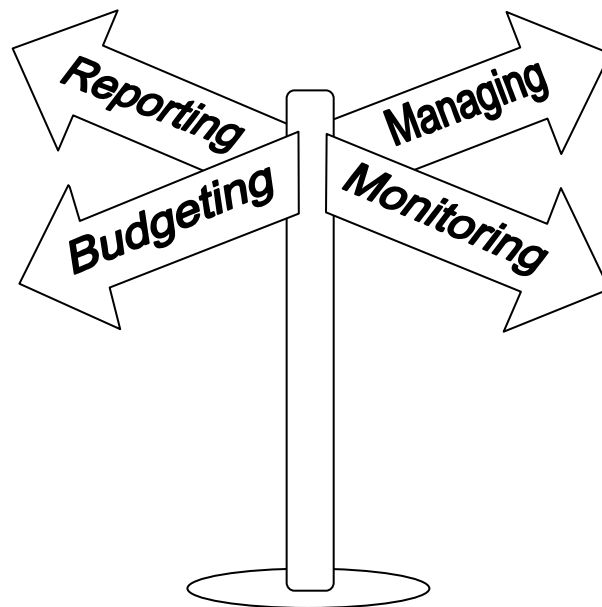


Hamp Community Junior School

# **Finance Policy**

## **ACADEMIC YEAR 2008/09**



Updated October 2008

# **FINANCE POLICY FOR SCHOOLS**

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## INTRODUCTION

The Model Finance Policy should be used in conjunction with two key documents

### a) The Financial Management Scheme (FMS)

The Scheme sets out the financial relationship between Somerset County Council and the maintained schools which it funds. (Somerset County Council is the Local Authority (LA).) The Scheme contains requirements relating to financial management and associated issues and is binding on both the LA and on schools through their respective Governing Bodies.

### b) The Financial Management Standard in Schools (FMSiS)

The Financial Management Standard is a simple statement of what a school that is well managed financially would look like. It is intended to be a clear and consistent standard for financial management which schools nationally could aim to achieve and would provide a meaningful benchmark to encourage self improvement. It is currently a voluntary standard except for secondary schools who are expected to have met the Schools Financial Management Standard by March 2007. Ultimately, compliance with the Standard will be extended to all other schools.

Website [www.fmsis.info//](http://www.fmsis.info//)

**This policy should be amended after any relevant changes to staff etc. and review at least every two years and recorded in the Governors minutes dates of review and future reviews.**

## Jargon & Acronyms

<b>LA</b>	Local Authority
<b>CIT</b>	Construction Industry Tax
<b>AMP</b>	Asset Management Plan
<b>SDP</b>	School Development Plan
<b>SIP</b>	School Improvement Plan
<b>BV</b>	Best Value
<b>CFR</b>	Consistent Financial Reporting
<b>CIT</b>	Construction Industry Tax
<b>CLP</b>	Community Learning Partnerships
<b>Central Payments</b>	School budget held in central SCC bank account. County pays invoices on schools behalf.
<b>DFCG</b>	Devolved Formula Capital Grant
<b>DCSF</b>	Department for Children, Schools and Families
<b>SF</b>	Standards Funds
<b>SIMS</b>	Schools Information Management Systems
<b>FMS</b>	Financial Management System

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## **SECTION 1 ORGANISATION AND ACCOUNTABILITY**

### **Responsibilities of the Governing Body FMSiS 1.1/1.2**

- Responsible for well being and control of staff (Whole School Pay Policy).
- Responsible for security, custody and control of resources of school (plant, buildings, materials, cash, stocks).
- Must comply with responsibility in relation to Health and Safety.
- May incur expenditure up to the total of the delegated budget share of the school after allowing for the carry forward.
- Ensuring that adequate financial procedures and controls exist to minimise the risk of loss, wastage or misappropriation and also to satisfy official requirements relating to VAT, Income Tax, NI, CIT, etc.
- Governors may delegate any of these powers to a Committee or to the Headteacher.
- Governors have the power to limit the delegated powers of the Headteacher if it is considered to be necessary.
- Register of Business Interests is reviewed annually to ensure it is up to date. A Governor must withdraw from meetings where he or she has a financial interest in any matter under consideration.

### **FMSiS 1.5**

- Responsible for setting of de-minimus levels for capital expenditure.
- By 30 June Governors must have formally approved the school's budget plan, taking into account such things as current spending, priorities in School Development Plan (SDP), future commitments, pupil numbers etc. Details of the budget plan in the required format must be sent to Education Financial Services with the assumptions underpinning it. **FMSiS 3.1**
- Submitting an annual statement with the budget which reflects the principles of Best Value. **FMSiS 1.3/4.2/5.2**
- Approving at least three signatories to cover for absence. A Governor can only sign as a second signatory.
- Ensuring that an up-to-date inventory is maintained for items with a replacement cost of £100 or more and an expected life of at least one year. Ensuring that the inventory is checked against the items at least annually. Discrepancies are reported to Governors to investigate. Keeping a record of write-offs.
- Nominating an independent person to audit the unofficial fund at least once per year.

- Money may only be borrowed with written permission of the Secretary of State. This does not apply to Trustees and Foundations.
- Approving the write-off of debts.
- **Has considered and signed a Controls Assurance Statement (CAS) see appendix 7.confirming that resources have been properly managed.**  
**FMSiS 1.4**

### **Responsibilities of the Finance Committee**

The Governing Body has delegated to the Finance Committee the following responsibilities:

- The drafting and recommendation to the Governing Body of the annual budget.
- The monitoring of the budget, expenditure and income.
- Ensuring expenditure does not exceed the available budget.
- Authorising in advance virements exceeding £3,000 or a figure agreed by full governing body. But virements for allocating income, new allocations and pink forms will not require prior approval and will be reported in the regular finance reports.
- Authorising expenditure not covered by the heading in the original agreed budget, or a change in policy.
- Delivering minutes of the Finance Committee meetings to the Governing Body, termly.
- Maintaining a Charging Policy for income from educational trips, lettings and sales.
- Writing off bad debt subject to paragraph 2.1.7 of Financial Management Scheme.
- Maintaining a Tendering Policy.
- Making decisions on the buy back of Support Services from the Blue Book Education Support Services Directory, following consultation with the Chairperson of each Governor's Committee.
- Writing the financial section and agreeing costings for the **3 Year School Development Plan.**
- Authorising the reallocation of money following the identification of an excess of **£1000** or more under a budget heading in the annual budget plan. The reallocation shall be carried out after consultation with the Headteacher and Chairpersons of spending Committees.

### **Responsibilities of the Headteacher FMSiS 1.3**

The Governing Body has delegated to the Headteacher the following responsibilities:

- Leading and managing staff to secure improvement
- The efficient and effective deployment of staff and resources
- Accountability to Governors and others, such as parents, pupils, staff and the local community.
- Ensuring all reasonable action is taken to minimise risks.
- By 31 March each year, or within 30 days of the budget share being issued, the Head must prepare estimates of expenditure and income covering the next financial year for consideration and approval by the Governing Body.
- Ensuring that a monthly reconciliation between SIMS FMS and County Accounting System is carried out by the last working day of the month following the month of account.
- Submitting a written report to Governors or Finance Committee at least termly on the progress of the budget, explaining variations from expected spend/income and advising on the likely final position.  
(These are kept for current and two previous years). **FMSiS 5.1**
- Informing the Finance Group (Children and Young People) immediately if the school's budget looks as though it will be overspent at the end of the year by 5% or more with a proposed course of action to recover the deficit.
- Authorising and recording virements below a level of **£3000** or a figure agreed by the full governing body in advance and for allocating income, new allocations and pink forms that will not require prior approval and will be reported in the regular finance reports' (Retaining virements form for current and two previous years.)
- Printing and authorising journals for significant amounts.
- Reporting virements to Governing Body at the next available opportunity.
- Submitting a formal response to the Head of Audit Services within one month's receipt of an internal audit report.
- Responsibility for the identification of all income due, its prompt collection and banking, and the maintenance of complete and accurate records.
- Responsibility for ensuring that VAT is treated correctly on all transactions.

- Notifying the Finance Group (Children and Young People) immediately of all new/anticipated/changed risks requiring insurance.
- Notifying the Finance Group (Children and Young People) as soon as possible of all matters affecting staff payments.
- Responsibility for controlling access to all data in the school in accordance with the Data Protection Guidelines and Codes of Practice.

### **Responsibilities of the Deputy Headteacher or Senior Teacher**

- Day to day management of the department budgets excluding the Office IT and General Costs Department budgets.
- Signing all invoices.
- In the absence of the Headteacher, all the responsibilities of the Headteacher while ensuring that the Headteacher's responsibilities are checked by a second person, a member of the Finance Committee.

### **Responsibilities of the Business Manager/Bursar FMSiS 1.3**

- Carrying out work in line with the LA Financial Regulations.
- Assisting with the preparation of the school budget, setting expenditure thresholds and profiles.
- Notifying the LA of the school's approved budget plan by the end of June.
- Ensuring orders are processed for all purchases, except for items purchased through petty cash.
- Checking goods and services received against delivery notes, orders and invoices and ensuring the school is charged only for goods received.
- Processing invoices.
- Monitoring budget progress and providing information for the Headteacher, Governors and budget holders as required, including preparation of monthly reports for the Head Teacher and twice yearly reports for the Governing Body delegated to the Finance & Premises Committee. **FMSiS 5.1**
- Receiving and banking income for official and unofficial funds. Maintaining separate official and unofficial funds and ensuring income is allocated to and payments are made from the appropriate fund, with no mixing of funds.
- Pursuing bad debts and recovering wherever possible.

- Preparing cheques.
- Recording income and expenditure of official and unofficial funds; maintaining financial records and reconciling with bank statements and computer tabulation sheets.
- Preparing an end of financial year report for Governing Body for unofficial funds. Submitting a copy together with certificate of auditing to the LA.
- Arranging reimbursement of the Imprest bank account.
- Reconciling transactions between the County Council's financial management system and the school's computerised system SIMS FMS by the last working day of the month following the month of account. **FMSiS 5.6**
- Liaising with staff of the Resources Directorate and providing returns and other financial information for the LA, as required. **FMSiS 5.2/5.6**
- Carrying out end of year procedures for closing old year accounts and identifying creditors and debtors and providing information in accordance with the timetable issued by Education Financial Services transferring balances to the new year and setting up the budget for the new year as directed by the Headteacher and Governors. **FMSiS 5.2/5.6**
- Maintaining an up to date inventory of school equipment.
- Maintaining daily backups of computer-held information and ensuring confirmation is received daily indicating the off site back up has been successful.

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## SECTION 2 INTERNAL FINANCIAL CONTROLS

### Division of Duties FMSiS 5.7

Division of Duties is the involvement of more than one member of staff in the undertaking of financial tasks. This ensures that one person is not solely responsible for any given function and helps protect against possible error/fraud.

Refer to [Appendix 3](#) which details Division of Duties for processes i.e. order, invoicing, and petty cash including cover for absences. Authorised signatures listed have been agreed by Governors. In the school all transactions are traceable through the system from start to finish, e.g. in order to achieve this for ordering and invoicing the following process has been added:-

- (1) Individual staff prepare orders on School requisition forms.
- (2) Budget Holder or Head signs this Proforma.
- (3) Business Manager prepares orders on SIMS FMS.
- (4) Headteacher signs orders.
- (5) Deputy signs invoice for processing.
- (6) Business Manager prepares invoices on SIMS FMS for invoice upload.
- (7) Prior to upload, Headteacher signs the batch header.

**No major alterations are made to any invoices. If a change is required, the Business Manager requests an amended invoice from the supplier.**

### Reconciliation

Reconciliation is carried out on a monthly basis between 3rd and 20th of the month of account by the Business Manager. The Headteacher should sign the computer tabulation sheets following the reconciliation certifying the total expenditure and formula fund allocation. Form 10 (Reconciliation Balance Summary Form) is completed by the Business Manager and then checked and signed by the Headteacher, with the SIMS FMS suspense list, fund review and General Ledger Cost Centre – Summary by Cost Centre print attached. These are submitted to the Education Financial Services immediately following reconciliation or at least on a quarterly basis, e.g. Months 3, 6, 9 and 12.

If appropriate, a Form 11 ( Reconciliation Query Form) is completed by the Business Manager for any transactions to be queried or recoded, etc. and submitted to Education Financial Services by the 20th of the month.

## Authorised Signatories

A list of personnel authorised to sign orders, invoices, cheques, etc. is detailed in the minutes of the Governors' meeting at which they were agreed. **For example:**

**Headteacher** .....Anna Roxburgh.....

**DeputyHead/Teacher** .....Corinna Rundle.....

**Business Manager** .....Jackie Hellier.....

## Retention of Records

Documents need to be retained for Inland Revenue and Customs and Excise purposes. See [Appendix 2](#) for details. Documents are archived annually by the Business Manager, as appropriate. **FMSiS 5.6**

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## **SECTION 3 BUDGETING/FINANCIAL MANAGEMENT AND PLANNING**

### **Funding**

The majority of the funds received by school are devolved through the LA via The Section 52 Statement, usually received in March. This allocation is calculated using a formula based on many factors which affect the school's funding. Additional allocations are made throughout the year including some Standards Funds. The school also has the opportunity to raise additional funds (Income), for example via Lettings or PTA organised events.

### **Preparation of the School Budget FMSiS 3.1**

The priorities within the **3 Year School Development Plan (SDP)** contain accurate financial estimates and form the driving force of the budget with an emphasis on Best Value. The budget is prepared by the Head Teacher. Initially, this will be presented to the Finance Committee prior to agreement by the full Governing Body.

The budget produced is based on:

- planned staffing levels for the coming year
- historical expenditure adjusted for inflation and any known changes
- curriculum budgets set on the basis of need. Costed budget plans are produced by budget holders and submitted to the Headteacher for consideration
- new initiatives that are known and included in the SDP
- anticipated income, Standards Fund and DFCG expenditure
- funding for rates, at actual cost

If the budget allows, the Headteacher should include a small general contingency which may be used for supporting any budget area where expenditure exceeds expectations.

Any budget surplus is discussed with the Finance Committee to decide on the priorities within the SDP for these monies to be spent.

If the budget being prepared is in deficit, the Headteacher needs to review the budget and present different options to meet the shortfall to the Finance Committee.

### **Budget Monitoring and Reporting FMSiS 5.1**

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management.

After the monthly reconciliation with the LA's financial system, the Business Manager produces monthly budget monitoring reports/system printouts for income and expenditure for the Headteacher and curriculum budget holders. These include:

- the approved budget
- revised/current budget
- budget movements
- sums committed but not yet paid
- actual expenditure to date
- balances remaining
- percentage spent

The Headteacher monitors expenditure on the initiatives set out in the SDP, analyses the monthly reports/printouts to identify any variances/unexpected expenditure and takes any necessary action.

Curriculum budget holders receive and review their monthly reports comparing the amount committed/spent against their budgets. Periodically, these reports are reviewed by the Headteacher.

At least once a term, the Headteacher presents the budget monitoring report to the Finance Committee, providing explanatory notes, details of budget movements and any remedial action taken/required or items requiring further discussion.

If it is anticipated that the school may go into a deficit situation by 5% or more by the end of the financial year, the Headteacher will inform the Finance Group (Children and Young People) immediately, with a proposed course of action to recover the deficit.

Carry forwards at the end of year will be discussed with the Finance Committee to decide how the money will be spent on the school's priorities within the SDP. Where the balance exceeds 5%(secondaries/middles) or 8% (primaries/specials) of the school's budget share, the Governing Body may be required to report reasons for the underspend and its intended future spending plans for the carry forward to the LA (**Section 4 of Financial Management Scheme**)

Thresholds on SIMS FMS for curriculum budgets are set at a realistic level and updated when necessary.

### **Virements/Budget Movements FMSiS 5.1**

The Governing Body have agreed on an amount that can be vired without their prior approval to allow some flexibility within the everyday running of the school. This stands at **£3000** until further review But virements for allocating income, new allocations and pink forms will not require prior approval and will be reported in the regular finance reports.

All virements are recorded on a virements form by the Business Manager, then authorised by the Headteacher in advance of being actioned on SIMS FMS. They are reported to the Governing Body at the next available opportunity.

A record of virements for the current year and two previous years is kept by the school.

Any internal journals for significant amounts should be printed and authorised by the Headteacher. They are reported to the Governing Body at the next available opportunity.

### **Forward Financial Planning**

The Headteacher reviews the school's pupil numbers in the Autumn and Spring terms, looking ahead for the next three years to assess the effects on the school's estimated level of Funding.

During the budget setting process in the Spring Term, the Headteacher produces a detailed budget plan for the forth coming year and skeleton budget plans for the following two years. The budget plans include links to the SDP priorities. The skeleton budgets are reviewed and updated termly with any significant changes.

The estimated levels of Funding for the future years are compared to the budget plans to identify any trends/concerns that can be brought to the Finance Committee's attention.

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## SECTION 4 PURCHASING

### Orders FMSiS 4.2

Official orders are issued for all work, goods or services except for supplies of public utility services and purchases from imprest/petty cash of not more than £100 in value.

The following procedure is followed:

Three quotations are required for individual purchases or services exceeding **£1000** in value. If the lowest quote is not accepted, the reasons are reported to the Governing Body and minuted.

Governors' approval is required for orders of an individual item exceeding **£3500**.

Where the school is engaging in works such as building, decorating etc. where Construction Industry Tax (CIT) applies, the Business Manager must ensure that the supplier is registered under the scheme before accepting them to carry out the work. Contact Keith Perry in the Resources Directorate for further details if necessary.

Three tenders are sought if the school enters into a contract for the supply of foods or services involving total payments of £10,000 or more. Records are kept of how and from whom tenders were sought, what tenders were received, who was successful and the reasons for not accepting the lowest tender. Contracts are only entered into after ensuring Best Value has been obtained.

When orders are placed reasonable steps will be taken to ensure value for money, bearing in mind, price, discounts, quality delivery, guarantee, after sales service etc.

The school should not enter into a financial agreement with capital implications without the approval of the LA .

Requisition forms are kept in the staff room and are used for curriculum requests and authorised by the budget holder or Headteacher before an official order may be processed. Budget holders should ensure there are sufficient funds within their Budget. If unsure of the current balance the Business Manager is consulted.

All commitments are entered on SIMS FMS by the Business Manager in the form of an official order once a decision has been taken to purchase goods or services.

All official orders are printed on controlled stationery and signed by the Headteacher, or in their absence the Deputy Headteacher.

#### **Copies of all orders are retained at the school.**

All official order stationery is kept secure in a locked cabinet. SIMS order stationery control sheet is updated for all orders including order sheets spoilt.

A copy of all orders is kept for a minimum of current plus preceding two financial years.

Outstanding orders are reviewed on a termly basis and cancelled or followed up as necessary. If cancelled, a reason is written on the copy order for audit purposes.

Orders may not be raised on behalf of, or for the benefit of, private individuals or organisations.

Telephone orders are discouraged and only used in exceptional circumstances. If an order is placed in this way, it is made clear that it is subject to SCC terms and conditions and written details are supplied immediately to the Business Manager to enable a confirmation order to be raised on SIMS FMS and sent to the supplier.

If inspection copies are requested for books or equipment a copy of the request is given to the Business Manager so that a commitment can be made against the relevant budget.

### **Delivery Notes**

All delivery notes are checked by the Teacher, Teaching Assistant or Business Manager to ensure that the goods listed have been "Received". Checks are evidenced in writing. The delivery note is then passed to the Business Manager.

The inventory is updated by the Business Manager for items of furniture, equipment etc. of £100 or more.

Delivery notes are checked to the order and any discrepancies are followed up by the Business Manager. The delivery note is then attached to the invoice.

### **Payment of Invoices**

Where goods are supplied by a supplier registered for VAT, a valid VAT invoice is obtained.

Payments to individuals (other than some CIT contractors) who supply goods or services to the school (eg tuition, lecture, performances etc.) are made via the payroll system using a PRF 50.

The Business Manager checks the delivery note to the invoice, to ensure that the school is only charged for goods received. Payments are not to be made from statements or 'brought forward balances'.

If payment is to be made on a copy invoice as the original has been lost, checks are carried out to ensure it has not been paid. It must then be endorsed 'copy, not previously paid'.

The delivery note is attached to the invoice which is then to be passed to the Deputy Headteacher for signing and authorising prior to processing on SIMS FMS.

### **Central Payment Schools**

The invoice is then processed as soon as possible on SIMS FMS by the Business Manager to ensure prompt payments are made and discounts are taken. The 'paid by' date on SIMS FMS is the same as the invoice date as the credit terms are held centrally on the County accounting System. Non-order invoices are dealt with similarly.

The invoice is stamped as "paid" and the date of payment recorded. The invoices are then held in the SIMS FMS authorisation file awaiting transmission to County Hall.

The authorisation file awaiting transmission is printed, checked and then manually certified correct for payment by the Headteacher.

The file is then transmitted via the SIMS/Central Payment System by the Business Manager.

The invoices are then attached to the authorisation file and retained for the current year plus the preceding six years.

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## **SECTION 5 INCOME FMSiS 5.7**

Income can be **vulnerable** and the income collection system should meet the following objectives, namely that:

- all income including VAT due to the school is identified;
- all collections are receipted and banked promptly and completely;
- the accounting records and debtors' accounts are properly and promptly updated.

The Headteacher has overall responsibility for the identification and prompt collection of all money due to the County Council (**see FMS 5.1.1& FMSiS 1.3**) and ensures that adequate division of duties exists between the collection, transfer of monies between staff, recording and banking of income. Ideally the person collecting income is different from the person that records and banks the income. This reduces the risk of error and fraud. (Division of duties for the school to be listed on [Appendix 3](#))

### **Raising Invoices**

An account is raised by the Business Manager via Somerset County Council's Income System or the school's own billing system, ensuring the invoice complies with the requirements for a tax invoice, eg SCC VAT number, sequentially numbered, etc. An invoice is sent to the customer for goods and services provided.

Invoices for regular lettings are raised by the Business Manager half termly. For one-off lettings invoices will be raised within 14 working days of the event.

### **Collection and Banking of Income**

Income collected in class is recorded on record sheets by the teaching assistant/teacher. The income is then taken to the Business Manager and checked and signed for. All other income received is recorded on record/monitoring sheets.

A receipt is issued by the Business Manager for any cash, postal orders and cheques received via the office for amounts over £50, for all camp income or as agreed by Governors. Where appropriate, termly receipts are issued, eg swimming, dinner money, trips. In some cases, eg trips, this may be produced as part of the returns slip.

Cash and cheques are kept in a safe place prior to banking. Income is banked promptly and paying in slips completed in full.

### **Recording and Reconciliation**

Income is recorded on SIMS FMS promptly ensuring the correct VAT treatment is applied, and the authorisation slip is printed.

Where appropriate, details of the transactions are entered on a virement (budget movement) sheet, authorised by the Headteacher and allocated to the correct budget heading.

Reconciliation of income is carried out on a monthly basis by the Business Manager, ensuring that all income banked has been received.

Independent checks are made by the Headteacher to ensure that all income expected has been recorded, banked and received. Evidence of these checks is made in writing.

All income records, e.g. record sheets, receipts, income authorisation slips, invoices, etc are kept for the current year plus the previous three years.

## **Debts Policy**

Bad debts will be pursued by the Business Manager and money recovered wherever possible. Where money is not recovered the matter will be referred to the Finance Committee who may write off the debt subject to paragraph 2.1.7 of the Financial Management Scheme as follows:-

"The total amount of debt written off locally by a Governing Body in a financial year must not exceed 1% of the school's delegated budget share for the year."

Subject to the paragraph above, debts due from a single debtor up to a total value of £1,000 in any one financial year may be written off, but only on the direct authority of the Governing Body, that is, by resolution at a Governing Body meeting (an individual school could set a lower limit in their Finance Policy if desired). Before referring a debt to the Governing Body for approval to write off, the Finance Group (Children and Young People) should be consulted to ensure that there are no other outstanding financial transactions involving the County Council and the individual or organisation concerned.

The school must maintain a record of all debts written off showing what attempted recovery action was taken and the justification for non-recovery. The form of this record is approved by the Finance Group (Children and Young People). At the end of each financial year a written report is sent to the Finance Group (Children and Young People) detailing the value of debts written off during the year.

Any debts due from a single debtor of £1,000 or more in any financial year may only be written off on the authority of the Finance Group (Children and Young People). If this situation is likely to arise, guidance should be sought urgently from Education Financial Services.

[Appendix 4.1](#) - The school's Charging Policy.

[Appendix 4.2](#) - The school's Letting Policy.

[Appendix 4.3](#) - Lettings conditions of hire.

## **SECTION 6 BANKING ARRANGEMENTS FMSiS 5.6/5.7**

(For schools operating Local Payments System ONLY)

## **SECTION 7 PETTY CASH/IMPREST FMSiS 5.6/5.7**

Petty cash is a small sum of money, determined by formula pupil numbers, which is held in a separate bank account at our local National Westminster Bank on behalf of the school. When expenditure is incurred, it is charged against the school's budget and the bank account is reimbursed. The school is issued with a chequebook and will receive monthly statements of the account transactions.

### **Petty Cash is used for:-**

- Cash payments too small for an order to be acceptable
- An emergency purchase where immediate settlement is required
- Purchase of postage stamps
- To obtain greater discounts for settlement by cash/cheque
- To obtain goods/services from suppliers who do not accept official orders
- Legitimate educational expenditure financed by School Fund may be reimbursed to School Fund through petty cash enabling any VAT to be saved

### **Petty Cash is not used for:-**

- Making payment to staff, or paying for services such as mobile telephones, fuel or services that may be liable to Construction Industry Tax
- Making payments to individuals (e.g. theatre groups, authors, musicians, self employed) who require cheques to be payable to them personally.
- Cashing Personal cheques
- Paying in income

### **Exceptions to the rule**

Staff are reimbursed if they purchase resources/specific items on behalf of the school upon production of a valid receipt (See Section 2 of VAT Manual - "Invoices and Record Keeping"). Individuals are reimbursed upon production of rail/car park tickets and interview expenses for unsuccessful candidates who are not employed by SCC.

Payment can be made to Window Cleaners and Piano Tuners who use their own equipment.

## **Payment Methods**

Payments can be made by cheque or cash. To obtain cash, the Business Manager will draw a cheque for cash at the local branch. Both the chequebook and any cash are kept securely in the safe. Ensure recipient signs for any cash received.

The governing body have agreed three signatories, two to sign each cheque and a third to cover any absence. This has been minuted in the meeting in which it was agreed. Three sample signatories of each authorised person have been sent to Educational Financial Services, on the appropriate form, who then notify the bank. Blank cheques are never signed.

All payments of more than £100 must be approved by the Headteacher before the money can be spent. An order is raised on SIMS FMS which is signed by an authorised officer, retained at the school and cancelled once the petty cash expenditure has been entered.

If a VAT receipt cannot be obtained, a petty cash voucher is completed and authorised but no VAT can be reclaimed.

## **Recording Transactions**

All receipts/vouchers are signed by the Headteacher and promptly entered by the Business Manager onto a cheque/cash control sheet (Forms 21.1 and 21.2). It is then entered onto SIMS FMS, by the Business Manager on a weekly basis, in order to keep the system up to date and provide accurate budgetary information. When the transactions are entered onto SIMS FMS the appropriate VAT category is used, ensuring Non-business is used if no valid VAT receipt has been obtained.

The Business Manager uses the Form 21 to balance the account to the school float. It is a reconciliation between records of expenditure, cash in hand, the balance at the bank and any outstanding reimbursements. This is completed every time a claim for reimbursement is made. The Business Manager verifies the cash in hand held and the cash in hand on SIMS FMS. Form 21 is checked by the Headteacher before the reimbursement claim is authorised.

A reimbursement claim is completed by the Business Manager when approximately half the float has been spent. The claim is checked and authorised by the Headteacher before being submitted to the Resources Directorate.

When the reimbursement is shown on the bank statement, the Business Manager will record the reimbursement on SIMS FMS.

At year end, the Business Manager must complete the Petty Cash form sent from Education Financial Services. The form is checked and signed by the Headteacher and returned with a bank statement showing the balance at the 31<sup>st</sup> March by the 30th April.

All Petty Cash records e.g. receipts and copies of claims should be retained for current year plus previous three.

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## **SECTION 8 TAX FMSiS 5.7**

The headteacher is responsible for ensuring that the school complies with Value Added Tax (VAT) and other tax regulations, and ensuring that all relevant finance and administrative staff are aware of them. Consultation with the detailed guidance provided by the LA minimises the risk of misinterpretation.

Payments are *only* made on receipt of proper VAT invoices. (See Section 2 of VAT Manual - "Invoices and Record Keeping")

### **VAT**

#### **LA Maintained and Voluntary Controlled Schools/ Community, Controlled or Foundation Schools**

For official funds only, the governing body is seen to be acting as the agent of the LA in respect of purchases funded via LA budgets or grants paid through the LA. This covers purchases funded from schools delegated budgets or from the Local Schools Budget held centrally and made available to the school by the LA. It also covers income received. This entitles the school to recover the VAT incurred.

#### **Construction Industry Tax (CIT)**

If payment is to be made under this scheme the subcontractor must have a tax exemption certificate or registration card. Contact Keith Perry in the Resources Directorate for further details if necessary.

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## **SECTION 9 ASSETS FMSiS 5.7**

The school has many valuable items in use throughout the site. Some of these items are fixed, but many are portable and therefore may be vulnerable to theft. A properly maintained inventory is essential in supporting budget demands for replacements and for insurance purposes in the event of damage or loss.

### **Building**

#### **Example:**

The school building is alarmed. Access is controlled through Keypads.

The listed key holders are:

Deputy Head.....  
Caretaker .....  
Business Manager .....

### **Building - Repairs and Maintenance**

The governing body is responsible for the maintenance of the school buildings and the planning of any future developments. The schools buys into the Buildings Maintenance Indemnity Scheme run by Somerset County Council's Property Services Department in order to be covered for repairs and maintenance costs.

### **Inventory**

All items purchased above **£100** are recorded in the school inventory upon receipt, giving full details of:

- Value
- Date Purchased
- Description
- Serial Numbers (where applicable)
- SCC Security Number
- Useful Life
- Location within school.

The Inventory is reviewed annually by the Business Manager in the month of March, supported by a Governor, with any discrepancies being investigated. A sample check is undertaken by a teacher to ensure that all relevant goods have been recorded.

All portable and electronic items recorded on the inventory have been security marked using the County Council's sticker system.

A booking out system, held in the Resources Room, is employed where any goods may be taken off site. This details:

- Name of Borrower
- Item borrowed

- Date Borrowed
- Condition of Goods when removed
- Date Returned
- Condition of Goods when returned

A record is maintained of all disposals, including the proceeds of the sale, the date of transaction, and the name and address of purchaser.

### **Cash/Bank and Cheque Books**

These are kept in the safe other than when in use.

No petty cash is held within the school as refunds are made through the imprest account.

Any income collected from pupils is recorded, secured in the safe and banked as soon as possible, in order to ensure only minimum levels are held on the premises.

### **Stock**

All consumable stock is stored centrally in the resources room. This is locked at all times to avoid the misuse of stock which leads to unnecessary ordering.

A physical check is carried out annually to ensure that stock is kept at a reasonable level.

Any items of stock that are damaged or stolen are entered against the item in the inventory and signed by the Headteacher.

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## **SECTIONS 10 INSURANCE FMSiS 5.7**

### **'Balance of Risks' Insurance**

The school has purchased Somerset County Council's (contents only) "Balance of Risks" insurance. This covers school contents for damage resulting from theft, malicious damage, escape of water, impact and accidental damage. ICT equipment is also included in Somerset County Council's Balance of Risks policy. Details of all ICT equipment is recorded in the school inventory. An excess of £100 applies to each and every claim except for laptop computers where the excess is £200. School to inform insurance section of any purchase/disposal of ICT equipment. Excess of £250 for theft from a non-alarmed building and theft while in transit.

### **Building Maintenance Insurance**

The school buys into the Building Maintenance Indemnity Scheme through Somerset County Council.

### **Supply Insurance**

The school buys into the Primary/Special Schools' Supply Mutual Fund (SMF) administered by the LA.

### **Lettings Insurance**

Lettings insurance, available through Somerset County Council, is offered by the school to all hirers of the school premises (other than commercial organisations who should have their own Public Liability cover). A fee based on 12% of the hiring cost is added to the lettings charge. The school is then invoiced annually by Insurance Section.

### **Extended Schools**

Schools should ensure correct use of school premises by Third Party Providers. Information is available on SiX (Extended Schools Services Website) or [www.teachernet.gov.uk/wholeschool/extendedschools](http://www.teachernet.gov.uk/wholeschool/extendedschools)

### **Minibus Insurance**

When a minibus is hired in by the school, the school will either make insurance arrangements through County, or choose to take the hirer's comprehensive insurance cover.

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## **SECTION 11 COMPUTER SYSTEMS/DATA SECURITY FMSiS**

### **1.1**

#### **The Data Protection Act 1998**

The School and Governing Body register annually under The Data Protection Act. It is the System Manager's responsibility, e.g. the Headteacher, to control access to all data in the school in accordance with the Data Protection Act and to ensure that all staff are aware of their responsibilities/obligations at all times.

All information relating to personnel is:

- obtained and processed fairly and lawfully
- held only for specified lawful purposes
- adequate, relevant but not excessive for those purposes
- accurate and up to date
- available to those people referred to
- kept securely.

Information should not be kept longer than necessary and neither used nor disclosed other than in accordance with the above purposes.

Any new uses of personal information is notified to the Data Protection Officer at County Hall. Offences against the Act are criminal, and individuals will be held personally responsible.

#### **Access/Security**

The purpose for controlling access is to ensure that only authorised personnel are able to access information that is relevant to the tasks for which they are responsible. It prevents unauthorised access to information which could result in accidental or deliberate corruption of the data and which might contravene the confidentiality part of the Data Protection Act.

One person, the System Manager, is responsible for the overall control of all systems, with the Deputy covering for absence. Access rights are determined and monitored by the System Manager, who should deal with problems as and when they arise.

Computers should not be left unattended with information displayed on the screen, or be easily accessible by any unauthorised users. Where possible computer screens are locked (by password/locking the workstation), or if this is not possible, the computer is closed down whilst it is left unattended.

Access to software is restricted according to the level of access required for an individual to carry out their job to an expected level. These access rights are reviewed regularly by the System Manager.

Only Licensed Software, authorised by Somerset County Council's ICT Department, should be installed onto the Schools network,

which is protected through a virus guard so that any files received from outside sources can be virus checked before being opened.

## **Passwords**

Individuals are responsible for the accuracy of information which is kept secure from unauthorised persons. Passwords must:

- not be told to anyone else
- never typed in when someone is watching
- be changed regularly e.g. every three months, or as soon as someone else finds out about it
- be difficult for someone else to guess ie. avoid using names etc.
- a mixture of alphabetic and numeric characters
- be sealed in an envelope, signed across the seal and stored in a safe.

Full access to SIMS FMS is restricted to the System Manager only.

## **Servers**

With the development of ICT software and hardware the server is not used as an everyday machine. Therefore, it is stored in the locked resources room and should never be turned off to ensure back up procedures are not compromised.

## **Back Up**

Back up copies of all data are made automatically overnight, through an off site back up system.

The Business Manager is responsible for checking the back up each morning and for initiating a safe system for storage and retrieval.

## **Virus Protection**

Current versions of anti-virus guards are installed on the networks server to safeguard software against viruses and to avoid any corruption of data. Using only authorised software will contribute to this protection.

## **Computer Printouts**

Each month, the Business Manager downloads and prints details of expenditure recorded on the County Council's Accounting System relating to the School's budget. These printouts are used in the SIMS FMS reconciliation process to ensure that the school's financial records match those recorded by Somerset County Council.

These printouts are stored carefully in the Office which has restricted access, as they contain personal information relating to staff employed at the school, for 3 years plus the current year.

## Internet

Access to the World Wide Web is limited to staff whose need is relevant to the tasks, for which they are responsible. Personal use of the Internet for **viewing only** outside normal working hours is at the discretion of Headteacher. Staff should sign an internet agreement to this effect.

When making personal use of the Internet the following are prohibited and will result in the disciplinary procedure being invoked:-

- hacking of any kind;
- purchase of goods and services;
- use for any kind of personal gain, e.g. advertising goods for sale, dealing in shares or other commodities;
- accessing pornographic or gambling sites;
- accessing chat lines;
- printing or downloading information.

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## **SECTION 12 PERSONNEL/PAYROLL FMSiS 5.6/5.7**

### **Regulations**

The school is aware of a number of areas where Inland Revenue regulations affect or determine the way payments are made. This is of particular importance relating to individuals who are self-employed offering services to the school (this excludes individuals/companies subject to CIT scheme), Payroll transactions are processed only through the payroll system and not through petty cash, using a PRF50. **Controls must be in place to ensure appointments are cleared through the Criminal Records Bureau.**

The Governing Body has established procedures for the administration of personnel activities, including appointments, terminations and promotions. Information necessary to maintain records of service for Superannuation, National Insurance and Income Tax is kept secure for seven years, with only authorised staff allowed access to personal records, in order to comply with the Data Protection Act.

### **Payroll Forms (PRFs)**

The payment of all salaries, wages, pensions and other expenses are processed through various PRF forms. These are completed by the Business Manager and authorised by the Headteacher before being submitted to payroll by the appropriate deadline. Specimen signatures have been sent to the payroll administrator. No employee can certify expenditure from which he or she might personally benefit. The Chair of Governors signs any amendments to the Headteacher's contract.

### **Links with SIMS**

Information held within SIMS Personnel feeds through against contracts shown in SIMS FMS giving details of both salary commitments and actual payments, displaying variations which are investigated as part of the reconciliation process by the Business Manager. Therefore, it is vital that the SIMS Personnel module is kept up to date by the Business Manager with the correct information for contracts through PRFs and salary upgrades eg salary scales, Superannuation and NI tables.

The Headteacher regularly checks staff payments details against the monthly tabs, evidencing each page with initials.

Both the Business Manager and the Headteacher check the staffing records held within Payroll through the "Contracts/Personnel list" issued by the Employees Services Unit (ESU).

## **Pay Policy FMSiS 4.6**

The school has a separate Pay Policy filed in the Headteacher's office, which is reviewed annually by the Headteacher and Personnel Committee.

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## **SECTION 13 UNOFFICIAL/VOLUNTARY FUNDS FMSiS**

### **5.6/5.7**

The unofficial fund generally consists of income generated through Book Fairs & School Photographs and is managed with as much care and diligence as the delegated budget (official funds). These funds are used for any reason which benefits the children and the school at the discretion of the Headteacher.

#### **Separation of Funds**

This fund is kept completely separate from the official fund. It has independent records and has its own bank account accruing interest. The two funds are never involved in the same transaction/activity.

#### **Charity Commission Registration**

If the income received currently exceeds £1,000 the school may register the fund with the Charity Commission in order to obtain tax relief and possible further funding where only charitable status is considered. (See Charity Commission Website).

#### **Management of Accounts**

The fund is administered by the Business Manager who keeps records of all transactions and reconciles to the bank statement.

The Headteacher ensures that the accounts are prepared annually and audited by a person independent of the school. These are then presented to the Governing Body at their meeting in the Autumn Term. Once accepted by the Governing Body, the Headteacher ensures copies are sent to the LA with the Auditor's certificate.

#### **Cheques and Receipts**

The Headteacher ensures that every cheque drawn is signed by a minimum of two persons as authorised by the Governing Body and that supporting documentary evidence for the cheque is retained. Three signatories have been approved, two to sign each cheque and a third to cover any absence.

Income is paid into the account as quickly as possible after being received and receipts are always issued.

#### **Insurance**

The Governing body ensures that the fund is covered by insurance including fidelity guarantee insurance.

#### **DISCO Fund**

The unofficial Disco fund is managed by the teacher with responsibility for fund raising and it has been agreed that this will operate under a different set of controls. For the convenience of

buying tuck and food for discos, the operation of a trustee account is not possible as supermarkets no longer accept cheques, and for convenience a business account with a debit card is used and this only has one signatory, so as an additional control measure the Headteacher will see all receipts and bank statements monthly to check the correct operation of this account. The Headteacher ensures that the accounts are prepared annually and audited by a person independent of the school. These are then presented to the Governing Body at their meeting in the Autumn Term. Once accepted by the Governing Body, the Headteacher ensures copies are sent to the LA with the Auditor's certificate.

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**REGISTER OF BUSINESS INTERESTS FMSiS 1.5**

The Governing Body of ..... School have agreed that the governors and designated staff should "Declare any links they have with companies or organisations from which the school may wish to buy goods or services. It is important for anyone involved in spending money to demonstrate that they do not benefit personally from decisions that they make".

The Governing Body have defined a "business interest" as a situation where the person concerned, their family (immediate and other relatives) or close friends have a connection with a potential supplier, or where there is a business connection, i.e. common directorships/partnerships.

In this connection I would be grateful if you would please complete the form below and return it to ..... by .....

Please state "nil" if that is the case.

<b>Name</b>	<b>Name of company or organisation</b>	<b>Nature of business or interest</b>	<b>Date entered in register</b>

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## RETENTION OF RECORDS

Documentation, files and records are retained to act as a record and support for actions taken and to assist future reviews of policy. They are also retained to satisfy the requirements of Internal Audit, External Audit, Custom and Excise and the Inland Revenue. This section identifies the minimum period of time that records should be retained to satisfy all these requirements.

Financial Regulations require the retention of certain records for specified periods. If in doubt, a minimum of six years should be applied. Specific regulations are as follows.

<b>COMPUTER TABULATIONS</b>	3 years plus current year
<b>SIMS DATA</b>	3 years plus current year
<b>COPY ORDERS</b>	2 years plus current year
<b>DELIVERY NOTES, CREDITOR INVOICES, CREDIT AND DEBIT NOTES</b>	6 years plus current year
<b>RECEIPT BOOKS</b>	6 years plus current year
<b>PETTY CASH BOOK</b>	6 years plus current year
<b>BANK STATEMENT, CHEQUE BOOK STUBS (including analysed cheques)</b>	6 years plus current year
<b>CASH RECORDS AND TILL ROLLS</b>	6 years plus current year
<b>DEBTOR ACCOUNTS</b>	6 years plus current year (providing debt has been collected)
<b>INVENTORY RECORDS</b>	6 years plus current year
<b>TIMESHEETS</b>	6 years plus current year
<b>EMPLOYEES' RECORDS, PERSONNEL ACCIDENT REPORT</b>	7 years following cessation of contract
<b>TENDERS (schedule of limited/opened)</b>	6 years plus current year after settlement of final account
<b>TENDERS (schedule of price approvals, other correspondence)</b>	6 years plus current year after settlement of final account
<b>CONTRACT DOCUMENTATION, FINAL ACCOUNTS AND SUPPORT EVIDENCE</b>	6 years plus current year after settlement of final account
<b>OTHER SITE DOCUMENTS eg DIARIES</b>	1 years plus current year (providing sufficient documentation is held confirming exact dates of work etc.)

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**DIVISION OF DUTIES CHART**

	<b>Head</b>	<b>Deputy Head</b>	<b>Teachers</b>	<b>Business Manager</b>	<b>Teaching Assistant</b>	<b>Caretaker</b>
<b>A. ORDERING</b>						
Complete and authorise requisition form (budget holders)	X	X	X	X	X	X
Process order on SIMS (FMS)				X		
Authorise order on SIMS (FMS)				X		
Sign paper copy of order	X	X				
Check delivery note to goods received				X	X	X
Check delivery note to order				X		
<b>B. INVOICE PAYMENTS</b>						
Check invoice to delivery note/order (where applicable)	X			X		
Sign invoice to authorise payment		X				
Process invoice on SIMS (FMS)				X		
Authorise invoice on SIMS (FMS)				X		
Authorise invoice batch header (including checking against invoices attached)	X	X				
Upload batch to County				X		
Check payments on Cedar tab	X					
<b>C. PETTY CASH</b>						
Sign cheques (2 signatures)	X	X		X		
Issue cash which should be signed for				X		
Sign receipts/vouchers to authorise	X	X				
Record expenditure in manual records				X		
Record expenditure on SIMS (FMS) and produce reimbursement claim				X		
Sign reimbursement claim (including checking against the supporting receipts/vouchers)	X	X				
Balance petty cash (Form 21)				X		
Check petty cash balance form (including counting any cash in hand)	X	X				

	Head	Deputy Head	Teachers	Business Manager	Teaching Assistant	Caretaker
<b>D. INCOME</b>						
Raise invoices/request's income and keep records of all income due				X		
Collect income, count and record manually				X	X	
Issue receipts (where practicable)				X		
Record on SIMS				X		
Complete paying-in book				X		
Bank income				X		
Spot check income received against records of income due	X					
Check income collected to amount banked and amount on County Accounting System.	X					
<b>E. RECONCILIATION</b>						
Process suspense list				X		
Check staff payments to PRFs				X		
Allocate income if required Complete Virement Form	X			X		
Complete Form 10 or Local Payments Forms				X		
Sign and Check Form 10 or Local Payments Forms	X	X				
Complete Form 11 if applicable				X		
Sign County Accounting System Tabs	X	X				
Print reports				X		
Review monthly reports	X	X				
Complete any budget movements required - authorise } virement - action }	X			X		
<b>F. PERSONNEL/PAYROLL</b>						
Complete payroll forms for contract changes, supply, etc.				X		
Authorise payroll forms – <b>Chair of Governors to authorise Headteacher's.</b>	X	X				
Update SIMS Personnel for contract changes				X		
Check staff variances on SIMS FMS				X		
Check staff payments on County Accounting System tabs	X			X		
Monitor staff budgets	X			X		

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## **CHARGING POLICY**

### **Charges for School Activities**

The Education Reform Act 1988 clarifies the activities for which charges can be made or voluntary contributions sought.

The Act gives LAs and schools the discretion to charge for optional activities provided wholly or mainly out of school hours, and the right to invite voluntary contributions for the benefit of the school or in support of any activity organised by the school whether during or outside school hours.

As from **date 26<sup>TH</sup> June 2007** the Governors will operate the following policy on charges and contributions for school activities where such activities involve additional expenditure.

### **Charges**

The school will charge in the following circumstances allowed by the Act:

- (a) The provision of music tuition given to pupils as individuals or in groups of up to four **except** where it is given to fulfil:

- statutory duties relating to the National Curriculum or
- requirements specified in the syllabus for a public exam.

- (b) Ingredients and materials for cooking and CDT (Craft, Design and Technology):

Materials will be charged for, or parents will be required to supply these, if the parents have indicated in advance a wish to own the finished product.

- (c) Activities which take place which are not a statutory part of the National Curriculum: eg outings, visits, cricket coaching, cycling courses.

Charges will be made for all or part of a pupil's travel costs, board and lodging costs, materials and equipment, entrance fees, non-teaching staff costs, any insurance and costs of engaging teaching staff specifically for the activity.

- (d) Activities which involve pupils in nights away from home:

### **Voluntary Contributions**

Voluntary contributions will be sought from parents for activities which supplement the normal school curriculum, eg outings and visits which take place wholly or mainly during school hours; visits to the school by theatre groups and other organisations providing an educational service.

When voluntary contributions are requested, the terms of the request will clearly state:

- (i) it is a voluntary contribution

- (ii) pupils will not be treated differently according to whether or not their parents have made a contribution
- (iii) the proposed activity may not take place unless a substantial majority of parents contribute
- (iv) a suggested amount for a contribution to cover costs.

## **Other Charges**

### *Private Photocopying/Telephone Calls*

The Governors should agree a charge to be levied for private photocopying (per copy) and telephone calls (per call). These will be subject to VAT regulations. These charges are to be reviewed annually.

### *Income from Sales - Non-profit Making*

Some goods may be purchased through the school for the convenience of parents, pupils or teachers. The school will not seek to make a profit from these sales. Goods in this category include school clothing, books, book bags, recorders, etc.

### *Income from Sales - Profit Making*

Some goods will be sold through the school with the intention of making a profit and thus raising money for the school, PTA or other charity. Goods in this category include school photographs, bring and buy items, etc which may be subject to VAT.

### *Income from Donations*

From time to time the school will seek voluntary donations for specific purposes. This may be via non-uniform days, sponsorship, etc. It will be made clear at the time of asking that such donations are voluntary and the purpose for which the donations will be used.

### *Income from Lettings*

The Finance Committee annually review and set charges made for use of school premises. The charges include actual caretaking costs, insurance and a premises charge.

The Finance Committee will endeavour to avoid charging the PTA for its activities in the school.

See Lettings Policy for further details - Appendix 4.2 and 4.3.

## **Responsibilities**

Authority for day-to-day management of the policy is delegated to the Headteacher who will determine the costs of activities other than those set by the Governors.

The level of charges is a matter for the Governing Body. It is recommended that all charges should include a reasonable element for overheads like electricity, heating, caretaker's overtime, etc. Other things to consider are whether the school aims to make a profit, to meet actual costs or to offer say lettings at a subsidy.

All staff responsible for collecting income are made aware of the current charge rates and are aware of VAT implications.

The charging policy is reviewed annually by the Governing Body and should include updates for any **Extended Schools Services**.

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## **LETTINGS POLICY**

This sets out the arrangements for the use of the school premises by groups, individuals or organisations.

It should be read in conjunction with the LA's advice and guidance on Lettings and Lettings Insurance. Refer to websites for information on extended schools via SiX or Teachernet.

**(See link under Insurance Section.)**

All hirers of the school premises will be made aware of the hire costs, terms and conditions, including insurance requirements, before the hire and the agreement signed (see Appendix 4.3).

Hire charges will be reviewed annually by the Headteacher and Governors. The charges will cover any costs incurred, ie heat and lighting, caretaker and insurance. Current charges are as follows:-

Caretaker costs are based on the current rates issued by Somerset County Council's Employees Services Unit based on the number of rooms hired. An element for heating and lighting is added based on advice from Somerset County Council's Energy Management Team. Insurance is added at the current rate of 12% issued by Somerset County Council's Insurance Section.

Charges to children and youth groups may be subsidised if funds are available for this purpose. This is to be agreed on individual circumstances by the Headteacher and Governors.

Where possible fees are payable in advance. If this is not possible an invoice will be raised promptly.

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**APPLICATION FOR HIRE**

I hereby apply for the use of the facilities detailed below:

Club/Organisation:.....

Accommodation required:.....

Equipment/Furniture required:.....

Equipment, etc to be brought onto premises by Hirer (if any):.....

Heating required:..... Yes/No . . . . .

Insurance required:..... Yes/No . . . . .

Qualification of Hirer (if relevant) see No 14 of Conditions of Hire: .....

Applicant's Name:.....

Address:.....

Telephone No:.....

Treasurer:.....

Address:.....

Telephone No:.....

Date required:.....

Alternative Date:.....

Times: From: ..... To: .....

Approximate number of people: .....

I have read and agree to be bound by the Conditions of Hire.

Signed in a personal capacity and on behalf of  
whose authority I have to bind them by signing this application.

Signed: .....

Date: .....

## **LETTINGS OF COUNTY COUNCIL PREMISES - INSURANCE**

Subject to the Exclusion mentioned below, the County Council is able to offer the following cover by way of insurance for hirers of Somerset County Council schools and other premises on a casual basis:-

1. PUBLIC LIABILITY (THIRD PARTY) insurance - ie, claims by persons for whom the Hirers (not the Somerset County Council) may be responsible.

Cover, which includes risks of food poisoning from food and drink supplied by the hirers, has been arranged subject to a limit of £2,000,000 for claims arising out of any one occurrence.

2. DAMAGE TO PREMISES HIRED (but excluding fire damage - see below). Cover which includes vandalism for which the Hirer may be responsible, is limited to £1,000,000 for each hiring and is subject to the hirer meeting the first £100 of each claim.
3. DAMAGE TO PREMISES HIRE by FIRE OR EXPLOSION for which the hirer is responsible or which is directly attributable to hiring.

### **EXCLUSION**

The above insurance arrangements DO NOT apply to Commercial Organisations such as a trading company promoting an exhibition or promoters of professional entertainment on the Council's premises. Such hirers are expected to have made their own insurance arrangements.

1. This statement is only a summary of the position. If required, fuller details of the insurance cover may be obtained from Somerset County Council Insurance section.
2. The premium should be added to the hiring charge (currently 12% of the hiring charge).
3. This insurance cover is also available to hirers where no charge is made by the County Council, although it is expected that outside organisations eligible for free use of premises will have made their own insurance arrangements. If cover is required a premium will be charged equivalent to that payable on a chargeable letting for a similar period.
4. All activities of staff, governors and parents/teachers associations, which are directly related to the running of the school (including fund raising activities) are covered by the Council's insurances.
5. It is required of the insurance cover that all reasonable precautions be taken to prevent accident, loss, damage or injury.

6. The Somerset County Council is unable to insure hirers against their responsibility to their own employees. Hirers must make their own arrangements as required by the Employer's Liability (Compulsory Insurance) Act 1969.
7. The Somerset County Council does not provide insurance for other risks of hirers, eg, loss of money, tickets, etc or arising from the cancellation of a hiring. Hirers must take whatever steps they deem necessary to protect themselves against such risks.
8. All claims under these insurance arrangements are made to Somerset County Council's Insurance Section.

Preliminary information should be telephoned to the Resources Directorate where advice on further action will be given.

Heads of hire premises or hirers should not attempt to contact the County Council's insurers without first contacting the Resources Directorate staff.

## **LETTING OF EDUCATIONAL ESTABLISHMENTS**

### **CONDITIONS OF HIRE**

1. In these conditions,
  - (a) "the establishment" means the school premises;
  - (b) "the Hirer" has the meaning defined at paragraphs 3 and 4 below;
  - (c) "the facilities" means the premises and/or equipment forming part of or belonging to the establishment which the Hirer has identified on his/her application form;
  - (d) "the responsible body" means the establishment's governing body, its management committee or any other body charged with responsibility for the use of its premises by the community;
  - (e) "the Authority" means the Somerset County Council.
2. All applications for the hire of the facilities must be in writing on the printed form.
3. The person signing the application form shall be deemed to be the Hirer and must be over 18 years of age.
4. Where the Hirer indicates that he or she signs the application form on behalf of any club or organisation, that club or organisation shall also be deemed to be the Hirer and shall be jointly and severally liable with the applicant for any breach or non-observance of these conditions.

Should there be any default of payment by that club, the person signing the form shall be deemed personally liable.

5. The facilities will be used solely for the event described on the application form. If this booking relates to a regular and continuing booking this one undertaking shall be binding for all occasions when the facilities are used.
6. The Headteacher, or his/her representative, may refuse admission to any person without giving any reason for doing so and may similarly require any person to leave the premises.
7. The Hirer will be responsible for the provision of all such information, instruction and supervision as is necessary to ensure the safety of any activity for which the facilities are used.
8. The behaviour of all persons attending at the establishment for this booking is the responsibility of the Hirer.
9. Neither the Authority nor the responsible body shall be liable for any loss or damage to any property arising out of the hire, nor any loss, damage or injury which may be incurred by or be done or happen to any person or persons using the centre during the hiring, arising from any cause other than the negligence of the Authority, its servant or agent.
10. The Hirer shall be responsible for all damage or loss to any fixtures, fittings, sports or other equipment or property occurring during the period of the hiring however and by whomsoever caused, together with any additional expenses and/or consequential losses arising from the damage or loss.
11. Details of the insurance arrangements which Somerset County Council is able to offer are attached. Hirers should consider and effect such cover by way of insurance they may deem necessary for risks not mentioned (eg, cancellation costs - see condition 18).
12. The Hirer must familiarise himself/herself with the emergency procedures for fire, first aid and accident reporting and carry them out to the best of his/her ability. Attach details.
13. The facilities must be clean and tidy and all equipment must be put back after use. If the facilities are not cleaned to the reasonable satisfaction of the caretaker the Hirer will be responsible for any payment necessary to have them cleaned and this sum will be added to the bill.
14. A qualified supervisor is present during all activities of a hazardous nature, ie, karate, trampoline, gymnastics, swimming, judo or where the hiring organisation is a youth group.
15. The Hirer is solely responsible for the adequacy, suitability and safety of all equipment brought on to the facilities.
16. It is the sole responsibility of the Hirer to obtain any necessary licence for the sale of drinks for the performance of plays and similar productions and for the playing of pre-recorded music.
17. The Hirer must ensure that there are sufficient stewards to prevent unauthorised persons from entering the facilities and to ensure that guests are restricted to the facilities and to the necessary means of access thereto.

18. It may be necessary for the establishment to cancel or postpone this hiring. In that event neither the Authority nor the responsible body shall be liable for any consequential loss that he/she may sustain.
19. The responsible body reserves the right to vary these conditions at any time without notice or to make special arrangements in any particular case.
20. Authority to accept or decline or postpone a booking shall rest with the Headteacher of the establishment or his/her representative whose decision shall be final.
21. The caretaker will be present to unlock the premises at the beginning of the hire and will lock up at the end. He/she will not be available during the period of the hire.
22. Payment will be made if possible in advance of the hire. If the hire is for a regular let the establishment will invoice the hirer on a termly basis.

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**YEAR PLANNER**

SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST
<b>SCHOOL</b>											
<p>Consider effects of actual September pupil numbers on funding for next year.</p>	<p>Data validity checks arrive at school.</p> <p>Estimating Your Year End Balance Return after month 6, look at outturn.</p>	<p>Prepare financial report for Governors. Monitor and update budget Review and update SDP.</p>		<p>Open New Year. Financial structure will be installed on SIMS FMS to enable budget planning.</p> <p>January pupil count will be base for funding allocation.</p> <p>Initial budget preparation.</p> <p>Estimating Your Year End Balance return after month 9, look at outturn (not all schools)</p>	<p>Prepare draft budget plans/proposals.</p> <p>Assess a likely carry forward and how these funds are to be used.</p> <p>Prepare financial report for Governors.</p>	<p>Section 52's sent to schools (final allocations)</p> <p>Final budget preparations including Blue Book Buyback</p> <p>School to put new budget on SIMS FMS</p> <p>Complete Budget Assumption Form to submit to the EFS</p> <p>Year end accruals completed and sent to EFS</p>	<p>New Financial Year starts</p> <p>Budget fixed</p> <p>Preliminary closure on SIMS FMS</p> <p>End of year petty cash/imprest reconciliation to be sent to EFS.</p>	<p>Review School Development Plan and cost out new projects.</p> <p>Close year &amp; complete CFR return, send to EFS.</p>	<p>Final closure of old year on SIMS FMS</p> <p>Submit a copy of the approved budget signed by Chair of Governors with the school's Best Value statement to EFS by 30<sup>th</sup> June.</p> <p>Complete Controls Assurance Statement (CAS)</p>	<p>Prepare termly financial report for Governors.</p> <p>Check centrally held staff budget is still reasonable allowing for September staff changes.(Local Payments only)</p>	<p>Summer holidays - have a break!</p>
<b>GOVERNORS</b>											
<p>Arrange for audit of unofficial school funds</p> <p>Review of the Governing Body structure working practices and procedures</p>	<p>Deadline for audit of unofficial funds is 31st October. Send return to LA</p>	<p>Termly governors meeting to consider financial reports - monitor, review and update budget</p> <p>Review SDP.</p>	<p>Prepare/update Finance Policy.</p> <p>Governors to check that annual inventory has been carried out.</p> <p>All committees to meet to discuss needs for next year's budget</p>	<p>Finance Committee meet with Head to discuss budget implications</p>	<p>Termly Governors meeting to consider financial report/s and estimate the carry forward.</p> <p>Finance Committee review draft budget proposals and links with SDP</p>	<p>Decisions to be made on buyback of Support Services (Blue Book) impacts of budget with Headteacher</p> <p>Governors meeting to approve the budget to ensure sufficient funds are available and plan expenditure of carry forwards. Clear link with SDP</p>	<p>New financial year starts</p>	<p>Update list of business interests for all staff</p> <p>Review SDP.</p>	<p>Submit a copy of the approved budget signed by Chair of Governors with the school's Best Value statement to EFS by 30<sup>th</sup> June.</p>	<p>Termly Governors meeting. Finance report on the old year and new year, finalise any decisions on the carry forward.</p> <p>Review pay policy for teachers and other staff.</p>	<p>Summer Holidays - have a break</p>
<p>One-off and additional considerations: Audit visits OFSTED inspections</p>		<p>Training/refresher training Change of Staff</p>									

The essential items for achieving the Financial Management Standard in Schools are as follows:-

**1. Leadership and Governance**

- 1.1 The staff and governors have a shared understanding of their own financial management roles, responsibilities and accountabilities and those of others
- 1.2 School governance arrangements ensure that Governors are able to fulfill their financial management roles, responsibilities and accountabilities properly
- 1.3 The Head teacher and Bursar (if in post) operate with financial integrity setting an example to governors and staff alike
- 1.4 The Governing Body has considered and signed a Controls Assurance Statement confirming that resources have been properly managed
- 1.5 The School has effective governance arrangements covering issues which include conflicts of interest and whistle blowing

**2. People Management**

- 2.1 The Governing Body includes individuals who are able to:
  - Be an effective "critical friend" on financial management issues
  - Provide strategic leadership on financial management issues
  - Ensure financial management accountability
- 2.2 The staff with financial management responsibilities include individuals who are organised in a way that enables them to:
  - Provide a strategic view
  - Ensure accountability requirements are met
  - Facilitate the effective operation of financial processes

**3. Policy and Strategy**

- 3.1 The school has an annual budget that:
  - Is realistic and affordable in relation to available resources and cash flows
  - Is approved by Governors on a timely basis
  - Reflects the school development plan
  - Is consistent with longer term financial plans (including recovery of deficits or saving up for future developments)
- 3.2 The governors and the staff have compared the School's financial performance with that of similar schools, examined reasons for differences and taken action where necessary

**4. Partnerships and Resources**

- 4.1 The Local Authority and the school have agreed their respective financial management roles and responsibilities
- 4.2 The school has procurement arrangements in place to secure value for money from all suppliers including the Local Authority and outside contractors

**5. Processes**

- 5.1 The financial management information provided to governors and staff meets their needs by being:
  - Relevant
  - Accurate
  - Timely
  - User friendly
- 5.2 The school provides the Local Authority with accurate and up to date information in accordance with the Local Authority's needs
- 5.3 The school complies with Consistent Financial Reporting requirements on a timely basis
- 5.4 The school has up to date, documented and approved financial regulations that are implemented consistently
- 5.5 The school has up to date, documented and approved detailed financial procedures that are tailored to the school's needs and implemented consistently
- 5.6 The school maintains proper accounting records throughout the year
- 5.7 The governors and staff have evidence that there is effective control over:
  - Financial management system
  - Income received
  - Payroll
  - Purchasing
  - The banking system
  - Petty cash holdings and payments
  - Taxation system
  - Voluntary funds
  - The School's assets

## A Specimen Statement of Internal Control For Schools

- 1 This statement relates to the Internal controls for (***Insert Name .....***) school for the 12 months from (***date. . . .***) to (***date signed. . . .***). The governing body is responsible for ensuring that the school:
  - keeps proper accounting records during the year which will disclose, with reasonable accuracy and at any time, the financial position of the school, have been drawn up in accordance with the DfES' (CFR) guidelines, and will enable it to prepare an annual income and expenditure statement that complies with DCSF guidelines
  - maintains and operates an effective system of internal control to safeguard all the resources delegated, granted or otherwise entrusted to the school and ensure they are used cost effectively
  
- 2 The system of internal control has been developed and is coordinated by the head teacher. It aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly
  
- 3 Our review of the effectiveness of the systems of internal control is informed by:
  - our regular scrutiny of financial and other performance monitoring data
  - regular reports from the head teacher and other managers to the governing body
  - the most recent report of the school's internal auditor dated (***insert date of last report***)
  - our most recent self-evaluation of the internal controls undertaken (***insert date***)
  
- 4 We are, therefore, satisfied that the internal control systems in operation at the school during the year were adequate and effective (***except for:***
  - ***List any notable weaknesses here i.e. those rated as requiring remedial action as a high priority***
  
- 5 We propose over the coming year to take the following steps to address the weaknesses noted above. (***This paragraph should provide either brief details of the action taken, or proposed, to rectify weaknesses in the system of internal control, or a short explanation of why corrective action has not been considered necessary.***)

By order of the Governing Body of (Name) School

(Signed) \_\_\_\_\_ Dated \_\_\_\_\_  
(Head Teacher)

(Signed) \_\_\_\_\_ Dated \_\_\_\_\_  
(Chair of Governing Body)

(Signed) \_\_\_\_\_ Dated \_\_\_\_\_  
(Chair of Finance Committee of the Governing Body)

**Note:** The sections in brackets and (*Bold / italics*) need tailoring to reflect the schools particular circumstances

Appendix 2

### Statement of Internal Control - Pre-Certification Checklist for Governors

The Statement of Internal Control (SIC) is designed to accompany the DCSF Consistent Financial Reporting (CFR) Return and Financial Summary, and so relates to the same completed financial year. The internal controls it refers to are those required as best practice by the Financial Management Standard in Schools (FMSiS).

The issues for governors and the head teacher to consider before authorising their representatives to sign the SIC fall into two categories:-

- Specific actions and more general control processes that should have occurred during the financial year in question; and
- Specific actions needed after the year end when the CFR Return is available.

The questions are split into these two categories for ease of consideration. That consideration is probably best achieved as a group, perhaps at the finance committee meeting that approves the CFR Return, and needs to be formally recorded. The questions are structured so that:-

- A “yes” answer to every question would allow the SIC to be signed without any amendment; and
- A “no” answer to any question will require either further action or explanation in the SIC.

<b>Controls that should have operated during the financial year</b>		
<b>Question</b>	<b>Agreed Yes or No</b>	<b>Implication of the Answer</b>
Did we set the school budget in line with the priorities detailed in the school development plan either before the beginning of the financial year (1 <sup>st</sup> April) or as soon as possible thereafter?		If <i>yes</i> , no action. If <i>no</i> , paragraph 4 should disclose this weakness. Paragraph 5 should explain the steps being taken to ensure next year's budget is set on time and reflects the school's priorities.
Did we see regular reports on the school's financial position during the year, did the head teacher and bursar answer all the questions raised with them and were we satisfied that materially accurate records have been maintained throughout the year? (Regular in this context would refer to termly reports as a minimum and possibly more frequent in larger schools.)		If <i>yes</i> , no action.  If <i>no</i> , paragraph 4 should disclose the inadequate base financial records as a weakness. Paragraph 5 should explain the steps being taken to rectify the position.
Did we take appropriate action on all significant matters raised in reports from the internal auditor?		If <i>yes</i> , no action. If <i>no</i> , ensure this decision is justified. If, after reflection, it is considered that some action needs to be taken, describe this briefly in paragraph 5.
Did we review a risk assessment and taken appropriate steps to manage the risks identified including the introduction of internal controls and/or external insurance cover where required?		If <i>yes</i> , no action. If <i>no</i> , the need to conduct a comprehensive risk assessment should be noted in paragraph 4. Paragraph 5 should explain the steps being taken.

Question	Agreed Yes or No	Implication of the Answer
<b>Control activities required after the end of the financial year</b>		
<p>Has the head teacher confirmed that he/she has seen a reconciliation of the school's base financial records with the latest CFR Return (either prepared from the school's own system or by the local authority) and Financial Summary that shows they are:</p> <ul style="list-style-type: none"> <li>• a complete record of the School's transactions for the year and that the two documents are consistent with each other?</li> <li>• based on financial records that have met the requirements of the DfES' Consistent Financial Reporting (CFR) framework?</li> </ul>		<p>If <i>yes</i>, no action.</p> <p>If <i>no</i>, to the first question, make arrangements for the head teacher to complete/review the reconciliation before the SIC is signed and published.</p> <p>If <i>no</i> to the second question, the non-compliance should be noted at paragraph 4 as a weakness. Paragraph 5 should explain the steps being taken to rectify the position.</p>
<p>Have we received a report from the internal auditor giving us assurance that the systems of internal financial control operated satisfactorily during the year?</p> <p><b>OR</b></p> <p>Have we undertaken a thorough self-evaluation of the internal control systems in operation during the year and did not find any weaknesses that needed to be addressed as a high priority?</p>		<p>If <i>yes</i> to either question, no action.</p> <p>If <i>no</i> to both questions, either:</p> <ul style="list-style-type: none"> <li>• delay signing the statement until you have received the report or undertaken the self-evaluation</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• if the report or the self-evaluation has identified weaknesses that need to be addressed as a high priority, list them at paragraph 4 and briefly explain in paragraph 5, the action planned to rectify them.</li> </ul>
<p>Are we confident that there are no significant litigation, liabilities or commitments that have arisen after the year-end, and are not referred to or accounted for in the published financial summaries?</p>		<p>If <i>yes</i>, no action.</p> <p>If <i>no</i>, consider if the accounts need adjusting in order to be complete, or whether a Contingent Liability or Gain disclosure note should be added and the Local Authority Finance Department informed.</p>
<p>Have we been advised that there has been no actual or potential non-compliance with laws, regulations and codes of practice that could reduce the school's ability to meet its objectives or cause the school to incur a financial loss, and is this supported by our own knowledge of the school and its activities?</p>		<p>If <i>yes</i>, no action.</p> <p>If <i>no</i>, add the appropriate disclosure notes to the income and expenditure account before it is signed and published.</p>

**Notes:**

- Given the s151 officer has ultimate responsibility for the internal control systems of the whole authority it will be necessary to report the details of any "No" answers to him or her or more realistically to a representative of the s151 Officer.
- The completed internal controls self-evaluation should be copied to the Local Authority internal audit section to inform its risk assessment and audit planning processes.