



Great Sankey High School

Financial Procedures

Policy Renewal Date:	31/05/2017
Policy Approved Date:	15/12/2016
Approved by:	Governing Body
Signature:	

Financial Procedures

Introduction:

These financial procedures should be read in conjunction with the Financial Regulations of the School as approved by the Governing Body.

Nothing in these procedures will absolve any member of staff from the need to exercise due care and common sense in any matter concerning School finances.

It is the duty of all staff to ensure that they are familiar with and follow all procedures that affect their own area of work.

Any breach of these procedures should be reported immediately to the Director of Finance or to the Executive Headteacher, who may take disciplinary action and / or report them to the Audit Committee or the School Internal Auditors.

It is the responsibility of all staff to take note of any revisions, amendments or additions to these procedures which may be issued.

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1. Cash Collection and Banking

Cash Collection

Many School cash transactions now take place using an electronic online payment system called Wisepay. Examples of such transactions are, trips and visits, text books, equipment etc. Further guidance on the Wisepay system can be obtained through the School's Finance Office.

Exceptions to the above transactions are sundry low value transactions at the discretion of the Executive Headteacher.

All cash payments to the School must be received through the finance office, with the exception of the School Catering department and or as directed by the Director of Finance or Executive Headteacher. An official cash receipt should be given for any cash received. Under no circumstances should a member of staff agree to accept an IOU for any type of transaction.

Under no circumstances may personal cheques be encashed from School funds.

The cash is reconciled on a daily basis to the receipts issued and it is banked promptly using a secure system of transfer to the bank. The weekly summary sheet listing all monies banked from the receipts is checked independently for continuity and accuracy.

All cash held on the premises overnight is kept in the safe and such cash handling are subject to the limits of the School insurance cover.

Banking

All cash received is banked into the School's General Account.

Cashbook

The School maintains an electronic cashbook to record all receipts and payments through the School's General Account. This is updated and posted to the PS Financials finance system on a daily basis. The bank accounts are reconciled on a weekly basis by the Finance Manager. The month-end bank reconciliations are checked and signed by the Director of Finance.

2. Sales Invoicing and Debtors

All requests for invoices to be raised should be sent to the Finance Office.

The Finance Officer produces a monthly aged debt report. Monthly statements are sent to all outstanding debtors requesting payment. If any difficulties arise the Director of Finance is notified and takes the appropriate action required to collect the debt.

Only the Executive Headteacher is authorised to write off bad debts.

Release Vouchers

- a) Members of staff who undertake work for outside bodies (e.g. examination boards) must obtain prior consent from the Executive Headteacher. The appropriate form should be used and this should indicate what compensation can be claimed by the School for such work. The completed form will be passed to the Director of Finance.
- b) The member of staff must collect the authorised release voucher from the outside body and this must be passed to the Director of Finance for signature. The Finance Manager will match the release voucher with the original form and will raise the necessary invoice to collect the monies due.

3. Purchasing and Creditors

Direct Purchases (Petty Cash)

Payment for direct purchases by budget holders will not be made unless there has been prior approval from the Director of Finance. Any authorised direct purchase must comply with the School procurement policy with regard to competitive pricing. Reimbursement for direct purchases will only be made against valid receipts and will be subject to adequate funds being available in the appropriate budget heading. Receipts should be given to the Finance office for reimbursement. All approved direct purchases will be subject to a maximum value currently £50, which will be reviewed by the Director of Finance from time to time.

School Credit Cards

School credit cards, issued to authorised personnel, may be used for low value transactions, not above £500 in value, subject to the prior approval of the relevant budget holder and either the Executive Headteacher or Director of Finance. They should not be used to by-pass existing procurement procedures.

If transactions are placed via the web the paper work associated with the transaction must be passed to the Finance Manager immediately after completion. This allows for accurate reconciliation upon the receipt of the monthly card statement.

Ordering and Purchasing

The School is a member of the Crescent Purchasing Consortium (CPC) having joined on 28th March 2010. Membership of this Consortium permits the School to access suppliers through professionally negotiated centralised tendering arrangements. Using a CPC supplier ensures that the School complies with best practice in Public Sector procurement (see Gershon report 2004 on public sector efficiency).

Wherever possible an approved CPC or Crown Commercial supplier should be used. A CPC Suppliers Directory is available on request from the School's Finance office. Further information about the CPC can be obtained via their website at www.thecpc.ac.uk. Further information about Crown Commercial can be found via the website <https://www.gov.uk/government/organisations/crown-commercial-service>.

Budget holders must not place orders for goods or services with **new suppliers** who are not in the CPC supplier directory or the Crown Commercial supplier directory without prior approval of the Finance office. Authorisation to place orders with a supplier not in the CPC directory will not usually be given. Only where supplies can not be obtained through a CPC supplier, Crown Commercial supplier or where there is a clear advantage in terms of price, quality or efficiency of delivery may approval be given. All such incidences should be referred to the Director of Finance.

N.B. It is the responsibility of the budget holder to ensure that the appropriate evidence of certification and accreditation of professional bodies is obtained in advance of entering into a contractual relationship with a supplier.

All goods must be ordered through the Finance office on a purchase requisition form. Only requisitions with an authorised budget signatory and sufficient funds remaining in the budget will be processed. Where an order exceeds the budget allocated to that cost centre, the Director of Finance and or Executive Headteacher will authorise the order only if additional funds have been allocated and approved by the Executive Headteacher.

The purchase requisition form details are input onto the finance system and an official order is generated by the order processing system. These are then authorised by the Finance Manager and or Director of Finance before being dispatched to the supplier. **Retrospective Purchase requisitions and Purchase Orders are not permitted unless approved by the Director of Finance and or the Executive Headteacher.**

Requests for Cheques (in advance)

Very occasionally it will be necessary to pay for goods and or services before they are received in School. This practice is not encouraged and the budget holder should be confident of the supplier's standing before ordering from them.

The budget holder must complete the correct Cost Centre and Account Code and sign the requisition. Only requests with an authorised signatory and sufficient funds remaining in the budget will be processed. Where a request exceeds the budget allocated to that cost centre, the Director of Finance will authorise the request only if additional funds have been allocated and approved by the Executive Headteacher.

UNDER NO CIRCUMSTANCES SHOULD A MEMBER OF STAFF ENTER IN TO A CONTRACTUAL ARRANGEMENT WITH ANOTHER MEMBER OF SCHOOL STAFF FOR THE PROVISION OF GOODS AND OR SERVICES ON BEHALF OF THE SCHOOL UNLESS PRIOR APPROVAL IS OBTAINED FROM THE EXECUTIVE HEADTEACHER

Deliveries and Receipt of Goods

All goods should be received in the main reception. The receptionist should contact a member of the premises team who should then deliver the order to the originator. The originator should then ensure that checks are made against any delivery note. The originator should note and report any shortfalls to the finance office who will withhold payment on any outstanding items. It is the originators responsibility to inform the supplier of any shortfalls.

Approval of invoices

Invoices are received in the Finance Office where they are stamped with the date stamp and the certification grid. The following checks are made: -

- The invoice is checked for content to ensure that the invoice itemises the nature of supply of goods and or services, for arithmetic accuracy and is signed by the Finance Officer undertaking the check.
- Discounts and other allowances are also checked for accuracy.
- Where an order has been raised for the goods then the details are checked against the copy order and the relevant order number is inserted in the certification grid. The details of the goods received are compared with those ordered and any discrepancies between the two are investigated. The details of the invoice are entered on the copy order.
- The relevant cost centre and ledger code must be completed.
- All invoices are signed by the budget holder to say that they have received the goods and that the invoice can then be passed for payment.
- All invoices are authorised by the Finance Manager and or the Director of Finance prior to payment being made.

All invoices should be passed to the Finance Office if they are received elsewhere in the School

Payment of Accounts

A payment run (cheque & BACs) is normally undertaken once a month, normally on or shortly after the 1st of the month and following the receipt of the monthly remittance from the Education Funding Agency (EFA), which pays all the invoices due for payment. Further payments can be made between payment runs in urgent cases and/or as the need arises.

Cheques should be signed in accordance with the bank mandate.

All cancelled cheques should be retained together stating the reason for cancellation

Payment by Bankers Automated Clearing System (BACs)

The School's preferred method of payment is via BACs. Under normal operations this requires three members of staff. The Finance Officer and Finance manager are required to process the payment run and the Director of Finance is required to authorise the payment run but must seek prior approval from the Executive Headteacher or Headteacher prior to processing the payment run.

Prior to processing the electronic file for payment the paper based payment report should be signed off by the Executive Headteacher or Headteacher.

Access to the BACs payment process is strictly controlled through the usage of segregation of duties, restricted levels of access and passwords within the PS Financials finance system and Lloyds bank.

4. Tendering

The current limits, above which the supply of goods and services should be put out to tender, are detailed below. The Director of Finance in consultation with the Executive Headteacher should review these limits from time to time.

Procurement Thresholds

Between £1,000 and £25,000 three written quotations
£25,000 and over formal tender process required.

Formal tendering procedures will not be required if using purchasing consortia framework agreements but if there is more than one supplier within the framework agreement it is best practice to secure up to three quotations.

Authorised Limits

The authorised limits currently are:

- (a) Governing Body: Unlimited
- (b) Executive Headteacher: £25,000

These limits are conditional upon the availability of sufficient funds within the agreed budget estimates of the relevant cost centre.

Any employee of the School who has any pecuniary, personal or other interest, direct or indirect, in the supplier of any goods or services to the School shall be responsible for making a declaration of such interest to the Director of Finance and Resources or Executive Headteacher.

EU Procurement Thresholds

The tendering procedures are subject to EU procurement regulations for all forms of procurement with a total value exceeding a threshold value. The threshold values as at 1 January 2016 are £164,176 excluding VAT for supplies and or services, and £4,104,394 for works regulations. A breach of these regulations is actionable by a supplier or potential supplier.

Tendering procedures

Budget holders should prepare a specification for the approval of the Executive Headteacher, prior to its publication to suppliers, as an invitation to tender.

The specification should give full details of the goods or services to be supplied and should set out clearly the date by which tenders are to be received.

Tenders should be returned, in a pre-marked envelope, to a nominated person. On arrival in School they should be logged and put in the safe where they will remain unopened until the specified date. The tenders should be opened in the presence of two people, one of whom should be a member of the Governing Body, and the details recorded.

Under normal circumstances the lowest price quoted will be accepted except where the view of the Executive Headteacher, or the Finance and Resources Committee if the quote is above the authorisation threshold of the Executive Headteacher that the business interests of the School would be better served by accepting an alternative quotation.

All documents relating to the tender (including unsuccessful quotations) should be retained until the external auditor has audited the final accounts for the financial year in question.

Members of the Crescent Purchasing Consortium and or Crown Commercial

The School is a member of the "Crescent Purchasing Consortium (CPC)". Membership of this Consortium permits the School to access suppliers through professionally negotiated centralised tendering arrangements. Using a CPC supplier ensures that the School complies with best practice in Public Sector procurement (see Gershon report 2004 on public sector efficiency). This avoids the need for Schools to enter into individual local arrangements with suppliers who may not offer best value.

Using a CPC supplier negates the need for the School to apply its own localised tendering procedures because a more in depth process has already been undertaken by the CPC.

A CPC Suppliers Directory is available on request from the Schools Finance office. Further information about the CPC is available at www.thecpc.ac.uk

5. Catering

All external food orders are placed by telephone due to the need for prompt delivery.

All orders placed are recorded in writing and authorised by the Catering Manager.

When goods are delivered a goods received note is made out and signed by the Catering Manager.

The goods received note is matched to the invoice and processed as for other purchases.

(Further guidance regarding catering procedures is contained within a separate set of procedures held within the School Catering Department).

All transactions must be processed through the electronic tills using the till devices to record the transactions and calculate the amount of change due. Under no circumstances should IOUs be accepted.

All catering waste, out of date goods and goods deemed surplus to requirements must be disposed of at the end of the day under the supervision of the Catering Manager and must not be taken off site for disposal or personal use by any member of staff.

6. Travel and Subsistence

Travel claims will only be considered if submitted on an official School claim form. This form can be obtained from the finance Office.

Mileage rates are as follows:

up to 10,000 miles 45 pence per mile as per HMRC mileage rates.

Motor Insurance

The School has Occasional Business Insurance for Staff under its Motor Insurance policy. This provides cover for staff who are occasional business users of their own vehicles e.g. transport to and from training courses, attendance at meetings, and emergency transportation of staff and or students home. If, However, you are a regular user of your own vehicle e.g. you are required to visit students on work placements, high school liaison visits etc. you are required to arrange a business use extension under your own Motor Insurance Policy.

7. Short Courses and In-service Training Payments

Anyone requesting to attend an external course must seek permission from the appropriate Head of Department (Teaching Staff) or Line Manager (Non Teaching Staff):

Teaching staff	- Head of Department
Non Teaching Staff	- Line Manager
Senior Managers	- Headteacher
Executive Headteacher	- Chair of Governors

The details of the course, plus the inset form, are passed to the Headteacher where the form is checked against the School's staff development criteria and for affordability. If the course is approved, a requisition form is raised and passed to finance for processing. An official purchase order is raised by finance who send the order and any booking form to the course provider to book a place on the course.

A travel claim form should be completed after the course has occurred and approved by the Headteacher. Expenses will only be paid on the receipt of a course evaluation form.

8. Trips

These instructions should be read in conjunction with the Educational Visits Policy which can be found on Staff Share.

Any member of staff organising a trip should inform the Finance Office at the outset of the planning process. This must be done well in advance of the trip.

All School trips are expected to achieve a financial break-even, unless prior approval from the Headteacher has been received.

Initial deposits and contract forms are received by the trip organiser who collates a listing for finance, this is used to set up the electronic payment collection system called Wisepay and the initial deposits are the banked. No student is added to a trip without a deposit and the approval of the trip organiser.

All future trip instalments are then payable via Wisepay system which is administered by the Finance Office. Trip organisers are provided with weekly payment reports to ensure monies are chased where necessary.

A student who has not paid in full should not be permitted to attend the trip, unless there are valid reasons and it has been agreed by the Executive Headteacher or Headteacher.

9. Payroll

The Director of Finance is responsible for the general integrity of all payroll arrangements.

The Director of Finance is responsible for the prompt payment of all monies due to Inland Revenue, National Insurance, and Superannuation bodies. He/she will ensure that the School complies with all statutory and non-statutory requirements for the submission of information to external agencies in connection with payroll matters.

All payroll entries must be authorised in writing by the Executive Headteacher.

Where payroll errors are identified these may be rectified by the Director of Finance in advance of the next payroll date provided that such action is authorised by the Executive Headteacher. Errors that are to the disadvantage of staff may be rectified by the payment by cheque of the appropriate amount. Wherever possible errors should be rectified through normal payroll procedures and, in any event, care must be taken to ensure that all appropriate records (Inland Revenue, National Insurance, and Superannuation) are duly amended.

Details of the payroll process.

- All variations to the standing data are authorised by the Executive Headteacher prior to informing the payroll bureau.
- All new starters and leavers to the payroll must be authorised by the Executive Headteacher.
- An authorised 'Payroll authorisation form' must accompany any changes to the standard payroll.
- A new starter must have a letter of appointment from the Executive Headteacher giving full details of the post that they are appointed to.
- Leavers' details should include a letter of resignation, or for temporary contracts, details of the termination of that contract stating the resignation date.
- All information that is input onto the payroll system by the payroll bureau should be checked by the HR Office and counter checked by the Director of Finance.

- Completion of the payroll is done in accordance with the timetable agreed by the School and the payroll bureau.
- Authorisation to process the payroll should be given in line with the payroll authorisations agreed with the payroll bureau. This is currently authorisation by either the Executive Headteacher or in his absence the Director of Finance
- The BACS transaction report is authorised by either the Executive Headteacher or in his absence the Director of Finance.
- The payroll journal is completed from information submitted by the payroll bureau and authorised by the Director of Finance
- Payments to the Inland Revenue, Superannuation bodies, AVC's, Unions etc are done on the receipt of the full payroll from the bureau. Confirmation of payment to the Inland Revenue is received from the payroll bureau prior to payment being made. Payment of all liabilities must be authorised by the Executive Headteacher or in his absence the Director of Finance.

10. Hardship Funds

The School is allocated funds from the Education Funding Agency (EFA) to distribute to students who are in financial hardship. Applications for assistance from the Student Bursary Fund are made at the beginning of the academic year and on a termly basis according to the detailed procedures set by the School.

11. Assets and Inventory

The Executive Headteacher shall have overall responsibility for the care and custody of the School's assets and inventory.

The Executive Headteacher shall be entitled to receive from each budget holder such information, as he requires in relation to the School's assets and inventory.

Within the guidelines set down by the Director of Finance each budget holder shall be responsible for ensuring the care and custody of assets and inventory held within their cost centre.

As a minimum each budget holder shall ensure that:

- an appropriate stock-book is maintained showing clearly the date of acquisition, value, quantity and serial number (where appropriate) of all inventory;
- all goods are clearly and indelibly marked on receipt to identify them as School property;
- an appropriate register is maintained for the issue of School property to staff and students (that register being maintained in such a way that individual items issued to individual persons can be identified);

All assets issued are returned promptly and in good condition by the person to whom they were issued;

The Director of Finance should be notified promptly of all losses, damage and shortfall to stock.

All inventories shall be kept up-to-date by budget holders and shall be presented annually for examination by the Director of Finance.

The Finance Manager keeps the main assets register of the School where all items of capital equipment costing over £1,000 are included. These assets are depreciated over their useful lives. Currently these are:

Freehold Buildings - 50 years

Long leasehold buildings - over the remaining life of the lease

Fixtures fittings and equipment - 5-10 years
 ICT Equipment - 3 years
 Motor vehicles - 5 years

If any asset no longer has any use within School then a request for disposal should be made to the Director of Finance, stating on what basis the disposal is required. The Executive Headteacher then must authorise the disposal of each asset.

School property can only be removed from the assets register after the appropriate form has been authorised by the Executive Headteacher.

Permission to loan School equipment needs to be obtained from the Executive Headteacher before removal of the equipment from the School. The Director of Finance will contact the School's insurers to ensure that adequate cover exists.

12. Fraud

Where fraud or irregularity is suspected, then the following actions should be followed.

If the Auditors, a member of staff or a member of the public discover or suspect fraud, then the issue should be processed as per the procedures contained in the School's Anti-Fraud Policy and Response Plan. Reference should also be made to the School's Anti-Bribery Policy (Incorporating Gifts and Hospitality).

The Audit Committee will discuss and review all cases of fraud to determine if procedures need to be changed to reduce the risk of further fraud. Where the initial case of fraud was discovered by the Auditors, then the Auditors will be kept informed of the proceedings to enable them to give a satisfactory report to the Audit Committee.

13. Budget Preparation

The budget preparation starts in March using the funding allocations from the EFA. An outline of a provisional budget is submitted to the Finance and Resources Committee based on this allocation from the EFA. All budget holders are asked to submit budget requests to the Director of Finance during the period of March through to May, when a fuller picture of the budget is compiled. Budget holders should include any requests for equipment and or building work requests when submitting their budget requests.

The staffing budget is calculated based on the staffing required to fulfil the curriculum needs for the year. Estimates of pay inflation are built in line with indications coming from the NJC and Union negotiations.

Providing that the final funding allocation has been received, a final budget is agreed by SLT by June, in time for it to be reviewed by the Finance and Resources Committee before being submitted to the Governing Body for final approval.

Date	Action
January	All department to submit their bids for the budget
March	Provisional Budget prepared based on EFA/SFA funding allocation
March – May	Detailed information collected for Budget preparation
June	Approval of the Budget by SLT
June	Approval of the Budget By the Finance and Resources Committee
July	Approval of the Budget by the Governing Body

All budget holders will be notified of their respective budgets as soon as the Governing Body has approved the School budget. The School will prepare a separate budget for capital items (equipment & building works) which will be approved by the Senior Leadership Team and Governing Body.

Budget holders will receive a monthly report (usually within 10 days of the month end) from the School finance office and may be asked to account for variations in spending from their approved bid. The budget report may be paper based or in excel format which can be e-mailed.

14. Financial Reporting and Management Accounts

The management accounts are produced within ten working days of a month end, and are available for review by designated SLT members during the third week following month end.

The following information is contained within the management accounts pack each month: -

Income and expenditure account including:

- the cumulative actuals to date
- outstanding commitments
- the latest estimate for the year
- the annual budget
- Capital spending
- commentary highlighting the significant variations from the budget

Balance Sheet:

- comparing movement from the previous year end
- commentary highlighting the significant movements

Ratio analysis and non-financial data including:

- cash days
- current ratio
- staff costs as a percentage of income
- number of staff on payroll
- financial health

Student data information including:

- Number of students on roll at the end of the EFA census date

Cash flow forecast:

- to the 31st of August or for the next twelve months should sufficient information be available.

The Finance and Resources Committee reviews the relevant management accounts at each of its meetings. They are then recommended to the Governing Body for their approval.

15. Accounting Records

The School is required by law to retain prime documents for six years. These include:

- Official orders
- Paid invoices
- Accounts raised
- Bank statements
- Copies of receipts
- Cheques

Complete paper record transactions for each year from the computerised accounting system.
Payroll information

Additionally, for audit and other purposes, other financial documents should be retained for three years.

16. Finance System (PS Financials)

In January 2013 the School implemented a new finance system "PS Financials". This is a business finance package, which is used by a number of Schools within the education sector.

The system is run on a server with the PC's in the finance office having access to the system. Each member of staff within the finance office has a different level of authority within the system and the segregation of duties is split as best as is possible with the number of people working in the department.

17. Preparation and approval of Financial Statements

The Financial Year runs from 1st September to the 31st August each year. The School is required to produce financial statements for each year.

The Director of Finance is responsible for the preparation of the financial statements of the School. The management accounts for the year are prepared as normal. The management accounts will be approved by the designated members of SLT of the School before submission to the Finance and Resources Committee at their first meeting of the new academic year. The Governing Body will then approve the management accounts at their next meeting.

The financial statements are compiled before the external auditors visit School to review the accounts for the year. These are prepared in conjunction with guidance issued by the EFA.

The financial statements for the School are reviewed and approved by both the Finance and Resources Committee of the Governing Body and also the Audit Committee of the Governing Body, before final approval is sought from the Governing Body. The management letter from the School's external auditors should accompany the financial statements when approval is sought from the Finance and Resources Committee and the Audit Committee as well as the full Governing Body.

The financial statements of the School are then submitted to the EFA before the deadline of the 31st December following the end of the financial year.

The following timetable shows the process for the preparation and the approval of the annual financial statements:

<u>Date</u>	<u>Action</u>
31 August	End of financial year
Mid September	SLT to approve the management accounts for the year
October	Finance and Resources Committee to approve the Management Accounts
October	External Audit visit
October	Statutory accounts to be finalised
November	SLT Finance and Resources to approve Statutory Accounts
November	Audit Committee to approve the Statutory Accounts
December	Governing Body to approve the Statutory Accounts
31 December	Submission of Statutory Accounts to the EFA

18. Review of Financial Regulations and Procedures

The Director of Finance, in consultation with the Executive Headteacher, will review the Financial Regulations and Procedures at least every two years and advise the Governing Body on the need for revisions or additions.

The Executive Headteacher will make arrangements to ensure that all staff affected by the Financial Regulations and Procedures have access to them. This will be via the School intranet and or email.