

Worlingham CEVC Primary School
FINANCE, BAD DEBT AND REDUNDANT EQUIPMENT POLICY

*Like a tree firmly planted by streams of living water we will grow
in knowledge, love, faith and wisdom. Based on Psalm 1:3*



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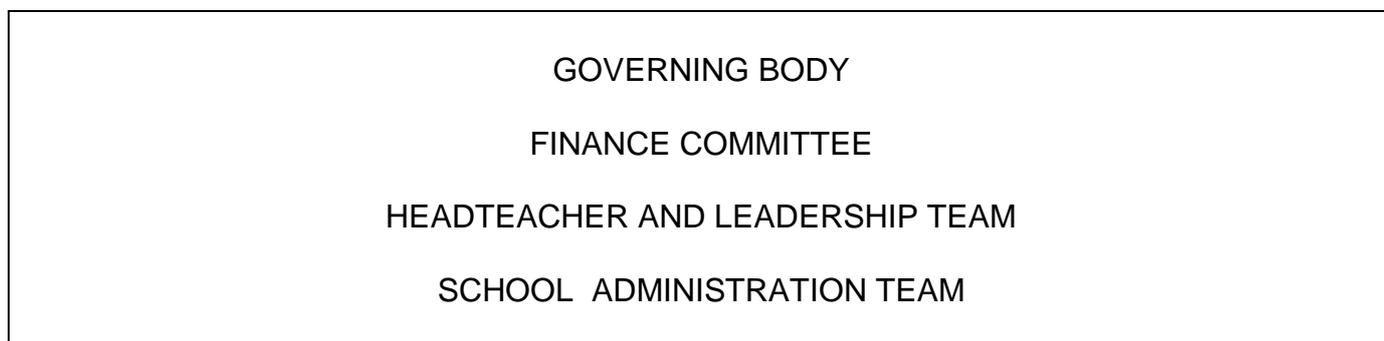
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This document has been written with reference to the Standards for Financial Administration in Schools published jointly by OFSTED and the Audit commission in the publication "Keeping your Balance", and in accordance with Suffolk County Council's Consistent Financial Reporting in Schools.

It is envisaged that this document will provide the framework of accountability for Governors and staff within the school and will form the basis for more detailed financial system and process notes for school staff.

1 INTRODUCTION

THE SCHOOL'S FINANCIAL ORGANISATION CHART



The school has the following Committee structure:

COMMITTEE STRUCTURE

- Hearings Committee
- Appeals Committee
- Pupil Discipline Committee
- Finance Committee
- Health & Safety Committee
- Personnel Committee
- Headteacher's Performance Review Group
- Curriculum and Ethos Committee

The frequency of Governing Body/Committee meetings will be reviewed termly or annually by the Headteacher and Chairs of the Committees and a timetable produced. (See Governors' Meetings Timetable). The group will also consider any recommendations with financial implications from other Committees, prior to them being presented to the full Governing Body.

All reports to the Governing Body will include a section on the financial implications of any recommendations contained in the report.

The full Governing Body will meet each term or more frequently as required.

All Governors will receive, for information purposes, copies of the agendas and adequately detailed minutes, including appended relevant submissions, in order to support policy decisions taken by **all** the Committees.

2 ORGANISATION OF FINANCIAL RESPONSIBILITY AND ACCOUNTABILITY

2.1 FULL GOVERNING BODY

Composition as at November 2020 : (See Committee Structure and Terms of Reference)

Role:

To provide a strategic view of how the school will effectively use the financial resources under its control to raise standards of achievement and promote effective teaching and learning.

To oversee that procedures are in place which ensure accountability for and the proper stewardship of the public money delegated to the school.

Responsibilities:

- To discharge statutory responsibility for the oversight of financial management in the school.
- To monitor and evaluate the effectiveness of school's financial management procedures and ensure that the school's financial arrangements comply with Suffolk County Council's Consistent Financial Reporting policy.
- To require all Governors and members of staff to declare any links they have with firms from which the school might wish to buy goods or services. To ensure that a register of such pecuniary interests is maintained by the Headteacher on behalf of the Governing Body and is open to inspection and reviewed on an annual basis.
- To ensure the school has a written statement of its aims and objectives (School Development Plan) in sufficient detail to provide the basis for the construction of budget plans.
- To ensure the school has a medium term educational and budget plan (covering 3 years) indicating the intended use of resources in achieving its educational goals.
- To ensure that the school has a statement setting out the steps it will take to ensure expenditure reflects the principles of Best Value.
- To approve the school's annual spending plans.

The statutory responsibility for the oversight of financial management in the school will remain with the full Governing body.

Reporting Arrangements:

The Finance Committee will report back to the full Governing Body who will consider the minutes of the Committee and endorse their recommendations where appropriate. The decisions made by the full Governing Body and the Finance Committee are binding on all Governors. Reports from Committees should include a section on the financial implications of any decisions or recommendations.

2.2 FINANCE COMMITTEE

Composition as at November 2020 : (See Committee Structure and Terms of Reference)

Role:

To ensure proper financial administration arrangements are in place that enable the Governing Body to fulfil its statutory responsibilities for financial management and also demonstrate the achievement of key financial administration standards required by Ofsted and the Audit Commission.

To oversee the management of the school's finances within the framework established by Suffolk County Council's Consistent Financial Reporting policy.

Responsibilities:

- To ensure the budget reflects the school's prioritised educational objectives as detailed in the School Improvement Plan, seeks to achieve Best Value and is subject to regular effective monitoring.
- To establish formal documented procedures and a timetable for planning the budget to ensure all the relevant factors are considered.
- To ensure the planned expenditure for each year does not exceed the available resources.

- To monitor the amount of each budget allocation in the light of known activity and to take decisions on the virement of funds between budget headings, subject to the advice of the Headteacher and in the interest of the school achieving its overall aims and objectives.
- To ensure that the school has sound internal financial controls in place which safeguard the probity of its financial transactions and the reliability and accuracy of its financial records.
- The Finance Committee will ensure that written descriptions of financial systems and procedures are kept up to date and that all appropriate staff are trained in their use. Where necessary, the Finance Committee will ensure that the school obtains satisfactory support services.
- To formally approve in year revisions to the Spending Plan.

Reporting Arrangements:

The Committee will receive:

- An annual report on the school's long term financial plans (Budget plan and Strategic plan).
- Reports on the annual school budget process and proposed spending plan.
- Quarterly monitoring reports showing spending and receipts, including sums committed but not yet paid for against the school's approved budget; explanation of variances; details of corrective action taken; and a forecast of expected year end position, discussion of which should be formally minuted.
- A final year-end report including a review of the school's performance and an assessment of progress against objectives in the school improvement/action plan.
- Monthly monitoring reports showing cost centre spending against approved allocations.

2.3 THE HEADTEACHER/LEADERSHIP TEAM

Composition as at November 2020

Headteacher	-	Mr Paul Seeman
Deputy Headteacher	-	Mr M Brown

Role:

The Headteacher is responsible to the Governing Body for:

- ensuring that sound systems of internal control and financial administration are in place that enable the proper processing of the school's transactions and activities.
- Ensuring that the school properly discharges its responsibilities as set down in Suffolk County Council's Consistent Financial Reporting policy.

Responsibilities:

- To prepare estimates of expenditure and income sufficiently in advance of each financial year to allow for consideration and approval by the Governing Body.
- To forward details of the approved budget and any subsequent budget changes to the LA as required.
- To profile the budget and forecast cash flow to take account of likely spending patterns.
- To consult with the Finance Committee and staff to ensure that the financial and management information they receive is timely, reliable and meaningful.
- To report to the Governing Body with proposals for policy changes which significantly affect the school's expenditure or income budgets.
- To ensure that sound systems of financial control are in place and arrangements made to maintain control in the absence of key staff.
- To maintain and update on an annual basis a register of pecuniary interest for both Governors and members of staff on behalf of the Governing Body.

Reporting Arrangements:

The Headteacher/Bursar will report to the Finance Committee and Full Governing Body in accordance with the reporting timetable shown in the Record of Financial Responsibility.

The Headteacher will receive monthly expenditure reports so that the overall budget position and those funds delegated to members of staff can be monitored.

2.4 THE ADMINISTRATIVE TEAM

Composition as at November 2020

Bursar	-	Mrs L Hughes
Office Administrator	-	Mrs K Gill
Clerical Assistant	-	Mrs A Stevenson

Role:

To maintain and develop the school's systems of internal control and financial administration in order to enable the proper processing of the school's transactions and activities.

To assist the Headteacher in ensuring Suffolk County Council's Consistent Financial Reporting information requirements are complied with.

Responsibilities:

- To assist the Headteacher prepare estimates of expenditure and income and to maintain relevant budget working papers and records.
- To monitor the cash flow position of the school and report to the Headteacher on a regular basis.
- To assist the Headteacher in providing Termly reports of actual income and expenditure as compared to the approved budget and other monitoring information as requested by the Governing Body.
- To provide monthly monitoring information to the Headteacher.
- To prepare and maintain the financial accounts, reports and records of the school in accordance with Suffolk County Council's Consistent Financial Reporting policy and procedures required by the Governing Body.
- To review the effectiveness of internal control procedures and where necessary make proposals to the Headteacher and Finance Committee for improvements.

3 FINANCIAL SYSTEMS AND PROCESSES

3.1 FINANCIAL PLANNING AND BUDGET

3.1.1 The Headteacher will present to the Finance Committee in March a draft budget. The Headteacher will be responsible for the preparation of the draft budget costed out using zero based budgeting principles where applicable. The principles and calculations used in preparing the budget should be documented and retained for future use. It may be necessary to review the improvement plan objectives to reflect final budget decisions that are made in light of the known resources.

3.1.2 The Finance Committee will consider the draft budget, agree any amendments with the Headteacher and approve accordingly. The Headteacher will forward an approved budget to the Local Authority by the date specified by them in the budget pack.

- 3.1.3 Each month the Headteacher will receive financial statements from the school's accounting system so that the overall budget and school bank account position can be monitored and reported to the Finance committee on a Termly basis.
- 3.1.4 In the Summer term Governors will undertake a documented review of progress in implementing the provisions of the current School Development Plan and review the management of the previous year's budget. The Headteacher will indicate where any proposal or policy change would significantly affect costs in the future.
- 3.1.5 Records will be kept showing how budgets have been built up enabling those responsible for the allocation of expenditure or income to identify from which areas expenditure is to be funded.
- 3.1.6 Expenditure will only be made against available budget resources.

3.2 BUDGET MONITORING AND CONTROL

- 3.2.1 The Headteacher will ensure that the process of monitoring actual expenditure against the budget is continuous.
- 3.2.2 The Headteacher may vire amounts up to £3,000, virements in excess of £3,000 must have the prior approval of the Finance Committee. The Headteacher is responsible for ensuring that the school's budget and finance systems are updated to reflect all virements and changes to the budget.
- 3.2.3 Day to day responsibility for monitoring and control lies with the Bursar who must obtain the prior written approval of the Headteacher or named member of the Leadership Team if they wish to exceed their budget allocation.
- 3.2.4 The school Bursar will be responsible for co-ordinating the day-to-day monitoring process; the Headteacher will review the monitoring position monthly.
- 3.2.5 The school Bursar/Office Administrator will issue monthly reports detailing budgeted and committed and actual expenditure. The Headteacher will be provided with monthly reports detailing the overall monitoring position and a summary of spending by cost centre.
- 3.2.6 The Headteacher and Bursar will present to the Finance Committee on a Termly basis the school's actual and committed spending compared with the budget, with written explanations of any significant variances and a forecast of the school's current and forecast cash flow position will also be reported to the Finance Committee on an Annual basis.
- 3.2.7 The Headteacher and Bursar will ensure that proper commitment accounting records are maintained.

4 INTERNAL CONTROL PROCEDURES

- 4.1 In order to ensure that transactions will be properly processed or that errors will be detected promptly, as far as possible the duties of staff concerned with financial transactions will be distributed so that at least two people are involved in processing receipts and payments. It will be documented when work is carried out by only one person. There should be a written summary of financial procedures that is kept up to date.
- 4.2 Alterations to documents will be made in ink; correcting fluid or erasure will not be used.
- 4.3 Signatures on documents must be original and in black ink and will be sufficient to identify the signatory concerned (i.e. ticks, rubber stamps or scanned signatures are not acceptable).
- 4.4 Accounting records will be properly maintained and held securely. Financial documents will be retained in accordance with the arrangements laid down the LA's "School Financial Administration" booklet. The Headteacher will specify who is authorised to access the records and documentation.

5 INSURANCE

The Finance Committee will review insurance arrangements annually to ensure they are commensurate with risks and to determine whether to insure risks not covered by the LA.

6 COMPUTER SYSTEMS

- 6.1 The school maintains accounting records and information on computerised systems, the Headteacher will ensure that the school is registered in accordance with the GDPR and Data Protection Policy.
- 6.2 The Headteacher will ensure that there are effective back-up procedures in place for the financial data held by the school. Back up media will be stored in a fireproof location.
- 6.3 The Headteacher will also ensure that only authorised staff have access to computer hardware and software used for school management. Passwords will not be disclosed and will be changed termly. Only authorised software will be used in order to prevent viruses being imported.
- 6.4 Wherever possible access levels will be restricted to re-inforce the principles of internal control set out in Section 3 above.

7 PURCHASING PROCEDURES

- 7.1 Before placing an order the person responsible for making it will ensure that the school is obtaining Best Value for money and that the remaining budget is sufficient to meet the proposed order value.
- 7.2 If the estimated cost of an item is more than £5,000, three quotations will be obtained and recorded in writing. Where it is not practical to obtain the minimum number of quotations or if the lowest price is not accepted, the Headteacher will document the reasons and formally report this to Governors in case such action is ever questioned.
In the case of contracts with a value over £5,000 the decision on which quotation to accept will be referred to the Finance Committee.
- 7.3 Where the proposed works would fall within Construction Industry Taxation Scheme (CITS) the Headteacher will obtain the appropriate contractors complying with CITS regulations any contractors not complying will be not contracted to do work.
- 7.4 If the estimated cost of a contract exceeds £50,000, then the tendering procedures laid down in Suffolk County Council's Consistent Financial Reporting Policy will be followed and the full Governing Body will decide which tender to accept. Details of the full tendering procedures are available from Suffolk County Council. The Headteacher will also seek the advice of the appropriate officers of the LA in handling the matter of tenders.
- 7.5 All orders for goods and services will be printed on official stationery.
- 7.6 All orders over the sum of £1,000 to be agreed by the Senior Leadership team, Bursar and Finance Committee.
- 7.7 Documents supporting purchases/contracts (i.e. specifications, quotes, tenders and correspondence) will be retained with the copy order and where the chosen quote is not the cheapest, approval will be obtained from the Governors prior to ordering.
- 7.8 The ordering of goods and services by telephone will not be undertaken except in emergencies and will be followed by the issue of an official confirmation order as soon as possible.
- 7.9 Orders will be issued for all goods and services, except for utilities (energy costs, telephone bills, rates etc.) and purchases for which a written contract is signed.
- 7.10 As well as showing details of the goods or service required, the order will also show the estimated or agreed price, net of VAT.
- 7.11 The order will be authorised by the Headteacher or by persons to whom this function has been delegated by the Headteacher with the approval of the Finance Committee. All such

persons will be budget holders, and all names will be maintained on a list held by the school's finance staff.

- 7.12 Orders will be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their private use. Only staff approved by the Finance Committee and Headteacher will authorise orders.
- 7.13 The names and signatures of staff authorised to sign orders, certify invoices, sign cheques, etc, are recorded on a separate list.
- 7.14 The person receiving the goods or services must make careful checks, to ensure that they are in accordance with the order; the check will be recorded on the delivery note and/or invoice and include the signature of the checking officer, and passed to the member of staff responsible for maintaining the school's financial records. Payments will not be authorised until all necessary checks have been made, including prices, discounts and the VAT accounting checks. Payment will only be made against an official invoice.
- 7.15 Officers authorising/certifying invoices for payment must be satisfied that those payments comply with the appropriate tax regulations. (Guidance on VAT can be found in Section 8 of the School Financial Administration Manual).
- 7.16 Blank order sheets will be held securely, with access to them restricted. Similarly, access to cheque books/stock of blank cheques will be controlled. The holding of excessive stocks or order sheets or cheques will be avoided.

8 PERSONNEL

- 8.1 All appointments, terminations and salary levels will be formally approved by the Governing Body and notified to the Personnel section of the LA.
- 8.2 Appointments and amendments to payroll will only be authorised by the Headteacher (or a nominated deputy in his/her absence) unless the amendment affects the Headteacher in which case the Chair of Governors will certify the documents.
- 8.3 The Headteacher will ensure that all the financial and administrative processes concerning employment in the school are checked, and that the school records agree with those of the LA, which administers the payroll.
- 8.4 Staffing records will be kept up to date and will include emergency contact details.
- 8.5 Payroll and personnel records will be retained in a secure place.
- 8.6 Payroll transactions will be processed through the payroll system; any payments to individuals who have worked for the school on a "one off" or casual basis will always be made through the payroll system. The same applies to additional payments to staff such as honoraria, or travel and subsistence payments. Such payments will be made from the school fund up to £10 in cash, anything over this amount a cheque will be issued.
- 8.7 Any contractor claiming to be self-employed will automatically be paid through the payroll as a temporary employee, unless proof of official tax status is provided.

9 SECURITY OF STOCK AND OTHER PROPERTY

- 9.1 The Headteacher is responsible to the Governing Body for the safe custody and control of cash and property belonging to the school.
- 9.2 An inventory will be maintained of individual items with a value of more than £50 and portable items, with details of make, model, serial number and purchase value. A documented check of the inventory will be undertaken annually against actual items. Items with a purchase value of over £100 that are missing will be reported the Finance Committee who will include it in its reports to the full Governing Body. In practice, each subject area will be responsible for maintaining an inventory and its upkeep will be delegated to the Administration Team.

- 9.3 Items will be recorded in the inventory promptly (i.e at the point of invoicing). The inventory will have sufficient detail to identify individual assets (i.e. make, model, serial no., location etc). The record will be on sequentially numbered sheets and held in a fireproof location.
- 9.4 A register will be maintained of items taken off the school premises. All such loans of equipment should be authorised by the Headteacher and entered in the register, the register being noted upon return of each item with details of dates and signatures. The return of loan items will be countersigned by a second person.
- 9.5 Obsolete items to be written off or items to be sold will be reported to the Finance Committee for approval and then clearly recorded in the inventory records.
- 9.6 Safes and secure cupboards will be kept locked, the keys removed and held securely by the person designated by the Headteacher, the loss of any keys will be reported immediately to the Headteacher.

10 INCOME

- 10.1 The Governing Body through its Finance Committee and subject to the recommendations of the Headteacher will establish a charging policy for the supply of goods and services by the school.
- 10.2 The Headteacher is responsible to the Governing Body for accounting for all income due and cash collected as set out in the charging policy.
- 10.3 The charging policy will be reviewed annually by the Governing Body to ensure that levels of charges fall in line with school policy and at least over the cost of the service provision.
- 10.4 Where invoices are required they will be issued promptly by the Bursar; where possible the school will obtain money in advance of supplying goods or services to improve the school's cash flow and avoid the time and cost of administering debts.
- 10.5 Receipts and banking will be cross-referenced to debts by the Bursar.
- 10.6 Bad debts exceeding £100 will only be written off with the formal minuted approval of the full Governing Body and must be notified to the Suffolk County Council Director of Finance. In the case of larger debts procedures laid down by Suffolk County Council should be followed as per the Scheme of Delegation F25.
- 10.7 The administrative staff will issue pre-numbered receipts for all income collected except where formal records (e.g. class sales book) are maintained. Where a receipt is not given there will be a signature of discharge whenever cash changes hands. All receipts, vouchers and other income records will be securely retained. Personal cheques will not be cashed.
- 10.8 The accounting and debtor records will be properly and promptly updated and all income and VAT due to the school identified. Cash collected will be receipted and banked as soon as possible. Cash held on school premises will be kept to a minimum and in a lockable receptacle in a locked safe or cabinet.
- 10.9 Staff and Governors will not use their personal bank accounts for any payment or receipt relating to the school's budget.

11 BANKING ARRANGEMENTS

- 11.1 The Headteacher is responsible on behalf of the Governing Body for ensuring that the school complies with the requirements of Suffolk County Council for school bank accounts. The main requirements are described in Section 9 of the Schools Financial Administration Manual.
- 11.2 Cheques will not be signed unless all details are fully completed.
- 11.3 A bank reconciliation will be completed by the Bursar on a Monthly basis to prove that balances are correct and to provide assurance that the underlying accounts of the school have been properly compiled and are accurate.
- 11.4 The Headteacher will certify the bank reconciliations monthly, having checked these against the supporting documentation. Bank statements and a FMS6 bank reconciliation

report will be initialled by the Bursar to demonstrate such checks have been undertaken.

11.5 The school's cash flow will be monitored regularly by the Bursar to ensure that the school's account does not go overdrawn; the cash flow information will also be used to identify funds surplus to immediate requirements can be invested to optimal effect.

12 SCHOOL FUND

Accounting procedures for the school fund will reflect the standards required for accounting for public money.

13 BAD DEBT AND REDUNDANT EQUIPMENT

There are County Council Regulations and Financial Procedures relating to writing off debts and disposing of assets. These, together with the Suffolk Scheme of LMS, and Audit Commission/OFSTED guidelines ("Keeping Your Balance" paragraphs F11 (income) and M5 (Assets), have been taken into account in this document. The stages prior to the write-off of debts included in section 2 of this policy are based upon the periods used by Suffolk County Council.

13.1 BAD DEBTS

Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, a debtors account will be issued. However to ensure sound internal control, staff who raise debtors accounts, such as the Bursar, should not also have the authority to write off debts. VAT must not be written off.

All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:-

- 3 weeks from date of account - 1st reminder
- 6 weeks from date of account - 2nd reminder
- 8-10 weeks from date of account - Final reminder

The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days.

If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:-

- a. Those up to the value of £100 to be approved by the Headteacher and reported to the next meeting of the Finance Committee.
- b. Those exceeding £100 to be referred to the Governing Body for approval, either directly or after consideration by the Finance Committee.

Individual amounts written off which exceed £100 must be reported to the LA so soon as practicable (Suffolk LMS Scheme Annex E.12.) The VAT element of any debt must not be written off, as this contravenes HM Customs and Excise statutory requirements.

13.2 SURPLUS EQUIPMENT

The Governing Body has the authority to declare equipment, furniture or other assets or stores surplus to requirements and to arrange for their sale or write off, provided the items concerned were purchased in full or in part from its delegated budget (Financial Regulation 8.7). Where the estimated disposal value of surplus or redundant assets (equipment) or stores is less than £100 or sale is to be by public auction or competitive tendering, authority for disposal can be given by the Headteacher.

The prior approval of the Governing Body will be required (in accordance with Financial Regulation 8.8) where:-

- a. The estimated disposal value is between £100 and £500 and the sale is not to be by public auction or competitive tendering.
- b. The estimated disposal value is above £500, or;
- c. The sale is to be to a Governor or employee of the County Council.

The LA should be consulted regarding the sale or disposal of redundant items of equipment etc. valued in excess of £100 (Financial Regulation 8.9 and Suffolk LMS Scheme Annex E.13).

Redundant IT and electrical equipment will not be passed on to a third parties and will be disposed of in accordance with the Waste Electrical and Electronic Equipment (WEEE) directive.

A list of equipment disposed of will then be presented to the Governing Body at its next meeting. This list will show, so far as may be known, the item, department, date of manufacture or purchase, values when new and when made redundant (estimated where necessary) and disposal value. The school's inventory will be amended to show disposals and such entries will be endorsed by the Headteacher.

The net income (i.e. excluding VAT) from sales of surplus or redundant assets or stores purchased from the school budget will be credited back to the school budget.

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