



**BYRCHALL**  
HIGH SCHOOL

## **Financial Procedures 2021**

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## INTRODUCTION

### 1.1 Purpose of this Manual

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

1.1.2 Producing such a document also provides the following benefits:

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

### 1.2 Who should Read It?

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

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

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

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

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

### 1.3 Access to the Schools Financial Procedures Manual

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

## **2. FINANCIAL MANAGEMENT AND RESPONSIBILITY**

### **2.1 Financial Management & Controls**

2.1.1 The Trust Board is responsible for the financial management and control of the BHS budget, and compliance with the Academies Handbook and the local authorities Financial Regulations.

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

### **2.2 Delegation of Authority**

2.2.1 In practice, and in order for the Trust Board and BHS to operate effectively, Trustees will delegate authority to a Committee, an individual Governor, Headteacher or nominated personnel. To delegate authority to a Committee the Trust Board must establish 'terms of reference' for that Committee. To delegate authority to an individual Governor or the Headteacher or nominated personnel, the Trust Board must establish a 'schedule of delegation'.

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

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

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

### **2.3 Outline of Responsibilities**

2.3.1 The Trust Board will:

- Give strategic direction to the annual budget.
- Approve the annual budget.
- Approve the School Profile statement (staffing structure).
- Approve budget transfers (virements) of over £75,000.
- Authorise the disposal of assets with value of over £5,001.
- Approve the school's charging policy for lettings and other income.
- Ensure that there is a regularly updated Register of Business Interest.
- Authorise tenders / expenditure in excess of £40,000.
- Ensure that the school's Asset Register is kept up-to-date and reviewed at least once a year.

### 2.3.2 The Finance and Audit Committee will:

- Consider the annual budget and make budget recommendations to the Trust Board.
- Consider the School Profile statement (staffing structure) and make recommendations to the Trust Board.
- Approve budget transfers (virements) of between and £50,001 - £75,000.
- Monitor and control the budget; receive audit reports and ensure action plans are implemented.
- Consider the charging policy for lettings and other income.
- Authorise the disposal of assets with value of between £1,001 and £5,000
- Ensure that there are adequate internal financial controls.
- Authorise contracts between £15,001 - £40,000.

### 2.3.3 The Headteacher will:

- Prepare the annual budget.
- Prepare reports to the Trust Board and Finance and Audit Committee for consideration and or approval, including termly financial monitoring reports to the Committee.
- Prepare the School Profile statement (staffing structure).
- Approve budget transfers of no more than £50,000.
- Prepare budget virement (transfer) requests for Finance and Audit Committee or Full Trust Board consideration.
- Ensure spending remains within approved budget limits and budgeted income is received.
- Receive audit reports and develop action plan to implement recommendations.
- Develop/review charging policy for lettings and other income.
- Authorise contracts up to £15,000.
- Ensure that there are adequate internal financial controls are in operation and that they are documented.
- Authorise the disposal of assets up to a value of £1,000.

### 2.3.4 The Academy Business Manager will, under the direction of the Headteacher:

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

## 2.4 Tenders

Tenders must be sought by the academy for contracts, goods or services over *£40,001\**



2.4.1 If in exceptional circumstances it is deemed that the rules cannot be adhered to, an exemption must be obtained in accordance with section 2.5. Exemptions will be formally recorded and approved by the Trustee's.

## 2.5 Exemptions to Tendering

2.5.1 These Rules are mandatory but in limited circumstances, it may be necessary to seek an Exemption from these Rules. Any such Exemption should be obtained prior to the procurement activity.

2.5.2 An Exemption cannot be given where this would contravene the Regulations, or any other legislation.

2.5.3 Exemptions will only be considered in exceptional circumstances. Examples of circumstances which may be considered exceptional could include the following:

- (a) Proprietary or patented goods or services are proposed to be purchased which, in the opinion of the Headteacher / Academy Business Manager, are only obtainable from one person and it can be demonstrated that no reasonably satisfactory alternative to those proprietary or patented goods is available; or
- (b) The Headteacher / Academy Business Manager can demonstrate that no genuine competition can be obtained in respect of the purchase of particular Goods, Services or execution of Works; or
- (c) The Headteacher / Academy Business Manager is satisfied that the Services or execution of Works are of such a specialist nature that they can only be carried out by one person (e.g. statutory undertakers); or
- (d) Goods are proposed to be purchased by or on behalf of the School at a public auction; or
- (e) Goods or Services are proposed to be purchased which are of a specialist or unique nature (such as antiquities for museums or a particular performance artist); or
- (f) Repairs or parts if the only option is to repair or buy new parts for existing equipment or buildings, and there is only one supplier; or
- (g) To comply with legal requirements; or
- (h) The Contract is for Goods, Services or the execution of Works which are required in circumstances of extreme urgency for example where immediate repairs are required to buildings, structures and other assets damaged by fire, bad weather or vandalism; or
- (i) The provision of a service urgently required due to the failure of a Contractor through unsatisfactory performance or the appointment of an administrator receiver or liquidator to administer its affairs. The Contract should be re-let at the earliest opportunity in compliance with these Rules; or
- (j) Where an extension for a particular period can be justified, for example where a Service review includes the intention to co-terminate relevant Contracts within a reasonable period; or
- (k) The direct award to a contractor under a framework agreement where this is permitted in accordance with the terms and conditions of the framework.

## **2.6 Procedure for Exemptions**

- 2.6.1 To apply for an Exemption the Headteacher / Academy Business Manger should complete an Exemption Form and submit this to the Trustees for consideration. The Exemption Form must then be approved by the Trustees and signed by the Chair of Trustees.

The Exemption Form is included at Appendix 1; page 42

- 2.6.2 The Headteacher / Academy Business Manger must ensure that the Exemption Form provides full details of the request and any supplementary documentation to support the request.
- 2.6.3 No commitment should be made to a potential Contractor prior to authorisation.
- 2.6.4 The minutes of the meeting at which the Exemption is considered should record details of the Exemption and Trustees approval. A copy of the completed and signed Exemption Form should be retained by the Academy.
- 2.6.5 In circumstances of urgency, the Chair of Trustees may authorise an Exemption in writing prior to the Trustees Meeting. In such instances, the completed Exemption Form must be presented to the next Trustee Meeting for information.

## **2.7 Summary of Delegated Authorities**

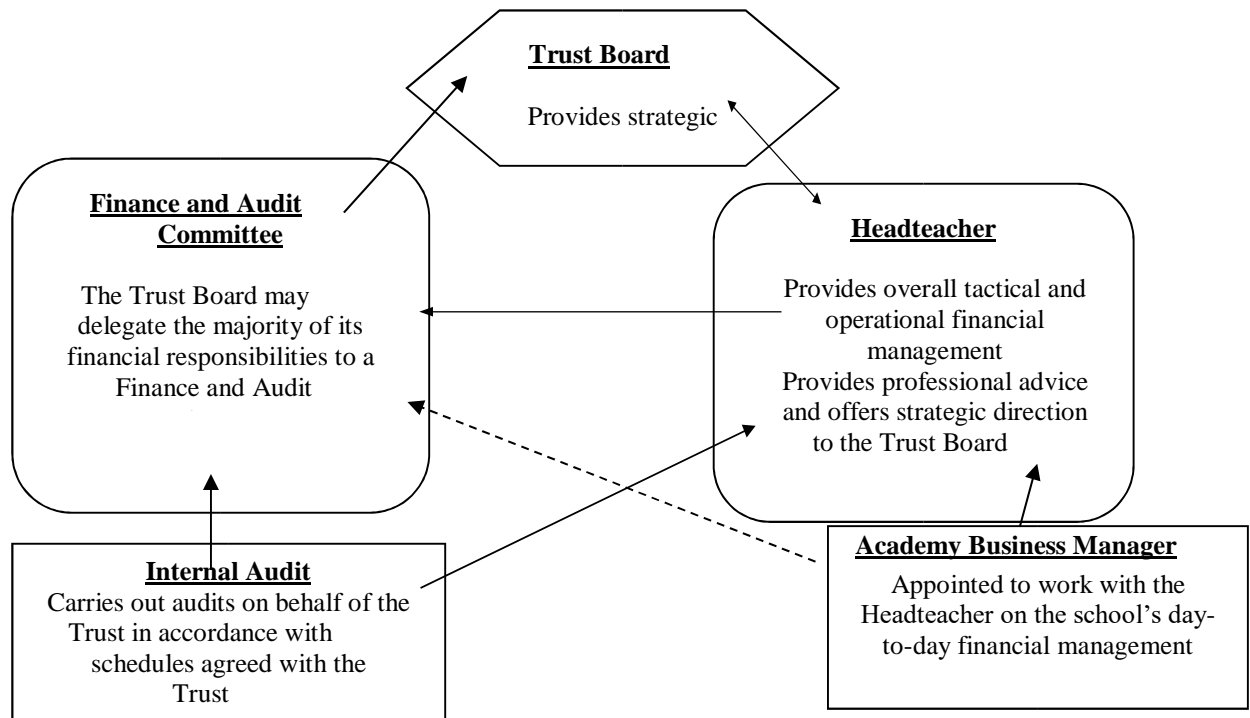
- 2.7.1 The following table summarises the levels of financial authorities delegated by the Trust Board.

## 2.7.2 Scheme of Financial Delegation:

Delegated Duty	Value	Delegated Authority	Method
Ordering Goods and Services (raising requisitions)	Up to £1,000	Budget Holder	Selection from preferred supplier list unless agreed otherwise with the Academy Business Manager
	£1,001 to £5,000	As above plus The Academy Business Manager	Minimum of three quotes required for goods over £5,000
	£5,001 to £15,000	As above plus Headteacher	
	£15,001 to £40,000	As above plus Finance and Audit Committee	
	Over £40,001	The Trust Board	Formal tendering process, including; if relevant advertising in OJEU (if over the OJEU threshold)
	Authority to accept other than lowest quotation or tender	Finance Committee: Quotes Tenders: Trustees	
Signatories for cheques, BACS payment authorisations and other bank transfers	Any	One of the following two signatories, by agreement with the Headteacher: <ul style="list-style-type: none"> <li>○ Deputy Headteacher's</li> <li>○ Academy Business Manger</li> </ul>	
Signatories for DFE grant claims and DFE returns	Any	The Headteacher or nominated deputy from: <ul style="list-style-type: none"> <li>○ Deputy Headteacher's</li> <li>○ Academy Business Manager</li> </ul>	
Transfer of budget provision (Virements) between budget heads	Up to £50,000	Headteacher, reporting to the Finance and Audit Committee	
	£50,001 to £75,000	The Finance and Audit Committee, reporting to The Trust Board	
	Over £75,000	The Trust Board	
Disposal of assets	Up to £1,000	Headteacher	
	£1,001 to £5,000	Finance and Audit Committee	
	£5,001 and above	The Trust Board	
Write-off of bad debts	Up to £500	Headteacher	
	Over £501	The Trust Board (Note: DFE approval may be required)	
Purchase or sale of any freehold property	Any	DFE approval required	
Granting or take up of any leasehold or tenancy agreement exceeding three years	Any	DFE approval required	
Raising invoices to collect income	Any	Academy Business Manager	

## 2.8 Organisational Structure of BHS

The chart below shows BHS organisational structure; the arrows represent the general lines of reporting:



## 2.9 Internal Controls

2.9.1 The Trust Board must ensure that there are adequate internal controls in place.

There are a number of controls that should be applied by the Trust Board (in practice through the Headteacher) to ensure that the risks of error or fraudulent activity are minimised:

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

## 2.10 Register of Business Interests

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

- 2.10.2 In accordance with the Academies Handbook, the Trust Board is required to establish and maintain a register, which lists, for each member of the Trust Board and the Headteacher, any business interests which they or any member of their immediate family have.
- 2.10.3 In addition to the Headteacher, key staff (Deputy Headteacher, Academy Business Manager, Premises Manager) and all Trustees, it is good practice for all staff who make or influence procurement decisions to have their own and their immediate family's business interests added to the register.
- 2.10.4 The register must be kept up-to-date by the Headteacher notifying the Trust Board of changes. The Headteacher must ensure that the register is reviewed at least annually.
- 2.10.5 The register must be available for inspection by Trustees, staff, parents and the HLT/LBH and be published on the school website.
- 2.10.6 Where a Governor or Headteacher has no business interests, this should also be recorded on the register.

## **2.11 Trustees' Allowances**

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

## **3. ORDERING & PURCHASING**

### **3.1 Effective Procurement and Value for Money**

- 3.1.1 BHS seeks to achieve efficiencies and value for money in the goods and services they procure, to optimise the use of their resources and to invest in teaching and learning, taking into account the purchasing and contracting requirements herein set out.
- 3.1.2 The Headteacher and Trustees have determined at school level how to secure optimum value for money. There are significant variations in efficiency between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to be more efficient.
- 3.1.3 Quality - the most critical element of any procurement is ensuring that we purchase a fit for purpose good or service. For higher value procurements (those over £1,000) there should be a specification that outlines exactly what is needed (if applicable). It is important to consult widely, taking comments from all those who may be affected by the procurement, as what you think is needed or what has been purchased before may not still be what is required. Ensure that the item or service you are buying is of 'sufficient' quality to meet the BHS needs.

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

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

## 3.2 Expenditure Limits

3.2.1 BHS obtains prior approval from the Trust Board for all expenditure above the delegated authority given to the delegated personnel, Headteacher or Finance and Audit Committee.

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

3.2.3 No specific number of quotations is required for purchases totalling less than £5,000, although the school should be able to demonstrate value for money. An official order must be however be completed.

3.2.4 Three or more written quotations are required for purchases totalling between £5,001 and £40,000. An official order must be completed.

3.2.5 Three or more written quotations or tenders are required for all expenditure above £40,001. An official order must be placed.

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

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

### **3.3 Single Tender Action**

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

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

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

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

### **3.4 Leasing**

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

3.4.2 The features of an operating lease are:

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

3.4.3 Schools should not roll over leases (i.e. settle a lease part way through the minimum term and refinance the settlement value under the new lease). In these cases, the

current lease is terminated and the settlement cost of this will be rolled over into the new rental agreement. The new rental contract will include the capital cost of the new equipment, the settlement from the previous contract (capital and interest) and the interest on the total amount of finance being provided under the new lease. This means the school is paying compound interest and the cost of the liability can quickly escalate.

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

### **3.5 Public Procurement Regulations**

3.5.1 Strict rules apply to all public bodies (including schools) spending. From January 2021, the threshold for supplies and services was £189,330. Capital works have a higher threshold of £4,733,252. The threshold applies to the contract value, not the annual value of the contract, so a three-year contract with an annual value of £70,000 would be subject to the regulations.

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

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

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

### **3.6 Framework Agreements**

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

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

3.6.3 Frameworks can offer the following benefits to school:

- Saves time as the competitive tendering procurement has already been carried out



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

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

### **3.7 When Quotation Accepted is not the Lowest**

3.7.1 Sometimes it is advisable not to accept the lowest quotation received. In these circumstances, BHS must report the reason for the decision to the Trust Board and include it in the minutes of the relevant meeting.

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

### **3.8 Agreements with Capital Implications**

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

### **3.9 Purchase Orders**

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

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

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

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

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

### 3.10 Authorising Orders

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

3.10.2 BHS records staff authorised to sign off orders on PS FINANCIALS, indicating what they are entitled to order and the budget(s) against which they are entitled to order.

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

3.10.4 Orders should be passed through to the Finance Team. The Finance Team will:

- record it as on the PS FINANCIALS (thus raising a commitment entry).
- send an official order to the supplier.
- retain a copy on file.

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

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

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

3.10.8 Orders should include the following details:

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

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

### **3.11 Orders Entered as Commitments on Budget**

3.11.1 When orders are entered onto PS FINANCIALS, the system generates a commitment. The commitment outstanding reduces or is eliminated once the invoice is received and entered onto the system.

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

### **3.12 Payroll Contractors**

3.12.1 BHS has a contract with APS to provide payroll services.

### **3.13 Self-employed Contractors**

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

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

3.13.4 To find out if someone is employed or self-employed, BHS uses the Inland Revenue's website: [www.hmrc.gov.uk/employment-status](http://www.hmrc.gov.uk/employment-status) If in doubt, advice would be sought from the Inland Revenue.

### **3.14 Construction Industry Scheme (CIS)**

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

### **3.15 Receiving Goods and Services**

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

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

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

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

### 3.16 Returning Goods

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

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

### 3.17 Payments & Invoices

3.17.1 Payment should be made within the agreed payment terms and only when a proper invoice has been received, checked, coded and certified for payment.

3.17.2 Under the Late Payment of Commercial Debts Regulations 1998, businesses are able to claim interest on invoices that are paid late, at a rate of 8% above the base rate, plus a compensation fee.

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

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

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

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

- be aware of both existing and new suppliers' payment terms.
- have arrangements in place to ensure that invoices can be paid within the payment terms during school holidays.
- have procedures in place to deal with faulty goods, including arrangements with suppliers that interest will not be charged on the cost of these goods and

that they (the supplier) are responsible for rectifying faults before any invoice is payable.

3.17.6 Invoices should be recorded on the PS FINANCIALS and matched to orders raised on the system, before being passed to the relevant budget holder for authorisation.

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

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

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

3.17.9 The School Business Manager (not the person who signed the order or checked the receipt) should certify invoices for payment.

3.17.10 A list of names and sample signatures of authorised signatories is held by BHS.

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

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

3.17.13 Once paid, all invoices should be:

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

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

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

- The latest meter readings on the invoice should be verified and entered in a register.

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

### **3.18 Pre-payments**

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

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

### **3.19 Supplier Queries**

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

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

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

### **3.19.3 Copy Invoices**

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

### **3.20 Credit Notes**

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

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

### **3.21 BACS/ Cheque Payments**

3.21.1 The Trust Board has authorised the use of BACS payments to suppliers having considered this payment method and the appropriate controls over usage.

3.21.2 The BACS option should be used where possible as it provides a more secure route for payment and reduces the potential for fraud. It is recognised that some suppliers will continue to require payment by cheque but these will reduce over time.

3.21.3 The Finance Team produces the BACS reports to be signed by an official signatory (cheque signatory). The Finance Team produces an audit trail report to confirm there are no changes to the supplier details since BACS report were run. The second signatory signs the BACS report and audit trail, and authorises the BACS payment to be made. All reports are kept together for audit purposes. The two signatories then sign in and approve the BACS transactions using passwords and PINS.

## **4 INCOME & COLLECTION**

### **4.1 General**

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

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

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

4.1.3 BHS retains all income generated.

### **4.2 Charging Policy**

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

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

### **4.3 Debt Management**

4.3.1 The Trust Board has a policy for the collection of any monies due BHS.

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

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

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

4.3.4 BHS operate a debtors' control account through Parent Pay in order to record all accounts issued and monies received.

4.3.5 The debtors' accounts include details of the methods and place of payment available, namely:

- At the school in the form of cash, cheque or postal order.
- By return of post by cheque or postal order.
- Online via Wise Pay.
- Bank Transfer

4.3.6 BHS regularly reviews outstanding debts and ensures that debt recovery is being actively pursued.

4.3.7 If an account remains unpaid after a reminder has been issued, further action may be required. If the debt is from an external source, it may be pursued by taking legal action if sufficient reminders have not resulted in payment. In such cases, the school may seek legal advice on how to proceed.

#### **4.4 Debt Write Off**

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

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

4.4.2 Where the Headteacher proposes to write off a debt approval must be sought from the Trust Board unless less than £500. Debts written off should be reported for information to the Trust Board.

4.4.3 The Headteacher's authority to write off debts is £500.



## **5 PETTY CASH**

- 5.1** The petty cash imprest account will be operated by the FA. All cash will be kept in a secure place when not in use. The imprest holder will balance the petty cash account each week. The AO, or other nominated person, will be responsible for carrying out no fewer than 6(six) independent checks per annum on the account.
- 5.2** All cheques will require two signatures.

## **6 AUDIT & FINANCIAL REPORTING**

### **6.1 Financial Reporting**

- 6.1.1 BHS regularly reports their financial positions to Trustees.
- 6.1.2 BHS regularly reports to budget holders.

### **6.2 Budget Plans**

- 6.2.1 BHS submits a draft budget plan to the board and a final approved budget by 31st July each year. The plan is balanced (or shows a surplus) and include the expected closing balance from the preceding financial year.
- 6.2.2 BHS presents Trustees with budgets 3 year plan including the current financial year.
- 6.2.3 When presenting the forthcoming financial year budget for approval, Trustees will be asked to note future year budgets. Both actions should be minuted.

### **6.3 Financial Reporting to Trustees**

- 6.3.1 BHS provides financial monitoring reports to Trustees monthly. The information reported is:
- Current budget.
  - Spend-to-date.
  - A comparison of spend against budget.
  - A commentary (written or verbal) explaining variances and seeking approval to make budget changes, as appropriate. Any verbal commentary is minuted.
- 6.3.2 BHS also provides a forecast of the year end position and last year's outturn, for comparison.

## **6.4 Bank Reconciliation**

6.4.1 A Bank Reconciliation is the reconciliation of the BHS accounting system (PS FINANCIALS) to the school's bank transactions (bank statement). It is a key financial control.

6.4.2 BHS performs bank reconciliation monthly.

6.4.3 The bank reconciliation statement comprises three documents:

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

6.4.4 Both the reconciled items list or balance document and the un-reconciled items list are taken directly from PS FINANCIALS.

## **6.5 Reconciled Items**

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

## **6.6 Un-reconciled Items**

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

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

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

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

## **6.7 Completing a Bank Reconciliation**

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

6.7.2 System reconciled items and un-reconciled items reports are produced from PS FINANCIALS.

## 6.8 Capital Expenditure

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

- meet the capital criteria as defined in the Consistent Financial Reporting Framework issued by the DfE.
- comply with the following definition, drawn from the Chartered Institute of Public Finance and Accountancy (CIPFA), who define capital expenditure as:
  - The acquisition, construction, preparation, enhancement or laying out of land.
  - The acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
  - The acquisition, installation or replacement of moveable or immovable plant, machinery, apparatus, vehicles and vessels.
  - Be above a predetermined minimum value (known as the de minimums level) - currently £1,000.

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

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

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

## 6.9 Capital Funding Restrictions

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

## 6.10 Whistle Blowing

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

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

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

## **6.11 Reporting Fraud**

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

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

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

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

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

## **6.12 External Audit**

6.12.1 External auditors are appointed by the Trustees to audit BHS'S Annual Statement of Accounts.

6.12.2 BHS is required, in accordance with the Academies Handbook, to give both internal and external audit access to the school's records at all reasonable times.

## **6.13 Internal Audit**

6.13.1 The Trustees maintains an internal audit function. In accordance with the Academies Handbook, they carry out regular compliance audits of all schools to ensure that adequate systems of control are in place and are being adhered to.

6.13.2 Audit will assess the compliance with procedures on the secure and efficient operation of bank accounts and provide advice on accounting records and

procedures, and review systems to assist in preventing and detecting fraud or irregularities.

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

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

#### **6.14 Retention and Disposal of Documents**

6.14.1 Confidential waste is disposed of by shredding or other appropriate method.

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

6.14.3 Cancelled cheques are retained, clearly marked 'CANCELLED'.

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

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

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

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

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

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

## **7 ASSET MANAGEMENT**

### **7.1 Introduction**

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

### **7.2 The Asset Register**

7.2.1 BHS maintains an Electronic Asset Register of items held by the school that the Trust Board deems to be valuable and/or subject to an insurance claim.

7.2.2 The asset register includes the following information:

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

7.2.3 The Asset Register is held on an appropriate system.

7.2.4 Acquisitions and disposals are recorded on the register at the time of acquisition or disposal and reported to the Trust Board.

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

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

### **7.3 Loaning Assets**

7.3.1 An asset can be loaned to staff; BHS keeps a log of such loans.

## 7.4 Disposing of Assets

7.4.1 The Trust Board may dispose of assets through sale, donation or scrapping.

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

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

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

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

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

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

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

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

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

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



## 7.5 Obsolete Assets

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

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

## 7.6 Retention of Disposal Documentation

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

7.6.2 The following documentation is retained:

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

## 7.7 Security – General

7.7.1 The Trust Board is responsible for the security of the school's assets.

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

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

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

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

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

- Establish the position related to insurance before the assets are taken off site.

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

## 7.8 Computer Security and Protection

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

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

## 7.9 Protecting Hardware

7.9.1 The main dangers to hardware are:

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

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

- Labelled with a unique asset number.
- Entered onto the asset register with their serial numbers.
- Correctly positioned.

7.9.3 If possible, the machines should also be:

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

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

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

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

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

## 7.10 Protecting Software

7.10.1 The main dangers to software are:

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

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

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

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

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

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

7.10.6 Passwords should be:

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

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

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

- Give all users proper written instructions on how to use the system.

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

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

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

## 7.11 Unauthorised Use of Software and Data Protection

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

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

7.11.3 Unauthorised copying of software is illegal under copyright.

## 7.12 Internet Usage

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

## 7.13 Computer Printouts

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

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

7.13.3 Confidential waste must be shredded.

## 8. INSURANCE AND RISK MANGEMENT

### 8.1 Risk Management

8.1.1 The academy have in place a Strategic Risk Assessment which considers the following risks:

- Financial
- Strategic
- Reputational
- Operational, and
- Compliance

Other risk which are considered within the academy are:

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

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

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

## **8.2 Business Continuity & Emergency Planning**

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

## **8.3 Purchasing Insurance Cover**

8.3.1 BHS is part of the DfE's Risk Protection Agreement

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

## **8.4 Making Insurance Claims**

8.4.1 Claims via RPA

## **8.5 Dealing with claims against you**

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

8.5.2 In any claim against you:

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

## **8.6 Record Keeping**

8.6.1 BHS ensures that:

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

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

## **9. SCHOOL JOURNEYS**

### **9.1 Voluntary Contributions, Charging & remissions Policy**

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

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

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

- 9.1.4 Where a charge for residential accommodation is made (e.g. for a trip abroad, or a residential centre) the charge cannot include the cost of transport, as this is legally deemed incidental to the education. However, voluntary contributions can be requested to cover the cost of the transport element. Any letters to parents setting out the cost of residential trips must clearly distinguish between the chargeable element and the voluntary contribution required. It is good practice to provide parents with a breakdown of how the cost per child has been calculated.
- 9.1.5 Where the trip takes place outside normal school time, a charge may be made, in accordance with the approved Trust Board charging policy.
- 9.1.6 BHS assesses whether or not a trip is viable, and set budget targets for remissions or subsidies that will be chargeable to the school budget share.
- 9.1.7 If the money collected is less than the expenditure incurred on a visit, the trust Board may subsidise any shortfall from the budget allocation. It may also meet shortfalls by fund raising or other voluntary contributions. Any funds must be treated as income and accounted for through the school budget.
- 9.1.8 No profits are made from BHS visits and journeys.
- 9.1.9 All income and expenditure in connection with a particular trip is accounted through the school's disbursement account

## **9.2 Recording Receipts and Payments**

- 9.2.1 All Monies collected with regard to visits are processed through Wisepay, if payments are in cash, money is kept in the school safe and banked promptly.
- 9.2.2 Officers responsible for collecting school trip money will create a collection register through Wisepay.
- 9.2.3 The collection register on Wisepay will clearly show the names of the children going on the trip, and the amount to be collected.
- 9.2.4 Responsible officers will issues a receipt for cash payments. Cash received will be recorded on Wisepay against the register.
- 9.2.5 Refunds should be made only on receipt of a request from the parent, countersigned by the officer in charge of the trip.
- 9.2.6 When cash is collected the Finance Team should check that the amount being handed in for banking is a true record, and provide the officer who administered the collection with a receipt.
- 9.2.7 School income for educational trips is paid into the school's disbursement account.
- 9.2.8 The Headteacher ensures that adequate insurance is taken out prior to the start of the trip.

## **10 SCHOOL BANK ACCOUNTS**

### **10.1 Introduction**

10.1.1 BHS operates a bank account. The framework under which school bank accounts must operate is set out in the Academies Handbook.

### **10.2 Responsibilities of Governing Bodies**

10.2.1 The Trust Board is responsible, under the provisions of the Academies Handbook, for ensuring that Schools operate within their delegated budget.

### **10.3 Responsibilities of Schools**

10.3.1 BHS is responsible for:

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

10.3.2 Any breach of banking terms must be reported immediately by the Headteacher to the Trustees.

### **10.4 Funding and Income Paid into the Bank Account**

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

- Advances made by ESFA of the school's delegated budget.
- VAT reimbursements sent by HMRC.
- Any income generated by activities funded from the school's delegated budgets and extended school activities funded from other sources, e.g. miscellaneous sales, including contributions towards school expenditure received from the parents Teacher Association.

### **10.5 Operating School Bank Accounts – Expenditure**

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

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



- 10.5.3 BACS/Cheques are signed in manuscript by two authorised signatories. Facsimile signatories and rubber stamp signature are not acceptable.
- 10.5.4 Blank cheques must not be pre-signed under any circumstances and should be held securely at all times.
- 10.5.5 Cheques that are spoiled during issue must be clearly marked 'cancelled' and retained with their counterfoil, for audit purposes.
- 10.5.6 BACS runs must not exceed £50,000. Before running the BACS payment, it must be signed by two authorised signatories.
- 10.5.7 The Finance Team uploads payments onto Bankline.
- 10.5.8 Only the Headteacher, Deputy Headteacher or School Business Manager can authorise payments on Bankline.
- 10.5.9 Once authorised, a Bankline payment should be printed for each individual payment.
- 10.5.10 Each BACS payment is stored with the invoices, signed BACS reports and Bankline print out.
- 10.5.11 All cheques, including cancelled and returned cheques, are printed and processed through PS Financials.

## **10.6 Funding – School Budget Share**

- 10.6.1 The amount to be advanced to schools is the total budget share for each particular school, comprising:
- The delegated budget.
  - Standards Fund allocations.
  - School Standards Grant.

## **11 VAT**

### **11.1 Introduction**

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

All contracts shall comply with the Academies Financial Procedures, and no exception shall be made, with out the express permission of the Trustees. Every proposal for making any such exception shall be subject of a report to the Trustees detailing the urgency and / or rationale for the request.

Express note of any exception from any of the provisions of the Academies Financial Procedures shall be recorded within the Minutes of the relevant Trustees meeting.

**Officer Making the Request:**

**Name:**

**Position:**

**Extension:**

**Date of request:**

**Nature of Contract:** (include leas / contractor details, items/services to be provided, estimated value, expected duration)

**How was this particular contractor selected?**

**Reasons why obtaining 3 written quotations / tendering process is not practicable and in the academies interest:**

**Further information (if required):**

**Agreed by Chair of Trustees:**

**Date:**