

DONCASTER COUNCIL

SCHOOLS FINANCIAL REGULATIONS

Released October 2016

This document conveys the latest version of the Schools Financial Regulations, which have been prepared in accordance with The Scheme for Financing Schools. All Schools and Pupil Referral Units, maintained by Doncaster Council, are required to adhere to the contents of this document.

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Definitions

References throughout this document:-

- “Scheme” refers to the The Scheme for Financing Schools
- “the Act” refers to Schools Standards and Framework (SSAF) Act 1998.
- “Budget Share” refers specifically to the total of Schools block, Early Years block, High Needs block and 6th Form funding.
- “school” refers to both maintained schools and PRUs unless otherwise stated.
- “Governing Body” refers to such a body of a maintained school, but also refers to the Management Committee of a PRU.

1 Introduction

The Act requires Local Authorities (LAs) to prepare a Scheme dealing with matters connected with the financing of schools maintained by the Local Authority. The Scheme sets out the basis of the financial relationship between the Local Authority and schools, it is binding to both schools and the Local Authority. The Scheme refers to this document and states that ‘schools are required to abide in the management of their budgets by the financial requirements of the Scheme of delegation and the Schools Financial Regulations and Contract Procedure Rules prepared by the Local Authority’.

The Chief Financial Officer shall for the purpose of section 151 of the local government Act 1972 be responsible for the proper administration of the Local Authority’s financial affairs. The amount made available to the Governing Body shall remain the property of the Local Authority until spent.

These regulations provide detailed guidance and advice on a range of financial management and control issues. They are designed to be a comprehensive source of all information and guidance in a straight forward and easy to understand format.

The standards for the administration and control of school finances in the publication ‘Keeping your balance’ published by OfSTED and the Audit Commission are included in these regulations. ‘Keeping your balance’ sets out the principal elements of a sound approach to the administration and control of a school’s budget. The self-evaluation questionnaire from this document can be found at appendix A.

The regulations also take into account the DfE’s Schools Financial Value Standard (SFVS) and Assurance guidance; details can be found at the following address:-

<https://www.gov.uk/guidance/schools-financial-value-standard-and-assurance-sfvs>

These regulations are supplemented by various best practice guidance documents in circulation.

The Local Authority's Financial Procedure Rules set out the framework, which the Local Authority will use to manage its financial affairs. The Local Authority's Contract Procedure Rules set clear rules for the procurement of works, supplies and services by any officer or member of the Local Authority. These documents can be found on the Local Authority intranet site.

This document provides schools with the principal elements of a sound approach to the administration. The way in which schools implement the principles of financial management depends on the size and organisation of the school.

Complaints Procedure

Please address all complaints in the first instance to the Directorate Finance Manager for Learning & Opportunities: Children and Young People; Financial Management, Floor 2, Civic Office, Waterdale, Doncaster, DN1 3BU.

Further help and assistance

If you have any queries about the financial matters please contact the Financial Management team for Learning & Opportunities: Children & Young People: e-mail schools.finance@doncaster.gov.uk or telephone number 01302 737182.

2 Governance and Accountability

- 2.1 The roles and responsibilities of the Governing Body, its committees, the Headteacher and other staff in relation to financial decision making and administration should be set out in writing. This allows the Governing Body to ensure adequate systems of financial control are in place and that it receives the information it needs to carry out the role. Defining the responsibilities ensures that all essential duties and all requisite controls are exercised without unnecessary duplication of effort. This could be in the form of a finance policy.

The Governing Body

- 2.2 The Governing Body has a strategic role in the financial management in schools, alongside the Headteacher they have direct control over substantial amounts delegated to them and make key decisions about the allocation of financial resources. The responsibilities of Governing Bodies are detailed below; these are based on statutory responsibilities in the document 'Keeping Your Balance' and the DfE's SFVS guidance.
- Setting the educational financial priorities, through the school Development plan (SDP), 3-year financial plan and annual budget, and ensuring the budget is managed effectively. Deciding how to spend the schools delegated budget should be made in accordance with the SDP and any statutory curriculum requirements, depending on any conditions set out in the Scheme.
 - Consider the school balance policy to ensure balances are utilised in accordance with the Schools Financial Value Standard (SFVS) and in such a way as to have an educational benefit for the pupils of the school, and ensure the level of school balance is regularly reviewed and that a spending plan for the balance is in place.
 - Establish the financial limits of delegated authority to the Headteacher and/or other members of staff (including virements). The level of delegation of financial powers to the Headteacher must be reviewed annually and recorded in the minutes of the Governing Body. Consider and approve the authorised signatories.
 - Agree with the Headteacher the minimum frequency, level of detail and general format of the financial information to be provided to the Governing Body, especially in relation to budget monitoring reports. (Such information should be provided a minimum of once per term).
 - Approving and monitoring the annual budget and determining virements and expenditure thresholds.
 - Ensuring the school meets all its statutory obligations and through the Headteacher complies with the Local Authority's Financial Regulations and Contract Procedure Rules.
 - Evaluating the effectiveness of spending decisions.
 - Ensuring a procedure handbook is available containing information and description of financial systems and procedures for all staff with financial management responsibility. The handbook should clearly describe the financial duties of all staff to avoid potential conflicts.
 - Establish formal procedures and a timetable for budget planning.
 - Ensure that only a balanced sound budget is approved.

- Ensure financial records are maintained and accessible for auditors when they consider necessary.
- Respond promptly to recommendations made by auditors or inspectors.
- Ensuring that the school obtains best value for money when purchasing goods and services including the Local Authority and outside contractors.
- To approve the ordering of goods and services, and the payment of all accounts in excess of the degree of financial delegation given to the Headteacher.
- Establishing charging policy for supply of goods and services.
- Ensuring in conjunction with the Headteacher that salary payments are only made to school employees, made in accordance with appropriate conditions of employment, only made for services provided to the school, appropriate deductions are made (tax and NI) and payroll changes are accurately recorded and promptly processed.
- Deciding after careful consideration, whether or not to insure risks not covered by the Local Authority.
- Authorising the disposal or write off of stock.
- Act as a critical friend to the Headteacher by providing advice, challenge and support.
- Establish a written performance management policy to govern staff appraisal, after making sure that all staff have been consulted.
- Ensure detailed minutes are taken and retained of all meetings of the Governing Body and its committees, these should include all decisions and by whom the action is to be taken.
- Ensure that the school's financial performance is compared at least annually to similar schools, reasons for differences examined and action taken where necessary (including local and national benchmarking data).
- Evaluate the soundness and effectiveness of the school's financial management systems against the SFVS.
- Consider the Statement of Internal Control (SIC) and evidence supplied before the nominated representative signs.
- Monitor expenditure of all of the schools voluntary/private funds and ensure an annual audit is carried out in accordance with section 16 of these regulations.
- Approve the spending decisions where there is a balance on the school's voluntary/private funds.
- Approve all extended schools' activities after considering business plans and associated costs.
- Ensure all documentation, where appropriate, is authorised by a full signature (not by initials).
- Approve the school's Finance Policy each year.

2.3 The Governing Body can delegate some of its responsibilities to committees. A Finance Committee or its equivalent should be set up to consider financial issues on behalf of the Governing Body. The Governing Body will define the terms of reference, the extent of the delegated authority, ensure it receives minutes of the Committee's meetings and review the Committee's remit and membership annually.

- 2.4 The Governing Body should establish and keep up to date a register of Governors, the Headteacher and any other member of staff employed at the school, any business interests either they or their immediate family have that may influence financial decisions, and the details of any other educational establishments that they govern, and any relationships between schools staff and members of the Governing Body.
- Governors and staff should declare links they have made with local firms from which the school may wish to buy goods or services.
 - The register should be open to examination by governors, staff, parents and the Local Authority.
 - The register must also be accessible to the public, e.g. published on the school's website.
 - This demonstrates that those involved in the spending of public money do not benefit personally from the decisions made.
 - It is important that this record is updated as soon as any circumstances change.

The Headteacher

- 2.5 The Headteacher provides vision, leadership and direction for the school and ensures that it is managed and organised to meet its aims and targets, which are established by the Governing Body.
- 2.6 In practice, the Headteacher normally has delegated responsibility for the financial management of the school. It is, therefore particularly important that his/her financial management roles and responsibilities are clear and understood by all those who assist him/her with the school's financial management.
- 2.7 The Headteacher is accountable to the Governing Body, which can delegate much of its financial responsibility to the Headteacher. Typically the Headteacher has delegated responsibility for the following finance functions:
- Leading and managing the creation of a strategic plan, underpinned by sound resource planning and which identifies priorities for targets for ensuring that pupils achieve high standards and make progress, increasing teachers' effectiveness and securing school improvement.
 - To prepare the annual budget, based on realistic estimates of expenditure and income, sufficiently in advance of the financial year for consideration and approval by the Finance Committee/Governing Body, including assumptions underpinning the budget.
 - Identifying, evaluating and managing all significant operational risks to the school in accordance with the Local Authority's risk management system.
 - Ensuring that the relevant Local Authority regulations or DfE requirements are implemented.
 - Establishing sound internal financial controls, which are managed on a daily basis by the Headteacher and Finance Officer/School Business Manager.
 - Ensuring effective implementation of current financial systems and procedures described in the financial management handbook (even in the absence of staff).

- Checking that the funds delegated are correct.
- To ensure that the financial information provided to the Governing Body and Finance Committee meets their requirements; reports are timely, accurate and understandable.
- Compiling draft budgets and budget revisions to the Governing Body and appropriate committees for approval.
- To submit the approved budget to the Local Authority no later than 1 May and submit any approved budget revisions to the Local Authority at least on a quarterly basis.
- To report to the Governing Body/Finance Committee any policy changes where the budget will be significantly affected.
- Producing regular reconciled budget/financial reports to the Governing Body, Local Authority and DfE as appropriate. The reports should include reasons for significant variances; identifying action to be taken/recommendations and progress on actions identified.
- Bank accounts schools should provide a cash flow report to the Finance Committee for consideration.

2.8 In terms of management of resources, the Headteacher should ensure that resources are efficiently and effectively deployed to achieve the schools aims and objectives.

2.9 The Headteacher must provide the Chief Financial Officer any information requested and which is required for the purpose of creating or closing the accounts of the Local Authority. Such information must be provided in accordance with the timetable determined by the Chief Financial Officer, this may relate to information for grant claim purposes.

Suspension of Financial Delegation

2.10 A Local Authority may suspend a school's right to a delegated budget if the provisions of the scheme (or rules applied by the Scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.

2.11 As a last resort the Local Authority may suspend delegation by giving at least one month's notice stating clearly the grounds for the removal of the delegated budget. In an emergency situation delegation could be withdrawn immediately with a written notice from the Secretary of State. There is a right to appeal to the Secretary of State.

Audit Requirements

2.12 The Accounts and Audit Regulations 2011 (and successive revisions) issued by the Secretary of State for Communities & Local Government require every Local Authority to maintain an adequate and effective internal audit of its accounts and supporting systems. Schools will normally be audited on the basis of risk as and when required. If either the Governing Body or Headteacher require further audits outside of these arrangements, they should contact the Head of Internal Audit Services.

Internal Financial Controls

- 2.13 It is important for schools to have systems for recording and controlling financial transactions. Sound internal financial controls are required to ensure the reliability and accuracy of schools' financial transactions. Examples of key internal controls that schools should ensure are in place include:
- a. Internal checks – one person checking another person's work
 - b. Separation of duties – distributing the work so that key tasks are assigned to separate members of staff.
 - c. Authorisations – each transaction is authorised before passing on to the next stage of the process
 - d. Systems manuals – clear, readable descriptions of how systems work, and who does what and when, and the systems of internal control. This should be in the form of a finance procedure.
 - e. Audit trail makes it clear who has been involved – this tracks all stages of a transaction.
- 2.14 The Governing Body should ensure that there are written descriptions of financial systems and procedures, which are kept up to date. All appropriate staff should be trained in their use.
- 2.15 The Headteacher should ensure that financial control is maintained in the absence of key staff by training or by arranging for staff to shadow each other's duties from time to time.
- 2.16 Alterations to any original documents should be made clearly in ink or other permanent form.
- 2.17 Schools should retain all financial records securely for six complete years plus the current year and only authorised staff should have access. Where VAT details are retained on site records should be retained for six complete years plus the current year (e.g. for bank account schools and imprest bank accounts). Please see section 4.43 - 4.44 for further details.
- 2.18 All financial transactions should be traceable from the original documentation to the accounting records and vice versa. For example it should be possible to trace a cheque to the expenditure in the accounts, to the invoice and to the copy order.
- 2.19 The Headteacher should ensure that all expenditure from sources of earmarked funding is accounted for separately and that funding is used for its intended purpose.
- 2.20 ICT systems should be protected by security arrangements including; password security, anti-virus software and regular back-ups.
- 2.21 Each year the Governing Body should ensure that the school assesses compliance with financial controls and incorporate the results in the annual SIC.

- 2.22 All decisions of the Governing Body and its committees should be minuted and schools progress against the development plan reported to parents each year.

“Whistleblowing”

- 2.23 Schools are encouraged to establish a basis on which staff and Governors can confidentially raise concerns of malpractice (known as whistleblowing) without prejudice to their personal position. An effective system for the raising of concerns should include respect for staff/Governor confidentiality, an opportunity to raise concerns outside the line management structure, and an indication of the proper way in which concerns may be raised outside the organisation if necessary.
- 2.24 The Local Authority has provided a school whistleblowing policy, which is available on the Local Authority website under the path shown below. The policy adopted by the school should state that where necessary, concerns should be raised with the Head of Internal Audit Services.

<http://www.doncaster.gov.uk/services/schools/policies-and-guidance-for-school-governors>

3 Financial Planning & Budgetary Control

Financial Planning

- 3.1 Effective financial management is key to ensuring the school achieves its educational objectives. Financial planning is an essential part of good financial management.
- 3.2 The financial planning standards for schools are as follows; which are based on the document produced by the Audit Commission and OfSTED 'Keeping your balance' and the SFVS Support notes (available on the DfE website). Information can also be found on the Local Authority's website.
- The school should have a school development plan (SDP) which includes a statement of its educational goals to guide the planning process.
 - The SDP should cover in outline the school's educational priorities and the budget plans for at least three years, showing how the use of resources is linked to the achievement of the school's goals.
 - The SDP should state the school's educational priorities in sufficient detail to provide the basis for constructing budget plans for the next financial year.
 - Any new initiatives should be carefully appraised in relation to all likely costs and benefits and their financial sustainability before being approved by the Governing Body.
 - Staff, parents and others involved should be consulted, as appropriate, before significant changes are made to the allocation of resources.
 - The SDP should also state intended expenditure on continuing commitments, including a short commentary on any significant changes from the previous year.
 - A formal timetable and procedures should be drawn up for constructing the SDP and budget to ensure that the Governors have time to consider all relevant factors.
 - There should be clear identifiable links between the school's annual budget and its school development plan.
 - The school's budget should be based on realistic estimates of all expected expenditure and income, including grant income, so that planned expenditure does not exceed the available budget and takes account of all relevant conditions laid down by the Scheme.
 - The Governing Body should ensure that the main elements of the school's budget are periodically reviewed to ensure that historic spending patterns are not perpetuated where no longer relevant to current needs and priorities.
 - For schools with their own bank accounts the Headteacher should profile the budget and forecast cash flow to take account of likely spending patterns.
 - Benchmarking should inform the financial planning of the school.
 - The annual budget is balanced, or any planned surplus is intended to recover previous deficits in line with plans agreed with the Local Authority or any planned deficit is intended to achieve the lowest level of unspent balances that the Governing Body consider the school needs.

- The school finance officer/business manager can carry out changes to budgets if this responsibility has been delegated to them.
- Any budget surpluses should be earmarked for specific future needs to ensure that pupils' benefit from the planned approach to spending that does not deprive them of resources in a given year.
- The Governing Body should approve the school's budget and SDP after careful consideration before the beginning of the relevant financial year.
- The Governors properly approve any changes to the budget in the year.
- The Headteacher should promptly forward details of the approved budget and any subsequent budget changes to the Local Authority.
- Once the budget is approved it should be made available to all Governors, school business managers/finance staff and budget holders to enable them to exercise financial management.

3.3 Schools may find some useful information within the SFVS support notes on the DfE website which covers budget setting. Also, the Education Funding Agency (EFA) has published a new support package of guidance and tools covering schools financial health and efficiency. The package includes guidance on managing budgets, effective procurement and how to achieve greater efficiency by analysis of benchmarking information. All of the information can be accessed via the following links:

https://www.gov.uk/government/collections/schools-financial-health-and-efficiency?utm_source=EFA%20e-bulletin&utm_medium=email&utm_campaign=e-bulletin&mxmroi=2305-30862-38408-0

https://www.gov.uk/guidance/schools-financial-efficiency-financial-benchmarking?utm_source=EFA%20e-bulletin&utm_medium=email&utm_campaign=e-bulletin&mxmroi=2305-30862-38409-0

Setting Annual and Medium Term Budgets

3.4 A school should have a medium term budget covering the same period as the school development plan (also referred to as school improvement plan) that reflects all the growth and development issues. The medium term budget (between three to five years) should demonstrate that the school development plan is sustainable, in financial terms. It demonstrates how the school intends to use its resources to achieve the aims and objectives in the school development plan. If this process shows initially that the plan isn't sustainable and that there are insufficient resources other options will need to be considered.

3.5 The medium term budget should include all the financial issues but in less detail than the annual budget. All new developments should be fully costed and detailed in the medium plan in the year they are expected to be incurred.

3.6 The medium term budget should be the link between the annual budget and the school development plan. The detailed annual budget should be based on the first year of the medium term budget.

- 3.7 The medium term plan should be updated as frequently as the school development plan and regularly reviewed to reflect changes made to the annual budget. The annual budget revisions may also mean that the School Development plan requires updating.
- 3.8 A four-year projection spreadsheet is available from Financial Management to aid schools in setting the medium term plan. This forms part of the finance support traded service; schools that do not buyback will be given access to the spreadsheet if requested, but a fee would be payable.
- 3.9 The setting of the budget (medium term or annual) relies on realistic estimates of likely income and required expenditure. The following areas to be considered in setting the budget will include:
- 3.10 Income – The delegated budget (schools, high needs, early years blocks and 6th form funding) accounts for the majority of school's income, which are based mainly on pupil numbers. Therefore it is important that the plan includes a realistic estimate of projected pupil numbers and considers the effect of changes to the pupil numbers¹ on the delegated budget. Schools will also need to consider changes to school specific criteria and how they affect the budget. Schools should also consider the following types of income: school lettings, contributions, interest, charges for educational services and specific grants (Devolved Formula Capital and Pupil Premium etc.).
- 3.11 Staffing costs – These costs typically account for between 75% and 80% of the overall school expenditure. The staffing levels will be driven by the pupil numbers and curriculum requirements and can be estimated once the October² census return is complete (please note, pupil numbers from the October census are initially provisional; final pupil numbers have to be confirmed by the DfE, which usually occurs two to three months later). It is essential that the staffing structure is affordable and considers all management and curriculum responsibilities. A salary spreadsheet is provided by the Local Authority to schools that buyback the finance support traded service, to aid the calculation of the staffing costs. The salary spreadsheet is also available to all other schools, but a fee is payable. All known/planned changes should be entered onto the spreadsheet; e.g. if vacant posts will be filled, increments, new posts. The additional cost of overtime/bonus payments and sick pay will also need to be considered in the budget. The staffing spreadsheet also calculates the individual and total salary cost for each calendar month to aid budget monitoring.
- 3.12 Operational expenditure – Estimates are required for all operational costs, which will include the following costs: utilities, cleaning, rates, repairs and maintenance, insurance, supplies and services etc. Previous years expenditure levels will give an indication of the basic budget required. The base figure should be adjusted for estimated changes e.g. anticipated price increase (inflation), changes to school area, improvements identified in the

¹ Schools block funding is based on the October Census and is not subject to in-year revisions (except permanent exclusions). Early Years block funding is revised on a termly basis. High Needs block funding is revised on a half-termly basis.

² Early Years funding takes account of all three censuses during a year.

school development plan; non-recurring items included in the previous year's figures. The Local Authority provides schools with information on the estimated levels of inflation that have been used to calculate the Local Authority's budget.

- 3.13 The annual budget should be based on building up budgets from a zero budget. A budget spreadsheet is provided by the Local Authority to schools to assist them in setting their annual budget. It is a statutory requirement for schools to submit their annual budget and revisions to the Local Authority in a prescribed format, therefore, the budget spreadsheet is made available to all maintained schools, without an additional fee being payable, irrespective of whether or not a school accesses the finance support traded service.
- 3.14 Schools should bear in mind that all financial tools made available by the Local Authority, such as four year projections, budget and salary spreadsheets, are provided to assist the school with their financial planning and monitoring; ultimately the school has responsibility for checking the information produced by the tools to ensure it is both accurate and reliable. Concerns with any aspect of these tools should be referred to Financial Management so that they can be investigated and remedial action taken if required.
- 3.15 The Headteacher must forward details of a budget, approved by Governors and the finance committee, including assumptions underpinning the budget and estimated balances brought forward to the Chief Financial Officer no later than 1st May each year, or 1st October in the case of a new school opening in September, in the approved format. The Headteacher and Chair of Governors should authorise the budget by submitting a signed form with the budget plan. The finance sub-committee may draw up the initial budget for discussion.
- 3.16 The budget should be regularly reviewed to ensure changes in funding and any associated expenditure are reflected in the annual budget. These changes must be entered onto the schools' finance system and submitted to the Chief Financial Officer on a timely basis at least on a quarterly basis.
- 3.17 Where schools are unable to achieve a balanced budget the budget plan must be approved by the Chief Financial Officer, if the planned deficit is 5% or more of their school budget share or £30,000, whichever is the lower, they are required to complete a licenced deficit plan in line with the Local Authority's code of practice on budget deficit plans. This applies to primary and special schools and PRUs. The licenced deficit plan should show how the school intends to bring the budget back into balance within a three-year period and must be approved by the Director of Learning & Opportunities: Children & Young People and Chief Financial Officer. If the deficit is less than the above limits it should be submitted to the Local Authority as prescribed, clearly demonstrating how the deficit will be managed going forward.
- 3.18 It is essential to aid in-year budget monitoring for the annual budget to be profiled over the year, estimating the amount of income/expenditure that will fall in each month.

Budget Monitoring

- 3.19 Effective budget monitoring provides vital information about spending patterns and makes realistic forecasts of year-end under or overspends. It is essential to closely monitor the budget, by comparing actual income and expenditure to the budget on a regular basis throughout the financial year. Reviewing the variances will highlight any problems and if remedial action is required.
- 3.20 The Headteacher should produce a regular budget monitoring report, showing income and expenditure against budget. This report must reconcile to the school's financial records, which should be fully reconciled to the Local Authority's financial records. They should include all known commitments and creditors, to show where orders have been placed but the goods or services have been received but payment has not been made.
- 3.21 The monitoring report is produced to identify significant variances between the actual income/expenditure and budget. The reasons behind these variances should be investigated and documented. Corrective action should be taken as appropriate and recorded.
- 3.22 As detailed above, it is essential to budget monitoring that budgets are profiled correctly. The budget profile presents the likely spending pattern over the twelve months of the year.
- 3.23 Where schools have devolved departmental budgets, individual budget holders should receive regularly monthly reports, detailing actual expenditure against budget. The individual budget holders should review the budget position and take remedial action where necessary. The review results should be communicated to the Headteacher, who should assess the adequacy of the review and remedial action required.
- 3.24 Headteachers should provide a budget monitoring report to the Governing Body and the finance sub-committee at least once a term. The report should include details of any significant variances with explanatory notes on the reasons for the variances, remedial action required and recommendations. All discussions on the budget should be recorded in the minutes.
- 3.25 Bank account schools should also prepare a cash flow statement on a monthly basis. This will identify potential future cash shortfalls, potential surplus cash and encourage more efficient use of resources and reduce costs.
- 3.26 Schools will need to ensure that appropriate training is provided to the relevant staff to ensure they are able to create a school budget on the system; extract financial information; analyse and verify information and report/resolve potential problems.

Financial Monitoring Returns and Statements

- 3.27 Schools must keep accounts that meet the prescribed format of the Local Authority and will integrate with those of the Local Authority as a whole. Information required for integrating the accounts must be provided in accordance with the timetable determined by the Chief Financial Officer.

- 3.28 Schools are required to submit the following FMS reports or equivalent on a quarterly basis, within three weeks of receipt of the latest e5 General Ledger reports:
- The fund review report
 - The CFR report (showing the balances)
 - The fund allocation audit trail.
- 3.29 Community schools should provide the information required by the Chief Financial Officer to facilitate the maintenance of the asset register, in accordance with capital accounting provisions.

4 Banking Arrangements

- 4.1 These refer to the operation of bank accounts. The Governing Body should establish adequate internal control procedures. A serious breach of these financial regulations may result in the withdrawal of the bank account from an individual school.
- 4.2 Individuals should not use their private bank accounts for any payment or receipt related to the schools budget.

Advances of Budget Share Instalments

- 4.3 Advances of the Budget Share are credited to the school's bank account on a monthly basis. The first advance of 12% of budget share (excluding 6th form funding) is paid on the first banking day in April, followed by 8% three days prior to payday in May and for the proceeding ten months. 6th form funding will be paid to maintained schools with 6th form pupils in each advance, the amount paid being equivalent to the amount paid to the Local Authority in that month. Devolved Formula Capital will be paid in the June and August advances (40% & 60% respectively). Pupil Premium will be paid quarterly in arrears as part of the July, October, January and March advances.
- 4.4 Money paid by the Local Authority and held in school accounts remains the property of the Local Authority until spent.

Deduction/Addition from/to the Advance

- 4.5 Where advances are made to schools, a cash reconciliation will be completed at the end of each financial year to establish whether schools have received their full budget allocation. If it is found that schools have been advanced funds in excess of their final budget share, this will be deducted from an advance in the summer term during the next financial year. In the event of schools not having received their full allocation, the amount owing will be included in an advance in the summer term during the next financial year.

Monitoring of Bank Account Schools Income and Expenditure

- 4.6 Schools that operate a bank account are required to send income and expenditure details to the Local Authority as per the Scheme (2.1.2).

Allowable Expenditure

- 4.7 A school's bank account can be used to meet all of that expenditure included in the delegated budget with the following exceptions:
- a. any items relating to unofficial funds, i.e. Parent Teacher Association (PTA) Funds except where specific items for school use are to be financed by donation from unofficial funds;
 - b. any non-Local Authority activities, e.g. the purchase of goods for sale rather than for use by the school or its pupils; and
 - c. School bank accounts cannot be used to meet payments to employees, or persons who may be deemed to be employees, e.g. visiting speakers, including any allowances, traveling and subsistence expenses. These must be dealt with through Payroll to comply with Inland Revenue/HMRC requirements.

Treatment of Income

- 4.8 All official income due to the school is paid into the official school's bank account. The main sources of income are the payment of the advance at monthly intervals and Value Added Tax reimbursements from the Local Authority.
- 4.9 Other income may be generated by the school from sources such as lettings or from contributions towards school expenditure by School funds or donations.
- 4.10 All income, cheques and cash, must be properly receipted by the issue of an official receipt.

Banking Arrangements

- 4.11 Schools may choose their own bank from a list of financial institutions, as set out in the Scheme (3.6.1), approved by the Chief Financial Officer. A school wishing to use any other bank or building society is required to obtain the express approval, in writing, of the Chief Financial Officer.
- 4.12 Schools must notify the Chief Financial Officer of the bank used and the account number of all accounts opened. Details of authorised signatories should also be provided. Any change in the banking details must also be notified to the Chief Financial Officer at least one calendar month before such changes occur.
- 4.13 Schools retain the interest earned on their accounts and bear any charges made by their bank.
- 4.14 Because of the tax status of the Local Authority, interest should be paid gross by the bank without deduction of tax.
- 4.15 Schools must not make arrangements for overdrafts, any other form of credit or deferred purchase (this includes the use of finance leases). Banks should be instructed to inform the Chief Financial Officer if an account goes into debit, as this would affect the overall borrowing position of the Local Authority, which is subject to the provisions set out in the Local Government and Housing Act 1989. Governing Bodies may borrow money only with the written permission of the Secretary of State. However, schools can use a limited scheme that has been approved by the Secretary of State without obtaining specific approval, for example the [Salix Scheme](#) to support energy saving.

Procedures for Bank Account Schools applying for a loan

- 4.16 Whilst schools are monitored and encouraged to work within their budget limits, a situation may arise whereby schools that face a deficit may encounter short-term cash flow problems. In this instance, schools will need to apply to the Local Authority for a short-term loan.
- 4.17 Bank account schools receive 12% of their budget share (excluding 6th form funding) on the first banking day of April, followed by 8% three days prior to pay day in May and for the proceeding ten months. It is therefore assumed

that the maximum period a loan should be required for is one month. However, in exceptional circumstances where schools demonstrate that a loan is required for more than one month due to longer-term deficit problems, consideration will be given on a case-by-case basis.

- 4.18 The application will be approved or rejected within 5 working days and the school will be notified via email of the Chief Financial Officer's decision. In the event of the application being accepted, the school will be informed of the date and amount of money that will be paid into the schools' bank account.
- 4.19 Loans for one month or less:
- a. Headteachers should apply in writing to the Chief Financial Officer at least ten working days before the school needs the money paying into their bank account. The letter should state the amount of money needed and the period that the loan is required for to ensure the school does not overdraw at the bank. Along with the application the school must provide:
 - b. A copy of the latest bank statements (for all accounts)
 - c. A list of un-reconciled cheques
 - d. A cash flow forecast for the remainder of the month; which must include all anticipated income and expenditure on a week-by-week basis.
 - e. A cash flow forecast for the remainder of the financial year, which must include all anticipated income and expenditure on a month by month basis
 - f. A summary of outstanding creditors to be paid before the next advance is due; this must include any outstanding payments due to the Local Authority.

Schools borrowing money from the Local Authority will be charged interest at a daily rate determined by the Local Authority for the period of the loan. The Local Authority calculates interest based on the average investment rate achieved by the Local Authority for the financial year in question. Where the loan is only required short term e.g. until the next monthly advance, the amount borrowed and the interest will be recovered from the next scheduled payment.

- 4.20 Loans for periods in excess of one month:
- a. Head Teachers should apply in writing to the Chief Financial Officer at least 20 working days before the school needs to money paying into their bank account. The letter should state the amount of money needed and the period that the loan is required for to ensure the school does not overdraw at the bank. As a maximum the period of the loan should not exceed three months. Should schools experience cash flow problems for longer than three months; the Head Teacher and Governing Body should consider the viability of remaining as a bank account school. In addition to the application the school must provide:
 - b. A copy of the latest bank statements (for all accounts)
 - c. A list of un-reconciled cheques
 - d. A cash flow forecast for the remainder of the financial year or for next six months, whichever is the longer, this must include all anticipated income and expenditure on a month-by-month basis.

- e. A summary of outstanding creditors to be paid before the next advance is due; this must include any outstanding payments due to the Local Authority.
- f. An up-to-date summary of actual income and expenditure
- g. An up-to-date four-year budget projection

Following approval of the loan the school must provide a cash flow forecast every month for the term of the loan; this must include all anticipated income and expenditure on a week-by-week basis. Interest on the loan will be applied as described under 4.19, however, the amount borrowed and interest incurred will be recovered at a date agreed between the Chief Financial Officer and the Head Teacher but this should not exceed three months.

General Rules for Cheques/payments

- 4.21 Schools should order their own official account cheques from their approved banks. The school should retain cheques securely when not in use.
- 4.22 Any cheque which requires cancellation must be clearly marked "CANCELLED" and retained for management and audit purposes with the counterfoils.
- 4.23 The school should place an immediate stop payment on any cheque lost or misplaced.
- 4.24 Any invoice paid out of the Cheque Book Account should be in the name of the Local Authority and/or the school and be addressed to the school. They should not be privately addressed to any individual or other organisation. (An exception to this would be Assets & Property invoices which are named and addressed to the Local Authority and then forwarded onto schools for payment).
- 4.25 To ensure all transactions can be properly accounted for and to prevent unauthorised withdrawals cash dispensers must not be used.
- 4.26 Paid cheques must be returned to the school by their bankers where available. Banks who request a change to this practice for their own efficiency reasons should offer the facility for cheques to be readily provided on specific request.
- 4.27 The Governing Body should specifically approve limits on the maximum value of any individual transaction.
- 4.28 Schools should keep copies of all electronic receipts and invoices relating to BACS and online payments and should ensure that all such transactions involve trustworthy third-parties and are undertaken with due diligence and care.

Security of Cheques

- 4.29 Cheques must be signed with full signatures, by hand, in manuscript by two members of staff. Governors should not be signatories. Cheques should not be pre-signed. Supporting vouchers must be made available to cheque signatories at the time of signing of cheques. There should be a limited

number of authorised signatories. To preserve internal check, they should not be the same staff who authorise orders or certify accounts for payment.

- 4.30 All cheques drawn on the account(s) should be crossed “Not Negotiable - Account Payee Only” to avoid the possibility of improper negotiation of the cheques.
- 4.31 Authorised signatories should not have access to blank cheques or prepare cheques for signature.

Payments into bank accounts

- 4.32 Paying-in books, not individual slips, should be used for banking income. Where cheques are paid in, a record must be kept showing, for each cheque, the name of the drawer, the nature of the income and the amount, and this must be totaled to agree with the total cheques banked.
- 4.33 All income should be banked in full. Each paying-in slip should be signed or initialed by two members of staff to demonstrate that the monies paid in have been double checked.

Terms

- 4.34 Schools may negotiate their own terms with the bank, although advice is available from the Chief Financial Officer if required.

Bank Statements/Bank Reconciliation

- 4.35 Monthly bank reconciliation is an essential internal control to prove that balances are correct, accounts not overdrawn and to provide assurance that the underlying accounts have been properly compiled and are accurate.
- 4.36 The school should obtain bank statements at least monthly and these must be independently reconciled with their accounting records. Discrepancies should be investigated immediately. Schools may wish to receive statements more often to facilitate cash flow management.
- 4.37 All bank reconciliations should be submitted by the person performing the independent reconciliation. Before submission they should be reviewed and certified by someone who understands the reconciliation process via the procedure outlined by the Local Authority (electronic submission of returns).
- 4.38 The LA provides a Bank Reconciliation template for schools to complete which includes guidance notes. As part of this monthly exercise, schools are also required to reconcile all FMS balances to the adjusted cash balance held by the school.
- 4.39 A fully balanced Bank Reconciliation must be submitted each month to the LA. Failure to do so will result in VAT refunds being withheld until the issues are resolved.
- 4.40 Where practicable, staff responsible for undertaking bank reconciliations should not be responsible for the processing of receipts or payments.

Investment

- 4.41 All funds surplus to immediate requirements should be invested to optimal effect. Schools are able to invest surplus monies in the accounts of financial institutions approved by the Chief Financial Officer (3.6.1 in the Scheme) or with the Local Authority.
- 4.42 Interest on these investments is retained by the school and should be paid by the bank without deduction of tax.

Retention of Records

- 4.43 To accord with the Statute of Limitations Act, the following records must be kept for the current financial year and the previous six financial years:
- Copy Orders
 - Schools detailed accounts
 - Signed Delivery Notes
 - Paying-in slip stubs/records
 - Certified Paid Invoices
 - Copy receipt for all income
 - Copy Remittance Advices
 - Bank statements
 - Bank reconciliation statements
- 4.44 Paid cheques returned by the Bank should be filed in number order. Cancelled cheques, clearly marked "CANCELLED", should also be kept in this file, together with their counterfoils. Schools may develop their own system but must ensure that the system is easily identifiable and auditable.

Contractual Liability

- 4.45 Any liability, arising as a result of a school failing to fulfil its contractual commitments or failing to ensure that contract documentation adequately protects the Local Authority's interests, may be charged in full to the school's delegated budget, and be deducted from the next advance payable.

Value Added Tax

- 4.46 In law, the Local Authority remains the registered body for VAT purposes with schools acting as an agent for the Local Authority. Errors made by schools may result in a penalty or interest charge being made against the Local Authority.
- 4.47 Bank Account Schools must provide information for the monthly VAT return in accordance with the deadlines set by the Local Authority. For more information on VAT please refer to section 11 of these regulations.
- 4.48 Any penalties or interest charges incurred by the Local Authority as a result of errors made by the school may be charged to the School's delegated budget, and deducted from the next advance payable.

5 Income

- 5.1 Income is a valuable asset and is therefore, vulnerable to fraud and theft. It is vital that appropriate controls are in place to ensure its security. The Headteacher is responsible to the Governing Body for accounting for all income due to the school and cash collected.
- 5.2 Schools should maximise their income and consider all potential sources of income in the budgeting process. Estimates for income should be included in the budget, which can either be based on previous years' experience and any planned increase or conservative estimates for new sources of income when the school is sure they will be received. Actual income should be compared to the budget and explanation provided for significant variances.
- 5.3 Where possible schools should obtain money in advance or at the point of service, which improves cash flow and avoids the possibility of bad debts.
- 5.4 Governing Bodies should have a charging policy for goods and services supplied by the school. The policy should cover all areas where charges are made to pupils/parents, staff or to third parties, including any circumstances where remission of charges to pupils/parents may be made. It should state:
- a. Terms and conditions for all sources of income
 - b. Procedures for setting and reviewing charges
 - c. Financial arrangements e.g. method of collection, how credit worthiness is assessed.
 - d. Insurance requirements
 - e. Delegated authority for day to day administration
- The fees and charges should be reviewed on an annual basis by the full Governing Body.
- 5.5 All lettings must be authorised in accordance with the policy of the Governing Body and they should be recorded in a diary or register. All lettings should be subject to a formal hire agreement clearly stating the terms of the letting including liability for unforeseen events and facilities included. The agreement should be signed by the hirer.
- 5.6 The Headteacher should ensure that adequate arrangements are made and maintained for:
- a. The financial controls and accounting to ensure the proper recording of all income due. Income received must be coded to an appropriate income code and not netted off against expenditure. All expenditure must be coded to an expenditure code, including any expenditure incurred earning the income.
 - b. Credit notes must be coded to the same code as the original invoice it is issued against.
 - c. The prompt and proper accounting of all income, including the raising of debtor accounts, including its collection, custody and banking.

- d. The responsibility for identifying income due to the school should be separate from the responsibility for collecting and banking such sums.
- 5.7 Where invoices are required, they should be raised in accordance with VAT regulations and issued within 30 days. Invoices should show a description of the goods or services supplied, charge amount, VAT rate, amount of VAT and date raised. For taxation guidance please see section 11.
- 5.8 An official, pre-numbered receipt should be issued, with a signature, or other records maintained for small amounts of income. The receipts should be securely stored in order. Any spoiled receipts should be cancelled and retained for complete records.
- 5.9 Cash and cheques should be locked in a fireproof safe and should not exceed the agreed insurance limits.
- 5.10 All money received should be paid into the bank without delay. More than one member of staff should bank the cash and journey times and routes should be varied. The income should be either paid directly into the Local Authority's bank via the appropriate means, or if a bank account school, the school's bank. Bank paying in slips must show clearly the split of cash and cheques. The VAT column on the back of the paying in slip must be completed to ensure correct accounting of VAT.
- 5.11 The amount and reference to the debt, e.g. receipt number or name of debtor, should be entered on the paying-in slip, and on the counterfoil or duplicate copy for cheques and postal orders.
- 5.12 All cheques or postal orders must record the school name and where applicable any reference to the debt on the reverse of each cheque.
- 5.13 Personal cheques or other payments must not be cashed out of the money collected.
- 5.14 Every transfer of school money from one member of staff to another should be recorded and evidenced by the signature of the receiving officer.
- 5.15 The Headteacher should ensure that machines taking money are emptied and counted by two people.
- 5.16 Every transfer of official money from one member of staff to another shall be evidenced in the records of the school concerned by the signature of the receiving officer.
- 5.17 Where cash is collected for school meals on behalf of Doncaster Schools Catering it should not be input into the schools financial system. Please contact School Meals on telephone 01302 862776 for all enquiries relating to the collecting and banking of school meals income.
- 5.18 Where schools are not using Doncaster Schools Catering, cash should be paid into the Local Authority's bank.

Writing off bad debts

- 5.19 Schools should have a policy in place for debt recovery. The writing off of bad debts should only be considered where appropriate recovery action has been exhausted or a cost benefit analysis indicates this to be uneconomic.
- 5.20 Outstanding debts should be regularly reviewed to reduce the possibility of significant losses. Governors should also decide at what stage withdrawal of the services from non-payers should be considered. The debt should then be referred the Financial Management Team who arrange for a sundry debtor account to be raised. If the debt is considered irrecoverable at this stage, and it wouldn't be cost effective to raise a debtor account, the Governing Body can write off the debt where the value is up to £100.
- 5.21 Where a sundry debtor account has been raised or the value is greater than £100 the request to write off the bad debt should be referred to the Chief Financial Officer. The school should keep a record of all sums written off. All decisions on the write off of bad debts should be recorded in the minutes of the Governing Body.
- 5.22 The Chief Financial Officer, after consultation with the appropriate Headteacher and the Assistant Director of Legal & Democratic Services may, in the case of insolvencies where no dividend is likely to be paid, approve the writing off of outstanding debt up to a limit of £50,000 in any one case. All such debts shall be referred to the Governing Body.
- 5.23 Each Headteacher shall, as soon as possible after the 31st March, and not later than the date notified in each year, advise the Chief Financial Officer of all outstanding income relating to the previous financial year.

6 Insurance

- 6.1 The Governing Body must ensure that the Local Authority's insurable interests are noted, under a policy arranged by it, are at least as good as the relevant minimum cover arranged by the Local Authority and that the sums insured are commensurate with the risk.
- 6.2 The Governing Body must review the insurances for adequacy every year in consultation with the Chief Financial Officer if arranged through the Local Authority, or its insurers as appropriate.
- 6.3 The school should notify its insurers or the Local Authority of all new risks, property, equipment and vehicles that require insurance, or of any other alteration affecting insurance.
- 6.4 The school should inform its insurers or the Local Authority, within twenty four hours, of all accidents, losses and other incidents that may give rise to an insurance claim.
- 6.5 Headteachers shall ensure that all employees of the school be included in suitable fidelity guarantee insurance.
- 6.6 The Governing Body if requested by the Local Authority shall provide copies of all insurance documents arranged by the Governing Body together with current premium receipts.

7 Inventories, Stocks & Stores

- 7.1 Inventories shall be maintained by all schools and therein shall be recorded an adequate description of furniture, fittings and equipment, plant and machinery, vehicles and computer hardware and software. All items should be identified with security markings as belonging to the school. The extent to which the property of the school shall be recorded and a minimum format in which the inventories shall be kept should follow the guidance from the Chief Financial Officer.
- 7.2 The inventory must include an adequate description of the school's assets (including those leased) and, where appropriate, the model number, serial number, etc. All items of, or collection of similar items valued at more than £200 and items of a lesser value which are attractive and portable, should be recorded in the inventory.
- 7.3 Each Headteacher shall be responsible for ensuring an annual check of all items on the inventory, for taking action in relation to surpluses or deficiencies and noting the inventory accordingly. All deficiencies, write offs, sales and other disposals shall be reported to the Governing Body.
- 7.4 Headteachers shall be responsible for reporting at least annually, to the Governing Body, on school assets. The reporting shall include:-
- a. the extent to which the assets of the school are in good order;
 - b. confirmation that all prescribed items are included on the asset inventory, and the inventory is up-to-date at the date of the report;
 - c. confirmation that the inventory has been checked at least once in the previous 12 month period, or within 12 months of the last check;
 - d. details of any discrepancies when the check was undertaken and action taken to recover and investigate any deficiencies;
 - e. details of any items deemed to be obsolete or unusable which are to be written off the inventory where the individual value exceeds £200, or for which write-off authorisation is being sought, with details of the method of disposal;
 - f. details of major equipment acquisitions over the previous 12 month period.
- 7.5 The school's property shall not be removed otherwise than in accordance with the ordinary course of the school's business or used otherwise than for the school's purposes except in accordance with specific directions issued by the Headteacher concerned. Whenever school property is taken off the school site it should be signed for and a register noted accordingly. Care must be taken to comply with insurance requirements relating to such equipment taken off school premises.
- 7.6 Leased inventory items must be clearly identified as such. Any proposal to dispose of leased items must be referred to the Chief Financial Officer.
- 7.7 Any losses of leased items must be reported to the Chief Financial Officer immediately.

- 7.8 Surplus or redundant items of equipment may be offered to other schools or the Local Authority departments. Surplus or redundant inventory items with an individual estimated replacement value in excess of £200 shall be sold by public auction, by the invitation of at least three competitive quotations or in part exchange for new items, unless otherwise approved by the Chief Financial Officer. Items with an individual replacement value below £200 shall be disposed of in the most cost effective manner. An exception to this is ICT equipment.
- 7.9 Each Headteacher should be aware of the Local Authority's policy and procedures regarding ICT equipment disposal, which includes points of principle to be followed in disposing of such items. Guidance can be obtained from the ICT Service.

School Closure

- 7.10 Where, in agreement with the Secretary of State and the Local Authority, a school is to close or be subject to a major reorganisation, the Headteacher shall arrange for the proper accounting and custody of the assets of the school until the closure. Within one month of the formal closure agreement being reached the Headteacher shall arrange for a full and up-to-date schedule of all equipment and furniture, and stores to be drawn up. Any items to be disposed of, for reasons of obsolescence or poor serviceability, shall be recorded on a separate schedule. Where these items appear on the original school inventory, their write-off shall be recorded on the original inventory also. Where write-off is authorised by the Governing Body, the write-off shall be suitably cross-referenced to the respective Governing Body minutes.

A copy of the complete schedule should be promptly submitted to the Director of Learning & Opportunities: Children & Young People who should be consulted in the relocation of all school assets. Relocation will generally work on the basis of the assets will 'follow the children' however; the Director of Learning & Opportunities: Children & Young People shall determine the destination for all equipment, furniture and stores.

A separate schedule of plant, where applicable, shall be drawn up and copied to the Director of Learning & Opportunities: Children & Young People.

In the relocation of schools assets, the Governing Body shall comply with the guidance from the Director of Learning & Opportunities: Children & Young People.

Items which can be clearly identified as being purchased from local funds should be relocated in accordance with the written agreement of the local Governing Body.

- 7.11 In the event of the closure of a school or significant reorganisation the process of transfer and receipt of assets shall follow the guidance stated in Appendix B attached. Please bear in mind that during the closure of a school the security of information must be maintained in accordance with the Data Protection Act.

- 7.12 In the event of the formal closure or reorganisation of schools, the respective Headteacher(s) in consultation with the Director of Learning & Opportunities: Children & Young People, shall notify the Chief Financial Officer. The Chief Financial Officer shall then make arrangements for a closing audit to be undertaken of the relevant school(s) and other financial administrative operations pertinent to the closure or reorganisation.
- 7.13 In the event of a closure of a school or other significant reorganisations, the Headteacher(s) shall provide such records and expenditure to the Director of Learning & Opportunities: Children & Young People and Chief Financial Officer to allow for the effective closure or transfer of education provision and related property, financial and administrative matters.

Stocks and Stores

- 7.14 Stocks of consumables should be kept securely with access limited to the member of staff responsible for issues.
- 7.15 Stock orders should be monitored to ensure that the levels of stock are not in excess of normal requirements. To ensure best value in purchasing the school should identify the stock requirements.
- 7.16 Persons other than the persons keeping the stores should carry out a continuous form of stocktaking for stocks of a material value. An independent check of stock held and the records should be carried out annually, any significant differences reported to the Headteacher and Governing Body.

8 Ordering & Payment of Accounts

Ordering

- 8.1 Official pre-numbered orders should be used for all goods and services except utilities, post office, telephone accounts, rent, council tax, business rates and petty cash purchases.
- 8.2 Each Headteacher shall make proper arrangements for the safe custody of official order books, pads and pre-numbered continuous computer stationery and shall keep a record of the members of staff to whom they have been issued. All issues should be evidenced by the signature of the receiving officer.
- All orders must be signed by an authorised member of staff. An up-to-date record of the names of members of staff authorised to sign orders shall be approved by the Governing Body and those names recorded in their minutes.
- 8.3 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 contract procedure rules have been followed.
- 8.4 Official orders shall specify the nature and quantity of the work, goods or services required and any relevant contract or agreed prices. The duplicate copy(s) shall contain full details of the official orders issued and should also be used, subsequently, to record the details of the related invoices when received. Orders should be ruled off below the last item or service ordered so as to prevent alteration or addition.
- 8.5 Official orders made by telephone, shall be kept to a minimum and shall be followed up within two working days by written official orders that are clearly marked or stamped as "CONFIRMATION ORDER ONLY". In no circumstances must the issue of a written order be delayed until the invoice covering such orders has been received.
- 8.6 Where official orders are sent by fax the Headteacher shall ensure that they have been completed in full and signed by an authorised officer. After being faxed, official orders should be immediately stamped or marked as "SENT BY FAX" and filed separately to avoid any possible duplication.
- 8.7 Where official orders are sent by electronic mail the Headteacher shall ensure that they have been authorised and numbered or referenced and that a paper copy of the official order is obtained and filed separately for recording the details of the related invoices when received.
- 8.8 Official orders should not be issued unless the cost is within an approved revenue estimate or other financial provision.
- 8.9 Official orders should only be issued for goods and services provided by the school. They should not be used to purchase items for private or personal use.

Receipt of Goods or Services

- 8.10 All goods and services should be checked, against the copy order and goods received note for quantity and quality. The copy order should be signed to record receipt and goods received note attached. The checking of goods or services received should not be carried out by the member of staff that signed the order.
- 8.11 A system of monitoring contract performance is required for larger contracts, where several payments are made over a period of time.

Payment of Accounts

- 8.12 Before invoices are paid a designated member of the school's staff independent of the ordering process must ensure that it relates to an order raised by an authorised person. There should be tangible evidence that goods or services have been received in full and at the agreed order price.
- 8.13 An Employment Status Questionnaire must be completed and retained for inspection by HMRC in respect of any work to be carried out, or service to be provided, by individuals. This includes those individuals who may already be registered as self-employed and must be done, prior to engaging them, to establish whether it is correct to pay them through the Accounts Payable payments system or whether they should be paid as an employee through the Payroll system.
- 8.14 Invoices for payment should be matched and marked to the appropriate copy order and delivery note and checked for accuracy of quality, price and calculations. The appropriate areas on the coding slip should be completed to record that the checks have been completed and a note should be made on the invoice to confirm that an Employment Status Questionnaire has been done where work has been undertaken or services have been provided by an individual.
- 8.15 The Governing Body should agree who can sign orders committing the school to expenditure and who can authorise the payment of invoices. There must be segregation of duties between the raising of orders and authorising payments.
- 8.16 There should be segregation of duties between the receipt of goods and the authorisation of payments. This may be impractical in small schools; in which case the Headteacher or Deputy should sign the coding slip for invoices and see evidence that the goods or services have been ordered and received.
- 8.17 The following points should be adhered to when completing a coding slip:-
- a. Check that the goods received or services rendered are satisfactory as to quality and correct as to quantity.
 - b. Ensure that a valid order number is present.
 - c. Check that all necessary records of invoices passed for payment have been maintained in a required form.
 - d. Check the arithmetical accuracy of the invoice.
 - e. Check that the expenditure code is correct and valid.
 - f. Check that the coding slip is fully and correctly completed.

- g. Ensure that there is provision to make payment from the budget.
- 8.18 The certification of an invoice for payment by authorised signatories confirms the following, unless otherwise agreed by the Chief Financial Officer:-
- a. The work, goods or services to which the invoice relates have been received, carried out, examined and approved;
 - b. An Employment Status Questionnaire has been completed, and retained for future inspection, in respect of any work undertaken or service provided by an individual;
 - c. The prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
 - d. The relevant expenditure has been properly incurred, and is within the relevant estimate provision;
 - e. Appropriate entries have been made in inventories, stores records or stock books as required;
 - f. The invoice has not been previously passed for payment;
 - g. The invoice is a proper liability of the school;
 - h. VAT charged is identified, coded correctly and is accounted for at the correct rate. Suppliers must quote a VAT registration Number on their invoice if they are charging VAT. Certifying staff should take steps to ensure the above checks have taken place as responsibility rests with them.
- 8.19 Supplier statements should be reconciled on a regular basis.
- 8.20 To aid budgetary control it is essential that there is a process for commitments and creditors to be identified. Commitments show where orders have been placed but the goods or services haven't been received. Creditors are where goods and services have been received but payment has not been made. The FMS system includes this facility.
- 8.21 The Headteacher is responsible for ensuring that the examination, verification and certification of accounts and related orders, or requests for payment is properly carried out with due regard to the separation of ordering and payment duties.
- 8.22 Invoices must be submitted to the Accounts Payable section as soon as possible to meet the payment target of 30 days. Bank account schools should pay invoices promptly and should at least do so within a 30 day period.
- 8.23 Wherever possible, only original invoices should be submitted for payment. Statements, delivery notes etc. should be retained by the school. Should, in exceptional circumstances, a copy account be passed for payment it shall bear the following certification "this account has not previously been passed for payment" and be authorised by the full signature of the certifying member of staff.
- 8.24 Any reduction to an account which is not subject to VAT shall be made in ink, and initialed by the officer making it, stating briefly the reasons where they are not self-evident. Where an account is subject to VAT, no reduction should be

made. In these circumstances the supplier should be contacted by school staff and asked to provide either:

- a. A replacement invoice for the correct amount;
- b. A credit note for the value of the adjustment. Staff shall not increase the value of any invoice rendered.

- 8.25 Each individual invoice must have a coding slip attached to it, completed with all required information and authorised by the appropriate member of staff. The Accounts Payable team primarily uses the image of the coding slip (not the invoice) to process a payment, therefore the accuracy of payments issued largely relies on the coding slip details that you submit being correct.
- 8.26 Where an invoice is unavailable pro forma invoices can be used, but use of pro forma invoices should be kept to a minimum. All pro forma invoices must have the total value in words next to the total in figures and a brief explanation on why a pro forma is being used.
- 8.27 VAT cannot be reclaimed where pro forma invoices are used. Where VAT can be reclaimed a VAT receipt should be obtained from the supplier and processed through the Accounts Payable system by attaching a coding slip showing two lines entries i.e. debit entry for the net and VAT values and a credit entry for the gross value paid by pro forma invoice.
- 8.28 Any documents to go with the payment should be securely attached to the invoice or pro forma invoice and clearly marked e.g. 'Please send with payment'. The 'Special Instructions' field on the coding slip should be used for this purpose.
- 8.29 Credit notes should be dealt with in line with the instructions relating to invoices and each individual one must have a coding slip attached to it. A minus sign must precede the values printed on the coding slip.
- 8.30 Each set of invoices/pro forma invoices/credit notes should be securely attached to a batch control sheet, which should show:
- a. Directorate
 - b. Contact name and telephone number
 - c. Department Ref
 - d. Number of invoices attached
 - e. Date submitted
 - f. Total value of batch (goods plus VAT)
- 8.31 The maximum number of invoices permitted in a single batch is 25.
- 8.32 Details of a batch identification, invoice payments and dates submitted should be recorded at the school in case of enquiries.
- 8.33 Any batches incorrectly completed will be returned to the school for amendment before payment.

- 8.34 Any invoices passed for payment for a contractor(s) under the Construction Industry Scheme must be identified on the coding slip by crossing the CIS box, but this only applies where expenditure codes beginning with 'Q' are used.
- 8.35 Schools are now able to submit invoices for payment to the Accounts Payable Team electronically by email, and are encouraged to do so. This process is cost effective, speeds up the processing of invoices & credit notes, and reduces printing and postage costs in schools. Each invoice and credit note, and the related coding slip, should be scanned to produce a single PDF file (the invoice/credit note must appear before the coding slip) and then emailed to the relevant email address as advised by the Accounts Payable team – the subject matter of the email must also be exactly as specified by the Accounts Payable team. Using this electronic process also means:-
- Batch Headers are no longer required;
 - Only a single invoice/credit note and coding slip can be included in a PDF file, however, multiple PDF files can be attached to one email;
 - Invoices/credit notes can be submitted as frequently as necessary – they don't need to be sent only once per week or altogether for example.
- 8.36 To avoid paying VAT on school fund purchases it has become common practice for the purchase to be made through the delegated school budget and then the net cost reimbursed from the school fund. In these cases the following practice must be carried out:
- a. Where the item is within the scope of school delegated budget, the invoice can be charged against the school budget. The school fund income should be paid into the school budget as a 'donation and/or voluntary fund' and coded appropriately e.g. Donations. The payment should be made before any invoice is charged to the school's delegated budget.
 - b. Where items are purchased for re-sale, they **must** be made through the school fund. They can only be paid through the delegated budget if **all** the following conditions are met:
 - Item is for resale to a pupil
 - Item is used in the provision of education and required for regular classroom use (at least on a weekly basis)
 - Item is resold at or below the original cost price
 - Resulting income is paid in as a contribution to the school budget
 - The item was ordered, received, invoiced and paid for by the school.

Examples include school uniforms, musical instruments & school trips.

Failure to comply with this regulation can cause VAT complications for the Local Authority.

- 8.37 Each Headteacher shall, as soon as possible after 31st March, and not later than the date specified in each year, notify the Chief Financial Officer of all outstanding expenditure relating to the previous financial year.

9 Imprest Accounts & Petty Cash

- 9.1 The Governing Body should ensure that the size of the imprest account/petty cash is appropriate, that it is used only for approved purposes, that proper records are maintained and that there are independent reconciliation and occasional spot checks to verify that the sums in hand are correct.
- 9.2 The initial amount of any imprest accounts/petty cash and any changes shall be agreed with the Chief Financial Officer. Requests to open/close or increase/decrease imprest accounts/petty cash must be made in writing by the Headteacher/Budget Holder and should include the reasons for the request. The Local Authority will approve requests after considering the insurance cover in place and the size of the school.
- 9.3 The Headteacher shall ensure that the responsibility for an imprest or petty cash account is given to a named responsible member of staff whose acceptance shall be evidenced by their signature and that only authorised staff have access to petty cash. The responsible member of staff shall, when requested, give to the Chief Financial Officer a signed certificate confirming the amount of their imprest account/petty cash.
- 9.4 The named responsible member of staff operating the account should not normally be the person authorising expenditure.
- 9.5 Accounts shall be held solely in the form of a cash holding (petty cash). However, where a Headteacher requests it, and with the agreement of the Chief Financial Officer, an imprest bank account shall be opened with the Local Authority's bank. Imprest bank statements should be directed to the school address and not the address of any member of staff or Governor. All cash holdings shall be kept in a secure place. Each Headteacher shall ensure that cheques drawn on authorised imprest bank accounts are signed in person by an authorised member of staff in accordance with the current signature mandate held by the bank.
- 9.6 Payments out of a petty cash account should be limited to small items of expenditure and should not exceed £30. Exceptions to this limit are expenditure on postage and on the meal/lunch provision for staff on school training days. Schools can't evade this limit by splitting expenditure across two receipts – such practice will be treated as though a single receipt has been submitted.
- 9.7 An imprest account should only be used for the following types of expenditure:
- a. Minor cash payments which should not exceed £30.
 - b. Urgent payments which cannot be paid in time by the creditors system.
 - c. Payments where prompt settlement gives rise to a discount.
 - d. Payments where a cheque is required with the order.

- 9.8 Alcohol must not be purchased using petty cash or Imprest accounts (or by any other means through school budget or school voluntary funds) under any circumstances. Alcohol purchased for hospitality or as a leaving gift to an employee etc. should be purchased via staff collections. The purchase of alcohol through the School Fund is not permissible unless explicitly allowed by the School Fund mission statement. To be clear, if a school purchases alcohol through Petty Cash or Imprest, no reimbursement will be actioned. The school would be required to find alternative funds to cover the costs, but not the school voluntary fund unless specifically allowed by the mission statement. One solution for schools would be to purchase gift cards/vouchers as gestures instead of directly purchasing alcohol.
- 9.9 All expenditure should be supported by appropriate receipts and vouchers signed for by the recipient and counter signed by an authorising member of staff. Tax invoices should be requested where required to enable the Local Authority to reclaim the VAT.
- 9.10 An Imprest bank account should not go overdrawn under any circumstances.
- 9.11 The responsible member of staff shall maintain a full record of all petty cash and/or bank account transactions in a form agreeable to the Chief Financial Officer.
- 9.12 To meet the requirements of Inland Revenue the imprest/petty cash account must not be used to reimburse members of staff for travel and subsistence expenses or to pay any type of emolument. All such items must be properly accounted for as payroll items. This means no staff travel expenses can be reimbursed regardless of the circumstances, and this applies even when a member of staff is accompanying a pupil(s).
- 9.13 Payment by personal credit and debit cards creates problems around ownership, responsibility for VAT, warranties and reimbursement; furthermore to safeguard the personal credit card numbers the use of personal credit or debit cards by members of staff to make purchases is not permissible under any circumstances. Staff should not personally gain from making petty cash purchases, therefore personal loyalty cards may not be used under any circumstances. Schools can own a loyalty card so long as it is in the school's name. The card can be used when making purchases and the rewards accrued can then be used for the benefit of the school.
- 9.14 Private or personal monies must not be used to supplement an imprest account or petty cash.
- 9.15 Cash advances may be made from the petty cash imprest for the purchase of items, the number or cost of which are not known, provided that a signed acknowledgement is obtained from the person who will make the purchase. The responsible member of staff will retain the acknowledgement until the vouchers, a supplier's VAT invoice or a receipt for payment, and the unspent cash balance is produced. On no account should these arrangements be used to authorise advances for personal use or payroll costs.

- 9.16 The responsible member of staff shall ensure that no income received on behalf of the school is paid into a petty cash/imprest account. All income should be processed in accordance with Regulation 5 (Income).
- 9.17 The responsible member of staff should perform the following procedures when completing a reimbursement claim:
- a. Balance off the imprest/petty cash record for the period since the last claim by reconciling expenditure to date and the balance with the total imprest/petty cash account.
 - b. Where applicable (imprest), complete a reconciliation of the bank statement to verify the bank balance.
 - c. Analyse expenditure for the period and enter details on the claim form. Details should be entered against the appropriate codes and VAT identified separately. The claim form should be 'Z' ruled to ensure no further entries can be added. See appendix E for an illustrated example.
 - d. The school should retain a copy of the reimbursement claim form, including copies of all vouchers and receipts.
 - e. Ensure all vouchers within a claim are authorised by an appropriate individual. Any unauthorised vouchers will be returned to the school without reimbursement.
- 9.18 The completed claim form and bank reconciliation (imprest only) should be authorised by a senior member of staff at the school who is not the responsible member of staff for the account.
- 9.19 The Headteacher shall ensure that, whenever there is a change of responsible member of staff, the imprest account/petty cash is balanced and the cash holding agreed before being passed on to the new responsible member of staff whose acceptance shall be evidenced by their signature.
- 9.20 The Headteacher shall ensure that, where the imprest account/petty cash is no longer required, it is balanced and the cash holding agreed by the responsible member of staff before being returned to the Local Authority (petty cash) or repaid to the bank account (imprest).
- 9.21 A school wanting to close an imprest/petty cash account should notify the Local Authority in writing. This should be authorised by the Headteacher. A final claim should be submitted and the imprest/petty cash account fully reconciled. Any remaining cash in hand should either be returned to the Local Authority (petty cash accounts) or paid into the bank account (imprest). Schools with imprest accounts should also confirm in writing that all unused cheques have been destroyed and that this was witnessed by named individuals, provide details (amounts & expenditure codes) of any un-presented cheques, and provide a copy of the final bank statement.

- 9.22 A change in guidance now means that VAT can only be reclaimed on petty cash/imprest purchases where the receipt displays a clear summary or breakdown of the amounts that are subject to VAT and those that are not. An example of such a summary/breakdown is shown below:-

Net Total	Items marked with D	£7.68
VAT	0%	£0.00
Net Total	Items marked with V	£16.45
VAT	20%	£3.29
	Total of the Receipt	£27.42

A receipt that only differentiates between items by the use of letters or symbols (D, V, * etc.) situated next to the amounts of each item, but does not include a summary or breakdown of VAT elsewhere on the receipt, is not sufficient. In such an instance no VAT can be reclaimed.

An exception to this approach is where all items on a receipt are denoted with the same letter or symbol. In this situation it is permissible to reclaim VAT, even without a separate summary or breakdown on the receipt, as it would be acceptable to make an assumption as to the VAT element of the payment made.

A further exception applies to receipts from Asda, Sainsbury's and Tesco stores, who have confirmed in writing that the "V" or "*" that appears on their till receipts denotes an item is vatable at the standard rate. Therefore, schools can use receipts from these stores that have a "V" or "*" next to an item as evidence for VAT recovery through the petty cash process.

10 Purchasing Cards

Some points are only applicable to schools that use procurement cards provided by the Local Authority.

- 10.1 The use of Local Authority procurement cards offers schools an alternative payment system for small sundry items. With the approval of the Governing Body, schools wishing to use a purchasing card must sign up to the Schools Procurement Advisory Service.
- 10.2 The Headteacher and Governing Body must set a maximum value for individual transactions and a monthly expenditure limit for each card; both of these limits are inclusive of VAT and carriage charges.
- 10.3 Purchasing cards must not be used:
 - a. To make personal purchases or purchases not specifically intended for school use;
 - b. If the value of the proposed purchase is outside the single transaction limit, the splitting of purchases to avoid the limit is not permitted;
 - c. To make purchases for delivery to non-Local Authority premises;
 - d. To make cash withdrawals including foreign currency or travellers' cheques;
- 10.4 Purchasing cards can only be used for official school purchases and where authorisation has already been given.
- 10.5 An official order/requisition must be raised and authorised for all card purchases.
- 10.6 All transactions must be recorded on the schools financial system.
- 10.7 A VAT receipt / invoice will need to be obtained in order to reclaim the VAT element. (Please refer to the VAT regulations in this document – section 11).
- 10.8 Receipts must be retained and checked against statements.
- 10.9 It is the responsibility of the Headteacher to:
 - a. Ensure that transaction records are correctly completed and submitted on a monthly basis.
 - b. The expenditure has been authorised.
 - c. All changes to cardholder details have been reported to the Procure to Pay Team.
- 10.10 The transaction records must not be reconciled and approved by the same person.

- 10.11 It is the responsibility of the cardholder to ensure that the card is kept in a safe place at all times and any loss or theft must be reported immediately to the Procure to Pay Team and the relevant card provider.
- 10.12 If the cardholder leaves the school, they must:
- a. Contact the Procure to Pay Team to cancel the card.
 - b. Cut the card into four pieces
 - c. Confirm that the card has been destroyed in front of a colleague by sending an e-mail to **purchasecardmailbox@doncaster.gov.uk**
- 10.13 Under no circumstances should the card be used by anyone other than the person named on the front of the card.
- 10.14 To meet the requirements of HMRC the purchase card must not be used to pay for staff subsistence expenses or to pay any type of emolument, which should properly be accounted for as a payroll item.
- 10.15 Payment by personal credit and debit cards creates problems around ownership, responsibility for VAT, warranties and reimbursement; furthermore, to safeguard the personal credit/debit card details, the use of personal credit/debit cards by members of staff to make purchases is not permissible under any circumstances. Staff should not personally gain from making purchases by using their own personal credit/debit card, therefore personal loyalty cards must also not be used under any circumstances.
- 10.16 Further guidance can be found in the Purchase Card User Guide published by the Procure to Pay Team.
- 10.17 The Procure to Pay Team has the right to suspend or remove cards if the Purchase card policy/guidelines are not adhered to.

11 VAT REQUIREMENTS/CONSIDERATIONS

General Guidelines

Background

- 11.1 VAT is a tax levied on the supply of goods and services in the course of business transactions.
- 11.2 If you make standard rated supplies, you have to account to H.M. Revenue and Customs (HMRC) for the tax due. This is known as output tax. Any tax you pay on supplies to provide the goods or services, you can reclaim from HMRC. This is known as input tax. A school has to add VAT on any taxable activities it provides, the intention is to ensure they are not put in an advantageous position compared with the private sector.
- 11.3 VAT is not normally recoverable on expenditure incurred for non-business activities but as a Local Authority we can use a special refund scheme provided under section 33 of the V.A.T. Act 1994. This allows us to claim a refund of VAT on supplies received that are not for the purpose of any business activity. The scheme is intended to ensure that as far as possible, VAT does not fall as a burden on Local Authority funding.
- 11.4 Schools are not allowed to register for VAT separately but will be treated as the agents of the Local Authority for VAT purposes.

When Can VAT be Reclaimed

- 11.5 In order to reclaim VAT through the HMRC refund scheme, the following conditions have to be met by the school:-
- a. it must place the order;
 - b. it must receive the supply direct to it and retain ownership;
 - c. it must receive a tax invoice addressed to it; and
 - d. it must make payments from its own funds.

For purchases by Voluntary Aided schools, the Local Authority is only able to claim refunds of VAT under section 33 of the VAT Act 1994 on purchases relating to the statutory responsibilities of the Local Authority. This excludes expenditure by the Governing Body on capital work and external repairs to school buildings, which are its own responsibility and are above the capital threshold.

Information Required on a Tax Invoice in Order to Reclaim VAT

- 11.6 A tax invoice is proof to HMRC that you are only reclaiming VAT that you have paid. It should be kept for a period of six years and produced on request by HMRC. The minimum information and requirements on a tax invoice varies depending on the value and nature of items supplied. Schools that process their invoices through the Local Authority's Accounts Payable department satisfy the retention period; therefore the school does not need to retain their own copy.

- (a) When the value of supply is greater than £250 (including VAT) a tax invoice must show the following information:-
- i. an identifying number;
 - ii. name and address of supplier and VAT registration number;
 - iii. date of supply (i.e. tax point);
 - iv. customer's name and address;

 - v. type of supply, i.e. sale, loan, exchange, hire purchases, etc.;
 - vi. description identifying goods or services supplied for each description:-
 - the quantity of goods or extent of services;
 - the charge made excluding VAT;
 - the rate of VAT;
 - vii. the total charge made excluding VAT;
 - viii. the rate of any cash discount offered; and
 - ix. the total VAT payable.
- (b) When the value and supply is under £250 (including VAT), a less detailed tax invoice can be used which must contain the following information:-
- i. name, address and registration number of the supplier;
 - ii. date of supply (Tax Point),
 - iii. description of the goods or services;
 - iv. The vatable items should be clearly identified on the invoice/receipt or the total VAT charged should be separately identified – you should need no knowledge of which items attract VAT and which do not in order to reclaim the VAT paid.

Where a till roll is the only type of receipt available, it should be noted that not all till roll receipts contain adequate information to reclaim VAT. Therefore, if the school wishes to reclaim VAT it must ensure that the receipt has a VAT registration number and if not, a tax invoice or modified tax invoice should be requested from the supplier.

- (c) For certain items of less than £25 (including VAT), the VAT element can be assumed, even though no tax invoice is available. You must be sure the supplier is registered for VAT. This applies to:-
- i. telephone calls from public and private telephones;
 - ii. purchases through coin operated machines; and
 - iii. off street parking charges (not on street parking meter charges, which are outside the scope).

11.7 Please note, it is the supplier who determines the liability of the supplies, if you receive an invoice which you think should include VAT, contact the supplier for a VAT receipt note. You cannot reclaim the VAT until you have the correct documentation.

How to Calculate the VAT Element on a Gross Invoice Total

11.8 Circumstances will arise when VAT is not identified separately on an invoice. If VAT is payable, then the VAT element can be calculated from a gross invoice total by using the following formula:-

Gross invoice total \div 1.20 = Total exclusive of VAT

e.g. Invoice total inclusive of VAT = £180.00

Total exclusive of VAT $\text{£}180.00 \div 1.20 = \text{£}150.00$

VAT element $\text{£}180.00 - \text{£}150.00 = \text{£}30.00$

Alternatively, the VAT fraction of $1/6$ (for Standard Rate of 20%)

e.g. VAT element $\text{£}180.00 \times 1/6 = \text{£}30.00$

VAT Categories for Income/Expenditure on FMS

11.9 VAT categories together with corresponding codes are detailed below:-

Income

E = 8% VAT

F = 5% VAT

N = Non-reclaimable VAT

O = Outside the Scope of VAT

S = Standard Rate VAT

X = Exempt from VAT

Z = Zero Rated VAT

Expenditure

1 = Standard Rated VAT

At the present time 20% is applicable. This should be shown on the invoice.

2 = Zero Rate VAT

Certain goods e.g. books and food other than confectionery, are classed as vatable, although the present rate is zero. This in effect means there is no VAT to reclaim.

3 = Exempt

Certain charges e.g. cost of postage stamps, or Educational charges such as exam fees or tuition fees made by a Local Authority, are exempt from VAT.

There is, therefore, no VAT on such items.

4 = Non-Reclaimable – when VAT has been charged but the school is not entitled to recovery.

5 = Outside the scope of VAT (non-business). Charges made by suppliers who are not registered for VAT.

The accounting system used must be able to accommodate the various rates of VAT.

VAT Categories for Central Creditor Payments/Receipt of Income

11.10 In order to correctly account for VAT through the Local Authority's financial systems a series of codes are used.. These codes are the same for Accounts Receivable, Accounts Payable and Cash Book systems.:-

11.11 The VAT category codes are as follows: -

STD	Current Standard Rate 20%
S17	Old Standard Rate 17.5%
S15	Temporary Standard Rate 15%
F08	Old Lower Rate 8%
FUE	Lower Rate 5%
ZER	Zero Rate 0%
EXE	Exempt
NRC	Non-Business / Outside of Scope
NVR	Non-Recoverable

Points to Note

11.12 On invoices where there are two or more different categories of VAT, e.g. Standard Rated and Zero Rated, individual totals should be shown for the amounts at Standard Rated and Zero Rated. These amounts should be entered on separate lines of the coding slip against the appropriate codes.

V.A.T. & Discounts

11.13 Discounts should normally be taken on the amount net of VAT. Discounts should not be taken on any VAT element, as VAT will normally have been calculated on the discounted invoice total. The school should check this. As a guide the VAT element should be 1/6th of the gross discounted invoice total.

Examples of Types of Income/Expenditure & Associated VAT Category

11.14

Income/Expenditure	V.A.T. Category
School Education fees; Examination & Enrolment fees; Refunds of Examination fees; Sale of milk to pupils; Recovery from parents/pupils of expenditure on children's bus or train fares;	Non-business (defined as outside the scope of VAT [VC=5])
Sale of goods incidental to the provision of education forming part of the normal school curriculum, other than clothing or sports equipment.	Non-business when sold in class and not for profit by the school itself (VC=5). Taxable at the appropriate rate in other cases.
Sale of work (from classes)	Non-business if sold to students at cost of materials (VC=5). Taxable at the appropriate rate in other cases.
Use of photocopier	Standard rated (VC=1).

Further Education Fees Adult Education Fees Higher Fees, Trade, Professional & Educational Courses. Field Visits	Non-business if specifically subsidised (VC=5). Exempt if any charge is made (even if the charge does not cover the full costs) (VC = 3)
Sale of kitchen waste for animal feeding purposes (e.g. pig food) No pet food.	Zero rated (VC=2)
Letting of halls or rooms with a separate charge for facilities/ equipment (or where the use of facilities equipment is the primary reason for the letting)	Standard rated (VC=1)
Lettings of rooms with unused facilities i.e sports hall used for a meeting	Exempt (VC=3)
Letting of land and buildings; Letting of fair sites; Letting of sites and pitches for market stalls	Exempt (VC=3), but not for playing sport generally or participating in any physical recreation.
Sales of school meals to pupils at or below cost.	Non-business (VC=5)
Sales of meals to staff and visitors	Standard rated (VC=1).
Letting of facilities for playing sport or participating in any physical recreation	Standard rated unless a series of sessions are provided for, that meet the following conditions:- a) the series consists of 10 or more sessions; b) each session is for the same sport activity; c) each session is in the same place (although a different lane or pitch is acceptable); d) the interval between each session is at least a day but not more than 14 days, there is no exception for longer intervals than 14 days which arise through closure, e.g. public or school holidays. N.B. if the period between sessions is over 14 days, then the series of lets is broken and all sessions need to be standard rated; e) the series is paid for as a whole and there must be written evidence to that effect, an invoice issued in advance requiring payment for the sessions specified on the invoice

	<p>would be sufficient evidence. Provision for a refund due to <u>unforeseen non-availability</u> of the facility would not break this condition but provision for a refund in other circumstances would;</p> <p>f) the facilities are let out to a school club, association or organisation representing affiliated clubs or constituent associations (such as a local league); and</p> <p>g) the person to whom the facilities are let has exclusive use of them during the session.</p> <p>If the above conditions are met then the supply of lettings facilities may be exempted (VC = 3)</p>
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11.15 There follows a list of items of expenditure and their associated VAT category. It is important to remember that a school can only reclaim VAT on expenditure when a VAT invoice is obtained (see section 11.6). If a VAT invoice is not obtained VAT can't be reclaimed and, therefore, VAT should not be coded separately on white slips or reimbursement forms.

11.16

Income/Expenditure	V.A.T. Category
Equipment – most items of equipment will be standard rate, where provided by a V.A.T. registered supplier, and should be indicated as such on the invoice.	Standard Rate
General stationery and materials, e.g. exercise books, record books, note books, writing, duplicating and photocopying paper, stationery, blotting paper, carbon paper, postcards, greetings cards, compliment slips, calendars, posters.	Standard Rate
Diaries	Standard Rate
Printed globes (terrestrial or celestial), aerial survey or landscape photographs	Standard Rate
The publication in any newspaper, journal or periodical of any advertisement.	Standard Rate
Transport by a vehicle with a carrying capacity of less than ten passengers.	Standard Rate

Text Books and Booklets, dictionaries, encyclopaedias, prayer books, hymn books	Zero Rate
Newspapers, journals and periodicals.	Zero Rate
Printed and written manuscript music.	Zero Rate
Printed maps and charts, e.g. geographical maps, road maps, atlases (hand drawn maps are standard rate).	Zero Rate
Public passenger transport by road, rail, sea and air. (Except for vehicles with a carrying capacity of less than twelve passengers, which is standard rate.)	Zero Rate
Provision of insurance.	Exempt
Purchase of stamps.	Exempt
Exam fees/tuition fees charged by an eligible body (i.e. school, university, Local Authority etc.)	Exempt (VC=3)
Charged by an ineligible body (i.e. commercial provider) to an eligible body - Otherwise	Exempt (VC=3) Standard Rated (VC=1)
Motor Cars	Non-Reclaimable
Payments to small firms not registered for VAT	Outside Scope
Payment to other Directorates of the Local Authority	Outside Scope
Awards and Grants	Outside Scope
Other Local Authority Departments	Outside Scope
Licences other than vehicle licences	Outside Scope

Processing Of Advance Payments

11.17 Input VAT can only be reclaimed against a valid VAT invoice. However, where an advance payment is made, the transaction will be recorded in the accounting system. To prevent the incorrect reclaiming of VAT the following steps should be followed:-

- (a) process the payment using a pro-forma invoice charging the relevant school code, as being 'outside the scope' which means that no VAT is reclaimed;
- (b) when the VAT invoice is received the accounting entries need to be corrected, therefore a coding slip needs to be completed and attached to the receipt, then sent to the Accounts Payable team. The relevant school

code needs to be entered twice (a credit and a debit entry) and the correct VAT code should be entered on the coding slip. Schools must ensure that the coding slip totals zero to ensure another payment is not produced.

School Private Fund

11.18 The School Fund does not form part of the Local Authority budget and is therefore not subject to the above rules concerning the treatment of VAT on income and expenditure. However, if the Fund turnover is greater than the VAT registration limit of £77,000 (2013/14) over a 12 month period the School Fund may be required to register.

11.19 In certain circumstances the School Fund may make a contribution to the school budget as a donation towards the purchase of goods. In this instance the school does not have to declare output VAT on the income received and may reclaim the VAT incurred on the purchase provided **all** the conditions provided in paragraph 11.5 are met and sufficient documentation is retained to support the transactions.

12 Payroll

Payroll Preparation by the Local Authority's Partner Provider

- 12.1 All appointments are made in accordance with the regulations of the Local Authority and approved establishments, grades and scale of pay. Adequate budget provision must be available. In addition, head teachers must ensure new employees have suitable entitlement to work in the UK and, for payroll purposes, a valid National Insurance Number must be produced. All guidance relating to recruitment and children safeguarding policies should be adhered to. Further information may be sought from the Local Authority's HR recruitment and strategy teams.
- 12.2 Each Headteacher shall notify the Assistant Director of Human Resources & Communications as soon as possible and in the form prescribed of all matters affecting such payments, and in particular:-
- a. appointments, resignations, dismissals, suspensions, secondments and transfers;
 - b. absences from duty for sickness or other reason, apart from approved leave;
 - c. changes in remuneration, other than normal increments and pay awards and agreements of general application.
- 12.3 All-time records or other pay documents shall, for legal purposes, be in a form prescribed or approved by the Local Authority and shall be certified on behalf of the head teacher. The certification on behalf of the head teacher shall be taken to mean that the certifying officer is satisfied that the payments have been checked and consequently are correct and in accordance with legislation, nationally and locally agreed conditions of service and agreements, and Local Authority policies and regulations.
- 12.4 Rates of pay, gradings and other levels of remuneration will be determined by Governing Bodies where the power to do so is explicitly conferred by legislation and adequate budget provision is available.
- 12.5 The names of members of staff authorised to sign such records shall, for central control purposes, be sent to the Assistant Director of Human Resources & Communications by each head teacher, together with specimen signatures and shall be amended on the occasion of any change therein.
- 12.6 Each head teacher shall, for tax purposes, ensure that payments of travel and subsistence allowances will be made through the payroll system and not through petty cash or imprest accounts.
- 12.7 The certification of claims for travel and subsistence expenses confirms that the person undertaking the certification is satisfied that the journeys were authorised, that the expenses were properly and necessarily incurred and that the allowances are properly payable. The certification made to this effect in school shall be the final certification.

- 12.8 All journeys and subsistence for which claims are submitted shall be made in accordance with the applicable provisions of the national and local conditions of service.
- 12.9 Schools should ensure that payroll transactions are processed only through the payroll system. Head teachers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Assistant Director of Human Resources & Communications.
- 12.10 Head teachers must notify the Assistant Director of Human Resources & Communications of the details of any employee benefits in kind, so that there can be full and complete reporting within the income tax self-assessment system.

Payroll Preparation by a Provider other than the Local Authority's Partner Provider

- 12.11 The head teacher shall be responsible for the preparation of appropriate payrolls and the timely and accurate payment of salaries and wages of the school's staff; and for the calculation of employer contributions and employee deductions for tax, national insurance and pensions and other approved deductions.
- 12.12 The head teacher shall maintain a record for each employee, to include all information which would otherwise be provided to the Assistant Director of Human Resources & Communications were the Local Authority's partner provider administering payroll.
- 12.13 The head teacher shall be responsible for paying over to the appropriate agencies, the employer contributions and employee deductions for tax, national insurance and other deductions, with the exception of sums due in respect of the Teachers' Pension Scheme (TPS) which remains the responsibility of the Local Authority. Schools must provide annual returns to the Local Authority for the purpose of notifying the TPS.

13 Security

Assets

- 13.1 Each Headteacher is responsible for ensuring proper security at all times for all buildings, stocks, stores, furniture, plant, vehicles, equipment, cash, etc. under their control. The Headteacher shall consult the Director of Learning & Opportunities: Children & Young People in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 13.2 Maximum limits for cash holdings shall be agreed with the Chief Financial Officer and shall not be exceeded without specific agreement.
- 13.3 Keys to safes and similar receptacles are to be carried on the person of those responsible at all times and are not to be left on the premises; the loss of any such keys must be reported to the Chief Financial Officer immediately.

Information technology

- 13.4 Data held on information systems is a vital asset, the availability, integrity and confidentiality of this information is important.
- 13.5 Schools should make arrangements for compliance with the Local Authority's Information Security Policy. A copy of the policy is attached as Appendix C. (In the context of these financial regulations, for practical purposes, reference in the policy document to 'Council' should be read as 'School').
- 13.6 The Governing Body and the Headteacher shall register, with the data protection registrar, the details of the personal information kept, the purposes to which it is applied and to whom it may be disclosed in respect of information stored or processed on a computer under their control, to which the Data Protection Act applies.

14 Lost Property

- 14.1 All arrangements for the administration and control of Lost Property, found on a school's premises, shall be made by the Headteacher.
- 14.2 A register of all lost property received, whatever the value, must be kept on the school premises which gives a description of the items, the date and place where the property was found, the name of the finder, and, if a member of the public, their address.
- 14.3 All lost property items are labeled and cross-referenced to the lost property register. All lost property items should be held securely.
- 14.4 Where it is possible to identify the owner, they should be contacted in writing, requesting them to collect the property by a specified date (not less than one month from the date of the letter) and if the property is not collected within the time the school should continue to attempt to contact the owner by whatever means until a time at which the school deems the storage of the item to be impractical.
- 14.5 Where property is returned to the owner, the lost property register must be signed and dated to acknowledge its return.
- 14.6 If the owner of the property is not known then the property must remain in the school one month from the date when the property was found. The school should give consideration to the value of any lost property and where an item is deemed to be of a higher value, it should be retained for several months.
- 14.7 Where any property found is of a perishable nature or would involve the school in unreasonable expense in respect of its custody then arrangements should be made for the property to be sold or disposed of. The proceeds of the sale of such property shall remain in the school one month from the date the property was found. Full details (including names and addresses) of all disposals must be recorded in the lost property register.
- 14.8 Where the property remains in the school, the Headteacher shall make arrangements for all such property, at regular intervals, to be disposed of by sale or destruction. Full details of all disposals must be recorded in the lost property register. The proceeds of any sale should be paid into the official school funds.

15 Acquisition & Disposal of Land & Buildings

- 15.1 All arrangements for the acquisition and disposal of land and buildings shall be in accordance with approved Local Authority policy and be conducted by the Assistant Director of Legal & Democratic Services including all negotiations and the preparation and certification of valuation certificates (certification shall be carried out by properly qualified staff designated by the Assistant Director of Legal & Democratic Services).
- 15.2 The Director of Learning & Opportunities: Children & Young People shall, in conjunction with the Assistant Director of Legal & Democratic Services, prepare a joint report to Asset & Property Services requesting approval to proceed with the acquisition or disposal at the certified valuation.

16 School Voluntary & Private Funds (Legacies & Prize Funds)

- 16.1 Voluntary and private funds can provide a source of additional income. They are not Local Authority funds, however the principles outlined in these regulations are still applicable e.g. segregation of duties. The Governing Body, as custodian and stewards of voluntary funds, should set up safe and efficient systems and procedures:
- a. Formal agreement or mission statement stating the uses of the Fund, which should be publicly available on the school's website to ensure transparency.
 - b. Appointment of a treasurer to oversee the funds who is independent of the person responsible for accounting for the schools delegated budget.
 - c. Delegation of authority to the treasurer
 - d. Appointment of an auditor who is independent of the operation of the funds
 - e. Accounting procedures, which reflect the standards for accounting for public money.
 - f. Designated cheque signatories should be identified for each fund; every cheque drawn must be signed by two authorised cheque signatories.
 - g. Expenditure records must be clearly separate from the delegated budget records and supported by paid invoices, referenced to the cheque. Proper income records should be maintained.
 - h. Alcohol must not be purchased through the school voluntary fund under any circumstances unless specifically allowed for in the mission statement.
 - i. There should be separation of duties between the collecting, recording and banking of school voluntary funds.
 - j. Regular reports on the balance of the fund should be provided to the Governing Body or finance committee.
 - k. Annual accounts and balance sheet must be produced for independent examination by an auditor.
 - l. An annual audit must be carried out by the independent auditor.
 - m. The audited accounts and the auditor's certificate should be reported to the Governing Body as soon as possible after the financial year.
 - n. An audit certificate signed by the Auditor and Headteacher must be sent to Financial Management within four months of the fund's financial year-end.
 - o. Any suspected irregularities must be reported to Internal Audit and Financial Management.
 - p. Adequate insurance arrangements should be established e.g. fidelity guarantee insurance.
- 16.2 If the funds were established for charitable purposes and if the annual income exceeds £5,000, the relevant funds may need to be registered with the Charity Commission. Please contact the Charity Commission for further information. <https://www.gov.uk/government/organisations/charity-commission>

17 Contract Procedure Rules

- 17.1 The Local Authority has various contracts for the supply of goods and services (details of which are available to view on the Local Authority's intranet), which offer the degree of supplies and service required at a competitive cost.

It is important to refer all requests for the provision of supplies and services to the appropriate section of the Local Authority, details of which are available on the intranet.

The Local Authority can provide further help and advice regarding existing contracts/suppliers or alternatively put you in touch with someone who can best advise on the identified need. This is a service provided by the Strategic Procurement Team and is available to purchase on a buy-back basis.

- 17.2 The purpose of these rules are to assist schools in obtaining best value and to avoid entering into unnecessary or unsound contracts, which can be very costly. It is not intended to limit schools in any way from exploring the market or taking advantage of good opportunities.

Compliance with Contract Procedure Rules

- 17.3 The purchasing of goods, services and works must be undertaken in accordance with the Schools Contract Procedure Rules (CPRs) and Financial Regulations. The Schools' Contract Procedure Rules have been amended to reflect the involvement of Headteacher and Governing Bodies in the contracting process.
- 17.4 Contracts for works, supplies or services entered into by the Local Authority shall be made in compliance with the Schools Contract Procedure Rules and Financial Regulations.
- 17.5 Such contracts shall be in line with the school's strategic objectives, policies and Annual Procurement Plan.
- 17.6 Headteachers, Teachers, Officers and Governors are reminded of their responsibilities in relation to gifts and hospitality and must ensure that they comply with the obligations set out in the relevant Codes of Conduct and any guidance issued in that regard. An extract from the Local Authority's financial procedure rules on gifts and hospitality is included in Appendix D.
- 17.7 If any Governor, Teacher, or Officer has concern or evidence that suggests that either the Headteacher and/or Chair of Governors has acted in an inappropriate way in respect of these CPR's then the matter must be referred to a full meeting of the Governing Body.
- 17.8 The highest standards of probity are required of all Headteachers, Teachers, Officers and Governors involved in procurement, award and management of contracts. Any deviation from Schools Contract Procedure Rules and Financial Regulation must be reported to the Headteacher and/or Chair of Governors.

- 17.9 Schools should not enter into any financial agreement with capital implications without the written approval of the Local Authority or appropriate body.
- 17.10 Schools must not make arrangements for overdrafts, any other form of credit or deferred purchase.

External Controls

- 17.11 Wherever legal requirements conflict with or provide additional requirements to these Schools Contract Procedure Rules, those requirements shall prevail over the Schools Contract Procedure Rules.
- 17.12 Compliance with the application of the Public Contract Regulations 2015 (Regulations) governing works, supplies and services is mandatory (you need to set out when this applies).

Procurement Plan

- 17.13 For each financial year, the school **must** publish a Procurement Plan setting out its current contracts and contracts to be procured with a value over £5,000 for the forthcoming financial year including details as to how any devolved capital is to be allocated. The value of a contract is the **aggregated** cost over the life of the contract – not the annual amount.
- 17.14 Contract values must be calculated in accordance with the Regulations (even when the Regulations are not applicable) for consistency.

The method for determining the estimated total value of a contract, should be based on the total amount (net of VAT) which the School expects to pay and/or any other forms of remuneration the School Contractor (or a third party) will receive by operation of the contract over the term of the Contract. Such calculation must include, where relevant any maintenance and ongoing support costs. (Example calculation: Estimated Contract Value = (Annual Cost + other forms of remuneration) * Contract Length)).

In the case of a goods or services contract without a fixed term or contracts where the term cannot be defined the estimated contract value shall be calculated based on the monthly value multiplied by 48.

In determining the value of a contract, the School must also include the potential value of any options to extend that may be built into the Contract and take into consideration the value of all lots where the Contract is being broken into multiple lots.

The school should make the best use of its purchasing power by aggregating purchases whenever possible. Contracts for goods, services or works should not be split in an attempt to avoid Schools Contract Procedure Rules and the Regulations.

- 17.15 The Headteacher shall keep a contracts register setting down details of the contracts awarded in the preceding twelve months including the basis on which those contracts were awarded, together with details of those contracts £5,000 and above to be awarded during the forthcoming financial year.
- 17.16 The school will identify the relevant Headteachers, Officers and Teachers responsible for carrying out the school's procurement by the type of services, supplies and works to be procured and by value. These authorised officers and their respective details shall be included as part of the Procurement Plan.

Pre-Procurement Procedure

17.17 Before undertaking procurement the authorised officer must:

- (a) establish a business case for the procurement
- (b) consider all means of satisfying the need
- (c) check to see if there is an appropriate approved list or framework agreement in place that the school can make use of
- (d) choose a course of action that represents Best Value for Money for the School
- (e) consider sustainable issues
- (f) consult with all stakeholders
- (g) establish a written specification detailing the school's requirements
- (h) the Local Authority operates an E-Tendering system and schools should consider the use of this system (further information and associated costs can be requested from the Strategic Procurement Team) to allow all aspects of the procurement exercise to be recorded in one place, from the initial business case, evaluation and award of contracts, and contract management and performance monitoring.

Procedures for Letting Contracts

17.18 Financial thresholds have been set for each of the procurement levels. These have been set to reflect a balance between financial prudence and the reduction of bureaucracy. The authorised officer, when preparing a procurement business case, must recommend the appropriate procurement level to match the estimated contract value. Regardless of value, a contract decision should demonstrate that Value For Money has been thoroughly considered during the selection process. A written record of all quotes should also be kept. Financial thresholds and their procurement levels are:

Financial Threshold (£)	Procurement Requirement
Up to £5,000	A minimum of one verbal quotation from a suitable supplier followed by written confirmation unless an In-house provider, appropriate DMBC Corporate Contract or available framework exists.
£5, 000 to £25,000	A minimum of three verbal quotations from suitable suppliers followed up by written confirmation unless an In-house provider, appropriate DMBC Corporate Contract or available framework exists.
£25,000 to £164,176	A minimum of three written quotes. unless an in-house provider, appropriate DMBC Corporate Contract or available framework exists
Contracts above £164,176 for Goods and Services. Current EU thresholds: £164,176 for Goods and Services £589,148 for Service contracts subject to the Light Touch Regime £4,104,394 for Works	Formal Tender Procurement or Full EU Tender process unless an in-house provider, appropriate DMBC Corporate Contract or available framework exists.

17.19 Contracts valued up to £5,000 (inclusive)

Where the estimated value or amount of a proposed Contract does not exceed £5,000 then the Authorised officer should obtain at least one verbal quotation from suitable suppliers followed up by written confirmation (including email). See the above table for further details

Whilst there is only a requirement for one quotation the Authorised Officer must consider whether additional quotations are in the schools best interest.

17.20 Contracts over £5,000 but below £25,000

Subject to 17.22 below, where the total estimated value or amount of a Contract is over £5,000 but below £25,000, at least three verbal (backed up in writing or e-mail) quotations **must** be sought from contractors believed to be suitably experienced in the subject matter of the contract. See the above table for further details.

17.21 Contracts over £25,000 but below £164,176

Subject to 17.22 below, where the total estimated value or amount of a contract is over £25,000 but below £164,176, at least three written quotations **must** be sought from contractors believed to be suitably experienced in the subject matter of the contract. See the above table for further details.

Exceptions to the Contract Procedure Rules

17.22 The requirements of 17.19, 17.20 and 17.21 above shall not apply to:-

- (a) Supplies or services which are proprietary and wherein the opinion of the Headteacher/authorised officer, no reasonably satisfactory alternative is available provided that the Headteacher/authorised officer notifies the Chief Financial Officer in writing stating his/her reasons;

- (b) If, in the opinion of the Headteacher/authorised officer, having regard to the nature of the works, supplies or services or any special circumstances which apply it is not reasonably practicable to obtain tenders, provided that the Headteacher/authorised officer shall forthwith notify the Chief Financial Officer in writing stating his/her reasons;
- (c) The works to be executed necessarily involve the use of a proprietary part or repair provided that the Headteacher/authorised officer shall forthwith notify the Chief Financial Officer in writing stating his/her reasons;
- (d) Supplies or services obtained from or under Contracts which have been negotiated by a Central or Local Government purchasing organisation or by or on behalf of any consortium, association or similar body of which the Local Authority is a member.

17.23 Contracts above £164,176 or relevant EU threshold

All Procurement of contracts with an anticipated contract value over the life of the contract which is in excess of £164,176 or relevant threshold must be authorised by the Assistant Director of Legal & Democratic Services and undergo a formal tender process in accordance with Regulations. Unless the Governing Body so determine, tenders shall be invited in accordance with 17.32.

Contracts for the supply of Goods and Services with an estimated value above £164,176 or relevant EU threshold are subject to the Regulations and advice must be sought from the Local Authority.

Works

17.24 Contracts between £164,176 and £4,104,394

Formal procurement contracts for Works with an anticipated value in excess of £164,176 must be authorised by the Assistant Director of Legal & Democratic Services and undergo a formal written tender process.

Contracts for the supply of Works with an estimated value above £4,104,394 are subject to the Regulations and advice must be sought from the Local Authority.

Light Touch Regime

17.25 Contracts between £164,176 and £589,148

Formal procurement contracts for service contracts subject to the Light touch Regime with an anticipated annual value in excess of £164,176 must be authorised by the Assistant Director of Legal & Democratic Services and undergo a formal written tender process.

Contracts for the Service contracts subject to the Light touch Regime with an estimated value above £589,148 are subject to the Regulations and advice must be sought from the Local Authority.

EU Tendering procedure

17.26 Where a contract exceeds the relevant EU threshold the tender must be ran in accordance with the Regulations. One of the following tendering procedures must be selected as listed in 17.27.

17.27 The Regulations allow a range of different procedures:

- Open tender
- Restricted tender
- Competitive procedure with negotiation
- Competitive dialogue
- Innovation partnership

17.28 The open and restricted procedures are the most commonly used procedures. Where consideration is given to any of the other procedures, early advice must be sought from the Local Authority.

17.29 Where a restricted tender procedure is proposed the minimum of 5 Contractors should be shortlisted to invite to tender (where at least 5 suitable Contractors express interest).

17.30 All tenders above the EU threshold(s) must be advertised in the Official Journal of the European Union (OJEU). Authorised Officers must ensure that entries into the OJEU fully comply.

17.31 Publication of the tender documents at a national level must not occur until 48 hours after the dispatch of the OJEU notice.

Selection of Procedure

17.32 Unless either the law requires a particular procedure to be used, or the Governing Body approves the use of a particular procedure, the following shall apply: -

- (a) Where it is considered that reasonable competition will be provided by restricted procedures shall be used;
- (b) Where it is considered inappropriate to use the restricted tender procedure, the Open procedure shall be used.

Pre-Qualification Questionnaire (PQQ)

17.33 The PQQ process is used to ascertain an applicant's suitability for inclusion on either an approved list or on a select list of tenderers and includes evaluation of the applicant's:

- (a) Financial position
- (b) Professional, technical and managerial ability
- (c) References and track record
- (d) Health and safety policy and arrangements
- (e) Equal opportunities and environmental policies.
- (f) Adequate insurance cover

The Invitation to tender (ITT)

17.34 The ITT must include details of the school's requirements for any particular contract falling within the High Value Procurement category and includes:

- (a) A description of the services, supplies or works being procured;
- (b) The procurement timetable including the tender return date and time, which shall allow a reasonable period for the applicants to prepare their tenders;
- (c) A specification of the school's requirement and instructions on whether any variants are permissible;
- (d) The school's terms and conditions of contract;
- (e) The evaluation criteria including any sub-criteria and weightings as considered appropriate;
- (f) Pricing mechanism and instructions for completion;
- (g) A view upon whether TUPE will apply;
- (h) Form and content of method statements to be provided;
- (i) Rules for submitting tenders;
- (j) Any further information that will inform or assist tenderers in preparing tenders;

Submission and Receipt of Tenders & Quotations

17.35 Unless an E-Tendering system is used, whereby tenders are submitted and received electronically, the following shall apply:

No tender will be considered unless received in a plain sealed envelope which shall bear the word "Tender" followed by the subject to which it relates, but shall not bear any name or mark intended to indicate the sender, and prospective tenderers shall be notified accordingly.

17.36 Envelopes shall be returned for the personal attention of the Headteacher. A record shall be kept of all envelopes received and the date and time of their receipt, which shall be signed by the receiving officer.

17.37 Headteachers shall arrange for tenders to be kept securely until the time appointed for their opening.

17.38 Any tender submitted in competition received after the specified time shall be returned promptly to the tenderer by the Headteacher who may, for this purpose, open the envelope to ascertain the name of the tenderer, but no details of the tender shall be disclosed.

Conditions of Tendering

17.39 Each person submitting a tender shall be required to certify that he/she has not, before submission:

- (a) Communicated to any person other than his/her legal or other professional advisers the amount of any proposed tender;
- (b) Adjusted the amount of any proposed tender for the work in accordance with any agreement or arrangement with any other person.

Opening of Tenders

17.40 Unless an E-Tendering system is used, whereby tenders are opened and recorded electronically, the following shall apply:

Tenders where the estimated amount or value exceeds £164176 shall be opened and recorded at one time by the Headteacher and Chair of the Governing Body.

17.41 The Headteacher shall maintain a register of tenders received and shall record all details. The member of staff who takes custody of tenders after opening shall sign the register.

Errors and Discrepancies

17.42 Without prejudice to the right of the Governing Body to refuse any tender, where the examination of a tender reveals any arithmetical omission, error or discrepancy in the figures the Governing Body may give to the tenderer whose tender is under consideration the opportunity to confirm their offer or to amend it to correct genuine errors.

17.43 Where the tenderer elects to amend their offer and the revised offer is no longer the lowest or most economically advantageous, the next tender should be considered.

Post Tender Negotiations

17.44 Where procurement is conducted pursuant to the Regulations through either the open or restricted procedures, no post-tender negotiations are allowed. The authorised officer may seek clarification from suppliers where appropriate but negotiations on price are not permitted.

17.45 At all times during the procurement processes, the school shall consider and implement the principles of non-discrimination, equal treatment and transparency.

Tender Evaluation

17.46 Tenders subject to the Regulations shall be evaluated in accordance with the relevant Regulations and the evaluation criteria set out in the Invitation to Tender. All other tenders shall be evaluated in accordance with the evaluation criteria set out in the Invitation to Tender.

All contracts, except contracts where lowest price was predetermined to be the appropriate criteria, shall be awarded on the basis of the offer that represents Best Value for Money to the school. The evaluation criteria shall be predetermined and approved by the appropriate Headteacher and listed in the Invitation to Tender documentation, in order of importance. In addition, the criteria shall be strictly observed (and remain unchanged) at all times throughout the contract award procedure.

17.47 After a contract has been awarded, and the value exceeds the relevant EU threshold, then the “**Standstill Period**” applies. This is a 10-day period that allows unsuccessful suppliers to lodge an objection before the contract is concluded.

17.48 At all times during the procurement process, the school shall consider and implement the principles of non-discrimination, equal treatment and transparency.

17.49 To ensure transparency and to support freedom of Information, all suppliers should receive feedback on their submissions and performance.

Acceptance of Tenders

17.50 Where there is a tender process, a satisfactory tender that is the most economically advantageous may be accepted by the Headteacher who will report to the next available meeting of the Governing Body.

17.51 Where there is a tender process and the most satisfactory tender is not the most economically advantageous tender, the tender may be accepted by the Governing Body after consideration of a written report by the Headteacher.

17.52 The Governing Body reserves the right not to accept the lowest (or the highest if the school is to receive payment) or any tender.

Supervision of Contract

17.53 It shall be a condition of the engagement of the services of any person (not being an officer of the Local Authority) to supervise a Contract or matters relating to a Contract, that in relation to that Contract he/she shall:

- (b) Comply with these procedures as though he/she were an officer of the Local Authority;
- (c) at any time during the carrying out of the Contract provide, on request, to the Headteacher, Chief Financial Officer or other appropriate Chief Officer, all the records maintained by him/her in relation to the Contract; and
- (d) On completion of the Contract transmit all such records as the Headteacher or appropriate Chief Officer requires.

Form of Contract

17.54 Every Contract which exceeds £25,000 in value required to be in writing where the contracts have a value which exceeds £250,000 in value and in any other case where the Assistant Director of Legal & Democratic Services so decides, shall be under seal unless the Assistant Director of Legal & Democratic Services approves other arrangements.

17.55 Every Contract in writing shall specify:

- (a) The work, supplies or services to be done or supplied;
- (b) The price to be paid with a statement of discounts or other deductions;
- (c) The time or times within which the Contract is to be performed and, where appropriate, the amount of liquidated damages that may otherwise become due;
- (d) The conditions of the Contract.

17.56 Every Contract in writing shall be signed by the Headteacher.

- 17.57 Every written Contract shall include a clause to prevent the Contractor from transferring or assigning directly or indirectly, the Contract without the written consent of the Governing Body and to prevent sub-letting of the Contract except to the extent permitted in writing by the Supervising Officer or, if none, Headteacher.
- 17.58 Every written Contract shall include a clause to secure that the Governing Body shall be entitled to cancel the Contract and to recover from the Contractor the amount of any loss resulting from such cancellation if, in connection with the Contract, the contractor commits an offence under the Bribery Act 2010 or gives any fee or reward the receipt of which is an offence under section 117(2) of the 1972 Act, or has directly or indirectly canvassed any member or officer, or has obtained or attempted to obtain information concerning any other tender or otherwise acts in a similar unlawful manner.
- 17.59 Every written Contract shall include a clause to secure that, should the contractor fail to carry out the works, provide the services or deliver the supplies or any part thereof within the time specified in the Contract, the Governing Body, without prejudice to any other remedy available, shall be at liberty to terminate the Contract either wholly or to the extent of such default and execute the works, procure the services or purchase other supplies to make good such default or in the event of the Contract being wholly terminated the remainder of the works to be executed, services to be provided or the supplies remaining to be delivered. Such a clause shall further secure that the amount by which the cost of so executing the works, so procuring the services or so purchasing other supplies exceeds the amount which would have been payable to the contractor in respect of the works, services or supplies shall be recoverable from the contractor.
- 17.60 Every contract needs to comply with Employment, Equality and Health & Safety legislation.
- 17.61 Every contract needs to comply with CHAS (The Contractors Health and Safety Assessment Scheme).

Leasing

- 17.62 Leasing is a means of acquiring vehicles, plant and equipment, particularly photocopiers, without depleting available resources. There are two types of leases: finance leases and operating leases, the main difference being the asset becomes the property of the school at the end of a finance lease whereas it does not with an operating lease.

Schools are not permitted to enter into finance leases under any circumstances as per section 3.7 of the Scheme. If a finance lease was entered into prior to June 2015 it may continue until the end of the agreement is reached, but it must not be extended, and no new finance lease can be arranged.

17.63 Schools are allowed to enter into operating leases. A leasing advisory service has been procured by the Local Authority to provide specialist advice in respect of operating leasing contract negotiation and evaluation (information can be found on the [DMBC website](#)). The service offers a competitive operating lease program for schools through a selected lessor, who are highly experienced with schools leasing. Advice about leasing should be sought from the appointed advisory leasing service. It should be noted that by following their advice, schools would be complying with Regulation 17.64 below.

17.64 The object of this regulation is to assist schools in obtaining best value and avoid unsound contracts, which can be very costly. It is not intended to limit schools in any way from exploring the market or taking advantage of good opportunities.

To this end:-

- All leasing arrangements must be approved by the Assistant Director of Legal & Democratic Services and/or the Chief Financial Officer as appropriate.
- Each Head Teacher must ensure there is adequate budgetary provision for any charges arising from a leasing agreement for the duration of the agreement.
- Any deferred or advance payment agreement must be approved, prior to its inception by the Assistant Director of Legal & Democratic Services and/or the Chief Financial Officer as appropriate.

18 EXTENDED SCHOOLS COMMUNITY FACILITIES

18.1 There are a number of issues that schools need to consider when embarking on extended school activities; however this guidance specifically concentrates on the financial aspects. It therefore covers areas where there may be a financial risk to the school or the Local Authority, i.e. whereby the school is directly providing facilities or services or if the school is working in partnership and there are financial implications for the school.

18.2 All schools should report all proposed community focused extended schools activities to the Governing Body. This should encompass the production of a business plan, analysis of anticipated income and expenditure and any coding issues. The Governing Body should then take the decision whether to approve the plans or not.

18.3 Financial information summarising the financial performance of an approved activity should then be brought to Governors on a regular basis so that the performance of the activity can be monitored.

Business and Financial Planning

18.4 As per the Scheme (section 13), the school is obliged to consult the Local Authority regarding its intention to provide community facilities in order to ensure sufficient planning has taken place and the correct accounting procedures are in place.

18.5 Notification to the Local Authority of the school's intention to provide community facilities should include details such as:

- a) Proposed activities to take place
- b) Planned income and expenditure:
 - Will additional staff be employed to support the proposed activities? If so, what is the estimated cost including any on costs?
 - Will there be any additional caretaker costs?
 - Will any existing school staff be working additional hours?
 - Further costs may include;
 - equipment and materials,
 - additional cleaning,
 - heat and light,
 - water (including swimming pools)
 - maintenance – wear and tear
 - insurance
 - health and safety
 - Funding sources may include;
 - income from fees and charges
 - proportion of budget share to be used
 - external funding e.g. lottery grant

- c) Use of school buildings (within and outside the normal school day):
 - What are the proposed arrangements for the security of the premises?
 - What are the costs associated with the proposed arrangements?
 - What systems will be in place to report damage or faults?
 - Will greater use of the school's buildings have an impact on asset repair and maintenance?
 - d) Insurance arrangements:
 - Are the current insurance arrangements appropriate for the proposed activity?
 - e) Health and safety:
 - Will any additional costs be incurred? e.g. Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day.
 - f) Project risk assessment should be undertaken which would identify all types of potential risk including financial:
 - What is the risk associated with the community facility failing to secure funding?
 - Sustainability
 - g) Involvement of third parties
 - h) Proposed banking arrangements
 - Schools may only maintain separate bank accounts if they are a bank account school. However a separate account is not necessarily needed as sufficient internal controls can be implemented to separate funds. All schools, including bank account schools, need to identify separate cost centres in order to show separation of funds.
- 18.6 In order to ensure schools have fully considered the financial implications and associated risks, a financial/business plan must be submitted, a form can be obtained from Financial Management. The financial/business plan should be submitted to the Financial Management team prior to implementing a community activity. Six weeks should be allowed for a response from the Local Authority, as such this time scale should be built into any plans.
- 18.7 Once the school has embarked on community facilities projects they will be expected to provide the Local Authority with financial statements every six months as per the Scheme, identifying actual income and expenditure for the previous six months and estimated income and expenditure for the forthcoming six months in a format agreed by the Chief Financial Officer. This will give the Local Authority the opportunity to assess the viability of such projects, ensuring that the schools' budget is not being compromised. An example of the required format can be obtained from Financial Management.
- 18.8 Schools must ensure that they:
- Can demonstrate a clear audit trail, confirming sources of funding.

- Have a robust process for fully costing all extended school activities, including the apportionment of the school's overheads as well as the identification of direct costs.
- Have a clear and transparent process for agreeing and making all relevant charges.

Glossary of Terms

School Accounting Records	The school systems for processing, recording and providing management information on financial and finance related transactions. Examples include purchasing, payroll and income collection.
Advances of Budget Share Instalments	These are instalments of the school budget share payable monthly to those Schools who have their own bank accounts.
Advance Payment Arrangement	An arrangement whereby rentals / fees etc. are paid in advance of the contractual obligations commencement. Discounts should be available in relation to the cost of financing between the payment and commencement of the contract.
Budget Managers	Persons responsible for financial control or having responsibility for the use of part or whole of the budget.
Commitment	The recording of a debt to be incurred, either of a known amount or best estimate, against the activity budget head, usually at the time of placing the order, in advance of the actual charge being received and recorded.
Contract	A single contract may consist of a series of transactions for the provision of supplies or services or the execution of works, which are of the same nature and are awarded at the same time. In such circumstances the total estimated value or amount of the series of transactions should be taken as the estimated value or amount for the purposes of Contract Procedure Rules.
Contract Procedure Rules	They govern the supply of goods and services and the execution of works. Every Local Authority is required by law to have CPRs.

Controlled Stationery	Documentation, to be used in a variety of financial transactions that requires complete security of ordering, storage and use with consecutive numbering providing a management/audit trail evidencing its usage. Examples are order books, receipt forms and tickets. The loss or abuse of such items could have financial consequences for the School or Local Authority.
Credit Income Arrangement	Credit account not cash up front.
Deferred Payment Agreement	An arrangement whereby the rental payments are not paid at the time the contract is entered into. This usually involves additional costs in relation to the cost of providing the finance for the period of deferment.
Fidelity Guarantee Insurance	Security taken out against loss due to fraud and dishonesty attributable to any failure of an employee to perform his/her duties faithfully or by other persons likely to be entrusted with the custody or control of School money or property.
Financial Regulations	Regulations approved by the designated Committee of the Local Authority, governing the running of school's financial affairs.
Financial year	1st April to 31st March.
Formal Tender	A written offer submitted in response to an Invitation to Tender. The process must be confidential and the tender documents submitted should be opened (after the return-by time/date), witnessed and recorded by authorised officers.
Insurance Risks	Identifying risks by gathering information as to the nature and value of property at risk, the perils which may result in loss and the nature of activities that may give rise to liability for injury or loss to employees or third parties.

Leasing Arrangements	In the context of Regulation 17 a leasing arrangement is a contract, extending beyond the period of one financial year, purely for the finance of an asset, it involves no other facets such as maintenance or servicing. The asset cannot, by whatever means, become the property of the Local Authority (the Lessee). The installment payments made under these arrangements are known as Rental Payments.
Official Orders	Controlled stationery providing Suppliers with an authorised request specifying the nature and quality of the work, goods or services required and any relevant contract or agreed prices. The duplicate copy is used, subsequently, to check the related invoice when received.
Open Tender Procedure	A procedure where by any interested person may submit a tender.
Quotation	A formal offer from a third party to provide supplies or services or to execute works at a stated price or in accordance with a specific price structure.
Rental Agreement	A rental agreement involves the provision of additional services, other than the finance agreement; these can take the form of servicing, repairs etc.
Restricted Tender Procedure	A procedure where by only those invited after an initial selection process may submit a tender.
School Funds	Often referred to as Voluntary Funds. This is not official public money but is funds usually raised by parents and other benefactors often providing schools with a substantial additional source of finance.
Supplies	In these Financial Regulations the term 'supplies' is to be construed in accordance with the Public Supply Contracts Regulations 1995 as amended.
Tender	A written offer, on the Local Authority's terms, from a third party, to undertake works or provide supplies or services.

Appendix A

A	Governance	Fully in place	Partly in place with improvement needed	Not in place and comment needed
A1	Roles and responsibilities			
A2	Finance committee			
A3	Clear limits of delegated authority			
A4	Financial information to governors			
A5	Minutes of all meetings			
A6	Register of business interests			
Comment (if needed)				

B	Planning	Fully in place	Partly in place with improvement needed	Not in place and comment needed
B1	SDP – educational goals			
B2	SDP – three-year outline priorities			
B3	SDP – one-year detailed objectives			
B4	New initiatives fully costed			
B5	Continuing commitments costed			
B6	Financial planning timetable			
B7	School development plan – budget link			
B8	Balanced budget based on income/expenditure			
B9	Periodic review of main budget headings			
B10	Profiled budget			
B11	Earmarking of surpluses			
B12	Approval of the budget			
B13	Information to the Local Authority			
Comment (if needed)				

C	Budget monitoring	Fully in place	Partly in place with improvement needed	Not in place and comment needed
C1	Roles and responsibilities			
C2	Finance committee			
C3	Clear limits of delegated authority			
C4	Financial information to governors			
C5	Minutes of all meetings			
Comment (if needed)				

Schools Financial Regulations 2016

D	Purchasing	Fully in place	Partly in place with improvement needed	Not in place and comment needed
D1	Seek value for money when purchasing			
D2	Expenditure limits – governors’ authorisation			
D3	Expenditure limits – three quotations			
D4	Reporting when quotation accepted is not the lowest			
D5	Policy and limit for going out to tender			
D6	Contracts specification defines service			
D7	Approval for agreements with capital implications			
D8	Use of written pre-numbered order forms			
D9	Orders used for school purposes only			
D10	Order signatory on list approved by Governing Body			
D11	Responsibilities of signatory			
D12	Orders entered as commitments on budget			
D13	Checks on receipt of goods and services			
D14	Payment on proper invoices only			
D15	Certification of invoices for payment			
D16	List of those authorised to certify invoices			
D17	Paid invoices marked ‘Paid’ and stored securely			
Comment (if needed)				

E	Financial controls	Fully in place	Partly in place with improvement needed	Not in place and comment needed
E1	Written description of financial systems			
E2	Finance control when staff absent			
E3	Separation of duties			
E4	Properly maintained accounting record			
E5	Traceability of transactions			
E6	Rules for document alteration			
E7	Security of accounting records			
E8	Separate accounting for earmarked funds			
Comment (if needed)				

Schools Financial Regulations 2016

F	Income	Fully in place	Partly in place with improvement needed	Not in place and comment needed
F1	Governors' charging policy			
F2	Records kept of all income due			
F3	Lettings authorised by Headteacher			
F4	Separation of responsibilities			
F5	Invoices issued within 30 days			
F6	Pre-numbered receipts issued and securely stored			
F7	Security of cash and cheques			
F8	Banking arrangements			
F9	Income collection not used for payments			
F10	Reconciliation of collections and deposits			
F11	Procedures for unpaid invoices and writing-off debts			
F12	Machine cash handling by two people			
F13	Record of transfers of money between staff			
Comment (if needed)				

G	Banking	Fully in place	Partly in place with improvement needed	Not in place and comment needed
G1	Regular bank statements and reconciliation			
G2	Reconciliations reviewed and certified			
G3	Separation of duties			
G4	Optimal investments of surpluses			
G5	No use of private bank accounts			
G6	No overdrafts			
G7	Approval for loans not from the LA			
G8	Procedures for chequebook use			
G9	Supporting vouchers for chequebook signatories			
G10	All cheques crossed			
G11	Cheque signature requirements			
G12	Security of chequebooks			
G13	List of bank accounts and signatories			
Comment (if needed)				

H	Payroll	Fully in place	Partly in place with improvement needed	Not in place and comment needed
H1	Procedures for personnel/payroll matters			
H2	Separation of duties			
H3	Staff responsibilities			
H4	Procedures for payroll administration			
H5	Authorised access to personal files			
H6	Proper payroll transactions			

Schools Financial Regulations 2016

H7	Regular updating of staff employed			
H8	Regular payroll checks			
Comment (if needed)				

J	Petty cash	Fully in place	Partly in place with improvement needed	Not in place and comment needed
J1	Agreed level of petty cash			
J2	Security of and authorised access to petty cash			
J3	Proper use of petty cash			
J4	Expenditure supported by receipts and vouchers			
J5	Proper records of transactions			
J6	Regular independent check on petty cash			
J7	No personal cheques encashed			
J8	Imprest accounts reconciled with bank statements			
Comment (if needed)				

K	Value-added and income tax	Fully in place	Partly in place with improvement needed	Not in place and comment needed
K1	All relevant staff know VAT and other tax regulations			
K2	Payments on VAT invoices only			
K3	Procedures for VAT on trips and business activities			
K4	Payments according to CIS			
Comment (if needed)				

L	Voluntary funds	Fully in place	Partly in place with improvement needed	Not in place and comment needed
L1	Separate accounting from school budget			
L2	Funds registered with Charity Commission			
L3	Treasurer appointed to oversee the fund			
L4	Independent auditor appointed			
L5	Same standards of accounting as for school budget			
L6	Use for voluntary funds only			
L7	Audited accounts to Governing Body annually			
L8	Audited accounts copied to the Local Authority after acceptance			
L9	Procedures for signing cheques			
L10	At least monthly banking			
L11	Procedures for issuing receipts			
L12	Regular reconciliations with bank statements			
L13	Insurance cover for voluntary funds			
Comment (if needed)				

Schools Financial Regulations 2016

M	Assets	Fully in place	Partly in place with improvement needed	Not in place and comment needed
M1	Maintenance of stock levels			
M2	Security marking and maintenance of inventories			
M3	Check on inventories annually			
M4	Procedures for property taken off-site			
M5	Authorisation of write-offs and disposals			
M6	Security of safes and keys			
M7	Plan for maintenance and development of buildings			
Comment (if needed)				

N	Insurance	Fully in place	Partly in place with improvement needed	Not in place and comment needed
N1	Annual review of risks and arrangements			
N2	Additional insurance for risks not otherwise covered			
N3	Procedures for notification of new risks and changes			
N4	No indemnity to third parties without authorisation			
N5	Notification of insurance losses and claims			
N6	Insurance of property taken off-site			
Comment (if needed)				

P	Data security	Fully in place	Partly in place with improvement needed	Not in place and comment needed
P1	Security of access			
P2	Back-up procedures			
P3	Recovery plan for emergency or disaster			
P4	Protection against computer viruses			
P5	Data Protection Act notification			
Comment (if needed)				

PROCEDURES TO BE FOLLOWED**Appendix B**

Establishment Closure- Control of Furniture, Equipment & Plant

A= Action D= Decision R= Receive Item

STAGE	CHIEF OFFICER	HEAD TEACHER	HEAD OF ESTAB.	SCHOOL ESTAB. CO-ORDINATING OFFICER	CENTRAL CO-ORDINATING OFFICER	PROCEDURE
Closure Approval Stage (or earlier)	A/D	A/D	A/D			Control of asset - co-ordination role to be assigned to a suitable member of staff both centrally and locally at school/establishment
		R	R	R	A	Central Coordinating Officer to issue closure guidance notes, related to Financial Regulations and common-sense safeguards to protect assets and interests. These should be issued to head teacher/head of establishment and subsequently shared with any further person delegated the school/establishment task
		A	A	A	A	Central coordinating officer to meet with Headteacher/head of establishment to go through procedures and gain understanding and agreement to process.
Closure Approval Date + 4 weeks		A	A	A		Headteacher/head of establishment, either directly or via local coordinating officer, to ensure a complete up-to-date and accurate inventory of ALL furniture, equipment and plant is drawn up, quickly.

PROCEDURES TO BE FOLLOWED

Establishment Closure- Control of Furniture, Equipment & Plant

A= Action D= Decision R= Receive Item

STAGE	CHIEF OFFICER	HEAD TEACHER	HEAD OF ESTAB.	SCHOOL ESTAB. CO-ORDINATING OFFICER	CENTRAL CO-ORDINATING OFFICER	PROCEDURE
Closure Approval Date + 4 weeks		A	A	A		Prepare separate schedule of scrap / unserviceable / obsolete items.
		A	A	A	R	Copy of both above schedules to be submitted to Central Coordinating Officer.
	D	A	A	A	D	Agree destination of all serviceable items, with Chief Officer and Central Coordinating Officer having ultimate decision. This may involve contact with other schools or establishments to establish need.
		R	R		A	Central Coordinating Officer to inform closing school / establishment of destinations for all items. Submit schedules to closing school/establishment and receiving school/establishment.
		A	A	A	R	Resolve all queries regarding destinations, updating schedules as appropriate. Ensure coordinators schedules are up-to-date.

PROCEDURES TO BE FOLLOWED

Establishment Closure- Control of Furniture, Equipment & Plant

A= Action D= Decision R= Receive Item

STAGE	CHIEF OFFICER	HEAD TEACHER	HEAD OF ESTAB.	SCHOOL ESTAB. CO-ORDINATING OFFICER	CENTRAL CO-ORDINATING OFFICER	PROCEDURE
Closure Approval Date + 4 weeks		R	R	R	D+A	Central coordinator to arrange transportation/special relocations arrangements for assets. Do so in a manner <u>so that on-site control, for release of assets, is not overwhelmed at any time</u> . Inform all parties and coordinators.
		A	A	A	R	Closing and receiving schools/ establishments to acknowledge that they understand arrangements and are planning accordingly. A receiving officer should be identified for all receiving schools/ establishments. They should be briefed by central coordinating officer.
Transfer Dates		A	A	A		Where possible closing school/ establishment officer to release items to transporter / collecting officer - obtaining acknowledging signature. Transport staff / collecting officers to have been notified of identity of releasing officer. Destination schedules are the sole basis for the release of assets.
					R	Receiving schools/establishments to use their copy of destination schedule to verify all items received properly on-site. Central coordinating officer to be informed of discrepancies / breakages to allow scope for investigation.

PROCEDURES TO BE FOLLOWED

Establishment Closure- Control of Furniture, Equipment & Plant

A= Action D= Decision R= Receive Item

STAGE	CHIEF OFFICER	HEAD TEACHER	HEAD OF ESTAB.	SCHOOL ESTAB. CO-ORDINATING OFFICER	CENTRAL CO-ORDINATING OFFICER	PROCEDURE
Transfer Dates		A	A	A		Acknowledging schedules to be attached to closing school / establishment inventories.
		A	A	A	R	Headteacher/establishment head to draw up schedule of any items left on-site beyond original plan and submit schedule to central coordinating officer.
Closure Date		A	A	A	R	Full inventory plus attachments, of closing school/establishment, to be submitted to central coordinating officer.
Closure Date + 2 weeks (8 if school summer holidays)					R	Receiving schools/establishments to confirm to central coordinating officer that they have updated their individual inventories.
Closure Date + 4 weeks					A	Central coordinating officer to reconcile all records, ensuring all items can be accounted for on paper.
	R				A	Discrepancies to be investigated and reported to Chief Officer.

PROCEDURES TO BE FOLLOWED

Establishment Closure- Control of Furniture, Equipment & Plant

A= Action D= Decision R= Receive Item

STAGE	CHIEF OFFICER	HEAD TEACHER	HEAD OF ESTAB.	SCHOOL ESTAB. CO-ORDINATING OFFICER	CENTRAL CO-ORDINATING OFFICER	PROCEDURE
Closure Date + 4 weeks	R				A	Coordinating officer to arrange to undertake sample checks of inventories, confirming, for items, actual locations and inventories updated respectively. Report to Chief Officer on outcomes.
	A					Any significant discrepancies to be reported by Chief Officer to Internal Audit and to respective Committee.

Appendix C

Doncaster MBC Information Security Policy

Introduction

The information held on the Council's information systems is a vital asset. The availability, integrity and confidentiality of this information plays an essential role in ensuring that the Council can maintain and improve its operational efficiency, take correct decisions, comply with legislative requirements and protect the Council's image. The Council's increasing dependence on information systems means that it is becoming more vulnerable to security threats, including sabotage, vandalism, fraud, accidental damage or loss, virus infection, unauthorised disclosure or interception. Information exists in many forms; printed or written on paper, stored electronically, transmitted by post or using electronic means, shown on films, or spoken in conversation. Appropriate protection is required for all forms of information to ensure business continuity and to avoid breaches of the law and statutory, regulatory or contractual obligations. All Council Officers and Members need to be made aware through induction or job training of the important part they play in ensuring that all of the Council's systems are protected and are aware of the parts of the policy relevant to their post.

Principle 7 of the Data Protection Act 1998 makes it mandatory for the Council to take appropriate measures against unauthorised and unlawful processing of personal data and against accidental loss, destruction of or damage to personal data. For more information regarding the principles of the Data Protection Act please refer to the Data Protection Policy.

The failure to identify and report security incidents such as unauthorised access, use or misuse of IT equipment, software or data could result in:

- the loss of IT equipment, software or data (including paper documents)
- the processing of incomplete or corrupted data
- repeated unauthorised access, use or misuse and/or fraudulent activity
- action not being taken to correct control or systems weaknesses
- substantial financial and/or emotional distress or damage to the Council's customers potentially resulting in a court case and substantial fines
- damage to the Council's reputation

A serious security incident would be termed as 'an incident which would cause substantial financial and/or emotional distress or damage to Council customers and/or harm the Council's reputation'

Scope, Definitions and Objectives

The purpose of Information Security is to ensure business continuity and to minimise business damage, by preventing and minimising, the impact of security incidents and weaknesses. Information Security Management enables information to be shared appropriately, whilst ensuring the protection of information and computing assets. Information Security Management has three basic components:

- (i) confidentiality or privacy: protecting sensitive information from unauthorised disclosure or intelligible interception.
- (ii) integrity: safeguarding the accuracy and completeness of information and software.
- (iii) availability or resilience: ensuring that information and vital services are available to users when required.

Statement of Management Intent, Roles and Responsibilities

The Council recognises the vital importance of Information Security in ensuring the protection of its information and computing assets. The Council is committed to ensuring that rigorous Information Security Policies and Controls are developed and maintained to achieve this protection. This policy follows the ISO27001 guidelines on Information Security and as such it is important to identify all relevant stakeholders and to describe their responsibilities: -

Senior Information Risk Owner Board

- To endorse and support the Information Security Policy.

ICT

- To record, aid with investigation, procure, install and maintain technical solutions for security weaknesses where appropriate.

Data Protection Officer

- To develop and maintain Information Security Policy.
- To record, allocate and aid with investigation of all data protection breaches to the relevant investigating officer.
- To provide relevant training to all staff, members and third party organisations (where appropriate).
- Liaise with Internal Audit and other relevant individuals in relation to security incidents.
- Liaise with the Information Commissioner's Office where necessary.

Audit Services

- To undertake periodic reviews of information security and adherence to the policy throughout the Council.
- To aid where necessary with the investigation of security incidents.

Legal Services

- To provide professional legal advice.

Directorates

- To adhere to the Information Security Policy. To develop and maintain business continuity plans for their environments.

Members, Council Officers, Contractors and Third Party Providers

- Information security is the responsibility of every Member, Council Officer, contractor and third party provider and all are expected to fully comply with this Information Security Policy, its controls and other relevant Policies and Legislation relating to information security.

Legal and Regulatory Obligations

Individuals will be expected to comply with all procedures relevant to the statements below:

The Council will implement procedures to ensure that, so far as is practicable:

- The design, operation and use of Information Security/ICT systems comply with all relevant statutory and contractual security requirements
- Copyright material is not copied without the owner's consent, all software used on Council computers is correctly licensed and that unauthorised copying of proprietary or Council software is detected and remedied.
- All Council records are safeguarded from unnecessary/unlawful loss, destruction and falsification. (The specific procedures to be followed for retention, storage, handling and disposal of Council records and information will be outlined in further policies).
- Applications handling personal data (on individuals) comply with Data Protection Legislation and principles and that personal data is kept secure from unauthorised access, alteration, disclosure, loss or destruction.
- Council Information Security/ICT facilities must only be used for authorised purposes. The Council may monitor or investigate usage of IT facilities and any person found using Information Security/ICT facilities or systems for unauthorised purposes, or without authorised access, may be subject to disciplinary proceedings.
- All mobile Council equipment must have adequate security:
 - Mobile phones must be password protected;
 - Laptops and memory sticks must be encrypted.

The Council is required to demonstrate compliance with the following pieces of legislation (this list is not exhaustive):

- The Copyright, Design, and Patents Act 1988
- The Computer Misuse Act 1990
- Defamation Act 1996
- The Data Protection Act 1998

- The Human Rights Act 1998
- Regulation of Investigatory Powers Act 2000
- Electronic Communications Act 2000
- Freedom of Information Act 2000
- Local Government Act 1972
- Also included are the Council's Policies and Guidelines:
- Corporate Whistleblowing Policy
- Disciplinary Procedure
- Code of Conduct
- Emergency Planning
- Data Protection Policy
- E-mail Usage Policy
- Internet Usage Policy
- Acceptable Use Policy
- Technical Security Policy
- Information Sharing Protocol

Strategic Approach and Principles

Information Security Education and Training

All users of Information Security/ICT facilities will be given adequate security education and technical training.

Virus Prevention and Detection

Virus prevention, detection measures and appropriate user awareness procedures will be implemented across all appropriate environments. All users must report virus infection as soon as possible to the ICT Help Desk.

Business Continuity Planning

Business continuity plans will be created and maintained for all environments, in order to maintain operations following failure or damage to vital services/facilities.

Access Controls

Access to Information Security/ICT facilities and data will be controlled on the basis of business requirements.

Risk Management

Before any new ICT system is implemented a risk assessment must be carried out in order to assess the security risk to the Council. All contractors/organisations that provide a service to the Council must be subject to a security risk assessment before entering in to the contract to ensure that all adequate controls and procedures are in place prior to the commencement of the service. This should also be included in the pre-tender questionnaire and in the signed contract. All employees and third party providers must report any security incidents/breaches to ICT who will initiate an appropriate response to the incident

in question. Please see the Security Incident Policy and Emergency Security Incident Procedure for guidance.

- Security Incident Policy
- Emergency Security Incident Procedure
- Emergency Security Incident Working Group

Actions in the Event of a Policy Breach

A breach is an event that has, or could have, resulted in loss or damage to Council assets, or an action that goes against the Council Information Security procedures. . The Council may monitor or investigate usage of IT facilities/systems and any person found using these facilities or systems or any documentation/records for unauthorised purposes, or without authorised access, may be subject to disciplinary proceedings in line with the Acceptable Use Policy.

Security Incidents

The following is a list of events that would indicate there has been or might be a security breach. It must be noted that the event may not have resulted in actual loss or fraud but it potentially could do and that there are instances where the event might be either authorised or bona fide. The list is for guidance only and should not be seen as being exclusive. All Members, staff and third party organisations are encouraged to report anything they consider suspicious.

- passwords written down
- passwords being shared
- authorised user logging into application on behalf of non-authorised user
- computer media unsecured
- computer media missing
- laptops taken home without being recorded
- laptops taken home for long periods without suitable reason being given
- unauthorised attempt to bypass power-on or other passwords
- user finds themselves locked out of workstation not due to themselves
- workstation loaded with unauthorised applications e.g. applications downloaded from the Internet, memory sticks or installed from free magazine CD-ROMs etc.
- failure to follow advice given by ICT or Audit Services
- failure to report a security breach.

Serious security incidents could include:

- loss of data through inappropriate handling/transfer e.g. using memory sticks to transfer data without password protection or encryption.

- loss of confidential papers/case files from vehicles/offices.
- workstation has been physically tampered with e.g. hardware out of position or removed, leads unplugged, badges removed
- file contents amended without file owner being aware
- files deleted or moved without file owner being aware
- e-mail being used for inappropriate purposes
- internet being used for inappropriate purposes
- virus infections introduced through unauthorised external hardware connecting to the Network
- unauthorised files being downloaded to the Network
- data being removed from the Council's Network without authorisation
- loss of mobile Council equipment e.g. laptops, blackberries, PDAs, pen drives etc. which are unencrypted
- malicious hacking of the Council's network or equipment.

This is not a definitive list and anyone who suspects any potential security breaches must be reported.

Security Incident Reporting and Procedure

All security incidents must be reported.

If the incident is in respect of ICT supplied equipment this should be reported through the ICT Service Desk.

If the incident is in respect of paper documents/records or illegal entry into Council premises this should be reported to the Data Protection Officer.

All security incidents are reported to the Senior Information Risk Owner, Caldicott Guardian (if appropriate), Director and Assistant Director to aid identification of common security issues that may indicate a need for further training.

Where necessary incidents will be reported to Internal Audit Services. Each officer, member or third party organisation shall be responsible for reporting any suspected security breach.

Each security incident will be recorded and investigated by the relevant Team Manager, or above (Investigating Officer (IO)).

In the case of fraud or serious misuse the incident shall be reported on the same day or at the latest the next working day.

The Service Desk or the Data Protection Officer will record the date, name of the reporting Officer and details of the incident.

The Investigating Officer shall investigate the incident recording the action taken and findings and provide the Service Desk or Data Protection Officer (and where necessary Internal Audit) with a report of the findings

Depending on the incident the IO should consult with either the Computer Auditor/ICT/Data Protection Officer, or in disciplinary cases HR should be contacted for further guidance.

If the incident is ICT equipment related, upon identifying the security breach all equipment and data shall be secured and left as it was at the moment the breach was identified. The IO should only access the ICT equipment, software or data concerned if satisfied that no fraudulent activity or serious misuse of resources has occurred. In any other circumstances or if in doubt they should contact ICT or Internal Audit Services.

NOTE: The IO must bear in mind at all times that accessing IT equipment, software or data could result in the accidental corruption of evidence rendering it inapplicable should disciplinary or criminal action be taken at a later date.

For incidents that impact on the Public Services Network (PSN) the Council shall report incidents to the ICT Security and Compliance Specialist and other entities as required such as GovCertUK. Comsec Incident Notification Reporting and Alerting Scheme (CINRAS) shall be notified for incidents involving Her Majesty's Government approved cryptographic equipment.

Appendix D

**Declaration of
Gifts and Hospitality**

*Please read the guidance accompanying this form before completing it.
The form should be returned to your Nominated Officer*

Name of Employee and Department

Who was/would have been the recipient of the gift/hospitality (*if not yourself*) and what is their relationship to you?
.....

Who made the offer [*individual/company/organisation etc*] and when?
.....

Give details of the gift/hospitality.....

What was its estimated value?.....

What was the purpose of the offer?

Did you accept or refuse the offer?.....

Is the individual/company/organisation dealing with you or the Council in relation to any legal, statutory or enforcement matters, such as planning applications? If so, please give details
.....
.....

Are they asking to be added to the Council's list of approved contractors?
.....

Are they providing goods/services to the Council or hoping to do so in future?
.....

I certify that I have read the guidance notes overleaf and that to the best of my knowledge, I have complied with that guidance

Signature of Employee

Date of declaration

For Office Use Only

Date of Receipt and Signature by Nominated Officer.....

Note of any further action taken

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Gifts and Hospitality Guidance for Employees

Before completing the declaration form, please have regard to the following guidance, as well as the Code of Conduct for Employees.

1. As an employee of the Council, you are personally responsible for all decisions connected with your acceptance of any gift or hospitality and for avoiding the risk of damage to public confidence in local government.
2. You should treat with extreme caution any offer of gifts or hospitality made to you personally or partners/members of your family. You should refuse any gift or hospitality which might be perceived by the public as influencing your decisions or actions as an employee of the Council. Acceptance in the context of your employment of any fee or reward, other than your proper remuneration, can constitute a criminal offence.
3. Gifts or hospitality of nominal value (eg lunch/refreshments or a token promotional gift) may be accepted but always declare them on the declaration form and remember to attach details of any conferences/events. If the value of the hospitality is substantial, eg dinner to discuss business, get the approval of your Director first.
4. Tactfully refuse gifts or hospitality from any external commercial body where these might be seen by the public to compromise your integrity, e.g. complimentary tickets to sporting events, paid holidays etc. It may help to explain that this is Council policy. If the gifts are sent to your office, return them if the sender can be identified. If it is not possible for you to return them, make arrangements for them to be officially appropriated to the benefit of the Council or to a charity nominated by the Council.
5. Any cash payments made in the context of your employment, e.g. a token payment following a talk you have given or a training session, must either be refused or, if intended for charity, paid via the Council. It is not appropriate to make the donation yourself.
6. Declare all offers of gifts or hospitality, whether you accept them or refuse them.
7. Declarations must be made on this form and no other method of declaration is valid. The serial number on the form is to ensure all forms are returned and the register is complete.
8. You must answer all of the questions on the form.
9. Hand the completed form to your Nominated Officer who will check that it has been properly completed. The register will be periodically checked by your Director and the Monitoring Officer to ensure the procedure on gifts and hospitality is being complied with.
10. If you have any doubt about whether to accept a gift or hospitality, seek the advice of your Director or the Monitoring Officer.

