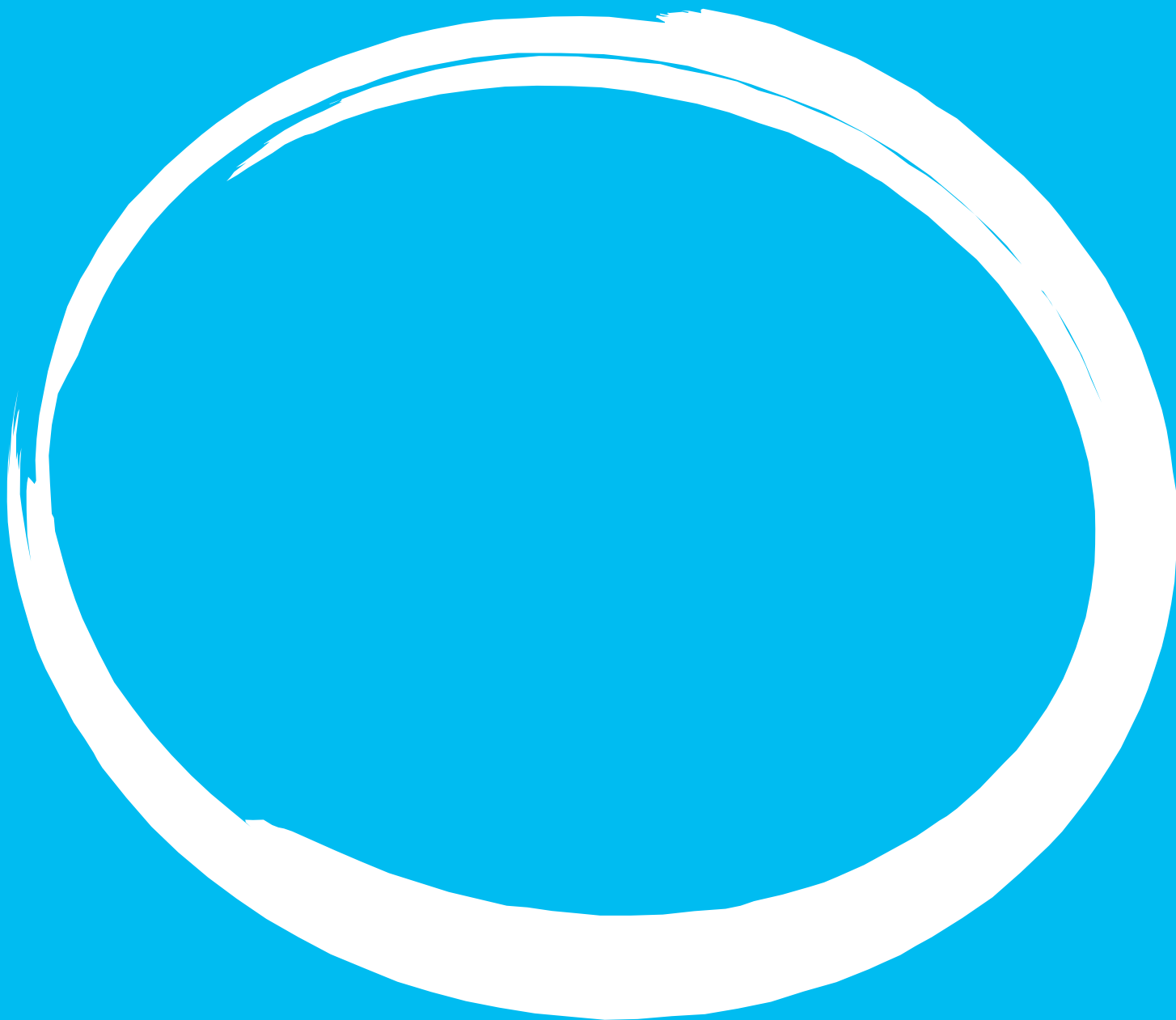


Financial Procedures for Schools



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1. INTRODUCTION

- 1.1 These Financial Procedures set out the more detailed requirements of the Local Authority's (LA) financial processes in relation to schools. They are intended to support the [Financial Regulations](#), and, although printed under separate cover, these instructions must be treated as an integral part of the overall financial control framework within which the Council operates.
- 1.2 The Procedures are based on best practice and are designed to ensure that the interests of the Council and schools are safeguarded.
- 1.3 The Procedures apply to all maintained school staff and governors and it is the responsibility of governing bodies to ensure that they are followed and that all staff in their school are adequately trained in their application as set out in Financial Regulations 9.1.

2. EXPENDITURE

- 2.1 Expenditure from the school's delegated budget needs to be in accordance with the annual budget plan, which itself is prepared in conjunction with the school development plan and asset management plan, covering a longer period. The following instructions set out the framework within which schools governing bodies may incur expenditure from the delegated budget.

Procedures

- 2.2 Governing bodies shall be free to commit expenditure over more than one financial year, provided that such forward commitments are reflected in subsequent annual financial plans and follow the relevant procurement rules.
- 2.3 The annual financial plan shall be prepared in conjunction with the schools development plan. Schools may seek advice and assistance from the LA in constructing broad based long term financial and management profiles to allow them an effective means of planning and monitoring over a period of years.
 - 2.3.1 The LA may earmark any allocation of funds, which is outside of the formula budget share. Where such earmarked funds are given governing bodies shall ensure that:
 - (i) the sum is not overspent, unless supplemented from the school's delegated budget,
and
 - (ii) the sum given is spent only on the purposes for which it is given.

3. ORDERING GOODS AND SERVICES (including Internet Ordering)

- 3.1 Orders create contracts and commit the governing body to expenditure from the schools budget share. It is therefore vital that the ordering process fully protects the interests of the

governing body and the Council, that the authorisation of orders is strictly controlled and that there is budgetary provision for the expenditure. Governors and staff need to be aware of potential conflicts of interests and to be able to demonstrate that they do not benefit personally from decisions about spending public money, and therefore complete a pecuniary interest register. This should be reflected in the governing bodies Code of Conduct.

Procedures

- 3.2 Governing Bodies are responsible for all orders issued from their schools for goods, work to be done, or for services, unless formally delegated to another Officer. They are further responsible for obtaining the best terms available for the supply.
- 3.3 Goods and services must be obtained in accordance with [Procurement Rules](#). Where Procedure Rules do not require a formal contract, an official order in a format approved by the Section 151 Officer must be issued for all goods or services.
- 3.4 Where Procedure Rules permit the placing of orders for goods and services otherwise than by tender, written quotations must be obtained, in accordance with the guidelines set out in the Contracts Handbook, unless the governing body considers that this is not practical or appropriate and such should be minuted.
- 3.5 Each headteacher is responsible for the control of official orders within their school.
- 3.6 All paper orders shall be on official order stationery, signed by an authorised signatory. Where it is necessary to place telephone or verbal order, these should be confirmed immediately on an official order and clearly endorsed as confirmatory. Orders are not required for rents, business rates, metered supplies of utility services, or other such supplies and services, or for small cash purchases properly paid out of petty cash accounts.
- 3.7 A list of authorised signatories, approved by the governing body, together with their authorisation levels and any limit on cost centre or type of purchase, shall be prepared at least annually and certified by the headteacher. The list must be kept updated to reflect any changes during the year including changes in staff.
- 3.8 It is the responsibility of the Governing Body to ensure that no governor, or member of school staff may authorise the purchase of goods, or services from themselves, their relatives, or any organisation in which they have a significant interest. Neither may they authorise for payment vouchers relating to expenditure incurred, or services supplied by themselves, their relatives, or an organisation in which they have a relevant interest. A pecuniary interests register in which all such interests shall be recorded shall be maintained at the school. A relevant interest is one with other parties, which could bring about potential or perceived conflict (e.g., with suppliers, contractors, other staff etc). The register shall be reviewed and updated annually, and a nil return required where there are no relevant declarations.
- 3.9 No employee shall place an order on behalf of the school unless duly authorised to do so and included in the list of authorised signatories.

- 3.10 Only in exceptional circumstances shall an employee place an order on behalf of the school without sufficient uncommitted funds being available to meet the relevant expenditure. In this case the schools finance team should be contacted immediately for advice at schoolsfinance@milton-keynes.gov.uk.
- 3.11 Official orders, or contracts must only be used for goods and services provided to the school and must not be used to obtain goods and services for private use.

Internet Ordering

- 3.12 Orders placed on behalf of the school through the internet must ensure that all relevant Financial Regulations are complied with wherever possible, particularly appropriate approval prior to order being placed. Such orders must be evidenced by a printed copy of the confirmation of order details provided by the supplier, which must then be “authorised” by the appropriate officer i.e. signed.
- 3.13 When ordering from the internet schools must ensure that VAT recovery issues have been properly addressed i.e. that MKC can properly reclaim the VAT on such transactions where appropriate and that VAT issues have been included within the price evaluation when considering non UK suppliers including taking advice from the Council’s VAT Officer.

4. PAYMENT OF ACCOUNTS

- 4.1 The objectives of the following procedures are to ensure that prompt payments are only made for officially ordered goods and services properly received/completed. These instructions set out the procedures to be used within schools for the payment of invoices for goods and services received and the certification of invoices. They should be read in conjunction with the previous section: Ordering Goods and Services (including Internet Ordering).

Procedures

- 4.2 In accordance with directions to be specified on the orders, the supplier shall be asked to quote the name of the school site where the work was done or goods delivered, together with a reference to the order number and delivery note on the invoice.
- 4.3 The examination, verification, certification and expenditure coding of an invoice for payment will be the responsibility of the governing body or delegated officer. All expenditure must be supported by suitable documentation.
- 4.4 Where possible staff should not certify the invoice for payment in respect of which they signed the order or received the goods, and therefore at least three officers should be involved in passing an invoice for payment. It is recognised that this may not be possible in the case of small schools, but all reasonable attempts to meet this requirement should be made.

- 4.5 Only original, unaltered invoices from suppliers shall be accepted for payment. No amendments shall be made to Value Added Tax (VAT) invoices. All VAT invoices shall be returned to the creditor for any amendments necessary in accordance with VAT regulations. Only invoices in the name of the school must be paid from an official budget.
- 4.6 Before authorising an account, the certifying employee shall be satisfied that:
- (i) the work, goods or services to which the invoice relates were properly ordered, received, carried out and examined as to quality and quantity and that these checks are evidenced by the signature of at least one employee other than the certifying employee;
 - (ii) the price charged and the arithmetic are correct and the details conform with the relevant order which has been attached. This shall be evidenced by the signature of a further employee wherever possible;
 - (iii) the expenditure has been properly incurred and coded, including any VAT elements;
 - (iv) appropriate entries have been made in inventories, stores record or stock books as required; and
 - (v) the account has not previously been passed for payment.
- 4.7 Governing bodies are responsible for the payment of invoices in line with the terms agreed with the supplier. The school will be responsible if interest is payable to the supplier under the terms of the Late Payment of Commercial Debt (Interest) Act 1998, unless it can be proved that another party is at fault.
- 4.8 Statements sent by suppliers should be checked to ensure they have been paid. Under no circumstances should statements be authorised for payment.
- 4.9 The headteacher shall produce, to a timetable and format specified by the Section 151 Officer, a schedule of all outstanding payments in excess of an agreed sum, relating to goods received, or services rendered in the previous financial year in order that proper provisions may be made in the relevant year's accounts.

5. CONTRACTS

- 5.1 Contracts for building and civil engineering works at schools may involve substantial payments on account spread over a long period, followed by a final settlement on the basis of a detailed final account agreed by both contractor and school. These instructions are designed to ensure that the governing body makes proper arrangements for the control and/or authorisation of interim payments, variation orders and detailed accounts relating to the final contract payment.

Procedures

- 5.2 Subject to the provisions of Procedure Rules, and these regulations, governing bodies must comply with the procedures set out in the Contracts, Quotations and Tenders Weblet ([Found here](#)).

- 5.3 The Section 151 Officer is responsible for issuing such procedures as they consider necessary for proper control of the financial aspects of contracts. Such procedures are incorporated in the [Contracts, Quotations and Tenders Weblet](#).
- 5.4 Governing bodies are authorised to sign contracts on behalf of the school and may authorise other officers in their schools to sign on their behalf.
- 5.5 Any officer signing a contract is responsible for ensuring the Procedure Rules, Financial Regulations and the Contracts, Quotations and Tender Handbook have been complied with. All contracts must be in the name of the Council, except for those made by Foundation schools and the contract documents must be made available to the Section 151 Officer if required.
- 5.6 Governors, other than those of Foundation schools, must not enter into any agreement connected with the buying, selling or granting interests in land and property unless approved by the Director (Children's Services) and the Section 151 Officer.
- 5.7 The governing body shall ensure that proper arrangements are made for checking and authorising interim payments, monitoring costs throughout the contract and checking and authorising detailed final accounts in support of the final settlement, in accordance with [Financial Regulations](#). It is the governing body's responsibility to ensure that the final account for any contract is properly payable.
- 5.8 The school governing body shall ensure that proper arrangements are made for authorising every extra or variation on a contract for building or civil engineering work.
- 5.9 The governing body shall deduct from amounts certified for payment such sums as are due to the Council as liquidated damages. The amount of such deduction shall not be waived without the approval from the Director (Children's Services).

6. SALARIES AND WAGES

- 6.1 Salaries and wages account for a substantial proportion of expenditure at schools. It is essential that schools make arrangements to ensure that proper controls are in place. The payroll function is administered entirely within the school, or via a contract with an agency. These instructions set out the procedures and key elements in relation to paying staff.

Procedures

- 6.2 Governing bodies are responsible for ensuring that proper arrangements exist for the payment of salaries and wages, including the calculation and payment of all salaries, wages and other payments to, or in respect of employees or former employees of the school. They will need to ensure that staff carrying out this function are properly trained and experienced in payroll administration, whether they be in the school, or employed by a payroll provider.

- 6.3 Governing Bodies are responsible for ensuring that the agreed procedures are complied with, and for providing the Section 151 Officer with such information and within such timetables as they may require for the purposes of preparing the year end accounts.
- 6.4 The Governing Body, or approved agents must ensure that only properly engaged staff, appearing on the school's records are included on the payroll, and is responsible for maintaining all necessary personal records concerning pay, superannuation, national insurance and income tax.
- 6.5 Governing bodies must ensure that they, or their agents meet statutory obligations in respect of income tax, national insurance and superannuation.
- 6.6 Appointments of all employees shall be made in accordance with the appropriate conditions of service, regulations, grades and rates of pay in force within the school at the time.

7. INCOME

- 7.1 Schools receive varying amounts of official income, which can then be spent as directed by the governing body. It is essential that proper arrangements are in place at schools to ensure all income due to the school is collected and received and is properly banked to the school's local bank account within five working days.

Procedures

- 7.2 Official income raised by schools accrues to the schools budget and is additional to their formula allocation. Schools may raise income from several different sources, except where:
 - (i) the source of income is subject to statutory control (e.g. tuition fees);
 - (ii) the raising of income constitutes trading; and
 - (iii) the activity puts the school's budget share at risk.
- 7.3 The Section 151 Officer is responsible for approving procedures to ensure that adequate arrangements have been made for;
 - (i) the financial organisation and accounting necessary to ensure the proper recording of all sums due
 - (ii) the collection, custody, control, prompt banking and allocation of all cash due.
- 7.4 Governing bodies are required to make proper arrangements to ensure that procedures issued by the Section 151 Officer are complied with.
- 7.5 Governing bodies are responsible for ensuring that all income received on behalf of the school is paid into the school's local bank account promptly.
- 7.6 Each member of staff receiving money on behalf of the school shall keep an accurate and chronological account of all receipts and deposits with the Councils bankers or school's local bank account, together with any other records as may be required by the Section 151 Officer.

- 7.7 The headteacher shall supply the Section 151 Officer promptly, and at the end of each financial year, a schedule of all outstanding monies due as may be required to record correctly all sums due to the Council and to ensure that proper financial provisions may be made in the relevant financial year.
- 7.8 Acknowledgement for money received on behalf of the school shall be given on an official receipt, in a format agreed by the Section 151 Officer. Governing bodies shall be responsible for the safe custody and use of official stationery issued to, or used by, their Schools.
- 7.9 Personal cheques shall not be cashed out of the money held on behalf of the school and staff shall not mix their own personal monies with those of the Council under any circumstances.
- 7.10 All transfers of official monies from one member of staff to another shall be evidenced by a written record, signed and dated by both parties.
- 7.11 The Section 151 Officer shall be notified promptly of all monies due to the Authority under contracts, leases, tenancy and other agreements, conveyances and other arrangements entered into which involve the receipt of money and the Section 151 Officer shall have access to the original documents or relevant particulars.
- 7.12 Particulars of all charges to be made for work done, services rendered, goods supplied, or for any other reason shall be maintained, and reviewed annually by the governing body.

Accounts

- 7.13 All accounts for income due to the school shall be immediately raised on an official invoice or other form agreed by the Section 151 Officer.
- 7.14 Governing bodies are responsible for collection of sums due to the school and must take all necessary and immediate steps to effect collection or recovery.
- 7.15 Sums due to the school should be written off if payment is not received within 6 months and must be approved by the school Governing Body.

8. BANKING ARRANGEMENTS

- 8.1 A consistent and secure approach to banking activities is essential in order to achieve optimum performance from the school's/Council's bankers, and to obtain the best possible value for money. These procedures seek to ensure that banking arrangements which fall within the scope of the contract are controlled and approved in a consistent manner.

Procedures

Schools using local bank accounts

- 8.2 All official bank accounts in relation to the School Budget Share, where forming part of the Council's pooled banking arrangements, will be opened by the Section 151 Officer on behalf of the school. Governors will be responsible for all other bank accounts held by the school.
- 8.3 Only banks and other financial institutions with the following Fitch IBCA ratings or better may be used: Long Term Investments - AA-, Short Term Investments F1+.
- 8.4 For LA/Community schools the name of the Authority must be incorporated into the title of the account(s) in the form "MKCC<School Name>Account".
- 8.5 Cash dispensers must not be used in relation to the school bank account. Charge cards and debit card are permitted, although charge cards are recommended as they have better safeguards. It is not advisable for staff members to use their own credit cards to purchase items for the school. See [Guidance Notes for use of Charge Cards in Schools](#).
- 8.6 No personal cheques may be cashed through the school bank account.
- 8.7 The school shall complete a monthly reconciliation of the bank balance in the local accounting system and the balance on the bank statement (Two Way Reconciliation 2WR). The completed reconciliation statement should be reviewed by a party independent of its preparation and certified as such. A reconciliation to include the Council's accounts must also be completed monthly (Three Way Reconciliation 3WR).
- 8.8 Adequate arrangements for the separation of duties shall be made by the headteacher in relation to the preparation of accounts, control of arrears and the collection and banking of income.
- 8.9 Safe and efficient arrangements shall be made by the headteacher for the procurement, security, signature and control of cheques, including cancelled cheques, and for the safe retention of paid invoices and other prime documents for the periods specified by the Section 151 Officer. No cheques should be pre-signed. Cheques require a minimum of two signatures up to a certain limit specified by the Governing Body and three signatures for any amount above that limit up to a maximum of 2% of School Budget Share.

9. PETTY CASH ACCOUNT

- 9.1 Petty cash accounts are used to enable employees to pay minor items of expenditure without the need to requisition a cheque through the Local Bank Account. The personal responsibility for the control over such account rests with the petty cash holder. These procedures set out the framework within which petty cash accounts funded from school bank accounts should operate.

Procedures

- 9.2 Petty cash imprest funded from school local bank accounts.

- 9.3 The petty cash account shall operate on the basis of a fixed advance from the local bank account and should be reimbursed as necessary to restore the balance, on submission of the vouchers by the imprest holder in support of the request.
- 9.4 The person responsible for checking the claim and drawing the reimbursement cheque shall be someone other than the person responsible for the petty cash account. In checking the claim, the actual cash balance shall be verified.

10. STOCKS, STORES AND SECURITY

- 10.1 Stocks and stores may represent considerable expenditure for the school. The procedures set out the guidelines for ensuring adequate security over stocks and stores, including their issue and receipt and that only necessary stocks are maintained. The Council recommends using “just in time” ordering so that stock levels are minimised.

Procedures

- 10.2 Each governing body is responsible for maintaining adequate arrangements at all times for the security of all stocks, stores, cash and other property.
- 10.3 Maximum limits for official cash holdings at establishments shall be agreed with the Section 151 Officer and stock levels should be restricted to the level determined by the governing body for operational needs only.
- 10.4 Up to date records, including details of receipt, issue and balances in hand of stocks and stores must be kept in such a form as the Section 151 Officer, in consultation with the relevant governing body, considers appropriate.
- 10.5 Headteachers must arrange for regular checks to be carried out, at least once every year, to verify the recorded balances against the actual stock in hand. These checks must be verified independently of the officers responsible for the custody of those stocks. Each governing body shall produce a certificate summarising the values of stocks and stores held at the establishment under their control, as confirmed by the annual stock take.
- 10.6 The governing body shall report significant deficiencies to the Finance Team.
- 10.7 The Section 151 Officer shall be entitled to receive from each governing body such information as they require in relation to stores for the accounting, costing and financial records.
- 10.8 Governing bodies are responsible for identifying any stores which are no longer required and may authorise the disposal of such items subject to the relevant tender procedures laid down in Procedure Rules.
- 10.9 Wherever a person in charge of stores, or cash hands over, leaves, or ceases to have custody of stores, the governing body shall ensure that an independent check is made of the stores, or cash concerned.

11. INVENTORIES/RETENTION OF RECORDS

- 11.1 Both the Council and individual schools have a substantial investment in furniture, IT and equipment and it is important that there are arrangements to ensure these assets are properly maintained and protected against loss or damage. An up to date asset register must be kept by each school. A separate document "[The Asset Management for Milton Keynes School Policy](#)" sets out the guidelines for maintaining an asset register.
- 11.2 Schools should follow the [Retention Guidance for Schools](#). The retention schedule contains recommended retention periods for the different record series created and maintained by schools in the course of their business.
- 11.3 Both documents are available as a separate link under the Financial Procedures for Schools heading on the LMS website.

12. INSURANCE AND RISK MANAGEMENT

- 12.1 The proper insurance of the school's property and activities is essential. These procedures set out guidelines to ensure that all risks are continually reviewed, adequate cover is provided for the valuable assets of the school, and that claims are duly made and processed expeditiously.

Procedures

- 12.2 The Governing Body is required to effect adequate insurance, on behalf of the school such as the Council may direct, or which is considered necessary, in consultation with the Section 151 Officer and headteacher, to protect the school's/Council's interests and to maintain proper records relating to that insurance effected. Such insurance can be arranged either by the Section 151 Officer, or directly with agents using the delegated budget. Policies arranged externally shall be approved in advance by the Section 151 Officer in writing.
- 12.3 The Section 151 Officer shall, at least annually, review all insurances in consultation with the governing bodies as appropriate. This review shall cover both insurance arranged by the LA and those arranged externally.
- 12.4 Governing bodies are responsible for taking reasonable steps to minimise the insurable risks of the Council.
- 12.5 The headteacher shall promptly notify the Section 151 Officer and the external agent where applicable of all new risks, and additions, extensions and alterations to existing risks, which are insured or require insurance with outside bodies or self-insurance arrangements.
- 12.6 The headteacher must promptly notify the Section 151 Officer, Education Sufficiency and Access Team and the external agent where applicable of any damage to School property and of any other loss, damage, claim or possible claim against the Council, which is insured, or has cover provided through self-insurance.

- 12.7 The Section 151 Officer will negotiate all claims made by the Council with its insurers where cover is arranged by the Council.
- 12.8 Each governing body shall consult the Section 151 Officer in respect of any indemnity, which it has been requested to give on behalf of the Council or school. Where any person or body is required to indemnify the Council or to affect insurance in accordance with the Council's requirements, the Section 151 Officer will decide the cover required in consultation with the appropriate governing body.
- 12.9 The governing body is required to inspect the relevant policies to ensure that the agreed cover has been obtained and make adequate arrangements to ensure that the required cover is maintained throughout the relevant periods.
- 12.10 Governing bodies shall be free to take out additional insurance to indemnify against those risks not covered, the cost of any premiums shall be met by the delegated budget.

13. TRAVELLING AND SUBSISTENCE ALLOWANCES

- 13.1 These instructions seek to provide a consistent framework for the checking, certification and payment of travel and subsistence claims paid through school bank accounts.

Procedures

- 13.2 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be signed by the person making the claim and shall be checked before certification as being a proper and necessary payment. Claims shall be submitted for payment as soon as possible after the end of the period (normally one month) to which they relate and shall be prepared using the approved claim form according to the type of allowance.
- 13.3 The headteacher shall ensure that proper arrangements are in place for the independent checking and certification of all claims for payment; including those of the headteacher and that a current record of responsibility and specimen signatures of those with authority to certify claims is maintained.

14. INFORMATION TECHNOLOGY

- 14.1 Information systems are an essential element in the management of the school resources and the development of services. Over the years this area has become fundamental to the integrity of the school's and Council's financial records. These procedures set out the guidelines to be followed in respect of this area.

Procedures

- 14.2 The Director (Resources), in conjunction with the Head of Information Technology, shall be responsible for setting the Council's IT strategy and issuing relevant procedures in relation to the strategy, including procurement.

- 14.3 All governing bodies are responsible for ensuring that the procedures are complied with in their Schools, in relation to appraisal, specification, evaluation and approval of information systems.
- 14.4 Each governing body must inform and agree with the Section 151 Officer any development of new systems, or significant amendments to existing systems, which involve financial operations or produce management data, which forms the basis of financial decisions.
- 14.5 Each governing body shall consult with the Section 151 Officer and Head of Information Technology on the appropriateness of controls, which need to be built into systems to achieve an acceptable level of security.
- 14.6 The governing body and the headteacher shall be responsible for ensuring compliance with the requirements of the Data Protection Act 1984, Data Protection Act 1998, Computer Misuse Act 1990 and other relevant legislation, in relation to the control of and access to financial and personal data held on school computer systems. Under the DPA regulations one application is required per school and the Headteacher and governing body are jointly responsible under the single registration.
- 14.7 The Head of Information Technology shall be appointed the Data Protection Officer on behalf of the Council in relation to the Data Protection Acts 1984 and 1998 and be responsible for the implementation and compliance with current legislation and European Community Directives.
- 14.8 Headteachers shall be responsible for approving and controlling access within their schools to computer installations.
- 14.9 The governing body and the headteacher shall ensure that adequate arrangements exist for maintaining proper security of information held in the schools budgetary control system through the use and regular changing of passwords and the regular taking and secure storage of back-up copies, and for the implementation and compliance with all requirements of current legislation and European Community Directives. At least one generation of back-up shall be held off-site at any point in time.
- 14.10 User access rights to the school's budgetary control and accounting system must be determined by the headteacher to provide adequate separation of duties in accordance with guidance issued by the Section 151 Officer.
- 14.11 Headteachers shall be responsible for the safe custody of all computer hardware under the control of the school and shall include all equipment purchased from the official budgets on an official inventory (see [Financial Procedures 11](#)).
- 14.12 Headteachers shall be responsible for the safe custody of all computer disks under the control of the school and shall ensure compliance with software licence agreements, and record all software purchased from official budgets on an official inventory (see [Financial Procedures 11](#)).

15. VOLUNTARY FUNDS

- 15.1 A voluntary fund is any fund, which, although not officially owned by the Council is controlled or administered solely or in part, by an employee by reason of his employment with the Council or by a school governing body. In these circumstances the owner will expect the same standards of accounting and propriety as would apply to Council Funds. Furthermore, if such standards are not applied, Council employees will be placed in a vulnerable position.
- 15.2 The following sections are designed to protect both the interests of the potential beneficiaries and the Council's staff.

Procedures

- 15.3 The Section 151 Officer shall be informed of the purpose and nature of all voluntary funds maintained by employees in the course of their duties at schools.
- 15.4 The accounts shall be audited annually by a suitable independent person and shall be submitted together with an audit report to the Governing Body within 6 months of the relevant accounting year end. The audit report should specifically assure that no Dedicated Schools Funds are being administered via voluntary or private funds. A copy of this certificate shall be forwarded to the Finance Team once approved by the Governing Body.
- 15.5 For schools, where items are received as gifts from external sources, the benefactors should be asked to specify whether the gift is intended to be held by the governing body. Where this is not the case, the gift shall become the property of the Authority. No gift which is held in trust or where legal ownership cannot transfer to the Authority shall be accepted without the written authorisation of the Finance Team.
- 15.6 It is the responsibility of the governing body to ensure all relevant registrations are made with the Charity Commission where applicable.
- 15.7 Staff must never mix their own finances with those voluntary funds they are authorised to administer. Staff must never cash personal cheques using voluntary funds.
- 15.8 Staff must never borrow monies or use voluntary funds for their own purposes / purchases.
- 15.9 Schools Governing bodies shall maintain and apply formal control written procedures including monitoring levels of income and expenditure in relation to voluntary funds.

16. TRUST FUNDS

- 16.1 Trust funds have a formal legal status governed by a Deed of Trust. Employees acting as trustees must ensure that they are conversant with the requirements of the Trust Deed and the law and comply fully with them.
- 16.2 Financial Regulations and Procedures should be viewed as best practice and should be followed whenever possible.

Procedures

- 16.3 All employees acting as trustees by virtue of their official position shall ensure that accounts are audited as required by law and submitted annually to the appropriate body. The Section 151 Officer shall be entitled to verify that this has been done.

17. VALUE ADDED TAX

- 17.1 Due to the VAT regulations, the Council is generally able to recover the VAT it incurs in excess of that it receives. The correct VAT treatment in respect of all payments and receipts is vital to ensure the Council continues to be a net-receiver and does not incur penalties from HM Revenue & Customs.

Procedures

- 17.2 Headteachers are responsible for the correct accounting for VAT in respect of both income and expenditure, and for providing information to the Section 151 Officer to enable proper VAT records to be maintained and correct VAT returns to be made.
- 17.3 The Section 151 Officer is responsible for the VAT return to HM Revenue & Customs.
- 17.4 Where a school operates a local bank account, the headteacher is responsible for submitting the necessary claims for the recovery of VAT in accordance with the timetable and format specified by the Section 151 Officer.
- 17.5 Any VAT misdeclaration or other penalty will be the responsibility of the relevant governing body and will be charged to the school's budget.
- 17.6 All documents identifying VAT transactions, including proof of payment and banking records, must be retained for six years to satisfy the requirements of HM Revenue & Customs.
- 17.7 Schools must submit their vat claims for reimbursement to the Councils VAT Officer within ten working days of the period end. Authorisation for the reimbursement should be the appropriate Director.

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