

## Schools Finance Handbook

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## [Glossary of terms](#)

## **Introduction**

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### **How the guide was put together**

- This Finance Handbook has been put together in the form of a commentary on previous guidance published jointly by OFSTED and the Audit Commission.
- We have extended the relevant material from that document in our commentary so that it relates to local procedures and practices in the London Borough of Ealing. We have consulted various interested groups and individuals such as governors' groups, Head teachers, and other school staff and relevant individuals within the LA.
- The commentary draws upon a number of other sources:
  - i. The London Borough of Ealing's (LBE) Financial Regulations
  - ii. The Fair Funding Scheme
  - iii. DfE Financial guidance.
- The handbook sets out the principal elements of a sound approach to the administration and control of School finances. Many of the standards are based on legislation; others are based on accepted audit practice. The main purpose of the standards is to set out a framework of good practice to help schools establish and maintain robust financial systems.

### **How to use this guide**

- It is intended that Going forward it is likely that audits will become thematic, with specific areas (i.e. Procurement, Payroll etc.) examined in greater detail across a number of schools. Schools should refer to the 2015/16 annual audit report for key audit recommendations.
- It is therefore important that your governing body and school consider undertaking a review of the arrangements for financial management within their own schools in the light of this handbook.

- The extent to which schools wish to delegate this work either to a committee or directly to the Head teacher will, vary. However, we strongly recommend that the full governing body receive an account of the findings, approve the action list and review its completion.
- In each Standard we have named the Section within the LA that deals with this particular item, together with the appropriate contact and telephone'

## **Section 1: Governance**

Governing bodies (GB) are the strategic leaders of our schools and have a vital role to play in overseeing the financial performance of the school and making sure its money is well spent.

This function is reflected in regulations and in the criteria Ofsted inspectors use to judge the effectiveness of governance. Governing bodies are responsible for making sure their school's money is well spent. They should do this by making sure they have at least one governor with specific skills and experience of financial matters, for more information please refer to [the constitution of governing bodies of maintained schools](#).

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## **Roles and responsibilities**

The roles and responsibilities of the GB, its committees, the head teacher and other staff in relation to financial decision-making and administration should be clear and preferably set out in writing in the form of a scheme of delegation.

### **1.1. Framework of Responsibility**

- The governing body's responsibility lies within a framework which delegates responsibility from the local authority (LA) to GB's and to the head teachers. GB's can also delegate responsibilities to their committees, individual governors and the head teacher. This section defines that framework and shows the roles and responsibilities of the various parts of the framework.

### **1.2. London Borough of Ealing as Local Authority**

For guidance on the role that LBE play as the LA please refer to the [DfE Governors' Handbook](#).

- **Assistant Directors, School Effectiveness/School Planning & Resources**
- Management of the scheme of delegation, including recommendations to the LA for the withdrawal of delegation.
- Monitoring the effectiveness of the scheme for the Local Management of Schools.
- Provision of financial advice and support to ensure that schools are sufficiently prepared to be able to achieve appropriately high standards and levels of performance.
- Under the terms of the Local Government Act 1972 and subsequent legislation is the "responsible officer" for the probity and regularity of the Authority's financial activities.
- Establishment and monitoring schools' financial performance including value for money and audit of schools' systems of internal financial control.
- Where appropriate to fulfil the above responsibilities, provision of financial advice and attendance at meetings of school governors.

### 1.3. The School

- **The School Governing Body (GB)**
- Governors should follow the guidance set out
- For a summary of key governing body roles and responsibilities please refer to the support notes of the [Schools Financial Value standards](#) (SFVS) and the [DfE Governors' Handbook](#).
- Governing bodies must return a signed version of the [Schools Financial Value standards](#) assessment form to schools accountancy services 2 weeks prior to deadline of 31 May 2016.
- For examples of Terms of Reference visit the DfE website via:  
  
<https://www.gov.uk/government/publications/school-governance-regulations-2013>  
  
and:  
  
<https://www.egfl.org.uk/school-effectiveness/school-governance>
- **Head teacher**
- Advising the GB on the establishment of its policies, and on all budgetary aspects. Please note the GB is required to hold a number of statutory policies and guidance documents. However, the drafting of them should be delegated to members of the senior leadership team for the full GB or appropriate committee (if delegated rights to) approves.
- Day to day operation of the budget and financial responsibilities delegated to him/her by the GB.
- For more information please refer to the additional resources of the [Schools Financial Value standards](#)
- **School Business Manager (SBM)/Bursar/Finance Officer**
- Day to day administration and management of the budget as delegated by the head teacher/governors.

- Providing the head teacher, governors, budget holders and the LA with regular customised reports

#### 1.4. Committees

It is essential that schools have a finance committee to which they delegate financial review and oversight on matters which it is not practical for the strategically focused board to review at a detailed level. It's membership and remit should be reviewed annually. Such delegation of responsibilities should be done within the framework set out in the additional resources of the [Schools Financial Value standards](#).

A sample of terms of reference can be found at:  
[www.egfl.org.uk/governance](http://www.egfl.org.uk/governance)

#### 1.5. Structure of Delegation

- Decisions made by committees, including the finance committee, must be reported to the GB. The terms of reference of non-finance committees must make clear the extent of their freedom to make financial decisions without consulting the finance committee.
- Authorisation limits for financial matters must be established by the GB. Examples for average sized primary, special and secondary schools are given below. **It is stressed these are only examples and each school will need to decide what is appropriate for its own circumstances. A clear segregation of duties should therefore be applied suitably.**

#### Illustration of Authority

| <b>(a) Average sized primary, special schools (429 pupils*)</b> |                               |  |                      |
|---|-------------------------------|--|----------------------|
|   | <b>Commitment to Purchase</b> | <b>Certification of invoices</b>         | <b>Approval of</b>   |
| Governing body or Finance Committee #                           | <u>£25,000+</u>               | No authority                             | <u>£25,000+</u>      |
| Finance Committee   | Up to <u>£25,000</u> per item | No authority                             | Up to <u>£25,000</u> |
| **Head teacher/   | Up to <u>£10,000</u> per item | No limits **                             | Up to <u>£10,000</u> |
| Head of Year/budget holder                                      | Up to £500 per item           | No authority                             | No authority         |
| SBM/Bursar/ ** Finance Officer                                  | No authority **               | <u>Signed and dated for verification</u> | No authority         |
| <b>(b) Average sized secondary school (991 Pupils*)</b>         |                               |  |                      |



|                                     | <b>Commitment to Purchase</b> | <b>Certification of invoices</b>         | <b>Approval of</b>   |
|-------------------------------------|-------------------------------|--|----------------------|
| Governing body or Finance Committee | <u>£50,000+</u>               | No authority                             | <u>£50,000+</u>      |
| Finance committee                   | Up to <u>£50,000</u> per item | No authority                             | Up to <u>£50,000</u> |
| *Head teacher/Deputy                | Up to <u>£30,000</u> per item | No limits **                             | Up to <u>£30,000</u> |
| SBM/Bursar**                        | No authority **               | <u>Signed and dated for verification</u> | No authority         |
| Budget Holder                       | Up to £500 per item           | No authority                             | No authority         |

### Footnotes

#Where full financial responsibilities delegated

\* Based on 2015/16 total number of funded pupils, inclusive of reception uplift and exclusive of high needs places

\*\* No limits on business rates or utility invoices

\*\*Should refer expenditure above a specific amount e.g. £10,000 to Finance Committee unless authorised by G.B.

The above is only a guideline, and each school will need to look at it's own individual circumstances and set limits accordingly. The basis of the change needs to be documented, the change ratified by the GB/Finance Committee and the LA informed.

- The scheme of delegation to staff is the responsibility of the head teacher and should specify not only the functions of individual staff but also the limits of their authority. It should be consistent with the principles of internal [financial control](#) regarding separation of duties. Clear definitions of the duties and responsibilities of staff should be produced in writing and be consistent with the framework of delegation established by the governing body. ( See Appendix 2 ).
- In terms of financial reporting, the GB must receive sufficient information to be satisfied that proper processes have been undergone by any committee exercising delegated powers and be able to ask questions about the most significant decisions made. Such delegated powers should be subject to a threshold set by Schools through the scheme of delegation.

### Financial Information

The GB should agree with the head teacher the minimum frequency, level of detail and general format of the financial information to be provided to it, especially in relation to budget monitoring reports.

## 1.6. Business/Pecuniary interest

- Below is a summary of key points relating to business/pecuniary interest, schools must adhere to national guidance on this matter, please refer to section 25 of [the constitution of governing bodies of maintained schools](#) for statutory guidance.

### **Business/Pecuniary interest**

The GB should establish a register of business interests of governors, the head teacher and any other staff who influence financial decisions. This should be open to examination by governors, staff, parents and the LA.

- A business/pecuniary interest is where a governor or member of staff (or close relatives of either) receives “remuneration” from a “firm”. “Remuneration” includes not only salary, wages, fees, but also other payments such as commission, honoraria, dividends, agency fees and interest. The expression “firm” includes not only companies and businesses but all organisations and even individuals.
- A register of business/pecuniary interests must be established by every GB and updated annually or more frequently for individuals where this is appropriate. The register must include not only governors and staff but also the pecuniary interest of spouses or close family where this is appropriate, e.g. the child of the chair of governors might own a local building firm. An example of a register is (See Appendix 3).
- Staff and governors should also additionally declare an interest not just pecuniary but also where a conflict of interest may arise if and when, matters are about to be discussed or decided, and withdraw or take no part in the discussion where this is considered appropriate by the individual concerned or by other governors.
- Any governor who has a direct or indirect financial interest in a contract and is present at a governors’ meeting when the issue is considered, must disclose their interest as soon as possible after the start of the meeting and must not take part in any associated discussions or vote.
- The only exception to the requirement to disclose a pecuniary interest is that if the interest is so distant or small that no ordinary right-thinking person would expect it to influence someone who might have dealings with the firm concerned. In such cases, it need not be disclosed. The

most common example is a modest shareholding in a large public company even if the school has or may have dealings with the company.

Non pecuniary Interest: It is good practice to declare links to organisations which have dealings with the school and which may give rise to a conflict of interest even where no pecuniary interest or advantages exist or accrues. This covers areas where relationships might be seen to influence judgements and convey the impression of personal motive.

- It is only a requirement upon those staff who influence financial decisions, principally the Head teacher, Deputy, SBM/Bursar/Finance Officer.
- If there is no material change during the year then it is not necessary for an entirely new form to be completed. Simply arrange for the original form to be re-signed and dated.

## **Section 2: Financial planning**

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### **2. Why is this area important?**

Financial planning is an essential part of good financial management. It provides a school with a clear view of how it intends to use its resources. It has two interrelated elements: the School Improvement Plan and the school's budget.

Good budgeting means not running into deficit, but equally not carrying large balances of unspent money from year to year without good reason. This means considering how the budget for a particular area of spending will balance out over a longer period than the next financial year.

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## 2.1. School Improvement Plan

### Development and budget planning

The school should have a School Improvement Plan (SIP), which includes a statement of its educational goals to guide the planning process.

### Medium term educational and budget plan

The SIP should cover in outline the school's educational priorities and budget plans for the next three years, showing how the use of resources is linked to the achievement of the school's goals.

There must be a clear link between the budget and the improvement plan. Within the support notes of the [SFVS](#) there is guidance on a process for linking the SIP to the budget. Such SIP's should feed into medium term educational and budget plans.

In creating a SIP schools are expected to consider the management of resources through the consideration of the DfE's [10 planning checks](#).

## 2.2. Budgeting, Surplus' & Deficits

- Budget setting process
- To ensure that Schools stay within budget from 2016/17 onwards it is recommended that schools complete 3 year forecasts of spend and budgets so that early action can be taken by schools in response to possible pressures. This is mandatory for Ealing maintained schools as of April 2017.

### Planning for solvency

The school's budget should be based on realistic estimates of all expected expenditure and income, including grant income, so that planned expenditure does not exceed the available budget.

- For more information on the setting of realistic estimates for the elements listed above please refer to the [estimate guidance notes](#).

### Periodic review of budget

The governing body should ensure that the main elements of the school's budget are periodically reviewed to ensure that historic spending patterns are not unhelpfully perpetuated.

### Budget profiling

The governing body should ensure that the main elements of the school's budget are periodically reviewed to ensure that historic spending patterns are not unhelpfully perpetuated.

- The LA has a set budget planning timetable for issuing budget figures to allow schools to prepare estimates of expenditure and income sufficiently in advance of each financial year to allow for consideration and approval by the governing body. Even if details of the school's funding have not been finalised it is important that the governing body considers spending priorities in the light of the estimated or indicative budget.

| January/February  | May  |
|---|--|
| Indicative LA production of school budget allocations for the next financial year, reflecting October school pupil census numbers. Indicative in January with final figures in February | School submission of balanced budget by the 1 <sup>st</sup> Friday in May. |

- For a timetable for budget approval and various publication please refer to the draft annual timetable in the [guidance on budget process 2016-17 document](#).

(See Appendix 4&5 for suggested Timetable for Heads / Finance staff)

- School Deficits
- Governing bodies are not allowed to plan for a deficit budget unless they have prior approval from the LA for a licensed deficit budget. For approval to be given, schools need to provide an explanation for incurring a deficit and produce a financial plan stating in detail how the deficit will be paid back within a maximum period of three years.
- Emphasis of early action and indication to LA – these both involve LA intervention
- For additional information on school licensed deficits please refer to section 4.9 of [Ealing's scheme for financing maintained schools](#).
- Surpluses
- Local Management of Schools' Budgets provides the opportunity to accumulate funds for specific projects. However, funds put aside from a

given year's budget for no particular purpose will be at the expense of the resources available for the education of the current cohort of pupils.

- For information on the budget control mechanism please refer to the section 4.2 of [Ealing's scheme for financing maintained schools](#).
- The planned level of balances should be the product of a conscious decision formally approved by the governors and linked to the School Improvement Plan. Governing bodies and parents should be fully aware of the actual and budgeted levels of carry-forward at their schools. Governors should be given the information to make considered judgements taking account of all the circumstances about the level of carry-forward for which they are budgeting.
- The practice of holding balances as 'reserves', which are not included as part of the annual budget setting exercise, is not considered appropriate. By including balances in the annual budget, schools will ensure that balances are properly linked into the School Improvement Plan and are not simply held as unspecified contingency funds.
- Inevitably during the year actual levels of balances will tend to deviate from the plan because of unforeseen factors. The level of balances should therefore be reviewed when:
  - i. considering the prospects for the medium term budget.
  - ii. in determining the annual budget.
  - iii. at the start of the spring term (when schools have a good idea of any expected surplus in the current financial year).
- It is important that balances built up through cautious budgeting should be considered as part of medium term budgeting to determine realistic balances that need to be held by the school, for example to offset specific reductions in financing anticipated in the future.

### **2.3. Capital Expenditure**

- Capital expenditure is expenditure on items costing more than £10,000 that will provide benefit to the school for more than one year. Such items include expenditure on land, construction work, high value equipment, and vehicles.
- For additional information on capital expenditure from budget shares, please refer to section 2.14 of [Ealing's Scheme for Financing Maintained Schools](#).

## Section 3: Budget monitoring

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### 3. Why is this area important?

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. It allows governors, the head teacher and staff to maintain financial control by reviewing the current position and taking any remedial action necessary. However budgets are not set in stone. The original budget may need regular updating, following consultation with governors, to take account of in-year developments. If this is done it is important to retain a copy of the original budget to support future budget construction.

Careful monitoring of the budget also provides a mechanism to hold budget holders to account. This applies both to the use of devolved budgets within the school and to the way the school's resources are being used more broadly.

In practical terms, budget monitoring involves examining monthly monitoring reports and taking action to tackle any significant variances. This process should be carried out at all levels and include any devolved budget elements. Expenditure on individual initiatives should be tracked to enable the school to assess their costs and effectiveness against the criteria set out in the School Improvement Plan. By receiving regular reports, the governing body can feel secure about the way its decisions are being implemented and take action where it is needed to bring about changes. In this way, budget monitoring provides a useful starting point when setting the budget for the following year.

Guidance on schools' budget management – assistance in financial planning, including benchmarking using your school's CFR (Consistent Financial Reporting) information – can be found at:

[www.education.gov.uk/sfb/login](http://www.education.gov.uk/sfb/login) + school username and password

Online support for schools is also available from

<https://www.gov.uk/search?q=schools+cfr>

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### 3.1. Monitoring procedures

#### Monthly monitoring

The head teacher should produce monthly budget monitoring reports for income and expenditure, including sums committed but not yet paid and out-turn forecasts, against the approved budget.

- Schools can run reports from their local accounting systems (the majority of schools in Ealing use the SIMS FMS accounting package) which can provide them with the necessary information to produce an income and expenditure report.
- The governing body should receive clear and concise synopsis of the budget monitoring report at least three times a year. It is advised that the finance committee review the budget monitoring reports on a half termly basis.
- Schools should monitor income and expenditure not only against budget but also against the [schools improvement plan](#).
- Schools can find additional guidance on best practise budget monitoring techniques and procedures in the support notes of the [Schools Financial Value standards](#) (SFVS).

### 3.2. Cash flow forecasting

- To avoid liquidity issues head teachers should produce monthly cash flow forecasts to ensure that the school's bank account does not go overdrawn.
- For information on cash advances from LBE please refer to the [budget payments and cash flow spread sheet](#).

### 3.3. Consistent financial reporting

- Consistent Financial Reporting (CFR) standardises, simplifies and streamlines the reporting of school finances in all local authority (LA) maintained schools in England.
- For information of the CFR process please refer to the [DfE's consistent financial reporting guidance page](#).

## Section 4: Purchasing

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### 4. Why is this an important area?

#### Value for money

Schools will want to achieve value for money (VfM) from all of their purchases. This means getting what is needed in the correct quality, quantity and time at the best price possible. Although price is not always the overriding factor in deciding which supplier to use, it is an important one. Obtaining value for money means comparing “like for like” for the complete package with all the associated costs and benefits from acquisition to disposal. There are various ways of establishing whether the prices being obtained are competitive. Consulting the Strategic Procurement Unit, checking trade journals and catalogues and seeking quotations or formal tenders are all examples of good practice.

The application of VfM techniques in the procurement process in Schools was cited as a concern in the [2014/15 internal audit activity summary](#).

#### Compliance

Public procurement is governed by both domestic and European legislation, the requirements of which are incorporated in the Council’s constitution (The Contract Procedure Rules and The Financial Procedure Rules).

Both Internal and External audit carry out random and planned inspections and non-compliance may lead to disciplinary action.

#### European Legislation

The EC Procurement regulations apply to all public authorities, including government departments, local authorities, NHS Authorities and Trusts and Schools. The rules set out detailed procedures for the award of contracts whose value equals or exceeds specific thresholds. Details of the thresholds that apply are [found here](#)

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#### **4.1. Additional Resources for Procurement guidance**

- For more guidance on public sector procurement requirements please use the following links:

[EGfL Procurement advice](#)

[DfE's Buying for schools](#)

[HM Treasury's Managing public money](#)

- Procurement policy should be linked into a school's scheme of delegation and their individual [authorisation policy](#).
- For schools using financial and operating leases arrangements please refer to IAS 16 leases link in the [IFRS' unaccompanied standards](#), in order to access this document on leases you will need to register for a free account with the IFRS.

## Section 5: Financial controls

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### 5. Why is this area important?

Schools have many systems for processing and recording transactions. Examples may include purchasing, payroll and income collection systems. These systems are important for two reasons. Firstly, they serve to protect school resources from loss or fraud. Secondly, they provide information to staff and governors about how the budget is being spent. Governors are then able to make use of this information to guide their decision-making.

By building internal controls into systems, governors and staff should be confident that transactions will be properly processed and that any errors or fraud will be detected quickly. Examples of such controls are:

- Internal check – the checking of one person's work by another;
- Separation of duties – distributing duties to ensure that key tasks are assigned to separate members of staff;
- Systems manuals – descriptions of how systems should operate
- Authorisation - the certification that a transaction or event is acceptable for further processing e.g. authorising an invoice for payment; and
- A clear audit trail covering all stages of a transaction, e.g. from copy order to invoice, to accounts, to cheque, and in reverse.

The concept of internal financial control applies to small and large schools. There is a particular issue for small primary schools in the separation of duties. The small number of teaching and administrative staff means that it is not always possible to achieve the situation described by the standards. In such cases it is always helpful if the school's approach to the standard is documented. In schools with only one administrative officer, the head teacher or the deputy will need to exercise some internal checks and authorise transactions to ensure separation of duties. Many schools have involved governors, so that they are within the spirit of a standard, if not its complete implementation.

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## 5.1. Recording systems and procedures

### Recording systems and procedures

The GB must ensure that there are written descriptions of financial systems and procedures which are kept up to date. All appropriate staff should be trained in their use.

- All schools must have written description of financial systems indicating procedures and responsibilities of staff, i.e. how, when and by whom procedures are to be carried out. As schools vary in their structure and organisation it is not possible to prepare a model, which would be suitable for all schools. However, an example for ordering goods and services would be:
  - i. The schools official orders must be used for ordering all work, goods and services. The SIMS FMS system produces the orders in the system.
  - ii. The budget holder should complete the order, which records, in full, details of the goods and services required, their estimated cost, the ordering department and relevant account code. The order is then entered on the computer system which places a commitment against the budget, avoiding any overspends etc.
  - iii. In cases of extreme urgency telephone orders may be given but these must be confirmed with a written order, clearly marked “in confirmation”, as soon as possible.
  - iv. It is appropriate for the head teacher/deputy head or senior officer to authorise all orders.
  - v. Before an order is authorised the budget holder must be satisfied that there is adequate budget available.
  - vi. The School Business Manager/Bursar/Finance Officer will:
    - a. Send the top copy of the order to the supplier without delay.
    - b. A commitment will automatically be made if the school operates a local computer accounting system (FMS); and
    - c. File a second copy of the order in the “outstanding order” file.
  - vii. When the goods are delivered they must be received and checked, preferably by a responsible person, who cannot be the person who placed the order or administered it. That person should initial and date the Goods Received Note as evidence of their check.
  - viii. The delivery note must be passed to the School Business Manager/Bursar/Finance Officer without delay, who should then check the details against the copy order.

- ix. The School Business Manager/Bursar/Finance Officer will:
- Attach the delivery note to the copy order in the “outstanding order” file.
  - Check the invoice details and arithmetic by reference to the copy order and the delivery note and record the payment details.
  - Remove the copy order from the “outstanding order” file, attach the invoice onto the copy order and transfer the copy order to the “completed order” file.
  - Print out a cheque from the accounting system and issue a cheque for payment (if manual cheques used).
  - Pass the cheque with the supporting paperwork (i.e. order, delivery notes and invoices) to the authorised signatories for signature. If the head teacher has authorised the order, there must be a second signatory on the cheque. If the goods were originally ordered by the head teacher or deputy head, the order should be authorised by the other, ditto the invoice.

## 5.2. Cheque Signatory Limits

The LA requires that the signatories should be the head teacher/deputy head/or other senior members of staff BUT not the person who is responsible for operating the account and preparing the cheques. A second signatory will be required for cheques over £500. Governors cannot be signatories on school accounts as they are not employed by the LA but they may wish to be aware of all cheques above say £5,000.

### **BACS Procedures**

Refer to Appendix 9

## 5.3. Staff Absence and Shared Responsibilities

- A detailed description of financial systems on financial procedures and systems helps training of new staff and defining roles and responsibilities when key staff are absent.

### **Financial control during absences**

The head teacher should ensure that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing.

- In all schools at least two people must be involved in passing a payment or recording and banking income. Typically one person would sign for

goods received and another certify the invoice or one person would receive and record income, the other doing the banking. The head teacher or another member of the SMT or a governor must check bank and cash reconciliations and other finance information on a regular basis and must sign and date it as evidence of these checks. This is a vital check on potential fraud.

#### **Shared responsibilities**

The head teacher should ensure that duties related to financial administration are distributed so that at least two people are involved. The work of one should act as a check on the work of the other, and all checks should be fully documented where possible due to size of school.

### **5.4. Document Guidance**

#### **Retention of documents**

The school should maintain proper accounting records and retain all documents relating to financial transactions for at least the period recommended by the LA/HMRC or Record Management Society.

- The Record Management Society of Great Britain have issued retention guidelines for schools. Web address:  
<http://www.irms.org.uk/resources/information-guides/199-rm-toolkit-for-school>
- It is the responsibility of the governing body to determine a document retention policy and develop procedures that would satisfy these needs.

#### **Trace from document to accounts**

All financial transactions should be traceable from the original documentation to the accounting records and vice versa. For example, it should be possible to trace a cheque to the expenditure in the accounts, to the invoice and to the copy order. Equally, it should be possible to perform the same exercise in reverse.

#### **Alteration of documents**

Any alterations to original documents such as cheques, invoices and orders should be clearly made in ink or other permanent form, and initialised.

#### **Access to accounting records**

All accounting records should be securely retained when not in use and only authorised staff should be permitted access.

- This also applies to computer records. Authorised staff should have a password, which is not disclosed to anyone, and is changed regularly, at least termly, as a minimum.

#### **Earmarked expenditure to be accounted for separately**

The head teacher should ensure that all expenditure from sources of earmarked funding is used for its intended purpose.

### **5.5. Data protection**

- Schools should ensure that they are compliant with the [Data Protection Act 1998](#). A summary of key implications of this act are found on gov.uk under the [Data protection page](#).



## Section 6: Income

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### 6. Why is this area important?

Cash is a valuable asset and is therefore vulnerable to fraud. It is vital that appropriate controls are in place to ensure its security. It is also important that the school keeps within the insurance and LA limits on holding cash on school premises.

Income can come from various sources, including grant funding, parental contributions and lettings and via online payment systems such as “Parentpay/Tucasi”. The governing body should establish a charging policy and review it every year. The head teacher is responsible to the governing body for accounting for all income due and cash collected, and maintaining accurate records for this.

This section covers general income controls. These include establishing procedures that ensure that income is banked regularly and that the amount banked is reconciled with the amount recorded in the accounting records. Frequent and regular checking against bank records is important to ensure that all income is secure.

For a list of income sources that are paid to schools through LBE (Early years funding, PPG, Sixth Form Grant etc.) along with models for forecasting these sources of income please refer to the [estimate guidance notes](#).

### General contacts

**Schools Accountancy Services:**  
[schoolsaccountancyservices@ealing.gov.uk](mailto:schoolsaccountancyservices@ealing.gov.uk)

**Steven Tinkler:** Head of Audit & Investigation  
[tinklers@ealing.gov.uk](mailto:tinklers@ealing.gov.uk)

## 6.1. Charging & collection policies

### **Charging policy**

The governing body should establish a charging policy for the supply of goods or services. This policy should be reviewed annually by the full governing body.

- The level of charges to be levied for each activity where the school generates income should be reviewed and approved annually by the governing body. The LA does not operate mandatory charging policies for these as it has delegated this responsibility to schools. (See Appendix 8 )
- If as a result of a letting, costs are incurred by the LBE on repairs, or the replacement of buildings, grounds or equipment, the LA reserves the right to charge the cost to the school's delegated budget.
- For VAT implication of income generation please see [section 10](#).
- Records should be kept showing how much is owed and who it is owed from.

### **Collection and banking duties**

The responsibility for identifying sums due to the school should be separate from the responsibility for collecting and banking such sums.

### **Prompt issuing of invoices**

Where invoices are required, they should be issued within 30 days.

- Wherever possible payment should be obtained in advance and especially for lettings.
- All cheques which represent official income must be payable to the name of the school.
- Schools may wish to develop their own local invoicing system including systems such as "Parentpay/Tucasi". If they adopt this method:
  - i. They should design pro-forma invoices, which should contain at least the school's name and address. SIMS FMS has an Accounts Receivable section, which includes the generation and processing of invoices, including VAT details.
  - ii. The school will need to establish a system of debt collection itself. This should include raising reminder invoices and letters

- requesting payment from any bad debtors. A procedure for writing off debts should be agreed by the governing body.
- iii. SIMS FMS has a debtors system, which will automatically raise invoices and maintain a debtor's ledger. Schools with this system may wish to make use of it.
- The correct accounting analysis, including the separate analysis of VAT, should be made on the appropriate part of the income account form. Income should not be coded to expenditure codes but to an income code.

## 6.2. Receiving income

### Use of receipts

The school should issue official, pre-numbered, receipts or maintain other formal documentation for all income collected.

- The collection of all income must be immediately acknowledged by the issue of an official pre-numbered receipt or by entry in a register or other record. The correct accounting analysis should be made.
- Wherever possible, pre-numbered receipts must be given to any person paying or donating money to the school.
- The SIMS FMS system produces receipts, which are pre-numbered. It is therefore acceptable for schools to use the automatically produced receipts from SIMS FMS.

### Security of cash and cheques

Cash and cheques should be locked away to safeguard against loss or theft.

- Access to the safe and locked drawers is strictly controlled. Consideration must be given to ensuring that insurance cover is sufficient in respect of the amount of cash and cheques held in the school. The police should be notified of any theft along with the Insurance Section and Audit.

### Prompt payment into banks

Collections should be paid into the appropriate bank account promptly and in full. Bank paying-in slips must show clearly the split between cash and cheques and list each cheque individually.

- All income received by the school must be paid into the school bank account without delay and at least weekly. No deduction may be made from the sum received. Officers paying money into the bank account must record the full particulars of each receipt, including the amount, a full description of the income, and the reference on the paying-in slip or counterfoil.
- Goods or materials sold for cash, or paid for by cheque, cannot be released until the school has received the cash or the cheque cleared in the school bank. Cheques offered with a valid guarantee card may be treated as cash, subject to the condition under which the card has been issued.
- Staff carrying cash on their own should restrict the amount to £200. When carrying cash in excess of £200 the member of staff should be accompanied, and the maximum amount to be carried for 2 people is £2,000. If this is not practical, the member of staff should carry a mobile phone and the amount carried should not exceed £1,000.

### 6.3. Reconciliations and writing off debt

#### **Reconciliation of banking**

The head teacher should reconcile monthly the sums collected with the sums deposited at the bank.

- As a minimum a monthly reconciliation must be performed of the amounts of income recorded as banked in the school's local records. Please refer to [banking](#) for more information.

#### **Debts write-off**

The school should have procedures for chasing any invoices, which have not been paid within 30 days. Debts should be written off only in accordance with LA regulations and schools should keep a record of all sums written off.

- The governing body must establish which named members of the school staff are authorised to cancel, replace and write-off a debtor's account.
- The governing body may write off debts up to the value of say £6,000. It can delegate the writing off of smaller debts e.g. under £500 to the head teacher. Any debts above £500 have to be approved by the governing body.

- Debts should only be written off if there is little or no prospect of recovering the money or if the cost of recovery is likely to be greater than the amount recovered. Full details of written off amounts should be kept and the records reviewed regularly to identify whether any have now become recoverable.

## Section 7: Banking

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### 7. Why is this area important?

The proper administration of bank accounts is a fundamental financial control. In particular, regular and ***prompt*** bank reconciliations are essential. They prove that balances are correct and provide assurance that the underlying accounts have been properly compiled and are accurate. Auditors give particular attention to the frequency of bank reconciliation and view failure to keep them up to date as an indication of potential error or fraud and as a breakdown in the system of internal control.

#### General contacts

**Schools Accountancy Services:**  
[schoolsaccountancyservices@ealing.gov.uk](mailto:schoolsaccountancyservices@ealing.gov.uk)

**Steve Tinkler** : Head of Audit & Investigation  
[tinklers@ealing.gov.uk](mailto:tinklers@ealing.gov.uk)

### 7.1. Bank Statements & reconciliation

- It is recommended that primary schools obtain a statement fortnightly and secondary schools weekly. The statements should be reconciled as soon as they are received. They should be checked by the head teacher, and signed and dated as evidence of this check. It is a mandatory requirement of the LA that head teacher should carry out an independent check of the reconciliation.
- Periodic reviews of unpaid cheques should be made to establish reasons why suppliers have not cashed the cheques. Cheques unpaid for longer than six months should be stopped with the bank and cancelled and reversed on the system.

#### **Bank statements to be signed and countersigned**

The person performing the reconciliation should sign all bank reconciliations. They should also be reviewed and countersigned by someone who understands the reconciliation process.

### 7.2. Finance Returns

- Schools are required to submit a Finance Return to the LA at the end of each term. Schools can submit them half termly/monthly in agreement with Children's Finance. This return is a local bank account analysis, which breaks down the expenditure and income transactions that have gone through the school bank account and provides a summary of the cash flow position of the school. The LA also requires back-up documents to be submitted with the return. These are:
  - i. Bank history for the period of the return
  - ii. VAT Long Summary Report (summary details of income/expenditure by ledger code)
  - iii. List of unreconciled payments and income outstanding for the period
  - iv. Copy of the (recent) bank statement(s) used to balance the return
  - v. Copy of the petty cash transaction list showing closing balance
  - vi. VAT submittal report
  - vii. Debtor / Creditor / Payroll Control Reports (if applicable)
  - viii. Excel upload journal for Agresso
  - ix. Journal Definition reports for salaries if applicable i.e. external payroll
- These reports can be extracted from the SIMS FMS systems. For those using other accounting packages, it should be possible to extract this information.
- The return must be balanced before it can be submitted and the information input into the LA general ledger system. This prompts a

VAT reimbursement due to the school and the next term's budget advance.

- There are crucial control mechanisms in the operation of bank accounts. The following are the key elements:
  - i. Reconciliations must be undertaken regularly, at least monthly. Schools are recommended to undertake reconciliations more frequently than monthly for their own benefit, in order to avoid difficulties in balancing the account and to permit discrepancies to be identified, investigated and resolved as soon as possible.
  - ii. Any discrepancies should be properly investigated, and not merely carried forward to the next reconciliation.
  - iii. Whoever carries out the reconciliation should date and sign it to certify that it is correct.
  - iv. The reconciliation should be checked by a second person who is familiar with the way in which bank accounts are reconciled, and who should date and sign the reconciliation as evidence that they have checked it. The finance return requires the head teacher to certify that it is correct and implies that they have verified the bank balances, and therefore the head teacher should also verify the bank reconciliation.

### 7.3. Staff Responsibility

#### **Staff Responsibility**

Staff responsible for undertaking bank reconciliations should not be responsible for the processing of receipts or payments.

- In order to preserve separation of duties, wherever possible the person undertaking the bank reconciliation should not be in a position to process invoices for payment, nor receive or process income.

### 7.4. Dealing with bank surpluses/deficits

- Investments of surplus funds

#### **Investment of funds**

All funds surplus to immediate requirements should be invested to optimal effect in accordance with the LA's investment policy.

- Investment of surplus funds should be placed in Banks listed of LBE's approved list, contact Schools Accountancy Services for this list.
- Overdraft Facilities and Borrowing



- The school should not enter into any loan agreements (including overdrafts), other than with the LA, without the prior approval of the Secretary of State for Education. For additional guidance please refer to section 3.6 on [Ealing's scheme for financing maintained schools](#).
- Schools may have debit cards/credit cards. Credit cards are permissible provided the balance is settled on a monthly basis. Direct debits and standing orders are permissible. There is a scheme in place for schools to use Government Procurement Cards. Refer to Appendix 7. Currently there is a pilot scheme with a number of schools using government approved RBS purchase cards. It is intended that this scheme will be extended to more schools once the outcomes of pilot have been assessed.
- If schools use a trade card e.g. for the caretaker to purchase DIY materials, then there should be a letter of authority setting out the limits that can be committed on behalf the school.
- For additional guidance on borrowing in schools please refer

#### **Private bank accounts**

Individuals should not use their private bank accounts for any payment or receipt related to the school's budget.

- An exception to this is for the purchase of minor items of resources e.g. items under £75, where a member of the school's staff may pay for items in the first instance, obtain a receipt and then be reimbursed from the school's petty cash.

## Section H: Payroll/personnel

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### 8. Why is this area important?

In most schools the largest item of expenditure is the cost of staff, although a few schools administer their own payroll. In Ealing the LA provides this function for the vast majority of schools. Most foundation schools and academies have their own payroll providers. However this does not relieve the governing body and the head teacher of the responsibility for ensuring that payroll and personnel controls are in place.

Schools need to be aware of a number of areas where HM Revenue and Customs regulations may affect or determine the way payments are made. For example, there are strict rules about payments to individuals who claim to be self-employed. Schools should seek advice from the LA in such cases.

#### General contacts

**Jane Lynham:** Payroll & Pensions Manager  
[Janelynh@ealing.gov.uk](mailto:Janelynh@ealing.gov.uk)

**Julie Pickett:** HR & Recruitment Manager  
[Pickettj@ealing.gov.uk](mailto:Pickettj@ealing.gov.uk)

**Andy Merryweather:** HR Manager Schools  
[amerryweather@ealing.gov.uk](mailto:amerryweather@ealing.gov.uk)

**Michelle Voutt:** Reconciliation and Compliance Support Officer  
[michvout@ealing.gov.uk](mailto:michvout@ealing.gov.uk)

## 8.1. Payroll

- Governing bodies are responsible for providing any necessary information required for calculating and paying salaries and wages. Every school is required to have a pay policy. They must also provide any necessary information to enable the Schools' HR to maintain records of service and make deductions for superannuation, income tax, National Insurance and statutory sick pay. Please refer to the [estimate guidance notes](#) for costing information for your schools' establishment.
- For schools in Ealing the appointment and payroll processes are carried out either by the Schools' HR section or by an external provider. All schools now receive payroll monies within their advances, schools that buy into Ealing's payroll services are then charged for these services via direct debit.

### Processing staff payments

Payroll transactions should be processed only through the payroll system.

- All payments to members of staff for work done, mileage expenses, contractual and statutory maternity and sick pay must be processed through the payroll system to ensure that the school complies with income tax regulations. No payment of this sort should be processed through the schools' local bank account and/or petty cash. For more information please see the EGfL's staff expenses gatekeeping webpage:  
[http://www.egfl.org.uk/categories/data/schl\\_expenditure/finance\\_guidance/docs/Staff\\_expenses\\_gatekeeping\\_item.doc](http://www.egfl.org.uk/categories/data/schl_expenditure/finance_guidance/docs/Staff_expenses_gatekeeping_item.doc)
- Payments for work carried out at schools by individuals who are not staff members should be paid through the Central Payment System only on the basis of a bona fide invoice. The taxation status of individuals trading as self-employed needs to be established. The Inland Revenue places an obligation on employers of all such individuals to confirm their taxation status before making payments other than through payroll, in which case, tax and NI will be deducted from the payment. The Council currently vets all invoice claims from individuals, requiring them to complete a form stating their trading status. Invoices from individuals not satisfying the self-employed status requirements are paid through the payroll as employees of the council. When you receive your first invoice, you should send a copy to Schools' HR. Contact Michelle Voutt on 020 8825 5903.
- The exception is where schools employ agency staff and pay the agency for their services. These invoices can be processed through the school bank account, ensuring that the appropriate accounting code is used. Timesheet information is included below:

- i. Caretakers are required to complete the times that their work is carried out on site. This should add up to the total hours claimed.
- ii. Basic hours should be shown separate from overtime
- iii. Overtime must be shown on the columns provided on the timesheet
- iv. Regular letting should be clearly shown as this is pensionable pay
- v. Casual letting and meal allowances should be clearly shown and attract normal overtime rates in line with service conditions
- vi. The timesheet should be completed and signed by the employee and authorised by the Head Teacher – a copy should be retained at the school
- vii. In keeping with good practice, the caretaker must be notified of any alterations to his/her timesheet before passing for payment

## **8.2. Whole School pay policy**

- Schools are referred to the Authority's existing guidance on the whole school pay policy. In summary, the key point to bear in mind from a value for money aspect is that it should enhance the quality of education provided for pupils at the school by complementing and supporting the school's strategic plan (i.e. the School Improvement Plan)
- All pay decisions made by schools should be made in accordance with the pay policy adopted by the school and should comply with the mandatory provisions of the annual Schools teachers' pay & conditions document.
- Refer to the DfE's [Schools teachers' pay & conditions document](#)

## **8.3. Redundancy arrangements**

- For additional information on the arrangements to be put in place by the school when carrying out redundancies please refer to [EGfL guidance](#) on this matter.

## Section J: Petty cash

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### 9. Why is this area important?

Petty cash is useful for making small purchases. However cash is a vulnerable asset and it is important that proper controls are in place to prevent its abuse or loss. These standards contain petty cash controls covering authorisation, documentation and secure storage of cash. The governing body should ensure that these controls are in place and are adhered to.

#### General contacts

**Schools Accountancy Services:**  
[schoolsaccountancyservices@ealing.gov.uk](mailto:schoolsaccountancyservices@ealing.gov.uk)

**Steve Tinkler:** Head of Audit & Investigation  
[tinklers@ealing.gov.uk](mailto:tinklers@ealing.gov.uk)

## 9.1. Handling of and payments with petty cash

### Amount of petty cash

The governing body should set out in writing an appropriate level for the amount of petty cash to be held. The amount should represent a balance between convenience and the risk of holding cash on the premises.

- They should take into consideration the requirement of this form of expenditure along with the school's insurance cover and the risk of holding cash on the premises. There are many schools which do not have petty cash and write cheques for everything.
- Petty cash should be obtained from the bank by cashing a cheque. Schools can obtain petty cash by cashing a cheque from their catering supplier. This is not ideal but acceptable, provided that adequate records of the transactions are kept e.g. receipts/copies of cheques.

### Access to petty cash

The head teacher should ensure that the petty cash fund is held securely and that authorised staff have access to it.

### Payments from petty cash

Payments from the petty cash fund should be limited to minor items, which have been approved in advance by an authorised member of staff.

- Access to petty cash must be restricted to authorised members of staff. One person should be nominated as the petty cash account holder who should be allowed to delegate others if necessary to manage the account and/or petty cash on a daily basis. At any one time only one person should have access to, and be responsible for, the cash/account; when the responsibility is transferred the cash/account should be balanced in the presence of both members of staff. Only minor items should be purchased through petty cash; the governing body should determine the maximum amount of any single transaction that may be undertaken using a cheque or cash. An amount of £75 is recommended as a reasonable sum per claim (it is not acceptable to split claims so as to avoid the £75 limit).
- Purchases must be properly authorised by the appropriate budget holder who must ensure that there are sufficient funds in the budget prior to making a purchase. Regular payments to suppliers should be made by the school using their normal creditor payments route, not out of petty cash.

- Payments in respect of salaries, wages or any other employee related expenses must never be made out of petty cash. This applies to the payment of services received such as gardening, window cleaning, etc, where formal arrangements should be in place.
- No income may be paid into petty cash. Income must not be used to meet items of expenditure. All income must be banked into the school's bank account intact.

#### **Personal cheques**

Personal cheques *must* not be encashed from the petty cash fund.

- Personal cheques must never be cashed from a petty cash float or any other fund or income held at the school.

### **9.2. Petty Cash controls**

#### **Periodic checks**

If the school has an imprest account or floats, periodic checks should be carried out between the petty cash accounting records and the bank statements, and reviewed by an independent member of staff.

- The petty cash fund must be independently checked by the head teacher or another senior member of staff and balanced from time to time (at least once per school half- term). This must not be done on the basis of a predictable routine.
- Governing bodies are responsible for any losses on petty cash arising through negligence or fraud, and these must be met from the school budget.
- Petty cash holders who leave the Council's employment or cease to be entitled to hold an account for other reasons must account to the governing body for the funds advanced to them.

## **Section 10: Tax**

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### **10. Why is this area important?**

The head teacher is responsible for ensuring that the school complies with Value Added Tax (VAT) and other tax regulations. VAT is a complicated area and the following controls merely set out the minimum framework. The LA's guidance on VAT should be consulted for detailed interpretation. Copies are available on EGfL. The Construction Industry Scheme (CIS), no longer applies to schools.



## 10.1. Rules & regulations

### Awareness of tax regulations

The head teacher should ensure that all relevant finance and administrative staff are aware of VAT and Income Tax.

- LBE schools are treated as part of the Council for VAT purposes, and as such, are included in Ealing's registration. Ealing Council is registered as it makes taxable supplies and is subject to the same rules as any other trader on its business activities.
  - Ealing's VAT registration number is **GB 226 6700 70**.
- The provision of education by LA schools is termed non-business where it is provided free of charge or for a fee less than cost. Goods and services supplied to them by other Council departments are not subject to VAT.
- For VAT purposes, Foundation schools are generally treated in the same way as LA schools. HM Revenues and Customs (HMRC) accept that the Council may recover any VAT it incurs on purchases made in respect of Foundation schools. This applies even where the governors have donated funding to the LA. VAT may not be recovered by the LA on capital works where the funding is derived from a specific DFE grant. These grants are always given inclusive of VAT.
- HMRC do not accept "**mistakes**" as a reasonable excuse for the incorrect treatment of VAT, and are empowered to impose financial penalties. Penalties incurred by individual schools will be generally charged to those school budgets.

## 10.2. Payment of VAT invoices

### PAYMENT ON AUTHENTIC VAT INVOICES

School procedures should stipulate that only proper VAT invoices are paid, as the school will not be reimbursed in the absence of such documentation.

- Certifying officers should always make sure before authorising payment that valid tax invoice is attached and a supply of goods or services has been received. Only original or certified copies can be used to support the VAT claim, photocopies or faxes will not normally be acceptable. Internal controls should be in place to ensure that payment has not already been made as it will result in a duplicate payment, which will

mean that input tax would have been claimed twice. This can normally also be picked up by close monitoring of the budget.

- Invoices must not be altered under any circumstances. If there is a need for credit, a credit note must be obtained from the supplier. This will not only adjust the net amount for the goods or services, but also account correctly for the VAT liability.

### 10.3. Accountability of VAT

#### ACCOUNTABILITY OF VAT

School procedures should set out how VAT on business activities, school trips and other taxable activities should be accounted for, both within the delegated budget and in voluntary funds.

- It is the head teacher's responsibility to ensure that both the governors and staff involved in school finances adhere to rules and regulations relating to accounting for VAT on income and recovering VAT on expenditure.
- When schools make payments via their local cheque account, it is very important that all appropriate records are maintained and the VAT element is clearly shown in their termly finance returns submitted to the LA. Where schools use the computer accounting software such as FMS, the VAT element will be shown separately. It is in the school's interest that these returns are submitted on time, as any delay will mean that the school will not benefit from securing a cash flow advantage.
- It is the responsibility of the school to ensure that the records clearly show how the purchase was made. It should also be noted that should a private fund purchase items direct using this scheme, HMRC will make an assessment to recover reclaimed input VAT, and make an interest charge **and financial penalties**. VAT incurred on purchases made through the private fund cannot be recovered unless the private fund is separately VAT registered. If the value of the taxable supplies made by the private fund exceeds the annual VAT registration limit (with effect **01/04/16 £83,000**, this amount is reviewed annually), then it must register for VAT. (Refer to Standard L2 Voluntary Funds - Benefits of Registering for Charitable Status).
- Donations for specific school purchases can be made to the school's local cheque account from the Voluntary Fund. The purchase can then be made through the local cheque account and the VAT reclaimed.
- Most income received by schools is classified as non-business and therefore carries no VAT liability. There are, however, a number of sources of income where VAT needs to be accounted for e.g. private telephone calls, private photocopying, and sale of certain goods.

## **Section 11: Voluntary funds**

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### **11. Why is this area important**

Voluntary funds (or “Unofficial Funds” as they are generally termed) often provide schools with a substantial additional source of income. Although such funds are not public money, the standards of the guardianship of these funds needs to be as rigorous as those for the administration of the school’s delegated budget. Parents and other benefactors are entitled to the same standards of stewardship for such funds. An accountant who is completely independent of the school must certify voluntary fund accounts.

This section applies to voluntary funds, which belong to the school. Funds held by other organisations, such as PTA’s, have similar standards of stewardship, but the management aspects relate to the PTA and not the governing body or LA.

#### **General contact**

**Steven Tinkler:** Head of Audit & Investigation  
[tinklers@ealing.gov.uk](mailto:tinklers@ealing.gov.uk)

### 11.1. Separate accountability

#### **Separate accountability**

The head teacher should ensure that voluntary funds are accounted for separately from the school's delegated budget and are held in a separate bank account.

- In order to preserve the integrity of the funds, schools must keep unofficial funds and official funds records separate, and various computer packages are available, although manual records are acceptable.
- Unofficial funds are not public funds, but parents, students and supporters of such funds are entitled to expect that they will be managed and controlled as if they were public funds.
- An unofficial fund is defined as any fund established to support school activities but generated by funds, which are independent of schools' official resources.

#### **Registration with the charity commission**

The governing body should ensure that relevant voluntary funds are registered with the Charity Commission.

### 11.2. Legal position

- Any institution or fund, which has exclusively charitable purposes and meets the minimum requirements for registration (basically, where income from all sources amounts to more than £5,000 per annum), must be registered as a charity.
- The issue arises as to whether all schools' unofficial funds should be so registered. The Charity Commission has indicated that, when looking at school funds, it has to consider carefully whether the fund in question is governed by a charitable trust for the advancement of education or is merely designated for educational purposes. The latter will not be an exclusively charitable purpose because the designation is revocable. The distinction is a fine one.
- There has not been a definitive statement to the effect that all school funds are charitable. Each case needs to be considered on its own merits. In practice it is suggested that if a school is interested in registering its fund as a charity it should contact the Charity Commission on 0845 3000 218 or visit

<http://www.charitycommission.gov.uk/publications/cc21.aspx> and the local tax office.

### 11.3. Implications of charity status

- There are both advantages and responsibilities attached to becoming a registered charitable trust. Similarly the requirement for proper accounting processes already exists in the Council's financial regulations. Schools will therefore need to consider very carefully their own circumstances and decide whether or not they wish to pursue charitable status or indeed whether their fund may be such as would be legally required to be registered.
- The benefits of registering as a charitable trust are:
  - i. Tax relief may be claimed on interest paid on balances.
  - ii. VAT paid on purchases may be reclaimed.
  - iii. Donations may be made by deed of covenant upon which tax relief may be claimed.
  - iv. Non-domestic rate relief may be claimed.
- Proper books of accounts must be maintained and financial records kept for a minimum of seven years.
- Accounts must be submitted to the Charity Commissioners either annually or as requested, depending upon the precise nature of the fund. For detailed guidance on Charitable trust status and the advantages and disadvantages that they can afford, please visit the Charity Commission's website as above.

### 11.4. Roles of a charitable trust

|  |
|--|
| <b>Appointment of a treasurer</b>  |
| The governing body should ensure that relevant voluntary funds are registered with the Charity Commission. |

|  |
|--|
| <b>Appointment of an accountant</b>  |
| The governing body should appoint an accountant who is independent of the school. The accountant should not be a member of the governing body. |

- The governing body must be made fully aware of all voluntary funds and must nominate a responsible officer to administer each fund.
- Any account with a gross income in excess of £5000 should be compiled by a CCAB qualified accountant (CIMA, ACCA, CIPFA or AAT).
- Unofficial funds are the responsibility of the governing body. The Financial Statements, comprising a simple income and expenditure account, a balance sheet and a certificate, must be presented to a meeting of the full governing body annually. Interim financial statements for the funds should be presented regularly to the governing body or its finance sub-committee during the year.

#### **Standards of financial accounting**

The head teacher should ensure that the same standards of financial accounting, which apply to income and expenditure for the school's delegated budget, are applied to the voluntary funds.

- The governing body must ensure that essential controls such as:
  - i. Separation of duties maintaining proper documentation and accounting records (e.g. a cashbook).
  - ii. Performing regular bank reconciliations (which are independently checked).
  - iii. Payment authorisation procedures.
  - iv. Income receipting procedures.

#### **Treatment of income**

The head teacher should ensure that the same standards of financial accounting, which apply to income and expenditure for the school's delegated budget, are applied to the voluntary funds.

#### **Accounts**

The head teacher should present the Financial Statements, the certificate and a written report on the accounts to the governing body as soon as possible after the end of the accounting year.

- The accounts must be compiled annually. The accountant must be asked to complete a certificate. A suggested wording might be "I have checked the records and supporting documents related to the .....school Unofficial Fund for the year ended ..... and verified that they form an accurate record of the transactions which have occurred and the balances which are held".

- A copy of the Financial Statements of the unofficial fund must be kept for Internal Audit purposes.

### **Two cheque signatories**

The head teacher should ensure that every cheque drawn against a voluntary fund bank account is signed by two signatories authorised by the governing body.

- All cheques must be signed by two signatories. When a signatory receives a cheque to be signed it must already contain the payee and amount, and must be accompanied by the supporting invoice or documentation.
- To avoid problems in contacting signatories, it is advisable to have more than two signatories to the bank account. However, the number must be restricted (perhaps to the head teacher, deputy head and a senior member of staff), and any signatory must be in a suitably senior position in the school. The governing body must formally approve the financial authorisation limits of the members of staff responsible for administering the unofficial funds.

### **Income banked monthly**

Any voluntary fund income should be paid into the relevant bank account at least once a month and in accordance with Insurance requirements.

### **Issue of receipts**

Receipts should always be issued for any donations or income entering voluntary funds.

### **Regular reconciliations**

The head teacher should ensure that regular reconciliations between the accounting records and bank statements are undertaken and independently reviewed.

- Should any member of the school's staff suspect that there is any irregularity by any person in the operation of the fund they must immediately report it to the head teacher, or, exceptionally, direct to the Internal Audit Section. The head teacher must, when informed of a

suspected irregularity, report it to the Internal Audit Section immediately. Evidence of reconciliation and review should be retained.

### **Insurance cover**

The governing body should ensure that voluntary funds are covered by insurance, including fidelity guarantee insurance.

- Schools must ensure that they have adequate insurance to cover all risks associated with the operation of the unofficial fund. LBE provides cover to include losses from unofficial school funds, subject to policy conditions. The policy had been extended to governors. It is, however, for the governing body to satisfy themselves that any other risks are covered. [\(Refer to section 12 Insurance\).](#)

### **11.5. Use of funds**

- Schools should ensure that funds are used appropriately, in an open and transparent way, and for the benefit of pupils, in accordance with what the funds were raised for e.g. the betterment of pupil attainment and achievement. Contributions to staff Christmas meals/trips out etc. are not an appropriate use of funds.



## **Section 12: Insurance**

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### **12. Why is this area important?**

All schools have risks against which they should be protected by insurance. Such risks may include third party liability, property, money, personal accident, motor vehicles and fidelity guarantee (to cover the loss of assets due to fraud or dishonesty on the part of employees). It is important that schools review their exposure to such risks to ensure that cover remains adequate and that they comply with the terms of the insurance.

School outings (including trips or journeys) are an integral part of a child's education, providing the opportunity to develop key personal and social skills. However, it is essential that certain guidelines must be followed in order to safeguard all concerned.

### **General contact**

**David Clay:** Insurance Manager  
[clayd@ealing.gov.uk](mailto:clayd@ealing.gov.uk)

## 12.1. General information

### ANNUAL REVIEW OF RISKS

The school should review all risks annually, in conjunction with the LA where appropriate, to ensure that the sums insured are commensurate with the risks.

### RISKS NOT COVERED

The governing body should consider whether or not to insure risks not covered by the LA, voluntary body or foundation. The cost of such premiums should be met from the school's delegated budget.

- For additional information on insurance policies please refer to the [EGfL's insurance page](#).

## Section 13: Fraud & whistleblowing policy

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### 13. Why is this area important?

In order to maintain those high standards a culture of openness and accountability is vitally important. Whistleblowing is when someone raises a concern about a possible fraud, crime, danger or other serious risk that could threaten colleagues, members of the public, or the own Schools reputation, i.e. there is a public interest aspect to it. Schools are expected to compile their own whistleblowing procedure.

The aims of the schools whistleblowing policy should be to:-

- to assure you that if you raise concerns you can do so without fear of reprisals;
- to assure you that your concerns will be taken seriously;
- to provide information about how to raise your concerns and explain how the school will respond.

For more information on creating a whistleblowing policy please refer to the [DfE's Whistleblowing procedure for maintained schools](#)

Should you suspect any fraud within your school please contact the Steve Tinkler ([tinklers@ealing.gov.uk](mailto:tinklers@ealing.gov.uk)) at the earliest possible convenience.

## Section 14: Assets

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### 14. Why is this area important?

Schools often have attractive and portable items of material and equipment ranging from library books to computers /IT and audio visual equipment. These assets should be kept under proper control. Head teachers should make arrangements to identify the items as school property, to record the location of the assets and to insure them for off-site use, where necessary.

Most schools also carry stocks, mainly of the kind that are in constant use, such as stationery, cleaning materials, and sport equipment. Generally, they are consumable items and the costs are charged to the various budget allocations as each purchase is made. Often stock records are not maintained and therefore schools should keep a close watch on the quantities ordered and the frequency of ordering. They should ensure that stocks are adequately safeguarded and in the charge of a responsible member of staff.

Recording assets and ensuring their safe care and custody is the responsibility of the governing body, which should maintain proper security for all buildings, furniture, equipment, plant, stores and other assets. Schools should apply the forms of internal control referenced in the [financial control section](#) to ensure the protection of their assets.

Schools now have greater responsibility for their buildings and other parts of their premises and it is, therefore, important that they plan how they intend to use, maintain and develop their buildings. The schools own plan will need to match the LA's asset management plan in relation to that school.

### General contacts

**David Clay:** Insurance Manager  
[clayd@ealing.gov.uk](mailto:clayd@ealing.gov.uk)

**Steven Tinkler;** Head of Audit & Investigation  
[tinklers@ealing.gov.uk](mailto:tinklers@ealing.gov.uk)

## 14.1. Stock/Inventory

### Stock levels

The head teacher should ensure that stocks are maintained at reasonable levels and subject to a physical check at least once a year.

- A record of this check e.g. ticked off inventory, should be kept with a signature and date.

### Maintenance of inventories

Up-to-date inventories should be maintained of all items of equipment. Such items should be identified as school property with a security marking.

- In order to comply with LBE's insurance policy an inventory must be maintained of all permanent valuable and transportable items worth more than £50 including vehicles, visual aid equipment, computer equipment, expensive tools, camping and sports equipment. It is recommended that inventories are maintained in the following format:
  - i. Date of acquisition
  - ii. Serial number
  - iii. Description of item
  - iv. Location (on site/off site)
  - v. Source of funding i.e. revenue, capital or leasing
  - vi. Cost/estimated replacement value
  - vii. Disposal, authorisation for disposal, and amount realised (if any)
- Items should be clearly and permanently marked as being school property and should be included in the inventory as soon as they are received. New additions should be added to the inventory as they are purchased and an updated inventory should be sent to the Insurance Section immediately, where the school is insured through the LA, to ensure it is covered.
- Items donated/"freebies" should also be listed on the asset register with an estimated value noted.

### Checking inventories

The head teacher should arrange for inventories to be checked at least once a year against physical items. Inventories are checked by someone other than the officer who maintains them. All discrepancies should be investigated and any over a predetermined sum reported to the governing body.

### Approval for off-site use of property

Whenever school property, for example musical instruments or laptops, is taken off the school site, it should be signed for and a register noted accordingly.

- The schools must have a process for the logging of all equipment that is taken off site, this should include the logging of the reason for taking the asset off site along with the relevant authorisation from the head teacher. This should be reflected in the inventory.

## 14.2. Disposals & write offs

### Authorisation of write-offs

The governing body should authorise all write-offs and disposals of surplus stocks and equipment in accordance with LA's regulations.

- As part of the internal manual of procedures, the governing body should specify the maximum values of stocks and equipment which the head teacher may write-off or dispose of without reference to the governing body.
- Under LA regulations any disposal of an asset over £2,000 should be done through a competitive tender or a public auction, for items under £2,000 written bids should be obtained. If an item is disposed of with a potential value of £10,000, authorisation must be obtained from the Executive Director of Corporate Resources.

### Locking of safes etc.

Safes and similar deposits should be kept locked and the keys removed and held in a different location.

- All safes, locked cupboards and other secure areas should be kept locked at all times. Keys should be held by the responsible officer. The number of key holders should be kept to a minimum (no more than three sets is recommended) but with normal day to day access restricted to one individual in order to ensure accountability.
- The head teacher must ensure that sensible controls operate to make the school's property secure. This includes ensuring that the amount of cash and cheques held on school premises is minimised by preferably weekly banking.

Cash and cheques should also be held securely and should not exceed the limits of the school's insurance cover.

### 14.3. Asset management plan

#### **Asset management plan**

The governing body should have a plan for the use, maintenance and development of the school's buildings.

- To assist in the process of strategic decision making the LA is working with its partners to further develop and implement the Asset Management Plan (AMP). That plan will provide the basis for prioritising needs and determining the respective responsibilities of the LA, schools and diocesan education boards.
- A key output of the plan is a prioritised programme of work to address the most serious and urgent needs of the LA's school building stock in terms of condition, sufficiency and suitability. The funding to carry out the works can come from various sources, e.g. school budget, devolved capital, central government bids.
- The Asset Management Plan Local Policy Statement contains further details of Ealing's AMP. A copy has been sent to all schools and further details can be obtained from the School's Property Group.

## **Glossary of terms**

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### **ACCRUAL**

A sum included in the final accounts to cover income or expenditure attributable to a financial year for goods received or work done, but for which payment has not been made by 31st March (also known as a creditor provision).

### **EXTERNAL AUDIT**

An independent examination of the Council's accounts to ensure that they comply with the necessary legislation and follow best accounting practice.

### **BALANCE**

The capital or revenue reserves of the school made up of the accumulated surplus of income over expenditure.

### **CAPITAL EXPENDITURE**

This is expenditure on items, which provides benefit to the school for more than one year. Such items include land, buildings, high value equipment, and vehicles.

### **CARRY FORWARD**

The balance of income over expenditure at the end of a financial year, which is moved to the next financial year.

### **CONTINGENCY**

An amount set aside to provide for items that have not been included in the budget estimates. i.e. money held as reserves for unexpected emergencies.

### **CREDITORS**

Amounts owed by the school for goods and services provided for which payment has not yet been made.

### **DEBTORS**

Amounts due to the school but not received.

### **DEFICIT**

This is the amount of money that the school has overspent e.g. expenditure over income, at the end of a financial year.

### **DfE**

Department for Education.

### **ESTIMATES**

The amounts that are expected to be spent, or received as income, during an accounting period. The term is also used to describe detailed budgets, which are either prepared for the following year, or have been approved for the current year.



## **FINANCIAL REGULATIONS**

A written code of procedures approved by the authority, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting and audit administrative procedures and budgeting systems.

## **FINANCIAL YEAR**

The financial year runs from 1 April to 31 March.

## **INTERNAL AUDIT**

The internal audit service provided by *Mazars* provide assurance to management on the adequacy and effectiveness of internal controls and consider how efficiently Resources have been used.

The in-house team provide advice and consultancy to management and work proactively on improving corporate governance, and the prevention and detection of fraud.

## **LBE**

London Borough of Ealing.

## **LA**

Local Authority

## **PROFILING**

Splitting down into time periods. In terms of budgeting this can be splitting the total budget in a specific area into *monthly/periodic* expenditure and income amounts.

## **RESERVES**

An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

## **REVENUE EXPENDITURE**

Day-to-day payments on the running of school, e.g. salaries, wages, supplies and services and capital charges.

## **STANDING ORDERS**

The set of rules adopted by the authority, which establish the procedures by which it should conduct its business. In particular, there must be standing orders relating to tendering and contract procedures.

## **SURPLUS**

This is the amount of money that the school has as spare e.g. income over expenditure at the end of a financial year.

## **VIREMENT**

This is the movement of money from one budget heading into another.

## Example Terms of Reference for Finance Committee

### 1. Membership.

The committee shall consist of five or more governors including no less than 3 governors not permanently employed by the School and the headteacher. Non-governors may be co-opted by the committee but the full governing body must determine their voting rights. The majority of committee members must be members of the governing body and no vote can be taken unless the majority of members present are governors.

### 2. Quorum.

The quorum shall be a minimum of 3 governors which must include the headteacher and 1 governor not permanently employed by the school.

### 3. Meetings and attendance rights

Meetings should take place at least once a term and otherwise as necessary. Agendas should be discussed and drafted by the chair and headteacher. Any major items must be included on the agenda and not introduced under Any Other Business unless the meeting deems it to be extremely urgent. Decide on attendance rights.

### 4. Minutes.

Each meeting shall delegate a governor or appoint a clerk to take minutes, which shall be circulated to all governors before or at the next full Governing Body Meeting. The head cannot take minutes (statutory).

### 5. Chair.

The Committee shall elect annually a Chair and a Vice-Chair. (The committee may not be chaired by non-governors or anyone employed to work at the School).

### 6. Terms of Reference:

- to provide guidance and assistance to the headteacher and the governing body in all matters relating to budget and finance
- to discuss and adopt the budget (with any amendments which are agreed) NB. The full governing body must approve the first formal budget plan of the financial year
- to consider the governing body's budgetary priorities with particular reference to the school's Development Plan, previous OFSTED Report and DfE directives
- to prepare and review financial policy statements including consideration of long term planning and resourcing
- to agree limits of delegation and the power to transfer between budget headings (virement)
- to monitor expenditure against budget, evaluate outcomes and report the financial situation to the governing body at each termly meeting
- to receive and, where appropriate, respond to periodic audit reports of public funds.
- to explore all possible sources of income for the school and secure only those funds which conform to the aims and ethos of the school
- to adopt and adhere to current LA Schools' Model Financial Regulations & Standing Orders
- To complete and submit the Schools Financial Value Standard as directed by the DfE

#### To clarify the division of financial responsibilities, the headteacher shall be responsible for:

- drawing up the proposed budget options for delegated funds, special purpose grants and other anticipated income for consideration and approval by the governing body.
- incurring expenditure within delegated limits once the budget has been agreed
- submitting regular monitoring reports of expenditure against budget to the finance committee

# GOVERNANCE FOR MANAGEMENT OF A SCHOOL BUDGET

App 2

To meet various Audit requirements please complete all GREEN boxes prior to submitting your budget

|   |  |                     |           |   |   |
|---|--|---------------------|-----------|---|---|
| Name of School  |  |                     |           |   |   |
| 6 digit Cost Centre Code  |  | DfE No              | 0         |   |   |
| School Budget Share<br>(delegated, devolved Budget)   |  | Budget<br>Balances? |           |   |   |
| Name of Headteacher (Print)   |  |                     |           |   |   |
| Chair of Governing Body (Print)   |  |                     |           |   |   |
| Chair of Finance committee (Print)  |  |                     |           |   |   |
| Date Budget to be received by Ealing<br>Children and Families accountancy team<br>(dd/mm/yy)                              |  |                     |           |   |   |
| Date of Governing Body meeting which<br>agreed final budget plan (dd/mm/yy)   |  |                     |           |   |   |
| Scheme of Delegation  | Maximum amount delegated by Governing<br>Body (£)  |                     |           | Ealing Council recommended levels<br>Authorisation limits |   |
| Role * Please edit as appropriate   | Orders   | Invoices            | Virements | Primary & Special   | High  |
| Headteacher/Deputy Headteacher  |  | no limits           |           | 10,000.00   | 30,000.00   |
| Finance/Resources Committee   |  |                     |           | 25,000.00   | 50,000.00   |
| Full Governing Body   |  |                     |           | £25,000+  | £50,000+  |
| Please enter Role e.g.<br>Headteacher/Deputy Headteacher  | Signatures on Cheques or authorisation of BACS payments - Bank Mandate<br>Any 2 signatories can Sign |                     |           |   |   |
| Annual controls and checks discussed by Governing Body whilst setting final budget for 20**/**                            |  |                     |           |   | Enter letter 'a' in<br>green box to<br>confirm task<br>actioned |
| Budget plan takes into account the latest Audit and OFSTED recommendations  |  |                     |           |   |   |
| Budget set in line with the schools SDP/SIP   |  |                     |           |   |   |
| Schools Finance Policy has been reviewed  |  |                     |           |   |   |
| Training budget has been set with Finance staff and GB/Finance committee members in mind                                  |  |                     |           |   |   |
| Scheme and structure of delegation renewed  |  |                     |           |   |   |
| Headteacher to advise school finance staff inc budget holders of the schools financial procedures                         |  |                     |           |   |   |
| All the above have been minuted. GB minutes and actual forms to be handed to the school finance officer for their records |  |                     |           |   |   |
| Signatures  |  |                     |           |   |   |
| Headteacher   |  |                     | Date      |   |   |
| Chair of Governors  |  |                     | Date      |   |   |
| Minutes held by school  |  |                     | Dated     |   |   |

# Register of Business Interests

## App 3

[School Name]

The general principle is that no-one should be involved in a decision where his or her personal interests, or those of any member of their immediate family, may conflict with those of the governing body. The purpose of this register therefore is to help avoid any conflict between the business interests of individual governors, the headteacher or members of their immediate families and the interests of the school. See overleaf for further details.

**Name of Governor:** \_\_\_\_\_ **Term of Office From** \_\_\_\_\_ **To** \_\_\_\_\_

(Please print)

| Name of business | Type of business | Nature of involvement | Person involved | Notes |
|------------------|------------------|-----------------------|-----------------|-------|
|                  |                  |                       |                 |       |
|                  |                  |                       |                 |       |
|                  |                  |                       |                 |       |

*(please continue overleaf if necessary)*

**or** I have no relevant business interests ☐

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

**Record of Reviews (Clerk to governors to distribute amendments and signature annually)**

|                       |  |  |  |  |  |  |  |  |
|-----------------------|--|--|--|--|--|--|--|--|
| <b>Date of Review</b> |  |  |  |  |  |  |  |  |
| <b>Initials</b>       |  |  |  |  |  |  |  |  |
| <b>Date of Review</b> |  |  |  |  |  |  |  |  |

|          |  |  |  |  |  |  |  |  |
|----------|--|--|--|--|--|--|--|--|
| Initials |  |  |  |  |  |  |  |  |
|----------|--|--|--|--|--|--|--|--|

An interest might include a directorship, significant shareholding or other appointment within a business that the school has dealings with or might have dealings with in the future. The type of business might be any that the school would invite to tender or place an order with. It is not possible to give definitive list of the types of interest that should be included so examples include, but are not limited to:

- building works
- IT & other equipment
- office & educational supplies
- cleaning
- catering
- grounds maintenance
- banking
- other administrative support services.

Inclusion of an interest on the register does not necessarily prevent the school from dealing with the business concerned. However, the governor concerned should not be involved in the decision to do so.

When making a decision on what should be disclosed, the individual should bear in mind the basis on which a third party might challenge their decision to disclose or not to disclose information. However, as a general rule, small savings accounts or small shareholdings in quoted companies would not usually need to be disclosed. If in doubt, you should include an item on the register rather than leave it out.

**Governors are reminded that completion of this form does not remove the requirement upon them to disclose orally any interest at any specific meeting and to leave the meeting for that agenda item.**

## Heads Timetable

**App 4**

|   |  |
|---|--|
| Monthly:                                    | <ul style="list-style-type: none"> <li>- Last working day - Teachers Pensions/AVC's if not using LBE Payroll H2</li> <li>- Budget monitoring &amp; virements C1/2</li> <li>- Cash Flow forecast C5</li> <li>- Bank a/c reconciliations G1/2</li> <li>- Head or Governor to check petty cash fund JB</li> </ul> |
| Termly:                                     | <ul style="list-style-type: none"> <li>- Budget monitoring for Finance Committee</li> <li>- Staff statement H7</li> <li>- Governing body meetings</li> <li>- 1 Autumn-plan training /occasional days for next academic year</li> <li>- Spring-governors agree training days</li> </ul>                         |
| Annually:                                   | <ul style="list-style-type: none"> <li>- Report to parents</li> <li>- Private funds certified L7</li> <li>- Review insurance risks N1</li> <li>- Check inventories M3</li> <li>- Annual Teachers salary assessment</li> </ul>  |
| <b>Monthly Timetable by Financial Year:</b> |  |
| April                                       | <ul style="list-style-type: none"> <li>- 1<sup>st</sup> Cash Payment</li> <li>- Meet with Governors to ratify Budget</li> <li>- Monthly Budget Advance</li> </ul>  |
| May   | <ul style="list-style-type: none"> <li>- Outturn Position Reporting</li> <li>- 1<sup>st</sup> Friday Submit a balanced budget</li> <li>- Monthly Budget Advance</li> </ul>   |
| June  | <ul style="list-style-type: none"> <li>- School Balances Form</li> <li>- Teachers Annual Service Return Pensions H2</li> <li>- CFR</li> <li>- Monthly Budget Advance</li> </ul>  |
| July  | <ul style="list-style-type: none"> <li>- Send 1<sup>st</sup> Term Bank &amp; VAT Return</li> <li>- Monthly Budget Advance</li> </ul>   |
| August                                      | <ul style="list-style-type: none"> <li>- Monthly Budget Advance</li> </ul>   |
| September                                   | <ul style="list-style-type: none"> <li>- Set 3 Year Objectives</li> <li>- Review SIP</li> <li>- Monthly Budget Advance</li> </ul>  |
| October                                     | <ul style="list-style-type: none"> <li>- 2<sup>nd</sup> Cash Payment</li> <li>- Pupil Census</li> <li>- Monthly Budget Advance</li> </ul>  |
| November                                    | <ul style="list-style-type: none"> <li>- Workforce Census</li> <li>- Monthly Budget Advance</li> </ul>   |
| December                                    | <ul style="list-style-type: none"> <li>- Send 2<sup>nd</sup> Term Bank &amp; VAT Return</li> <li>- Monthly Budget Advance</li> </ul>   |
| January                                     | <ul style="list-style-type: none"> <li>- Pupil Census</li> <li>- Indicative/final budget allocation</li> <li>- Decide on SLA buybacks</li> <li>- Monthly Budget Advance</li> </ul>   |
| February                                    | <ul style="list-style-type: none"> <li>- Review budget/prepare draft for Governing Body</li> <li>- 3<sup>rd</sup> Cash Payment</li> <li>- Monthly Budget Advance</li> </ul>  |
| March                                       | <ul style="list-style-type: none"> <li>- Creditor/debtor provisions</li> <li>- 3<sup>rd</sup> (Final) Bank &amp; VAT Return</li> <li>- 3<sup>rd</sup> (Final) Term Bank Account Return</li> <li>- Monthly Budget Advance</li> </ul>  |

|                              |
|------------------------------|
| <b>Accountancy Timetable</b> |
|------------------------------|

|  |   |
|--|---|
| <b>Weekly</b><br>Petty Cash Processing, Orders, Invoices, Cheque Payments.<br>Equipment Register<br>Bank Income<br>Reconcile Bank Statements | <b>Monthly</b><br><b>BCR Reports:</b> check salary reports for accuracy and post central payments for salaries, reconcile salary amounts to the main cost centre report; post central payments/receipts from non staffing transaction report and check that journal requests have been posted; check budget adjustment report for any additional budget and allocate this to the fund and the cost centres, check that virement requests have been posted.<br><br>Virement forms to Education Accountancy.<br><br>Finance Return if completing monthly returns. |
| <b>Half Termly</b><br><br>Budget Monitoring Report for Headteacher   | <b>Termly</b><br>Budget Monitoring Report for Governing Body/Finance Committee/Budget Holders<br><br>Long Term Sick claims<br><br>Finance Return  |

|   |                |  |
|---|----------------|--|
| School Census – ensure all SEN, EMAG and FSM data is entered on the MIS system. | <b>January</b> | Issue budget holders with spending analysis reports. |
|---|----------------|--|

|  |                 |   |
|--|-----------------|---|
| Prepare staffing list for budget setting | <b>February</b> | Chase outstanding orders/invoices<br>Last order deadline for budget holders |
|--|-----------------|---|

|   |              |  |
|---|--------------|--|
| Creditor/Debtor Provisions – process on FMS and e mail to Education Accountancy.<br>Print off cumulative expense analysis for budget setting, which includes creditor/debtor provisions.<br>Cancel outstanding commitments where the goods will not be received.<br>Set up the new financial year on FMS.<br>Carry out FMS year end system check by 31/03/****.<br>Produce final Finance Return, and final zero VAT Submittal to 31/03/**** | <b>March</b> | Estimate outturn, by taking actuals, including creditor/debtor provisions, and adding on estimated salary costs for March.<br><br>Discuss SLA buy backs with Headteacher, and complete SLA buy back form online, submitting by deadline<br><br>Set first draft new budget.<br><br>Review Scheme of Delegation.<br>Complete SFVS and email to <a href="mailto:sfvs@ealing.gov.uk">sfvs@ealing.gov.uk</a> by deadline 31/03/**** |
|---|--------------|--|

|   |              |   |
|---|--------------|---|
| Complete preliminary close on FMS.<br><br>Finalise new budget.<br>Ratify at Governing Body. | <b>April</b> | Allocate provisional budget to cost centres to allow orders to be raised.<br>Review Finance Committee Terms of Reference<br>Review Structure and Scheme of Delegation |
|---|--------------|---|

|   |            |   |
|---|------------|---|
| Allocate and fix the agreed budget on the fund and in the cost centres on FMS.<br>Inform budget holders of their budgets. | <b>May</b> | Submit agreed budget to Education Accountancy by the deadline date. (First Friday in May) |
|---|------------|---|

|  |             |   |
|--|-------------|---|
| Complete school balances form and send to Education Accountancy. | <b>June</b> | Reconcile final BCR reports to FMS.<br>Produce preliminary CFR return.<br>Once the preliminary CFR return balances carry out final close on FMS.<br>Produce final CFR return and export to COLLECT. |
|--|-------------|---|

|             |
|-------------|
| <b>July</b> |
|-------------|

|               |
|---------------|
| <b>August</b> |
|---------------|

|                  |  |  |
|------------------|--|--|
|                  |  |  |
| <b>September</b> |  | Revise budget to reflect September staff changes.  |
| Pupil Census     | <b>October</b>   | Present CFR report at Governing Body/Finance Committee meeting for signing off.<br>Review Whistleblowing Policy<br>Review Best Value Statement<br>Review Statement of Internal Control.<br>Review Finance Policy.<br>Complete Register of Business Interest Forms<br>Governors and Staff Competencies Matrix |
| Workforce census | <b>November</b>  |  |
| <b>December</b>  |  | Prepare for January School Census  |
|                  |  |  |
|                  | <b>Yearly</b>  |  |
|                  | Private Fund Audit<br>Inventory Stock Check<br>School Journey Reconciliation |  |



# SCHOOL VIREMENT FORM

APP 6

(For Schools internal use only – amend as appropriate)

DEPARTMENT: \_\_\_\_\_  
SCHOOL NAME: \_\_\_\_\_  
School Reference \_\_\_\_\_

DATE: \_\_\_\_\_  
FINANCIAL YEAR: \_\_\_\_\_

Reason(s) for virement and description \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

| VIREMENT   | Description | Accountancy Code | <u>AMOUNT (£)</u> |
|------------|-------------|------------------|-------------------|
| From (cr): | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
| To (dr):   | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |
|            | _____       | _____            | _____             |

AUTHORIZED BY: NAME \_\_\_\_\_ Signature \_\_\_\_\_  
(Please print name)

POSITION (\*Chair of Finance/Head/Deputy Head). DATE: \_\_\_\_\_

\* Delete as appropriate. Please ensure that the virement has been authorized in accordance with the Governing Body rules.

-----

## Facilities Booking Application Form

### [School Name]

|   |  |                 |  |
|---|--|-----------------|--|
| Hirer   | Full Name:   |                 |  |
|   | Address:   |                 |  |
|   | Telephone (daytime):<br>(Evening):<br>Email:   |                 |  |
|   | If acting on behalf of a business, club, organisation etc please state its full name and address plus your position there.<br><br>Name of Organisation:<br><br>Address:<br><br>Your position in the organisation:      |                 |  |
| <b>Areas and Facilities Hired</b><br><br>This should include setting up/breakdown times<br>No extension can be agreed at the time of the event  | Day and Date of event(s)   | Area/Facilities | Times of Hire  |
|   |  |                 |  |
| <b>Further Details</b><br>You must accurately disclose the purpose for which the site and/or space is required at the time of booking. Any misrepresentation will entitle the school to cancel the event and retain the deposit/hire fee. | Event Title  |                 | <b>Equipment Required</b><br><br>Please note that hirer's own electronic equipment must be PAT tested.   |
|   | Is the event/Activity exclusively for 0 – 19 year olds?<br><br><input type="checkbox"/> YES <input type="checkbox"/> NO  |                 |  |
|   | Expected Numbers   |                 |  |
| <b>Insurance</b>  | All hirers should have public liability insurance with minimum cover of £2,500,000*<br><br>Name of Insurer: .....<br>.....<br><br>Policy Number: .....   |                 | Expiry Date: .....<br><br>Limit of Indemnity: .....<br><br><b>Please enclose a copy of the insurance certificate when returning this form.</b> |
|   | * This can be arranged at a charge through LBEaling Insurance Section. The school can advise you of the details.   |                 |  |
| <b>Certificates/Qualifications</b>  | If you are planning to deliver coaching activities, does the coach or leader possess appropriate qualifications?<br><input type="checkbox"/> Yes..... <input type="checkbox"/> No<br>If yes please give details: ..... |                 |  |

|                   |   |
|-------------------|---|
| <b>CRB checks</b> | If this coaching involves young people (under the age of 18), has the coach been CRB checked?<br><input type="checkbox"/> Yes <input type="checkbox"/> No<br>If yes, please give the date on the certificate: ..... |
|-------------------|---|

|                    |   |
|--------------------|---|
| <b>Declaration</b> | 1. I undertake to pay the appropriate hiring charges<br>2. I have read and agree to be bound by the Term and Conditions of Use<br>3. I agree to indemnify the school against any claims for loss or damage or personal injury or any associated costs arising from this agreement<br>4. The school reserves the right at any time, including during the event, to refuse or cancel the hire of the site which they consider to be objectionable or in any way detrimental to the reputation of the school.<br><br>Signature: .....<br><br>Date: ..... |
| <b>Return</b>      | Once fully completed, this application form and a copy of your public liability insurance certificate, and Risk Assessments (optional) should be returned to:<br><br><div style="text-align: right;">School<br/>Address</div>   |

**FOR OFFICE USE ONLY**

|                  |   |
|------------------|---|
| <b>Agreement</b> | Approval of hiring by Lettings Officer / Business Manager/Head Teacher: |
|                  | Signed:   |
|                  | Date:   |

|                |  |
|----------------|--|
| <b>Payment</b> | For regular hires you can elect to pay via invoice at the end of every month, or weekly at reception. Please indicate below:<br><br>Monthly Invoice: <input type="checkbox"/> Weekly Invoice: <input type="checkbox"/><br><br>Otherwise a deposit of 25% is due at the time of application<br>Balance and holding deposit (£100) to be paid not less than 14 days before the first letting/lettings. |
|----------------|--|

# TERMS & CONDITIONS OF USE

These terms and conditions, together with the form of application to hire the school, shall constitute the contract between the school and the hirer(s).

## Application

1. Application for hire must be on the application form provided which will form the basis of a license to use School premises.
2. If an organisation is hiring the accommodation both the organisation itself and its members are jointly and severally liable under this agreement.
3. The hirer must ensure that everybody making use of the accommodation complies with the conditions of use.
4. This agreement is personal to the hirer and may not be assigned to any third party.
5. The number of persons using any hired property/premises shall not exceed the number advised by the hirer and authorised by the school.

## Cancellation

6. There will be at least two weeks notice, in writing to the school, for any cancellation of a booking made by a hirer. Cancellations made after this date will be charged at *half* the booking fee.
7. The school reserves the right to cancel any licence at any time in the event of the school requiring any hire property for school purposes or for any other reason which is considered necessary by the school. This may be at short notice.

## Payment

8. The first month's fee is payable in full upon signing this agreement.

## Indemnity and Insurance

9. The hirer shall be responsible for all damage caused and shall indemnify the school against all loss, damage and expenses unless due to the negligence of the school and any such damage shall be reported immediately to the school.
10. Any damage caused to the accommodation (or elsewhere in the school) shall be compensated to an extent considered reasonable at the discretion of the school within seven days of a written demand.
11. The hirer shall indemnify the school against all and any expenses, liability, loss, claim and proceedings arising in respect of personal injury to or death of any person or damage to any property arising directly or indirectly from the use of the accommodation unless due to the school's negligence.
12. The hirer shall obtain insurance against legal liabilities to third parties (including the school) with a limit of indemnity of at least £2,500,000 for any one incident. Where the hirer is unable to provide details of current, adequate public liability insurance cover (normally a private individual or independent group), they must pay a premium to obtain such insurance from the council.

## The Premises

13. Access is restricted to the rooms comprised in the accommodation and any toilet facilities and access shall only take place during the designated time and for the permitted purpose.
14. Smoking is not allowed anywhere on the site.
15. This agreement does not include the use of any equipment, including PE, except where specifically agreed and subject to any further fees chargeable; kitchens and catering equipment shall not be used unless approved by the school subject to any conditions that may be imposed.
16. Car parking is only allowed in the allocated car parking spaces. All roadways must be kept clear. "No parking" signs must be respected.

### Performing Rights and Licences

17. No copyright works shall be performed in the accommodation without the licence of the copyright owner and the hirer shall indemnify the school against any penalty or sanction for any copyright infringement that may occur.
18. The hirer shall not use the accommodation for any purpose or activity for which a licence or permission is necessary, e.g. preparation and sale of food, unless such a licence has been obtained.
19. The accommodation shall not be used for the sale or display of goods or services or for any public entertainment unless agreed with the school.
20. No alcoholic drinks shall be brought onto the accommodation except where the school agrees otherwise and where a licence has been obtained.
21. No film or video shall be shown in the accommodation or taken in the facilities without the school's prior consent.

### Health and Safety

22. The hirer is responsible for the health and safety of everybody using the accommodation (including first aid) and must make itself aware of the fire precautions and procedures in existence. There will be a member of the school staff on the premises throughout the duration of the letting(s). Please report to him/her on arrival and notify them of any problems during the letting(s). ***or The caretaker will be present to unlock the premises at the beginning of the hiring and lock up again at the end. He/she will not be available during the period of the hire, except in extreme circumstances***
23. Electrical apparatus shall not be brought onto the accommodation without the school's consent.
24. Animal, other than guide dogs, are not permitted on the school premises without written prior consent of the school.
25. The hirer shall leave the accommodation in a clean and orderly state.
26. The disposal of any refuse arising from the use is the responsibility of the hirer.
27. All clubs hiring the facilities must have staff who have appropriate coaching certificates and are checked with the criminal Records Bureau if working with children under 18 or vulnerable adults, even if this is supervised. A qualified person must be present during all sessions that are considered to be of a hazardous nature, e.g. karate, gymnastics, judo etc.
28. In relation to activities for children, the hirer must ensure that there are sufficient adults present to be in full control of the children throughout the whole period during which they are on the school site.
29. *Club/organisations hiring the facilities may need the following policies in place:*   **optional**
  - a. *Health & safety*
  - b. *Quality assurance*
  - c. *Child protection (if working with children)*

### Preservation of Order

30. The hirer shall not cause nuisance or annoyance to the occupiers of any neighbouring premises.
31. The school does not accept any responsibility for any articles of property left by the hirer, their guests, agents or any member of the public on the hired property during the period of the hire.

## Procedures

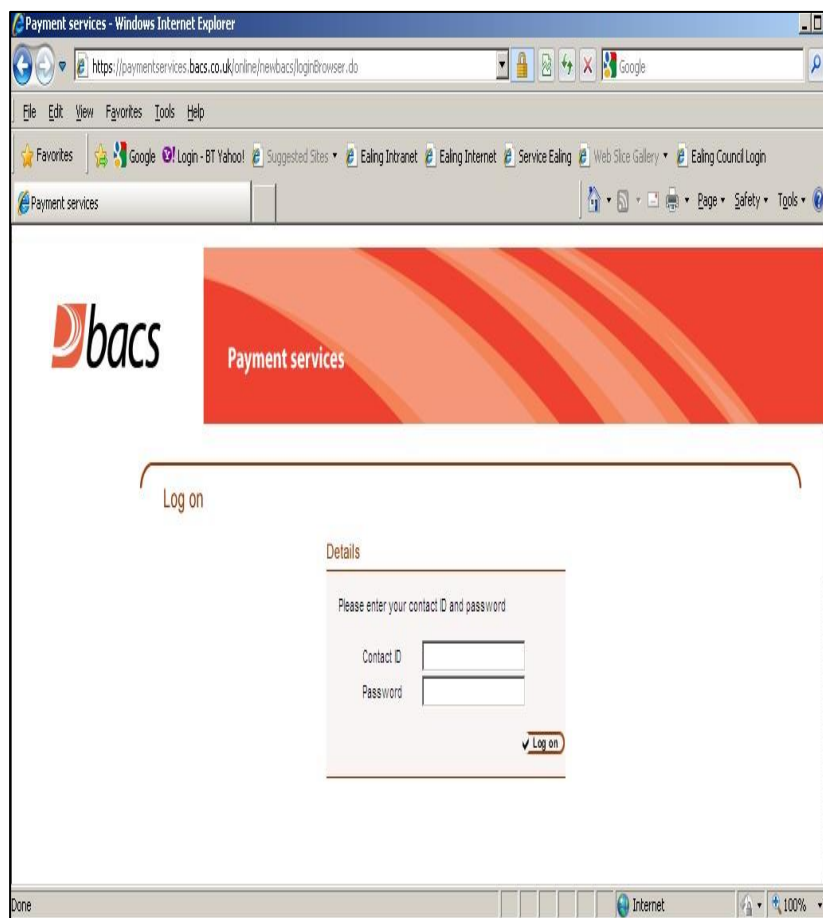
App 8

| <u>Process</u>  | <u>Action</u>  |
|---|--|
| 1. <b>Order Requisition</b>   | <b>Signed by: Budget Holder/Headteacher</b>  |
| 2. <b>Purchase Order raised on FMS</b>  | <b>Signed by: as per Scheme of Delegation</b>  |
| 3. <b>Delivery Note</b>   | <b>Signed by:</b>  |
| 4. <b>Invoice processed on FMS</b>  | <b>Data Inputter</b>   |
| 5. <b>BACS Run Report and Invoices</b>  | <b>Signed by **** As per the Scheme of Delegation</b>  |
|   | <b>(SBM/Bursar/Headteacher/Deputy Headteacher) before uploading via SupportNet</b>                             |
| 6. <b>Audit Trail Report</b>  | <b>Signed by **** (Deputy Headteacher/SBM/Bursar) before uploading</b>   |
| <b>(changes to supplier bank details)</b>   | <b>BACS file via SupportNet</b>  |
| 7. <b>Upload BACS file via SupportNet this must be done 5 days prior to payment (Zipped and Password protected)</b> |  |
| 8. <b>Detailed Pre-Authorisation</b>  | <b>Reconciled to BACS Run Report by Data Inputter and signed.</b>  |
|   | <b>Must be checked the same day as received, contact BACS if any errors to stop the BACS payment</b>           |
| 9. <b>Input Report</b>  | <b>(Login delegated to Finance Officer to enable printing of report). This is at the Bank payment services</b> |

**WHEN PRINTED THIS MUST BE SIGNED BY: \*\*\*\*\*2 BANK SIGNATORIES accompanied by all supporting documentation i.e.:  
1 – 9 as above**

## **BACS Payment Services**

**This is at the bank (not the BACS Bureau)**



- When the file has been submitted to BACS, Capita will email you to confirm the Transaction and Monetary Totals, and the Pay Date. (Detailed Pre-authorisation Report). This is confirmation from Capita that your BACS file has been successfully transmitted to BACS. If you do not receive this email, please call Capita immediately.
- On or around the Processing Date, you will receive an e-mail from BACS informing you that an Input Report is available for you to download from BACS. This is your confirmation of what you have sent to BACS. **Please make sure that you check the report. It is your responsibility to check this to make sure the totals are correct. If you do not receive the Input Report, please contact your bank as soon as possible. The Web Address for accessing your reports <https://paymentservices.bacs.co.uk>**

**This is signed off by whoever normally signs the cheques for the account. Scheme of delegation**

- The Headteacher should have received an email with log on information, if they do not have access to this website, and need access to download BACS reports. Please contact your bank for an application form; you can also request additional users for the other named signatures on your bank mandate. Once the application is successful, the bank will provide the user with a login name and password for the site.

# IT asset disposal for organisations

## Data Protection Act

### Contents

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## Introduction

The Data Protection Act 1998 (the DPA) is based around eight principles of 'good information handling'. These give people specific rights in relation to their personal information and place certain obligations on those organisations that are responsible for processing it.

An overview of the main provisions of the DPA can be found in [The Guide to Data Protection](#).

This is part of a series of guidance, which goes into more detail than the Guide, to help data controllers fully understand their obligations and promote good practice.

This guidance explains to data controllers what they need to consider when disposing of electronic equipment that may contain personal data.

## Overview

You should:

- ensure that the responsibility of asset disposal is assigned to a member of your staff with a suitable level of authority;
- complete a full inventory of all equipment that you have marked for disposal;
- be clear about what will happen with devices when you no longer need them;
- consider the security vulnerabilities associated with each method of disposal;
- ensure you delete personal data before recycling devices, so that data is not accessible to others after the device has left your ownership;
- be aware that any specialist service provider you use will be considered to be a 'data processor' under the DPA; and
- have a written contract in place between you and the data processor, ensuring that there is an appropriate level of security in place.

## What the DPA says

The seventh principle says: appropriate technical and organisational measures shall be taken against accidental loss or destruction of, or damage to, personal data.

It means you must have appropriate security in place to prevent the personal data you hold from being accidentally or deliberately compromised. This is relevant in the IT asset destruction and recycling processes.

More information can be found in the seventh principle section of our [Guide to Data Protection](#).

In general, this means you should:

- design and organise your security to fit the nature of the personal data your organisation holds and the harm that may result from a security breach;
- be clear about which member of its staff in your organisation is responsible for ensuring information security;
- make sure you have the right physical and technical security measures in place, backed up by robust policies and procedures and reliable, well-trained staff; and
- be ready to respond to any breach of security swiftly and effectively.

If personal data is compromised during the asset disposal process, even after it has left your organisation, you may still be responsible for breaching the DPA so it is important to manage the process correctly.

## Create an asset disposal strategy

Add a section to your security policy that addresses the process of IT asset disposal and personal data deletion. Consider the following points when creating your strategy:

### **How will devices be disposed of when no longer needed?**

Be clear about what will happen with devices that are no longer needed. Will they be made available for reuse or will they be

recycled, or destroyed? Consider how IT assets will be removed from your organisation and who will be involved in this process.

### **Conduct a risk assessment of the disposal process**

Whether you decide to use a specialist asset disposal service provider or delete personal data yourself before recycling, it is important to consider the security vulnerabilities associated with each method of disposal.

You may recycle usable equipment, donate it to another user or return leased equipment to the owner. You may decide that you can delete personal data within your organisation before recycling equipment and devices but using a specialist service provider is also an option. In all circumstances, it is important to consider what personal data may be leaving your organisation along with the device it is stored on. Your risk assessment should consider the process of handing your equipment to a third party and you should always be aware, and make a written record, of who you are handing the devices to.

More details can be found in the Selecting an IT asset disposal company section below.

### **Identify the devices containing personal data**

Much of your data may be stored on PCs and laptops but think about other devices that store electronic data such as printers, faxes, servers, smartphones, tablets and USB or backup storage. If you are not using a specialist service provider to recycle your IT assets, make sure you wipe personal data before recycling, so that it is not accessible after it has left your organisation. Some of the techniques in our [Deleting personal data](#) guidance may suit your organisation's requirements.

Update your security policy as your organisation begins to use new devices that are capable of storing personal data so that you can dispose of these securely, when needed.

### **Categorise the personal data**

The DPA says that you should have a level of security in place that is appropriate to the nature of the information you hold and the harm that might result from its improper use or accidental loss or destruction.

## **Consider using a third party service provider**

If you choose to use a specialist service provider to remove your IT assets, make sure you include clear details in your security policy about how the chain of custody is to be managed. Devices should not leave your organisation before you have established who is responsible for deleting the personal data contained on them, whether that is someone within your organisation or the specialist third party provider as part of its service.

## **Selecting an IT asset disposal company**

If you use a specialist asset disposal company to recycle your old electronic equipment it will be defined as a 'data processor' under the DPA. As the asset disposal company will be acting on your behalf, you will be responsible under the DPA for what the provider does with any personal data contained on the devices that it is recycling. If the provider does not successfully delete personal data that is subsequently compromised you may be responsible for the breach. Read further guidance on the relationship between a data controller and a data processor in [Identifying data controllers and data processors](#).

Choose an IT asset disposal company that provides sufficient guarantees about its security measures. You should be satisfied that your service provider will treat the personal data with the same level of protection, or better, as you.

Look for independent approval of products used in the deletion process such as CESG, the UK government's national technical authority for information assurance.

If possible, conduct a client site assessment and audit of your chosen disposal company. Continue to audit the data processor for compliance throughout the business relationship.

## **Draw up a contract with the data processor**

The DPA sets out that a written contract must be in place between your organisation and the data processor, so that both parties are aware of their obligations. Ensure that your contract includes:

- explicit direction on the services to be undertaken and that it may only act in accordance with your instructions;
- an approved specification for IT asset disposal which is aligned to your disposal/security policy; and

- full details of all downstream partners involved in the service. Any downstream partner contracts should include the same data controller specification for IT asset disposal as the minimum service level to be met.

### **Manage the asset disposal process and data processors**

Complete a full inventory of all equipment that is marked for disposal. As noted above, you should maintain a written record of all equipment transferred to your service provider if you are using one.

Monitor and audit your service provider regularly to ensure that it is complying with your instructions, putting its security measures into practice and maintaining the expected service quality by establishing an on-going audit process.

If you lease equipment such as printers, check what the leasing company will do with the equipment when it is returned. In particular, check to see if it wipes personal data from devices before these are resold or recycled. You may need to delete information contained on the hard drives of items such as printers before they are returned to the leasing company and recycled.

### **Assign an asset disposal champion**

Ensure that the responsibility of asset disposal is assigned to a member of your organisation with a suitable level of authority, as security measures can become flawed and out of date very quickly, particularly if there is no accountability within an organisation.

Your IT security manager might be suitable but, if you do not have one, make sure that someone is aware of which devices are leaving the organisation, what personal data is stored on them and who has responsibility for erasing the personal data.

## Other considerations

Other relevant ICO guidance includes:

⇒ [Deleting personal data](#)

## More information

This guidance has been developed drawing on ICO experience. Because of this it may provide more detail on issues that are often referred to the Information Commissioner than on those we rarely see. The guidance will be reviewed and considered from time to time in line with new decisions of the Information Commissioner, Tribunals and courts.

It is a guide to our general recommended approach, although individual cases will always be decided on the basis of their particular circumstances.

If you need any more information about this or any other aspect of data protection, please [contact us: see our website www.ico.gov.uk](http://www.ico.gov.uk).