



Finance Procedures

(inc. Procurement Guide)

2018
- 19

Agreed by the Governing Body on 20th September 2018.

Signed:..... Chair of Governors

Signed:..... Executive Head

The Governing Body is responsible for providing the policy structure for the financial management of the school, including the operation of the delegated budget.

The Governing Body will discharge its responsibilities for financial management within the framework provided by the LB of Hackney Funding Conditions.

The following procedures have been agreed by the Governing Body and must be followed by all staff in the school.

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School Bank Accounts

The following is a list of the authorised signatories for the Federation Bank Account.

Name	Bank	Sort Code	Account Number
Disbursement	Nat West	60-20-32	xxxxxxx
Signatories			
Nicole Reid	Interim Executive Head		
Derek Hewie	Headteacher		
Jess Hutchison	Headteacher		
Rory McGrath	Interim Headteacher		
Katie Beecroft	Deputy Head		
Teneille Dardis	Assistant Head		

BACS payments (or other forms of electronic payment) must be authorised by any two of the approved signatories. The online authorisation must be completed by one signatory if under £20,000 and two signatories if over £20,000. Cheques must be signed by two of the authorised signatories (stamps must not be used) and must be crossed 'account payee only'. Cheques must **never** be pre-signed.

Any notification of a change of bank details of a supplier must be checked through the supplier's main contact details, not using the details on the notification.

The Federation holds no other bank accounts.

Expenditure Limits

The delegated limits for approving expenditure, virements and writing off debts are as follows:-

Body / Individual	Authority to Spend	Virements	Debt Write Off
Governing Body	£50,000+	£50,000+	£2,500+
Resources Committee	up to £50,000	up to £50,000	up to £2,500
Executive Head	up to £20,000	up to £20,000	up to £500
Headteacher	up to £10,000		

Any contracts / purchases above certain amounts require either quotes or tenders as follows:-

- | | |
|-------------------------|--|
| up to £5,000 | - a quote or price must be obtained |
| from £5,001 to £10,000 | - at least 2 quotes – this can be electronic or in writing |
| from £10,001 to £50,000 | - at least 3 quotes – this can be electronic or in writing |
| over £50,000 | - must be subject to formal tender procedure |

over £164,176

- tenders must be advertised in the Official Journal of the European Union (OJEU)

Where the lowest quote or tender was not accepted the reasons must be reported to the Resources Committee and, where necessary, the Governing Body.

Separation of Duties

It is important that there is a separation of duties around school expenditure. This means in practice that different staff are involved in the whole process as follows.

- All orders must be approved by the budget holder and countersigned by the relevant Headteacher
- When an order is received it must be checked by a member of staff (either office staff, TA or Premises Manager)
- Invoices must be authorised by the Executive Head – back-up documents must be attached
- BACS payments must be authorised by two signatories
- Cheques must be signed by two signatories
- Bank reconciliations must be checked by the Bursar and countersigned by the Executive Head

Orders

- An internal order form must be completed before an order can be placed. The form must be signed by the budget holder and must state which budget is to be charged
- All orders must be approved by the relevant Headteacher before they are placed. There must be sufficient budget to meet the order
- Once approved orders can be entered onto FMS6 and then placed with the supplier
- Any verbal or internet orders must be followed up with an official numbered order
- No personal orders can be placed through the school
- When received all goods should be checked against the order and the order signed to show this has happened
- Any discrepancies must be noted on the delivery note and followed up with the company involved

Invoices

- Invoices should be stamped on receipt and then have all order forms and delivery notes attached (where applicable)
- No invoices can be paid until authorised by the Executive Head, or in her absence a Headteacher who has not authorised the order
- Ensure the amounts and VAT are correct before payment – never alter an invoice
- When paid mark the invoice to show this, along with the cost centre and ledger code
- All invoices must be kept for the required time (6 years)

Procurement / Debit Cards

- Transactions using a debit / procurement card must always be authorised in advance as with any other purchase
- They must be recorded on a log which is then reconciled to the monthly statement
- The log must be signed by the person completing the log and countersigned by the Executive Head to ensure a segregation of duties
- The debit / procurement card should never be taken off-site

- The card should not be used for the following:
 - non-school items
 - alcoholic beverages
 - cash advances
 - construction / renovation
 - capital items
 - consulting services
 - meals in restaurants

The following debit cards are held by the Federation

School	Card Type	Holder	Monthly Limit
New Wave	Barclaycard	L Langley	£10,000

Staff Reimbursements

- Staff must only be reimbursed for school purchases – no personal purchases
- Only minor items will be reimbursed
- All purchases to be agreed in advance
- All claims to be backed up by a receipt and signed
- All claims to be authorised by the Headteacher or Executive Head before payment
- Any claim from the Executive Headteacher can be authorised by a Headteacher if all the documentation is in order
- Staff should not use their own credit card for school purchases except in emergencies
- Reimbursements will be paid through by BACS upon production of a receipt for the purchase
- VAT must be accounted for accurately when records are entered

Tax

- Only proper VAT invoices must be paid
- VAT on income must be included on any invoice (where appropriate) and accounted for correctly
- VAT must be claimed back from the LA as specified by them
- VAT received must be entered on FMS6 against appropriate codes ensuring that control accounts are cleared

If any staff have queries on any aspect of VAT they should speak to the Bursar or the LA.

Income

It is important that accurate records of income collected are kept. This is to ensure that there can be no doubt what the school is owed and also to ensure that all income due to the school is received by the school. The school therefore needs to:

- Keep proper records of income due
- Have a separation of duties when collecting, recording and banking income.

At **Grazebrook School** the following applies:

- The Finance Manager and Receptionist are responsible for collecting income, recording in the relevant system, on the income spreadsheet and preparing for banking
- The Bursar is responsible for recording income received on SIMS FMS6

- G4S bank all income collected

At **Shacklewell School** the following applies:

- The SAO & Receptionist are responsible for collecting income, recording in the relevant system, on the income spreadsheet and preparing for banking
- The Bursar is responsible for recording income received on SIMS FMS6
- G4S bank all income collected

At **Woodberry Down School** the following applies:

- The SAO & Receptionist are responsible for collecting income, recording in the relevant system, on the income spreadsheet and preparing for banking
- The Bursar is responsible for recording income received on SIMS FMS6
- G4S bank all income collected

- Issue invoices, where necessary, within 30 days of the activity
- Issue pre-numbered receipts for any income collected. The receipts must include the school name and relevant VAT number.
- Bank all income as received – income must not be used as, e.g. to reimburse a member of staff
- Income must be recorded on Parent Pay and a daily reconciliation carried out between income collected and Parent Pay entries
- Any write off of debts must be approved by the appropriate body / person according to the limits of delegation set out on page 3. The appropriate evidence must be attached with reasons provided for the write –off
- Each School must monitor monthly monies owed to the Federation and follow the process as outlined in the Federation debt collection policy until all avenues are exhausted. After intervention from the Headteacher / Executive Head a referral to Hackney legal department may be made and/or bad debts written off as per the policy.
- Debts of £30 or more will trigger action by the schools.

Reconciliations

- The school disbursement account should be reconciled at least monthly and any discrepancies investigated immediately
- All reconciliations should be signed by the person carrying it out and countersigned by the Executive Head
- All reconciliations to be filed and kept securely

Budget & Budget Monitoring

The budget will be set by the Resources Committee. The responsibility for this has been delegated to the Committee from the Governing Body.

The Executive Head is responsible for ensuring that the budget is monitored throughout the financial year. This should be done monthly and should be presented to governors regularly. The Executive Head should discuss the monitoring every month and sign to confirm this has happened.

The Resources Committee should consider the most up to date monitoring report at every meeting (and at least termly). The report should highlight any significant variances, with written explanations, together with any action needed to resolve any issues. The report should also show a projected year end position. This should be reported to the Governing Body every term.

Any projected overspend must be reported to the LA immediately. Governors cannot authorise any expenditure that would produce a deficit without prior agreement from the LA.

The Federation must benchmark its income & expenditure on an annual basis and present a report to the Resources Committee highlighting major areas of difference from other schools and any areas of concern.

Earmarked Funds

It may be necessary to account for some funds separately. Where required to do so the school will ensure that accurate records are kept, either on SIMS FMS6 or on an excel worksheet.

Any returns will be submitted in agreed formats and within an agreed timetable.

Insurance

- The Federation must review its insurance annually to ensure it is covered for all risks
- The appropriate body must be notified of all new risks which require insurance or of any other alteration affecting existing insurance
- No indemnity can be given to a third party without the written consent of the insurers, the LA or their agents
- The insurers, the LA or their agent must be informed immediately of all incidents which may give rise to an insurance claim

Assets

- All portable assets must be security marked and recorded in an inventory
- The Asset Register must be updated with new items on arrival into the school building. Once security marked the Asset Register must be sent to the LB Hackney Insurance services on the same day to ensure that new items are insured immediately
- Any purchases of new equipment or disposal of old equipment should be reflected in the inventory
- The assets should be checked against the inventory at least annually and any differences investigated
- Any assets (e.g. laptops) taken off the school premises must be recorded in a register and signed for. If teachers are assigned their own laptop / i-pad they must sign for it when they initially receive it and return it to the school when they leave the school's employment
- Any write-offs must be approved by the appropriate body / person according to the limits of delegation set out on page 3

GDPR (General Data Protection Regulation)

- Data held by the Federation should be stored securely and its use controlled so that only authorised staff have access to the data they require
- All staff must ensure they follow the guidelines set out in the GDPR Policy for collection, storage and use of data
- No data may be taken off site unless there is a genuine need and the data is adequately secured
- Any data breaches must be reported to the Data Protection Officer (DPO) who will report to the Information Commissioner's office (ICO)
- If staff have any queries on collection, storage and use of data they should contact the DPO in the first instance

Personnel & Payroll

- All documents relating to new appointments, terminations or variations should be authorised by the Executive Head, or in their absence, the relevant Headteacher
- Overtime should be authorised by the relevant Headteacher or Executive Head
- Payroll validation reports should be authorised by the Executive Head, or in their absence, the relevant Headteacher
- All documents should be processed by the SBM / SAO therefore ensuring that at least two members of staff are involved in the process
- Only authorised staff (Executive Head, Headteacher, SAO, Business Manager, Finance Manager, Bursar) should have access to personnel and payroll files
- Staff should be able to view their own records provided they put the request in writing to the Executive Head
- Payroll procedures should only be processed through the payroll system
- The SAO should keep an up-to-date staff list that details grade, fte and any allowances
- The Executive Head should ensure the payroll reports are checked every month (this could be done by the SAO, Business Manager, Finance Manager or Bursar as directed)
- The SAO must ensure that the Single Central Register is current and kept updated at all times

Foreign Travel

Where staff are required to travel abroad this needs to be approved in advance. All requests must be put in writing (this can be via e-mail) to the Executive Head and should include the reasons for the trip, as well as identifying the expected cost and any funding that will be received. The Executive Head will confirm whether approval is given in writing.

Trips abroad involving the Executive Head will need to be agreed by the Chair of Governors, or in their absence, the Chair of the Resources Committee.

Once the trip is agreed the person / people travelling must check with their own insurers that they have adequate cover to travel. A copy of the relevant policy should be attached to the form.

In certain cases the Federation may need to order and provide foreign currency for the staff, especially if the trip includes the involvement of pupils. This will be considered on a case by case basis. The currency needs to be signed for and any unspent funds must be returned to the Finance Manager. Receipts must be kept for all expenditure incurred and reconciled back to the amount claimed.

HMRC Self Employed Status

If The Federation wish to award a contract to an individual, or a company with a single Director / member / employee, then they will need to determine the worker's employment status (i.e. whether they're employed by the school or self-employed) **before** the contract is awarded. This is to ensure that their personal tax and National Insurance contributions are paid in the appropriate manner.

This can be determined by using the HMRC online Employment Status Indicator toolkit (<https://www.gov.uk/guidance/check-employment-status-for-tax>), using the contract to determine the answers. Further guidance can be obtained from the HMRC or the LA.

If the HMRC deem the employment status to be incorrect the Federation could end up having to pay extra tax, NIC, interest and penalties.

Apprenticeship Training Schemes

Through the Apprenticeship Levy the Federation pays into the Government’s Apprenticeship Fund. The fund can be used to support any accredited training. All applications will be considered as long as funds are available, subject to the following criteria:

- the course must be appropriate to the applicant’s role within the Federation
- 20% of the course should be completed during work time (Fund criteria)
- the training should be identifiable from the CPD or appraisal cycle
- the Federation is liable for the whole cost of the training (Fund criteria)
- if agreed no more courses will be funded for a period of 3 years

Payments for training will be managed by the LB Hackney on the Federation’s behalf

Financial Procedures

The following financial procedures / documents should be agreed annually by governors.

- Budget
- Finance procedures (inc Procurement Guide)
- Statement of internal control (SIC)
- SFVS annual audit
- Charging policy
- Lettings policy
- Whistleblowing policy

<i>Policy reviewed</i>	<i>June 2018</i>
<i>Adopted by New Wave Federation Governing Body</i>	<i>20th September 2018</i>
<i>Review date</i>	<i>June 2019</i>

Procurement Guide

Introduction

The New Wave Federation aims to achieve value for money from all purchases. This means we want to get what we need in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:

Probity - it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the school;

Accountability - the school is publicly accountable for its expenditure and the conduct of its affairs;

Fairness - that all those dealt with by the school are dealt with on a fair and equitable basis.

Efficiency & effectiveness - any goods or services ordered are obtained at the best possible price and are fit for the purpose for which they have been obtained

Routine Purchasing of £5,000 or less

Budget holders will be informed of the budget available to them once the budgets have been agreed. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A printout detailing actual expenditure against budget will be supplied to each budget holder each term and budget holders must keep their own records of orders placed but not paid for.

A quote or price must always be obtained before any order is placed. Budget holders and the Finance Office should ensure that the lowest cost price is achieved.

All orders must be prepared using an official order form. Orders must be sent by the budget holder to the Finance Manager once approved by the relevant Headteacher. Orders will only be processed if there is adequate budget provision for the department.

Countersigned orders are recorded on SIMS FMS6, allocated a reference number and the order is then placed with the supplier

The Finance Manager must make appropriate arrangements for the delivery of goods to the school. On receipt a detailed check of the goods received against the goods received note (GRN) must be undertaken and a record made of any discrepancies between the goods delivered and the GRN. All checked goods are then passed to the budget holder.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality this will be recorded.

All invoices should be sent to the Finance Manager. They will check the following:

- the invoice is arithmetically correct,
- the invoice is addressed to the correct school
- the invoice has a date and unique invoice number on
- all goods/services detailed on the invoice have been received
- the goods/services are as ordered
- the prices are correct

The invoice will then be authorised for payment by the Executive Head, or in their absence a Headteacher who has not authorised the order.

If a budget holder is pursuing a query with a supplier the Finance Manager must be informed of the query and periodically kept up to date with progress.

The Finance Manager will input authorised invoices onto SIMS FMS6. The Finance Manager will then generate the BACs payments or cheques as required. The BACs payments or cheques must be authorised/signed by two of the nominated bank signatories.

Cheques will be dispatched to suppliers by the Finance Manager. BACs payments will be notified to suppliers by email.

Non-order purchases for supplies or services must have the prior approval of the Finance Manager. Non-order purchases must be kept to a minimum and should only take place when it will affect the smooth running of the school.

Orders are not required for the following:

- utilities invoices (telephone, electricity, gas)
- supply agencies
- regular contractors (cleaning, catering)
- regular consultants (finance, ICT, dance, G&T etc)
- School Direct payments

Orders between £5,001 and £10,000

At least 2 quotations should be obtained for all orders between £5,001 and £10,000 to identify the best source of the goods/services. A written specification should be drawn up to ensure that all quotes are comparable and meet the requirements of the school. Written details of quotations obtained should be attached to the orders by the Finance Manager. This is for audit purposes. Telephone quotes are acceptable if these are evidenced and confirmation of quotes has been received before a purchase decision is made.

The relevant Headteacher will sign orders for goods between £5,001 and £10,000.

Orders over £10,000

At least 3 quotations should be obtained for all orders over £10,000 to identify the best source of the goods/services. A written specification should be drawn up to ensure that all quotes are comparable and meet the requirements of the school. Written details of quotations obtained should be attached to the orders by the Finance Manager. This is for audit purposes.

The Executive Head will authorise orders for goods up to £20,000. The Resources Committee will consider any quotes above £20,000 and decide which supplier to use. If the order is over £50,000 they will make a recommendation to the Governing Body who will make the final decision.

Sometimes it is advisable not to accept the lowest quotation received. In these circumstances the reason for the decision must be reported to the Governing Body and included in the minutes of the relevant meeting.

The relevant Headteacher will sign orders for goods over £10,000, the Executive Head will countersign.

Orders over £50,000

All goods/services ordered with a value over £50,000 must be subject to formal tendering procedures. Purchases over £164,176 excluding VAT may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds can be obtained from the LA.

Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated. The guidance for circumstances in which each procedure should be used are described below.

Open Tender: This is where all potential suppliers are invited to tender. The Business Manager or budget holder must discuss and agree with the Executive Head how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tender: This is where suppliers are specifically invited to tender.

Restricted tenders may be appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the school's requirements
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This may be appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders
- only one or very few suppliers are available
- extreme urgency exists
- additional deliveries by the existing supplier are justified

Preparation for Tender

Full consideration may be given to:

- the objective of the project
- the overall requirements
- the technical skills required
- the after sales service requirements
- the form of contract

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

If a restricted tender is to be used then an invitation to tender should be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender may include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender
- form of response

Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.

- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers

Other Considerations

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the school. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted and any reason for accepting them should be recorded.

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders, ideally the Executive Head plus a member of the Resources Committee.

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation of contracts over £50,000 and a report should be prepared for the Resources Committee highlighting the relevant issues and recommending a decision.

Where required by the conditions attached to a specific grant from the DfE or the LA, their approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the school. All parties should then be informed of the decision.