsistence allowances travelling and incidental expenses must be submitted on the appropriate forms and forwarded to the appropriate payroll provider, in accordance with approved timescales.

- If the school utilise the B&NES in-house payroll service the school will be provided with the appropriate Declaration / Claim Forms to control the payment of travelling / subsistence expenses. If the services of an external payroll bureau are used then the school must ensure that claimants are aware of the requirements relating to the use of private vehicles for business use and that the expenses claimed are payable in line with the policies of the school. For example, the claim form could require the claimant to certify that :
 - the vehicle was insured for business use and has a valid MOT certificate.
 - expenses were incurred on school business.
 - duplicate expense payments or payments made in error can be deducted from salary payments following receipt of written notification of the error.
 - expenses claimed have not been reimbursed by any other source.
- The certifying officer must ensure that all the journeys were authorised, with expenses properly and necessarily incurred and that the allowances are properly payable by the school and must sign to this effect.
- ***All travelling, subsistence and Governors Expenses, including payments to Clerk to Governors, where there is a tax or benefit in kind implication, are only payable through the Payroll System. School cheques must not be used.***

11.2

External Payroll Providers

- Schools using external payroll providers must adhere to the same basic controls as for schools using the Council's payroll provider.
It is also important that schools using external payroll providers are aware of the following:
 - the need to have a detailed contract in place for a specific time period at an agreed price and with responsibilities (between the school and the provider) fully listed for each part of the process.
 - the school must provide a list of school staff with payroll signing responsibilities together a copy of their signatures. The external payroll provider should only action payroll changes based on an authorised signature. This will include controlled electronic submissions made via secure networks e.g. Globalscape.
 - the need to ensure that payments to HMRC regarding income tax and national insurance are made complete and on time. If these are not made by the school then assurance must be received from the external provider that these will be made in the required manner – with penalty clauses in the contract to cover the school should this not occur (which may incur penalties from HMRC).
 - this will also need to apply to the various pension deductions (and other miscellaneous deductions) made on behalf of the schools staff.
 - the need to provide information to the National Fraud Initiative (NFI). This is a legal requirement on all public sector employers and so the contract with the external provider must take this into account.

11.3 **Recruitment, Pre Employment Checks and other Vetting checks**

Schools are advised that to comply with safeguarding children requirements the following checks will be mandatory.

- Enhanced Disclosure and Barring (DBS) checks***
- Verification of Identity***
- Right to work checks (entitlement to work in the UK)***
- Professional Qualifications***
- Medical clearance (statutory requirement for teachers and teaching assistants)***
- References***

For more details on all the above processes Schools are advised to contact Human Resources or refer to Council Recruitment and Selection policies on the Council's Intranet site.

Schools using external Human Resources agencies are required to adhere to the same mandatory vetting listed above.

12. Purchasing Cards

12.1 Background

The Council has an agreement with Company Barclaycard for the use of Corporate Visa Purchasing Cards. This enables services and schools to procure goods and services through the use of such cards, eliminating the need to receive and process individual invoices. In addition, official orders will no longer be necessary in many instances.

12.2 Benefits of using the Purchasing Card

- Facilitates the streamlining of administrative processes,
- Provides flexibility for procurement and payment of goods and services,
- Empowers individual purchasing officers through delegation,
- Promotes a more “business minded” culture in respect to procurement,
- Potential for a greater controlled and disciplined environment,
- Approved by H.M Revenues & Customs for VAT purposes,
- All aspects of the process are visible and transparent,
- Satisfied suppliers who receive immediate payment,
- Facilitates the achieving of the Government’s 2005 e-government targets,
- The purchasing card is not regarded as a credit card, thereby making it accessible to schools under the Fair Funding requirements,
- The card can be used for “Internet shopping”.

12.3 What are Purchasing Cards?

- It is a plastic card with a number and expiry date like any VISA card.
- They can be used at any VISA capable outlet, over 20 million worldwide.
- They are designed primarily to be used for purchasing high volume, low value items, but not exclusively.
- In addition, their unique facility of identifying VAT when used with VAT capable suppliers, sets this card apart from others:

NOTE – VAT Capable Suppliers

A VAT capable supplier is one who has agreed to the installation of appropriate IT software to enable the gathering of all VAT details by Company Barclaycard. There are some 10,500 suppliers and outlets offering this facility at present.

This will usually be in the form of “Summary Line Item Detail”, showing VAT as well as the gross cost. A few suppliers are capable of providing “Full Line Item Detail”, identifying every individual item purchased with their cost, plus VAT details.

This arrangement meets the requirements of H.M. Revenue & Customs, who do not require the issue of a VAT invoice to the school when “Line Item Detail” is available. In its place, a monthly VAT report is provided to the school, giving details of all those transactions for the month in question, where VAT has been identified. It is important that this VAT report is retained.

- Suppliers will be responsible for paying a merchant fee to Company Barclaycard, based on the volume and value of transactions with the Authority. This fee will range from around 1% to 3.5%.
- Cheque book schools will be treated as separate “billing points”, making them responsible for settling their own accounts each month with Company Barclaycard.

However, the school’s spend will be aggregated with that of the whole authority in determining the authority’s total spend. This is important in ensuring that the authority meets its target set by Barclaycard, thereby ensuring the scheme is operated at NO cost to the Council.

- Each Purchasing Card will be allocated both individual and monthly transaction limits at the time the individual cardholder is authorised. In addition, merchant category restrictions can be placed on the card at this time.

In all there are 33 “Merchant Category Groupings”, to cover all possible areas of procurement. These are standard throughout the VISA / Purchasing Card environment. Groupings that would more apply to schools include:

- ◆ Office stationery, equipment and supplies,
- ◆ Books and periodicals,
- ◆ Training and educational.

The appropriate groupings will be agreed with the individual school at the time the cardholder is authorised.

Under the Council’s anti- fraud requirements Purchase Cards are not open for ATM Cash, Fuel purchases, vehicle hire or personal services

12.4 How Purchasing Cards work

- It is envisaged that each school will be allocated one Purchasing Card to start with. However, this number can be easily increased, should the Governing Body so wish.

- Schools will nominate a person / persons within the school to be the cardholder. This should be the person/s normally responsible for procurement and raising orders.
 - Each cardholder will be authorised by the Headteacher and one other of the school's nominated cheque signatories. There will need to be a separate application form for each cardholder.
 - Each new card will have restrictions on the merchant categories that can be used, together with monthly and single transaction limits. These restrictions will be set by each individual school at the time the new cardholder is authorised.
 - The Card can be used to purchase goods and services from any VISA capable supplier. However differing requirements will apply as to whether the supplier is VAT capable or not. Most suppliers are currently not VAT capable.
- When using the Purchasing Card, orders can be placed over the internet, or by telephone or fax. Care should be taken when giving card details via the telephone in an open office environment.
- ♦ **VAT Capable Suppliers:** Details of the purchase will be received on the monthly Company Barclaycard statement and the monthly VAT report. This will identify VAT and the gross cost. The information on the VAT report can take the place of a VAT invoice and is sufficient to meet the requirements of H.M. Revenues & Customs;
 - ♦ **Non VAT Capable Suppliers:** The monthly statement from Company Barclaycard will not identify any VAT. In addition, details of these transactions will **not** appear on the VAT report. For these purchases, a VAT invoice will be necessary to support the purchase. This invoice, of course, will **not** be processed for payment.
 - ♦ **Recommended approach:** At the time of purchase, it will not be known whether a supplier is VAT Capable or not. **Accordingly, it is recommended that a supporting VAT invoice / receipt is obtained in every case.**
- A transaction log of all orders raised on the Purchasing Card must be kept. The recommended format is provided with the Council's Notes of Guidance ([Appendix 13](#)).
 - Suppliers are automatically paid within 3 to 4 working days of the purchase being made.
 - Schools will receive a monthly statement from Company Barclaycard providing details of all individual payments made to suppliers. Payment must be made by direct debit to Barclaycard within 7 days of the statement date. There is an expectation that the payment will be made even if any discrepancies are noted. Payments must be checked off against the transaction log, referred to above. Any queries must be taken up with suppliers at that stage. From current experience, errors do not occur very often, if at all.

- Where VAT capable suppliers have been used, a VAT report will be provided monthly. This will negate the need for a separate VAT invoice.
- The school's bank statement will show one D/D payment, which will equate to the total on the monthly statement. This information will need to be transferred into the School's FMS System for bank reconciliation purposes and to update the accounts.
- Details on the transaction log will need to be journalled into the school's accounts each month.

12.5 Accountability & Responsibility

It is important that the School's Governing Body and Senior Management Team are fully aware of both the benefits and controls that are necessary to successfully use the Purchasing Card. Accordingly, all schools are formally asked to adopt the following controls and procedures:

- **The Governing Body and Headteacher will:**
 - Formally agree to the introduction of Purchasing Cards,
 - Nominate the individual cardholders,
 - Specify what the cards will be used for,
 - Specify individual card monthly and single transaction limits (£),
 - Formally agree to follow the Council's best practice guidelines provided,
 - Formally approve the card's use for internet shopping, again with limits,
 - Formally approve to follow the Barclaycard guidelines for shopping over the internet,
- Once the school has been set up with Company Barclaycard and the first card issued, any subsequent requests for new cards, cancellation of existing cards and changes to card mandates (e.g.: monthly expenditure and individual transaction limits), will be arranged directly by the school (advice, of course, can be provided if required).
- To ensure appropriate controls are maintained within the school, two authorised signatories will be required to sign all future requests, associated with cards, sent to Barclaycard. However, it is suggested that one of these is the Headteacher and the 2nd is one of the other signatories authorised to sign cheques.
- At the time the application forms are submitted for authorisation some form of confirmation to the Governors' approval for the introduction of the card must be provided. This will not be required for any future changes, as they will take the same status as with any changes to the school's banking arrangements, which must have Governors' approval.

12.6 Who should be the Cardholder

- The Purchasing Card is designed to be in the name of the person who would regularly use it. Being a Corporate card, it is not deemed to be a credit / debit card, thus credit checks are NOT carried out on the proposed cardholder. The only information of a personal nature, that is requested, is the date of birth of the cardholder, which is used as a password should the cardholder wish to speak with Barclaycard on some matter concerning the card.
- It is recommended, therefore, that the Cardholder is the school's administrator / finance manager / secretary and not the Headteacher.
- Such an arrangement would ensure that best practice controls would automatically be in place. The school administrator / secretary would order the goods and services using the Purchasing Card and would complete the transaction log. At the end of each month, the completed transaction log and supporting documentation would be checked and authorised by the Headteacher (or perhaps the nominated Deputy Headteacher).
- These procedures are necessary, because when using the card, there will probably not be an official order raised, an invoice will not be received and authorised, whilst a cheque will not be produced.

13. Petty Cash

- The school may maintain a Petty Cash account to cover sundry day to day expenses, if it decides it is convenient to do so. In particular, this can be used for making small payments when signatories of the main bank account are not available.
- However, it is important that the Governing Body ensures that the cash is properly controlled and that the cash is held in a locked cash box or a locked safe. The keys must be held securely with only authorised officers having access to them.
- The Governing Body should agree an appropriate level for the amount of petty cash to be held by the school, although a maximum cash balance of £500 is suggested. In smaller schools or schools preferring to restrict petty cash transactions the cash balance should be lower possibly £200.
- This amount should represent a balance between the need for ready access to funds for local payments and the risk of holding cash on the premises and the school should ensure that the likely maximum value of cash held on site is covered by insurance.
- Only authorised staff must have access to petty cash.
- In the interests of security, petty cash payments must be limited in value. The Governors should approve the precise levels, however, a £50 per transaction limit is recommended. It should be noted that petty cash is not to be used for the payment of invoices or employee payments including employees' expenses which must, normally, be processed via the appropriate payroll system.
- The school must not use petty cash for transactions with regular suppliers. Such payments must be made through the school's formal payment system i.e. either by cheque or BACS.
- Each school must have one person who deals with Petty Cash and this person must be responsible for ensuring that:-
 - sales receipts are provided to support all claims for cash reimbursements,
 - a certified voucher accompanies the sales receipt. The voucher should record the date of the Petty Cash transaction, a description of the item(s) purchased, the purchase price of each item, and the name of the person who purchased the goods and who is seeking reimbursement. The person who incurred the expenditure should sign the voucher to record the reimbursement transaction.
 - a receipt or acknowledgement of payments made which identifies any VAT that has been made in the purchase of the item,
 - petty cash funds are held in a locked safe or cabinet,
 - the Petty Cash float is properly documented and reconciled at least monthly,
 - regular claims are submitted for reimbursement.

- It is important that all transactions are supported with appropriate documentation and particularly a VAT receipt/voucher where VAT is to be reclaimed. Full details must be accurately posted to the school's accounting system.
- VAT may be claimed from a less detailed invoice (known as "Retailers' Invoices") provided that the amount including VAT charged for the supply is less than £250. Further details can be found in the **VAT Guide for Schools**.
- With regard to the administration of the petty cash account, schools are able to use the manual cheques for obtaining cash from the main bank account.
- Personal cheques must not be cashed from the Petty Cash.
- The Headteacher must arrange for periodic checks on the completeness of funds held by petty cash holders.

14. Unofficial and Voluntary Funds – “The School Fund”

14.1 Expected Standards

- Unofficial and voluntary funds often provide schools with substantial additional source of finance. Although such funds are not directly public money, the standards outlined elsewhere in this Manual are equally applicable. Indeed, the Audit Commission and Ofsted, in its joint document on standards for financial administration in schools, **Keeping Your Balance**, stress that parents and other benefactors are entitled to the same standards of stewardship for such funds.
- Many schools choose to operate an unofficial fund covering a wide range of activities such as school trips, fund raising events, tuck shops and sale of school uniform. The objectives of these funds are supportive of the broader activities of the schools. The funds are controlled by the Governing Body who are responsible for policy. To support this responsibility it is essential that the Governing Body approves the school’s policy for the use of the School Fund and that this policy is included in the school’s Finance Policy.
- Where it is not clear that pupil/school activities should be deemed as official or unofficial then the choice to use official funds or unofficial funds will rest with the Governing Body.
- The accounting arrangements contained in this section apply to any unofficial or voluntary funds, which the school may have with the exception of funds of Parent Teacher Associations, which are operated completely independently from the school.
- The Headteacher must maintain an up-to-date list of all school unofficial and voluntary funds, including details of the associated bank accounts.
- The Council assumes responsibility as if the funds were Local Authority funds i.e. in respect of ‘loss of money’ and provides the insurance cover in respect of losses resulting from the fraud and dishonesty of employees.
- Schools are therefore required to show that the accounts are maintained correctly and audited on an annual basis.
- To satisfy the insurers that the account has been maintained in an appropriate manner, schools are required to submit to the Governing Body a signed Auditors certificate on an annual basis.

14.2 Accounting Arrangements

- In order to comply with the expectations of Ofsted and the Audit Commission and meet the requirements of the Council’s Insurers, schools are strongly recommended to maintain detailed and accurate financial records, in line with the best practice guidelines below.
- Many schools have traditionally maintained manual cash book records, which they can of course continue to do. Schools could record unofficial school fund transactions on a computer spreadsheet or alternatively, schools can avail themselves of specialist unofficial school fund software packages through which to run their accounts. In particular, “School Fund Manager” is one such package widely used by schools. This should be discussed with the School Finance Support Unit.
- A separate bank account, in the name of the school and not in the name of an individual, must be opened for each individual fund.

- The bank mandates must require two signatories on each cheque, official letter and document concerning the account.
- It is important that there is a proper separation of unofficial and voluntary funds and related records from the official school delegated budgets. In particular, all official income must be paid into the school's delegated budget and **NOT** into the unofficial school funds.
- The following sources of income are regarded as **OFFICIAL FUNDS** and as such must be paid directly into the school's delegated budget account namely:
 - private photocopying,
 - private telephone calls,
 - peripatetic music tuition fees,
 - sale of surplus equipment,
 - lettings income,
 - PTA donations to the school,
 - reimbursement of insurance claims (including staff sickness),
 - income from Colleges and Universities in respect of student placements,
 - curriculum based field trip monies.
- Withdrawals from the bank account must be upon the signature of two authorised persons as per the bank mandate.
- A cash book must be maintained for each unofficial fund operated by the school. For those schools maintaining manual or spreadsheet records, a draft example is attached as [Appendix 14](#). All manual records must be maintained in ink.
- Whenever income is received on a commission basis e.g. photographs, supporting documentation must be maintained to record the gross income and costs deducted.
- The cash book must be balanced and reconciled with the bank statement and cash in hand at least monthly.
- Some form of receipt or acknowledgement must be given when income is received on behalf of the fund. In certain circumstances, where small amounts of income are received on a regular basis from pupils, e.g. school trips, a register type book can be maintained to record transactions, showing pupil name, date and amount paid over. Such a record must be reconciled with the cash held, when the income is prepared for banking. In addition to the above centrally maintained record it is suggested that 'receipting' cards are issued to individual pupils if they are required to pay by instalments for a trip / activity.
- A summary schedule (an example is attached as [Appendix 15](#)) must be drawn up to account for each educational visit and this must record any surplus or deficit. The pricing strategy for school trips should not aim to achieve a planned surplus. Accordingly, any significant surplus (e.g. over £3 per pupil) should be refunded without delay.
- A supplier's invoice, bill or other form of voucher must be obtained to support items of expenditure recorded in the cash book.
- All monies must be promptly banked and the bank account must not be allowed to become overdrawn.
- Monies received must be banked intact. In exceptional circumstances, where it is more convenient to use cash received to pay amounts due and bank a net sum, (for example net profit from a dance) a record of the gross receipts and all payments made should be duly recorded in the accounts, with all supporting vouchers retained.

- Monies received on behalf of the fund must not be paid into personal bank accounts. The encashment of personal cheques and advancement of loans from School Fund is strictly prohibited.
- The cashbook must be balanced at the end of the financial year and a statement of account produced. This statement, together with the cashbook, bank statement and supporting receipts and vouchers, must be held ready in preparation for the fund auditor. (An example is enclosed as **Annex 2 in [Appendix 16](#)**).

14.3 **Audit Arrangements**

- Annual accounts prepared by the school must encompass ALL unofficial and voluntary funds and each of these must be subject to an annual audit by a competent, independent person. These audited accounts must be submitted annually to the school staff and Governors.
- The auditor of the accounts must not be engaged in the day to day running of the fund and must not be the Headteacher. Relatives and friends of such staff would also be unsuitable for appointment as auditor.
- It is acceptable, however, for a teacher who is not involved in the day to day running of the fund to act as auditor or a Governor who is not the Chair of Governors or a member of the Finance Committee.
- Should schools face problems in finding a person to carry out the function of auditor of the unofficial fund, the Headteacher should contact the School's Finance Officer with a view to agreeing a way forward.
- Copies of the audited accounts together with the annual statement of income and expenditure produced must be presented to Governors and displayed on the staff notice board in a prominent position.
- In the event of an irregularity being suspected involving unofficial school funds the Audit & Risk Service (Internal Audit) must be notified immediately. In such an eventuality, the Audit & Risk Service has the right to examine all the documentation associated with the funds and obtain explanations, as necessary, from the staff responsible for maintaining the funds.
- An annual auditor's certificate must be completed each year by the auditor and submitted to the Governing Body of the school. All Bank and Building Society accounts must be included on the certificate, the details of which should be in full agreement with the detailed accounts (an example of a completed certificate, with guidance notes, is attached at **Annex 1 in [Appendix 16](#)** and for a blank certificate template see **[Appendix 17](#)**).
- The certificate must be completed and signed by the fund auditor at the completion of the audit. Following submission of the audited accounts to the Governors and staff at the school, the Headteacher will sign this certificate to confirm that this process has been carried out.
- To assist school fund auditors, notes of guidance have been prepared, explaining the process and the checks and procedures which must be followed. These guidelines can be found at **[Appendix 16](#)**.

14.4 School Funds integrated into SIMS FMS

- Schools can close down their separate School Fund Accounts and integrate the funds into SIMS FMS. The close down must be approved by the Full Governing Body.
- All bank accounts will need to be closed down and any unused cheques cancelled. These must be retained by the School for 3 financial years before being destroyed.
- The annual auditor's certificate will no longer be required. However, the School will need to have the close down audited by the independent auditor. The final auditor's certificate will need to be presented to the Full Governing Body together with evidence that the final balance of funds held have been transferred into the School's Official bank account.
- A separate Fund number must be allocated in SIMS FMS for this purpose so that independent monitoring can be maintained.
- All School Fund income and expenditure will be administered through the normal school processes i.e. official orders, official cheques, official receipts etc. Schools are still required to produce an annual Income and Expenditure Statement for Governors approval. When approved this can be published for parents' information.

15. School Inventory and Equipment

- 15.1 The Headteacher is responsible to the Governing Body for the safe custody and control of all equipment belonging to the school.
- 15.2 All schools must maintain an inventory, which contains details of significant, attractive or portable items e.g. video cameras, televisions and IT equipment. The register must be kept up to date and include the following information:-
- Date of acquisition
 - Name of supplier
 - Description of the asset including serial numbers if applicable
 - Cost
 - Location of the asset
 - Details of disposal or write off
- 15.4 To ensure that the inventory is always up to date, new items of equipment must be entered up immediately they are received. This can be automatic if the SIMS Equipment Register module is used.
- 15.5 Equipment purchased by outside bodies and organisations (e.g.: PTA), and donated to the school, will automatically become the responsibility of the school and so details of this equipment must be entered in the inventory.
- 15.6 The Headteacher must arrange for inventories to be checked at least once per year against the physical items. The person checking must confirm in the inventory that this has been done and the Headteacher must confirm that the check has been completed (see [Appendix 18](#) for an example of the type of certification required). Any discrepancies must be investigated and pursued to a satisfactory conclusion.
- 15.7 The Headteacher must report any significant discrepancies immediately to the Governing Body at the next meeting. If the Headteacher and the Governing Body have concerns that items have been misappropriated then the Audit, Risk and Information Service must be notified. Thefts must be notified to the Police and the Council's Insurance team.
- 15.8 A record must be maintained of all items belonging to the school that have been taken off the school site. The item must be signed for and noted in a register and the record must be up-dated when the item is returned. The position relating to insurance should be clarified and explained to the staff concerned before any assets are taken off the school premises. This will vary from school to school depending on their insurance cover. In addition, if staff members have access to equipment to use at home they should be advised of the H.M. Revenue and Customs Regulations stating that if employees use equipment for private use then a benefit is received by the employee and tax is payable. If there is no intention to use the equipment for private use the Headteacher should obtain a signed declaration from the employee that they will not use the equipment for private use.
- Some employees may be provided with computer equipment or mobile telephones solely for business use. In this situation as long as any private use made of the equipment is not significant there will be no liability to tax. If significant private use is made of a computer provided for business purposes a tax charge will arise on the private use element based on the value of the computer and the extent of the business and private use. Employers will also be liable to Class 1A National Insurance contributions.

15.9 All the items in the register must be permanently and visibly marked as belonging to the school.

15.10 Stores and equipment must be secured by means of physical and other security devices. Authority to access must be clearly documented.

Disposal of Equipment

15.11 The Governing Body is responsible for write-offs and disposals of surplus stocks and equipment. Once assets are identified as surplus, obsolete or beyond economic repair, their sale or disposal will be authorised in accordance with the agreed policy of the Governing Body. The school inventory must be updated accordingly and include the signature of the authorising officer.

15.12 Schools may retain the proceeds of the sale of assets **except** in cases where the asset was purchased with non-delegated funds, (in which case it should be for the Council to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the Council. Indeed, the school is not authorised to dispose of land and buildings owned by the Council.

15.13 **Note** – separate rules are in place for Foundation and Voluntary Aided schools
When considering the disposal of surplus equipment, the following matters should be considered and procedures be adhered to:-

- Ensure that the item has no further use in any part of the school,
- In the first instance, other schools must be given the opportunity to purchase the item(s),
- If no offers are received the item may be offered for sale externally. To ensure that the school obtains value for money, and to protect members of staff from criticism, goods should be advertised to the public and parents as well as the employees,
- Adverts can be placed in school or PTA newsletters and in local newspapers,
- The school must be able to demonstrate that equipment has been offered to other schools and advertised generally. Governors should also be informed of transactions between schools and members of staff,
- Where items are offered to the highest bidder, offers should be requested in sealed envelopes and only opened at a pre-arranged time, in the presence of at least 2 authorised members of staff.
- If an offer is not received the item can then be disposed of.

16. School Meals - Primary Schools

- 16.1 Primary schools (including Junior and Infant Schools) are responsible for the collection, reconciliation and banking of school meals income.
- 16.2 Income from school meals will be collected at the commencement of each week, which will normally be a Monday.
- 16.3 Income collected will be banked promptly and intact, preferably on the school's main collection day. In cases where late meals income is collected during the week it is recommended that all cash in hand is banked at the end of the week.
- 16.4 A school meals register must be maintained for each class within the school identifying free and paying pupils and providing the following:-
- ◆ Name of Pupil
 - ◆ Identifying whether free or paying
 - ◆ Amount of income received from each pupil
 - ◆ Attendance each day (i.e. whether a meal taken or not)
 - ◆ Credit and arrears together with balances c/f and b/f
 - ◆ Total income received daily and weekly for each class
- 16.5 All income received will be identified against each pupil in the register. Schools must be in receipt of a free meal authorisation for all pupils receiving free school meals.
- 16.6 In appropriate cases, families can apply for free school meals via the Free School Meals Team in Children's Services Finance. Where parents / guardians consider children are entitled to receive free school meals, they should apply to the school in the first instance. This only applies to pupils in year 3 and above as from 1st September 2014, all pupils in Reception, year 1 and year 2, in state funded schools in England, will qualify for Universal Infant Free School Meals.
- 16.8 Situations have occurred in the past where debts have arisen, with the failure by parents / guardians to pay for school meals. At the same time, the children have continued to receive a school meal. Such situations need to be dealt with on a timely basis. Accordingly, guidance notes have been prepared for schools, covering school meals arrears, a copy of which is attached ([Appendix 19](#)).
- 16.9 Headteachers must ensure that a 'School Meals Income Summary' is completed each week, which analyses and reconciles the number of meals provided and the amount of income collected and banked.
- 16.10 The Meals Summary must be completed to include the following :
- ◆ The actual number of meals supplied to pupils only, including both free and paying,
 - ◆ The estimated value of the income that should have been collected (the number of paying meals taken x the current price of a school meal),
 - ◆ The total amount of income banked and on which date,
 - ◆ A reconciliation of the income due and received together with arrears and credits.
- 16.11 At the end of each two terms period (or as specified by the Catering Service) the completed 'School Meals Income Summary' must be signed by the Headteacher and submitted to Catering Services as soon as possible. A copy of this form is attached as [Appendix 20](#).

17. ICT and Information Security

17.1 Schools are reliant on computers and computer systems to process and record financial and other management information efficiently and effectively. It is therefore essential that appropriate levels of security maintain the confidentiality, integrity and availability of that information and the information systems. All systems within the School are to be properly assessed, to ensure that the information is appropriately secured, protected, backed-up and that access is restricted to authorised users on a need to know basis.

17.2 The use of computer systems in schools, particularly for administration purposes, requires the registration of each school under the Data Protection Act 1998.

17.3 The Act imposes requirements of good practice and openness on system users dealing with personal information. It requires the establishment of a public register of users who hold personal data and requires them to comply with the code of practice incorporated in the Act, known as the Data Protection Principles.

17.4 The Headteacher should also ensure that all members of staff who have access to school computers are made aware of computer related legislation, that includes at least the following:

Copyright, Designs & Patents Act 1988;
 Computer Misuse Act 1990;
 Data Protection Act 1998;
 Human Rights Act 1998;
 Regulation of Investigatory Powers Act 2000 (RIPA);
 Freedom of Information Act 2000.

System users are to ensure that adequate measures are taken to ensure compliance, and that these include controls to avoid breaches of any criminal or civil law, statutory, regulatory or contractual obligations and any other security requirements.

It is to be noted that the Data Protection Act 1998 includes manual as well as automatically processed personal data.

All printed output should be classified as to the level of sensitivity and confidentiality, and adequate arrangements put into place to ensure that printing and storage is secured and controlled.

Further guidance notes are attached as [Appendix 21](#).

17.5 It is important that the Headteacher should ensure that there are effective procedures in place for the back-up of the computer systems and information contained within them. The systems and information should be backed-up on a daily basis due to the risks associated with information loss or corruption. It is recommended that separate discs or tapes are used for each system, one for each day of the week and rotated on a weekly basis. Additional weekly and monthly back-up copies are also to be taken and retained for an appropriate length of time.

- 17.6 Back-up discs or tapes are to be securely retained in a fireproof receptacle, well away from the location in which the computer hardware is located. Where circumstances allow, it may be that it is best for the discs or tapes to be secured in an off site location.
- 17.7 The Headteacher should ensure that computer hardware is adequately secured to prevent unauthorised access, damage or interference. Security marking of equipment is recommended and the computer hardware should be recorded on the Schools Inventory Record (See Section 15 – School Inventory and Equipment). Environmental controls should also be reviewed to safeguard the equipment. For example, equipment should be located away from water sources and fire detection and fire fighting equipment should be in place.
- 17.8 The school should have a documented disaster recovery plan in the event of loss of computing facilities or information. It is recommended that periodically the back-up discs or tapes are tested to ensure that they continue to operate correctly. The discs or tapes used for the back-up routines should be replaced every few years to minimise the risk of data not being captured due to media failure.
- 17.9 Only authorised staff should have access to computer hardware and software used for school management. All system users are to have individual UserIDs and passwords.
Procedures should ensure that security is built into operational systems to prevent loss, modification or misuse of information and all incidents, or information indicating a suspected or actual security breach, are to be notified to the Headteacher as quickly as possible.
- 17.10 Passwords should only be known to the individual user and should not be disclosed to anyone else. Passwords should be changed on a regular basis and should consist of a mixture of alpha, numeric and non-alpha numeric characters.
- 17.11 Only authorised and licensed software should be loaded on to school computers.
- 17.12 All PCs and servers must have malware protection software installed, to detect and protect from infection by malicious software, including viruses. This must be maintained and kept up to date. All computer downloads or e-mail attachments should be virus checked before they are opened. It is recommended that the transfer of data from academic computers to administrative computers is prohibited.
- 17.13 The Council has prepared an E-mail and Internet policy. This policy covers the essential requirements for all users to follow, regarding the safe and appropriate use of e-mail and internet facilities. The Policy and associated User Guidelines are attached ([Appendix 22](#) & [Appendix 23](#)).
- 17.14 Further guidance on ICT and information security can be found in the Council's [Information Security Policy](#) - or advice may be sought from the Council's Information Security Manager.

18. Pupil Number Returns

- 18.1 The calculation of the school's formula allocation is principally based on the number of pupils attending the School and their age profile as at the January PLASC count date...
- 18.2 Returns of pupil numbers are prepared and submitted to the Council three times a year, namely in January, April and September. The pupil number return completed in January each year (known as the Form 7) is submitted to the DCSF.
- 18.3 **Pupil estimates for future years are used to notify schools of their estimated income for the next 1-2 years depending on where we are in the budget cycle. The Director of Children's Services is anxious that schools should use the forecasting tool available to identify any changes in income they are expecting due to changes to pupil numbers, when the changes become apparent.**
- 18.4 Inaccuracies in the completion of the returns commonly arise when schools do not collect the information directly from the class registers, which are the prime records of pupils attending the School. It is recommended that the return is checked independently (by the Headteacher or Deputy) prior to submission to the Council.
- 18.5 A number of schools make use of their SIMS computer package and experience has shown that this is where the most serious problems arise, as this source of information is not always updated to reflect pupils leaving the School. Whilst SIMS can be used as a means of collecting information on pupil numbers, the Pupil Numbers Returns must be thoroughly checked and reconciled to the class registers, prior to being submitted to the Council.
- 18.6 When completing the return, the fundamental principle is that pupils should only be included if they are on the school's roll on the precise day the return is to be completed. Whether they are absent on that day through illness or on holiday is not an issue.
- 18.7 With regard to other absentees, the following rules apply:-
Eligible for inclusion
- *Suspended pupils who are still on the register*
 - *Pupils taught elsewhere (at home due to illness/pregnancy)*
 - *Absent pupils for which there is documented evidence of authorised absence (sickness/holidays confirmed by parents)*
- Not eligible for inclusion**
- *Those correctly on the register of another School*
 - *Expelled pupils absent since at least the beginning of term*
 - *Pupils not in Full Time Education*
 - *Pupils who it is believed have transferred/left/moved away from the School and have not attended since the beginning of term.*
- 18.8 When pupils transfer between schools around census day, each school should ensure that the pupil is only recorded on the return for the school, which they attended on that day.
- 18.9 Special care should be taken with the April returns to ensure that all Easter leavers have been taken off roll.

- 18.10 Schools are reminded of the need to ensure proper attendance records are maintained and are kept for at least three years, for all classes, including sixth forms.
- 18.11 There is one special difficulty with the April return. Some of the fifth-formers will have left at Easter and since students of that age are often allowed absence for exam revision, it can be difficult to identify who should be included in the return. The advice given by the LMS team is that:-
- if pupils (of whatever age) are sitting a summer exam they can be included;
 - If pupils have their 16th birthday before the Easter holiday they should be excluded if they are not returning to sit an examination.