



Central Bedfordshire Council

Financial Regulations for Schools

Owner: Chief Finance Officer

January 2016

INTRODUCTION

These regulations apply to all schools with a delegated budget maintained by Central Bedfordshire Council.

Section 151 of the Local Government Act 1972 states that every local authority will make arrangements for the proper administration of their financial affairs and will secure that one of their officers has responsibility for the administration of those affairs.

The Chief Finance Officer has been given overall responsibility, under Section 151 of the Local Government Act 1972, for the administration of those affairs, including the implementation and supervision of all systems and records used for accounting purposes or in any way relating to the finances of Central Bedfordshire Council (the Authority). Whilst the Chief Finance Officer has specific responsibility to make sure that someone carries out these tasks, he/she may, from time to time, delegate this responsibility.

These Financial Regulations for Schools are made in pursuance and for the purposes of Section 151 of the Local Government Act 1972 and in accordance with Section 48 of the School Standards and Framework Act 1998.

These regulations therefore, supplement the information provided in the Scheme for Financing of Schools and provide detailed guidance and advice on a range of financial management and control issues. The regulations also take into account (where applicable) the standards included in the Department for Education (DfE) Schools Financial Value Standard (SFVS). (SFVS assessment template can be found on the DfE website: www.education.gov.uk)

Should Schools find themselves in a position where it is their belief that they are not complying with these Regulations they should contact the Chief Finance Officer.

These Regulations relate to Official Funds. They do not relate to non-public funds received by schools (see section on Voluntary Funds).

Definitions

Central Bedfordshire Council is the Local Authority, referred to in these Regulations as “the LA”. The use of the words “school” or “schools” throughout these Regulations refer collectively to the Governing Body, a committee of the Governing Body, the Headteacher and other staff employed at the school. In certain cases the regulations refer specifically to the Governing Body or the Headteacher. Reference to “the Governing Body” may refer to a committee of the Governing Body where delegated authority to carry out tasks is permitted and has been properly delegated to such a committee. Reference to “the Headteacher” may refer to other staff of the school where delegating authority is permitted and has been properly delegated by the Governing Body or Headteacher.

Any points of clarification on these Regulations should be addressed to the Chief Finance Officer, Central Bedfordshire Council, Priory House, Monks Walk, Chicksands, Shefford, Beds, SG17 5TQ.

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THE REGULATIONS

GENERAL

1. The Chief Finance Officer may issue, from time to time, financial manuals and instructions to make further provision for the administration of the financial affairs of schools. Such advice may provide further guidance on arrangements dealt with in these Financial Regulations for Schools including the form and content of any document or report on financial matters and accountancy procedures to be used in relation to particular financial activities.
2. Where a school has a delegated budget the Chief Finance Officer retains the right to suspend the delegation where it is considered that the Governing Body and the Head Teacher:
 - Has substantially or persistently failed to comply with any requirements of this Scheme
 - Is not managing the expenditure satisfactory
 - Mismanagement of schools resourcesWhere financial delegation has been withdrawn a bespoke arrangements would be made under direction of the Chief Finance Officer.
3. Headteachers are required to ensure that the Governing Body is aware of these Regulations and updates to them. The Headteacher shall additionally ensure that members of the Governing Body have access to all financial documents upon request.
4. These regulations apply to Federations and they must conduct their financial affairs in accordance with these regulations.

ACCOUNTING AND TAXATION RECORDS

5. Schools are required to ensure that the accounting records and controls in place comply with the minimum requirements as specified from time to time by the Chief Finance Officer and these regulations. Any school reviewing its accounting systems must ensure continued compliance with the requirements set out by the Chief Finance Officer appropriate to the records maintained by that school and additionally inform the Chief Finance Officer of any proposed changes to its accounting procedures that may affect the maintenance of those records.
6. Headteachers will also ensure compliance with the requirements of the Chief Finance Officer in respect of procedures and accounts in relation to: payroll, income, assets, VAT, Construction Industry Scheme, procurement and the records associated with these matters. Schools will consult with the Chief Finance Officer when considering introducing or amending any such systems.
7. Responsibilities under the Data Protection Acts will rest with the Headteacher and advice will be sought from the Council's FOI & Privacy Specialist Officer. .

8. All records will be kept securely by schools for the statutory or other periods as advised by the Chief Finance Officer. Schools will make records available for public inspection in accordance with LA's responsibilities for the inspection of such records.

ACCOUNTING POLICIES

9. Schools will abide by the procedures issued by the Chief Finance Officer in relation to accounting policies. Further information on such policies is contained in other sections of these Regulations or in separate advice issued from time to time by the Chief Finance Officer.
10. The final accounts of schools will be prepared in accordance with procedures and time scales as determined by the Chief Finance Officer.

BANK ACCOUNT SCHEMES

11. All schools are required to operate a Fully Funded Account. The **Bank Account Scheme for Schools - Appendix 1** sets out the operational and reporting requirements that all schools must adhere to.

Bank Account Administration

12. A school may only hold an account at either a bank or building society that has been approved by the Chief Finance Officer. For further information contact Anthony Dodridge, Finance Manager – Risk and Control, email: anthony.dodridge@centralbedfordshire.gov.uk or telephone: 03003005206
13. Schools are allowed to have accounts for budget share purposes, which are in the name of the school rather than the LA¹. Where a school opens such an account, i.e. in its own name, the school shall ensure that the bank mandate states that the LA is the owner of school budget share funds. In this context the mandate shall ensure that the LA is entitled to receive statements where it so wishes and that it can take control of the account should the school's right to a delegated budget be suspended by the LA.
14. All bank accounts must be promptly reconciled on a monthly basis and signed by the individual undertaking the reconciliation. Clear authorisation and bank signature powers must be agreed and recorded by the Governing Body. All cheques must be signed in manuscript. Separation of duties between the monitoring of the account and bank signature powers will be in place. A list of bank accounts used by the school shall be reported to the Governing Body at least annually.
15. Separation of duty arrangements and authority to approve payments should be consistent regardless of whether the means of processing payments is via electronic payments (Bankline) or cheques.

¹ Money paid by the LA and held in such accounts remains LA property until spent (s.49 (5) of the Act).

16. All schools using Bankline should set up 'dual administration' applied to their Bankline access. Dual administration means that at least two users, a preparer (input role) and authoriser (view and authorisation role), should be set up when using Bankline. Detailed guidance on how to set up the school's system to enable BACS payments can be obtained from the school's Software Support Service.
17. All BACS run reports should always be printed and countersigned by the authoriser when approving online payments and should be filed securely.
18. School officers (including Headteacher) shall not use their own private bank account or debit/credit cards for the purpose of making payments or banking income relating to the school.
19. At no time shall the school allow the bank account to become overdrawn. Schools shall ensure that mechanisms are in place to ensure that this does not happen. However schools may adjust the monthly payment instalments by writing to the Senior Finance Manager Children's Services, with a supporting cash flow, demonstrating the school's requirements. Any accelerated instalments will be deducted from future instalments.

BUDGET MONITORING AND CONTROL

20. The Chief Finance Officer has the responsibility to ensure that the statutory accounts of Central Bedfordshire Council are properly maintained.
21. Schools are required to operate accounting systems in support of proper budget monitoring and control arrangements. Schools are free to use what financial system software they wish, provided they meet any cost of modification to provide output required by the Council.
22. All maintained schools are required to submit summarised certified financial returns to the Chief Finance Officer for consolidation into the LA's published accounts. In doing this, reconciliation to other records, such as bank accounts, are required.
23. Headteachers are required to notify the Chief Finance Officer, on a regular basis, not less than quarterly, of any income and expenditure records that cannot be reconciled as above.
24. Headteachers will ensure that the budget managers to whom budgets are delegated have sufficient information in order to carry out continuous monitoring of their budgets and that a budget report, including a written commentary, is presented to the Governing Body on at least a termly basis. In doing this the budget report should reflect any specific initiatives included in the School Improvement Plan which have been allocated resources.
25. Budget monitoring incorporating data held on the schools accounting systems will fully take into account committed expenditure for which an appropriate system for recording all commitments will be maintained.

26. Monitoring of expenditure against budgets throughout the financial year is necessary to ensure sound financial control is in place which provides early warning of any financial problems. Headteachers are required to take such action in line with the powers delegated to them by the Governing Body to prevent any overspend not authorised by the Chief Finance Officer in accordance with the requirements set out in the Scheme for Financing Schools
27. Headteachers are responsible for the continuous monitoring of expenditure and income against the budgetary position and of the regular reconciliation of the school's expenditure and income records. Headteachers are also responsible for providing regular written financial statements and reports to the Governing Body.
28. Headteachers shall ensure that monthly budget monitoring, period end and year end deadlines as requested by the Chief Finance Officer are completed in accordance with procedures and time scale set on the Bank Account Scheme for Schools – Appendix 1.
29. The Chief Finance Officer, or his/her representative, may attend, or make a submission to, any meeting of a Governing Body when financial matters are due to be considered.
30. Any changes to the School Budget Share within a financial year (e.g. additional statement funds) or any virements made either by the Governing Body or the Headteacher in line with the School's Scheme for Delegation must be reflected in a revised budget plan which is approved by the Governing Body.
31. Where the Governing Body have authorised a virement then this needs to be minuted. Where virements are made under delegated powers a report needs to be presented on at least a termly basis to the Governing Body summarising the budget position of the school.

BUDGET SHARES AND BUDGET PREPARATION

32. The purpose of the school's budget plan is to provide financial management information for the school and monitoring information for the Chief Finance Officer in pursuance of statutory responsibilities. In addition, it provides statistical information to the Department for Education, and other national bodies.
33. The LA will notify each school of its budget share before the commencement of the financial year and an indicative budget for either one or two years depending on the multi year period.
34. As soon as possible after the accounts have been closed at the end of the financial year, each school will also be notified by the LA as to the amount of any carried forward surplus or deficit. Schools are required to take this into account when determining their budget plan.
35. The LA will transfer funds into the bank account in line with the Bank Account Scheme for Schools - Appendix 1.

36. Each school is required to submit a multi year budget plan, approved and minuted by the Governing Body, to the Authority no later than **1 May of each year**. The budget analysis will be in the format required by the Chief Finance Officer together with such supporting information as requested.
37. The Authority may require the submission of revised plans when deemed necessary at intervals of at least three months. Also the authority requires all maintained schools to submit a revised budget plan by 31 October of each year.
38. A school cannot plan for a deficit budget except in specific circumstances of a licensed deficit agreed in advance by Chief Finance Officer. The circumstances and the process of application for a licensed deficit are outlined in the Scheme for Financing Schools - paragraph 4.9.
39. Any subsequent decisions by the Governing Body to transfer planned expenditure and income between the budgetary headings, or otherwise adjust those headings, will be notified by schools to the Chief Finance Officer as soon as practical after such decisions have been taken.
40. On receipt of the School Budget Share the school shall ensure that responsibility for separate activities and functions has been identified and delegated within the school to budget managers based on the management structure.
41. Cost centres should be created, depending on the size of the school, in order to allocate budgets to each manager. The School's accounting system must properly and fully reflect the annual budget as approved by, or amended by, the Governing Body.
42. The Governing Body will establish formal processes and timetables to ensure all relevant financial and non-financial factors are considered by the Governing Body in setting the school's budget.
43. Headteachers will maintain both financial and non-financial historical information on a consistent basis and should project future trends with full supporting documentation.
44. In developing its budget strategy the Governing Body will allow for the final budget share being either above or below the initial budget produced within the school and previous years' budgets.
45. The Governing Body and Headteacher must be prepared to take action at any time to deal with variations between actual and budgeted income and expenditure.
46. The Governing Body will ensure that the budget is based on a hierarchy of assumptions and priorities, aiding swift changes of plan in reaction to changes in circumstances.
47. The Chief Finance Officer will from time to time issue further advice as necessary on the detailed steps involved in budgeting.

CAPITAL EXPENDITURE

48. The Chief Finance Officer will from time to time produce guidance on capital expenditure and leasing arrangements to take into account relevant Regulations applicable to Local Authorities issued by Central Government. This guidance will include provision for financial penalties to be met by an individual school or schools should they not follow statutory or regulatory conditions. The Central Bedfordshire Council's Capital Handbook can be accessed following the link below;
<http://www.centralbedfordshire.gov.uk/schools-portal/finance/regulations/procedures.aspx>
Governing bodies will take decisions in accordance with this guidance.
49. Governing bodies may only use their budget share to meet the cost of capital expenditure on the school premises in accordance with the Council's accounting procedures for capital which are available from the Chief Finance Officer. All governing bodies will notify the LA in advance of any such expenditure if it exceeds £10,000 (net of VAT). In addition the Governing Body must take into account advice from the Director of Children's Services in conjunction with the LA's property adviser as to the merits of the proposed expenditure.
50. Schools are not permitted to use their budget share to contribute to capital projects if:
- This results in revenue deficit or
 - Existing devolved formula capital balances are held by the school for the current or previous financial year's allocation.
51. When the premises are owned by the LA, then the Governing Body will seek the written consent of the LA to any proposed capital works.
52. A Governing Body or Headteacher will not permit the use of any part of the delegated budget for the acquisition of any interest in land or buildings whether in the form of freehold, leasehold or otherwise without prior consent, in writing, from the LA.
53. Where the LA has delegated responsibility for incurring capital expenditure included in the Authority's Capital Programme to a school then the school shall comply with the terms of delegation. For example where schools are delegated capital funds for furniture and equipment associated with either an extension or new build.
54. The Governing Body will not enter into a contract for the construction of any works or buildings or for the acquisition of any vehicles, plant, computer or other equipment through a finance lease, hire purchase or any other form of credit arrangement without prior consent, in writing, from the Chief Finance Officer.

LEASING

Definitions:

55. A **lease** is a contract where a party being the owner of an asset (lessor), provides the asset for use to a school through a rental agreement for a defined period of time.

*A **finance lease** is a leasing contract in which the lessee takes ownership of the asset and is responsible for all maintenance and insurance, but pays for the asset over a period of time. (This effectively is a borrowing agreement)*

*An **operating lease** is a leasing contract in which the ownership for the asset remains with the lessor which has the responsibility for maintenance, insurance and repairs. (This is effectively a rental agreement)*

56. Schools are not empowered to enter into any finance leases or credit arrangements as these are classified as borrowing and require the written permission of the Secretary of State
57. The Scheme for Financing Schools paragraph 3.6 states that:
Governing bodies may borrow money externally only with the written permission of the Secretary of State following consultation with the LA. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances. Schools are permitted to use any scheme that the Secretary of State has said is available to schools without specific approval (i.e. Salix scheme).
58. The Governing Body may enter into operating leases only with written permission of the Chief Finance Officer.
59. The Governing Body must take relevant due diligence before submitting to the Schools Finance Team for approval. Any application to enter into a leasing agreement shall be approved by the Governing Body.
60. The Governing Body shall satisfy itself that Council's financial procedures for Leasing have been fully complied with and that the proposed operating leasing agreement represents value for money. The authority's financial procedures for leasing can be found following the link:
<http://www.centralbedfordshire.gov.uk/schools-portal/school-management/Finance/financial-regulations.aspx>

CHARGING SCHOOL BUDGET SHARES

61. The LA may charge the budget share of a school without the consent of the Governing Body only in the circumstances defined in the Scheme for Financing Schools section 6.
62. The LA will consult the school as to the intention to so charge and will notify the school in writing when the charge has been actioned.
63. Should a school wish to challenge the proposed charges then it will need to submit its reasons for so doing to the Chief Finance Officer, who shall make the final determination on the proposed charges.

CONTRACTS

64. Statutory requirements exist to cover the manner and form of contracts entered into by Local Authorities. These are outlined in the Council's Procurement Procedure Rules and detailed advice is available from the LA's Legal Services. Decisions made by School Governors must be taken in the light of such regulations to prevent illegal acts. An electronic version of the Council's Procurement Procedures Rules can be obtained here: <http://www.centralbedfordshire.gov.uk/schools-portal/finance/regulations/procurement.aspx>
65. The Council's Procurement Procedure Rules relating to contracts are to be observed in relation to all procedures connected with competitive tendering, the letting of contracts and subsequent administration. Certain contracts must be in a form specified by the LA's Legal Advisers and, therefore, before entering into such an arrangement the advice of the LA's Legal Services will be sought.
66. Schools should also refer to the sections of these Financial Regulations on Register of Business Interests and Orders for Works, Goods, Supplies and Services. Schools are required to ensure compliance with all taxation regulations at all times.

DELEGATION OF POWERS

67. The Governing Body (or a committee of the Governing Body) is responsible for approving the School's Budget Plan prior to its submission to the Chief Finance Officer. Other financial responsibilities may be delegated to a sub committee; however, this sub committee needs to be a properly constituted committee.
68. Where a Governing Body delegates financial responsibilities to a sub committee it should ensure that such arrangements are properly authorised and documented. By way of example, a sub-committee could be responsible for ensuring that the school sets financial objectives, prepares a financial plan and initiates and maintains the necessary systems of internal control.
69. The Governing Body will define in writing the terms of reference and the extent of any delegated authority to any sub committee. Governing Body and sub committee minutes must explicitly detail all decisions taken, recommendations made, by whom actions are to be taken and be reported in full. The Governing Body should:
 - 69..1. Set up a finance committee to consider strategic financial issues on behalf of the Governing Body, including defining the terms of reference, the extent of its delegated authority and ensuring it receives minutes of the committees meetings.
 - 69..2. 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;
 - 69..3. Agree with the Headteacher the minimum frequency, level of detail and general format of financial reporting to the Governing Body;

- 69..4. 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;
 - 69..5. Establish a register of business interests of Governors, the Headteacher and any other staff that influence financial decisions (the register should comply with section 2.9 of the Scheme for Financing Schools and the Register of Business Interest section of this scheme).
 - 69..6. Demonstrate compliance with the Schools' Financial Value Standards (SFVS) through the submission (before 31st March annually) of the SFVS assessment form signed by the Chair of Governors.
70. The school should produce a clearly defined and documented organisational structure with identified lines of reporting for all financial operations.
71. The Headteacher is responsible to the Governing Body, through a relevant sub committee if appropriate, for:-
- 71..1. the management of the school's financial position at a strategic and operational level;
 - 71..2. ensuring sound systems of internal control are in place to maintain proper, accurate and timely processing of the school's financial transactions and to protect the school's assets;
 - 71..3. the management of all other financial issues;
 - 71..4. the proper preparation and presentation of all financial statements which are adequately supported by the records of the school including vouchers, receipts and contracts where appropriate.
72. The Governing Body should approve and document any scheme of delegation to the Headteacher and from the Headteacher and to other nominated staff of the school detailing those who are authorised to carry out financial responsibilities on behalf of the Headteacher. These will include authorisation of orders, certification of invoices and where appropriate bank account signatories.
73. The Headteacher will ensure that the Governing Body is provided with adequate financial advice.
74. The Headteacher is responsible for ensuring that all accounts are prepared and maintained and all financial procedures are followed in accordance with Financial Regulations for Schools and all other requirements of the Governing Body and the LA.

INTERNAL CONTROLS

75. 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 are:

- 75..1. internal checks – one person checking another person’s work;
 - 75..2. separation of duties – distributing the work so that key tasks are assigned to separate members of staff;
 - 75..3. systems of authorisation – each transaction is authorised before passing on to the next stage of the process;
 - 75..4. system 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 policy;
 - 75..5. audit trail making it clear who has been involved – this tracks all stages of a transaction.
 - 75..6. 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).
 - 75..7. 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.
 - 75..8. 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.
76. 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.

EARMARKED FUNDS

- 77. Throughout the financial year the LA or other bodies may make additional sums available to schools by way of allocations from other funds (e.g. Pupil Premium Grant). These amounts are separate from those of the School Budget Share and as such must be accounted for separately. These allocations must be reflected in the school budget plan, which will need to be approved, and minuted, by the Governing Body prior to submission to the Chief Finance Officer.
- 78. Allocations will be accompanied by conditions setting out the purpose of the funds. These conditions need not preclude virement except when funding is supported by a specific grant when the LA is not permitted to vire. Unless specifically authorised by the Chief Finance Officer virement should not be carried to the point of assimilating the allocations into the school’s budget share.

79. Schools will demonstrate compliance with these requirements by making available to the LA, on request, an auditable statement of the expenditure incurred against earmarked funds, listing payments made and the purpose of each payment. Where required by the Chief Finance Officer annual or other routine budget returns will show the income and expenditure relating to the earmarked funds separately from all other income and expenditure.
80. The Consistent Financial Reporting (CFR) framework requires that B02 – Committed Revenue Balances must include any unspent revenue grant and balances held for capital projects, where written contracts have been entered into or where the Governing Body has agreed the project. Supporting evidence must be submitted to the Chief Finance Officer

FINANCIAL INFORMATION AND REPORTING

81. Schools will submit financial information and reports to the LA in line with the procedures detailed on the Council's Bank Account Scheme for Schools Appendix 1.
82. All Schools will be required to provide information to enable the Chief Finance Officer to prepare the annual accounts of the Authority in accordance with the timetable determined by that officer.

FINANCIAL MANAGEMENT

83. Schools are required to ensure that effective systems are in place that supports financial management within the school. Compliance with these Regulations will ensure that a school has in place effective financial management systems and that as a consequence the Governing Body has confidence in any financial information presented to it.
84. The school must demonstrate that the budget plan approved by the Governing Body is used for the purposes of the school as set out in Section 50 (3) of the School Standards and Framework Act 1998.
85. In terms of its financial systems and procedures the school must be able to demonstrate the integrity of accounting records and procedures through the adherence of key controls, for example internal control (paragraph 75 to 76) and ensure that the original documents can be traced from the school's accounts.
86. Schools are required to devise and document a framework for the maintenance of a sound system of financial management within the school. In practice, the systems can vary according to the size, organisation and particular needs of the school. Written descriptions of a school's financial systems, policies and procedures shall be maintained in a manual approved by the Governing Body.
87. Specific financial objectives will be drawn up by schools that incorporate all areas of influence affecting the operation of the school including the School Development Plan. The objectives should take into account intentions with regard to the curriculum, including the provision of staff and equipment and the development and maintenance of the school site.

INCOME AND BANKING

88. Schools will have clearly defined and documented procedures for setting a budget for their income on an annual basis and monitoring against that budget as appropriate.
89. Where schools have discretion to determine external charges, such charges should be approved and minuted by the Governing Body. Such charges should be reviewed annually by the Governing Body. At a minimum the Governing Body must minute their charging strategy and record the assumptions underpinning such a strategy.
90. In setting a charging policy for lettings the Governing Body must ensure that such community use does not result in a charge on school budget share and as such will be required to demonstrate that the charging regime approved achieves this.
91. Governors, the Headteacher and all staff will ensure that the school has in place proper accounting, collection, banking and security of all income due and received. Such procedures will be documented.
92. All staff involved in collecting income or raising invoices for income due should ensure that procedures are adopted that satisfy the following objectives in order to protect both the interests of the school and themselves:
 - 92..1. all income is correctly accounted for;
 - 92..2. accounts for income due are raised promptly;
 - 92..3. any overdue accounts are promptly chased;
 - 92..4. all income collected is held securely, banked promptly and intact;
 - 92..5. there is separation of duties in order that the same member of staff does not raise accounts to debtors and issue receipts / collect income against those accounts.
93. The treatment of Value Added Tax in relation to fees, charges and any other income will follow accurately the guidance given in the Central Bedfordshire Council VAT Guide.
94. Schools will be able to retain all income except in circumstances defined by the LA or defined in statute.
95. Monies received will be paid promptly into the bank account approved for public funds at regular intervals. In no circumstances should official income be paid into unofficial funds or personal accounts.

96. All official monies will be paid in using official paying-in-books obtained from the school's bankers. Templates of invoices for lettings and hire of premises are available on the schools website to download and personalise with their own schools details. The Central Bedfordshire Council VAT Number must be quoted and the numbering of these invoices must be unique and consist of the following sequence:-

School cost centre\Number of invoice i.e. 1, 2, 3 etc.

Schools should keep a record of these invoices, the numbers and who they have been issued to for audit purposes.

Each person who receives money on behalf of the school will give an acknowledgement using only official stationery or cash registers.

97. Headteachers will make arrangements to ensure that all numbered financial stationery whether issued by the bank or printed directly by the school is securely stored, controlled and recorded.
98. No deductions from official income may be made or personal cheques cashed from takings without the specific authority of the Chief Finance Officer.
99. All cheques received will be entered in detail on the bank paying-in slip and counterfoil showing the amount of each cheque and the debt to which it relates.
100. Every transfer between members of staff of money belonging, or due to the school or authority will be evidenced in the records of the school by the signature of receipt of the receiving officer.
101. Schools should normally require payment in advance for the provision of goods or services or lettings. Unless payment has been made in advance, all accounts for official money to the school will be raised promptly using official stationery.
102. The Governing Body will ensure that there is a system in place for the monitoring of all outstanding debts to the school. In the event of bad debts the Governing Body will be responsible for approving the write-off of such debts up to a limit of £5,000 in any one financial year. For debts over the stipulated level, the school must refer details of cases to the Chief Finance Officer for approval.

INSURANCES

103. The Governing Body shall formally review on an annual basis the adequacy of the school's insurance arrangements.
104. Schools have funding delegated for insurance in their formula funding. Where the LA's insurance is not bought back then the LA will require schools to demonstrate that cover relevant to the LA's insurable interests, under a policy arranged by the Governing Body, is comparable to the relevant minimum cover arranged by the LA.

105. Schools opting to purchase insurance cover other than offered by the LA, must, prior to 1 April of the financial year for which delegation is sought, provide evidence as and when required, to the LA that the appropriate level of cover has been arranged.
106. The LA will have the right to charge the budget share of a school with expenditure incurred by the LA in insuring its own interests in that school. This will occur when funding has been delegated but the school has failed to demonstrate that it has arranged cover comparable to that which would have been arranged by the LA.
107. For schools that have not elected to arrange their own cover, Headteachers will give prompt notification to the Chief Finance Officer of all risks, properties or vehicles which are required to be insured by the authority and of any alteration affecting existing insurance.
108. The Chief Finance Officer will supply Headteachers from time to time with information as to risks and levels of insurance cover put in place by Central Bedfordshire Council to enable them to advise him/her of any variations in the level of cover that should be provided.
109. Headteachers will promptly notify the school's insurers or Chief Finance Officer as appropriate in the form specified of any loss, liability, damage or other event likely to lead to an insurance claim.

INTERNAL AND EXTERNAL AUDIT

110. There is a statutory obligation under the Accounts and Audit Regulations covering the requirement for the audit of financial and other records of schools. Audits will be undertaken by both the External Auditor appointed at the time and the Central Bedfordshire Council's Internal Audit Service.
111. When a Governing Body so resolves, it is permitted to spend funds from the school's budget share to obtain separate external audit certification of the school's annual accounts. The school will however continue to be subject to review by the LA's internal and external auditors and will co-operate with such auditors in accordance with these Regulations.
112. Governing Bodies will have in place formal procedures for them to consider Audit Reports, associated Management Action Plans and monitoring arrangements to ensure agreed recommendations are implemented.

External Audit

113. Representatives of the Council's external auditors will, on production of suitable identification, be allowed access to examine any financial transactions, documents, procedures, computer data and any other records of a school and will be given every co-operation to complete their work.
114. Authorised external auditors will be entitled to review, appraise and report upon the effectiveness of internal, financial and other controls and the extent to which the assets and interests of the school and, therefore, the authority are accounted for and safeguarded.

Internal Audit

115. The Chief Finance Officer will ensure that an adequate, effective, continuous and independent Internal Audit service is provided to meet the statutory requirements of the authority. Internal Audit reports shall be presented to the Governing Body by the Headteacher and Chair of Governors for consideration.
116. Authorised representatives of the authority's Internal Audit Service will be afforded facilities and right of access, at all times, to examine any financial transactions, documents, procedures, computer data and any other records as appear to the auditor to be necessary for the purpose of the internal audit.
117. The auditor will be entitled to require from any Governor or person employed in connection with the school such information or explanation as is considered necessary by the auditor for the purpose of the Internal Audit.
118. To assist in the maintenance of a sound system of internal control within schools Governing Bodies may consider appointing a Governor to act as a "controls reviewer" who would monitor the ongoing application of key controls within the school against a list agreed with the LA's Internal Audit Service.

Irregularities

119. Schools shall ensure that where irregularities arise or are suspected that any ensuing action being undertaken with due regard to the LA's guidelines on Confidential Reporting Procedure (Whistle-Blowing) (electronic copy can be accessed following the link: <http://www.centralbedfordshire.gov.uk/schools-portal/finance/regulations/procedures.aspx>)
120. Prompt action will be taken by schools whenever a matter arises which involves, or is suspected of involving, any loss or irregularity or any circumstances which may suggest the possibility of such a loss or irregularity. This will include cash, stores, stocks or other property held for the purpose of the School or in any other way affecting school finances or any breach of these Regulations. The Headteacher or any Governor or other member of staff will immediately on its discovery, report the matter to the Chief Finance Officer who may thereupon take whatever action is considered appropriate.
121. No other action must be taken by the Headteacher, Governor or other staff in advance of the report to the Chief Finance Officer as this could be to the detriment of any investigation subsequently carried out.

Fraud

122. The Headteacher and Governing Body are responsible for the approval and implementation of controls designed to prevent and /or detect fraud.
123. The Headteacher and Governing Body must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in induction for new School staff and Governors.

124. Any member of staff who suspects that a financial irregularity is occurring within the school should immediately notify the Headteacher or Chair of Governors, who must immediately pass the information to the LA's Head of Internal Audit and Risk and the Chief Finance Officer.
125. The Headteacher and Governing Body must ensure that staff are made aware of the LA's guidelines on Confidential Reporting Procedure (Whistle-Blowing).

INVENTORIES

126. The Chief Finance Officer will determine the form in which inventories will be kept, this may be hard copy or computerised, and issue further detailed guidance as necessary.
127. Each Headteacher is responsible for maintaining the school inventory. Inventories will contain an adequate description of furniture, fittings, equipment, plant and machinery held for the purpose of the school. Detailed guidance on the form of the Inventory is included in the Standard Inventory Book which is also available electronically on the schools website. Copies of the inventory will be stored in a fireproof cabinet.
128. Assets that have a value of more than £100 and are durable, portable and attractive in terms of possible theft or loss will appear in a school's inventory. This value may be reduced by the Governing Body by reference to the materiality in relation to the school's finances and will be dependent on the size of the school and any insurance requirements.
129. Proper security will be maintained at all times for furniture, plant equipment, stores, cash and other assets under the control of the school, i.e. owned, leased or on long term loan to the school. Headteachers should aim to achieve maximum utilisation of such assets in the provision of services. In the event of theft or loss of a school's equipment, the inventory will, where appropriate, identify the items by describing them fully and listing serial numbers etc. if possible to aid recovery or an insurance claim.
130. All items in the inventory will be permanently and visibly marked as the school's property.
131. Headteachers will be responsible for the control and proper use of all items on the inventory and for arranging that a check be carried out at least once a year of items required to be included in the inventory against the inventory records. Someone should carry this out other than the person maintaining the inventory. The check should include examining purchase records to test that new assets since the last check are included and are identified.
132. Recorded items may be removed from the school's inventory, e.g. discrepancies following a stock take. Written approval for such removal will be in accordance with the Scheme of Delegation as approved by the Governing Body; however, any stock removal with a value in excess of £500 will be reported to the Governing Body. An entry will be made against the relevant item in the inventory so as to provide a cross-reference to the resolution of the Governing Body.

133. No property held by a school may be sold or otherwise disposed of except with the documented authority of the Governing Body. For items with an estimated residual value of more than £1,000 consultation should take place with Central Bedfordshire Council's Corporate Procurement Service regarding possible re-use elsewhere within Central Bedfordshire Council or best option for method of disposal.
134. No property will be removed from the school premises, otherwise than in accordance with the ordinary course of the school's work, without the authority of the Headteacher. A record will be maintained of all occasions where such property has been approved for removal and its eventual return to the school. When schools dispose of IT Hardware they should comply with paragraphs 209 and 210.

LOANS, BORROWING AND INVESTMENTS

135. Only the Chief Finance Officer will authorise borrowings and loans, by or on behalf of the authority.
136. Headteachers will not otherwise arrange or commit the school or the authority to any borrowings, bank overdraft, bills of exchange, store cards, loans or other forms of credit or deferred purchase involving any school bank accounts, funds or assets.
137. Governing bodies may borrow money only with the written permission of the Secretary of State following consultation with the LA, except in relation to licensed deficits (refer to section on Surplus and Deficit Balances), the LA Asset Loan Scheme or through a Credit Union (see the appropriate section of these regulations). The permission of the Secretary of State does not apply to Trustees and Foundations. (Paragraph 3.6 of Scheme for Financing Schools)
138. No loans from the school fund or other unofficial funds to the delegated budget or vice versa are permitted.
139. Schools are not permitted to use overdraft facilities nor credit cards (schools are not permitted to use store cards as they are considered as credit cards if the amount purchased is not settled automatically with 30 days). However the scheme allows schools the use of Procurement Cards. The use of Procurement Cards is regulated by the LA's Purchasing Cards Guidance for Schools. A copy of this guidance can be accessed using the link below: <http://www.centralbedfordshire.gov.uk/schools-portal/finance/regulations/purchasing-card.aspx>

Investment of Temporary Surplus Cash

140. Schools may invest temporary surplus cash directly in current or deposit accounts of financial institutions approved by the Chief Finance Officer. This ensures there is minimal risk to the capital sum. Loans must not be made to any other organisation or individual without the written permission of the Chief Finance Officer, which must have been obtained prior to the loan taking place.
141. Schools will credit interest earned to the delegated budget.
142. Investments will not be arranged through intermediaries.

Loans Scheme

143. The LA operates an Asset Loan Scheme, on asset purchases or certain building repairs and maintenance, in respect of a particular school on condition that repayments of principal and interest are repaid from the budget share. Schools which have no deficit may apply for an asset loan which shall be in accordance with the Scheme for Financing Schools, paragraph 4.10.
144. Schools will support requests for loans by reference to the School Improvement Plan.
145. Schools will repay the loans over an agreed period up to the maximum period defined in the Asset Loan Scheme.
146. The maximum permitted value of a purchase will be such that each annual repayment of the loan, including interest, will not exceed one per cent of the total budget share, excluding balance brought forward, for the year in which the agreement commences.

Credit Union

147. Schools may consider grouping together to utilise externally held balances for a Credit Union approach to loans. Any such arrangements will need the written approval of the Chief Finance Officer prior to their introduction.
148. When schools choose to borrow money through such a scheme, the LA will require audit certification of the running of the scheme, unless the LA acts as the administrator of the arrangement. Schools can obtain further details of the Credit Union from the LA.

ORDERS FOR WORKS, SUPPLIES, GOODS AND SERVICES

149. Governing bodies are required to ensure a strong system of expenditure control is in place. Headteachers should consider utilising the advice and support of the Central Bedfordshire Council's procurement service.
150. Governing bodies and Headteachers must at all times ensure and be able to demonstrate that best value for money is obtained in all purchase procedures and decisions.
151. Prior to placing an order, a school will follow documented procedures developed in the school relevant to the type and value of the purchase.

152. Governing bodies and Headteachers must abide by the authority's financial procedures relating to Ordering and Receipting Works, Goods, & Services. These regulations can be obtained following the link below:
<http://www.centralbedfordshire.gov.uk/schools-portal/finance/regulations/procedures.aspx>
153. Schools are, however, permitted to:
- select suppliers without reference to an LA approved list of contractors;
 - enter into a purchasing contract for goods and services below £60,000 in any one year without the counter-signature of an LA officer
154. All orders to be placed will be covered by the relevant financial budget provision and the extent of the commitment shall be known and correctly recorded in commitment records. Orders will only be raised to the maximum level stipulated in the school's Scheme of Financial Delegation.
155. Official orders in writing will be issued in advance for all works, supplies, goods or services to be supplied to the school except for supplies of gas, electricity, water, rent, rates, telephones, petty cash disbursements up to a limit of £25 and any other special cases agreed in writing with the Chief Finance Officer.
156. Official orders will be pre-numbered or numbered consecutively by any computer software in use. The Headteacher will control the use of the orders and any system for generating orders by computer means by ensuring unused orders are held securely, used sequentially, only used for official purposes and security exists in relation to any computer facilities.
157. Each order will be signed personally by the Headteacher or nominated members of staff approved in the written Scheme of Delegation for the school. A copy of each signed order raised will be retained at the school and filed in a way that enables the continuity of order numbers to be readily established. Cancelled orders should be crossed through and filed with copies of issued orders.
158. The authorising individual, i.e. the person signing the order is responsible for ensuring that the expenditure to be incurred is legal, for the proper purposes of the school, can be met from uncommitted budget allocations approved for that purpose and will give the best value for money for the school.
159. Verbal orders may be given in case of urgency only and will be confirmed in writing within two working days thereafter.
160. The school should check goods and services on receipt to ensure that they match the order and that the order is marked accordingly.

PAYMENT OF INVOICES

161. Controls on the payment of invoices must be sufficiently robust to assure Headteachers and school Governors that funds are spent in a proper manner.
162. Apart from petty cash, the method of payment of invoices will be in accordance with the LA's Bank Account Scheme for Schools and Financial Procedures for Payments for Works, Goods & Services.
163. Checking and certification of invoices for payment will be carried out by the Headteacher or nominated members of staff approved in the written Scheme of Delegation for the school.
164. Payments through the school Bank Account must not be processed to cause the account to become overdrawn.
165. Schools should seek to ensure that separate staff undertake the following tasks where resources allow:
 - 165..1.completing official orders;
 - 165..2.authorising orders;
 - 165..3.checking invoices against copy orders for correctness of price and description, goods received and that an invoice for the goods or services has not previously been passed for payment;
 - 165..4.certifying the invoice;
 - 165..5.signing the payment cheque.
166. As a minimum the person ordering and checking that goods or services have been received must not, therefore, be the same person who authorises the order and/or certifies the invoice.
167. No member of staff will certify a claim form for reimbursement to him/herself.
168. Every invoice will be examined before certification to ensure it complies with the following:
 - 168..1.it is addressed to the school or authority;
 - 168..2.it is an official invoice;
 - 168..3.it is an original. If a copy or reminder, there must be a certification that it has not been previously passed for payment after a careful check that this is so;
 - 168..4.it is an invoice and not a statement, delivery note, receipt or remittance advice;
 - 168..5.the school that ordered the goods or services is shown;

- 168..6.the school or other location where the goods or services were provided is shown if different;
- 168..7.full details of the goods or services are shown including descriptions rather than catalogue or other references;
- 168..8.the order number is quoted;
- 168..9.where VAT is shown, it must meet the requirements of a VAT invoice as detailed in the VAT Guide.

169. The person certifying an invoice will check that:

- 169..1.the purchase is properly authorised;
- 169..2.the invoice is marked that agreed verification processes have been carried out that goods or services have been received and prices and calculations have been checked;
- 169..3.the invoice is properly chargeable to the budget indicated.

170. Copy invoices and invoices that are hand-written or have no VAT Registration Number should be subject to thorough checks to establish their validity. Statements must not be passed for payment.

171. Pro-forma invoices should normally not be used as a substitute for a creditor's proper invoice. In circumstances where a creditor's invoice cannot be obtained, correspondence or such other documentation as may be necessary to establish that payment is due should support payment.

172. All approvals, other indications of verifications carried out and certifications will be by personal signatures and not facsimile (rubber stamp etc.) signatures.

173. Schools will adopt Central Bedfordshire Council's Prompt Payment Policy and normally facilitate creditor payments within 30 days of receipt of the invoice. . Any dispute relating to an invoice should be notified as soon as possible and the invoice cleared once the dispute is resolved and/or credit note received, where relevant.

PETTY CASH

174. Within overall limits approved by the Governing Body a petty cash account may be set up on an imprest basis to enable small official purchases to be made when payments in cash are unavoidable or advantageous. Such purchases are to be approved in advance by an authorised member of staff.

175. Petty cash advances may be drawn from the school's official Bank Account.

176. Cash floats should be held securely and any insurance requirements should be followed.

177. The Headteacher will specify the limit of any one payment subject to the overall limit set out in paragraph 156. Cheque payments of a higher value will be paid through the schools bank account.
178. All Petty Cash Accounts must be reconciled at least monthly to the original sum advanced and certified as correct by a member of staff other than the imprest holder.
179. A receipted voucher identifying any VAT paid (refer to VAT Guide) must support payments out of the Petty Cash Account.
180. Reimbursement to the imprest holder will be supported by submission of the properly authorised vouchers attached to a claim form listing details of each payment.
181. The use of petty cash for the cashing of personal or other cheques is forbidden.
182. The imprest holder is personally responsible for accounting for the amount of the imprest advance until it is properly handed over.
183. On leaving the employment of the school or otherwise ceasing to be the imprest holder, the person holding the advance will return the amount advanced and will receive a receipt to record the transfer.

REGISTER OF BUSINESS INTERESTS

184. The Governing Body are required to establish a register of business interests for the governors and staff. It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from decisions they make. All schools shall comply with the Scheme for Financing Schools paragraph 2.9
185. A business interest will be defined as one in which an individual stands to gain direct or indirect benefit or reward from a transaction made with the school.
186. The register must include, for governors or staff who may be in any way involved in the selection of suppliers, all business interests including directorships, significant shareholdings and other appointments of influence within a business or other organisation which may have dealings with the school. The register must also include details of any other educational establishment that they govern, any relationship between school staff and members of the governing body. Also governors should declare if they are members of Central Bedfordshire Council or have been appointed by the Central Bedfordshire Council.
187. Similar interests of immediate members of the family shall also be entered
188. Significant shareholdings are defined as being at a level where a substantial reward could reasonably be expected to accrue as a result of one or more transactions with the school over a period of time due to the increase in market value of such shares.

189. Schools will ensure that the register is kept up to date and be published on a publicly accessible website (school's website).
190. The register must be open to inspection, free of charge, during reasonable schools' office hours, where requested, by any of the following :-
 - 190..1.members designated by the Central Bedfordshire Council including members who represent the division in which the school is located;
 - 190..2.the school's staff and parents of current pupils;
 - 190..3.the LA's internal and external auditors and other appropriate LA staff designated by the Chief Finance Officer.

SALARIES, WAGES, PENSIONS & HR REQUIREMENTS

191. All schools should have in place contract agreements for Payroll and HR services. These contract should be maintained and reviewed on a regular basis in accordance with Council's Procurement Procedure Rules, which can be accessed following the link: <http://www.centralbedfordshire.gov.uk/schools-portal/finance/regulations/procurement.aspx>
192. The Governing Body will ensure that procedures covering expenditure on salaries, wages and pensions are sound and effective, payments lawful and allowances and deductions authorised. The Headteacher shall ensure that all payroll transactions are processed only through the payroll system.
193. All associated responsibilities such as effective administration, payments and submission of returns will be carried out by the school. Procedures in place must conform to those advised by the Chief Finance Officer as a minimum standard as described on the Internal Control section paragraphs 75 to 76.
194. Headteachers will be responsible for informing the payroll services provider promptly of any variations to the employment of staff affecting remuneration or other allowances to be paid. All such information including appointments, resignations, absences, tax changes etc. will be in a format agreed with the payroll service provider against a minimum standard advised by the Chief Finance Officer. An annual statement of employees current data held by the payroll provider shall be obtained from the provider and agreed by the Headteacher.
195. All time records and other pay documents will be certified personally by the Headteacher or an authorised officer on his/her behalf. Those staff authorised to certify such payments shall be recorded in the Scheme of Delegation for the school. In all instances specimen signatures shall be obtained from such staff and deposited with the appropriate payroll provider.

196. No member of staff will authorise any notification to the payroll services provider concerning changes to their own pay or conditions, or those of any family, or member of the same household. Overall arrangements for the appointment and payment of staff will be formally adopted by the Governing Body. Such arrangements will ensure that the duties of authorising, making changes to individual conditions or termination of employment are separated from the duties of processing claims. In addition at least two members of staff should be involved in the process of completing, checking and authorising all documents and claims relating to appointments, terminations of employment and expenses.

Pensions

Monthly Pension Pay Over Data, Teachers Pension (TP)

197. It is the responsibility of the school to ensure the payroll provider is deducting and paying over the correct pension contributions of their employees on their behalf in accordance with the requirements of the Teachers Pension Scheme (TPS) and should manage their payroll function through regular contract management reviews and through monthly payroll report checks.
198. As part of these monthly checks schools should seek confirmation from the provider that a Monthly Contributions Breakdown Report (MCBR) and detailed staffing report has been sent to the Council by the provider in accordance with the CBC Policy Relating to Teachers Pensions which can be found here:
<http://www.centralbedfordshire.gov.uk/schools-portal/human-resources/statutory-service/pensions.aspx>
199. The contract between the school and HR/Payroll provider should clearly state that the provider will make the necessary pension deduction, correct any errors should they be identified and fully comply with the CBC Policy relating to pensions. This includes preparing and sending the Monthly Contribution Breakdown Report (MCBR) and detailed staffing report in a timely manner to the Council following the deduction of contributions.

Monthly Pension Pay Over Data – Local Government Pension Scheme (LGPS)

200. It is the responsibility of the school to ensure the payroll provider is deducting and paying over the pension contributions of the employees on their behalf who contribute to the Bedfordshire Local Government Pension Scheme in accordance with LGPS regulations ,

Teachers' Pensions Annual Service Return

201. On an annual basis CBC will notify Schools and their payroll providers of the requirements and submission dates for the salary and service information for all teachers who have worked in school between the period of 1st April – 31st March.
202. Schools will be informed of the required format for the return and must liaise with their payroll provider to ensure they are provided all relevant data. The Headteacher or delegated officer is responsible for the verifying the data is correct prior to this being sent to the Council via the secure AnyComms system.

203. The Council is responsible for submitting a return for all Maintained Schools in CBC as the Council is deemed to be the scheme employer.
204. Teachers' Pensions reserves the right to levy fines against any Council who does not submit the Teachers' Annual Service Return by the required deadlines. The Council therefore will pass any fines onto schools who have not complied with the instructions and deadlines provided to them by the Council.
205. The Council will pass any employers pension contribution cost and associated compound interest to the school, should it be identified by Teachers Pension that contributions have either not been deducted in accordance with Teachers Pension regulation or the incorrect level of contribution deducted. (See paragraph 200 above)

SECURITY OF PROPERTY, PEOPLE AND INFORMATION

206. Governing bodies will ensure that effective security arrangements are in place at schools for the protection of all persons using the premises, for the protection of all assets including premises and contents and to meet the requirements of the school's insurers. A documented policy covering the safe custody of all computer application software, data and equipment shall be approved by the Governing Body.
207. Headteachers will be responsible for arranging proper security at all times for all buildings, stocks, stores, furniture, equipment, money, cheque books etc. under their control.
208. Headteachers will be responsible for maintaining proper security and privacy in connection with personal information held on any computer to which the school has access to comply with the Data Protection Act 1998.
209. Prior to any IT hardware disposal schools must ensure that all electronic data held on assets is wiped and destroyed in line with the Data Protection Act. Schools must use professional, registered companies to do the secure wiping and data destruction of the IT kit. Prior to placing an order for secure wiping and data destruction, schools should ensure they comply with local authority's financial procedures relating to Ordering and Receipting Works, Goods & Services (see paragraph 153).
210. Schools must register under the Data Protection Act as Data Controllers when they control the contents and use of any personal information held on computer or in other places at school. Schools should consult the authority's Freedom of Information & Privacy Specialist for appropriate advice.
211. Headteachers and the Governing Body must ensure that all staff who have access to computers comply with the following:
 - 201.1 passwords must not be shared, be kept securely and updated at least every term;

201.2 If a member of staff believes that there has been a breach of password security, whether or not the information system has suffered unauthorised access, they must notify the Headteacher; the Headteacher should consider informing the Head of Internal Audit and Risk.;

201.3 unauthorised or illegal software must not be used on any computer;

201.4 All financial and other management data must be backed up at least weekly and stored in a fireproof cabinet/safe with one copy taken off site.

212. The maximum limits for official cash held within each school or by any member of staff will be in accordance with the requirements of the authority's or school's insurers.

213. Headteachers will ensure compliance with all security conditions of insurance policies as notified to them by the Chief Finance Officer or the school's insurers. Keys to any receptacle used to secure official money or other valuables are to be carried by the person responsible and not otherwise left on the premises at any time.

214. All title deeds and other documents relating to the property in which the authority has any interest or which is within its control, will be under arrangements approved by the Central Bedfordshire Council's Legal Advisers.

215. Headteachers are required to ensure that accounting records and supporting documentation are properly safeguarded to prevent loss, destruction or unauthorised alteration. The Governing Body should approve and maintain a Business Continuity Plan to ensure continuity of financial administration in the case of an emergency, including arrangements for the maintenance of financial controls in the absence of key staff. Financial data maintained on computers must be backed up at least weekly with the storage media being held in fireproof cabinets and one copy held off site.

SURPLUS AND DEFICIT BALANCES

216. Schools that anticipate at any time during the financial year, that they may incur a deficit by the end of that year, must notify the LA in writing as soon as this position becomes known.

217. Schools are required to carry forward from one financial year to the next any surplus or deficit in net expenditure when compared with the school's budget share for the year, adjusted for any balance brought forward from the previous year.

218. Central Bedfordshire does not operate a balance control mechanism. However the LA will monitor schools that have build up significant uncommitted balances.

219. A Governing Body will report in writing to the LA on the use which the school intends to make of a surplus balance, after taking into account any retrospective adjustments, where the total balance exceeds five per cent of the current school's budget share for secondary schools, eight per cent for primary and special schools or £10,000 (where that is greater than either percentage threshold).

220. Deficit balances will be carried forward by deduction of the relevant amount from the budget share for the following year.
221. The LA will not charge interest on school deficits arising at the end of any financial year. Schools may receive interest on any surplus on the basis that the surplus will be in their bank account.
222. Any surplus or deficit in existence when a school closes or is replaced will revert to the LA even when there is a successor to the closing school. However, the LA may, if they wish, make allocations to schools, which have the effect of giving them the benefit of additional sums that are equal to or less than the surplus balances of relevant closing schools.
223. If a school has a surplus when it converts to academy status (as a standalone academy), the LA will transfer the surplus to the academy.
224. Deficit balances unlike surplus balances are not covered in the same way by primary legislation and regulations. The DfE's policy, however, is to treat deficits in a similar way, so the Department reimburses LAs and recovers the money back from the academy through abatement of General Annual Grant (GAG). The Secretary of State will base his decision on the evidence provided by both parties (Academy and the LA).
225. Where a school converts as a sponsored academy (the school is to join a Academy Trust) with a surplus balance, there are two possible ways which the surplus balance will be treated:
- 225..1. where the governing body or Interim Executive Board (IEB) applies for an Academy Order (AO), the surplus will transfer to the academy, and
- 225..2. where either the school is closed through statutory processes or the SoS issues an AO in respect of a school eligible for intervention, the surplus remains with the LA
226. Where a school with a deficit converts to an academy as a sponsored academy, the deficit remains with the LA, to be funded from its core budget.

LICENSED DEFICITS

227. Schools that do not have a deficit at the end of a financial year will be permitted to apply to the LA for approval to plan for a deficit budget. This will be considered if funding is available from the collective surplus of school balances held on behalf of schools by the LA. No more than one third of such balances will be used to fund these arrangements.
228. The LA Licensed Deficit arrangement will be in the form of a loan upon which interest will be charged and subject to the availability of funds for licensed deficits. The Chief Finance Officer will issue separate guidance on loan conditions.

229. The LA will normally only agree an application for a licensed deficit from an eligible school where circumstances affecting the school could not have reasonably been foreseen and a period in excess of one financial year is needed to adjust expenditure and/or income to eliminate the deficit.
230. The LA will not normally approve a licensed deficit in excess of ten per cent of a school's budget share.
231. A school will support a request for a licensed deficit by submitting a detailed Financial Recovery Plan, completed in accordance with the Scheme for Financing Schools, against which progress will be reviewed on a monthly basis.
232. The normal length of time over which a school may repay the deficit, which means reaching at least a zero balance, will be three years. The Governing Body will therefore have in place provisions to adjust plans should the financial position indicate a failure to achieve this result. In exceptional circumstances the recovery period may be extended, to the financial year of the recovery, but only with the express approval of the Chief Finance Officer and the Director of Children's Services.

STOCKS AND STORES

233. Headteachers will ensure proper controls over stocks and stores are established to prevent unnecessary expenditure or loss.
234. Headteachers will be responsible for the custody and physical control of the stocks and stores of consumable items held at the school.
235. Where stocks and stores form part of a trading account, e.g. catering or individually have significant value stock records shall be maintained. All such records will be kept in a form which gives sufficient information to ensure that receipts and issues can be readily identified to confirming documentation and balances in hand can be readily established.
236. Headteachers will pay particular attention to the control of liquid fuel deliveries and storage. They should ensure that staff checking deliveries are vigilant in relation to reading quantities of fuel in both holding tanks and delivery vehicles. Staff should be made aware of the implications of the different methods of measuring deliveries and checking fuel received against the documentation.
237. Any stocks and stores held will not be in excess of normal requirements except in special circumstances approved by the Governing Body.
238. Headteachers will arrange periodical test examinations of stocks in hand and ensure that all stocks are checked at least annually by a person other than the usual Storekeeper. Significant surpluses or deficiencies should be advised in writing by Headteachers to the Governing Body and the Chief Finance Officer with adjusting entries on stock records being referenced to such notification.

239. Surplus stocks and stores over a value of £100, unless transferred to another department within the school, will not be disposed of without the authority of the Governing Body. Consultation should also take place with the authority's Corporate Procurement Service regarding possible use elsewhere within the authority and best options for method of disposal.
240. All proceeds from the sale of items purchased from public funds or donated to the school and therefore owned by the school must be paid directly into the school's official bank account as income to the school budget.

VOLUNTARY FUNDS

241. Governing bodies and Headteachers must ensure that the standards outlined elsewhere in these Regulations are followed for all voluntary funds as parents and other benefactors are entitled to the same standards of stewardship for such funds and associated bank accounts. Such funds shall be accounted for separately using software or other accounting arrangements independent from those used to account for the school official funds. In addition these funds must be held in a separate bank account.
242. Where a school is directly associated with a Voluntary Fund such as a School Fund, the Fund Treasurer and Auditor should be appointed under arrangements approved in writing by the Governing Body. The Auditor should have some accounting knowledge and be independent of the staff of the school and the Governing Body.
243. The accounts must be audited promptly after the end of the financial year and an annual audited financial statement and auditor's report should be presented to the Governing Body for approval. A copy should also be made available for inspection by all members of staff within the school. A copy of the annual audit certificate must be sent to the Finance Manager (Schools). For all maintained schools the latest certificate should accompany the year end financial statements.
244. When requested, copies of such Accounts should be supplied to the provider of the authority's Internal Audit services where the annual accounts in respect of such funds may be examined
245. Governing Bodies must be aware of any responsibilities placed upon them in terms of financial management and reporting by the Charities Act 2011.

Central Bedfordshire Council

Bank Account Scheme for Schools

January 2016

Introduction

These regulations apply to all schools with a delegated budget maintained by Central Bedfordshire Council. Under the School Standards and Framework Act all schools have the right to their own bank account, covering all running costs if they wish. The Chief Finance Officer will need to be satisfied that schools that operate a local bank account are able to manage the facility in an effective, efficient and secure manner.

All Schools in Central Bedfordshire are fully funded and this document deals with the operational and reporting requirements and should be read in light of the Scheme for Financing Schools and Financial Regulations for Schools.

In accordance with the Financial Regulations for Schools regular audits will be undertaken in relation to the procedures used in schools in fulfilling their obligations under this Scheme. Financial monitoring returns submitted by schools will be subject to review by the LA and may also be reviewed by Internal Audit and where appropriate the Authority's external auditors.

The Bank Account Scheme for Schools has the following Sections:

Section A Operational Requirements

Section B Reporting Requirements

OPERATIONAL REQUIREMENTS**1. INTRODUCTION**

- 1.1. Schools are required to account for income and expenditure and as such are required to establish local accounting systems. Schools are required to use LA approved software in order to make available all necessary reports.
- 1.2. Schools are treated for accounting purposes as stand-alone accounting entities. The accounting framework applicable to the LA, the Code of Practice on Local Authority Accounting, requires that the LA include in its published accounts expenditure incurred by those schools maintained by it. Consequently the income and expenditure incurred by these schools will need to be consolidated with the accounting records of the LA.
- 1.3. In addition to this the LA is required under the School Standards and Framework Act 1998 to monitor school expenditure and has, therefore, developed a reporting / monitoring framework for schools operating their own local accounting systems.
- 1.4. Details of the reports to be completed and the frequency of return are included in Section B of this scheme.
- 1.5. Schools are able to make their own arrangements with regard to the payroll function. All maintained schools are required to make payments both to staff and the appropriate third parties and account for such transactions accordingly.
- 1.6. Details of the reports to be completed and the frequency of return are included in Section B of this scheme.
- 1.7. Schools are encouraged to consider using a Controls Reviewer to monitor on an ongoing basis the proper application of controls within the school.

2. CASH FLOW MANAGEMENT

- 2.1. Schools are required to prepare cash flow forecasts to ensure that they will have sufficient funds available to pay for their operations throughout the year.
- 2.2. Schools should make use of all the information available to them to profile their cash requirements in order to maximise the investment potential of any cash surplus within parameters determined by the Chief Finance Officer, Section 151 Officer. Each governing body should regularly monitor actual results against forecasts and receive updated future forecasts with any new information as it becomes available.
- 2.3. The principle source of funding will be the transfer of Schools Budget Share (SBS) by the LA to the school. The LA uses a standard profile of one twelfth per month except in April and March. In April there is an extra payment which will be included on the first BACS run of the new financial year equivalent to one thirty-sixth of the SBS, whilst a corresponding reduction is made from the March bank transfer.
- 2.4. If it becomes clear that the standard profile is significantly different from the school's forecasts, and this will cause the school financial difficulties, then the LA

will consider a change to the profile to overcome any difficulty. Any such change is only likely to be sanctioned in extreme circumstances and must be supported by a detailed cash flow.

- 2.5. New Schools or Schools changing their arrangements i.e. those not adopting the 27th as their pay day must inform the LA of the dates in each month on which staff salaries are paid. For all schools whether the pay day is 27th or early the monthly bank transfers will normally be cleared into the schools nominated bank account three working days prior to these dates.
- 2.6. Schools are acting as the agents of the LA as the LA retains, (assumes in the case of VA schools), employer responsibilities.

3. INCOME

A schools expenditure proposal will be underpinned by realistically assessed income budgets. The principal income budgets include:

School Budget Share

- 3.1. This is the major income source for schools and is dealt with in the above section, Cash Flow Management.

Other Grants

- 3.2. Schools may receive additional funding to their School Budget Share in the form of Grants, which are normally earmarked against a specific objective. Schools will be notified by the LA as to how the cash values of these grants will be transferred into the school's bank account.

Other Income

- 3.3. Schools should attempt to determine the nature of any other income and the possible patterns of receipt by the school. Identification of income sources may assist in determining the profiling of receipts. Assessing likely income flows will assist the school in its short term financial planning.
- 3.4. Schools shall ensure that there are comprehensive credit control policies in place for the collection of monies due. There should be a system in place to ensure that all amounts to be received are recorded, accounts are raised promptly on official stationery and that any amounts outstanding are highlighted and pursued. Schools are encouraged wherever practicable to obtain payments in advance for activities such as lettings.

4. EXPENDITURE

Salaries Expenditure

- 4.1. Salaries and wages account for a high proportion of a school's total annual expenditure. These costs can be controlled and forecast with some certainty, and this will go a long way to securing the school's financial stability. Salary expenditure can be forecast with a high degree of certainty because actual staff numbers and

salary rates will be known. The main variables will be any pay increase settlement, new recruits for the new academic year and supply and other temporary staff. This high degree of certainty allows schools to estimate cash requirements and, therefore, a high proportion of monthly SBS requirements, almost to a specific day each month. This will help in the formulation of any cash flow forecast. Schools should also be aware of other staff costs (such as payments of Income Tax, National Insurance and to pension providers), which, although part of the salary calculations, are usually paid in arrears and will have different payment dates from the salaries themselves

Other Expenditure

4.2. When considering the month by month cash profiles schools should consider the effects of periodic peaks and troughs in spending in areas other than salaries, in particular the effects of utilities, educational supplies and services, and other supplies and services.

- Utilities are normally paid on a quarterly basis, (although this can be changed to a monthly basis by contacting a supplier if the school considers it more appropriate) and costs for heating and lighting will be weighted more to the winter months.
- Educational supplies and services are often required earlier in the academic year and therefore arrangements should be made to cater for this profile.
- Similarly other supplies and services, such as catering, should not be accrued evenly throughout the year (e.g. there will be no requirement for catering whilst the school is closed through the summer) and therefore cash requirements will not flow evenly.

Code of Payment

4.3 Schools should make use of normal credit terms offered by the supplier. Often 30 days are allowed before payment is required. Making use of this normal credit period is considered good practice, and is not regarded as borrowing. It may be possible for schools to negotiate longer credit terms with some suppliers. However deferred payment terms, particularly if there is a finance charge implicit in the agreement, may constitute borrowing. If there is any doubt then the school should contact their School Financial Adviser. Discounts may be offered for prompt payment. Schools should be aware of the possible benefits of early payment discount and take advantage should this provide better value for money.

4.4 Late payments to creditors may be an indicator of solvency problems and/or poor cash management. With effect from November 1998 the *Late Payment of Commercial Debts Act 1998* enables contractors meeting prescribed criteria to charge interest on invoices that have not been paid within 30 days of the invoice date. The legislation has been updated since February 2013, to extend the right to claim to all business and the public sector. The key features are:

- the credit period applicable will in most cases be 30 days from the date of invoice
- the interest rate applicable is the base rate of the Bank of England plus 8%, using the baseline at the end of the last day by which payment should have been made
- a supplier has six years in which to make a claim for interest

5 BANKING

- 5.1 All income must be promptly paid into the school's nominated bank account for public funds in accordance with Financial Regulations for Schools .
- 5.2 No deductions from official income may be made or personal cheques cashed. All income received shall be entered in detail on the bank paying-in slip and counterfoil, showing the amount of each transaction and the debt to which it relates. Income should also be entered on to the school's financial system before paying into the bank.
- 5.3 Cheques paid as income into the bank account that are returned by the bank unpaid will be entered into the school's local records as reduced income.
- 5.4 Official Income must not be permanently or temporarily placed in any other bank accounts e.g. the bank account for the School Fund, prior to banking in the school's nominated bank account.
- 5.5 All financial arrangements and procedures should be fully documented in the School's Finance Manual and approved by minute of the Governing Body.
- 5.6 A full bank reconciliation must be compiled for all bank accounts on at least a monthly basis. The reconciliation must be signed by both the person responsible for preparing the reconciliation and the independent reviewer as stated in the School's Finance Manual. The Headteacher shall be notified promptly of any items affecting the reconciliation which are over two months old.

6 BANKING ARRANGEMENTS

Choice of Banker

- 6.1 Schools are required to nominate the bank account into which their School Budget Share is to be paid. In making their decision, Governors and Headteachers will need to be mindful of the need to exercise care and to consider the potential benefits and risks involved. The Governors, who must satisfy themselves that the chosen bank provides best value for money, must approve the choice of bank. Factors such as bank charges, interest on credit balances, location of branch and length of contract, should be considered and evaluated.
- 6.2 Although schools may choose which bank they want to use they must contact the LA's Chief Finance Officer, S. 151 Officer for a list of approved banks from which the Schools choice is restricted. For further information on choice of the bank, contact Anthony Dodridge, Finance Manager – Risk and Control, email: anthony.dodridge@centralbedfordshire.gov.uk or telephone: 03003005206

NatWest Bank Scheme.

- 6.3 In considering their choice of banker, Governors are advised that the LA's banker, NatWest, is able to offer a scheme which would give each school its own bank account including rate of interest on credit balances. This rate will be linked to the bank's Base Rate at the time, (currently as at January 2016, Base Rate less 0.4% i.e. 0.10%) and is achieved by pooling the balance on each school's bank account

via the Nat West Interest Apportionment Service. Each school will receive interest quarterly at this rate based on its average balances as calculated by the bank during the relevant quarter. Consequently there will be no need for schools to manage their surplus funds, as this is done automatically.

Other Bankers

- 6.4 Schools that do not choose NatWest Bank PLC will need to negotiate their own banking terms and conditions and arrange their own transfer of funds between their current and interest earning accounts when investing cash surplus to their immediate requirements. Where the banker makes charges on these accounts then these fall to be met from the school's delegated budget.
- 6.5 Schools should ensure that bank accounts contain within their title the name of the school. In the interest of efficiency and ease of management, schools should restrict the number of accounts they operate.

Cheque Signatories

- 6.6 Cheque signatories should be drawn from a panel of up to four nominated by the Headteacher and shall be made up of employees of the school. The nominated panel and any subsequent alterations to this panel, should be approved in writing by the Governing Body and communicated to the bank as a mandate. In addition cheque signatories of the bank mandate should include details of who may authorise other matters relating to the bank account, for example BACS payments (Banking arrangements must state the BACS limit) and funds transfers. Copies of all bank mandates should be retained by the school.
- 6.7 All schools should have the following control, ensuring that:
- there is segregation of duties between the authorisation, preparation and issue of cheques, so that no-one who may sign a cheque may also prepare and issue it;
 - suitably authorised documents exist, initiated or approved by non-signatories (who need not be governors) in respect of every cheque signed;
 - employees who are involved in the day to day running of the bank account e.g. the Bursar/Finance Assistant should not be signatories.
 - controls as above exist over electronic transactions, including BACS.
- 6.8 Cheques are only to be signed in manuscript by members of the approved panel. One signature is required on cheques up to £250 and two on cheques over this limit. Individuals who sign cheques should not maintain banking or cashbook records at the school.
- 6.9 Online banking must have regard to segregation of duties and ensure adequate authorisation procedures are in place as required by the Council's Financial Regulation for Schools.

Cheque Administration

- 6.10 All cheques drawn on the account are crossed "account payee only" to reduce the possibility of improper negotiation of the cheques. Cheques must always be made out with the current date and must not be pre-signed. . The use of local system produced cheques is allowable but must take account of all the above points.

6.11 Where a cheque written by the school remains unrepresented for 6 months after the date of issue, the school will enter this into its local records as reduced expenditure.

Payments by Standing Order or Direct Debits

6.12 Payment for regular monthly contracts may be made by standing order. Standing Order Mandates should be signed by two authorised bank signatories and then forwarded to the school's bank for action. Schools should hold copies of all documentation.

6.13 Payment by direct debit may be appropriate where payments are made to the same payee on regular and recurring basis e.g. monthly or quarterly utility payments. Payment by direct debit is not without risk; however, rights of remedy exist (see 6.17 below) although these can be complex. It is therefore recommended that direct debits are only entered into with reputable organisations (this will more than likely be restricted to utility type payments).

6.14 Suppliers that have established direct debit payment methods with schools are required to give the school advance notice of when the first direct debit will be processed. Any alterations to the existing agreement must be communicated to the school within an agreed timescale, which must be no less than a minimum notice period of 10 days plus postal time. Such proposed changes must be communicated to the school in writing.

6.15 In order to establish a direct debit, two authorised bank signatories must sign a Direct Debit Instruction that will have been supplied to them by the supplier wishing to receive payment by this method. In addition to the Direct Debit Instruction a Direct Debit Guarantee will be provided. The school should hold copies of all documentation.

6.16 Where a school wishes to cancel a direct debit it should inform both the supplier and bank in writing making it clear which payment should be the last to be made under the direct debit arrangements.

6.17 Monitoring of direct debit transactions should have a high priority in a school's arrangements for monitoring its bank account. Where a supplier incorrectly debits the school's account, i.e. not in line with the Direct Debit Instruction, then the school shall in the first instance contact the bank who shall rectify the error on behalf of the school.

6.18 Although the scope of standing orders and direct debit payments will vary depending upon the supply to the school it is recommended that individual direct debit payments will not exceed £5,000 except Payroll payments which may be higher than £5,000.

Bank Reconciliation

6.19 Schools should ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. In operating reconciliation procedures they should also ensure that:

- all bank accounts are reconciled to the school's cash book;
- reconciliations are prepared by staff who are not authorised to sign cheques;
- adjustments arising are dealt with promptly.

- unrepresented cheques are cancelled on the school's financial software system if they are not cashed within 6 months of the date of issue
- reconciliations are independently reviewed

Overdrafts and Borrowing

- 6.20 Schools are not empowered to incur overdrafts on their accounts, borrow funds or use credit card facilities.
- 6.21 No loans from the School Fund to the delegated budget, or vice versa are permitted. However, the LA may extend deficit arrangements to schools in the form of a loan. Interest will be chargeable in line with the Scheme for Financing Schools.

Payroll Payments

- 6.22 Schools are responsible for their own payroll provision and shall, therefore, ensure that all payroll related payments made are properly authorised. This means that the school shall ensure that there is a proper reconciliation of total payroll costs against payments made in terms of net pay to staff and the payment to others of salary deductions e.g. Superannuation and NI. Such reconciliation shall be compiled and be authorised by someone other than the payroll provider in writing. For all schools this reconciliation should be completed prior to the payroll being processed. All relevant documentation must be held on file.
- 6.23 Payments made to staff must be made on the due contractual date. No cash payments should be made to staff at any circumstances. Responsibilities and procedures shall be clear as to how payments returned by the bank are dealt with. All salary payments whether BACS or any other method must be made in accordance with the delegated authority approved and recorded by the governors.
- 6.24 A school's payroll procedure should be fully documented in the School's Finance Manual and approved by minute of the Governing body.
- 6.25 Additional information will be required periodically to satisfy external bodies such as the Council's external auditors and must be produced timely on request.
- 6.26 All schools should comply with specific requirements for Salaries, Wages, Pensions & HR included in Central Bedfordshire Council's Financial Regulations for Schools.

7 VAT

- 7.1 VAT incurred by schools is to be reclaimed by schools on a monthly basis by submitting a VAT Reimbursement Claim to the VAT Officer. All schools should submit their VAT claims by 10th of each month. Schools (excluding VA schools) should submit the VAT claim via AnyComms using the **Schools VAT template** which can be found on schools portal following the link:
<http://www.centralbedfordshire.gov.uk/schools-portal/finance/regulations/vat.aspx>

If you require any assistance on how to complete the Schools VAT template please contact Connie Bentley on direct telephone 0300 300 4554 or via email connie.bentley@centralbedfordshire.gov.uk.

- 7.2 Income and Expenditure Financial Monitoring Returns should be shown net of VAT as any VAT properly incurred can be reclaimed by the school. The Cash Flow Financial Monitoring Returns, however, should include VAT whilst building in anticipated reimbursements of VAT into income/receipts.
- 7.3 At the year end any VAT unrecovered should be included in the school's Balance Sheet. The School is also required to reconcile VAT payments with VAT reimbursements to ensure that VAT reclaimed has been reimbursed. Where VAT claimed is not reimbursed then the school is required to investigate why this is the case and if necessary e.g. on confirmation of no reimbursement increase expenditure, reflecting the true gross cost of purchases made by the school.
- 7.4 VAT accounting arrangements at a school must be fully documented in the Schools Finance Manual and approved by minute of the Governing Body.

8 CONSTRUCTION INDUSTRY SCHEME (CIS)

Since 2007, HMRC rules mean that where a contract is between a local authority school with a delegated budget and a subcontractor CIS reporting is not required. This means that schools can pay the subcontractor direct and do not have to report these invoices via the Tax Officer (as per previous scheme). However, schools retain the responsibility for checking Employment Status for payments to all individuals.

Where there are major Capital Works the contract is usually (but not in all cases) between the subcontractor and the Local Authority. Where this is the case invoices are paid by the Local Authority and will be reported for CIS purposes. For any further clarification on CIS treatment, maintained schools should contact the Council's Tax Officer, Connie Bentley, email connie.bentley@centralbedfordshire.gov.uk or telephone 03003004554.

9 APPOINTMENT OF EXTERNAL STAFF (CONSULTANTS/AGENCY etc.)

- 9.1 Where payments are made to individuals without a contract of employment, details of such payments are subject to an annual return to the Inland Revenue. Examples of such payments are examiners' and invigilation fees. The school will be required to maintain a record of such payments and make an annual return to the Financial Transactions Manager by the 15 April each year.
- 9.2 In other cases where individuals are claiming self employed status, the Inland Revenue have adopted a wide definition of employment and insist that proper payroll procedures are followed wherever an employment relationship exists. Schools must adhere to the Council's Consultancy Staff Regulations which highlights the main control principles to be applied on Employment of external staff. This regulation can be accessed on schools portal following the link below:
<http://www.centralbedfordshire.gov.uk/schools-portal/finance/regulations/procedures.aspx>

10 CLOSURE OF YEAR END ACCOUNTS

Schools must provide the LA with additional information at each financial year end. The school holds the prime accounting record and detail that the LA requires to consolidate into the Statutory Accounts. The Chief Finance Officer, Section 151 Officer will inform all schools of the requirements of the Closure of Accounts Programme on an annual basis. (See Section B – Reporting requirements – Item 8)

11. CLOSURE OF BANK ACCOUNTS

- 11.2 If a School decides to change bank accounts, they will need to continue to do monthly bank reconciliations until such time that all payments and receipts have been presented at the bank.
- 11.3 A final bank reconciliation will then be required showing the transfer of funds and the balance in the account at zero.
- 11.4 It is recommended that a separate data file is set up; please contact your software provider for further guidance.

12. COUNTER FRAUD

- 12.1 The Council has agreed an Anti Fraud and Corruption Strategy, aimed to ensure that we are a model of public probity, offering maximum protection to the funds we administer. In line with the strategy, the Council participates in the National Fraud Initiative (NFI). Internal Audit has a role in raising awareness of anti fraud matters, and has developed an [Anti Fraud and Corruption Strategy including Bribery](#) and [Confidential Reporting Policy](#) accessed following the link: <http://www.centralbedfordshire.gov.uk/schools-portal/finance/regulations/procedures.aspx>

A Fraud Hotline (0300 300 8182) has been established and concerns may also be reported by email to: tellusaboutfraud@centralbedfordshire.gov.uk

- 12.2 The school must ensure that any information requested by the Council is provided on a timely basis, in order that the Council can satisfy any mandatory requirements. The data requested may vary, but is likely to include payroll, creditor and insurance data.

13. CONCLUSION

This Scheme will be reviewed through consultation on a regular basis to ensure that it reflects the accountabilities appropriate for the LA and Central Bedfordshire schools.

REPORTING REQUIREMENTS**1. INTRODUCTION**

- 1.1 The Scheme for Financing Schools requires the LA to implement effective arrangements for the control and proper use of public funds appropriate to a regime of self-governing schools, to monitor and intervene where necessary. This guide sets out the LA's approach to discharging part of this requirement. It provides guidance about the financial monitoring returns required by the LA from schools.
- 1.2 This section details the reporting requirements placed on schools maintained by the LA. The accounting records are, therefore, the prime accounting records of the LA and as such are the records that may be inspected by the LA's auditors, Inland Revenue and other Agencies.
- 1.3 As the school's records are the prime records of account, the school shall ensure that records and supporting vouchers are kept securely for a minimum period of six years. In addition the school shall make available certain accounting records for the financial year ended if required by members of the public in line with the LA's responsibility under Public Inspection. Specific requirements and the timetable for Public Inspection will be notified to schools by the Chief Finance Officer, Section 151 Officer as part of the annual Closure of Accounts Programme.
- 1.4 The financial monitoring returns only relate to those public funds that are at the disposal of the governing body. The Scheme for Financing Schools requires an audit certificate to be provided where the school has private or voluntary funds.
- 1.5 In order to comply with the Scheme for Financing Schools, schools will need to establish procedures to ensure accurate returns are prepared in accordance with Consistent Financial Reporting Framework (CFR) and submitted to the LA in accordance with the prescribed timetable included in this document.
- 1.6 A school's own financial information requirements should be included in the School's Finance Manual and detailed, reflecting the many possible sub-headings, departments and cost centres between which funds may be allocated. However, the LA's requirement is only for summarised information in CFR format- this takes the form of financial monitoring returns (included in the Table A and B of this Section).
- 1.7 All financial returns may be the subject of internal and external audits.

2. FINANCIAL MONITORING RETURNS

- 2.1 Schools are required to submit financial monitoring returns to the LA. The LA reviews financial monitoring returns submitted by schools to ensure their financial viability and the proper use of public funds, whilst supporting their autonomy.
- 2.2 The deadlines for submission of financial monitoring returns are given in Tables A and B which are included at the end of this Section.

- 2.3 **Table A** covers those schools that are required to submit to the LA an annual budget package with quarterly updates of Income and Expenditure Statements and Cash Flow Forecasts
- 2.4 **Table B** covers those schools that are required to submit to the LA an annual budget package with monthly updates of Income and Expenditure Statements and Cash Flow Forecasts. Any variation to these requirements will be notified to the school in writing.
- 2.5 Quarterly returns only will be required after the first full year of satisfactory operation, unless the school's finances are of concern to the authority, in which case monthly returns will be required.
- 2.6 The returns must be signed and dated by two representatives of the school drawn from the Headteacher, and the Chair of Governors.
- 2.7 Completed financial monitoring returns should be submitted electronically to the Schools Financial Advisor using AnyComms
- 2.8 Please contact your School Financial Advisor if in doubt about any matter concerning these requirements.
- 2.9 Standard templates of the standard financial monitoring returns are contained at Appendix A to this Section.

Completion of Returns

- 2.10 The financial monitoring returns should include all transactions and balances funded from public funds that are under the effective control of the governing body. They should be done on a monthly or quarterly basis as advised by the Schools Finance team.
- 2.11 All sections of each return should be completed. The figures should be shown in pounds, but may be rounded by including zeros if appropriate. For example, £197,638 may be shown as £197,638, £197,640, £197,600, or £198,000, but not £198. The method chosen should be applied consistently
- 2.12 The financial returns required include Income and Expenditure returns made on an accruals basis and cash flow returns made on a cash basis. Paragraphs 2.13 to 2.15 deal with those returns made on an accruals basis and paragraphs 2.16 to 2.19 with those made on a cash basis.

Accrual Based Reports

- 2.13 The Income and Expenditure Financial Monitoring Returns should be completed on the accruals basis of accounting. These Financial Monitoring Returns are the
- Annual Income and Expenditure Budget profiled monthly for the current year
 - Budgeted/Final Balance Sheet
 - Statement of Income and Expenditure Update
 - Summary Income and Expenditure Budget for the complete funding period(The FPS software CFR report is acceptable)

The templates for all above reports can be found on schools portal following the link: <http://www.centralbedfordshire.gov.uk/schools-portal/finance/returns/returns.aspx>

- 2.14 The accrual basis is consistent with the LA's accounting policies, the principles of which are applied to all organisations adopting best accounting practice. In addition the LA is required to comply with the *Code of Practice on Local Authority Accounting in Great Britain*. It requires income to be recognised at the point when it is due (i.e. receivable by the school), whether or not the cash associated with the transaction has actually been received. Similarly, expenditure is recognised at the point when the goods or services are received (i.e. when the liability to the supplier arises), whether or not an invoice has been received or payment made. In addition any prepaid costs will need to be adjusted and matched to the accounting period to which they relate.
- 2.15 Committed expenditure for items ordered but not received by the date of the return should be excluded from the financial monitoring returns.
- 2.16 When submitting the monthly/quarterly statement of income and expenditure, schools should also complete the second column to show their latest estimate for the financial year. However this will not be used to update the budget held on SAP unless written confirmation is received from the school to do this.
- 2.17 This statement of income and expenditure should be signed by the Headteacher if submitting on a monthly basis, but must also be signed by the Chair of Governors on a quarterly basis

Cash Based Reports

- 2.18 The cash flow financial monitoring returns should be completed on the cash accounting basis. This basis records only the movement of cash. Cash flow returns should include all cash balances held by the governing body. Bank current and deposit account balances and any cash held at the school should be included

These financial monitoring returns are:

- Annual Budgeted Cash Flow
- Cash Flow Forecast Update

The templates for all above reports can be found on schools portal following the link: <http://www.centralbedfordshire.gov.uk/schools-portal/finance/returns/returns.aspx>

- 2.19 Cash balances can fluctuate significantly within any particular month. For a small minority of schools these fluctuations may cause a short term cash deficit mid-month, although cash balances at the month-end are in surplus. For instance, a significant number of payments may be made early in the month, whereas the LA bank transfer may not be received in the normal course of events, until later in the month.
- 2.20 These schools are requested to inform the LA (under separate cover) at the earliest indication of potential short-term cash flow problems. This provides additional information to the LA about a school's underlying cash flow. The LA may also require a school to report the lowest cash balances in the month if it considers this necessary.

- 2.21 Each Cash flow Forecast must be reconciled to the actual bank statement / cash in hand. In certifying the Financial Monitoring Return the school are stating that such reconciliation has been undertaken. The LA can request evidence of such reconciliation.

3. ALLOCATION OF INCOME AND EXPENDITURE TO CATEGORIES ON FINANCIAL MONITORING RETURNS

- 3.1 The Financial Monitoring Returns provide the LA with information on how the school anticipates incurring expenditure throughout the year, how the school will manage its cash flow in light of its projected budget plan and additionally what liabilities / assets the school is likely to have at the end of the financial year.
- 3.2 The Financial Monitoring Returns only relate to Public Funds, i.e. those funds provide by the LA and any official income raised by the school.
- 3.3 All of the Financial Monitoring Returns should be completed in line with CFR framework Please refer to the DfE CFR guidance for further details following the link: <http://www.centralbedfordshire.gov.uk/schools-portal/school-management/Finance/financial-regulations.aspx>
- 3.4 All of the Income and Expenditure Financial Monitoring Returns should be shown net of VAT. **VAT reimbursement should be included in the Cash Flow Appendices as a receipt to the school. Any VAT outstanding at the year end should be included in the schools Balance Sheet as a Debtor.**
- 3.5 Schools are required to identify balances brought forward separately on the Financial Monitoring Returns. On the Income and Expenditure Financial Monitoring Returns this will equate to the school's surplus or deficit as published by the LA, however, on the cash flow Financial Monitoring Returns this will equate to the actual cash balances at the end of the previous reporting period.

4 CAPITAL (NOT APPLICABLE FOR VA SCHOOLS)

- 4.1 Schools will receive termly payments of devolved formula capital into their bank accounts. The school's standard profile will be amended to reflect this.
- 4.2 LA capital guidance and definition must be followed, please see the Scheme for Financing Schools for further details. (section 2.14)

5 DEFICIT AND ASSET LOANS

- 5.1 Deficit Revenue Loans and Asset Loans can be applied for in writing supported by a recovery plan as detailed in the Scheme for Financing Schools. (section 4.9 and 4.10).
- 5.2 Revenue Loans will be paid into the school's bank account upon request and recorded on the Schools balance sheet at year end as a liability. It should not be coded through CFR; a control account should be set up for the purpose of recording the receipt of funds and the repayment to the LA. Only the loan interest is recorded on CFR under E29.

- 5.3 The LA operates an Asset Loan Scheme which does not operate by way of a licensed deficit but rather by way of expenditure by the LA, on asset purchases or certain building repairs and maintenance, in respect of a particular school on condition that repayments of principal and interest are repaid from the budget share. For further information please refer to the Scheme for Financing Schools section 4.10.

6. OTHER RELEVANT INFORMATION (INCLUDING OTHER RETURNS TO BE MADE)

Banking Arrangements

- 6.1 The guidance on Banking Arrangements included in this document incorporate the requirements of Central Bedfordshire's Financial Regulations for Schools.
- 6.2 Notwithstanding this schools are required to reconcile their Bank Account and are required to demonstrate that this has been undertaken on the Cash Flow Forecast Update Financial Monitoring Return described in paragraph 2.17

Pensions Administration *(further details refer to Pension section paragraphs 197 to 205)*

- 6.3 Bedford Borough Council administer the Local Government Pension Scheme for Bedfordshire public sector employers maintaining the pension records of employees who contribute to the Local Government Pension Scheme. The Teachers Pension agency maintain records in respect of Teachers who are members of the Teachers Pension Scheme* (also see paragraphs 197 to 205).

Employers are required to provide Bedford Borough Council with notification LGPS changes :

- New joiners - A Pensions Service Record form should be completed for each new member of the LGPS
- Leavers – a Notification of Termination form should be completed for all those who leave the scheme. A member may leave the scheme because of retirement, redundancy, death, opting out or leaving employment
- Changes to members' working hours (including changes to term time only factors)
- Breaks in pensionable service (e.g. strike days, unpaid maternity leave, career breaks)
- Year end figures for earnings, employee pension contributions and Contracted-Out National Insurance earnings

In addition to the above it would also assist Bedford Borough Council to be informed of circumstances such as changes to a member's marital status, name or home address.

Bedford Borough Council may also request current salary details or other information relating to members' pension membership in order to undertake pension estimates or transfer calculations.

Starter and leaver forms are available from Bedford Borough Council. Please call 01234 267422 for more information on completion of the forms or if you have any queries regarding the LGPS and its administration.

**Please note that teachers can contribute to the Teachers Pensions scheme and are not eligible to join the LGPS.*

7. CLOSURE OF YEAR END ACCOUNTS

- 7.1 As the LA needs to produce a consolidated set of accounts, schools will be required to provide the LA with a final outturn position (this should equate with either the last quarterly or monthly return). This final return for the financial year will need to reflect expenditure and income to the nearest pound. The Chief Finance Officer, Section 151 Officer on an annual basis will provide further guidance on the Closure of the Accounts
- 7.2 The Chief Finance Officer, Section 151 Officer will inform schools of the Closure of Accounts Programme on an annual basis. Schools will have to provide the LA with additional information as the school holds the prime accounting records. All information and guidance related to year end, including year end timetable for schools will be published on school's learning portal and communicated to schools.
- 7.3 The School must provide the following :
- Final Year end Cash flow Balance Sheet for the year ended Income and Expenditure Statement for the year ended (Schedule of Debtors and Creditors, Payments in Advance, Receipts in Advance² including back up to Accruals, (i.e. copy invoices)
 - Leasing Payments and Contributions
 - Disclosure Trust Funds Earmarked Funds/ Declaration of Surplus Balances Form Bank Reconciliation for the year ended
 - Copy of final Bank Statement
 - Final VAT Claim
 - Petty Cash reconciliation
 - Trial Balance and Balances and Reserves Report (SIMS Schools only)
 - Budget Vs Actual Vs Committed including accruals (RM Schools only)
 - March Payroll Listing
 - Latest Certificate Annual Audit of Voluntary/Private Funds and Trading Activities
 - Direct Revenue Financing Return
 - Non VA schools – Formula Capital Return – Spend January to March
 - Officers earning £50k or more
 - Redundancy & Retirement cost
 - CFR Return
 - Purchasing Card – LA return
 - Additional information may be required.

² This is required to enable the LA to consolidate its accounts and ensure that Debtors and Creditors are netted off where ever possible.

The electronic templates for all above year end returns can be accessed on the schools portal following the link: <http://www.centralbedfordshire.gov.uk/schools-portal/finance/accounting/documents.aspx>

For further information and advice how to complete these returns please contact your school's Financial Advisor.

Table A

Timetable for Quarterly Submission of Financial Monitoring Returns

Submission Date	Financial Return
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1. Initial Budgets

By 1 May	Annual budget package comprising Annual Profiled Income and Expenditure Budget for the current year. Annual Detailed Cash Flow Forecast for the current financial year. Budgeted Balance Sheet for the end of the current year. Summary Income and Expenditure Budget for multi year period , (Financial Planning Software CFR Report is acceptable)
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2. Actual Updates and Revised Budgets

By 10th of July, October, January and April	Quarterly Income and Expenditure Statement (supported by system print (RM Schools e.g. Budget vs Actual vs Committed including accruals OR SIMS Schools e.g. Trial Balance or User defined report) Quarterly Cash Flow Forecast Update Purchasing Card – LA return
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2.Final Accounts

By 15 th April	See Closure of Accounts Section 7
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Schools will be informed of specific requirements with regard to Final Accounts as part of the published Closure Programme issued by the Chief Finance Officer, Section 151 Officer.

Table B

Timetable for Monthly Submission of Financial Monitoring Returns

Submission Date Financial Return

1. Initial Budgets

By 1 May Annual budget package comprising
Annual Profiled Income and Expenditure Budget for the
current year.

Annual Detailed Cash Flow Forecast for the current financial
year.

Budgeted Balance Sheet for the end of the current year.

Summary Income and Expenditure Budget for multi year
period , (Financial Planning Software CFR Report is
acceptable)

2. Actual Updates and Revised Budgets

By 10th of each Monthly Income and Expenditure Statement
subsequent month (supported by system print (RM Schools e.g. Budget vs
Actual vs Committed including accruals OR SIMS Schools
e.g. Trial Balance or User defined report)
Monthly Cash Flow Forecast Update
Purchasing Card – LA return

3. Final Accounts

By 15th April See Closure of Accounts Section 7

Schools will be informed of specific requirements with regard to Final Accounts as part of the published Closure Programme issued by the Chief Finance Officer, Section 151 Officer.