

# Finance policy & procedures



## LONDON EAST ACADEMY & AL MIZAN SCHOOL

ISLAMIC SECONDARY SCHOOL FOR BOYS & ISLAMIC JUNIOR SCHOOL

**Approved by:** Ashraf Ali **Date:** 01/09/2021

**Last reviewed on:** 01/09/2021

**Next review due by:** August 2022

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# Finance Policies and Procedures

## **TERMS OF REFERENCE: Governing body of London East Academy (LEA) & Al-Mizan School (AMS)**

### **1 Purpose**

The 'Governing Body for Schools & Evening Madrasah' (GB) is constituted as a committee of the East London Mosque Trust (ELMT) to govern the London East Academy, Al Mizan School (full-time schools registered with the DfE) and the Evening Madrasah (supplementary open to children from all schools) on behalf of the ELMT with a view to provide a high quality of education.

### **2 Composition**

2.1 The GB shall consist of at least 7 governors and must not exceed 15: a) There must be 4 'foundation' governors, whose role is to safeguard the character of the schools and ensure they are conducted in accordance with the ELMT's wishes; they are appointed by the ELMT Board of Trustees, and must include at least 3 trustees;

b) There must be no fewer than 2 'co-opted' governors, who have specific expertise, skills or can add value to the GB;

c) The GB may directly appoint or arrange the election of up to 3 'parent' governors; and

d) The GB may directly appoint or arrange the election of up to 3 'staff' governors, one of whom shall be the schools' headteacher.

2.2 A trustee of ELMT may only serve as a 'foundation' governor.

2.3 A parent or legal guardian of a child who is a pupil at the ELMT schools or Evening Madrasah may only serve as a 'parent' governor.

2.4 The GB may appoint advisors to provide general advice and counsel.

2.5 A governor is appointed for a term of 4 years, which may be renewed.

2.6 All governors must have an enhanced DBS check.

2.7 A governor shall cease to hold office if he or she: a) is prohibited by law or any statutory regulation from being a governor;

b) is no longer eligible for the category of governor they were appointed to (foundation/parent/staff);

c) is absent from all meetings, for a period of six months, without permission of the GB;

d) resigns as a governor by written notice to the GB; or

e) is resolved to be unsuitable for office by the Board of Trustees, after any vote of no confidence by at least two-thirds of the GB.

### **3 Proceedings**

3.1 The quorum shall be 5 governors, which must include 2 trustees.

3.2 The chair of the GB shall be appointed by the Board of Trustees; in the absence of the chair, those present must choose another governor to chair the meeting.

3.3 Decisions of the GB and any subcommittees shall be made by a majority of votes. In the case of an equality of votes, the chair of the meeting shall be entitled to an additional casting vote.

3.4 The GB must keep minutes of all its meetings and those of any delegated subcommittees. Minutes must be circulated to all members of the GB within 5 days of any meeting.

3.5 The GB shall make rules or adopt policies to comply with statutory requirements, or good governance, but which shall be consistent with ELMT's articles and bye laws.

3.6 All policies and records of the schools, as maintained by the GB, belong to the ELMT and must be disclosed to the Board of Trustees and any regulatory body if required, subject to any statutory provisions for redactions.

3.7 The GB shall consult the Board of Trustees (or other relevant committee of ELMT) or the ELMT compliance officer (if any), prior to the formal adoption of any proposed governance policy, to ensure compliance and consistency with ELMT articles and bye laws.

3.8 The schools' headteacher is entitled to attend all meetings of GB subcommittees, subject to the conflict-of-interest policy.

#### **4 Delegation**

4.1 The GB is delegated the following functions and powers to govern the schools and Evening Madrasah to: a) ensure clarity of vision, ethos and strategic direction;

b) hold the schools' headteacher to account for the educational performance of the schools and pupils, and the performance management of staff; and

c) oversee the financial performance of the schools and Evening Madrasah and make sure its money is well spent.

4.2 The GB may constitute and delegate any of its functions or powers to subcommittees, but the terms of the delegation must be recorded in the minutes.

4.3 Any delegated powers must be exercised exclusively by the subcommittees, who must report any decisions or actions taken at the next meeting of the full GB.

4.4 The GB may impose conditions, revoke or alter a delegation.

4.5 Individual governors do not have any powers or authority, unless specifically delegated by the GB, as recorded in the minutes.

4.6 Any rooms or parts of the ELMT premises designated for the schools must be used in accordance with the decisions of the Board of Trustees. No alterations or change of use to the designated premises are permitted without the prior written approval of the Board of Trustees.

4.7 The GB is responsible for determining how the schools' budgets are spent. The annual budgets, fee levels and policy must be approved by the Board of Trustees.

4.8 All payments from bank accounts operated by the schools must be made by two authorised signatories.

4.9 The GB shall appoint suitable staff for the schools.

4.10 The appointment of schools' headteacher or head of school must be approved by the Board of Trustees.

4.11 All publicity, employment adverts and contracts require the prior approval of the Board of Trustees or designated ELMT officer, to ensure compliance.

4.12 Media requests for information or interviews shall only be complied with if approved by the Board of Trustees or designated ELMT Officer.

4.13 The GB shall always act in accordance with relevant laws and statutory regulations for schools, the ELMT Articles of Association, and these Terms of Reference.

## **5 Reporting**

5.1 The GB must report to the Board of Trustees, as required by the ELMT Articles (39).

5.2 Minutes of the GB and its subcommittees must be sent to the Board of Trustees within 10 days of any meeting. If they have not been formally approved, any later changes must be notified to the Board of Trustees within 5 days of approval.

5.3 The GB shall provide quarterly reports and management accounts for the schools to the Board of Trustees.

5.4 The GB shall produce and provide an annual report to the ELMT Board of Trustees, to enable the compilation of statutory and other reports of the charity.

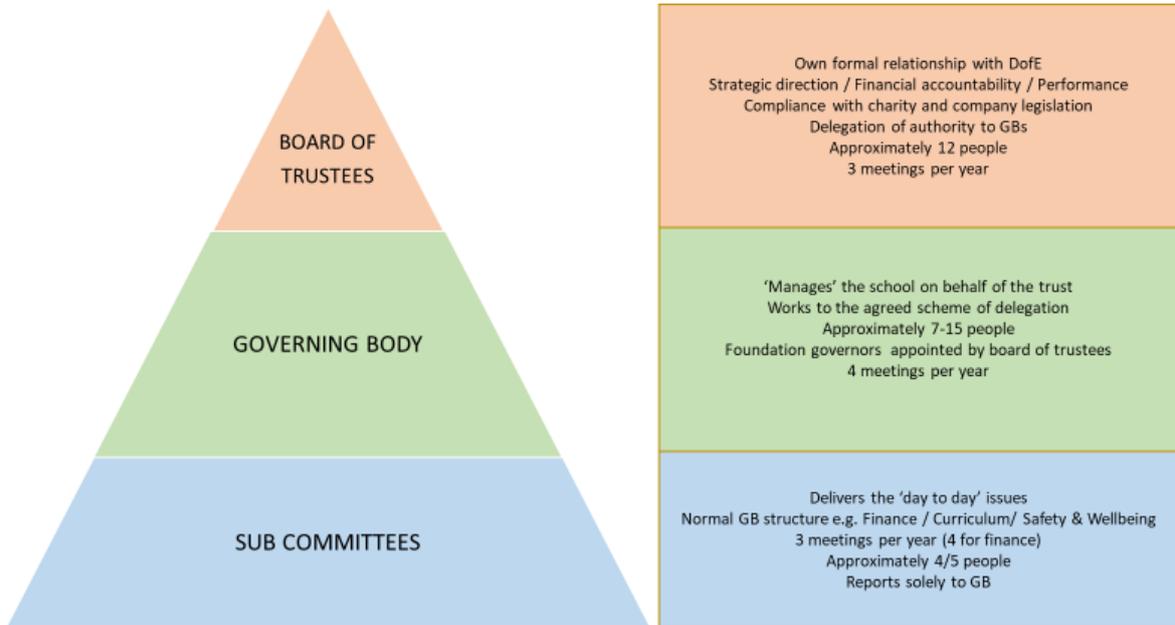
5.5 The GB shall prepare any statutory reports or documents that are required by regulatory authorities.

5.6 All requests for reports and actions by statutory regulators, should be consulted with and reported to the Board of Trustees, unless subject to non-disclosure (safeguarding).

5.7 The GB must notify the Chairman and the lead member of staff of the ELMT without delay whenever they are subject to statutory inspection.

Terms of Reference approved at the Board of Trustees meeting on 1 Feb 2020.

# Structure of Governance



# Code of Financial Practice

## 6. Purpose

Ensure the school complies with all matters of regularity, propriety, and value for money in its use of its delegated budget.

Monitor, evaluate, and report to the Governing Body on the implementation and impact of the school's financial policies.

Ensure the school complies with all legislation and effectively implements the school's policies and procedures relating to the use of its buildings, ICT, data, and health and safety.

To ensure compliance with all relevant ELMT's policies and procedures.

## 7. Finance Committee

The responsibilities of the Finance Committee are as follows:

- In consultation with the Headteacher, to draft the first formal budget plan of the financial year
- To establish and maintain an up-to-date three-year financial plan
- Determine and review financial policy including consideration of long-term planning and resourcing.
- To monitor expenditure and projected outturn against budget at least once each term and to report significant variances from the anticipated position to the Governing Body
- To ensure that the school operates within the Financial Regulations of the Government/Local Authority and that correct financial controls are in place.
- To monitor income and expenditure of all voluntary funds kept on behalf of the Governing Body
- To annually review charges and remissions policies and expenses policies.
- To make decisions in respect of service level agreements and contracts
- To make decisions on expenditure following recommendations from other committees
- To determine whether sufficient funds are available for pay increments as recommended by the Headteacher
- In the light of the Headteacher Performance Management Group's recommendations, to determine whether sufficient funds are available for increments
- Expenditure in excess of £10,001+ for any single purchase or service must only be made with the approval of the Governing Body.
- Expenditure in excess of £10,001+ for any multi-purchase or service, or for multiple purchases and service from the same supplier, must be approved by the Governing Body
- To approve Virements over £5,001 must be approved by the Governing Body.
- Ensure that the school receives value for money in purchasing goods and services in accordance with the principles of Best Value.
- Respond to any audit reports on the management of the budget and financial procedures.
- Keep pupil numbers under review to monitor the effect on future budgets.
- Ensure procedures are in place regarding the audit of the School Accounts.

## 8. Membership / Organisation

The GB must have at least 7 governors and the school finance officer/manager to attend in as advisory capacity.

Terms of reference and membership to be reviewed annually.

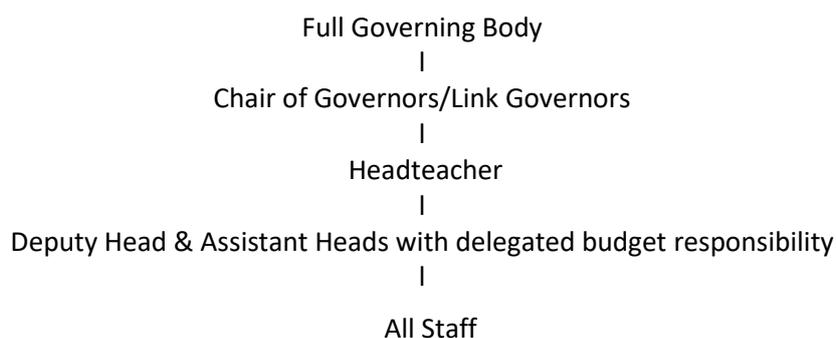
Chair & Vice of the committee to be appointed annually

### Governing body membership July 2021

GOVERNORS				
Name	Role	Lead Role	Governor	Appointment date
Mohammed Badr	Acting Headteacher		Head	<a href="#">June 2021</a>
Hussain Shefaar	Governor	Chair of GB	Foundation	<a href="#">June 2020</a>
Abdul Hayee Murshad	Governor		Foundation	<a href="#">Jan 2020</a>
Abdul Muktadir	Governor		Co-opted	<a href="#">December 2021</a>
Hasya Qureshi	Governor	Chair of AMS committee	Co-Opted	<a href="#">February 2021</a>
Jeaur Rahman	Parent governor		Co-opted	<a href="#">October 2021</a>
Ashraf Ali	Finance sub committee	Chair of finance	Co-opted	<a href="#">October 2017</a>
Anam Khan	Curriculum sub committee	Chair of LEA committee	Co-opted	<a href="#">October 2020</a>
Suraya Khaliq	Governor		Parent	<a href="#">June 2021</a>
Abdul Basit	Staff governor		Teacher	<a href="#">December 2021</a>

### Organisation structure

The school's organisational structure in finance resource terms:



# Financial Management and Accounting Procedures

## 9. Purpose

The purpose of this policy is to set out the principal financial policies and procedures to guide all relevant decision makers of Governing body at LEA & AMS.

## 10. Budget Planning

Schools are required to:

- Produce a budget plan detailing estimates of planned expenditure
- Total planned expenditure must not exceed budgeted income
- Precise format of a budget plan may be decided by the Finance Committee
- Once the budget plan is approved by the Governing Body it must be submitted to the Trust

## 11. Expenditure Control/ Limits

The headteacher or a member of the SLT (school leadership team) in the headteacher's absence is able to authorise expenditure for day-to-day goods and services up to £2,500 on any one item. Authorisations above this amount is set in the table under the scheme of delegation.

## 12. Budget Limits

The headteacher or a member of the SLT in the headteacher's absence is able to authorise budget movements between individual budgets up to a limit of £1,000. Authorisations for budget virements between £1,001 and £5,000 are to be referred to the Finance Committee. Authorisations over £5,001 must be referred to the Governing Body.

## 13. Disposal of Surplus Equipment and Materials

Disposals of surplus equipment and materials, see scheme of delegation

## 14. Bad Debts

Bad debts, see scheme of delegation

## 15. The Finance Officer (FO)

15.1 The headteacher is responsible to the Governors Finance Committee for the financial operation of the school. The Head carries out this responsibility by delegating to the FO the day-to-day management of the school's financial operation and periodic reviews of the financial performance of the school. The headteacher delegates to Curriculum Leadership Team elements of the budget as budget managers.

15.2 The FO is responsible to the headteacher for the day to day running of the schools financial and administrative operations. The FO is responsible for the monitoring and financial operation of the budget managers.

15.3 The FO will:

- a. Produce the first draft of the budget for the Finance Committee (March/April).

- b. Set the budgets in consultation with staff and delegates budget management to budget holders.
- c. Provide budget holders with up-to-date budget information.
- d. Raise orders on behalf of budget holders.
- e. Reconcile reports and bank statements monthly.
- f. Produce regular monitoring reports for the Finance Committee as required.
- g. Pass relevant financial information from accountant to Finance Committee.
- h. Supervise all financial administration at the school.
- i. Sign all invoices for payment.
- j. Be responsible for ensuring that sound systems of internal control are in place that enables the proper processing of the school's transactions and activities.
- k. The FO is responsible to the Governing Body for ensuring that ELMT & the school financial regulations or standing orders financial requirements are implemented.
- l. Receive the orders from budget holder and carries out a best value audit of the goods requested finding the cheapest supplier.
- m. Gets headteacher's authorisation before placing order with supplier by inputting orders onto the Finance system, checking budget and printing Official Order for authorisation by headteacher.
- n. Check received orders for discrepancies and signs off.
- o. File the delivery notes accordingly.
- p. Prepares invoices for payment and checks the accuracy before asking the budget holders to certify/approve payments.
- q. Act as the main point-of-contact between the accountant and the school.
- r. Ensures that all good items above £100 are marked with permanent ink and/or barcoded and included in the Inventory list.
- s. Is responsible for ensuring that the Inventory list is kept up-to-date and is periodically checked to make sure that the good are where they should be.
- t. Keeps a list of resources that are disposed in accordance with the school's policy.

## **16. Payment and school fee policy**

The finance officer will ensure that the school is in compliant with the payment and school fee policy and its reviewed annually.

## **17 Budget Managers**

17.1 Budget Managers are responsible to the FO for the efficient operation of their delegated budgets.

17.2 Scheme of Delegation is attached at the end of this code and any variation must be approved by the governing body.

17.3 The Governing body delegates to the headteacher, the authority to spend within the agreed budgets. Overspends may only be made with the approval of the Governing Body.

## **18. The Budget Cycle**

### **September to January**

- Identify financial requirements for the future curriculum
- Carry out the future staffing analysis
- Identify priorities linked to the school improvement plan

### **January to March**

- Access the relevant indicators/information and consider likely funding levels
- Produce a draft budget

### **March to July**

- Evaluate outturn and consider whether original budget needs to be amended and spending plans altered
- Set revised budget
- School review – look at success criteria

## **19. BUDGETARY CONTROL**

19.1 The statement of the aims and objectives are found in the school improvement plan (SIP) which provides the basis for constructing budget plans

19.2 The governing body have established procedures and timetables for planning the budget to ensure that all relevant factors are considered. The Finance Committee meets as required to discuss salaries and the budget modelling plans. The full Governors meeting during the summer term receives the finalised budget plan for approval.

19.3 The SIP provides estimates of expenditure and income which is sufficiently detailed.

19.4 The governing body ensure that the planned expenditure for each financial year does not exceed the available budget, as adjusted for carry over from previous years, income receivable, provisions for pay or price increases or other contingences.

19.5 The headteacher forwards the budget which has been approved by the governing body and to the trust.

19.6 Where appropriate, the budget is profiled to take account of likely spending patterns.

19.7 The headteacher/FO provide the governing body with regular monitoring reports which have been reconciled to the bank account and Finance system.

19.8 Budget holders receive regular update reports from the FO of the balance in their 'account' and may request interim reports when required.

19.9 Decisions to vire funds from one budget heading to another are taken by the Finance Committee and must support the school's aims and objectives.

19.10 The headteacher and the governing body assess progress against the objectives in the improvement plan.

19.11 The headteacher periodically consults the staff and the governing body to ensure that the financial and management information they receive is relevant, timely, reliable and understandable.

19.12 The headteacher reports to the governing body any proposals for policy changes which significantly affects the expenditure or income budgets.

## **20. INTERNAL FINANCIAL CONTROLS**

### **20.1 Receipts**

20.2 Donations and cash contributions are banked regularly so that no more than £500 is kept in the school safe at any one time. Any money above this amount should be banked following banking procedures.

20.3 Receipt of credits and journal transfers are recorded in the local records (paper and computer) by FO.

20.4 All credits are reconciled by FO and checked by the headteacher.

20.5 The FO prepares all invoices and cheques for payment, records the process in the local records and files copies.

20.6 The FO counter-signs all invoices passed for payment.

20.7 The FO sends by post the invoices for payment and cheques, noting invoice number and date of sending on a cheque payment slip.

20.8 All payments are reconciled by the FO and checked by the headteacher. Reconciled accounts are checked by the external advisor.

20.9 The financial systems and procedures used in the school should be available at request.

20.10 In the long-term absence of the headteacher a designated member of the SLT will be appointed as 'acting headteacher' who will carry out his duties. In the absence of the FO the headteacher will delegate the duty to the Office Manager or an external advisor to take on the responsibilities.

20.11 The school has separated duties as far as is possible.

20.12 Any alteration to original documents will be in ink and signed; correcting fluid or eraser will not be used.

20.12 All accounting records are filed carefully. Past years records are stored securely in the Administration cupboard.

20.13 All financial transactions will be traceable through the local records, both forwards and backwards.

20.14 The only staff to have input access to the computer based local records are Finance Officer/ external advisor, and the headteacher (when necessary).

## **21. Banking Arrangements**

21.1 The GB is required to approve the opening and closing of all bank accounts for and in the name of LEA & AMS, including the mandates to authorise signatories.

21.2 All banking for LEA & AMS shall be centralised, with the school maintaining:

- (a) A principal current account in the name of LEA & AMS, for the purpose of receiving fee's and funds.

21.3 All fees and income shall always be paid into the principal current account

21.4 Authorised signatories for all bank accounts shall be the Head teacher and two other individuals as decided by the GB.

21.5 All bank accounts shall require two persons to authorise payments. Both signatories should see supporting invoices.

21.6 This account is used for all payments including payments to suppliers, staff; and also for all the income received.

21.7 All BACS must be paid to authorised account.

21.8 Only manuscript signatures are used and no BACS is pre-signed.

21.9 Cheques are kept in the safe.

21.10 There is no facility to overdraw.

21.11 Bank statements are received monthly and are reconciled.

21.12 Reconciliation is carried out by the FO and an external consultant.

21.13 No payment or receipt is made through a private bank account.

## **22. Controls of the Bank Account**

22.1 There must be a segregation of duties between the authorisation, preparation and issue of cheques. No one who prepares and issues the cheque may also sign it, without a second signatory, who has not been involved in the cheque's preparation and issue

22.2 Similar controls over segregation of duties are applied to BACS and electronic banking

## **23. Segregation of Duties**

- There must be a segregation of duties to ensure that there are checks and balances in every financial transaction.

## **24. Bankers' Automated Clearing Services (BACS)**

24.1 The school should make payments for services and goods via BACS as standard practice. Cheques are only used when BACS payments cannot be made.

24.2 Employees must only log onto Bank website from the school and not from remote locations.

24.3 Only payments which have been generated through SAGE can be made in Bank website.

24.4 Two authorised signatory must compare and sign the BACS Payment report.

24.5 Online bank users must not share user names and PIN numbers – this control is vital to ensure that no individual can both make a payment and approve it in online banking.

24.6 Any member of staff leaving employment must be removed from online banking access immediately.

24.7 All online transactions can be traced back to the individual who made them. Schools must emphasise traceability of all transactions to individuals with online banking access.

24.8 The authoriser releases BACS payments online. This is the equivalent of signing a cheque. Authorisers must ensure that they have checked the payments online to the SAGE BACS Run Report and obtained any signatures needed to comply with the school's scheme of delegation. This control is essential to ensure that no changes have been made to the payment file generated in SAGE.

## **25. Roles and Responsibilities for BACS**

25.1 Roles are set to determine what a user has access to do with online banking. For audit and security controls to work correctly, three roles are defined by the ELMT finance manager during the initial registration and set-up period, and only these roles may be assigned to school users.

25.2 A user can have more than one role, but no user should have both the Payer and Authoriser roles as these must be kept separate at all times.

25.3 The payer will be the school Finance Officer. The payer imports the SAGE BACS file into online banking and is usually the person who also enters all BACS data into SAGE. The Finance Officer also has the Administrator role, but does not have the Authoriser role.

25.4 The final Authoriser (ELMT Director of finance ) approves the payment of the SAGE BACS file once it has been imported into online banking.

25.5 An Authoriser can also have the Administrator role, but must not, under any circumstances, have the Payer role.

## **26. Bank reconciliation**

26.1 Bank statements are signed and dated by the headteacher upon receipt.

26.2 The FO checks individual transactions on the bank statement against the Reconciliation report on the SAGE Finance system.

26.3 The reconciled transactions are saved in the format MONTH/YY.

26.4 The headteacher checks and signs the reconciliation report as part of month end procedure.

26.5 A reconciliation report is filed away with all month end reports and documentation.

## **27. PURCHASING**

### **27.1 Value for money**

27.2 Items are ordered using competitive suppliers it should be in compliant with scheme of delegation.

27.3 Orders may only be requested by the authorised delegated budget holder.

27.4 All orders must be agreed by the FO to ensure appropriate funds are available in the agreed budget. Where the order is placed by the FO the agreement of the headteacher will be obtained.

27.5 If a decision is taken to proceed with a quotation which was not the lowest the reasons for the decision will be recorded in the minutes of the governors' meeting.

### **28. Orders for goods and services**

28.1 All orders will be made on official pre-numbered requisition/order forms from the school finance accounting system for all goods and services except utilities. These numbers will be allocated by the FO in the format accepted by the Finance software.

28.2 Telephone orders should be made only when no other option is available. Where an order is made verbally/by phone, it will be confirmed in writing as soon as practicable.

28.3 Only official order forms are used which are available from the FO but an order number must be obtained.

28.4 Orders are not used for individuals to obtain goods for their private use.

28.5 Orders cannot be altered after authorisation. Copies of all orders are filed by the FO against the budget heading.

28.6 The budget holder only may certify orders.

28.7 The budget holder ensures that all orders are appropriate and needed, that there is adequate budgetary provision and that quotes or tenders have been obtained if necessary.

28.8 The Finance system is a commitments system and any order placed will feature subsequently in budget monitoring reports.

### **29. Payment of accounts**

29.1 The deliveries are checked by the Finance Officer or Office Manager on delivery. The delivery note is marked to confirm that this has been done.

29.2 Payments are made against invoices after goods or services have been received using local records to confirm that:

- payment has not already been made
- goods/services are satisfactory in both quality and quantity
- the price is as agreed at the time of ordering, correctly calculated and with appropriate discounts
- appropriate VAT and taxation regulations have been applied
- inventories have been updated where applicable

29.3 The FO and the headteacher counter sign all invoices. Members of the SLT are all signatories.

29.4 Where there is any change in the staff authorised to sign invoices passed for payment a specimen signature will be forwarded to the bank.

29.5 No payment is made on photocopied invoice from a supplier unless certified/signed by an authorised signatory as being a true copy following checks, or on a statement unless a remittance advice is attached.

### **30. Authorising Expenditure and Payments**

30.1 All expenditure shall require the following authorisation:

Amount	Authorisation required
Up to £2,500	Head Teacher
£2,501 - £5,000	Head Teacher and Chair of Finance
£5,001 - £10,000	Head Teacher, Chair of Finance and Chair of GB
Above £10,001	Full GB

30.2 The following procedure is required for all procurement of goods and services:

Estimated Value	Tender Action Require
Below £100	No quote required.
£101 - £500	Two oral quotes.
£501 - £2,500	Two written quotes
£2,501 - £5,000	Minimum of three written quotes
Above £5,000	Minimum of three written quotes, based on a clear written specification of requirements.
Above £15,000	Minimum of 3 formal competitive tenders invited.

30.3 Decision makers are subject to conflict-of-interest rules, and are required to declare and recuse themselves from any procurement process if they have any personal or financial link to the proposed provider of the goods or services.

30.4 All payments should be made electronically from the bank account/s, except in exceptional circumstances.

30.5 Any bank cards related to school may only be requested and issued in the name of the authorised names only, to be used for procurement related to school only.

### **31. Financial Records**

31.1 The finance officer shall maintain all accounting records, including bank statements, for a minimum period of six years. Such records shall be provided to GB upon request.

31.2 Accounting records, including invoices, receipts and contracts relating to income and expenditure should be ideally scanned and stored electronically in duplicate and two separate locations (digital office).

31.3 All accounts should be reconciled on a monthly basis by the finance officer, or other staff member designated by head teacher, and management accounts provided to finance committee.

## **32. Cash Management**

### **32.1 Payments and withdrawals**

Bacs payments must be the main method of payment and cheques to be used only if bacs is not available. All cheques and other instruments authorising withdrawal or transfer from school bank accounts must bear the signature of at least two persons from the bank mandate. This provision applies to all accounts operated by or on behalf of the school.

### **32.2 Administration**

The school finance officer/manager must ensure that bank statements are received regularly and that reconciliation is completed as a minimum on a monthly basis. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the school's cash book or using software system
- Reconciliation is prepared by the school finance officer/manager
- The Reconciliation report is countersigned by the Head
- The Head is notified of any adjustments or issues arising from the process
- Any outstanding transactions are investigated as part of the month end reconciliation process, prior to being submitted to the Chair of Finance.

## **33. Petty Cash**

33.1 The Governing Body have agreed to a maximum of £300 for LEA and £200 for Al-Mizan to be held at school for petty cash from the school budget.

33.2 Only the Head teacher and the Finance Officer/Manager have access to petty cash and the safe.

33.3 The FO will ensure that:

- i. vouchers and receipts are obtained for all cash payments made.
- ii. where appropriate receipts acknowledges VAT paid.
- iii. the cash is kept securely in a locked box in the safe.
- iv. cash or vouchers can be produced on demand to the headteacher, auditor or other authorised person.
- v. claims for reimbursement supported by vouchers are made regularly.

33.4 Personal cheques are not encashed from petty cash.

33.5 The headteacher/FO will check monthly on the accuracy of petty cash funds.

33.6 The Governing Body have agreed reimbursement of below £20 supported with a receipt for any expenses that is approved by the head. All expenditure must be signed by the budget holder and supported by valid VAT receipts in the normal way.

### **33. Cash Flow Forecasts**

33.1 The school finance officer/manager is responsible for preparing up to date cash flow forecasts to ensure that the academy has sufficient funds available to pay for day-to-day operations. Any anticipated overdrawn balances must be reported to the Head as a matter of urgency.

33.2 The cashflow forecast must be submitted to the Chair of Finance as part of the month end procedure.

### **34. Debt Management**

34.1 When a school raises an invoice, unless specifically detailed on the invoice, the payment terms will be 30 days.

34.2 The following process shall apply where payment is not received:

- 30 days after original invoice – statement issued
- 2 weeks after statement issued – reminder letter issued
- 2 weeks after reminder letter – second reminder letter issued
- 2 weeks after second reminder letter – refer to Head and seek legal advice if deemed necessary

34.3 The level in relation to the 'write off' of bad debts is outlined below:

- up to £1000 – Finance Committee
- Over £1000 – Governing Body

34.4 Any 'write off' of bad debts must be recorded and referred to the Head & Chair of Finance.

### **35. PERSONNEL**

35.1 All appointments, terminations and promotions are considered by the GB & Finance Committee.

35.2 The FO completes and checks all documents and claims relating to appointments, terminations, promotions and expenses. The headteacher counter-signs these documents.

35.3 Where the duties of the processing claims are necessary the headteacher will ensure that another officer e.g., a member of the SLT will also be involved.

35.3 Personnel records are held securely in the FO's office.

35.4 Payroll transactions are only processed through the payroll system.

35.5 The school should have monthly payroll reports showing all payments to employees. There is also a Management Report (on request) showing the status and salary point of every employee.

### **36. THE SECURITY OF STOCKS AND OTHER PROPERTY**

36.1 The headteacher is responsible to the governing body for the safe custody and control of cash and other property belonging to the school.

36.2 The headteacher tries to ensure that stocks are maintained at reasonable levels.

36.3 The stock records serve as an inventory of attractive or portable items greater than £100 in value. The items are marked with security paint or engraved with school postcode.

36.4 The annual electrical check serves as an annual physical check of items on the inventory. Discrepancies are checked by the FO/Office Manager and reported to the governing body.

36.5 Items are only taken off the school site with the permission of the headteacher.

36.6 Write-offs and disposal of surplus stocks and equipment are done in accordance with ELMT and the school financial regulation and authorised by the governing body.

36.7 The safe is kept locked at all times. Access is limited to FO/Office Manager and headteacher. Lost keys or unable to access the safe are reported immediately to the headteacher and ELMT.

### **37. INCOME**

37.1 The FO is responsible for identifying sums due to the school and collecting and banking such sums. Banking administrative work is done by FO/Office Manager.

37.2 Where invoices are required, they are issued promptly.

37.3 The Office Manager issues an official, pre-numbered receipt for all income collected.

37.4 Money transferred between staff will be signed for.

37.5 Receipts are securely retained by the Office Manager in a locked cabinet.

37.6 Cash and cheques are kept locked in the safe.

37.7 Collections in their entirety are paid into the appropriate bank account.

37.8 The FO will carry out a monthly reconciliation to ensure that income collected agrees with the amount banked.

37.9 Debts will only be written off in accordance with GB approval. The school will keep a record of all sums written off.

# Appendix 1

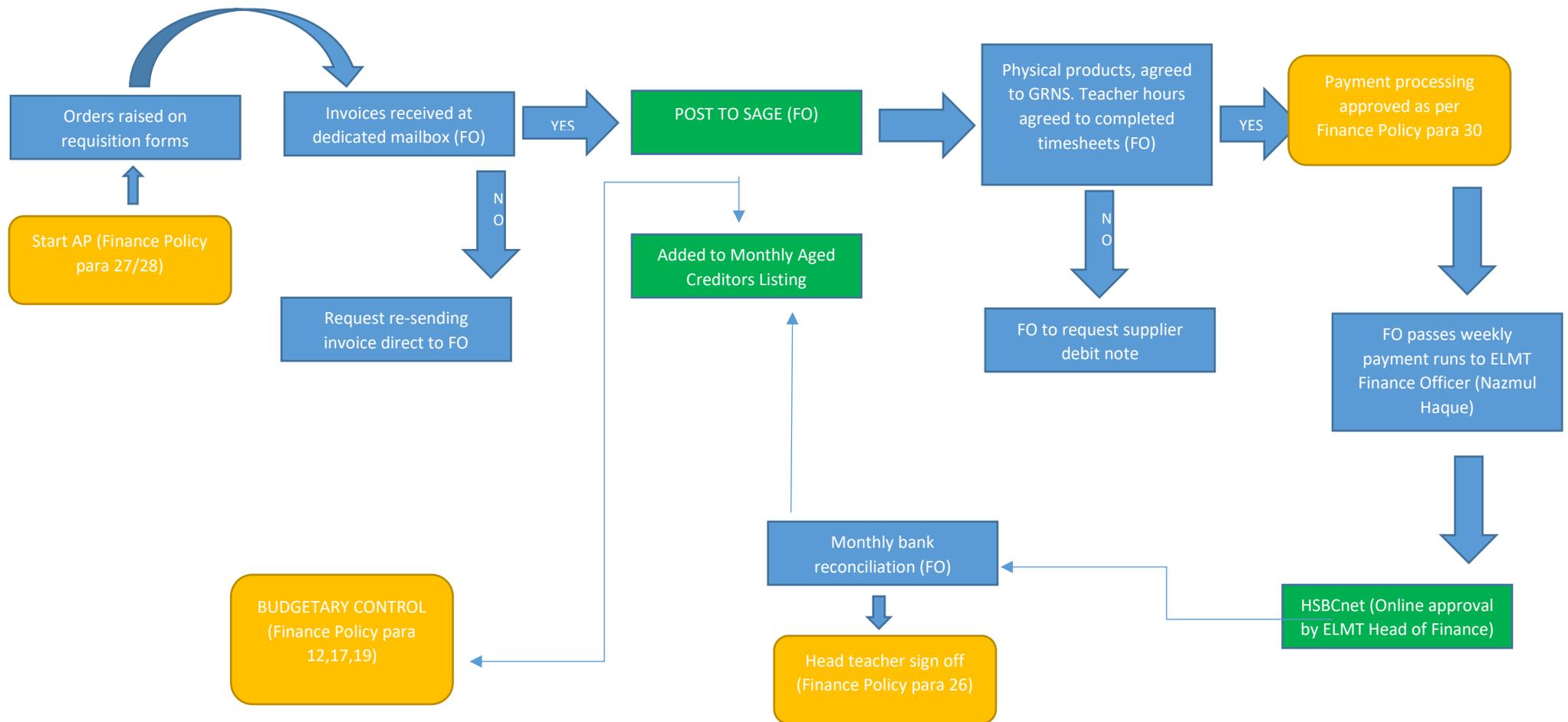
## SCHEME OF FINANCIAL DELEGATION

### July 2021

Activity	Proprietor	Full Governing Body	Finance Committee	Headteacher
Signing purchase orders or invoices		£10,001+	£2,501 to £10,000	Up to £2,500
Signing cheques/BACS (2 signatories required)		£10,001+	£2,501 to £5,000	Up to £2,500
Payroll adjustment				Must consult chair of Finance & GB for any adjustment
Petty Cash/vouchers		Any amount above £20 will need to go through reimbursement claim		£20
Virements		£5,001+	£1,001 to £5,000	Up to £1,000
Asset disposal	£5,000 +		Up to £500	
Debt write-off	£300 to £500		Up to £300	
Travel claims			To approve claims by headteacher	To approve claims for SLT Travel should only be by public transport when needed
Overtime claim				Headteacher or Finance Officer must attach overtime claim form with monthly payroll report for approval by the Chair of Finance
Payroll cost				Headteacher must comment on any variation on payroll costs each month
Supply staff				Headteacher must obtain written confirmation from supply agency of daily rate and attached this with the invoice for payment.

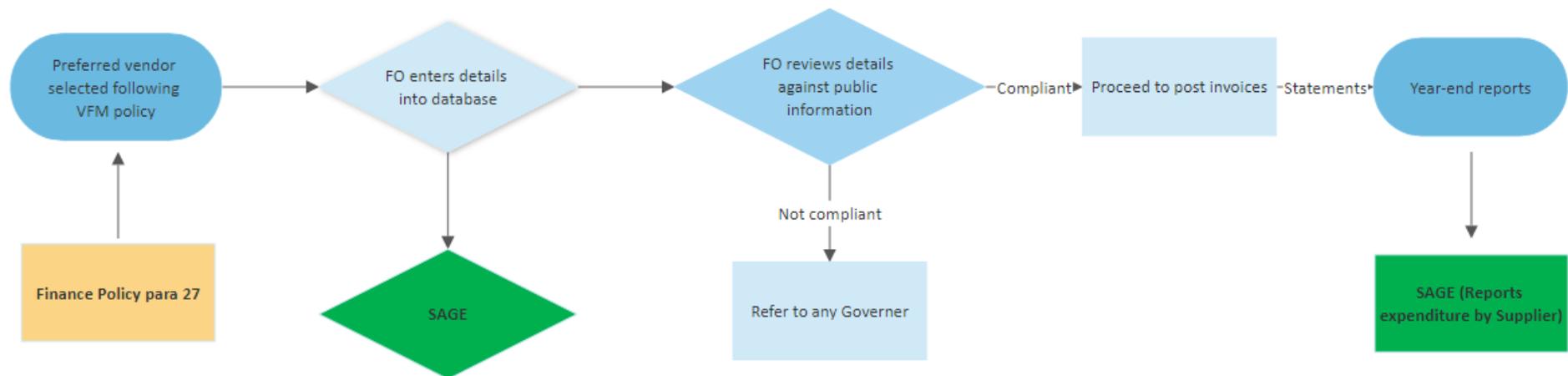
## Appendix 2

### Accounts Payable – Procedures



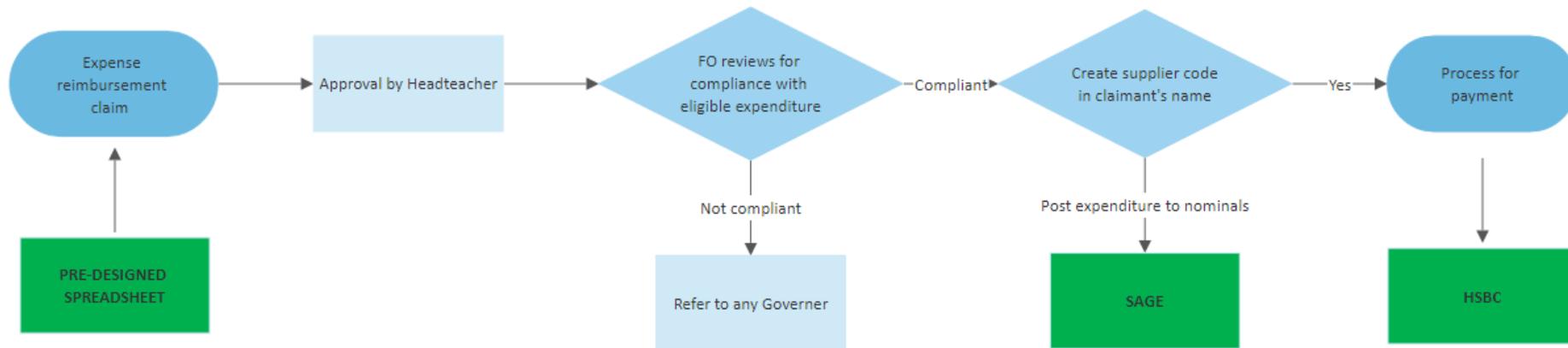
# Appendix 3

## Accounts Payable - Vendor Master Maintenance



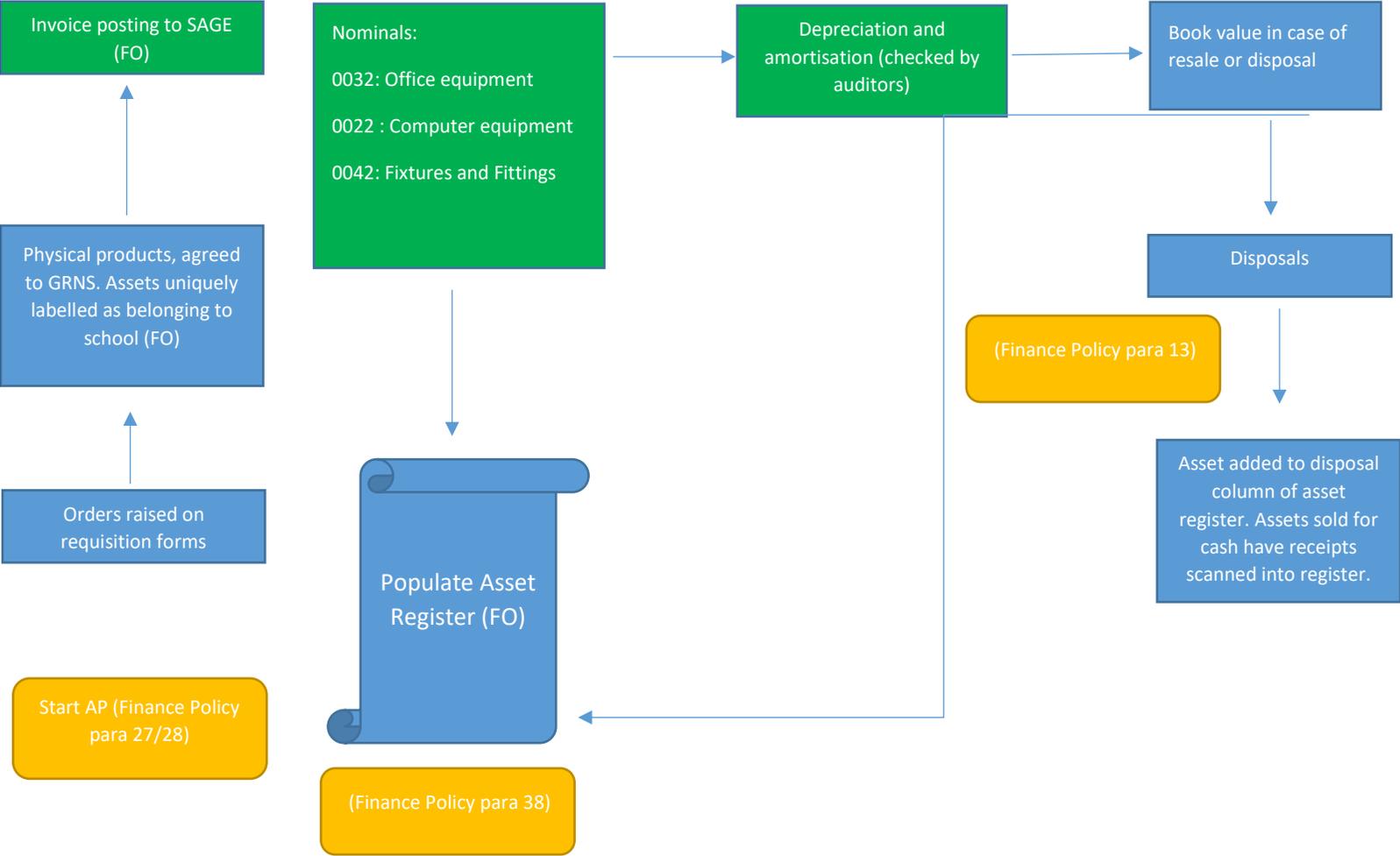
# Appendix 4

## Reimbursements



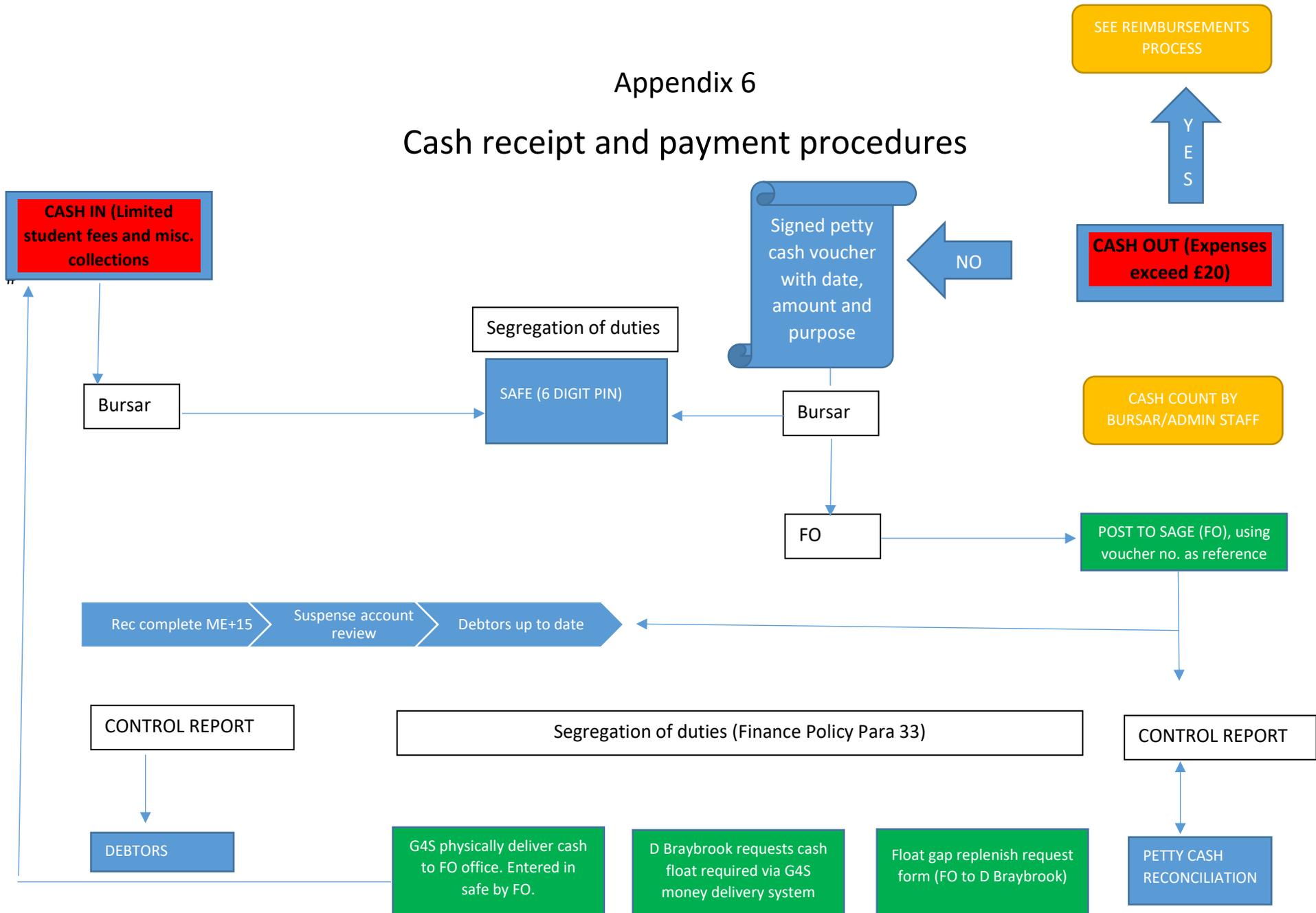
# Appendix 5

## Assets - Procedures



## Appendix 6

### Cash receipt and payment procedures



## ACCOUNTS PAYABLE AND ASSET CONTROLS (Appendices 2-5)

PROCESS	CONTROLS
Orders of inventories made on requisition forms	Orders signed off only by budget holders or Headteacher
Invoices posted in Sage must come through Finance Officer mailbox	FO should not post duplicate or bogus invoices handed to him. FO also has full trail of all invoices on supplier ledgers.
Online payments not authorised by School staff	Segregation of duties: Sign-off, Uploader onto HSBC net, and Approver on HSBCnet are all different individuals
Supplier Onboarding; >£5k require documented quotes obtained by FO. >£20k require review by Governors	Vendors are not added at excessive cost to the schools
Supplier details added to Sage	FO can check for consistency with individuals who are communicating with him, as well as share statement information with genuine Finance contact on supplier side
Supplier bank details changed in Sage to be communicated to Finance Team at ELMT showing supplier communication	HSBCnet will have supplier template set up with prior bank details. These details can only be changed following official communication. The segregation of duties ensures the same person that deals with the supplier, cannot also amend their bank details online.
Expense reimbursement forms used for meals etc.	Less risk with using school petty cash and returning correct change. An electronic trace kept of all historical claims.
Asset labelling	Equipment is more easily identifiable and can be recovered in cases of resale
Fixed Asset register	Reconciling to nominal code additions in Sage serves as a control to understand that the assets paid for are those assets on school premises

## CASH CONTROLS (Appendix 6)

PROCESS	CONTROLS
In instances of cash receipts, accounting of receipt is made on same day. All receipts of cash must include e-mail confirmation from the bursar/collecting staff to payee (parents or fundraiser) copying in Finance Officer. This is relevant if FO is absent, and will alert them that they need to account for the receipt.	The accounting system serves as an up to date control function, thus allowing prompt count and reconciliation at month-end. Segregation of duties : cash handler is also not the recorder of receipts.  Analysis of cash account within SAGE will also allow management and audit functions to assess if petty cash float procedures are being maintained.
Physical count of cash at month-end by Bursar/Finance Assistant, in presence of Finance Officer.	More than 1 staff member involved in cash count. Considered sufficient control with regards to the amount of the float being maintained.
Float limit £500, reducing risk of loss through persons with access.	Headteacher reviews monthly cash reconciliations, and signs off. If at month end, the float is exceeded, a note is made on cash reconciliation of reason and expected banking day.
Bi-weekly banking when float limit exceeded (Tuesdays and Thursdays)	Outsourced to G4S Cash-In-Transit services so that no staff are involved in the cash banking journey to the bank. Receipt issued to D Braybrook (Finance Assistant) at different site, who communicates to School FO (Segregation of Duties)
Float top ups outsourced	Where funds are low, and petty cash requires top up to £500 limit, this is done via cheque at the bank, with 2 signatories as per the banking mandate. 2 Finance staff members make the trips to the bank.
Expected cash use exceeding £20 shouldn't occur, and expense reimbursement process using online banking is used.	If this occurs, it would appear in the monthly reconciliations, or the petty cash would not reconcile, thus the Headteacher would be alerted. Multiple expenditures of £20 between different individuals would also appear in the reconciliation.
Petty cash expense approval can be done by x (headteacher may not always be available so consider if other senior staff are allowed as the limit is low)	Cash can only be expended on activities that are part of running a school.