



Financial Procedures Manual

Esh C of E (Aided) Primary

Adopted by full Governing Body at its meeting on:

Thursday 19th November 2020

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Foreword

1. To conduct itself effectively, a school needs to ensure that sound financial management arrangements are in place. Part of this process is having a financial procedures manual.
2. Sound financial management secures value for money, controls spending, ensures due probity of transactions and allows decisions to be informed by accurate accounting information.
3. The financial framework in which maintained schools in Durham operate is *The Scheme for the Financing of Schools in County Durham*, which is published by Durham County Council (the council) and sets out the respective roles and responsibilities of the council and all maintained schools in the county in relation to the funding of schools and the application of such funds.¹
4. The purpose of this manual is to complement the scheme and to set out the financial procedures to be used within this School.
5. All Governors and staff of this School are required to comply with the procedures set out in this manual.
6. These procedures apply to the governor-led nursery provision and community provision by the school, but do not apply to the stand-alone company formed by the governing body.

N.B. This is a template manual provided by the council: schools need to review and amend as necessary according to their circumstances, for example the title of the person responsible for Administration staff role and whether or not the school uses an online payment system.

¹ A copy of the Scheme is included as a separate attachment on the Schools Extranet page for financial procedures manuals.

1. Organisation and Responsibilities

The Governing Body

7. The Governing Body of the School accepts responsibility for:
 - a. Ensuring that the School meets all statutory obligations.
 - b. Establishing proper financial management arrangements and accounting procedures.
 - c. Maintaining a sound system of internal control by ensuring an adequate division of duties for financial procedures.
 - d. Final approval of the annual budget plan.
8. The Governing Body is supported by a number of committees made up of members of the Governing Body. The committee with specific responsibility for finance is the Finance Committee which meets termly² and minutes of the meetings are considered at the termly meetings of the full Governing Body.
9. Meetings of the full Governing Body and of the Finance Committee are clerked and formal minutes are recorded.
10. The Finance Committee's responsibilities include the following:³
 - a. Approval of the draft annual budget.
 - b. Regular monitoring of actual income and expenditure against the budget and the forecast outturn for the year. (This is a standing item on the agenda for the committee).
 - c. Awarding of contracts by tender to a specified limit.
 - d. Authorising virements of a value requiring Finance Committee approval (see *Budget Virement* section of this manual for these limits).
11. The Governing Body and each committee operate in accordance with specified Terms of Reference as agreed at the summer term meeting and these are set out below:
 - a. In conjunction with the Head Teacher to draft and propose the first formal budget plan of the financial year for approval by the full Governing Body.
 - b. Establish and maintain an up-to-date three year financial plan, taking into account priorities in the School Improvement Plan, rolling projections and signals from central government and the council regarding future years' budget.

² The council strongly recommends that meetings are at least termly.

³ These are a minimum, other responsibilities may be appropriate, depending on the school.

- c. Ensure that priorities detailed within the School Improvement Plan are appropriately costed and are reflected in the annual budget.
- d. Monitor the budget position statement to identify and address significant anomalies from the anticipated position and report termly to the full Governing Body.
- e. Monitor outstanding debts.
- f. Monitor provision of school meals by review of annual income and expenditure statement.⁴
- g. Review the year end outturn report.
- h. Monitor and approve virements and expenditure over the Headteacher's delegated limit.
- i. Appraise and approve spending decisions where competitive quotations or tenders are required.
- j. Ensure the school operates within the financial regulations of the Local Authority and the requirements of the DfE Schools Financial Value Standard (SFVS).
- k. Approve annually the Schools Financial Value Standard (SFVS) submission prior to the 31 March deadline and monitor the implementation of any identified actions.
- l. Monitor expenditure of all private school funds held on behalf of the Governing Body by review of an audited annual statement of income and expenditure.
- m. Annually review the outcomes of the asset register stock check and approve the disposal of obsolete items.
- n. Consider the use and impact of the Early Years Premium, Pupil Premium, Sports Premium, Year 7 Catch-Up Premium.
- o. Review and monitor all financial policies including lettings, charging and remissions and expenses policies.
- p. Annually review contracts and lettings.
- q. Monitor and review wrap around care provision including review of annual income and expenditure statements where applicable.
- r. Consider and promote income generation.
- s. Ensure appropriate insurances are in place.
- t. Annually review and approve the school's Financial Procedures Manual.

⁴ Where the school arranges provision in-house or makes its own arrangements for the provision of meals by a contractor.

- u. Annually review and make decisions in respect of service level agreements.
 - v. Make decisions on expenditure following recommendations from other committees.
 - w. Ensure pay decisions are appropriately funded.
 - x. Ensure as far as is practical that any health and safety issues are appropriately funding in accordance with priorities.
 - y. Annually review benchmarking data.
 - z. Monitor the implementation of actions arising from the Internal Audit report or of a financial nature from other inspection regime reports.
12. The Governing Body has considered the extent to which it wishes to delegate its responsibilities and these are detailed in later in this manual.

Register of Business Interests

13. The School maintains an up-to-date register of any business interests of each member of the Governing Body and the Headteacher, which includes details of:
- a. Any business interests they or any member of their immediate family have.
 - b. Any other educational establishments where they are a Governor or member of a management committee or Interim Executive Board.
 - c. Any relationships between School staff and members of the Governing Body.
14. Staff and Governors are reminded of the need to update the register on an annual basis.
15. The register is available for inspection by Governors, staff, parents and the council. The register is published on the School's website.
16. Declarations are made using the code of conduct forms available on the Schools Extranet. It is the responsibility of each Governor and member of staff to alert the Clerk to the Governing Body of any business interest they have. The requirement to declare such an interest is an agenda item at each meeting of the Governing Body or committee.
17. During any meeting of Governors, any Governor with a financial interest in a matter being considered will disclose the fact to the meeting, Where a governor with a declared interest has information relevant to the matter being discussed, or governors wish to ask questions of the governor, the governor may stay in the meeting to provide information or answer questions, but must leave the meeting before governors begin their

discussion of the matter and make a decision. The minutes record the points at which a governor left and re-joined the meeting.

Governors and Staff Interests

18. No Governor or member of staff will take or hold any interest in any equipment or property held by or used for the School.
19. No Governor or member of staff will obtain an interest in the disposal of:
 - School equipment
 - School property
 - School materials surplus to requirements at the end of any contract between the School (including persons acting on its behalf) and any third party.
20. No Governor or member of staff who has an interest in a business which may tender for a contract with the School will participate in the procurement process, including specification of the tender and invitations to tender.
21. No Governor or member of staff involved in awarding a contract will accept personal gifts or offers of hospitality from current or potential suppliers.
22. With the agreement of Governors, the Headteacher may agree to provide benefits to staff, in the form of refreshments or meals, (e.g. a working breakfast). The Headteacher shall ensure that:
 - a. A record is kept of the benefits and the reasons for these benefits being provided.
 - b. The benefits are proportionate and are affordable in the context of the School's financial position, (i.e. that the School is not spending funding on benefits at a time when it is having to make cuts in other areas, such as staffing and educational supplies).
 - c. The benefits are provided to all staff.
 - d. The benefits are provided on site.
 - e. The benefits do not involve a cash payment.
23. Benefits are funded from the School's delegated budget and not from private school funds.
24. Where off-site training involves the provision of meals this is only provided where there is an identified training need and is not a reward for good performance.
25. Any other form of benefits are likely to be taxable benefits and the school will seek advice before offering these benefits.

26. Under no circumstances will benefits include the provision of alcoholic beverages.

Related Party Transactions

27. A related party transaction is one where a procurement contract is awarded to a person or body that has close links with the persons awarding the contract. This also applies to recruitment decisions.
28. Related party transactions are not prohibited, but must be declared and the governor or member of staff concerned will take no part in the procurement or recruitment procedure.
29. A record of any related party transactions involving staff or Governors will be maintained and will include:
 - a. The value of the contract or grade and salary of the post.
 - b. The person at the school whose interest makes this a related party transaction.
 - c. How the procurement (or appointment) was handled in order to avoid any impropriety either in practice or in appearance.
30. Governors and members of staff shall make new declarations of interest, (see Register of Business Interests section above), where a new procurement or recruitment arises that could give rise to related party transaction.

The Headteacher

31. The School Standards and Framework Act 1998 allows the Governing Body of any school with a delegated budget, to delegate to the Headteacher the responsibility for deploying resources (subject to the provisions laid out in the Scheme for Financing of Schools).
32. The Governing Body recognises that it is outside its core functions to make day-to-day decisions on the deployment of resources. Accordingly, the Headteacher has been given delegated powers in respect of these decisions. The expenditure limits and virement limits under which the Headteacher may exercise this power are set by the Governors and reviewed on an annual basis.

Finance and Administrative Staff

33. Powers delegated by the Headteacher to other financial and administrative staff are set out below:

The Deputy Head Teacher to sign financial documents in the absence of the Head Teacher.

Administration staff to place orders after gaining authorisation by the Head Teacher.

Administrative staff have access to SIMS/FMS and ParentPay.

34. In respect of these delegations, the Headteacher approves lists of authorised users for relevant systems, e.g. for the placing of orders or holders of procurement cards. Where appropriate, specimen signatures are retained on file in School and the following information is recorded:
 - Full Name
 - Post
 - What they are delegated to sign
 - Specimen signature
 - Effective Date
35. These delegations are reviewed on an annual basis and when staff changes take place.
36. A summary of the most important finance-related tasks is included as Appendix 1 to this manual.
37. Access to electronic systems (e.g. SIMS, FMS and ParentPay), is restricted and password protected. The sharing of user IDs and passwords is not permitted; members of staff are responsible for maintaining the confidentiality of their passwords and ensuring that their passwords are secure.
38. Passwords are strong passwords of 14 characters including at least one capital letter lower case letter, number and symbol, and are changed annually. Passwords score green on the website:

<https://howsecureismypassword.net>

2. Financial Planning and Monitoring

Budget Preparation

39. The School has an annual School Improvement Plan which is presented to and approved by the Governing Body. The plan defines the priority areas for spending. The annual budget is built around the plan and takes account of funding notified by the council and realistic estimates and assumptions about expected expenditure and income, including grant income, so that planned expenditure does not exceed the resources available, which may include a surplus balance carried forward from previous years.
40. The Headteacher prepares an initial draft budget, with support from the School Finance Officer, which sets out a planned budget for all items of income and expenditure and describes all assumptions underpinning the plan.
41. Administration staff is responsible for updating the Financial Management System in respect of the new financial year.
42. This initial draft budget plan is submitted to the Finance Committee for scrutiny, after which it is submitted to the full Governing Body for approval. The approved budget plan (including any supplementary financial information requested by the council) is submitted to the council in accordance with notified deadlines.
43. The Governing Body cannot approve a budget plan which will result in the School having a deficit balance at the end of the financial year, unless it has approval from the council and has a plan to recover the deficit in the following year.

Budget Monitoring

44. The Headteacher provides budget monitoring reports to the Finance Committee in advance of its meetings and at any other time when a financial issue requires discussion. These reports include the appropriate budgetary control report, plus supporting information, highlighting any significant variations against the budget and any remedial action necessary.

Budget Virement

45. The School's Governing Body has powers of virement between budget headings after the initial budget has been set. To enable day-to-day management of the School whilst ensuring appropriate oversight by Governing Bodies, some virement decisions are delegated to the Headteacher and some to the chairs of the Governing Body and Finance Committee. These delegations are agreed at the Summer Term Governing Body meeting.

46. Current delegations for virement are:
 - a. Up to £3,000 at the discretion of the Headteacher;
 - b. Between £3,000 and £10,000⁵ with the approval of either⁶ the chair of the Governing Body or the chair of the Finance Committee;
 - c. Above £10,000, with prior approval of the Governing Body.
47. Virement without approval is permitted where the virement is for equal amounts between income and expenditure headings, for example in a respect of a donation received to enable a purchase.
48. A log of virement over the Head Teacher's delegated limit is maintained. The log includes a copy of the letters or emails from the Chair of Governors or Chair of Finance approving virement and the date of the Governing Body or Finance Committee meeting at which virements were approved.⁷
49. Where the Headteacher has delegated the authority to approve virement to another member of staff, a monthly report of this virement will be authorised by the Headteacher and retained on file with the virement log.
50. All virement beyond that which can be authorised by the Headteacher, is reported to the next meeting of the Governing Body.
51. Virements will be reported to the council by the submission of regular system generated reports from FMS (see Appendix 1 – monthly tasks). These will be used to update budgets on the council's financial ledger, which produces monthly budgetary control reports for schools and governing bodies.

⁵ Suggested maximum is £20,000 for a secondary and £5,000 for other schools.

⁶ The Governing Body should determine whether to delegate to one or other and if to both whether either can approve without the agreement of the other.

⁷ A template virement log is available on the Extranet on the Schools Extranet page for financial procedures manuals.

3. Financial Control

Compliance

52. In line with the council's Scheme for the Financing of Schools, the School complies with the requirements on financial controls and monitoring in the management of its delegated budget. This includes the right of the council's Internal Audit Service to access all staff, documents, systems and records regardless of whether the School has a Service Level Agreement with Internal Audit & Corporate Fraud.⁸

Accounting Systems

53. Adequate accounting and financial systems and records are maintained by the School in a manner prescribed by the council so that a full management trail is maintained.

Accounting Records

54. Access to the accounting records in School, both paper and electronic, is restricted to those who are authorised to use the systems.
55. Any alterations to any original prime documents are made clearly in ink and the use of correction fluid on such documents is not permitted.
56. All accounting records are scanned and electronic copies retained in School for six years plus the current year's records. This includes petty cash vouchers.
57. Original invoices are retained where it is anticipated that the School may need the original invoices in the future, or where the terms of a grant require original documents to be retained. Note that for some invoices for which grants have been claimed the retention period could be many years or even indefinite.

Taxation

58. The School abides by any procedures issued by the council in connection with VAT, income tax and the Construction Industry Scheme.⁹

⁸ Internal Audit SLAs cover additional services: governance and financial management, audit of school voluntary funds and certification of grant funded expenditure.

⁹ See section below on *Payment of Invoices*. VAT advice is provided as a useful link on the Schools Extranet.

4. Purchasing

Contract Procedure Rules

59. The School has adopted the DCC Contract Procedure Rules for Schools¹⁰ for the procurement of goods and services and adheres to tendering processes for those goods and services that are not available from a framework procured by the council.¹¹

Ordering

60. Official, system-generated, pre-numbered orders are created wherever possible at the time goods or services are procured and purchase orders are not created retrospectively when invoices are received or processed.
61. FMS Purchase Orders are reviewed and signed electronically by the Headteacher/ Deputy Headteacher or another authorised signatory i.e. not by the person responsible for creating / processing the orders. Signed electronic copy orders are retained on file.
62. The use of the non-order facility is kept to a minimum e.g. for processing:
- utility bills and any other types of regular expenditure, e.g. photocopier charges, where the value of the expenditure is not known;

and

 - regular orders for provisions where delivery of the provisions and the invoice is virtually immediate. A record of the order details must be held and checked off against the delivery note and invoice details in these cases.
63. The use of telephone or verbal orders is kept to an absolute minimum and the use of these orders is monitored by the Headteacher. In instances where it is deemed necessary to place a verbal order, a confirmation order is placed on FMS as soon as practicable.
64. All official orders placed on the system are for goods and services where ownership is retained by the School. Under no circumstances are official orders raised to obtain goods and services for the private use of any individual.

Payment of Invoices

65. All goods received in School are signed for and any delivery note retained in School. Delivery notes are initialled by the person responsible

¹⁰ This is available on the Schools Extranet page for financial procedures manuals. Schools that choose to use their own procurement rules should amend this paragraph.

¹¹ These frameworks are only available to schools that buy into the council's Access to County Council Contracts & Purchasing Advice Service Level Agreement.

in confirmation that checks have been carried out to goods actually received and in comparison to the original order details. Any shortages or defective items are reported to the supplier as soon as practicable and before any related invoice is paid. The delivery notes are scanned and retained on file.

66. All invoices received into the School are passed immediately to Administration staff who cross-checks them against the originating order and delivery note and ensures that:
 - a. The invoice is an original and has not been previously paid;
 - b. Prices are as per the original order;
 - c. The invoice is arithmetically correct;
 - d. VAT is properly accounted for and discounts taken (where applicable).¹²
67. If all details match and the invoice passes the checks listed above, the invoice is logged on the FMS system in preparation for payment.
68. To comply with The Public Contracts Regulations 2015, which requires invoices to be paid within 30 days of the invoice payment, the School Business Manage ensures that all undisputed invoices are regularly processed and that batches are forwarded to the Accounts Payable Team (APT) on a regular basis.
69. Once a batch of invoices has been logged on the system by Administration staff, it is verified and authorised by the Headteacher signing the system generated batch header report.
70. The invoices and the batch header are scanned and emailed to the APT.

Payments in advance / copy invoices

71. No invoices are paid in advance of receipt of the goods unless, exceptionally, the Headteacher is satisfied that there is no alternative.
72. No copy invoice is passed for payment unless comprehensive checks have been undertaken to check that the invoice has not already been paid through the creditors system or by procurement card or petty cash. Once Administration staff is certain that there has been no previous payment, the copy invoice is endorsed with the words '*No previous payment*' and certified by the Headteacher.

Suppliers

73. All requests for new suppliers must be made using the DCC New Supplier Request form.¹³ All mandatory fields must be completed prior to

¹² VAT advice is provided as a useful link on the Schools Extranet.

¹³ This is available on the Schools Extranet page for financial procedures manuals.

set up. Construction Industry Scheme (CIS) information must be included for suppliers carrying out works which fall within the scheme.

Petty Cash

74. All staff are reminded that the purpose of the petty cash account is for emergency expenditure or where payment is required at the point of purchase and payment cannot be made by an official procurement card. Any invoices for goods and services are to be processed via the creditor payments system and not paid through the petty cash account.
- 75. *The petty cash account is never by used to reimburse staff in respect of travel and expense claims.***
76. Reimbursements of staff from the petty cash account are only made upon the production of a valid receipt or where not available a voucher completed by the member of staff concerned and duly authorised by the Headteacher.
77. Where it is necessary to use a payment card, a council procurement card is used. Only in exceptional circumstances can of a member of staff make a payment with their own card and then claim for reimbursement from the petty cash account.
78. The day to day maintenance of the petty cash account and reconciliation of the cash float is the responsibility of Administration staff. The Headteacher and at least two¹⁴ other members of staff nominated by the Headteacher shall be an authorised signatory to the account. Cheques must be signed by at least two of the signatories.
79. Where it is necessary to change signatories, a change of signatory form is requested from the School Funding Team:
- [\(SchoolAccounting@durham.gov.uk\)](mailto:SchoolAccounting@durham.gov.uk).
80. The bank must not be contacted directly to request a change of signatory.
81. Petty cash claims are submitted regularly with the frequency of claims determined by the need to avoid the imprest being exceeded.¹⁵
82. Claims are submitted electronically using the petty cash facility in FMS. VAT is accounted for in accordance with guidance issued by the council.¹⁶ Invoices are retained in school as electronic copies (see section above on *Accounting Records*).

¹⁴ Exceptionally, for a very small school it may be only possible to have two signatories, but there must be at least two, in no circumstances is a single signatory acceptable.

¹⁵ The council recommends that petty cash reimbursement claims should be submitted on at least a termly basis. Where expenditure is minimal claims should be submitted on at least an annual basis and in the financial year to which they relate. However, the level of petty cash expenditure should be monitored and reimbursement claims submitted as appropriate to ensure the bank account does not go overdrawn i.e. monthly, half-termly..

¹⁶ VAT advice is provided as a useful link on the Schools Extranet.

83. Where a cash float is necessary, the cash is delivered by the council's approved cash security contractor and kept securely within the School.
84. The petty cash cheque book is locked away when not in use.
85. The petty cash account is **never** used for the encashment of personal cheques.

Procurement cards

86. The School shall not obtain any credit or store card, in accordance with prohibitions on borrowing by schools.
87. The School has access to council procurement cards, which can be used in a similar way to credit cards. These cards are used for any transactions where payment by card is required.
88. Procurement cards must not be shared; Administration staff will arrange for an appropriate number of cards to be provided. Applications must be approved by the Headteacher.
89. Procurement cards shall only be used in accordance with the council's procurement card policy for schools and the terms and conditions of the card provider.¹⁷
90. Where a transaction needs to be completed by card and the amount exceeds the normal transaction limit it is usually possible to obtain a temporary increase in the transaction limit at short notice and Administration staff shall contact Payments & Expenditure to arrange:

purchasing@durham.gov.uk

0300 267 252

91. Administration staff shall submit duly completed and authorised transaction logs in accordance with the policy as agreed with Payments & Expenditure. All logs must be fully coded and approved appropriately. The Headteacher is responsible for approving transaction logs of staff. Transactions by the Headteacher are approved by the Chair of Governors or in their absence the Vice Chair or Chair of Finance

Leasing and hire agreements

92. The School acknowledges that it cannot borrow, except from the council or a loan scheme authorised by the Secretary of State.¹⁸ A lease or hire agreement may be a form of borrowing and the School shall not sign any hire or lease agreement lasting for more than one year without first taking advice from the School Funding Team. The School will contact the council's leasing advisor to seek a quote for a lease that complies with accounting regulations in respect of leases.

¹⁷ This is available on the Schools Extranet page for financial procedures manuals.

¹⁸ Or successor with responsibility for schools

93. In addition, the school shall also inform the School Accounting Team (SchoolAccounting@durham.gov.uk) about the following types of agreements for the procurement of assets:
- a. Buildings or rooms that the school rents from a third-party.¹⁹
 - b. Vehicles that are covered by a hire agreement (excluding hires from the council fleet).
 - c. Equipment such as laptops, computers, photocopiers and hand dryers.

¹⁹ Agreements for the above are not relevant where they are only for a limited period of time, for example where a room is only rented during school hours or a vehicle is only hired for a school trip.

5. Income

94. The Governing Body has the overall responsibility for ensuring that all income due to the School is properly accounted for.
95. The Headteacher is responsible for the collection of and accounting for all income and debts due to the School, within the procedures prescribed by the council, including the *Handling & Transportation of Cash Policy (Schools and Small Establishments)*²⁰ and debt recovery procedures issued by the council.²¹
96. All School budget income received in the school is paid into the council's income account, except for childcare voucher income paid into the private school fund or income paid through the online payment system. Other than for these exceptions, all income due to the School's delegated budget is entered on a council electronic e-return against the appropriate income code and is collected by the council's approved cash security contractor, in accordance with procedures issued by the council's income team.
97. Childcare voucher income due to the School's delegated budget is paid into the School's private school fund. Administration staff are responsible for the reconciliation of income received and with paying this over to the council's income account on a regular basis,²² for crediting to the School's delegated budget. Childcare income received directly from parents is treated as delegated budget income in the usual way.
98. The School uses an online payment system, to allow parents to make payments to the School using a credit card on a third-party website or using a payment card at a local shop. The system used complies with the council's Protocol for schools' third-party systems.²³
99. Administration staff ensures that when debts are entered onto the online payment system the correct bank account is used so that income due to the School's delegated budget is paid into the council's income account, and income due to the School's private school fund is paid into that fund's bank account.
100. Income received through the online payments system is paid to the council by the online payment system provider and the School's delegated budget is credited by download to FMS. Administration staff are responsible for reconciling income due via the online payment system with the income received in the download.
101. Income from lettings of the School premises is banked to the credit of the School's delegated budget and is not paid into voluntary or private funds.

²⁰ This is available on the Schools Extranet page for financial procedures manuals.

²¹ This is available on the Schools Extranet page for financial procedures manuals.

²² The council recommends that this should be at least monthly.

²³ This ensures that the system provider submits data in a form that allows the Council to credit the correct school's delegated budget and that the provider complies with credit card industry rules.

102. Administration staff are responsible for reviewing outstanding debts and where action is needed to recover an outstanding debt, Administration staff shall draw this to the attention of the Headteacher as soon as possible. The Headteacher shall determine the appropriate course of action to be taken.
103. Debt reports are produced for review by the Headteacher on at least half-termly basis.
104. Staff are not permitted to accrue school meal debts and are required to clear outstanding balances on a monthly basis.

School Meals

105. An annual review of free meal entitlement is undertaken between April and October each year by Administration staff to confirm continuity of entitlement for each academic year. Entitlement is accurately recorded on the termly school censuses, which determine entitlement to Pupil Premium and the free school meal elements of formula funding.
106. If the school provides meals through in-house provision with its own staff and not the contractor procured by the council, then trading information is prepared by Administration staff and details reported to the Finance Committee and full Governing Body on at least an annual basis.
107. Outstanding debts are regularly reviewed in accordance with the procedures outlined in the Income section above.

Letting of the School Premises

108. All lettings of the School premises and site are undertaken in line with the guidance issued by the council.
109. The nature of the letting can result in the other party acquiring letting rights in respect of the school premises and the School will purchase advice from the council's Property Management Team, before agreeing an individual letting.

Extended Care

110. The Headteacher / Business Manager ensures that appropriate records of attendance and payment received for Breakfast / After School Clubs are maintained to provide an adequate management trail.
111. All income and expenditure for the Extended Care provisions is either processed via the Delegated Budget or the Private School Fund. Where the Extended Care Provision is processed via the Private School Fund, payments to cover any associated salary costs are made to the Delegated Budget on a regular basis.
112. Outstanding debts are regularly reviewed in accordance with the procedures outlined in the Income section above.

113. Staff are not permitted to accrue debts for Extended Care Services and are required to clear outstanding balances on a monthly basis
114. Administration staff prepares a statement of income and expenditure for the Extended Care Provision for reporting to the Governing Body / Finance Committee on an annual basis

6. Voluntary Funds / Stand-alone Companies

115. The Governing Body is responsible for any funds in the name of the School that are separate to the delegated budget of the School.

Private School Funds

116. The private school fund are operated in accordance with separate guidance provided by the council, in the Financial Procedures Manual section of the Extranet.²⁴

Stand-alone companies

117. The School has a governor-led stand-alone company. This is separate to the School and does not form part of its delegated budget.

²⁴ This is available on the Schools Extranet page for financial procedures manuals.

7. Assets

Asset Register

118. The Governing Body is responsible for maintaining the School's assets securely. It delegates responsibility to the Headteacher to ensure that equipment, materials and other stocks are carefully maintained and recorded.
119. An equipment register is maintained on FMS. Administration staff is responsible for keeping the register up-to-date. The register includes makes, models, serial numbers and the location of the items.
120. Asset and stock records contain an adequate description (including serial numbers where appropriate) of furnishings, fittings, equipment, plant, machinery, and other property with an individual value exceeding £1,000, plus items that the School identifies as valuable and portable, including laptops and tablets.
121. Valuable and portable items are identified with security markings as belonging to the School.
122. No School assets are removed from the School premises other than in the ordinary course of business except in accordance with specific approval from the Headteacher. All assets taken off the School site are recorded in a register held by Administration staff.
123. No School assets are used other than for School purposes except in accordance with specific approval from the Headteacher.
124. All items are subject to an annual physical check by a person(s) independent from maintaining the register. The results of the inventory are reported to the Headteacher who reports back to the Governing Body on an annual basis. All discrepancies are investigated.

Disposal of Assets

125. Assets found to be obsolete or in excess of requirements are disposed of after their disposal has been approved by the Finance Committee. In accordance with the Governors and Staff Interests section of this manual, no Governor or member of staff will obtain an interest in the disposal of School equipment or property or School materials surplus to requirements at the end of any contract between the School (including persons acting on its behalf) and any third party.
126. ICT equipment is only disposed of after ensuring all GDPR requirements are satisfied.

Losses

127. All losses are reported to the Headteacher, who will inform the police and the Internal Audit Service if the loss is a result of burglary or theft.

The School's insurers are informed at the same time via the council.
Action is taken immediately to prevent further loss.

8. Business continuity and insurance

128. The Governing Body is responsible for ensuring that the school has a business continuity plan and adequate insurance cover.

Business Continuity Plan (BCP)

129. The BCP sets out how the school would cope if it was not able to continue to operate as normal, including:

- a. Premises that could be used if the School's own premises became unavailable for an extended period.
- b. Keeping a copy of the up-to-date asset register where it would not be vulnerable to a disaster in the School.
- c. Adequate insurance for premises and contents.
- d. Daily backing up off-site of the School's important IT systems.
- e. Contingencies for significant simultaneous absence of staff
- f. Additional local hazards specific to this School.²⁵

130. The plan is kept up-to-date.

Insurance

131. The School maintains appropriate insurance cover to meet legal requirements for insurance. This includes cover for any funds in the name of the School that are separate to the delegated budget of the School

²⁵ Insert as appropriate.

Appendix 1 - Schedule of Finance-related Tasks

Daily

1. Check secure email on a daily basis to see if there are any important messages.
2. Make a link through the *AnyComms client* to collect and send files.
3. Import and reconcile batch files into FMS:
 - Print out reconciliation files and examine transaction for queries
 - Clear any suspense items.
4. Check Schools Extranet to see if there are any important issues affecting your School.

Weekly

1. Send invoice batches for payment to Accounts Payable Team (APT):
SchoolFundingCreditors@durham.gov.uk
2. Batches must not be in excess of 20 invoices/credit notes.
3. Ensure an electronic link is made in *AnyComms client* for these invoices. Invoices will be paid on the next available payrun following verification by APT.
4. Ensure preparation is made in line with the *Handling & Transportation of Cash Policy (Schools and Small Establishments)*²⁶ for all income received to be collected by the council's cash security contractor on the agreed day(s)²⁷. Where necessary additional collections can be arranged with the security contractor where income held is likely to exceed the safe limit:²⁸ a charge will be incurred for additional collections.
5. Record all income collected by the security contractor onto the electronic e-return on ICON in line with the E Return Procedure Guide.
6. Adjust FMS for any new income received not previously budgeted for e.g. grant monies:

Focus>Budget Management>Cost Centre Allocation

²⁶ This is available on the Schools Extranet page for financial procedures manuals.

²⁷ NB This need not be weekly, particularly if the school uses an online payment system and has a secure safe on the premises.

²⁸ Insert the limit here, which is determined by the safe manufacturer and assumes correct installation of the safe.

7. Complete School Meals cashbook / electronic cashsheets for the week's takings prior to Headteacher's authorisation. Banking printouts should be printed, authorised and retained from the Electronic Dinner Module System.
8. Submit Electronic School Meals Return via the link on the Schools Extranet
9. Submit Electronic Staff Absence Return on SAIL, (even if NIL return), via secure link on the Extranet.

Monthly

1. Close down period on FMS once previous month's monthly salaries have been reconciled (around the 10th of the month).
2. Run an audit trail from FMS for the previous month to identify any virements:

Reports>General Ledger>Audit>Audit Trail (Audit Type 'G' and Audit Sub-Type 'C')

3. Where virement has taken place run a Financial Summary report for the period via the FMS route:

Reports>General Ledger>User Defined Reports

4. The Headteacher should review and sign the Audit Trail and Financial Summary reports and these should be retained on file in School.
5. Send a copy of the signed financial summary and audit trail reports along with a Fund Allocation Audit Trail by email to:

SchoolAccounting@durham.gov.uk

6. The FMS route to obtain a Fund Allocation Audit Trail is:

Reports>Budget Maintenance>Fund Allocation Audit Trail

N.B. Reports received by the School Funding Team (SFT) by the third week of each month will be included in that month's Oracle statement. Reports received in last week of the month will be included if time available.

7. Submit a petty cash claim. (The council recommends that petty cash reimbursement claims should be submitted on at least a termly basis. Where expenditure is minimal claims should be submitted on at least an annual basis and in the financial year to which they relate. However, the level of petty cash expenditure should be monitored and reimbursement claims submitted as appropriate to ensure the bank account does not go overdrawn i.e. monthly, half-termly. A extra claim

should also be submitted between the usual claims if the value of petty cash incurred is likely to exceed the imprest amount.

8. Procurement card transactions logs should be submitted to the Transactional Purchasing Team by no later than 8th of month.
9. Compare the council's budgetary control statements for previous month with the School's financial summary report and investigate any large variances.
10. Review FMS outstanding orders :

Reports>Accounts Payable> Purchase Orders

11. Cancel any out-of-stock items from orders placed to ensure commitments accuracy on FMS financial summary.
12. Ensure that any staff changes are updated on SIMS Personnel records and are reported to the School's payroll provider in accordance with the agreed timetable, including changes of posts, new starters and leavers. For leavers, SIMS records should be updated one month after leaving, to allow for late payments.

Termly

1. Complete a petty cash return *IF* not submitting a monthly claim (only if monies have been spent).
2. Ensure that pupil records on SIMS are "flagged" if eligible for free school meals. Ensure that acceptable evidence is retained in School for audit checks. Eligibility checks can be made via the School Meals Team County Hall. Further details are available on the extranet or contact the School Meals Team, tel:

03000 268 002 or

03000 268 003.

3. Complete and submit termly DfE School Census.

Annually

1. Annual statements should be drawn up and audited for all voluntary funds held in the name of the School where Administration staff or any other staff member is the designated treasurer.
2. The audited statement(s) should be signed by both the treasurer and auditor prior to submission to the Governing Body.
3. The treasurer of any other funds connected to the School should also arrange for an annual statement to be drawn up for auditing, signature and submission to the Governing Body for information.

4. As part of the annual CFR²⁹ requirements (information annually posted on the Extranet), review any voluntary funds where Administration staff or any other staff member is the designated treasurer, to establish if there is any income and expenditure activity that should be included on the annual CFR return, whether processed through the School's delegated budget or not.
5. Permits and disclaimers should be reissued to hirers for lettings, which run for more than one year.
6. Complete the Schools Financial Value Standard³⁰ (SFVS) and submit to Internal Audit in line with DfE requirements.
7. Annual Independent stock check should be undertaken i.e. by an individual not involved with the 'day to day' updating of the stock records.
8. Review and update this Financial Procedures Manual for approval by Governors.
9. Review and update the Control Risk Self Assessment (CRSA)³¹ for approval by Governors.
10. Ensure SIMS Personnel records are updated when staff receive increments on 1 April (support staff) or 1 September (teachers).
11. Review access privileges on SIMS / other electronic systems and update including removal of leavers etc.

Ad-Hoc

12. Follow SIMS instructions e.g. setting up and closing down financial years as and when issued by the SFT.
13. Manage outstanding debts in accordance with the council's *Guidance regarding referrals of non-payment of school debt (excluding school meals)* and separate guidance on school meals issued by the LA's Catering Support Team.³²
14. Stock records should be updated when equipment/furniture is received in School, in line with the values etc. set / approved by Governors, and list of obsolete stock reported to Governing Body for write-off on an annual basis.

For further advice please contact your School Finance Officer.

²⁹ Consistent financial reporting – an annual return which provides benchmark data for schools

³⁰ Or successor standard

³¹ This is available on the Schools Extranet page for financial procedures manuals.

³² This is available on the Schools Extranet page for financial procedures manuals.