

DRAFT

Guidance Notes for the Operation of Schools Local Bank Account

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SECTION 1: INTRODUCTION

These guidance notes have been written specifically to ensure consistent accounting practice in all of the bank account schools.

- 1.1 Regulations under Section 48 of the School Standards and Framework Act 1998 require the Authority to include within its Scheme for Financing Schools a provision which permits any school covered by the scheme to request that it operates its own local bank account. Please refer to section 3.5 of the Authority's Scheme.
- 1.2 Schools wishing to operate cheque book arrangements must apply to the Authority by 31 December in any year in order to commence at the start of the following financial year on 1 April. They must complete the application found in **Appendix A** which must be authorised by both the Head Teacher and the Chair of the Governing Body of the school.
- 1.3 A financial health check will be completed prior to approval. The risk assessment may not prevent a school from operating a local bank account.
- 1.4 The Authority may refuse or delay a request for a local bank account where a school is experiencing considerable difficulty in maintaining a balanced budget or where significant deficit balances are brought forward from previous years. This will only apply following discussions with the Head Teacher of the school.
- 1.5 It is a requirement that suitable representatives from each school will have attended Finance 6 training sessions before the bank account becomes operative. The cost of this course will be covered by the "Set up charge".
- 1.6 The Authority will charge for both the set up and ongoing maintenance of authority processes to facilitate the school operating a bank account.

Set up charge

A charge of £1,000 will be made prior to 31 March in the year of application. Schools will receive additional support from a nominated schools finance officer for the first two months of operating a bank account. This support will include:

- Onsite training prior to 31 March
- First two months reconciliation to Oracle and submission of month end files to the Authority

An annual maintenance charge of £500 will be made via invoice in May each year

Any increase in these charges will be agreed at Schools Forum prior to the start of the financial year.

SECTION 2: PREPARING FOR BECOMING A BANK ACCOUNT SCHOOL

2.1 Internal Management within the School

The scheme requires a network of financial systems that incorporate a degree of financial control, including separation of duties. There should be a clear management and organisational structure, to effect and manage the financial systems.

2.2 Separation of Duty/Internal Control

It is important to ensure that there is an adequate separation of duty incorporated into the operation of the financial systems. The designated members of staff authorised to sign cheques should not have authority to authorise orders or certify accounts for payment.

If You Can:	Then You Can:	But You Can't:
Authorise Orders	Order Cheques Sign Cheques	Authorise Invoices Hold Stock of Cheques Prepare Cheques for Signature Reconcile Bank Account
Authorise Invoices	Hold Stock of Cheques Prepare Cheques for Signature Reconcile Bank Account	Order Cheques Sign Cheques
Sign Cheques	Order Cheques Authorise Orders	Authorise Invoices Hold Stock of Cheques Prepare Cheques for Signature Reconcile Bank Account

2.3 Cash Flow Management

By having a local bank account the school takes on responsibility for its own cash flow management. The school will need to ensure that it has sufficient funds accessible prior to engaging in a financial transaction. A particular issue arises in respect of the need to fund the cost of VAT on payments, until such time as reimbursed by the Authority.

Schools will need to take into account the payments for SLA's which commit more in the earlier part of the year.

On application to request Bank Account status schools will be asked to complete a Cash Flow forecast for the first term, in excel format, to the best of their abilities. Please see **Appendix B**.

2.4 School Financial Management Information Software

The appropriate Financial Management Information package to be used by a school is a matter for each school, but the Scheme for Financing Schools

specifies that whatever system a school chooses, they must be able to provide the County Council with their Accounts in the required format, or meet the costs of modification.

Most schools continue to use Finance 6 to record their financial information. For schools who wish to use an alternative package the costs associated with any development work to ensure new systems can provide data to the Authority in the required format are estimated at around £4,000 the first time a new supplier is engaged by a Lancashire school.

2.5 Security of the System

In order to maintain the integrity of information on the schools financial management information system, it is necessary to ensure that security measures are put in place. Schools must ensure that back up procedures are regularly followed.

SECTION 3: SETTING UP A LOCAL BANK ACCOUNT

3.1 Choice of Financial Institution

The opening of all accounts must be authorized by the Governing Body. Schools may use any UK Clearing Institution, either Bank or Building Society:

School bank accounts - approved financial institutions

Major High Street UK Banks (members of the Clearing Banks Committee)

- Barclays
- Lloyds
- HSBC
- National Westminster
- Royal Bank of Scotland
- Halifax
- Yorkshire Bank
- The Co-operative
- Nationwide Building Society
- Santander UK

Building Societies (members of the Building Societies Association and have a presence within Lancashire)

- Skipton

The Principal Accountant, Schools Finance must be informed of all financial institutions used and the number and types of all accounts opened.

The Account name must include "Lancashire County Council" or "LCC". If not the mandate must state that the Local Authority is the owner of the funds in the accounts. The accounts terms and conditions must state that the LA is entitled to receive statements and that it can take control of the account if the school's right to a delegate budget is suspended by the Local Authority. This complies with Section 3.5.1 of the Scheme for Financing Schools.

Schools will retain interest earned on their accounts and bear any charges made by their bank.

Applications to open bank accounts and bank mandates must be authorised by the Governing Body and copied to the Schools Development Team. The Governing Body must also authorize the arrangements covering the operation of the accounts including any transfers between accounts and cheque signing arrangements.

Schools are advised to consider the following when making a decision on a financial institution and the type of account to open:

- Arrangements for investing large credit balances and notification for moving balances between accounts or a high interest account
- The position regarding bank charges

3.2 Investments and Carry Forward Balances

Investments and other surplus funds, including carry forward balances, may only be made directly to the schools approved bank account which should provide no risk to the capital sum. Investment must not be arranged through any intermediaries. Any interest received will accrue to the school bank account.

Schools must use only one institution for the operation of local banking arrangements but are free to choose the number and nature of accounts held.

3.3 No Overdraft or Loans

Schools must not make arrangements for overdrafts or loans and must not offer any security to a bank.

3.4 Bank Stationery - Cheques

Schools can order their own cheque books or preprinted cheque stationery in the correct format.

Cheques must be kept locked in a safe or cabinet when not in use. The issue and use of keys must be strictly controlled with no more than two keys being held independently by staff who are not authorised cheque signatories. Keys must not be left when the premises are closed.

Schools must maintain a stock record of cheques held. The serial numbers of cheques must be examined immediately upon receipt and recorded in the stock record. The cheques must be verified monthly to the stock record, which must be certified by a member of staff who is not involved in the cheque control procedures. Any discrepancies must be investigated and if not resolved must be notified immediately to the Head of Schools Development.

Cheques must never be pre-signed nor have pre-printed signatures. Authorised signatories should not have access to blank cheques nor prepare cheques for signature. Spoilt cheques must be crossed through and retained for audit purposes.

For Audit purposes samples of paid (cleared) cheques should be available for return on request from the financial institution. Any charges arising from such requests will be met from the school's own delegated budget.

Adequate procedures must be established to allow control over the writing-off, amendment, re-direction or cancellation of un-cleared cheques returned by the financial institution, payee, or other agency for whatever reason. When a replacement cheque is issued, the payment record should be endorsed with reference to the original cheque but no further entry should be made in the accounting record, in order to avoid "double-counting" the expenditure.

If a cheque remains unpaid after six months there is a requirement to credit any VAT as directed in S26A VAT Act 1994.

Adequate procedures must be established regarding action to be taken in respect of misappropriated or lost cheques in order to eliminate the possibility that lost or stolen cheques are cashed. These procedures should cover the responsibility to contact the financial institution to place a stop on the cheques, to obtain indemnities from the payee before a replacement cheque is issued and to ensure that stopped cheques are not subsequently paid, and, in cases where misappropriations or irregularities are suspected, to notify the Head of Schools Development and liaise with the Police.

3.5 Bank Stationery – Paying in Slips

Pre-numbered bank paying-in books, with two part slips, must be used for banking income. The source of income and total should be entered on all retained bank paying-in slips. Where banking includes cheques then a record should be kept showing for each cheque:

- the name of the drawer
- the nature of the income (including coding details)
- the amount

3.6 Credit/Debit Cards

The Governing Body must authorize any cards to be used having considered potential risk over and above that of the purchase order system and appropriate controls over usage.

A Credit/Debit Card Policy should be approved by full Governors this will include the following details:

- A list of authorised users
- Restrictions on the use of the cards' spending limits
- Written instructions on the scope and use of the cards
- See sample policy in **Appendix C**

Documenting proof (including a VAT receipt) of any goods purchased with the card including details of the nature and cost of those goods, should be returned to the person responsible for recording credit card transactions after each purchase.

Transactions should be reconciled to statements regularly and must be by someone other than a card signatory.

The balance on the Credit Card must be cleared in full by the due date each month, to ensure that the use of these cards is not considered to infringe the borrowing restrictions imposed on schools. It is suggested that a direct debit is set up to help ensure payment is automated to clear the balance each month.

3.7 Direct Debit/Standing Orders

Schools can make payments by Direct Debit and Standing Orders and the following procedures apply:

Schools that use Lancashire County Council Payroll services must pay by Direct Debit for employee salary costs. This will be a number of days after the salary payment date.

The Governing Body should approve every Direct Debit being set up and also confirm annual approval to all Direct Debits

Only authorised officers should be able to sign Direct Debit request forms. A copy of the request form should be held by school.

Persons authorised to sign Direct Debit request should not be responsible for clearing suspense/monitoring bank statements.

3.8 BACS Payments

The Governing Body must approve the use of BACS to make payments from the schools bank account.

There are important security issues to consider and adequate internal control procedures need to be in place to minimise risks.

Only authorised officers should be able to request/make BACS payments.

A print off of all BACS payments should be retained at the school and signed by an authorising officer who does not have the authority to make or authorise a payment.

3.9 Use of Internet Banking by Schools

Any use of internet bank facilities by a school and appropriate controls needs to be approved by the Governing Body. Access should be by authorised users only under password protection.

Internet banking function could be used for:

- Viewing information only e.g. to assist with monthly bank reconciliation
- Transferring money between accounts
- BACS payment
- Setting up Direct Debits

A print off all transactions must be retained at the school and signed by an authorising officer.

3.10 Internet Ordering

The Governing Body should approve the use of internet ordering and appropriate controls and limits agreed.

It is recommended that internet orders are placed only with reputable companies and supplier details are checked before an order is placed.

Other checks should include:

- Suppliers web site will include information on the company's terms and conditions of trading which should be checked beforehand
- Delivery costs/arrangements are clear
- A full description of the goods is provided
- The price includes tax and how to make payment

3.11 Recovery of VAT

It is important that the documentation received by the school is adequate for VAT recovery purposes ie a valid tax invoice with the VAT shown separately where the invoice value exceeds £250. The invoice must be addressed to the school.

Schools should be aware of the strict regulations in respect of VAT that will affect the procedures they will adopt under the Local Bank Account scheme. The procedures are consistent with advice and guidance for the operation of local bank accounts issued by the DfE after consultation with HM Revenue and Customs.

Further guidance about VAT and latest updates can be found from the following link: [Schools' Portal](#)

SECTION 4: FUNDING OF THE BANK ACCOUNT

4.1 Initial Advance to the Bank Account

Schools which have accumulated credit balances will have these transferred to their bank account on 1 April. This will be based on an estimate supplied by and agreed with the school. This will subsequently be adjusted to reflect the actual opening balance when this has been determined after the schools outturn figures have been issued. Such adjustments will be added/deducted from the monthly advances.

At the start of the first year of operating with a full cheque book facility, schools will have a pro payment/deduction to their May funding allocation which will cover the accruals raised at the end of the previous financial year.

4.2 Termly and Monthly Advances of Budget Share

Budget share means the school's budget share as determined by the Authority under arrangements made in accordance with section 47 of the School Standards and Framework Act 1998.

Schools will receive payments into their bank account on 15th of each month. These payments are summarised below.

Schools Budget Block	paid in 12 equal instalments on 15 th of each month
High Needs Block	Paid in 12 instalments on 15 th of each month with termly adjustments made to reflect June, November & January count
Early Years	Paid in 12 instalments on 15 th of each month and termly adjustments made to reflect June, November & January count.
PPG	Paid in 12 instalments on 15 th of each month based on a provisional figure, adjustment to reflect under/over will be made generally around January
Exclusions/ Inclusions	deducted/paid after termly certificates issued
Sixth Form Funding	Paid in 12 instalments on 15 th of each month April to July based on prior years August to July funding agreement from ESFA August to March based on current years August to July funding agreement from ESFA

School will receive a remittance advice via email from Accounts Payable before the payment is made. This will show a breakdown of the total payment and listing of each allocation and which subjective code this needs to be allocated to on the schools finance system.

4.3 VAT Refunds

Bank account schools are deemed to be part of the Local Authority for VAT purposes and must not attempt to register for VAT in connection with activities involving the use of the delegated budget.

Goods and services sold by the school may be subject to VAT. Schools must collect tax from the purchaser. Goods and services bought by the school may be liable to VAT and school must pay tax to the supplier. VAT must be correctly accounted for on the financial management system.

Schools will be reimbursed VAT via the Local Authority on a monthly basis after the month end returns have been received. The Local Authority will use the "Trial Balance" to calculate the VAT due to/from school by. This will be the net movement on the "VAT" codes in each period.

SECTION 5: PROCESSING EXPENDITURE

5.1 Ordering and Receipt of Goods

The same procedures as non-cheque book schools will apply for ordering and receipt of goods/services.

- All ordering and receipt of goods and services should be processed via the schools financial management information system

- The selection of the supplier, obtaining of quotations and issuing of contracts for goods and services must be in accordance with the requirements of the Scheme for Financing Schools

5.2 Payment of Invoices

Invoices should be recorded on the school's financial management system. All invoices will be paid inclusive of VAT which will be subsequently reversed. Invoices from Lancashire County Council will not have VAT included.

There must be an audit trail for each payment from the order/invoice/payment. All records must be retained at school so that documents can be inspected by the Internal Auditors and External Auditors if required.

5.3 Retention of Documents

The Authority's requirements for retention of records generally do not exceed those required for VAT or any other statutory purposes. However, schools need to be aware that any external funding source may stipulate further requirements.

Further guidance about the retention of records is available from the link below:

<https://www.lancashire.gov.uk/media/898749/retention-of-financial-documents-final.pdf>

5.4 Payroll Processed through the Local Authority

The Authority makes the initial payment of net pay to employees from the Authority's bank account and process a direct debit to recover gross pay and employers' contributions from the school's bank account. Under this arrangement, accounting for pay transactions would be automatically fed into Oracle centrally. This recovery of funds by the Authority may in some circumstances only be affected after the Oracle period end date; this will be a number of days after the salary payment date. In the event of a delay an interest charge may be made.

5.5 Payroll Processed using an external provider

Schools that do not purchase the payroll service from Lancashire County Council must ensure that contracts with third party payroll providers are appropriate to the requirements governing the role of the Local Authority, which remains the legal employer, for pension purposes, of staff in maintained schools. The Authority is accountable to the relevant statutory agencies, including Her Majesty's Revenue and Customs (HMRC) and the administrators of the Local Government and Teachers Pension Schemes.

At year end additional information will be required:

- Breakdown of staff salaries over £50k
- Breakdown of any exit packages made in year
- Summary of Payroll breakdown by period

5.6 Petty Cash

Any school opting to open a bank account will have their imprest account withdrawn. These schools will need to return their advance before the end of March. Further information is available in the "Guidance for New Bank Account Schools" which is sent to all new bank account schools prior to 1 April.

A new petty cash account can be set up to pay for minor purchases. Schools should keep cash held on site to a minimum.

All transactions must be recorded on the schools financial management system and supporting information stored as appropriate.

5.7 Central Charges/Reimbursements

All payments/receipts will need to be made through the bank.

Previous arrangements for payments to utilities will no longer apply and schools will need to notify utility companies that bills should be sent direct to school.

Local councils should be contacted to ask for rates bills to be addressed to the school however these should still be sent via the County Council's Estates team who will then pass the invoice immediately to the school. This is to ensure a checking and appeals service with correct central records for the following year's budget. School can make arrangements with their Local Council to arrange to pay the rates bill by 10 installments.

If the school does find they have been charged/reimbursed by journal in error they should contact the originator and request an invoice/payment is raised.

SECTION 6: PROCESSING INCOME

6.1 Receipting and Banking of Income

All income must be receipted and banked promptly, in full, and in the form in which it was received.

Income must be recorded in a permanent record/computerized accounting system as soon as possible after receipt. This record, and copy receipts, must be retained for audit purposes.

All cash and income must be receipted on the schools financial management system and analysed for VAT purposes using the relevant VAT code.

Payments into the school bank account must be made using a paying-in book, and not individual slips with copy paying-in slips to be retained in the book.

Income intended for Unofficial School Funds must not be banked in the school bank account. Contributions from Unofficial School Funds must be receipted using the official receipt and identified on the record of income, stating the purpose for which it was made.

6.2 Raising Invoices

Schools who operate their own bank account can no longer use the services of Lancashire County Council to raise invoices on their behalf. Schools will need to make arrangements to raise invoices for services/lettings. See **Appendix D - Draft Debt Collection policy.**

SECTION 7: FINANCIAL RETURNS & RECONCILIATION

7.1 Introduction

The Authority has a statutory requirement to include all payments and income, made through the schools bank account, in its financial system Oracle. This data will form part of the Authority's Final Accounts.

Schools with a bank account will need to send this information through on a monthly basis by the 10th of the following month.

Schools should be aware that they are still required to submit monthly information throughout the school holidays.

7.2 Month End Returns & Close Down

The following financial returns are required on a monthly basis:

- Cash & Bank Reconciliation Statement
- Trial Balance by ledger code
- Unreconciled Items
- Journal Audit Trail

Once the month end process has been completed and all documents sent it is important that the period is closed to ensure no further transactions are entered in prior periods. Failure to do so could mean transactions are entered onto the schools financial system that will not then reconcile to Oracle.

Further information can be found in the Guidance for New Bank Account Schools which is sent to all new bank account schools prior to 1 April.

7.3 Reconciliation to Oracle

Schools will continue to receive Oracle transaction and payroll reports.

The data transferred on the Journal Audit Trail from Finance 6 into Oracle will include all bank account transactions. It will, therefore, be possible to balance each subjective code exactly to Oracle by simply checking the totals.

Oracle will always be a month behind the schools finance system e.g.:

Finance 6 is always one month ahead of Oracle.

- Open Balance Finance 6 = Closing Balance Oracle

For LCC Payroll users

- Payroll codes Close Balance Finance 6 = Closing Balance Oracle

SECTION 8: YEAR END

8.1 Year End Returns and Reconciliation

Schools will need to ensure they adhere to the year-end guidance which will be issued in January. Submission of the March files will be before the end of March and before Easter holidays if schools break up early.

Additional Year End returns to be sent electronically:

- Copy bank statement
- Bank Analysis
- Accruals: Debtor/Creditor; Receipts/Payments in advance
- Assurance letter

Additional Information from Schools using external payroll provider

- Payroll Returns
- Remuneration in excess of £50k per annum & exit packages

8.2 External Audit Year End

School cash balances are considered a material value in the Authority's financial statements and will be audited in line with the audit approach to Lancashire C.C. main accounts. The External Auditors may, as part of their audit work, request additional information in relation to transactions that have been processed through schools bank accounts including copy orders and invoices. It is therefore important to ensure that a comprehensive system is implemented for the filing, retention and potential inspection of all documents.

SECTION 9: ACADEMY CONVERSIONS AND CLOSING SCHOOLS

9.1 Academy Conversions

On conversion to an Academy the maintained schools bank account must be closed within 6 weeks and the balance transferred back to the Local Authority. This is because the cash belongs to the Authority. The Academy must open a new bank account and should notify the Authority of the account details.

9.2 Closing School

Schools that hold a bank account and will cease to be in operation will need to ensure the bank account(s) held by the school are all closed three months prior to closure. Further details on the process can be found at the following.

SECTION 10: SUSPENSION OF BANK ACCOUNT

10.1 Where there is substantial or persistent failure to comply with the agreed procedures, the Head of Financial Management Development & Schools will have the authority to suspend the Local Bank Account until the position is rectified to their satisfaction. Further information is provided below.

	Trigger 1 Supportive	Trigger 2 Intervention	Trigger 3 Removal of Local Bank Account facility
Criteria:			
Return of monthly returns: Journal Audit Trail, Trial Balance, Unreconciled items, Cash & Bank reconciliation	One month late without satisfactory explanation	Additional month late or any further misses without satisfactory explanation	Persistent, continuing or multiple delays
Failure to close down period on Finance system	One month	Additional month	Continuing to not consistently close down periods after several months
Adverse Internal/ External Audit in relation to the Local bank account	N/A	N/A	Unacceptable operation of bank account
Action to be taken:			
Schools Financial Services	<p>Notify school and reason for trigger being met, request corrective action and formal response from school.</p> <p>Identify whether training needs are required by the school and organise formal training session, for which a charge may be levied to the school.</p>	<p>Notify school and reason for trigger being met. Request formal response from school of corrective action being taken. Schools Financial Services may request to visit school to rectify position and correct / amend accounting records, a charge will be levied recognising resource utilised to resolve issues..</p> <p>Review training received and its effectiveness.</p> <p>Reinforce with on the job training provided by School Financial Services for which a charge may be levied to the school.</p>	<p>Seek approval by the Head of Financial Management Development & Schools to proceed</p> <p>Notify school of action to be taken and charge for closing bank account</p> <p>Notify Internal Audit</p> <p>Retrieval of key documentation and closure of bank account</p>

APPENDIX A

SCHOOLS REQUEST TO OPERATE A BANK ACCOUNT

School No		School Name	
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Date approval to operate a bank account agreed at Governors meeting (Please send minute (s) of governors meeting for approval of operating a bank account when available.)	
It is a requirement that the school meet the segregation of duties as detailed in the guidance notes. Please confirm whether the school can or will be able to meet this requirement.	YES/NO
If there are any concerns or issues in meeting the above requirement please provide all relevant details on an additional page.	
The school's finance system and Oracle must be reconciled on a regular basis and any discrepancies resolved. If there are any issues or concerns on reconciliation, these must be notified to the Authority. Please confirm that the school will have processes and procedures in place to achieve this.	YES/NO
The school must submit all monthly submissions as detailed in the guidance notes by 10th day of each month. Please confirm that the school will have processes and procedures in place to achieve this.	YES/NO
The school is responsible for managing its own cash flow and must ensure that they maintain and regularly update an annual cash flow statement. The authority will provide a cash flow template for the school to use. On occasion the authority may ask for a copy of this statement. Please confirm that the school will have processes and procedures in place to achieve this.	YES/NO
Head teacher's Certification	
Chair of Governors Certification	
Date	

Please return via email by 31 December to: ctcypsabt@lancashire.gov.uk

APPENDIX B – Cash Flow Template

CASH FLOW FOR (YEAR); (SCHOOL NAME)												
	April	May	June	July	August	September	October	November	December	January	February	March
Opening Bank Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CASH INCOME:												
Monthly Advance												
Termly Top Up												
VAT Reimbursements												
Monthly cash income forecast or:												
Income banked WK1												
Income banked WK2												
Income banked WK3												
Income banked WK4												
Income banked WK5												
Other (enter description)												
Other (enter description)												
Total Cash Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EXPENDITURE:												
Payroll												
Monthly expenditure forecast or:												
Chq Run Wk1												
Chq Run Wk2												
Chq Run Wk3												
Chq Run Wk4												
Chq Run Wk5												
Direct Debits WK1												
Direct Debits WK2												
Direct Debits WK3												
Direct Debits WK4												
Direct Debits WK5												
Other (enter description)												
Other (enter description)												
Total Expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Closing Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank statement balance												
Difference	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

APPENDIX C

DRAFT CREDIT CARD POLICY – BANK ACCOUNT SCHOOL

1. CREDIT CARD SECURITY
 - 1.1 The head teacher shall be responsible for the application for the credit card which must be in the name of the school.
 - 1.2 There should be one credit card account with a bank or building society on the list of approved institutions with whom bank account schools are authorised to hold an account.
 - 1.3 The credit card and account details will be held in the school safe.
 - 1.4 The PIN number should be held securely and separately to the credit card.
 - 1.5 Any member of staff who requires the credit card must sign for and return the card to the school bursar as soon as practical after use. The bursar must sign to acknowledge return of the card. The dates of removal and return of the card must also be recorded.
 - 1.6 The account authorised signatories shall be members of the Senior Management Team and two signatures will be required for all transactions.
 - 1.7 The bank should be informed immediately if a credit card is lost or stolen.
 - 1.8 All obsolete and outdated cards must be destroyed in a secure manner.
2. USE OF CREDIT CARD
 - 2.1 Use of the credit card will be restricted to circumstances where:
 - No other method of purchasing goods or services is available
 - Discounts may be obtained by ordering/paying for services on line by credit card.
 - 2.2 A use of credit card request form detailing the proposed expenditure must be completed by the budget holder and authorised by two members of the Senior Management Team before any transaction can take place.
 - 2.3 When the expenditure is committed from the school's budget, a cash book journal will be raised from the appropriate SIMS Finance 6 cost centre and authorised by the head teacher or deputy head teacher.
 - 2.4 The overall credit card limit should not exceed £10,000. The Governing Body may agree a higher limit in special circumstances on a temporary basis.
 - 2.5 A transaction limit of £500 (excluding VAT) will normally apply. This may be exceeded in certain circumstances (e.g. booking air travel) by prior agreement with the authorised signatories.
 - 2.6 When purchasing items via the internet, strict controls will apply. All transactions must be processed using school computer systems in accordance with LA guidelines. A hard copy of the receipt shall be printed from the internet site and passed to the bursar for reconciliation purposes.
 - 2.7 The credit card must not be used for obtaining cash.
 - 2.8 The credit card must not be used for personal purchases. All goods and services must be supplied to the school.
3. PAYMENT OF CREDIT CARD STATEMENTS

- 3.1 The school bursar shall be responsible for the payment of balances and the reconciliation of credit card statements against school budget share cost centres and all receipts and invoices.
- 3.2 All statement balances will be paid in full by direct debit by the due date.
- 3.3 All receipts/vouchers must be attached to the statements to provide a clear audit trail. VAT receipts must be requested, where appropriate, to ensure compliance with VAT rules.
- 3.4 The school bursar must ensure that all refunds for returned goods are re-credited to the card account.

APPENDIX D

DRAFT - DEBT MANAGEMENT POLICY

- 1.0 INTRODUCTION
- 1.1 The Governing Body is responsible for ensuring that procedures are in place for the recovery of any outstanding debt.
- 1.2 This policy sets out procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.
- 2.0 POLICY
- 2.1 Payment should be obtained as and when goods and services are provided wherever possible; in particular where the value of the goods and services is relatively small, ie less than £100.
- 2.2 Where payment is not received at the time when the goods or services are delivered an invoice will be raised as soon as possible but normally within 10 days after a debt becomes due.
- 2.3 Invoices will require payment within 30 days from the date of issue.
- 2.4 A first reminder will be issued if no payment is received within 30 days.
A final reminder will be issued 14 days after the initial reminder stating that legal action will be considered if payment is not received within 14 days.
- 2.5 At each Governing Body/Finance Committee meeting, the headteacher is required to inform the governors of any debt which is still outstanding after the 14 day period following the final reminder together with any proposed action. This may be a referral to a debt collection agency, to solicitors for legal action or to write-off the debt if there is no realistic prospect of debt recovery being successful or if further action is not cost-effective.
- 2.6 Outstanding debt of up to £100 may be written-off by the headteacher provided that the appropriate follow-up action outlined above has been taken and the details of the debtor, amount of write-off and reason for no further action being taken is reported to the Finance Committee for information at their next meeting.
- 2.7 Write-off of outstanding debt in excess of £100 must be approved by the Finance Committee following submission of details of the debt by the headteacher together with reasons for no further action being taken.

Head Teacher	
Chair of Governors:	
Date:	
Review Date	