**FINANCIAL PROCEDURES FOR NORTH WEST LONDON JEWISH DAY SCHOOL**



|  |  |
| --- | --- |
|  | Section |
| Financial Management Systems | 1 |
| Payroll  | 2 |
| Purchasing  | 3 |
| Ordering  | 4 |
| Payments | 5 |
| Income  | 6 |
| Dinner Money  | 7 |
| Staff Expenditure Reimbursement  | 8 |
| School Assets – Inventory/Insurance | 9 |
| Taxation | 10 |
| Retention of Financial Documents | 11 |
| Banking Arrangements | 12 |
| Leases | 13 |
| Unofficial Funds | 14 |

**Approved by Finance Sub Committee of Governors on 20 May 2013**

1 Financial Management Systems

1. The School Business Manager and Head teacher ensure that the school's spending priorities are reflected in the school's budget options to be presented to the FC for approval.
2. The School Business Manager and Head teacher ensure an accurate costing of budget options to include spending priorities and the effect of pay and price increases.
3. The School Business Manager records and fixes the approved school budget on Sims (or other financial system used) to provide an audit trail.
4. The School Business Manager ensures that budget returns are sent to the LA within the specified timescale.
5. The School Business Manager establishes appropriate cost centres on SIMS to enable effective budget monitoring.
6. The School Business Manager provides monitoring information to budget holders on a monthly basis.
7. The School Business Manager prepares budget-monitoring reports for the FC on a monthly basis and the FC presents an accounts summary to the Governors, termly.
8. The School Business Manager records all budget virements on SIMS and submits virements for approval of FC.
9. The School Business Manager maintains up-to-date records on SIMS of the total resources available to school, ensuring that it is consistent with LA notifications (budget share, Standards Funds, contingency etc) and keeping a file of those notifications for audit purposes
10. The School Business Manager enters all expenditure and income onto SIMS promptly to enable day to day monitoring of expenditure.
11. The School Business Manager reconciles expenditure and income on SIMS to bank statements on a monthly basis and investigates any discrepancies. The Head teacher reviews this reconciliation and signs to evidence the review.
12. At the end of each financial year the School Business Manager ensures the settlement of all outstanding accounts and the timely closure of that year's books. In preparation for the year end returns the School Business Manager will ensure that there is available:

a. Fin 1 LBB report for period 12

b. Budget Accounts report for period 12

1. Calculation of debtors and creditors
2. Reconciled bank accounts
3. Statement of the school’s income and expenditure in CFR format
4. The School Business Manager ensures that there is an 'acceptable use policy' in place for laptops.
5. The School Business Manager and Administrator have user access to SIMS, which is maintained on the computers in the school office. All access is controlled by passwords. Consultancy advice is bought in from DJP Associates to manage the IT environment. The individuals concerned ensure that passwords are regularly changed.
6. Back-ups of the school’s computers are automated at the close of each day.
7. The School Business Manager prepares an SFVS Statement of Internal Control for approval by Governing Body and submission to the Local Authority by 31 March each year.
8. The School maintains a file of declarations of business interests and the School Business Manager ensures that declarations are completed at each FC committee and the register is regularly reviewed and updated. Governors complete one at the Autumn Governors meeting.
9. The School Business Manager compares financial information with similar schools using the DfE benchmarking website and reports to the FC on conclusions and any recommended action as part of the annual budget setting process.
10. The School Business Manager prepares a Best Value Statement for approval of Governing Body on an annual basis.

2. Payroll

School staff costs account for around 80% of the school’s budget, and it is important that appropriate payroll controls are in place to ensure that:

* the school’s staffing structure is financially sustainable
* payments made to staff are properly authorised
* payroll costs are correctly analysed in the school accounts

For payroll controls to be effective, it is essential that:

* changes in the staffing structure are informed by budget, staff cost and pupil number projections
* it is clear who has responsibility for dealing with staffing issues and has authority to make payroll changes
* decisions by the Governing Body to authorise an annual staffing review and agree any changes to pay or conditions of staff are minuted accordingly.

The Governing Body and Head Teacher have the responsibility for ensuring that payroll and personnel controls are in place, regardless of whether the administration of payroll and personnel costs has been contracted out to another organisation. If payroll services are provided by an external organisation the school should ensure it has access, under the terms of its contract with that organisation, to payroll records at any time. The contract should also allow internal audit to have access to payroll records.

It is important for schools to be aware of the areas where Inland Revenue/HMRC regulations determine or affect the way payments are made (e.g. whether individuals are self employed or whether income tax should be deducted). If schools are uncertain of these regulations, they should seek advice and assistance from their LA and always respond to issues from previous Inland Revenue/HMRC reviews.

1. There is a review of the school pay policy for approval of Governing Body on an annual basis
2. A review of the staffing structure is also undertaken annually for presentation to the Governing Body as part of the budget setting process.
3. Advertising is within LA or internal appointment internally in staff room. Deadline set and application forms sent to interested candidates. Applications submitted. Head teacher, Deputy Head teacher and one or two governors depending on nature of appointment do short listing. Interview takes place using loose scoring system conducted by Head teacher, Deputy Head teacher and one or two governors. Appointment made subject to references and Human Resources contacted for CRB and List 99 checks.
4. Documents relating to appointments and terminations are prepared by the School Administrator and authorised by the Head teacher. SBM ensures that Payroll Bureau is advised of new and leaving employees: the School Business Manager completes payroll advice that is signed by the Head teacher. There is close liaison between Head teacher and School Business Manager as to changes forms for starters, leavers and additional payments.
5. Amendments to salaries are prepared by the School Business Manager and authorised by the Head teacher although the chair of governors must sign amendments to the Head teacher’s salary.
6. The Head teacher authorises timesheets and overtime claims and these are filed and copied by the School Business Manager.
7. The School Business Manager checks payroll printouts on a monthly basis to ensure that all staff are chargeable to the school and are being paid at the correct rate, including overtime.
8. Access to payroll, personnel and associated records is restricted to the Head teacher and School Business Manager and School Administrator.

3. Purchasing

**Best Value**

1. The school is committed to achieving Best Value in everything it does as set out in our Best Value Statement.
2. The head teacher has authority to negotiate contracts and purchases on behalf of the governing body up to the value of £10,000.
3. For purchases up to £20,000 over the life of the product/contract the school will obtain 3 written quotations or other methods (including internet searches or telephone quotations) to ensure Value for Money. For purchases between £20,000 and £156,442 the school will require 3 written quotations. **The school will consider price, quality and fitness for purpose when purchasing goods and services and not necessarily accept the lowest quote.** Normally three quotations will be sought unless a particular service or supply is limited in choice in which case this will be documented. Reasons for accepting quotes other than the lowest cost will be reported to the Finance Committee.
4. All purchases over £156,442 (EU Procurement rules) should be put out to tender. Contract specifications should define the services to be provided in terms of nature of the work, quality standards, monitoring requirements and contract review procedures. The school will where possible seek advice from Brent Legal Services and work with other schools to procure major contracts. Specifications may also be used for lower value contracts to ensure that comparable quotes are obtained.
5. The School Business Manager will put in place procedures to ensure that domestic service contracts are monitored to check they are being delivered in line with the original contract. This would apply particularly to:
* Catering services
* Grounds maintenance services
* Cleaning contract
* IT Service contracts
1. The Head teacher and School Business Manager should undertake a rolling review of contracts to assess the cost and quality of the provision. 4. Ordering

**Budgets**

1. The head teacher and SBM will advise all Leadership team members of their respective curriculum/premises/administrative budgets.
2. The School Business Manager maintains budget records and commitments against the budgets in the school officealthough staff are also expected to keep a record of their own expenditure.
3. Budget holders are given monthly or termly monitoring reports, which contain details of budget allocation**,** invoices paid, commitments and balance left.
4. Budgets cannot be carried over to the next financial year unless the head teacher gives specific approval.

**Placing an order**

1. The budget holder completes the expenditure requisition form (Appendix 4), signs and hands in the form to the HeadMaster or Deputy who confirms that the order is correct and linked to school priorities. The order is then passed on to the School Business Manager who confirms the totals, coding and budget allocation remaining. The order is then passed to the Administrator for processing.
2. If insufficient funds are available within the relevant budget the School Business Manager may decide to ask the Head teacher for a virement, re-code the expenditure to another relevant budget heading or disallow the expenditure.
3. The Administrator will process the order which contains:
* details of the supplier
* catalogue number, price and quantity
* or a description of the goods and agreed price
* the sequential order number from SIMS
* the agreed expenditure code

 Supplier’s details are maintained on the computer

 New suppliers are authorised by the School Business Manager/Administrator.

1. The Head teacher approves and signs the order. The Head teacher checks that the goods are needed and that quotations have been obtained, if necessary.
2. The Administrator produces the original order and a copy, which are utilised as follows:
3. Faxed or posted to the supplier (and handed to the budget holder for their records)
4. Retained in the office in the orders file with the internal order to check against delivery note/invoice

1. Telephone orders are discouraged except under emergency circumstances and must be authorised by the Head teacher. In this event, orders are placed by the School Business Manager/Administrator by telephone and followed with a confirmation fax or e-mail, where possible or required, and official order number. For other emergen­cies, such as repairs, a retrospective order number will be allocated as the estimated commitment is put onto SIMS as quickly as possible. The only personnel authorised to order under such circumstances are:

 1. Head teacher/Deputy

 2. Administrator

 3. School Business Manager

**Deliveries**

1. On arrival the Caretaker or Administrator checks the delivery note against the delivery and the official order and signs the delivery note. The Administrator informs the Deputy Head of the delivery. The Administrator resolves discrepancies, keeping a note of any goods returned in a goods returned book, with a copy of the original order. Any items not delivered are noted on the original order form and followed up by the Administrator who informs the Deputy Head.
2. The School Business Manager retains the delivery note until receipt of the invoice.

**Year End**

1. Final orders for the financial year must be received in the school office by 15th March to enable accurate reconciliation of individual budgets and processing of invoices before year-end.

**School Year/Academic Year**

1. New staff need to be aware that the financial year and the school year are not synchronised. School budgets are set in April and expenditure is planned until the end of March in the following year. Curriculum budget planning for resources therefore may need to span two academic years i.e. the Summer term of one year and the Autumn and Spring terms of the following year. Staff will nevertheless be expected, in time, to plan for purchase of resources during the Summer term in readiness for the next academic year.

**5**. Payments

1. When an invoice arrives, the School Business Manager checks the invoice quantity and cost against the delivery note and order. Payment is made only against an original invoice which shows the supplier name and VAT number and the order number that it relates to. Where an invoice is in error the supplier is contacted and a revised correct invoice requested. Credit notes are held with the order and original invoice. Payment is not made on copy invoices except in unusual circumstances where an original invoice has been lost.
2. The School Business Manager determines payment date using the most beneficial terms of credit and any applicable discounts. The 30-day prompt payment period is adhered to wherever possible. The School Business Manager produces a monthly aged creditor report for the Head teacher’s review.
3. The School Business Manager uses a certification grid, which is stamped onto the invoice and the School Business Manager signs to evidence each of the following checks:
* agreed to order number (or N/A if non order)
* goods received
* prices checked
* calculation checked
* not paid previously
1. The stamp is then signed as certification for payment by the Head teacher
2. Invoices are paid in accordance with the determined payment date. Cheques are normally raisedweekly. On the due payment date, the School Business Manager raises the cheques and attaches to the respective documentation. Spoilt cheques have “cancelled” written across and are stapled to the back of the stub. If invoices have tear off slips these are sent to suppliers (although SIMS also provides information about which invoice the cheque relates to and this is sent with each cheque)
3. The cheques with all documentation then pass to the first signatory (usually the head teacher), who will sign the cheque. The documentation and cheques then pass to the second signatory (Deputy Head / Senior Teacher). Self-authorisation is not permitted and other signatories must sign cheque payments to claimants, who are also bank account signatories.
4. To prevent duplicate payments, copy invoices are stamped ‘paid’ with the date and cheque number and are moved to the paid order file when the cheque is sent.
5. The School Business Manager records items purchased which are deemed to be school assets in the asset register.

**Summary Authorisation Procedures.**

|  |  |  |
| --- | --- | --- |
| **Stage** | **Personnel** | **Action** |
| **1** | Budget Holder | signs internal requisition |
| **2** | Head Master or Deputy | confirms and signs order |
| **3** | Administrator | raises order and produces copies |
| **4** | Headteacher/Deputy | authorises order |
| **5** | Administrator /Caretaker | checks delivery and signs delivery note |
| **6** | School Business Manager  | processes invoice |
| **7** | Head teacher/Deputy | authorises payment |
| **8** | School Business Manager | determines payment date |
| **9** | School Business Manager | raises cheque |
| **10** | Head teacher and Deputy Heads  | sign cheque |

**6**. Income

1. The School Business Manager records dinner money and other cash income in the SIMS Finance system.
2. The School Business Manager and Secretary raise bills and issue reminders in accordance with the school's debt management policy.
3. The Teaching Assistants collect trip or event money and record this in a mark book. The money is then transferred to the School Business Manager.
4. The School Business Manager ensures that income is securely held in the safe prior to banking. Only office staff and the Head Teacher have access to the keys to the safe.
5. The School Business Manager and Secretary completes bank deposit slips and ensure that income is banked on a weekly basis. Separate deposit slips are used for cash and cheques. The School Business Manager or Secretary lists all cheque payees on deposit slips.
6. The Head teacher and School Business Manager determine and review the lettings policy for submission to Governing Body/Finance Committee for approval.
7. The School Business Manager reconciles income on SIMS to the bank statements on a monthly basis for the review and signature of the Head teacher.

 **7**. Dinner Money

1. In early September the Secretary prepares a school dinner register based on information held by the school and checks this with each class for accuracy. Requests for payment of school dinners having been sent out in July
2. Parents inform the school whether their children will have school dinners or packed lunch using the Request for Dinner Money forms sent in July and authorised by HM for packed lunches
3. After deriving what each child has requested the Secretary goes through the Brent list to find out if the children are entitled for free school meals and informs Brent of any leavers from previous term.
4. Families who are entitled but have not yet applied are reminded to apply as soon as possible unless they are already on the FSM register as entry continues.
5. In the school meal register agreed symbal indicates all children who have a valid authorisation to have school meals for the current academic year. Another sign indicates children who are authorised to bring a pack lunch from home. This information is manually entered onto the school meals register.
6. Every day the school meals register is updated with the class register. The number of meals required for each class is passed to the School Kitchen to minimise wastage of food.
7. School Secretary will follow up Requests for Payments from parents who have not paid for the whole year in advance. Parents have the option of paying annualy or termly(by cheque), or monthly (by standing order ).
8. The amount paid is noted in school meal register on the child’s account
9. All figures are entered onto the special Excel spreadsheet that records information by child of what is due and what has been paid per academic year. .
10. Banking of cheques is done once per week,
11. The School Business Manager enters the figures of standing orders and qeekly bankings onto SIMS and later reconciles SIMS with the bank statements.

8. Reimbursement for Expenses

1. The School does operate a petty cash system, however purchases by staff for the school are discouraged. The preferred route is for the school to order all supplies through the normal ordering process.
2. When a member of staff wishes to make an occasional small purchase (£40) for the school, the expenditure should be pre-authorised before it is incurred (wherever possible) by completion of an expenditure requisition form (Appendix 4) which requires the Head teacher’s authorisation
3. Purchases are restricted to urgent requirements only.
4. The member of staff must provide an appropriate receipt to seek reimbursement for their purchases. A VAT receipt must be obtained where appropriate to enable the school to reclaim VAT on purchases
5. The School Business Manager will use the invoice certification grid stamp for Head teacher authorisation in the usual way.
6. The School Business Manager raises a cheque to be signed by two authorised signatories.

9. School Assets – Inventory/Insurance

1. The School Business Manager maintains a permanent asset register for all items over the value of £500. This could also include any portable or desirable items (digital cameras, PDAs, etc) under £500. Each item in the register is re­corded chronologically as to acquisition and should include date of purchase, valuation, location and serial number.
2. The School Business Manager ensures that the register is updated regularly for all new items/disposals including clear identification of make, model and serial numbers (if appropriate). New purchases are added to the register as and when they are received on site.
3. The Caretaker ensures that all appropriate assets are security marked.
4. The Caretaker undertakes an annual stock check of items included in the inventory and record that a check has been carried out.
5. The Caretaker reports any significant discrepancies between actual and recorded stock to the School Business Manager. Omissions are brought to the attention of the Finance and Buildings Committee and an appropriate form of action taken.
6. The policy for the disposal of assets is reviewed annually including the authority to declare items to be obsolete, surplus or damaged beyond repair.
7. The School Business Manager records and banks any income from the sale of assets.
8. If items of School equipment need to be removed from site, a request is made to the Head teacher. The Administrator retains the loans form and notification of return is given noting any defect or damage. Loans are normally allowed over weekends or short-term holiday. The loans form must be completed for insurance purposes to cover loss, damage or theft either under circumstances within school or in relation to the borrower's own property. Items removed from the school prem­ises without consent are not covered by the school's insurance and are the liability of the unauthorised borrower.
9. The governing body have a legal li­ability to ensure that the School has adequate insurance cover in respect of all aspects of the premises, contents, pupils, staff, public and employer liability. The School's insurances are arranged through the London Borough of Brent. Pupil travel is with Endsleigh Insurances. Policy documents and correspondence, which relate to insurance, are retained in the school office.

10. Taxation

The Head Teacher is responsible for complying with Value Added Tax (VAT) and other tax regulations to which the school may be subject including taxed on employment and other remuneration for staff, workers and suppliers who may be self- employed. He is advised by the School Business Manager of changes to financial regulations that impact the calculations and accounting for taxes.

LAs usually produce a guidance document on VAT, or have staff who may be contacted about VAT issues. VAT is a complicated area, and the LA should be consulted if the school needs assistance in interpreting VAT regulations.

School Business Manager is responsible for the preparation of all financial information required by the LA to enable it to provide returns and tax reports to regulatory authorities

Payments to subcontractors employed by the school for work of a construction nature are subject to special verification and reporting. These arrangements are set out in the Financial Information for Schools Under Devolved Funding booklet. Each Head Teacher must submit returns in a prescribed format to the Chief Finance Officer providing details of payments made for construction operations under the Construction Industry Scheme.

All payments to employees and former employees of salaries and wages - including London Weighting, overtime, fees, commissions, bonuses, performance related pay, contract additions, leased car allowances, honoraria, sickness payments (including SSP and SMP), holiday pay, pensions compensation, other emoluments and other taxable and/or pensionable payments must be made through the school’s payroll system. They must not be paid out of petty cash, or through school payments systems. This is essential to ensure that all statutory deductions and pension contributions are correctly made and paid over.

Any payments made to employees, which are taxable benefits but are not made through the payroll system, must be declared to the Inland Revenue annually.

Payments to self-employed persons employed by schools, as consultants or temporary workers, must be treated with extreme care. Before paying an invoice to a self employed person the paying school must satisfy themselves of the status of the person by completing the questionnaire included in Finance Technical Standards – Income Tax. Advice should be sought from Exchequer Services if required. If there is any doubt, the person must be paid through the payroll.

11. Banking Arrangements

The School Business Manager will maintain bank accounts with a reputable, licensed bank and ensure that regular statements of bank movements are obtained for effective recognition of income and expenditure.

Bank statements will be reviewed at least once per month and entries reconciled to the general ledgers to ensure that all entries are properly recorded in the Accounts.

The bank reconciliation will be shown to the Head Master each month and reconciling items explained by the School Business Manager.

Cash , cheques and other receipts , received at the School Office will be banked at least once per week

12. Retention of Financial Documents

All financial records , including receipts , invoices , payment vouchers , payroll data , accounting reconciliations and general ledger data , sales and purchase ledger reconciliations , supplier statements will be kept (in current and archive files) for 6 years, counted to the end of the financial year to which the record or entry or activity related

13. Leases

In order to ensure compliance with LA regulations governing leases and other financial arrangements for the procurement of assets for the School, Governors and Head Teacher may not enter into any leasing agreements or any other loan or financing arrangements for the acquisition of property, vehicles, plant or equipment without the prior consent of the Chief Finance Officer of the LA.

14. Unofficial Funds

The School maintains a bank account used to facilitate receipts and payments related to staff welfare , regarding the purchase of tea and coffee and other provisions for the Staff Room.

For administrative purposes the bank account is supervised by the School Business Manager, because of his financial competence in this matter.

The UF is not part of the Governors assets or responsibilities and the School Business Manager must ensure that the activities on the UF is not recorded in any element of the accounting records for the School.