



EAST RIDING
OF YORKSHIRE COUNCIL

FINANCE MANUAL (Adapted) FOR SCHOOLS



Revised
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Other Documents to read in conjunction with this manual

- **Scheme for Financing Schools**
- **FMS**
- **The Allocation Formula for Funding Schools & Academies**
- **Finance Service level Agreement**
- **Finance Monthly Newsletters-emailed to schools**
- **CFR detail code list**
- **Contact names and numbers in the Improvement, Learning, Inclusion and Schools Accountancy Group**

Copies of all manuals/documents can be found on the Schools Intranet under Schools Finance.

CHAPTER 1

HOW SCHOOLS ARE FUNDED

FUNDING

DEDICATED SCHOOLS GRANT

The Dedicated Schools Grant (DSG) is a grant from central Government ring fenced to the Schools Budget. The DSG was previously calculated based on a Guaranteed Unit of Funding (GUF) multiplied by the total number of pupils recorded on the various censuses in January.

From 2013/14 the DSG was split into 3 notional blocks; Schools block, High Needs block and Early Years Block. Whilst the Schools Block and Early Years block are still to be based on the number of pupils recorded on the Schools census and Early Years census multiplied by a guaranteed unit of funding, the High needs block is calculated based on budgeted expenditure against High Needs headings recorded on the Section 251 return for 2012/13.

SCHOOLS BUDGET SHARE – FORMULA FUNDING

From 2013/14 the Secretary of State directed Local Authorities to commence using a simpler funding system that moved away from the previous system which allowed greater local flexibility in the number of factors that could be used.

The ISB includes funding from all 3 of the notional blocks that form the DSG.

Information on the funding formula can be found in the **Allocation Formula for Funding Schools and Academies Manual**, this is on the Schools Intranet under Schools Finance.

SCHOOLS BLOCK FUNDING

The main elements of the formula funding from the schools block are summarised below:-

- Basic Per Pupil Entitlement
- Lump Sums
- Low Cost, High Incidence SEN
- Rates
- Deprivation
- English as an Additional Language
- Looked After Children
- Split Site
- PFI Funding

EDUCATION FUNDING AGENCY (EFA)

This funding is for Post 16 and is calculated by the EFA. The EFA notifies each school of their allocation but the funding is passported through the Local Authority. Schools need to be aware that the EFA works on an academic year basis August to July and therefore the amount a school will be notified at the start of the financial year will be different.

Further information regarding the Post 16 funding formula can be found on the following link:-

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/funding/fundings>

HIGH NEEDS BLOCK FUNDING

Schools are required to contribute to the cost of additional SEN support arrangements, up to the cost threshold of £6,000 per pupil from the Schools block formula funding. Schools receive additional funding from the High Needs block if a child's assessed need is above £6,000.

Special Schools and Pupil Referral Units receive all their Schools Budget Share funding from the High Needs Block.

Further details on the High Needs Block funding is included within the Allocation Formula for Funding Schools & Academies manual.

EARLY YEARS BLOCK FUNDING

Nursery Schools and schools with nursery classes receiving funding from the Early years block to support nursery age children. Funding is calculated based on the Early Years Single Funding Formula (EYSFF) with an estimated budget being calculated at the beginning of the year based on estimated participation with adjustments taking place following analysis of the termly headcount returns. Additional funding is calculated for deprivation and Nursery Schools get an additional lump sum to account for the unavoidable additional costs maintained nurseries must meet.

Further details on the Early Years Block funding is included within the Allocation Formula for Funding Schools & Academies manual.

PUPIL PREMIUM

The Pupil Premium is additional funding for schools from that which is allocated through the DSG.

Pupils from Reception age to Year 11 are included within the Pupil Premium calculations for which there are 3 elements:

- i) Ever 6 Free School Meals
- ii) Ever3 Service Child
- iii) Looked After Children

Although the funding is not specifically ringfenced, schools are expected to report to parents annually on the use of the pupil premium in raising the attainment of disadvantaged children on their website.

CAPITAL FUNDING

Capital funding is also additional funding from that which is allocated through the DSG. The funding is called devolved capital and is calculated based on a lump sum and an additional per pupil amount. This funding is ringfenced to spend on items of a capital nature only and therefore any spend should be coded to the designated ringfenced codes:

- Devolved Formula Capital (Buildings and Non ICT Equipment) 21052, 21053, 21054
- Devolved Formula Capital (ICT) 46070

OTHER GRANTS BID FOR BY THE SCHOOL AND INCOME

Schools may receive other grants (ie Lottery grant, Awards for All) and income. This does not increase the funding to the school, instead these grants must be banked and recorded as income. However, income does increase the spending power of the school and must be taken into account when planning the budget.

NOTIFICATION OF FUNDING – PRIOR TO THE START OF THE FINANCIAL YEAR

Once all pupil numbers have been collated from the October School Census, schools have to be notified of their funding allocation prior to 28 February. Schools will receive the following information, which should be shared and discussed with Governors.

Annex 1	Dedicated Schools Grant Technical Note
Appendix A	Statement of Schools Budget Share
Appendix B	Minimum Funding Guarantee & Limit to Gains
Appendix C	High Needs SEN Pupil Top-Up Funding
Appendix D	Delegation and De-Delegation of former centrally held budgets

FUNDING DURING THE YEAR

Each year is different for every school and therefore funding adjustments are made to meet differing needs. Listed below are some of the main adjustments you may see on your budget.

Description	Explanation
Rates Hire of premises	Currently Funded at 100% of the net cost to the school
Urgent tree work	To cover the costs of unavoidable tree work.
Carry Forward	This is the under/overspend from the previous year
High Needs	When a child from your school becomes statemented (F- N) or reassessed during the year/ leaves
Contingency (including SEN and Infant Class size)	Extra funding allocated as a result of a specific claim from a school for a one-off situation
Excluded Pupils	Adjustment made if a child is excluded from school

Revised funding letters are sent out to schools by either email or by post. The letter will detail the revised funding total for the school, which CFR category it relates to and the month it will appear on East Riding Financials. The funding should be entered on FMS immediately and the total on FMS agreed to the funding letter.

CHANGES TO THE FUNDING FORMULA/ CONSULTATION

The Financial Arrangements Sub Group (FASG) is a sub group of the School Forum. Changes in government legislation are discussed and proposals made. Schools are consulted on any proposed changes to the formula or where changes are imposed on us by legislation, informed of those changes and possible financial implications.

SCHOOLS FORUM

The purpose of Schools Forums is to advise local authorities on the operation of the local Schools Budget and its distribution among schools and other bodies. They consist of people elected by local Headteachers and school governors to represent them, and if the local authority so chooses, additional non-schools members to represent other relevant interests.

CHAPTER 2

BUDGET PLANNING AND SETTING

DEFINITION

A **BUDGET** is ‘a plan, expressed in financial terms, usually covering a period of one year’

INTRODUCTION TO THE BUDGET PROCESS

The Budget process is a sequence of planning, recording, reconciling, monitoring and reviewing. This section will concentrate on planning and setting the budget.

Planning. An integral part of the management process is to allocate the resources needed to run the school within funding limits. The annual budget runs from the 1 April each year. Schools who buy into the accountancy SLA are provided with access to a web-based Budget plan to assist with this process.

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’s development plan and the school’s budget.

The school’s development plan forms a major building block for constructing the budget. It identifies the school’s educational priorities and usually has a strong focus on raising standards (or maintaining high standards). It is important, therefore, that the school development plan indicates the resource implications of each priority to guide decisions on the school’s budget.

The school’s development plan should reflect the decisions made about the cost-effectiveness of the options considered and should contain ways in which the progress of the initiative can be monitored. An evaluation framework should also be built into school development plans to assess the success of each initiative.

A summary of ongoing spending also needs to be included in the development plan so that there is a clear link between the school’s priorities and spending plans.

Budgeting is essential to good financial management. The budget sets out how resources are allocated and provides a mechanism for monitoring expenditure throughout the year. It should be the concrete expression of the school’s development plan. It provides a coherent framework which allows staff and governors to see how the school’s spending will help the school achieve its targets and other objectives.

Clearly identified links are, therefore, needed between the school’s annual budget and its development plan.

Good budgeting means not running into deficit, but equally it means 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. Any surpluses beyond a small contingency should accrue for a specific purpose. Such a purpose might be to smooth out any variations in staffing as a result of fluctuating pupil numbers.

After the monitoring process, spending plans may alter and budgets will have to be adjusted. This is an on-going process throughout the year.

PLANNING AND SETTING

Budget Plan

The budget plan is the means by which both the School Finance Team and individual schools update the current budget and plan financially.

The plan is a web-based programme and is broken down into the various CFR categories (see Annex 1). In the case of staffing, the budget is prepared on an employee-by-employee basis. Buying in to the accountancy SLA means a member of the School Finance Team can visit your school at the time the budget plan is being prepared to assist with its completion.

The plan is prepared for each new financial year using the funding data as supplied by Accountancy and then updated after six months.

Some schools like to update the plan throughout the year and although this is not compulsory it is a good method of keeping track of the amount and type of funding and how the school intends to allocate any increases or decreases. If you do update the plan outside the main budget timetable and want to see the changes reflected in East Riding Financials, you will need to submit a virement form to the School Finance Team.

Budgets should not just be inflated from one plan to the next, but consideration should be given to a number of issues; previous years actual spend, school priorities, changes to the buildings, changes in contracts, changes in pupil numbers etc.

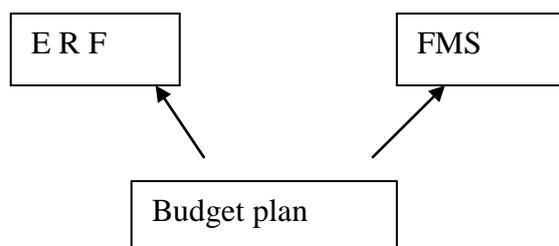
SUBMITTING THE PLAN

Each school must submit a financial plan to the Authority before 31 May in each financial year in a form agreed by the Authority. A revised plan must also be submitted by the 31 October, in each financial year. This plan should cover the current year together with a projected budget for the next two financial years taking account of anticipated pupil numbers.

The first formal budget plan of each financial year must be approved by the Governing Body.

RELATIONSHIP BETWEEN ERF, FMS AND BUDGET PLAN

The information from the web-based budget plan needs entering by the school onto FMS and Schools Finance will enter the same data onto East Riding Financials (ERF). Therefore the data on the Budget plan, FMS and East Riding Financials match.



EAST RIDING FINANCIALS (MASTERPIECE) PRINTS

East Riding Financials

East Riding Financials is the financial ledger for East Riding of Yorkshire Council.

The Schools Finance team will enter all the information you supply on the budget plan onto East Riding Financials as well as any virements you send through during the year.

As well as budget information, East Riding Financials also records all information for actual income and expenditure. Each month you will receive two reports by e-mail from the East Riding Financials system,

- **Transaction report- giving details of all transactions which have taken place since the last reports were generated**
- **Budget Monitoring report – a summary print which gives details of the current budget, the profiled budget and the amount that has actually been spent against that budget, these figures are cumulative. This printout is in CFR format.**

These prints **MUST** be thoroughly examined to ensure all transactions are correct. Any items that do not seem to be correct should be queried. Separate query forms should be completed for payroll items. See Annex 2 to 5 for example of forms and notes on completion.

FMS should be reconciled to the East Riding Financials reports on a monthly basis and once reconciled reports should be signed by the Headteacher or a senior manager who has not undertaken the reconciliation exercise.

Governors Role

The Governing Body is legally required to agree the school's annual budget plan.

CHAPTER 3

EXPENDITURE AND INCOME

EXPENDITURE

RECORDING

A record must be made **and kept** of all spending and commitments, as they occur. All schools have FMS access which can be used to record commitments, net expenditure and budgets. The FMS manual gives detailed guidance on all aspects of FMS and can be found on the Schools Intranet under Schools Finance: Guidance Manuals: FMS Manual.

The different categories of income and expenditure are recorded separately under specific ledger (detail) codes. These codes are then linked to the relevant Consistent Financial Reporting (CFR) category (see Annex 1 for further details). The list of the ledger codes and the CFR categories can be found on the Schools Intranet, under the Schools Finance.

The purpose is to keep an up-to-date record of the remaining balance of each budget account.

There are **THREE** ways that spending can be recorded **for schools not using the purchase order system**

- a) **ORDERS.** When an order is made, an amount of money is committed which cannot be spent again. The order should be recorded on FMS to start this process. When the invoice is received, it needs to be matched to the order on FMS to clear off the commitment. Details of this process are shown in your FMS guidance manual.
- b) **NON-ORDER INVOICES.** Some invoices are received without an order having been credited. These include energy, water, telephone bills, TV licence, etc.
- c) **DIRECT CENTRAL PAYMENTS AND CREDITS.** Some payments or credits are made directly into the East Riding Financials system without the school issuing an order or paying an invoice. These transactions include payroll, insurance premiums, and reimbursements, and other similar charges for which, no order or invoice has been previously entered into the records.

EACH TRANSACTION SHOULD BE ENTERED ONLY ONCE

The monitoring of expenditure is broken down into four stages:

- a) **ordering** - the cost (possibly estimated) is entered when the order is placed
- b) **receiving** - upon arrival of goods, these should be checked against the original order
- c) **paying** - the invoice needs checking before it is passed for payment
- d) **reconciling** - performed using the East Riding Financials prints.

The school's monitoring system must be reconciled each month to the East Riding Financials prints. This is vital. Any discrepancies, including items recorded but not recognised and items expected but not on the prints, are to be referred to the Schools Finance Team on a query form.

These are located on the Schools Intranet. Any income such as parental contributions, community use income or private lettings income is to be allocated to income detail codes (which always begin with 9- - -) The allocation of income received to income detail codes increases the amount of spending available to a school.

INCOME

Income received by schools does not increase the School Budget Share. It will be shown as a credit on the monthly East Riding Financials prints against an income line. It cannot be coded to an expenditure code to offset expenditure unless it is a direct refund for an overpayment i.e. electricity. If this income was not anticipated when completing your budget plan a virement should be done to increase the income budget line and increase the relevant expenditure line(s). These increases in income and expenditure must balance. If no decision has been made on the use of the income the increase in expenditure should go to the reserves line (79001). Such income could include:

- a) Directed Community Use or Multiple Use
- b) Parental contributions, School Funds, PTAs. etc
- c) Miscellaneous sales
- d) Grant income

Directed Community Use

This is the letting of the school buildings to an outside body, as organised by the Authority.

The costs from opening the building out of hours include Caretakers' pay, energy, water and cleaning

The school should not carry the burden of the extra costs of allowing their school to be used. Community Use income is given to cover these additional items of expenditure. It is NOT intended that a school make a profit from being involved in Community Use.

Multiple Use Income

This is due when the school site is shared with other bodies. This would include the situation where part of the site has been declared surplus. It is not necessary to split code the energy and water bills. Multiple use income is specifically meant to cover the part of the bill that would have been apportioned to the other user(s).

Other bills, e.g. telephone bills, that are split coded because the school is on a shared site, should still be split coded. This is because Multiple Use income does not include any amount for these.

The school will be informed of the amount of Multiple Use income due.

Parental contributions

These may have arisen from funding raising activities, sponsorship, contributions towards an activity etc and may have been originally banked in school fund.

Miscellaneous sales

A school may have sold items of equipment etc to pupils. The income cannot be offset against the expenditure it relates to, it must be coded to an income code and a virement actioned to put a budget against the income and increase the expenditure code by the same amount.

Educational visits income and expenditure

The income for school visits is often collected and paid into the school fund account. The invoices relating to the visit are often coded against the school budget on E19 49008 in order to reclaim any VAT. Once the invoices have been paid out of the school budget the income must be transferred from the school fund into the school budget on I12 93225. A virement should also be actioned if this hasn't been budgeted for in the budget plan.

Separate records must be retained for school fund income and that belonging to the school.

CHAPTER 4

RECONCILIATION

RECORDING

Detailed records must be kept in order to ensure that spending follows the agreed plan and to give an early warning to avoid overspending problems.

RECONCILING

The East Riding Financials Ledger is the Authorities official record, therefore schools must reconcile their own school records to the ledger on a monthly basis. Transaction prints must be checked to ensure that all transactions charged to the school are correct and match school records. Any incorrect entries should be queried. **The Headteacher, or a senior manager who has not undertaken the reconciliation exercise, should sign the reconciliation.**

QUERIES

Query forms can be found on the Schools Intranet under Schools Finance. The School Finance Team does not supply hard copies of query forms. See Annex 2 to 5 for examples and notes on completion.

Non-Payroll

If, when you check your transaction reports, you find an entry that you do not think is correct you will need to send in a query form. The School Finance Team will investigate the transaction for you and reply when they have resolved the query.

Payroll

The information for all payroll queries is held in the Payroll section in Goole. A member of the School Finance Team visits Goole on a monthly basis to investigate the queries and then does any correction journals necessary.

CHAPTER 5

BUDGET MONITORING

Monitoring. Every month schools receive a Budget Monitoring Report Summary. The current position on spending compared to that anticipated must be examined on a monthly basis. Large variances will need to be investigated and discussed with governors. Corrective action should be taken if necessary.

It is good practice to send the Chair of the Finance Committee or another nominated governor a copy of the Budget Monitoring Report on a monthly basis. Budget monitoring should be a regular item on the Governors Finance Committee agenda and the minutes of the meeting should demonstrate that the Budget Monitoring Report has been discussed and what action needs to be taken if any.

EAST RIDING FINANCIALS BUDGET SUMMARY PRINT

This print, also sent monthly, enables a school to assess its current spending in relation to the overall budget. The list below shows the information, which you will see on the summary print

NAME OF SCHOOL

BUDGET LINE DESCRIPTION

BUDGET FOR YEAR. This is the figure from the CFR tab on the budget plan plus any variations. The total of all budget amounts should always be the same as the notified budget share.

BUDGET TO DATE. The amount of net budget to the end of the month in question, according to the expected pattern of spending (“profile”).

ACTUAL TO DATE. The total spending of all detail codes relating to the budget account as listed on the detailed monthly print.

VARIATION TO DATE. Difference between budget to date and actual to date.

BUDGET REMAINING. How much budget you have left to spend to the end of the financial year.

PERCENTAGE OF BUDGET UTILISED

LAST YEAR TOTAL. This is how much was spent in the previous year. This is for comparison purposes.

REVIEWING THE BUDGET

The monthly summary print shows the level of funding and spending in each of the CFR categories. If a budget appears to be over or underspent a management decision is required as to decide how this is to be corrected. The options are to:

- a) reduce spending for the remainder of the year
- b) transfer funds from one part of the budget to another
- c) do nothing, and carry forward an over or underspend to the next financial year.

Option b) will involve the use of a virement form.

VIREMENT FORM

A virement is the transfer of BUDGET between budget headings. Therefore, if the furniture heading is underspent, and repairs overspent, budget can be vired from the furniture heading to repairs. This will better match the budget to actual expenditure. Governors are responsible for virements in the budget as detailed within the schools 'Scheme of delegation'

It is essential that Governors are involved in the budget monitoring process and they should be supplied with a copy of the latest monitoring report at their meetings, together with an explanation of variances. It is important that discussions are minuted.

When submitting the virement request form, you need to specify the code to take the money from (negative amount) and the code to put the money to (positive amount) and ensure that before you send the virement there is sufficient budget in the code you intend to reduce to actually make the transfer. East Riding Financials will allow budget transfers to be made even if there is not enough budget provision and you could be left with a negative budget.

The virement must be signed by the appropriate school representative as advised by the schools scheme of delegation.

Please be aware that if you send through a virement request towards the end of a calendar month it is possible that it may not be processed in time for the next East Riding Financials reports. It is always good practice to send requests through as early in the month as possible.

See Annex 6 and 7 for an example of a completed virement form and notes on completion.

CHAPTER 6

CLOSEDOWN - YEAR END PROCEDURES

INTRODUCTION

Year-end procedures are required:

- a) to ensure that spending is recorded in the financial year in which it was incurred. This allows proper comparisons of spending between financial years
- b) to avoid any misinterpretation between under and overspending. Failure to adhere to year-end procedures could result in apparent under/overspending
- c) to report accurately and consistently to Budget Holders, Governors, Council Tax payers, elected Members, central government, etc.

All payments made after 1 April will be shown in the new financial year, other than items accrued for. Payments for goods and services **received** before 1 April should be charged to the old year.

During March of each year guidance notes will be issued by the Directorate of Corporate Resources to each school. The full details of the procedures required and deadlines to be met will be specified. The areas covered will include:

- Purchase order
- External invoices
- Goods and services received but where the invoice has not yet been issued
- Payments made in advance
- Interdepartmental Accounts
- Supplies invoices
- Arvato transactions
- Customer Services transactions
- Cash income
- Debtors' accounts
- Outstanding income
- Creditor & Debtor Accruals.
- Income received in advance

Accrual forms can be completed for:

- Goods and services received prior to 31st March where invoices have not yet been received
- overtime and lettings claims for March.
- income due but not received
- income received in advance

Payroll costs will be accrued for automatically by schools finance.

Internal Transactions

Internal transactions such as Supplies, IDAs, Building Maintenance Unit, Building Cleaning Unit and Grounds Maintenance Unit **cannot be accrued for**.

Any amounts accrued for will be automatically reversed in the new financial year. Consequently, when invoices are paid in the new year they should be charged to the same ledger code as the accrual.

In preparation for the year end

- Ensure FMS is up to date ie all funding is recorded and agrees to the latest funding letter and ensure all transactions have been reconciled.
- Consider a cut-off date when no more orders will be processed ie February half-term
- Ensure prompt processing of invoices

Considerations at the year end

- All recharges complete ie school meals, joint projects
- Creditor accrual - goods received but waiting for the invoice
- Debtor accrual - income due but not yet received
- Income in advance - ie grants given for an academic year, need to be split over 2 financial years
- Expenditure in advance- split academic year costs over 2 financial years ie exam fees
- Consider materiality
- Deadlines are always tight so make sure time has been scheduled into diaries to dedicate time to year end matters.
- Review the budget monitoring report once accruals have been posted to check for reasonableness
- Be aware of what your year-end balance will be - excessive surpluses without approval will be clawed back from a school

How to enter creditor accruals on FMS

There is more than one way to deal with accruals and invoices. Below is one example:

- 1) Invoices that you want to go through in the current financial year that haven't been passed for payment by the cut off date need to be entered on the creditor accruals form.
- 2) Any orders relating to these invoices need to be cancelled in the current financial year.
- 3) Put the invoices on in the new year as non-order invoices
- 4) When you see the accruals on the Closedown (Month 13) ERF transactions reports - enter these on FMS in the current financial year as central payments. (If you have more than one invoice on the same detail code, these can be added together and entered as one amount).
- 5) On FMS in the new year enter the same amounts as in 4 above as negative central payments. You will see these on East Riding Financials on April (Period 1) ERF transactions report

CHAPTER 7

SCHOOL BALANCES

Due to the uncertainty in School funding as a result of the Governments National Formula Funding reform the Schools Forum at its meeting on 19th November 2012 agreed to suspend the clawback element of this scheme for 2 years (2012/13 and 2013/14). Schools may still be asked to provide information to the Schools Finance Team if balances are seen to be increasing.

Recycling Excessive School Balances Scheme

1. Under the scheme schools are automatically allowed to carry forward balances up to the limit of 5% for Primary, Special and Nursery Schools, 2% for Secondary Schools and £20,000 for small schools.¹
 2. The permitted carry forward limits are calculated on the School Budget Share at the start of the financial year.
 3. Carrying forward sums in excess of these levels will only be permitted if the school has identified specific purposes for which the extra balances would be required, (see section 5 below) and has obtained written approval by the Authority to carry forward sums to cover these specific purposes.
 4. Applications to carry forward an excess surplus balance must be linked to the School Development Plan. Evidence must be provided either from your School Development Plan or Governing Body minutes showing sufficient detail justifying the use of the balance.
 5. The types of expenditure for which specific approval can be sought can include:
 - Contributions to an agreed capital building or refurbishment project.
 - Purchase of equipment or other assets.
 - To cover a reduction in funding due to a projected decline in pupil numbers in line with an agreed management plan.
 - Non-recurring costs of a review of staffing structures.
 - Priorities identified by a new head teacher (less than 12 months in post).
 - Schools holding monies on behalf of others.
 6. An application to carry forward an excessive revenue balance for two consecutive years will be denied with the exception of a contribution to a capital scheme.
 7. Any approvals granted for assigned expenditure will contain a specific timetable for completion and funds which are not expended in line with that timetable, will revert to the Authority.
 8. Any balances held by a school in excess of the guidelines plus approved assigned amounts will be automatically withdrawn from schools following the closure of the Authority's accounts.
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9. Any funds generated as a result of these proposals will be redistributed to schools on the basis of overall pupil funding using factors within the existing funding formula.
10. A school from which excessive funds have been reclaimed will not be eligible for a share of the funds redistributed.
11. An appeal procedure will be allowed within the process and grounds for appeals may include the receipt of unexpected income late in the financial year.
12. The scheme only covers 'school budget shares'.

CHAPTER 8

ROLE OF GOVERNORS

The Governing Body has a statutory responsibility for the oversight of financial management in schools with a delegated budget and its role encompasses agreeing how the delegated budget is used. It is a legal requirement to agree the school's annual budget plan.

The role of governors is set out in the publication 'A Guide to the Law for School Governors'

The Governing Body has a strategic role and has responsibility for setting educational and financial priorities, and for ensuring the budget is managed effectively. It is also responsible for ensuring the school meets all its statutory obligations and, through the headteacher, complies with the Authority's financial regulations and standing orders. To carry out this role effectively, the financial responsibilities of the Governing Body, its committees, the headteacher and other staff need to be defined. This allows the Governing Body to ensure that adequate systems of financial control are in place and that it receives the information it needs to carry out its role.

Governance needs not only to be effective but to be seen to be effective. The provision of clear minutes of its decisions is one aspect of openness. Another is the maintenance of a register of business interests of governors, the headteacher and other staff involved in financial management, as evidence that private or personal interests do not influence decisions taken in the school.

Although the Government decided to stop the externally assessed Financial Management Standard in Schools assessments in October 2010, many of the practices should still continue. The government has introduced the Schools Financial Value Standard (SFVS) as its replacement. The completion of the tasks associated with SFVS must be completed annually and kept up to date.

It is aimed mainly at governors because they have the statutory responsibility for financial management in their schools. It concentrates on demonstrating value for money rather than processes and has been developed in conjunction with schools themselves.

There is no requirement or prescription for schools to provide supporting written evidence or undergo an external assessment. It is expected that governors will use the standard to ask "intelligent" questions of head teachers and senior staff so that they feel confident about their responses to the standard.

The school returns will feed into the LA's regular internal audit processes and LAs are required to give an assurance that they have a system of audit in place which gives them adequate assurance over their schools' standards of financial management and the regularity and propriety of their spending.

CHAPTER 9

SECTION 251 BUDGET AND OUTTURN STATEMENTS

The East Riding of Yorkshire Council is required under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009 to prepare and submit an education and children's social care budget statement not later than 30th April for the prescribed period to the Secretary of State. After the end of that financial year the Authority is required to prepare and publish an Outturn statement.

The Budget and Outturn Statements are on the East Riding of Yorkshire Council website at: <http://www.eastriding.gov.uk/education-and-learning/schools-and-colleges/section251-statements/>

SECTION 251 BUDGET STATEMENT

The size of the Education Budget, and the amounts to be allocated to each element within the Authority's Funding Formula depend on decisions taken by the Authority before the beginning of the financial year, so budget statements are the means of informing schools and the public in general about the funding plans of the East Riding of Yorkshire Council.

The statement for the financial year is intended to provide a clear picture of the Authority's planned education spending. It is important that schools forums and others can compare funding and methodology between different authorities, so as to inform debate about budget levels and such issues as the balance of funding between nursery, primary, secondary and special schools. It is therefore essential that all statements are prepared to a common format for benchmarking purposes.

SECTION 251 OUTURN STATEMENT

The statement is intended to provide schools, parents and others with an interest in education with details about schools and Authority education funding, in year expenditure and year-end balances.

The schools expenditure is analysed using the Consistent Financial Reporting (CFR) framework.

CHAPTER 10

ORDERING AND PAYMENTS

ORDERING

The East Ridings Commissioning and Procurement Manual of Guidance provides detailed guidance on tendering procedures for schools. This guidance can be found on the 'Insight' Intranet under 'Environment and Neighbourhood Services', 'Infrastructure and Facilities' and then 'Procurement and Contracts'.

General

The Headteacher is responsible for all orders. Official orders should be accessible only to those members of staff authorised by the Head to issue orders.

Official orders should be issued for all work, goods and services. One copy should be sent to the supplier and a second copy retained at the school.

Verbal orders should only be used in extremely urgent circumstances and must be confirmed immediately by the issue of an official order clearly marked "Confirmation of verbal order placed - ---".

RECEIPT OF GOODS

Upon receipt of goods or services, the relevant copy order(s) must be marked off, initialled and the date of receipt noted. Any variation from the order must be noted on the copy order at the time.

Copies of delivery notes should be kept as reference for the order.

Checking and Certification

The following checks should be made against the copy order:

- The goods being charged for have been received
- That a previous invoice has not been passed for payment

PAYMENT

Payment will only be made against certified invoices. Invoices must:

- Be on the suppliers own bill heads
- Give details of the item(s) for which payment is being made
- Be obvious that the school is responsible for making payment for the goods as supplied on the invoice

It is important to check each invoice carefully before certifying for payment. If the goods on the invoice have not been received or were returned for any reason, a credit note should be requested from the supplier. In these circumstances the invoice must not be altered but should be retained until the credit note is received. Once this happens, both the invoice and credit note can be passed

for payment at the same time. Both the credit note and the invoice must have a coding slip attached. Coding for credit notes should be completed in red with a minus sign to indicate the negative value.

The copy order must be initialled, marked as passed for payment and the date noted to avoid duplicate payment.

There is now legislation in place that means interest may be charged for invoices paid after the expiry of the agreed credit period. The charge will be made to the school budget and it is advisable to pass invoices for payment as quickly as possible to avoid these extra charges.

Pro forma payment voucher

The pro forma payment voucher enables schools to pay for items that are non-order and for which no official invoice is received e.g. a training course booking or a TV licence reminder.

NB if raising a voucher for a TV licence, please ensure that the reminder is sent to payments attached to the voucher. Payments will then forward the reminder to the NTVLO. This will ensure that when the payment is received by the NTVLO it is allocated correctly.

- It is important to check each invoice before certifying for payment.

A discount for prompt payment may be offered, on an invoice, which includes VAT. The figure on which VAT is charged is the net amount (without VAT) LESS the discount offered. Whether the discount is taken up is irrelevant to the VAT amount.

If an arithmetical error is found on an invoice that does not alter the VAT payable, the invoice should be corrected. An amendment slip is to be attached to it before it is passed to the Payments Section. If the error does alter the VAT, a revised invoice must be obtained.

- A school **MUST NOT** alter the VAT on an invoice.
- Amendment slips must not be sent to the supplier.
- Errors with the VAT element are covered in Chapter 14.

THE CODING SLIP

The slip should be attached to the front of the invoice as close to the bottom left as possible. Other information has to be attached to the invoice during the payment process and if the coding slip is in any other position, delays and duplication in work can occur.

1	Goods received/work Completed	This should be initialled by the person making the appropriate checks.
2	Stores record/inventory Entered	Should be initialled if appropriate. Anything valued above £250 but also anything of a valuable or attractive nature should be entered in the inventory book.
3	Not previously paid	Should be initialled by the person making the necessary checks
4	Discounts taken	Should be initialled in all cases, irrespective of whether or not a discount is available. The completion of this box is evidence that someone has actually considered if there is any discount to be taken.
5	Prices checked	Should be initialled by the person making the necessary checks
6	Arithmetic checked	Should be initialled by the person making the necessary checks

7	Date invoice received	Self-explanatory, however if the invoice has been in dispute but this has been resolved, put in the date the dispute was resolved.
8	Certified	When all of the above boxes have been completed, the coding slip must be signed (not initialled) by a different person than the one who initialled the other boxes and must be an authorised signatory of the school.
9	Creditor code	Completed by the payments section.
10	Document total	Invoice total including VAT.
11	Invoice reference	Invoice reference number.
12	Invoice date	Date of the invoice.
13	Order Number	Order number.
14	Enclosure	Enter 'Y' if you want something to be sent with the cheque.
15	VAT Code 1	Enter an appropriate VAT code.
16	VAT amount 1	VAT amount.
17	Single cheque	Enter 'Y' if the invoiced company require a cheque for just the invoice concerned rather the payment being included in a composite cheque.
18	VAT code 2	Enter appropriate VAT code in this box, if the invoice is split into two Vatable charges.
19	Vat amount 2	VAT amount.
20	Document number	To be completed by the Payments section.
21	Cost centre	School cost centre.
22	Detail code	Detail/account code.
23	Amount	Net amount.
24	VAT code	Enter appropriate code.

The cost of the goods on an invoice may be paid by more than one school / cost centre. The cost may be met also from more than one budget line on a particular cost centre. The total of the invoice may be split accordingly. It is important that the sum of all the amounts on the coding slip (plus VAT if applicable) equals the invoice total.

CHECKING AND CERTIFICATION

The following checks should be made against the copy order:

- a) that the goods and services being charged for have been **received** and
- b) that a previous invoice has **NOT** been passed for payment.

Where appropriate, the equipment purchased should be entered in the inventory.

The arithmetic and prices on all invoices should be fully checked. Discounts should, however, be taken in every case. This is unless the discount date is already past when the invoice is being processed. Discounts should be deducted from the value of goods only and not from charges for carriage, VAT etc. See Chapter 14.

The copy order must be initialled, marked as passed for payment and the date noted.

AUTHORISATION OF EXPENDITURE

All expenditure made by the Council has to be subject to the appropriate level of authorisation. This covers all types of expenditure, whether items are processed and paid centrally or whether they are paid through a schools own bank account.

Becoming an authorised Signatory

A list of specimen signatures for authorised signatories should be forwarded to the Payments & Payroll Sections.

Restrictions can be made in respect of the value of the authorisation or for a particular area of activity.

Changes to Signatures

Changes to authorised signatures should be communicated to the Payments and Payroll Sections promptly. This is especially important when officers leave the Authority or change posts where the previous level of authorisation would not be appropriate.

Use of the Authorised Signatory List

The Payments and Payroll Sections will check a sample of signatures to the list to ensure that expenditure is only being authorised by approved officers. Expenditure identified as signed by officers without the appropriate level of authority will be returned for an appropriate signature to be obtained.

The internal audit section will check the authorised signature lists as part of their audit activity. This includes authorisation to sign orders, invoices, expense claims and payroll documentation.

USE OF VAT CODES

The purpose of the VAT code is two-fold. First, to validate the amount of VAT entered in box VAT AMT 1 agrees with the amount entered against the charge code and secondly, to analyse the expenditure between the types of expenditure for the VAT return.

Below is an extract from a coding slip for an invoice that has two rates of VAT. It is important that the entry in the VAT code Box in the coding block matches the entry in VAT code 1 box or 2. The amount entered in VAT AMT 1 box is the total amount of VAT shown on the invoice at 17.5%. In VAT AMT 2 box is the amount of VAT at zero rate, which of course is nil.

ENCLOSURE	`Y`		VAT CODE 1	4	VAT AMT 1				1	7	5	0
SINGLE CHEQUE	`Y`		VAT CODE 2	3	VAT AMT 2					0	0	0

DOCUMENT NUMBER	COST CODE						DETAIL						£			P	VAT Code		
	3	1	1	1	?	?	4	4	0	0	7			1	0	0	0	0	4
	3	1	1	1	?	?	4	1	0	0	1			1	0	0	0	0	3

Code 1 This code will be used for all payments that are not covered by the other codes. Included would be payments to non VAT registered traders, a payment is being made on a payment voucher, a supplier has not indicated whether the supply is exempt or zero rated.

Code 2 - This code will be used when the supplied goods or service is exempt but only use this code if the supplier has indicated it is exempt, otherwise use code 1.

Code 3 - This code will be used when the supplied goods or service is zero rated, but only use this code if the supplier has indicated it is zero rated, otherwise use code 1.

Codes 4 & F (see chapter 14 for new VAT rate and code) - These codes will be used when the invoice fulfils the requirement of a tax invoice. The only exception is interim payments made on Architects/Engineers certificates to contractors in the construction industry.

During processing a validation test is done to verify the VAT amount entered so it is important that the VAT codes are correct for the entry in the VAT box.

TRANSMISSION OF INVOICES TO FINANCE DIRECTORATE

- Processed invoices should be passed to the Payments Section, County Hall, regularly. They must **NOT** be allowed to accumulate.
- Where discount for prompt payment is applicable, the invoice should be stamped **URGENT** in red. Any other request for urgent payment must be supported by a memorandum.
- To ensure urgent payment requests are **NOT** overlooked, please send under separate cover.
- Specimen signatures of staff authorised to sign on behalf of the school must be registered with the Payments Section.

QUERIES FROM SUPPLIERS

Schools are advised that any statement/reminder if more than six weeks old should be followed up, as payment should have been made by this time.

Suppliers will normally advise Payments Section direct, about duplicate payments. However, any school made aware of a duplicate payment should inform the Payments Section immediately.

Payment must not be made against a statement or a reminder. If the invoice has not been paid, then a copy account should be requested from the supplier. If the account includes VAT, ensure that the supplier has certified it as a true copy. The following procedure is to be taken:

- a) if a previous invoice has been passed, endorse the copy with the details of the earlier payment (i.e. date passed for payment). The coding slip (Box 3) should be endorsed with the previous passed-for-payment-date and **NOT** initialled.
- b) otherwise, check in the normal manner. If correct, certify for payment.

In either case, the copy should then be passed to the Payments Section. This is to be accompanied by a memorandum, together with the correspondence for the creditor.

VALUE ADDED TAX

When an error on an invoice is found which affects the VAT payable, the invoice must **NOT** be altered. A letter must be sent to the supplier requesting a supplementary tax invoice or tax credit note as appropriate. The original invoice must be retained until the adjusting document is received.

Under NO circumstances must a payment voucher be raised to pay for a supply or service on which VAT is payable. Such a course of action is described as “self-billing” by HM Customs and Excise, and without specific authority, is forbidden by VAT regulations. A tax invoice must always be obtained from the person or company making the taxable supply, where one has been made.

Schools should compare prices offered by firms that are/are not registered for VAT, for example:

Registered	£120.00 inclusive of VAT, (based on VAT at 20%) cost to school, £100.00
Non-registered	£105.00 cost to school, £105.00

SERVICE ACCOUNTS

Invoices for the supply of gas, water and electricity should be checked as follows:

- a) latest meter readings to be verified and entered in the School’s records;
- b) the previous meter reading should be checked against the entry in the School’s records;
- c) the consumption (i.e. the number of units used in the period) should be considered for reasonableness;
- d) where such services are supplied at contract prices, invoices should be checked for compliance with the agreed contract price.

When suppliers’ use estimated readings to render accounts, over-billing can occur. When subsequent actual readings indicate there has been an overcharge, refund cheques may be sent. These **must** be paid into the school’s delegated budget. The VAT exclusive element is coded to where the expenditure was coded, with the VAT element coded to VATIN, no detail code. The VAT status code is 1.

All refunds should include VAT, and therefore this VAT amount **must** be paid back to HM Customs and Excise. This is best achieved by the supplier issuing a credit note that is then passed to the Payments Section, certified and coded as a normal bill.

NEW SUPPLIERS

No new suppliers are to be set up without bank details being obtained. These must be in writing from the supplier (can be fax or email) and attached to the invoice when submitting for payment.

CONSTRUCTION INDUSTRY SCHEME

Special conditions apply to work carried out under the Construction Industry Scheme (CIS). This type of work includes construction, installation, repairs, decorating and demolition.

Invoices for such work must be endorsed/stamped with the type of certificate or registration card the supplier holds. If necessary Income Tax will be calculated, deducted and recorded in the Payments Section before the invoice is processed for payment.

Any queries regarding the scheme, work covered by the scheme and types of certificate/registration cards held by suppliers should be made to Amanda Brown in the Payments Section.

CHAPTER 11

CORPORATE BILLING AND COLLECTION

CORPORATE BILLING'S RESPONSIBILITIES

The Corporate Billing Section, based at County Hall, Beverley, is responsible for raising and dispatching invoices requested by the School. The Section will take initial recovery action and will refer bad debts to the East Riding of Yorkshire Council's Credit Control Section.

WHERE YOUR SCHOOL DECIDES TO USE THE SECTION WE WILL:

- a) Maintain the computerised debtors system in an accurate and efficient manner in accordance with relevant legislation and in line with East Riding of Yorkshire Council's Financial Regulations.
- b) Raise and despatch accounts to debtors normally within four working days following the day that a properly completed request to raise an invoice is received from the school.
- c) Check the viability of codes, calculations and VAT shown on invoice request forms based on information that has been made available to debtors staff.
- d) Create and maintain records to enable invoices to be produced on their due dates for recurring charges.
- e) Post daily to the correct account within the debtors system all payments received by arvato.
- f) Take appropriate recovery action:
 - If after 21 days of issue, the account remains unpaid, a first reminder notice will be issued (this period will be extended in the case of any special arrangements).
 - If after a further 15 days, the account remains unpaid, a final notice letter threatening legal action will be produced in appropriate cases,
 - If after a further 15 days, the account remains unpaid, the debt will be passed to the East Riding of Yorkshire Council's Legal Section.
 - Prior to being recommended for write off, the School will be informed of debts which are considered to be uneconomic to recover or where the debtor has absconded.
 - Provide information on accounts outstanding monthly or as reasonably required by the School.
 - Post all associated accounting entries to the relevant financial management system on a weekly basis.
 - Account correctly to the HMRC for the VAT elements of accounts.

CUSTOMER'S RESPONSIBILITIES

- a) The School will respond promptly to all enquiries from debtors and from arvato.
- b) The School will advise the Corporate Billing Section of any amendment or action that may affect arvato's responsibilities.
- c) Make and monitor payment arrangements in appropriate cases.
- d) Refer to the School any debtor's enquiries relating to the charges made.

RAISING AN INVOICE

To raise an invoice, a request should be made to the Corporate Billing Section who will supply the appropriate Word or Excel forms for completion. Individual arrangements can be made by discussion with the Corporate Billing Manager to accept requests in a different format.

The school should ensure that all requests to raise invoices are made promptly i.e. within the month the service has taken place. Delay can result in VAT penalties being incurred and possible loss of income.

Where a debt is raised the following evidence should be obtained and retained on file:

- The full name and address (including postcode) of the person/company making the request.
- Where possible the company registration number must be taken.
- In the case of a sole trader or non-limited company the home address of the owner.
- A record of the date, time, type of service/goods and the officer who dealt with the request.
- An agreement or acknowledgement from the debtor that they intend to pay for the goods/service.
- Customer Order Number.

To raise an invoice, the Sundry Debtor Request form must be completed along with a Batch Control form. **Since April 2006 it has become a legal requirement that the full name and address of the individual/company is stated on the invoice if formal recovery action becomes necessary. Therefore, full details must be included on the invoice request form. See Annex 8 and 9.** These should be forwarded without delay to the Corporate Billing Section. A copy should be retained in the originating school.

All service areas are required to ensure segregation of duties is present in the completion of invoice requests i.e. the officer preparing the request should not be the same as the officer who authorises the request.

The Corporate Billing Section will endeavour to raise and dispatch all requests for invoices within 4 working days.

Special Instructions can be requested by completing the appropriate form and attaching to the batch. **See Annex 11.**

AMENDMENTS TO ACCOUNTS / CREDIT NOTES

Amendments to accounts must be made by completion of a Credit Note Request accompanied by a Batch Control Form available in word format from the Corporate Billing Section. These should be e-mailed to corporate.billing@eastriding.gov.uk. A copy of the form and batch control header should be retained in the originating Department. When a Credit Note Request is raised it is essential that it be endorsed with a full reason of why it is necessary.

Credit Note Requests are appropriate in the following circumstances: -

- Where a debtor has been overcharged.
- Where an account has been raised in error.
- Where the licence/agreement has been terminated.
- Where the service has ceased.

See Annex 12 for an example credit note request.

ACCOUNTS IN QUERY/DISPUTE

All service disputes/queries received by the Corporate Billing Section will be acknowledged and referred to the originating school for resolution.

Recovery action will be suspended until advised by the school that the dispute/query has been resolved and the debtor has been informed. The result of which will be either:

Payment is made.

Credit request is issued.

Recovery action is recommenced.

The Corporate Billing Section must be kept informed of any progress or delays in resolving disputes.

In the event of the dispute/query being made direct to the originating school, and bearing in mind that reminder notices are issued after a period of 21 days, then it is imperative that the Corporate Billing Section are requested to place a hold on the account. Ideally this should be done by e-mail however if time is an issue then a telephone request can be made.

PAYMENTS

Information regarding methods of paying an invoice appears on the reverse of each account and reminder notice.

In the event of the originating Department receiving payment then this must be paid against the relevant invoice number and **not the appropriate income code.**

Information regarding the correct invoice number can quickly be given by contacting the Corporate Billing Section on 01482 394862.

Any request regarding outstanding balances on accounts must be referred to the Corporate Billing Section.

Reports on unpaid accounts are available by contacting Corporate Billing.

Further details on sundry debtors is included in Annex 10.

If you would like to discuss the service in further detail or would like to raise a specific issue please contact the Assessment, Payment and Billing Manager, Liam Wilcox, tel 01482 394851, liam.wilcox@eastriding.gov.uk

Writing Off Debts

The East Riding of Yorkshire Council's Financial Regulations state the following regarding writing off debts:-

Subject to their keeping records in a form approved by the Head of Finance, Directors may write-off debts of up to £5,000 in total,
Write offs over £5,000 require the approval of Cabinet.

Disposal of Stock /Inventory Items

A Governing Body can dispose of stock or inventory items not required over which it has delegated responsibility. This is subject to the following conditions: -

- i) For individual items with a value below £5,000, no approval is required from the Director of Children, Family and Adult Services (CFAS). This is as long as the income is maximised, and that proper records are maintained.
- ii) The approval of the CFAS Committee is required to dispose of an item, which has a value greater than £5,000.
- iii) A Governing Body can delegate authority to dispose of items required. The full Governing Body must sanction a disposal if it is to either a member of staff, or to a member of the Governing Body, when the value is more than £250.
- iv) Income must be banked using East Riding of Yorkshire Council paying-in slips.
- v) There will be VAT involved in this income EXCEPT when sold to another Authority centre or department. The School Management Accountant will provide a VAT invoice for any purchaser requesting one.

HOW TO PAY YOUR BILL

TELEPHONE/ INTERNET

You can pay by **Debit Card** (Maestro, Delta, Electron and Solo) or **Credit Card** payments (Visa & Mastercard-administration fee applicable)

Via the Internet at www.eastriding.gov.uk, select on-line payments and follow the instructions on screen.

Or telephone **0845 1200020** and select option 4
24 hours a day 7 days a week

CHEQUES (AND POSTAL ORDERS)

Should be crossed and made payable to
"The East Riding of Yorkshire Council"

CASH

Only send by Registered Post

BY POST

Please tear off the payment slip and send it with your payment to:
PO Box 83, Beverley, HU17 9YR
(No receipt will be issued, unless the whole invoice is enclosed)

IN PERSON

Payment may be made at any of the collection offices shown below between:

**9.00 a.m. to 4.30 p.m. Monday to Thursday and
9.00 a.m. to 4.00 p.m. Friday**

Customer Service Centres

Hull Road, Anlaby

2 New Road, Hedon

Cross Street, Beverley

Peeler House, Hessle

Town Hall, Bridlington

75 Newbegin, Hornsea

Civic Centre, Cottingham

Pocela Centrel, Pocklington

West Garth, Driffield

Queen Street, Withernsea

Church Street, Goole

Cash Office Samman Road, Beverley (not open Friday)

Self Service Points (Cash or Debit cards only)

Howden, 69 Hailgate

Market Weighton, Old Magistrates Court, Beverley Road

Brough, East Riding Petuaria Court, Centurion Way

AT A BANK/POST OFFICE

Contact us on telephone number 01482 394852 and we will supply you with the appropriate payment slip.

COLLECTION SERVICE

INTRODUCTION

The Collection's service primary role is to receive and receipt income due to East Riding of Yorkshire Council. Mainly this is through the cash offices located throughout the area and via the National Westminster Bank who are the Authority's authorised bankers.

SERVICE PROVIDED

The Collection's Service will:

- a) Provide a cash receipting service at the 12 agreed locations.
- b) Provide receipts for all cash paid in.
- c) Arrange for the banking of all cash, cheques and postal orders received.
- d) Offer limited basic advice.
- e) Provide an advice service regarding cash collection.

SCHOOL'S RESPONSIBILITIES

The School will:

- a) Use the cash offices or the National Westminster Bank. In exceptional cases another bank or the post office may be used but this should only be done with the approval of the Principal Collection Officer.
- b) Use a suitable receipt book for their customers available from the Principal Collection Officer.
- c) Provide a telephone service manned by suitable staff to answer queries from cashiers regarding their customers.

CONTACTS

If you would like to discuss the service in further detail or would like to raise a specific issue please contact Lee Parker, Team Leader (Collections), tel. 01482 394902 or 01482 394908.

To obtain receipt books please contact:

Collection Team Leader – Lee Parker
Arvato 01482 394902

To obtain Bank or Post Office paying in books please contact:

Cashiers Admin
Arvato 01482 394910

CHAPTER 12

PAYROLL

PAYROLL ADMINISTRATION

Payroll Forms

Hard copies of the Payroll forms can be obtained from Schools Admin Support Team on 01482 392020. The information given below contains details of what is essential when completing forms that have to be processed by the Payroll teams.

Form SAL1c

This is a claim for completion by the school in respect of supply teacher work. The form should be completed where schools arrange cover direct with the supply teacher (and not booked via e-teach agency – see below). The SAL1C should be submitted to Personnel immediately at the end of the calendar month. The form should clearly show the school name, cost centre and days, (FD) half days (AM or PM) and hours worked. Each line on the SAL1c should also indicate the school's cost centre to which the payment should be made, *do not* put in the supply teacher detail code of 12021.

Form P203 Monthly/4 Weekly Additional Hours /Overtime Form.

Form P203 is completed for contracted monthly paid support staff that have worked additional hours in the month. Again, the form must be completed and submitted as soon as possible after the end of the calendar month. The form should be forwarded to the Payroll Section. The employees name, reference number and pay source must be shown to avoid delays in making payments to the employee.

Only time worked over and above contracted hours should be shown on this form, hours worked up to a total of 37 each week are payable at plain time (0011). Hours worked in excess of 37 in a week will be paid at overtime rates (1.25) on allowance code 0018. Hours must be entered in decimal format (e.g. three and a quarter hours should be entered as 3.25; five hours should be 5.00). A cost centre and detail code must be entered for all lines. This form is available on the schools intranet site.

Weekly Timesheet – PE11 (Caretakers)

For completion and submission on a weekly basis by contracted caretakers where additional hours or a shortfall in hours has occurred in the week. They should record all hours worked including lettings that are now paid under the collective agreement. Payroll will pay hours worked over the weekly contracted hours as additional hours at plain time (up to 37 hours per week) or overtime at 1.25. Any sickness must also be shown on the timesheet.

Weekend Heating duties are recorded on the timesheet. As usual, employee name, reference number, schools cost centre and pay source number should be shown on the timesheet.

Weekly Timesheet P100 (used by education establishments for contracted staff who are paid 4 weekly)

Again, the employee name, employee reference number, school's cost centre and pay source should be shown.

Completion and submission by schools on a weekly basis is required where there have been additional hours, a shortfall in hours or sickness by an employee.

Record all hours worked in the week and costing requirements. Payroll will pay hours worked over the weekly contracted hours as additional hours at plain time (up to 37 hours per week) or overtime at 1.25. Any sickness must also be shown on the timesheet. Cost centres and/or detail codes need only be entered if they are different to those normally attached to the post.

Weekly Timesheet P101 (used by educational establishments for casual staff or contracted staff performing other CASUAL work).

Again, employee name, employee reference number, schools cost centre and pay source should be shown.

Completion and submission by schools is required on a weekly basis where there has been casual /non-contracted work undertaken. Unlike the P100, cost centres and detail codes must be entered in all cases.

All hours worked in the week must be recorded.

Supply Teachers – booked via East Riding Supply Service.

The Supply Service operates the eteach system whereby the schools log on and book supply teachers on line. In these instances there is no need to complete a SAL1c. Please refer to guidance provided by ERSS and eteach in this respect.

The contact telephone number for ERSSe-teach for issues relating to pay is 01482 392509, email on supply.service@eastriding.gov.uk

Please be mindful that East Riding Supply Service operate term time only. During school holidays there is a limited service.

CHAPTER 13

PETTY CASH/IMPREST & PURCHASE CARDS

Introduction

Imprest accounts, also known as petty cash accounts, are opened throughout the Council and are used for the purchase of small, urgent items of expenditure.

Use of Imprest/Petty Cash Accounts

Imprest/petty cash accounts are, in general, intended for purchasing low value, urgent items. Payments can also be made when a supplier requires immediate payment although this should be discouraged. In no circumstances should the imprest account be used to replace the official ordering and payments system.

Cash, chequebooks and receipts held in relation to the account should be kept separate from all other cash such as school funds, amenity funds, income from telephones or other sales.

The Imprest monies should never become mixed with personal monies or be used to cash personal cheques or fund I.O.U's. The account should never be used to pay salaries/wages or travel and subsistence of persons employed by the Council. Payments by Direct Debit/Standing Orders are not permitted.

Security

All cash, stamps and chequebooks should be kept in a safe or strong room. If there is no safe or strong room available they must be kept in a locked drawer or cabinet in accordance with insurance requirements.

If the officer responsible for the imprest account changes, the Payments Section should be informed. The new responsible officer should ensure they are fully conversant with the requirements of maintaining imprest account records and for submitting reimbursement claims.

If any of the signatories change on the bank account mandate (all banks) the Payments Section must be informed. A new bank mandate for The Royal Bank of Scotland(NatWest)Accounts will be sent to an existing signatory on the account for completion.

Purchases

A receipt should support all purchases. If the expenditure is subject to VAT, a VAT receipt, such as a till receipt, must be obtained. The VAT receipt must show the following details:

- name, address and VAT registration number of the supplier;
- date of supply;
- amount payable including VAT;
- the rate of VAT;
- the description of goods and services.

This will enable the VAT to be reclaimed.

All expenditure should be coded to a valid expenditure code from, which there must be authorisation to spend.

Cheque Payments

At least three employees should be authorised to sign cheques and any cheque will require two of those signatories. Cheques should only be signed when they are ready for issue and in no circumstances should blank cheques be pre-signed.

Bank accounts must not be allowed to become overdrawn and payment should not be made unless there are sufficient funds in the account.

Cheques drawn to obtain cash should be made out to PAY CASH on the payee line. The member of staff cashing the cheque, who must be one of the authorised signatories, should be asked by the bank to sign the cheque on the back. Proof of identification in the form of an East Riding of Yorkshire Council identity badge must be provided.

A bank statement should be obtained monthly. The bank statement should be checked and the balance detailed on the bank statement should be reconciled to the amount detailed on the reimbursement claim.

If a cheque is more than 6 months old and has not been cashed by the payee it is out of date (is no longer valid and could not be cashed). The cheque should be written back in to the imprest account. The entries to be made are explained at Annex 13.

If a cheque is drawn in error, and is not issued, it should be marked as 'cancelled' and kept in the chequebook. The entries to make on the reimbursement claim form are explained at Annex 13.

Making Reimbursement Claims

Reimbursement claims should be submitted monthly when approximately half of the imprest will have been spent. This will ensure that you will receive the reimbursement before the account runs out of money.

The forms required to make a claim:

PC1 form – Detailed Claim (to support PC2) – Cheque Payments

PC2 form – Summary Claim for Imprest Payments

PC4 form – Postage

See Annex 13-14 for examples and notes on completion.

The forms are available electronically on the intranet and whilst they can be completed on screen they must be printed out for certification by an authorised signatory.

Enter detailed expenditure on the PC1 form and postage on the PC4 form. Transfer the total from the PC4 to the PC1 and total up the expenditure on PC1 form.

The postage form PC4 and the original receipts that support all expenditure, should be firmly attached to the back of the PC1 form. If the expenditure is subject to VAT and meets the requirements as detailed previously, the VAT element should be entered separately on the claim form to enable the VAT to be reclaimed. Further guidance on VAT can be found in the VAT Reference Manual or you can seek the advice of the VAT officer.

The coding boxes on the PC1 form should be fully completed with the appropriate cost centre, detail code and VAT codes.

The expenditure on the PC1 form should be summarised on to the PC2 form. The cash in hand figure should be the actual cash and stamps in hand. The bank balance should agree to the reconciled bank statement. Any discrepancies should be investigated immediately and before the claim is submitted.

Collate the expenditure for each budget code and enter on to the coding block. This should include the schools cost centre, detail codes and the correct VAT codes.

The claim should be dated and certified by an authorised signatory. The authorising officer must check that the cash and bank balances detailed on the claim form actually agree to the cash and bank balances held. The officer who authorises the claim must not be the person who has day-to-day administrative responsibility for the imprest account.

The reimbursement will be paid direct to the bank account by BACS.

Discrepancies

Some of the most common reasons for discrepancies are:

- the amount entered on to the claim form does not agree to the actual receipt,
- the change, after an item has been purchased, has not been returned to the petty cash tin,
- the money to cover the purchase of an item has not been taken from the petty cash tin,
- the value of stamps in hand have not been included,
- all postage/stamps used have not been entered on to the claim,
- an un-presented cheque has not been taken into account,
- an out of date cheque needs writing back into the account,
- money has become mixed up with other funds (although separate tins should always be used).

If, after investigation, the discrepancy cannot be identified, the cash in hand or the bank balance should **not** be changed to fit the needs of the claim. The imprest holder should contact the Payments Section to discuss the discrepancy and the action that should be taken to rectify the variance.

Training and guidance on imprest/petty cash accounts can be arranged with the Payments Section if required.

PURCHASE CARDS - to use instead of Petty Cash

A Purchase Card is a corporate charge card that allows cardholders to purchase goods and services from suppliers with Visa Terminals. The Royal Bank of Scotland, the Council's bank supplies the Purchase Cards to the Council.

The cards are issued in the individual officer's name in order for the officer to undertake financial transactions on behalf of the Council.

Each card when applied for has the following safeguards: -

- A single transaction limit is set
- A monthly credit limit is set
- The cards are blocked via the supplier Merchant Categories, to prevent purchasing from inappropriate supplier categories e.g. Cash or Travel.

Each Cardholder will sign an Employee Agreement and is issued with a Purchase Card User Manual (approved by Legal Services and Personnel). These can be amended to accommodate different departmental/operational circumstances.

The Royal Bank of Scotland also provides indemnity insurance to cover against lost and stolen cards and supplier fraud.

The use of Purchase Cards for the Petty Cash facility should not be used for the following

- IOU's.
- Payment of Direct Debits/Standing Orders.
- Payment of salaries or wages of persons employed by the Council.
- Payment of travel and subsistence of persons employed by the Council.

Where establishments hold a cash float on no account should the purchase card be used to increase it without prior approval from the Payments Section.

RECONCILIATION/ REPORTS

Details of the transactions on the card are accessed on-line via the Natwest website. Details of the registration/enrolment process are given in the user guide, which is sent via e-mail once the card is issued.

It is an audit requirement that the Head/Line Manager approves and checks the transactions on the bank statement on a monthly basis.

The Natwest recommends that cardholders complete a daily transaction log (and a sample is included in the User Manual). This can then be used to reconcile the transactions with the monthly bank statements.

Where amounts of cash are withdrawn, then individual transaction details will need to be recorded to give details of what the cash has been spent on. These details including receipts should be included on the supplement daily transaction log/spreadsheet, along with any carry forward amount to the next month.

All transactions will be loaded via the electronic files into the general ledger. (This currently occurs on a monthly cycle in conjunction with the bank direct debit).

PAYMENT CYCLES/GENERAL INFORMATION

When a Purchase Card is used to buy goods or services, the supplier is paid by the bank four working days after the transaction is processed by the terminal.

The Royal Bank of Scotland are then paid automatically via Direct Debit by the Council on a monthly basis (on or around 12th of the month).

Under the Visa rules of operation the supplier is not entitled to process the payment through the terminal, until the goods have been despatched.

CHAPTER 14

VAT

INTRODUCTION

It is very important that VAT is dealt with correctly when paying invoices and banking income. HM Revenue & Customs make compliance visits and has the power to collect back taxes when errors are made.

The Authority's VAT Registration No. is GB 647 4711 23.

Being registered has two important implications:

- a) VAT is not an expense of the school because the Authority is allowed to recover (in most cases) the VAT charged because your school is acting as its agent when paying for goods and services from the delegated school budget. **Schools must be mindful that not all expenditure can fall within the Authority's VAT registration and VAT on expenditure may NOT be recoverable through the Authority's VAT registration. It is essential that advice is sought, particularly on capital projects, whether or not the VAT incurred will be recoverable.**
- b) Schools must charge VAT to all external bodies and individuals when they are supplied with, and charged for taxable goods and/or services through the delegated school budget. These bodies include other local authorities, the Police, Fire Service, private school funds, independent schools, F.E. colleges, and the Acting Returning Officer for Parliamentary Elections.

It follows that Schools must account for VAT correctly. This is achieved by

- identifying goods and services on which VAT must be charged
- paying-in income collected against the correct income detail code and using the correct VAT status code.

The VAT status codes are:

	EXPENDITURE CODE	INCOME CODE	NET EFFECT
Non-business	1	1	no VAT charged
Exempt	2	2	no VAT charged
Zero rated	3	3	no VAT charged
(Standard rated	4	6	VAT charged at 20%

VATable	8		VAT recovered at 10%
VAT only	9		
VAT non-recoverable	C		VAT charged at 20%
Lower rate	F	E	VAT charged at 5.0%

Categories of goods and services that have (net) no VAT charged:

NON-BUSINESS (also known as outside scope) refers to an activity that a school has a statutory obligation to provide e.g. school meals for pupils. Payment to non-VAT registered traders and payment vouchers fall into this category.

EXEMPT refers to an activity to which VAT does not apply. Generally rents and lettings, although there are (inevitably) some exceptions to this.

ZERO-RATED means that the item concerned is subject to VAT, but at a rate of 0%. A common example is books.

If in doubt about VAT, contact the VAT Accountant, Jane Gibson (01482 394246)

VAT INVOICES

It is only possible to reclaim VAT if an authentic VAT invoice is held. It is essential that at the time of payment, VAT is only coded to the VAT account if an invoice meeting the requirements described below is held. HM Revenue & Customs will disallow reclaims if this document is not produced.

A Full VAT invoice must show:

- an identifying number;
- suppliers name, address and VAT registration number;
- the time of supply (tax point);
- the name of your school and address;
- a description which identifies the goods or services supplied.

For each description:

- the quantity of goods or extent of the services;
- the charge made, excluding VAT;
- the rate of VAT;
- the total charge made, excluding VAT;
- the rate of any cash discount offered;
- the total amount of VAT charged.

A less detailed invoice is an acceptable alternative to a full tax invoice if the value of the goods or services is less than £250 including VAT. The requirements are:

- the time of supply (date);
- a description which identifies the goods or services supplied; and for each VAT rate applicable, the total amount payable, including VAT and the VAT rate charged.
- the suppliers VAT registration number;

An alternative to a full tax invoice is a modified tax invoice. The requirements are:

- the VAT-inclusive value of each standard-rated or reduced rate supply instead of the VAT-exclusive values.

At the foot of the invoice, it must show separately the total:

- VAT-inclusive value of the standard-rated or reduced rate supplies;
- VAT payable on those supplies;
- value, excluding VAT, of those supplies;
- value of any zero-rated supplies included on the invoice; and
- value of any exempt supplies included on the invoice.

In all other respects the invoice should show the details required for a full VAT invoice.

If a school is offered an invoice that does NOT meet the above criteria, a proper tax invoice should be sought. Without it, VAT cannot be reclaimed. Generally, supermarket receipts, for example, are not acceptable as tax invoices. This would make the charge to a school greater than it should be.

The supplier of goods from other EU countries may zero-rate the transaction if the Authority's registration number has been given e.g. quoted on the order. If VAT is shown, this will be foreign VAT and is irrecoverable and becomes a charge to your delegated school budget.

TIME LIMIT FOR RECOVERING VAT

If an invoice is paid more than four years from the tax point, which is usually the date of the invoice, HM Revenues & Customs will no longer refund the VAT to the Authority. Late payment would be a rare event, but may arise if you have a dispute with the supplier. Please seek advice before the four years has expired if any invoice is in dispute or a supplier submits an invoice with a time barred date.

PROMPT PAYMENT DISCOUNT

If an invoice is received which includes an offer of a prompt payment discount. It is advised to take advantage of it, as the VAT is calculated on the discounted net value of the invoice and this is the VAT that is payable, whether or not the discount is taken.

TILL RECEIPTS

A till receipt will not necessarily have all the information required to recover VAT. Five examples of receipts you are likely to come across are shown below.

Specimen A

DO IT ALL WILLERBY SHOPPING PARK BEVERLEY ROAD WILLERBY HULL Telephone 01480655181 VAT NUMBER 110 4048 34		
02/09/13	11.44	Till 03
Transaction 4621		
012 KAREN		
SALE		
36CM WINDOW WIPER		
00953364	2.29	£2.29
TOTAL		£2.29
Cash		£2.29-
Bonus Card Customer 1111200071553119		
VAT Analysis	1.91 @ 20%	0.38

This till receipt is satisfactory because it has all the details required. You will find retailers who deal a lot with registered traders will be geared up to provide the proper VAT evidence.

Specimen B

16-05-13	
2X	
0.69 @	
01	*1.38 *1.38ST
2	*1.38 TL *1.40 CA *0.02 CA
13 - 34	
000 - 2189	

This receipt is totally unsatisfactory. It only has a date and in no way would a receipt of this kind support a claim for VAT.

Specimen C

MAX SPIELMANN	
VAT 166 2627 54	
BEVERLEY	
DATE 23.08.13	SAT
DEPT. 1	5.99
TOTAL	5.99
CASH	10.00
CHANGE	4.01
CLERK 1	NO.043895
TIME 14.38	0000

This receipt has a little more information than the specimen B, but lacks a description of the services supplied. A hand written description by the retailer, together with the rate of VAT would be satisfactory. However, only the retailer can amend the receipt, doing it ourselves would not convert an unsatisfactory receipt into a satisfactory one.

Specimen D

THANK YOU FOR CHOOSING	
TESCO	

PRE/REC CSETS *	£ 10.99
TOTAL	10.99
CASH	20.00
CHANGE DUE	9.01

SIGN UP FOR CLUBCARD	
USING A CLUBCARD ON THIS TRANSACTION WOULD HAVE GIVEN YOU 10 POINTS	

WHY NOT SIGN UP FOR YOUR CLUB CARD TODAY? PLEASE ASK FOR DETAILS HULL STORE TELEPHONE NO. 01482 802101 08/08/13 16.56 097 1047 4144 2693	

This receipt lacks a VAT registration number and does not state that the goods include VAT. As a general rule supermarket receipts do not conform to a tax invoice. It is probable that VAT is included, but for the VAT to be reclaimed it will be necessary to ask their customer service centre for a tax invoice.

Specimen E

FOR EXTRA VALUE USE YOUR ABC CARD HERE	
Customer Services Manager STEVE JACKSON	
Your checkout operator today was JOYCE	
	£
TOMATOES LS	1.05
CARROT LS	0.41
LETTUCE ICEBERG	0.49
LETTUCE ICEBERG	0.49
*****	TOT 2.44
CASH	2.50
CHANGE	0.06
10/08/13 11:22 7837 12 0032 116	
Willerby, HU10 6EB	
Telephone : 01482 655166	
SAFEWAY	
Lightening the load	

A receipt from another supermarket and the same comments apply as the specimen D except in this case the goods are zero-rated food and there is no VAT to reclaim.

VAT FRACTIONS

The VAT element of the gross price is calculated by using the appropriate fraction. An item that has the gross price of £2.35, VAT rate of 20%, has 39p as its VAT element. 39p is NOT 20% of £2.35, it is 1/6 of £2.35.

VAT rate	VAT fraction
5%	1/21
17.5%	7/47
20%	1/6

LETTINGS

Basic guidelines as to whether a particular letting is Exempt or VATable.

EXEMPT when only basic facilities provided, e.g. room, chairs, tables, use of toilets and use of kitchen. This includes a room let out for a meeting, such as use by a chess club. Supply of drinks for such events are taxable if charged separately.

VATable when the room is booked to use the special facilities provided, e.g. use of audio-visual equipment, computers, stage equipment, specialised lighting equipment and photographic darkroom.

Long Lets of Sporting Facilities to Clubs

The use of sporting facilities e.g. gymnasium, sports field are usually standard rated but can be exempt if the following conditions are met:

The series of lets is ten or more to a school, club, association or any organisation representing affiliated clubs or constituent associations.

Each period is in respect of the same activity and carried on at the same place.

The interval between each period is not less than one day and not more than fourteen days.

The fee is payable by reference to the whole series and is evidenced by a written agreement. (Suitable evidence is a formal agreement, an exchange of letters or an invoice issued in advance of the series requiring payment for the whole of the series.) A refund given because the organisation did not use a session makes the whole series of lets subject to VAT. However, a refund can be given if the facility was not available e.g. because a football pitch is flooded.

Another person's right to occupy the land does not impinge on the club's, association's etc. occupational rights of the licence.

Summary of the key points

- The evidence for the long let needs to be completed before the let starts.
- **Once the let starts a refund will make the whole series taxable. This does not apply if the refund was given because the facility was not available to the club.**
- Once the let starts an additional booking will be taxable unless it is for 10 or more lets.
- The organisation does not have to use the facility, therefore, if the interval between periods is more than fourteen days, they can book that period to preserve exemption.

SCHOOL PHOTOGRAPHS

If the photographer supplies photographs direct to the pupils, the commission paid to the school is subject to VAT if the Headteacher is acting as an agent for the Authority. If the contract with the photographer is with the school's Governing Body VAT is not due unless the body or the fund is itself VAT registered.

If the arrangement is that the photographer supplies the photographs to your school and you in turn sell them to your pupils VAT is due on the selling price if the Headteacher is acting as an agent for the Authority.

SCHOOL UNIFORMS

The sale of school uniforms to pupils is not always VAT free because HM Revenues & Customs do not regard them as being closely related to the education provided. This means the sales are subject to VAT, unless zero-rating relief is available.

The test for zero rating is:

- The uniform has to be designed for young children (The age limit for a young child is taken to be eve of his or her 14th birthday)
- Not suitable for older children and
- The garment is within a certain body size.

Sales at a primary school will always meet the test for zero rating, but a secondary school will have both standard and zero-rated sales.

If you are a secondary school and are selling uniforms and do not have a copy of HM Revenues & Customs notice 714, please give the VAT Accountant a call on 01482 394246.

SCHOOL MEALS

HM Revenues & Customs regard sales of food and drink to pupils, as being VAT free if supplied at or below cost, i.e. there is no intention to make a profit.

“Cost” means the full overhead inclusive cost of bringing the food and drink to the pupil, which includes, for example, the labour costs associated with cooking hot meals.

When determining whether your school meets this “at or below cost” criteria it is acceptable to aggregate the sales over a year from each outlet at your school e.g. canteen, tuck shop, vending machines to determine whether the criteria is met. In any instances where it appears that you may fail to meet the “at or below cost” using this global formula HM Revenues & Customs will allow you to make a separate calculation for each outlet and declare VAT only on those outlets where cost is exceeded.

Sales to staff and visitors are subject to VAT and this means that sales from vending machines will require some form of apportionment that is fair and reasonable.

This treatment only applies to catering provided directly by your school or through a catering contractor acting as your agent.

Supply of meals to external bodies

Your school may provide meals other than to your own pupils and in these circumstances VAT only needs to be charged if the body is outside the Authority’s VAT registration. This means the charge made for food supplied to another East Riding school or an Authority Department (e.g. Social Services for meals on wheels) is not subject to VAT.

Employment of a private catering contract

You may decide at sometime to employ a catering contractor rather than provide the service “in house”. In these circumstances advice should be sought on the contractual arrangements to ensure that the sales to the pupils remain VAT free and VAT is accounted for on sales to adults.

SALES TO PUPILS

To qualify for being VAT free sales to pupils must follow the following procedure:

The goods and services must be closely related to the education provided. In other words for the direct use of the pupil and necessary for delivering the education to him or her.

The pupil must be receiving education from your school or in connection with some other Authority run educational activity, such as an orchestra.

The goods and services must be bought by your school and ownership transferred to the parent, guardian or pupil buying them. However the delivery address and point of distribution of those goods and services is a matter for your own school to determine.

The payment from the parent, guardian or pupil for the goods and services must be paid into your school’s delegated budget.

Some evidence, e.g. an order form, must be kept to show that the recipient of the goods and services has been receiving education from your school, and what has been supplied was essential to that education.

The price of the goods or services supplied must be at or below cost, that is there is no intention to make a profit. “Cost” means the full overhead inclusive price of supplying the goods or services to the pupil and includes, for example a reasonable administration charge.

These rules also apply to goods that are leased.

Clothing is still excluded from the scheme because HM Revenues & Customs do not regard clothing as contributing to learning.

You may have rules and conditions of your own and providing the basic principles mentioned above are adhered they may continue, as HM Revenues & Customs have no wish to disturb any reasonable administrative conditions you may also wish to impose.

PRIVATE TELEPHONE CALLS and PHOTOCOPYING

This income is subject to VAT.

If schools choose NOT to charge for private telephone calls, VAT charged to the school by the telephone company for the call **cannot** be reclaimed. Therefore this element of the VAT should be charged to the school’s delegated budget.

RECOVERY OF VAT WHEN BUYING GOODS OR SERVICES USING MONEY GIVEN TO THE SCHOOL BY THE PRIVATE SCHOOL FUND, PARENT TEACHER ASSOCIATIONS AND SIMILAR BODIES

The requirement is:

Buy the goods or services yourself (that is, your school must place the order, receive the goods or services, receive a tax invoice addressed to the school and pay).

Remain owner of the goods or services and use them or make them available for providing statutory education.

Keep sufficient records for HM Revenues & Customs to easily identify the goods and services you have bought and your reasons for buying them.

You will not be able to meet these requirements if the person giving you the money does so only on the condition that you give something or do something for them in return, or that some other person benefits as a direct result of the payment. For example

Buying goods for the use of the private school fund through the school budget

DONATIONS

Where the school receives money, and **nothing** is done in return, this is a donation. NO VAT is due. If the money received is used to purchase equipment that becomes the property of the Authority, then, the VAT may be recovered in the normal manner.

Care must be taken when dealing with a sponsor. A token acknowledgement may be made (e.g. a small plaque, a brief mention in a programme) to the sponsor, and this means NO VAT is charged. When the money is clearly linked to any advertising or business promotion, VAT is chargeable and an invoice must be issued.

VAT ERRORS

Although the responsibility for VAT accuracy lies with the supplier, the Authority must satisfy itself that the VAT levied is correct. The Authority must account for VAT correctly. If errors are detected, it is our responsibility to make corrections to the accounts. If a school discovers an error, contact should be made **promptly** with the VAT Accountant on 01482 394246.

If the error involves income, a correction for VAT **NOT** collected from a third party will be charged to the school's delegated budget. If the error has been recurrent, then the correction must go back to cover the full extent of activity with that party, up to a maximum of **THREE years**.

An incorrect invoice is NOT to be altered. If the supplier has overcharged VAT, only the correct amount can be recovered and if the supplier has undercharged VAT only the amount shown on the invoice can be recovered. Alternatively the supplier can be asked to issue a credit note or a new invoice.

DISPOSAL OF SURPLUS EQUIPMENT

Sale of goods, both new and second-hand, are subject to VAT at the standard rate.

TEACHER SUPPLY COVER REIMBURSEMENTS

When the supply cover reimbursement is from an examination board it is exempt. It can be credited against a non-VAT detail code with VAT status 2.

Any other reimbursement may be exempt or standard rated depending on the service provided. If the teacher has provided education or school inspections the payment will be exempt from VAT, but if the service has been to advise on the management of a school the payment will be subject to VAT.

The income should be credited to an income detail code (**NOT** an expenditure detail code).

VENDING MACHINES

If you give permission for a vending machine operator to place his vending machines at your school the income received from the operator is subject to VAT at the standard rate.

ACTIVITIES UNDER POWERS OF SECTIONS 27 AND 28 OF THE EDUCATION ACT 2002

When the school Governing Body undertakes activities under these provisions it is acting independently of the Authority and the usual VAT recovery regime does not apply. Consequently great care needs to be taken over the VAT position of the activity to be undertaken.

VAT CLASSIFICATIONS

The following listing is not meant to be exhaustive.

Type of Income	Classification	VAT Code	Detail Code
School Meals to pupils when supplied at or below cost	Non-business	1	93149
Sales to pupils in class when sold at or below cost	Non-business	1	93128
School trips	Non-business	1	93225
Exam Fees	Non-business	1	93228
Donations from Parent Teacher Associations and similar bodies	Non-business	1	92324
Sponsorship in the form of a donation	Non-business	1	93140
Sponsorship when service given in return	Standard Rate	6	92355
Room lets	Exempt	2	93353
Music lessons	Exempt	2	92322
Sale of surplus equipment	Standard Rate	6	93140
Adult meals	Standard Rate	6	93150
Private telephone calls	Standard Rate	6	93358
Private photocopies	Standard Rate	6	93140
Long lets of sports facilities	Exempt	2	93353

Short lets of sports facilities	Standard Rate	6	93353
Admission to school plays, dances and similar events	Standard Rate	6	93140
Supply cover reimbursement – teaching, examinations and inspections	Exempt	2	92255
Supply cover reimbursement – Management advice	Standard Rate	6	92255
School photographs	Standard Rate	6	93140
School Uniforms	Zero or standard	3 or 6	93140

PURCHASE OF MUSICAL INSTRUMENTS

Parents or guardians can purchase musical instruments for their child's use. The price is free of VAT if the correct procedures are followed. To do this, a number of conditions must be met:

- 1) The Headteacher or music teacher has to confirm that the pupil has the ability to warrant their own instrument,
- 2) the instrument purchased has to be commensurate with the child's ability
- 3) lessons must be provided by the School Music Service, and be taken at least weekly, for a TERM, BEFORE the purchase of the instrument.
- 4) Once the above conditions are satisfied, the instrument can be purchased by the school (through the Schools Music Service, , and the net cost can be passed onto the parent or guardian.
- 5) Normally, equipment purchased through the school's budget becomes the property of the school. However, in this instance, HM Revenues & Customs has given a special dispensation, and the instrument remains the pupil's property.

VAT RECEIPT RETENTION FOR MILEAGE CLAIMS

Where employees use their own vehicle for any journeys for which they are to submit a travel claim form to reclaim a fixed mileage allowance. Within this allowance is a proportion calculated to represent the VAT element that has been incurred on the fuel purchased by the employee.

Until now, retention of any documentation has not been necessary to support this. However, after a ruling by the European Court of Justice in December 2005, in order for the Authority to recover the VAT on employee travel claims, a VAT receipt must now be kept by each employee submitting an expense claim.

The VAT receipt must be obtained prior to undertaking the intended official business journey, so that a proportion of the VAT on the cost of the fuel can then be claimed back by the Authority when the claim form is processed by payments.

This means that a receipt could be seen to cover more than one journey, if they are done within a reasonable timescale, rather than needing a receipt for each individual journey.

For further information, please contact the VAT Accountant on 01482 394246.

CHAPTER 15

INSURANCE

INSURANCE

Insurance Information for Schools

All insurance budgets are delegated and insurance cover is offered to schools in February/March each year. To ensure continuity of cover the acceptance forms must be returned by the due date. There is no automatic cover in place. The various options for cover are as follows-

Corporate

- Liability: Claims from the public, pupils, employees for injury or damage to property
- Property Insurance: To cover fire, explosion, lightning and storm damage to school buildings and contents
- Cash: Theft of cash or cheques in the ownership of the school
- Personal Accident: Provides compensation for permanent injury to employees or official volunteers following an accident while on duty.

If schools choose not to insure they must prove to the Authority that they have alternative cover in place.

Optional Insurances

- All Risks: Theft, vandalism and accidental damage to school property, which is the responsibility of the school to meet from the delegated school budget.
- Sickness Insurance: This compensates schools in the event that teachers or other employees of the school are absent due to sickness. A daily amount is payable to the school budget to help offset the cost of engaging supply cover.
- Travel Insurance: Covers pupils on school visits.

Policy Cover

Summaries of Cover are provided annually and are posted on the council's intranet. Schools must ensure that they comply with any relevant conditions as stated on the Summary of Cover as any failure may invalidate the insurance cover.

Claim forms for use by schools are available on the schools' intranet for downloading.

The general e-mail address is insurance@eastriding.gov.uk

For further information the contacts in the Insurance Team are shown below

Debbie Thompson	01482 394195	debbie.thompson@eastriding.gov.uk
Elaine Cook	01482 394193	elaine.cook@eastriding.gov.uk
Fax	01482 394185	

CHAPTER 16

PREMISES

RATES

Schools should receive their rates demand early in the financial year. It should be coded and then passed to the Payments Section for processing. The coding is the school's cost centre, with the detail code as 24002. Funding is given at the start of the financial year based on the previous years charge adjusted for the estimated change in the pence in the pound calculation. When the amount for rates has appeared on the East Riding Financials print, the funding will be adjusted to match the actual charge.

RENTAL OF SPORTS FACILITIES

This is when a school does not have its own sports facilities. Initially charged centrally, the charge is transferred to the schools at the beginning of the year. Such charges are funded "pound for pound".

GROUNDS MAINTENANCE

Grounds Maintenance is charged for by journal transfer.

BUILDING CLEANING UNIT

Where schools have entered into the Service Level Agreement the charge will show on the East Riding Financials print and, unless agreed otherwise, will be charged for on an annual basis, at the beginning of the year.

VOLUNTARY AIDED SCHOOLS

The governors of voluntary aided schools have an obligation to maintain the external fabric of their building.

The VAT incurred on costs in meeting their obligation cannot be recovered by the Authority. However, when the Authority funds the work that is the responsibility of the governors, the Authority can recover the VAT to the extent of the funding, irrespective of who is actually responsible for carrying out the work. In this situation, the invoice from the contractor must be in the name of the Authority.

When the work is part-funded by the Authority, the contractor must submit two invoices, one being addressed to the Authority for the value of the work it is funding.

CHAPTER 17

SCHOOL MEALS

Service

For those schools who are either importing meals from another school OR cooking the meals themselves they can buy into the Environment and Neighbourhood Services Department–Leisure, Tourism and Catering Units SLA.

There are different levels of service offered by the SLA.

Section 4.1 Operational and Technical support (at no cost to the school)

Section 4.2 Individual site based risk assessments to ensure schools meet requirements of due diligence.

Updates on Health and Safety Manual for school kitchens, serverys to ensure schools meet the requirements of due diligence.

Updates to recipe book in line with current legislation relating to school meals.

Charges as described in the Service Level Agreement see (section 4.2)

Section 4.3 Additional services that can be provided at additional cost
(See SLA appendix)

School Meals Profit & Loss Account

As an audit requirement schools need to maintain a school meals profit and loss account to demonstrate the financial effect on the school budget.

Catering expenditure is recorded under E06 for staffing and E25 for provisions/equipment, catering income from pupils/adult meals is coded to I09. Schools may also wish to take into account a proportion of the utilities costs which could be assigned to the cost of catering. Any deficit that is calculated once expenditure has been taken off income is the amount of funding that is being used to subsidise School meals. Headteachers and Governors will need to satisfy themselves that the subsidy is reasonable.

School Meal Numbers Reporting

The regular reporting of school meal numbers is an important Performance Indicator (PI) for the Catering Department and returns have to be submitted every 3 months. Can all schools please ensure the ED148 forms are submitted promptly each week.

CHAPTER 18

TRAVEL & SUBSISTENCE

Introduction

Travelling and subsistence expenses necessarily incurred by employees in the performance of their official duties will be reimbursed after authorisation in accordance with the Authority's policy on travel and subsistence allowances.

Some schools may wish to adopt their own policy on claiming travel and subsistence and should notify the Payments Section in writing.

Full details of the approved policy can be found on the Authority's Intranet: Directorates : Corporate Resources : Human Resources : Personnel : Policies, Procedures, Guidelines and Forms : D - Allowances, Expenses and Gifts.

Claims must be completed in ink, on the appropriate form, according to the type of claim being made:

Casual Car Users	Form B16 (C)	- green single sheets
Training Expenses	Form B16 (I)	- salmon single sheets
Interview Expenses	Form FN/23	- white single sheets

Please note that for Public Transport and Subsistence only claims, the Casual Car User Form B16(C) - green single sheets, should be used.

Supplies of all forms are available from your Departmental Administration Officer (telephone 01482 392199).

Notes of guidance with detailed information on completing claim forms are available on the Authority's Intranet: - search on Directorates : Corporate Resources : Finance : Payments : Payment Services : Travel & Subsistence.

Travelling Expenses

All employees will use the cheapest most appropriate means of transport when travelling on official business. Journeys by car should be restricted to the shortest practicable routes. For longer journeys, trains or hire cars are often more cost effective than the use of an employees' own cars, and these should be used wherever possible. The Procurement Section have negotiated favourable terms for hire cars and further guidance can be sought from them.

Employees who use their own cars for business travel will be reimbursed according to the Authority's policy on travelling and subsistence at the rates currently applicable. The up to date Authority rates and allowances can be found on the Authority's Intranet: - search on Directorates : Corporate Resources : Finance : Payments : Payment Services : Rates & Allowances

If the rate payable is not that of the standard Authority rate for casual/training mileage, the rate payable by the school should be marked clearly on the claim form.

Whenever possible employees should travel together when making the same journey on the same meeting/course. These arrangements should also be encouraged for travel between split site schools.

Employees using private cars must have cover for business travel included in their policy of insurance.

Where employees wish to claim travel that requires two different cost codes, two separate claims must be submitted to effectively split expenditure between cost centres.

All schools should encourage employees to use public transport or hire vehicles when such action is cost effective. Staff may prefer to use their own vehicles on all journeys. Staff should agree with managers the allowances they can claim i.e. notional mileage rate, public transport rate or hire costs. Certifying officers are advised to contact the Payments Section in these circumstances for advice on how to complete the claim forms to ensure employees receive the appropriate tax relief for business mileage.

Travel by motorcycle/moped will be reimbursed at the rate agreed with the Headteacher or finance manager and in accordance with any national agreements.

Employees who travel by bicycle on business journeys are entitled to claim 10p per mile.

When public transport is used the actual cost of tube or bus fares will be reimbursed.

Receipts to support all expenditure should be attached to the actual claim.

In order for the Authority to recover the VAT element of the employee's travel claims from HM Revenue & Customs, employees must request a VAT receipt when purchasing fuel. Receipts must be attached to the mileage claim forms.

Employees will be reimbursed the actual cost of travel by taxi providing the Headteacher or Governing Body has given prior approval.

The Headteacher and Governing Body must approve air travel in advance of the journey taking place, and an Overseas Travel Approval form has to be completed in advance, which is available on the Payments Services intranet site.

Travel Claims

All employees must maintain an official record of business journeys, giving full details of each journey, the reason for it and the names of any official passengers. It is a statutory requirement of HM Revenue & Customs that individuals keep records of all expenses, payments and benefits for a minimum of six years.

In accordance with the Authority's Policy, payments for mileage in the course of an employee's work, will be subject to a deduction of an employee's normal home-to-base and base to home if the journey starts and finishes at home. Further details can be found on [Directorates : Corporate Resources : Finance : Payments : Payment Services](#) : Travel & Subsistence.

Claimants should ensure that authorised claims are submitted to the Payments Section by the fourth working day of the month. This will enable the claims to be paid through the payroll system in the month they are received for monthly paid staff and on the next available pay day for weekly and 4 weekly paid staff, subject to payroll guidelines.

Notes of guidance to assist in the completion of claim forms are available from the Payments Section. Further information can be found on the Authority's Intranet: - search on [Directorates : Corporate Resources : Finance : Payments : Payment Services](#) : Travel & Subsistence.

Forms that are incomplete or have been filled in incorrectly cannot be accepted. These will be returned for amendment, which may result in delayed payment.

Taxable Mileage

Taxable mileage is any journey, which is ordinary or substantially ordinary commuting (private mileage in effect), made between home and base, outside the normal daily hours, i.e. weekend, calls outs and school holidays. This mileage must be completed in the number of taxable miles to be paid (home to base) column on Form B16 (C).

The whole reimbursement for such a journey is then taxed at the time of payment.

Subsistence Expenses

Employees away from their normal place of work, on official duties at the times stipulated in the policy and therefore unable to take their meals at home, administrative centre, or establishment where they normally take their meals, may claim subsistence expenses up to the maximum of the rates currently applicable.

Employees can only claim amounts additional to normal expenditure and receipts must be provided to support each claim.

Employees travelling by rail who necessarily take a meal in a restaurant car will be reimbursed the actual cost of the standard meal. A receipt must be obtained.

Employees who have to make arrangements for overnight accommodation should claim actual expenditure up to a maximum of the current rates applicable. Other allowances may only be claimed when these are excluded from the accommodation charges. The VAT can be reclaimed in proportion to the amount reimbursed, provided a full VAT invoice supports the claim. Further guidance on VAT can be found in the VAT Reference Manual, on the intranet.

For authorised travel outside the United Kingdom, actual costs are normally reimbursed subject to prior approval from the Headteacher and Governing Body.

Detailed information and examples of the tax implications on mileage can be found on the Authority's Intranet: - search on Directorates : Corporate Resources : Finance : Payments : Payment Services : Travel & Subsistence

Subsistence Claims

All claims for subsistence such as parking tickets, bridge tolls etc must be supported by evidence, which should be securely stapled to the claim form. **Reimbursement will only be made on production of valid receipts.**

Interview Expenses

Interview expenses will be reimbursed as follows -

The actual cost of second-class rail/bus fare will be reimbursed providing a valid ticket is attached to the claim.

When there is no public transport available or it can be proved that it is cheaper to travel by private car, mileage can be paid at the current rates applicable to interview expenses.

Subsistence

Subsistence expenses can be claimed for actual expenditure up to the maximum of the current rates applicable, on production of valid receipts.

The following points should be noted :-

- i) The expenses of a candidate appointed to a post should not be paid until he/she enters upon his/her duties.
- ii) In the event of a candidate withdrawing his/her application or refusing the offer of employment on grounds, which, in the opinion of the interview committee or official are inadequate, no expenses should be paid.

Checking and Authorisation

Signatories of officers (usually the Headteacher) authorised to sign travel and subsistence claims should be sent to the Payments Section. The school should have more than one certifying officer.

Completed claim forms should be passed to the claimant's examining officer. Prior to signing the claim as 'Examined', they should ensure that the following checks have been made.

- i) Journeys are consistent with and necessary for, the claimant's duties.
- ii) Journeys are consistent with any other records, which indicate staff deployment, such as programmes of visits or work schedules.

If mileage is being claimed, the use of a car is reasonable and cost effective.

- iii) The claim form is correct in the following respects:
 - a) subsistence amounts claimed;
 - b) receipts/vouchers to support the claim;
 - c) compliance with Authority or school policy;
 - d) totals for mileage and subsistence;
 - e) the mileage claimed is consistent with the journey undertaken.
 - f) any taxable mileage has been correctly identified.

When the claim has been examined it should be passed to a certifying officer to authorise the claim for payment, having satisfied him/herself that the required checks have been made and that the claim is reasonable overall. The officer who examines the claim form cannot certify the claim; this must be completed by two different signatories.

The claim should then be passed to the Payments Section.

Payment for travel and subsistence claims is made through the payroll system and the deadline for receipt of such claims within the Payments Section is the fourth working day after the month end. Other expense claims will be reimbursed by BAC's (bank details must be supplied).

Where payment is delayed through no fault of the claimant concerned, resulting in an emergency payment having to be raised, a service charge (currently £26) will be made to the school concerned.

Maintenance of Records

All claims are filed in the Payments Section after payment.

Employees are advised to keep a photocopy of their claim and any attached receipts, in line with HM Revenue & Customs requirements and in case the claim form goes astray.

It is a statutory requirement that individuals retain records of all expenses paid for a minimum of six years.

CHAPTER 19

EXAMINATIONS

PAYMENT PROCEDURES

One complete year of examination entries (both June and July, and November) should be paid from each financial year of formula funding.

In order to register students for examination entry, it is normal to pay in advance. Examination Boards submit an invoice to schools after the receipt of names. The invoice should be paid within 30 days.

The total expenditure for all such invoices should be recorded. A request is to be made at the end of the financial year to carry this sum forward as a payment in advance.

Schools should inform parents that their children have been entered for examinations. Parents should be made aware that they might be asked to reimburse the costs if their child fails to attempt the examination(s) without good reason.

RELEASE VOUCHERS

Vouchers are issued by Examining Boards to reimburse schools releasing members of staff engaged in Examining Board activities. Payments are usually in units of half day or full day absences.

A debtor's account should be sent to the Examining Board, together with the voucher, within six months of the verification stamp date to recover the costs incurred by the school in releasing staff.

CHAPTER 20

BANK ACCOUNT SCHOOLS

Please refer to the Bank Account School Manual and the Easy Reference Guide for Bank Account Schools which can be found on the Schools Intranet under the Finance tab: Bank Account.

The Secretary of State for Education has determined that all schools with full delegation under an Authority's Scheme for Financing Schools should have the opportunity to operate their own bank accounts.

Schools wishing to operate a separate bank account must inform the Director of Corporate Resources in writing by the end of November prior to commencement on 1 April.

In addition to ordering goods and services and authorising payments which already takes place at schools, the scheme brings new responsibilities and direct costs in the following areas:-

- The timely payment of all invoices and charges properly payable from the school bank account
- The production of payment advice notes to accompany cheques, so that the creditors can determine which particular goods, services, or invoice the cheque represents payment for
- Answering creditor queries on payments
- The reconciliation of the school bank account to local accounting records
- Producing monthly returns for the Director of Corporate Resources
- Retention of all original invoices and other payment documentation safely and for the minimum required period
- Monitoring and maintaining adequate cash flow in order to generate maximum interest receipts and prevent overdrawn balances.

CHAPTER 21

EXTENDED SCHOOL ACTIVITIES

Financial Management

Schools may use their delegated funding to fund certain extended school activities.

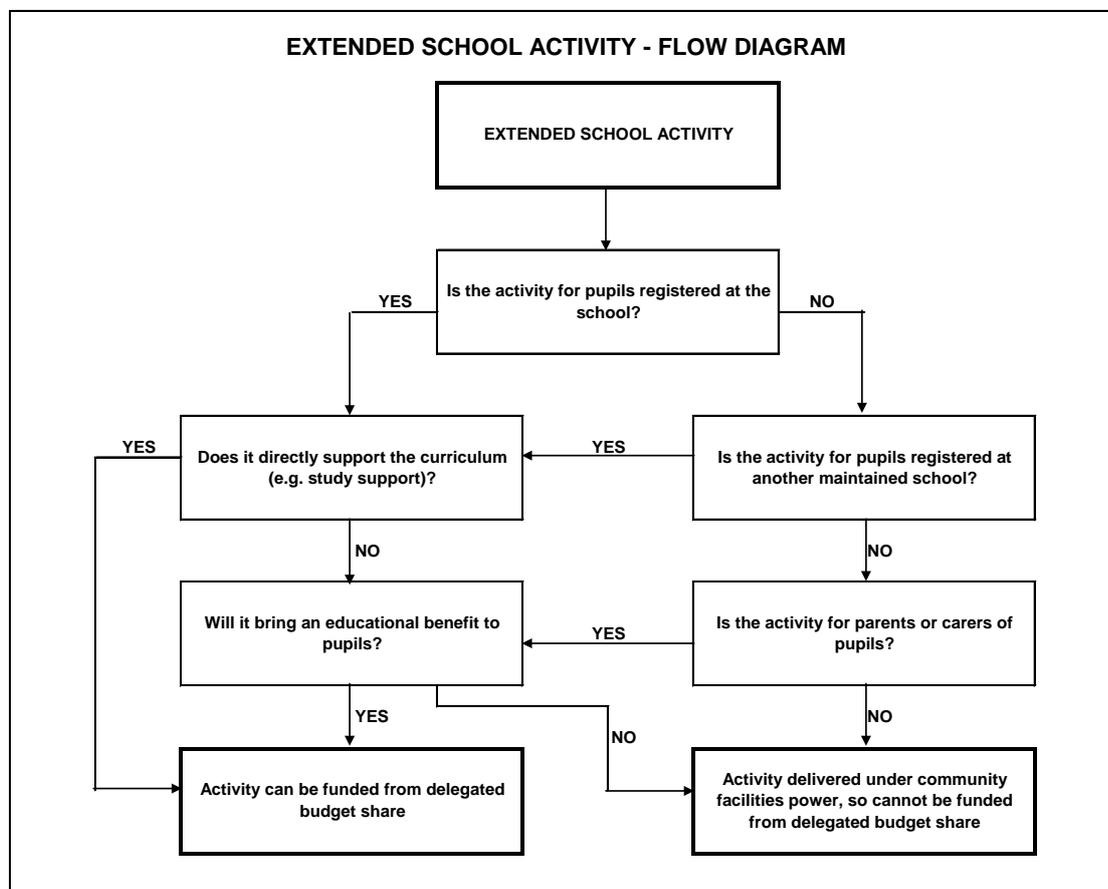
Schools can :-

- Use their delegated budgets to support or subsidise extended activities that bring an educational benefit to children, but **not** to support extended activities that are solely community facilities such as sports activities for the local community.
- Report income and expenditure on extended activities that have an educational benefit alongside core school activities.

Schools should :-

- Have a clear understanding of the ongoing costs of delivering extended activities, and how they will be funded.
- Report separately income and expenditure on community facility activities.
- Seek the advice of their LA on accounting procedures and VAT.

For a school to decide whether a particular extended activity is eligible to be funded from its delegated budget, the Governing Body may find it helpful to consider the following questions as shown in the flow chart below:



The distinction between extended activities that are eligible for funding from the delegated budget, and those that are not, is important because it will govern the way schools report their spending on various activities under Consistent Financial Reporting. A school may conclude that a certain activity is eligible to be funded from the delegated budget, but decide in the particular circumstances to fund the activity from other sources, or to support it only in part from the delegated budget. In those circumstances, the expenditure should still be reported as an activity that can be funded from the delegated budget.

Schools must:-

- Report separately income & expenditure on community facility activities.
- The Headteacher & Governors must ensure due care is taken not to compromise the financial position of the schools delegated budget whilst extending the provision of services. In particular schools need to ensure they :-
- Can demonstrate a clear audit trail confirming decisions to undertake extended activities and their sources of funding, including whether activities were eligible or ineligible to be funded from the schools delegated budget.
- Have a robust process for fully costing all activities, including apportionment of fixed overheads as well as the identification of direct costs and that they have a clear and transparent process for agreeing and making all relevant charges.
- Have all the appropriate systems, processes and controls in place to support a robust charging regime (see below for the Law on Charging).

CFR Guidance

Where an activity is classed as a 'community' activity the net costs should be recorded under the CFR community focused school categories. These are:-

Income Codes

I16 – Community focused school funding and/or grants

The purpose of this code is to capture funding streams and grants that are provided for community focussed extended activities **I17 – Community focused school facilities income**

The purpose of this code is to capture charges for extended school activities that cannot be funded from the delegated budget. Charging for activities that can be funded from the delegated budget will continue to be captured within I08.

Expenditure codes

E31 – Community focused school staff

This will include the costs of all staff employed directly by the school for extended activities that cannot be funded from the delegated budget, including apportionment of associated staff costs where appropriate (i.e. all costs that would otherwise fall in E01 - E07).

E32 – Community focused school costs

This will include all running costs associated with extended school activities which cannot be funded from the delegated budget including recruitment costs, resources etc. (i.e. all costs that would otherwise fall into codes E08-E30).

The Law on Charging

Where schools offer extended activities through third-party providers from the voluntary and private sectors, whether on the school site or elsewhere, those providers are not subject to any of the following legal constraints. Schools providing activities direct must however comply with the law, as follows:

- a) Devise and publish a charging and fee remission policy, in consultation with parents. A school cannot make any charges to parents unless this policy is in place. (The relevant regulations are summarised in the *'Guide to the Law for School Governors'* and in *'Guidance on Charging for School Activities'*)
- b) School governing bodies have powers to provide any facilities or services that further any charitable purpose for pupils, their families and for people who live and work in the local community. This includes childcare.
- c) Any profits made by a school from providing facilities or services must be reinvested in the school or in the service.
- d) Schools may use their delegated budgets to subsidise a child's access to chargeable extended activities, where they consider that the activities are provided for the purposes of the school, because they are of educational benefit to the child.
- e) Schools may NOT charge for: any study support activities provided during the school day, except for music tuition; or for provision before or after the school day which delivers the National Curriculum or prepares a child for a public examination.
- f) Schools MAY lawfully charge for other study support (for example, additional sport, drama and music; clubs; holiday activities; visits; additional courses, such as first aid) following consultation.

CHAPTER 22

RETENTION OF DOCUMENTS

Introduction

Requirements for the retention of documents are not very prescriptive and there is very little specific legislation, which covers the periods for retention of documents.

There are two pieces of legislation, which can be applied to the Authority's records:

- i) Limitations Act 1980,
- ii) Part VA of the Local Government Act 1972.

Limitations Act 1980

Legislation that could be applied generally to the Authority's records is the Limitations Act 1980, which specifies the statutes of limitation. A statute of limitation sets out that a Court will not start proceedings where a specified time has elapsed since the event happened. The specified time is 12 years.

For financial and accounting records the period would start from the beginning of the financial year after that to which it relates.

Part VA of the Local Government Act 1972.

This section of the 1972 Act deals with Access to Information. This specifies that certain documents that form part of the public agenda are required to be available for inspection by members of the public for six years from the date of the meeting. The documents are:

- a) Minutes, or copy of minutes of the meeting (except exempt items) and related items,
- b) A copy of the agenda of the meeting; and
- c) A copy of any reports discussed (except exempt items).

This requirement means that any reports relating to financial items included within the agenda or minutes will need to be retained for six years and be available for public inspection. An example of this is the statement of accounts, which requires approval by full Council.

Other Specific Legislation

National Insurance Contributions

Under the Social Security Contributions and Benefits Act 1992, an employer must keep records of any class 1 National Insurance Contributions payable in a tax year.

Records need to be maintained to support year-end returns which summarise details of each employee's earnings and deductions. All this information must be retained for three years after the tax year to which it relates.

Pay as you earn (PAYE)

The IT (Employment) Regulations 1993, Regulation 38 sets out the requirements for employers to maintain working sheets for deductions for all employees.

All supporting records must be retained for not less than three years after the end of the tax year to which they relate.

Position of the Authority

Due to the lack of detailed legislation, the Internal Audit Section have compiled more detailed notes on the types of documentation which should be retained and the length of time which should be applied. This is shown below.

The guidance is not strictly in line with the statute of limitations, detailed above, but can be applied to the majority of financial documentation.

Contracts are the main area where Court action may be entered into, therefore specific arrangements should be made for 'Contracts under seal' such as sales of land and other major contracts for the provision of goods and services. Ideally original documentation should be retained although copies are adequate.

Specific regulations may apply to other types of financial records where we could be inspected by an outside organisation e.g. European Union Funding (EU) where we can be subject to detailed inspection by EU auditors. In these cases it is up to the officers involved in the project to make arrangements, which will meet the needs of the outside body.

Format of Preservation

There is no specific legislation covering the format in which the Authority's records are retained except those prescribed by HM Revenues & Customs.

If it is not possible to retain the documentation in its original form advice should be sought immediately from the Internal Audit Section. Documentation should not be destroyed until action has been agreed.

Retention of Documents

To help understand the requirements of the legislation the Internal Audit Section have compiled detailed notes as follows:

All records and documents may be regarded as falling in to one of four categories, to which the following guidelines for retention apply:

Primary evidence of receipt and payment – to be retained for six years.

Secondary evidence of receipt and payment – to be retained until the completion of the Audit Commission (District Auditor's) examination of the year following the year of receipt or payment.

VAT documentation – HM Revenues & Customs regulations require that all tax invoices and related documents be kept for at least three years from the transaction date.

Other documentation – no single period can be prescribed. It must be left to the discretion of the responsible officer.

The following are examples of the items, which fall in to the categories detailed above:

Category A Payrolls (final)
 Cash Book (copy cheques and pay advices)
 Paid cheques
 Receipt Books
 Bank/Giro paying in slips
 Ledger posting slips

Category B Timesheets
 Other payroll input
 Copy Orders

Category C Invoices
 Copy Accounts

RETENTION OF DOCUMENTS – SCHOOLS

The policy regarding the retention of documents is that records are grouped into three categories:

- a) Primary evidence of receipt and payment – to be kept for SIX years.
- b) Secondary evidence of receipt and payment. To be kept until completion of the District Auditor’s examination of the year after the year of receipt of payment.
- c) Other documentation. No single period of retention can be prescribed.

PRIMARY EVIDENCE – TO BE RETAINED FOR SIX YEARS		
Z Readings	Receipt Books	Bank Paying In Books
Cheque Books		Imprest Books
SECONDARY EVIDENCE – TO BE RETAINED FOR THREE YEARS		
Schools Meals Registers (from the end of school year)		Copy Orders
Cafeteria Records		Audit Till Rolls
Meals & Cash Accounted For Forms		School Sales Records
Copy Delivery Notes		Recoupment Claims
School Fund Records		Budgetary Control Records
Masterpiece Tabs	Private Telephone Income Records	Form 1
Private Photocopying Income Records		Form 7
Form 7		Copy Time Sheets
Attendance Registers (for the whole period that the child was in school OR 3 years after the date it was last used; whichever is longer)		
OTHER DOCUMENTATION		
Inventory Books – kept INDEFINITELY.		
Free Meals Notification – retained for ONE year.		
Admission Book – FIVE years after last entry, then forwarded to the Admin Officer, CFAS for safe keeping.		
Educational Visit Records – ONE year.		

CHAPTER 23

INTERNAL AUDIT

Key Points

The Internal Audit Section provides a full range of services including: -

- Review and give opinion on internal control, recommending improvements to service delivery, control and governance processes.
- Establishment visits - to ensure compliance with controls, policies and procedures.
- Supporting the corporate risk management strategy to ensure risks are managed effectively within the Authority.
- Procurement and Computer Audits.
- Counter fraud work to detect and deter fraud and corruption within the Authority.
- Fraud and irregularity investigation and detection.
- Operation of a confidential whistle blowing hotline.
- Financial Advice and training.
- Works in partnership with others to add value to services and provide a co-ordinated audit and inspection service.

Audit Process

Objectives

The primary role of internal audit is to –

- Provide an independent and objective opinion to the Authority (both Members and officers) on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the Authority's objectives.

In addition the other objectives of Internal Audit are to -

- Contribute to the management aim of a well-managed authority and support corporate objectives by recommending improvements in control, performance and productivity.
- Support the Head of Finance in the discharge of her duties as the Chief Finance Officer
- Lead investigations into allegations of fraud, corruption and irregularity in accordance with Financial Regulations and the Fraud Response Plan.
- Provide advice and support to ensure sound systems of control.

The Terms of Reference for Internal Audit setting out its purpose, authority and responsibilities are available on the intranet or from any of the key contacts listed.

Audit Plan

In order to meet its objectives Internal Audit will –

- Maintain a strategy for delivering the internal audit service to meet these terms of reference including how the assurance for the annual statement on internal control will be demonstrated, audit resources required and their allocation.
- In discussion with Directorates, prepare and deliver a risk based audit plan, taking account of the Authority's risk management processes. The plan will be kept under review in any one year to reflect changing priorities and emerging risks.
- Manage audits to ensure that they are undertaken with due professional care, to the standards set out in the Code of Practice on Internal Audit and internal operating procedures.
- Report on each assignment (and fraud investigation) giving an opinion on the system of internal control under examination, making recommendations to improve control and where appropriate improve performance and productivity.
- Seek management responses to work undertaken and follow up on management action arising from audit work undertaken
- Provide advice on internal control.
- Maintain good relationships with external audit and other review agencies.
- Lead or advise as appropriate, investigations into allegations of fraud, corruption and irregularity.
- Maintain and develop the competence of audit staff.
- Ensure an effective and efficient service is provided to the Authority through performance management, monitoring and benchmarking.
- Each year the plan is discussed in detail with all Directorates to ensure key issues such as new systems, changes to legislation, new areas of work and timing of visits are taken into account. Quarterly reports on key issues are sent to Directors, and the Audit Commission with twice yearly reports to CMT and the Cabinet.

What you can expect from your audit

- Before the audit commences the auditor will contact you to arrange a suitable date for the commencement of the audit. Where possible two weeks notification will be given prior to an audit visit (except in cases requiring an unannounced visit).
- The auditor will discuss with you the scope, objectives and duration of the audit and will include within the audit any areas of management concern. The timetable and mechanism for reporting will also be discussed.
- Once the audit commences you will be kept informed of progress and any alterations to the scope etc. will be agreed.
- Within three weeks of the conclusion of the on site visit a draft finding and recommendations schedule will be sent to you for consideration. A meeting will then be arranged to discuss the findings and recommendations, at which time management's response to the recommendations and a timetable for action will be incorporated into the report.

- A final report will then be issued together with a client survey, on which you can record your views of the service provided.
- The manager will then be responsible for implementing the agreed findings and recommendations within the timetable set in the action plan.
- All principal recommendations will be followed up by the Audit Section at the implementation date and managers asked to provide assurance that these recommendations have been implemented or provide a revised date for implementation.

What the auditor expects from you:

- The existence of Internal Audit does not diminish the responsibility of management to establish and maintain systems of internal control to ensure that activities are conducted in a secure, efficient and effective manner.
- The auditor will need somewhere to work within the school during the course of the audit; ideally this will be a desk within the school.
- Access will also be required to all records and staff involved in the process being audited.
- You will also need to let your staff know the audit process, including the purpose of the audit, duration etc.
- A written response will be required at the end of each audit to acknowledge your agreement to the implementation of the findings and recommendations.

External Audit

The Authority's external auditors are KPMG. They are responsible for auditing the Authority's statement of accounts, assessing the adequacy of the Authority's financial systems and standing and the Authority's arrangements for detecting fraud and corruption as well as auditing grant claims and performance indicators.

A managed audit approach has been adopted towards the Authority's audit in which the Audit Commission seeks to place reliance on:

- The work undertaken by Internal Audit.
- The financial systems and controls.
- Reliable accounts production processes.
- Regular meetings take place between internal audit and external audit to co-ordinate work and prevent duplication of effort.

Fraud and Irregularities

Employees are often the first to realise that there may be something seriously wrong within the Authority. The Authority is committed to the highest possible standards of openness, probity and accountability. Anyone with concerns that something is: -

- unlawful,
- against the Authority's Constitution or policies,
- falls below established standards or practice or
- amounts to improper conduct

should firstly raise their concerns within the council with either :-

- a) Your line manager
- b) Your Headteacher
- c) The audit & technical manager 01482 394105
- d) A group auditor 01482 394107 or 01482 394110
- e) The responsible officer – chief executive
- f) The monitoring officer – head of legal & democratic services
- g) The section 151 officer – head of finance
- h) The head of human resources
- i) Using the whistleblowing hotline answerphone – 01482 394123
- j) Using the e-form located on the intranet

Public Interest Disclosure Act 1998, gives statutory protection to employees reporting concerns, which they believe to be happening within the Authority employing them. The Act has rules for making a protected disclosure: -

- The information must be disclosed in good faith.
- Must believe it to be substantially true.
- Must not act maliciously or make false allegations.
- Must not seek any personal gain.

Further information may be found in the Personnel and Policies handbook or from the Audit and Technical Manager.

A 24 hour hotline has been established where employees can report in confidence any concerns, you will not be asked to leave your name if you do not wish to. The hotline number is 01482 394123.

Financial Advice, Training and Consultancy

Advice on financial regulations, procedures, internal controls etc is available from any of the officers in the Internal Audit Section.

CHAPTER 24

CONTROL OF ASSETS – THE INVENTORY

Keeping an inventory of assets is a mandatory requirement in all establishments within East Riding of Yorkshire Council. The inventory must include all items valued at more than £250. In addition a register of assets, which are valued at less than £250, must be kept but schools may determine the form and method in which this is kept. An example is shown overleaf.

You will be asked to produce the inventory whenever your school is subject to an Audit check and it is the responsibility of the school to keep it up to date.

Any equipment purchases with a value in excess of £10k or vehicles purchased over £10k need to be notified to the Financial Planning team on 01482 39426, who keeps an up to date record of the asset register.

The reason for keeping the inventory is to record all items purchased by the school which are either high value or attractive to thieves. You may find it beneficial to maintain the inventory relating to Computers and other ICT equipment on a separate inventory record maintained by your designated IT manager/administrator

The inventory can either be kept as a manual record or electronically. However if you choose the electronic method you must print out the inventory at least once per year so that the Headteacher can sign it as a true record. Once signed it can be filed.

As well as any new acquisitions in the year, you should also record the date any items on the inventory are disposed of, the Headteacher must sign for disposal. A Governing Body of a school with delegated powers may authorise the disposal of stock or inventory items over which they have delegated responsibility, which are surplus to requirements, subject to steps being taken to maximise income and will be entitled to utilise any proceeds from such disposals (see Chapter 11 for information on Disposal of Assets).

All officers should take steps to deter burglary, theft or misappropriation of items. This should take the form of :

- Marking all items with ultra violet light sensitive ink, giving the postcode or some other unique identification is recommended. This is especially appropriate for valuable, portable and desirable equipment.
- Using an etching device or indelible ink, mark as boldly as possible that an item is the “property of xxxxxx school”.
- Where appropriate, attractive items should be locked away or located out of sight.

CHAPTER 25

RENTS/LOANS/LEASES

ICT Equipment & School Loan Scheme

Due to the fact that ICT assets become quickly obsolete, the Local Authority stopped entering lease agreements for these types of assets a number of years ago.

Schools should wherever possible endeavour to buy their ICT outright using either their own resources or where resources are unavailable they should consider taking out a loan through the School Loan Scheme.

As with any acquisition, schools should continue to ensure that value for money is achieved and that this can be demonstrated if required. In addition all procurement procedures should be followed, including those relating to who is authorised to approve the purchase and numbers of quotations required. If a school still decides that a lease offers the best value for money, then all terms relating to the lease should be thoroughly checked to ensure there are no hidden costs.

School loans are available over a three or five year period. Interest is charged at a rate matching the Bank of England base rate. Importantly with a lease the asset will continue to be owned by the leasing company and must be returned to them at the end of the lease. Any residual value in the asset therefore belongs to the leasing company rather than the school. In contrast however, buying the asset outright means that the asset and therefore residual value belongs to the school. The residual value of ICT after three years is significantly more than after five years, thus explaining the disparity between lease repayments over three and five year periods.

The table below demonstrates the relative costs of leasing compared to using the School Loan scheme.

Costs relate to IT worth £10,000	3 Year lease	5 Year lease
	£	£
Cost of Lease	9,420	11,000
School Loan Scheme costs	10,110	10,165
Less estimated residual value	1,500	0
True net cost	8,610	10,165
Saving	810	835

As a consumer, the schools basic customer rights as regards repairs and maintenance would continue to be covered by the Sale of Goods Act 1977.

Further details of the School Loan Scheme and an application form can be found on the schools intranet, within the finance tab, under schools information.

CHAPTER 26

AUDIT OF SCHOOL FUND

It is a requirement of the Scheme for Financing Schools that all schools have any voluntary and private funds held by them, or the accounts of any trading organisations controlled by them, audited on an annual basis. The Governing Body of the school is responsible for overseeing the management of school funds and Headteachers are accountable to the governors for the good management of the Funds. This is demonstrated through the presentation of a copy of the audited funds to the Governing Body.

Audit Commission guidance states that if the total fund income or expenditure (whichever is higher) is less than £15,000 and the end of year bank balance does not exceed £1,500, the auditor simply needs to be someone with sufficient experience in financial matters to carry out the audit, it does not need to be a qualified accountant. If the income, expenditure, or year end balance exceeds these thresholds, the auditor should be a qualified accountant.

A fundamental principle of audit is that an auditor should be independent of the area to be examined. In the case where a qualified accountant performs the audit if he/she is not independent then it is a breach of the Auditing Standards adopted by all the professional bodies. It is important that the Governing Body is aware that the appointment of a non independent auditor negates the opinion of the audit and poses a potential financial risk.

The East Riding of Yorkshire council Schools Finance team offers a school fund audit service at a charge of £150.

A copy of the audited school fund accounts should also be sent to the Internal Audit section on an annual basis. Accounts should be sent for the attention of the Group Auditor to the following address-

Internal Audit
Room BF46
County Hall
Beverley
East Riding of Yorkshire
HU17 9BA

CHAPTER 27

SCHEME OF DELEGATION (Delegated Financial Powers)

Introduction

To provide guidance to schools on recommended procedures through which delegated financial powers should be both granted and reviewed.

Summary of Main Points

Delegated financial powers refers to the powers granted to both finance committees and Headteachers in order to allocate budget amounts in a way that was not reflected in the original budget, as agreed and set by the Governing Body. The power is referred to as a power of 'virement'.

Each year (prior to 31 May) schools are required to submit to the Authority an agreed budget for the new year. Inevitably throughout the year the assumptions that the original budget was based on may change and new spending priorities emerge. In order to be responsive to change, either the finance committee or the Headteacher (depending on value) can have the Authority 'vire' amounts between budget headings to show the latest budget priorities. To ensure effective financial control the virement powers of the Finance Committee and the Headteacher should be expressed as monetary values.

In determining the monetary amounts for virements the following questions should be considered:-

- ◆ Does the monetary value relate to individual or cumulative decisions?
- ◆ Do the virement levels clearly distinguish between the financial management role of the Finance Committee and the Headteacher?
- ◆ Are there clear procedures to ensure adequate communication with other Governing Body committees? e.g. Personnel Committee in relation to budgetary decisions about staffing.
- ◆ Are there clear reporting and review procedures through which the full Governing Body is informed of how virement powers have been used?

Given that virement levels are fixed as monetary values, it is beneficial for these to be considered on an annual basis as part of the budget setting process.

Recommendations

The Governing Body considers its current procedures against the issues highlighted above, and in particular the model terms of reference as shown in the example below.

As part of the annual budget setting process, the Governing Body reviews delegated financial powers including the level at which these are set. These should include all of the items on the model but they may be delegated to different levels of management. Annex 18 provides an example template which can also be found on the East Riding of Yorkshire Council Intranet.

MODEL TERMS OF REFERENCE

Responsibilities of the Full Governing Body:

- ◆ To approve the annual budget
- ◆ To oversee financial procedures
- ◆ To determine level of expenditure/virement delegated to the Finance Committee and the headteacher.
- ◆ To appoint the school fund auditor
- ◆ To ensure annual completion and approve the Schools Financial Value Standard (SFVS)

Responsibilities of the Finance Committee:

- ◆ To recommend the annual budget to the full Governing Body
- ◆ To monitor performance against budget through the receipt of regular reports from the Schools Finance officer.
- ◆ To ensure consistency and adequate explanation of variances
- ◆ To report to the Governing Body regularly on budgetary performance as the year progresses.
- ◆ To make expenditure/virement decisions up to an agreed limit, and review expenditure decisions made by the Headteacher with regard to virement limits.
- ◆ To undertake a detailed budget monitoring role on behalf of the full Governing Body including :-
- ◆ Consideration in detail of prospective budgets/financial plans
- ◆ Monitoring of school fund
- ◆ Ensure systems are in place to enable Value for Money to be demonstrated.

Responsibilities of the Headteacher

- ◆ To dispose or sell assets (subject to limits)
- ◆ To approve purchases from the school fund
- ◆ To prepare the annual budget
- ◆ To make expenditure/virement decisions up to a limit – set by the Finance Committee
- ◆ To keep the Finance Committee informed about the schools' budgetary position.
- ◆ To produce an annual Income and Expenditure Statement and Report on School's Finances for approval by the Governing Body To ensure that the schools financial practices comply with East Riding of Yorkshire Council's financial regulations and the principles Value for Money

Responsibilities of the Finance Officer

- ◆ The responsibilities of the Finance Officer will vary between schools, depending on the size of school and the number of support staff. The following represent the main financial responsibilities, although this is not an exhaustive list.
- ◆ Monitor accounting procedures.
- ◆ Budget monitoring
- ◆ Operation of the School Fund
- ◆ Preparation of orders and invoices. Collection of income.
- ◆ Reconciliation of accounts including the financial system on a monthly basis
- ◆ Prepare accounts and liaise with auditors
- ◆ Prepare financial returns for the Authority, DfE and other agencies.
- ◆ Assist in the preparation of the budget plan
- ◆ Maintenance of the Asset Register

CHAPTER 28

TENDERING PROCEDURE FRAMEWORK FOR SCHOOLS

Please refer to the Contract Procedure Rules on the Corporate Intranet.

GLOSSARY

Abbreviations

CIS	Construction Industry Scheme
CFR	Consistent Financial Reporting
CRSA	Control Risk Self Assessment
DfE	Department for Education
DSG	Dedicated Schools Grant
EC	European Community
FMS	Financial Management System
IDA	Inter Departmental Account
IPF	Institute of Public Finance
LA	Local Authority
NTVLO	National Television Licensing Officer
OFSTED	Office for Standards in Education
PTA	Parent Teacher Association
SEN	Special Educational Needs
SLA	Service Level Agreement
VAT	Value Added Tax
VFM	Value for Money

Terms

- Journal - movement of actual expenditure or income i.e. a transaction
- Virement - movement of budget between one ledger code and another
- Cost centre - a code unique to the schools against which all income and expenditure is recorded
- Detail code (ledger code) - unique to each item of income or expenditure
- Funding - amount the school has to spend
- Budget - what the school intends to spend and on what
- Profiled budget - the budget is spread across the year into periods in which it is expected to be spent, i.e. monthly, quarterly, one-off payments. It assists to see if a budget is on track throughout the year
- Actual - net spend actually incurred by the school
- East Riding Financials – previously known as ‘Masterpiece’. The authority’s ledger. This is the official financial record of the school
- Benchmarking - comparing your own results with another school

Consistent Financial Reporting (CFR)

Consistent Financial Reporting (CFR) was introduced in April 2002 and all schools in England must now produce financial information in CFR format.

One of the main aims of CFR is to make analysis of financial data more consistent and comparisons between similar schools easier. The government, OFSTED and Audit Commission all view CFR as a way of improving standards in financial reporting and therefore allow for more accurate comparisons to be made.

By comparing against other similar schools it is hoped that schools' will be able to identify alternative and possibly innovative approaches to making the best use of the budgets they have.

The CFR detail code list can be found on the Schools Intranet under the Finance tab.

The Performance Team at County Hall produce Key Indicators for schools that can be accessed via the ONE system. The Key Indicators are based on the CFR format and schools have been grouped with other schools of similar size within the Authority to assist with benchmarking.

CRF Returns

Each year a CFR return has to be made to the DfE, showing the schools year-end position. Currently, the Schools Finance Team prepare the return on the schools behalf, then send it out to the school for checking and signing.

Completing a Non-Payroll query form

Starting in the top right hand corner, please insert your school cost centre and the sequence number in the relevant boxes. The sequence number is for your own records and we would recommend starting from 001 each financial year.

The rest of the form, from the schools point of view is divided into 7 columns:

◆ **Month**

This is the month on which the query appears in East Riding Financials and not the month in which you are submitting the query to the schools finance team.

◆ **Detail code**

The detail code against which the query appears on your prints.

◆ **Order Number**

The order number that appears on East Riding Financials (ref 2)

◆ **Batch Number**

The batch number as given on your East Riding Financials report (ref 1)

◆ **Supplier.**

The name of the supplier/creditor.

◆ **Amount**

The amount you want the School Finance Team to investigate for you. Be careful if the amount is contained within another, larger amount.

◆ **Query/Comments**

A brief explanation of why you want to query the transaction.

Forward the query form to the School Finance Team either by E-mail or through the normal mailing system.

See the following page for a completed example.

**EAST RIDING OF YORKSHIRE COUNCIL
FINANCE DEPARTMENT
QUERY FORM (for items other than payroll)**

ANNEX 3

Cost code Sequence No

REF NO.

LMSQT	3111MF	MF:0001
-------	--------	---------

SCHOOL NAME
SCHOOL CONTACT

Enter the Order Number/
Invoice Number of the
transaction you are querying.

Enter the name of your
school/establishment and the name of
a contact person.

You should keep a copy
of any queries that you
send. Most schools use
reference numbers for
each different form.

Enter the month that the

	MONTH	DETAIL CODE	ORDER NO.	BATCH NO.	SUPPLIER	AMOUNT	QUERY / COMMENTS
1	03	44002	PPL:1111	CRED: 123456	PETER PAN LTD	100.00	I have no record of this invoice, please could you check that it relates to our school.
2							
3							
4							
5							

Enter the Detail
Ledger Code of
the transaction
you are querying.

Enter the Batch
Number of the
transaction you
are querying.

Enter the name of
the
supplier/company.

Give a brief description of why you are
querying the transaction. The more
information you can provide, the easier it is
for us to look into.

Enter the amount of the
transaction that you are
querying.

Please investigate these items, which have been coded to my budget.

Signed _____ Date 14/09/20X1

FOR OFFICE USE ONLY

ACTION TAKEN

This section will be completed by
the Finance Team when the query
has been sorted out and is sent
back to you.

	Date & Initials
1	
2	
3	
4	

Completing a payroll query form

As with non-payroll query forms, start in the top right-hand corner and complete the cost centre and sequence number boxes.

The form is then split into six columns.

◆ Month

The month(s) the employee appears on East Riding Financials reports.

◆ Detail Code

The detail code against which the employee was paid.

◆ Name

The name of the employee.

◆ Batch No

This can be obtained from the first column on the report and will start with 'P' followed by a series of numbers.

◆ Payroll number

Use the payroll number that has been quoted on your East Riding Financials reports (ref 1)

◆ Amount

This is the amount that you want the School Finance team to investigate for you.

◆ Query/Comments

A brief explanation of why you want the transaction looked at e.g. the employee has not worked at your school.

See the following page for a completed example

**EAST RIDING OF YORKSHIRE COUNCIL
FINANCE DEPARTMENT
PAYROLL QUERY FORM**

Enter the Cost Code of your school.

Cost code Sequence No.

REF NO.	LMSQT	3111MF	MF:0001
---------	-------	--------	---------

SCHOOL NAME Marshfield Primary
SCHOOL CONTACT Cinder Rella

Enter the name of your school/establishment and the name of a contact person.

Enter the amount of the transaction that you are querying.

You should keep a copy of every query that is sent to us, most schools use a reference system for each different form.

MONTH	DETAIL CODE	NAME	BATCH NO	PAYROLL NUMBER	AMOUNT	QUERY / COMMENTS	
1	03	11011	Miss M. Muffett	P76715	123456	100.00	Do not recognise this employee. Please could you check that this transaction should have been coded to our school.
2							
3							
4							

Enter the month that the query occurred in.

Enter the name of the employee with whom the query relates to, try to give initials as well as a surname.

Enter the Batch Number and Payroll Number of the employee relating to the query.

Give a brief description of why you are querying the transaction. It is important to provide as much information as possible, so that the query can be dealt with as quickly as possible.

Enter the Detail Ledger Code of the queried transaction.

If you are able to digitally attach a signature, do so, but it is not necessary when e-mailing the forms.

Enter the date that you are completing the query form.

Signed _____ Date 14/09/20X1

FOR OFFICE USE ONLY

This section will be completed by the Finance Team when the query has been dealt with and the form is sent back to you.

ACTION TAKEN

	Date & Initials
1	
2	
3	
4	

Completing a virement request form

These forms are straightforward to complete.

Enter the school cost centre in the box in the top left hand corner of the page.

Ledger code

The relevant ledger (detail) code of the budget that requires amendment. Columns Apr P01 to Close P13

This is where the budget is profiled (split) into the pattern of spend. An adjustment to the Reserves Line 79001 must always be adjusted in Mar P12.

Total

This is the total of columns Apr P01 to Close P13. When totalling up the Total column it must come to zero.

Reason for adjustments

Brief explanation of why the virement is being actioned

The virement should be signed by the appropriate school representative as advised by the schools scheme of delegation.

Forward the virement request either electronically or via the normal internal mailing system to the Schools Finance Team.

Virement forms can be found on the Schools Intranet under Schools Finance: Templates: Template for Budget Virements. An example of a completed form can also be found here.

See the following page for an example.

School cost centre:

3111ZZ

EAST RIDING OF YORKSHIRE COUNCIL

Finance will notify the school by email

School name:

Any School

Budget Virement Form

Virement ID:

Completed by:

A N Other

Month processed:

Date completed:

17/01/2010

Ledger Code	Apr p01	May p02	Jun p03	Jul p04	Aug p05	Sep p06	Oct p07	Nov p08	Dec p09	Jan p10	Feb p11	Mar p12	Close p13	Total
12011	0	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	0	7,000
79001	0	0	0	0	0	0	0	0	0	0	0	-7,000	0	-7,000
49008	0	0	0	5,000	0	0	0	0	0	0	0	0	0	5,000
93225	0	-1,500	-3,000	-300	0	-200	0	0	0	0	0	0	0	-5,000
45006	0	0	1,500	0	0	1,500	0	0	1,500	0	0	1,500	0	6,000
92355	-1,000	0	0	0	0	0	0	0	0	0	0	0	0	-1,000
93342	0	0	0	-100	0	0	0	0	-100	0	0	-100	0	-300
79001	0	0	0	0	0	0	0	0	0	0	0	-4,700	0	-4,700
46070	0	0	0	0	0	0	0	0	3,000	0	0	0	0	3,000
21052	0	0	0	0	0	0	0	0	-3,000	0	0	0	0	-3,000

Grand total (must equal zero) 0

Reason for budget adjustments:

Teacher starting in Sept / Ed. visit invoice offset by income / New photocopier lease agreement / Purchase of ICT equipment from dev cap

Virement Limit:

Headteachers signature:

Date:

If the total of the budgets on the form is above the virement limit, then the form should be countersigned by the Chair of Governors and authorised at the next Governing Body meeting.

Chair of Governors signature:

Date:

BATCH NO	PC224
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EAST RIDING OF YORKSHIRE COUNCIL

INVOICE REQUEST BATCH CONTROL FORM

FROM:	
Customer Services	Directorate
Public Protection	Section

TO:
Corporate Resources
Corporate Billing Section
County Hall, Beverley

PLEASE ACTION THE FOLLOWING INVOICE REQUEST FORM(S)

69142					
69143	(cancelled)				
69144					
69145					

Number of requests in batch:	3	Total Value:	214.25
-------------------------------------	----------	---------------------	---------------

DATE SENT BY DEPARTMENT	11/05/2013
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FOR CORPORATE BILLING USE ONLY:

BATCH DETAILS

BATCH NUMBER			
Number in Batch		Batch Value	
Masterfiled By:		Input By:	
		Date:	
Posted/Printed By:		Date:	
Dispatched By:		Date:	
		Filed By:	

THE EAST RIDING OF YORKSHIRE COUNCIL

SUNDRY DEBTOR INVOICE REQUEST FORM

From:

NO: 69145

DEPARTMENT	PUBLIC PROTECTION	SECTION	PEST CONTROL
CONTACT NAME FOR QUERIES	I CANHELP	TELEPHONE NUMBER	01482 39XXXX
AUTHORISED BY	A OFFICER	DATE	11/05/2013

PLEASE RAISE INVOICE TO: (N.B T/A = TRADING AS)

NAME	Mr Fred Somebody
ADDRESS	T/A Nice Café 16 Lost Lane Nowhere East Riding of Yorkshire
POSTCODE	HU17 1AB
CUSTOMER CONTACT NAME	Mr Fred Somebody
TELEPHONE NUMBER	01482 123456

VAT CODES	
1	OUTSIDE THE SCOPE
2	EXEMPT
3	ZERO RATED
4	STANDARD RATE ADD VAT @ 17.5%
5	Reduced Rate (Domestic Fuel, and Power) INCL VAT @ 5%
6	INCLUSIVE OF VAT @ 17.5%

GENERAL LEDGER CODE							NET		VAT		Gross		VAT CODE					
COST CENTRE				DETAIL CODE			£	P	£	P	£	P						
2	2	3	5	0	1		9	3	2	5	5	100	00	17	50	117	50	4

DETAILS TO APPEAR ON THE INVOICE

In respect of :-
Pest Control for Mice
Treated on 26 April 2013

EAST RIDING OF YORKSHIRE COUNCIL SUNDRY DEBTORS INCOME GUIDANCE

1. INTRODUCTION

- 1.1 The Head of Finance has responsibility, under Section 151 of The Local Government Act 1972, for administration of the financial affairs of the Council. One such area of administration relates to Sundry Debtors and it is this area which is covered by this guidance.
- 1.2 Financial regulations covering this area are to be found in Section 5.0 of those regulations, specifically under sub-paragraphs 5.7, 5.8 and 5.4. This guidance has also been written in support of the Audit Commission Report “Counting Down to Competition”, a Management Handbook on Financial Support Services, in particular Section 3 “Developing Competitive Financial Support Services” and Chapter 5 “Sundry Debtors”.
- 1.3 East Riding of Yorkshire Council entered into a major 8-year Public Private Partnership agreement with arvato government services, a subsidiary of the Bertelsmann Group in October 2005, within which the delivery of Revenues and Financial Assessments, Training, Occupational Health, Payroll, IT, Print and Design, Creditor Payments and the Customer Service Network were contracted out.
- 1.4 This guidance covers the entire collection process, from initiation of service by retained service departments, through to billing and collection by arvato, then on to retained credit control and finally to retained legal services.
- 1.5 It should be noted that with effect from 1 October 2013 the partnership agreement with arvato will come to an end with all scoped services reverting back to the council.

2. OBJECTIVES OF GUIDANCE

- 2.1 The function and objectives of this guidance are to protect the Council’s investment in debtors by:
- Good control of debt
 - Prompt query resolution
 - Timely raising of invoices
 - Valid invoices
 - Payments
 - Prompt recovery action
 - Good write-off procedures
 - Authority levels
 - Management reporting and performance measurement
 - A clearly defined dispute management process

3. RESPONSIBILITY FOR GUIDANCE

3.1 The following staff will have responsibility for this guidance:

- Head of Finance (overall)
- arvato Corporate Billing (collection)
- Credit Control
- Directors
- Heads of Service
- Invoice initiators
- Legal
- Members

3.2 Additionally internal audit will be responsible for independently reviewing the guidance and advising as appropriate.

4. NEW ACCOUNTS

4.1 Although this will vary by service department, clear and concise procedures for opening accounts should be available. These should include procedures to be followed in the event that accounts are being opened for sole traders, limited companies, partnerships, etc.

5. CREDIT TERMS

5.1 East Riding of Yorkshire Council's credit terms vary by service department however in the main payments need to be made within either 21, 28 or 31 days.

5.2 The credit terms currently in use are mainly dependant on the type of agreement the client has with the council. Where the service has already taken place then the standard terms are 21 days unless it is a social services account in which case clients have 31 day terms. Similarly schools who manage their own bank accounts are given 31 day terms in line with the standard terms creditors use. Finally Town and Parish Councils have 62 day terms as they do not always meet monthly and can sometimes have problems getting payments authorised.

5.3 For accounts which are issued in advance, the credit terms in reality are reduced as a bill issued 4 weeks in advance with the first reminder issued after 31 days is really only getting a credit term of 3 days. Various miscellaneous legal agreements (mainly rents and rights) provide for accounts to be issued periodically, but these may be on any date throughout the month. Current practice is to issue these accounts in advance on the 1st of the month they become due, with 31 day terms.

6. BILLING

6.1 All requests to raise an invoice must be made within 2 working days of the charge becoming known.

6.2 All invoices should be raised and sent to customers within 4 working days of original request by service department.

- 6.3 The language used within the invoice should be clear with no abbreviations. In order to avoid unnecessary disputes, it should be clear to the customer exactly what they are being invoiced for, with times of service provision, etc, clearly detailed on the invoice.
- 6.4 Customers should be given a contact name and telephone number in case of any query or dispute.
- 6.5 If a purchase order has been raised for the goods and/or services, this should be quoted on the invoice.
- 6.6 If VAT is payable, then this should be clearly identified along with the service/goods supply date.
- 6.7 Our charging policy should be made clear to customers with confirmation of when payment is expected identified, together with confirmation of what will happen if the invoice is not paid on time, including the authority for legal action.

7. PAYMENT UP FRONT

- 7.1 Wherever possible, consideration should always be given to collecting payment in advance of service as this will not only reduce the likelihood of debts being disputed but also improve the overall income collection of the authority.

8. METHODS OF PAYMENT

- 8.1 The following payment methods are acceptable:

- Cash
- Cheque
- Direct Debit
- Credit Cards
- Debit Cards
- Standing Order
- Internet
- Automated Telephone
- Post Office Giro
- Bank Giro
- Paye.net
- Chip and Pin checked to here
- **With effect from August 2013 customers who want to pay their sundry debt bills by cash will also have the option of paying at a PayPoint outlet or Post Office.**

9. ACCOUNT CONTROL

- 9.1 A reactive system is currently in place for minor accounts. A more proactive approach for major accounts is currently under consideration.
- 9.2 Current thinking is to be more pro active with larger accounts. Linked to Pareto's principle, 80% of debt will be held by 20% of accounts. Studies show that approximately

90% of income will come from 10% of customers. Further analysis will be done to identify the major and minor customers with the focus on the major customers in order to get the maximum return for minimum effort. A major customer is one with debts in excess of £1,000, many of which will be commercial customers.

- 9.3 It will be beneficial in achieving quicker payments by focusing on the major customers using a pro active recovery approach, by building rapport and relationships to encourage an ongoing prompt payment culture, whilst also being able to identify any potential disputes at an early stage.

10. ACCOUNT COLLECTION

- 10.1 Customers are asked to make payment within 21, 28 or 31 days. This differs according to the goods or services provided.
- 10.2 On day 21/28/31, reminders are issued requesting payment within 10 calendar days.
- 10.3 A Final Demand is sent after 15 days.
- 10.4 If no payment is received after 15 days, arvato's Corporate Billing team refer the account to the retained credit control team.
- 10.5 There are effectively 2 stages to the process in credit control. The first stage is carried out by the retained revenues staff. The referred invoices are adopted electronically into the ASH recovery system and then various details are checked for validity (ie, invoice address/liable party/invoice detail etc.). A recovery letter is then issued and any resulting queries/arrangements dealt with. A significant number of cases are resolved at this stage and a number are also referred for action by collection agents (Jacobs or Phillips bailiffs) if Court action is considered disproportionate or uneconomical. The next stage is referral for Court action.
- 10.6 The Court action stage is carried out by legal staff and for most debt types a formal Letter before Action is sent (as required by the Civil Procedure Rules) and any resulting queries/arrangements dealt with. If there is no response, the client department is approached and requested to provide evidence to support the issue of Court proceedings.
- 10.7 The finance and legal workflow systems reflect the various timescales for each recovery stage, however it should be noted that frequent and significant delays can be experienced waiting for client departments to resolve disputes or to provide evidence which can lead to the timescales being missed.

11. DISPUTE MANAGEMENT

- 11.1 A large number of accounts are currently unpaid because they are in dispute which means that they cannot be collected by arvato's Corporate Billing section, however it is the individual service departments who are responsible for resolving disputes.
- 11.2 If only part of the account is in dispute and it is possible to identify the disputed amount then part payment is negotiated.
- 11.3 Further guidance on the management of disputes is attached at Appendix A.

12. CREDIT NOTES

- 12.1 Credit notes should be raised by individual service departments when goods and services have not been received. All staff who are able to raise and sign credit notes should be identified on the individual department's scheme of delegation.

13. ACCOUNTS SUBJECT TO LITIGATION

- 13.1 Accounts which are deemed to be subject to litigation are passed for legal action 51 days after the debt was due provided there has been no dispute or payment arrangement made.
- 13.2 The decision whether to commence legal action is taken by the legal officer responsible for the case and is a subjective decision based on a number of factors (ie. available evidence/value of debt/debtors circumstances/ appropriate enforcement remedy).

14. DEBT WRITE OFF

- 14.1 A debt to be written off is an amount that is legally owed to East Riding of Yorkshire Council and not an amount that should not have been raised. In these circumstances the account should be either cancelled or a credit note issued.
- 14.2 An amount should be recommended for write off when all reasonable steps have been taken to recover the debt or if, by pursuing the debt, we will cause undue hardship to a vulnerable debtor, for example, an elderly person suffering from an incurable disease.
- 14.3 In certain circumstances debts will be written off when it is uneconomical to pursue the debt, for instance the cost of recovering the debt is disproportional to the income received. In other circumstances debts will be pursued and additional costs incurred because it is in the wider interests of the Council to do so.

15 BENEFIT OVERPAYMENTS

- 15.1 The council is committed to the prevention and detection of housing and council tax benefit overpayments in order to reduce the loss to public funds whilst at the same time maximising the subsidy received from government.
- 15.2 Each case should be reviewed on its merits and appropriate action should only be taken after considering all the facts. To achieve this, the council must:
- treat claimants and landlords with a fair, but firm approach to encourage them to give correct and timely information regarding benefit claims and also to help deter benefit fraud;
 - where overpayments do occur, be committed to recovering debt in an appropriate manner, taking into account the circumstances of those from whom recovery is sought.

16 BAD DEBT PROVISION

- 16.1 Current CIPFA guidance requires the Authority to make a subjective assessment of bad debt based on the available objective data. Corporate billing and Credit Control have both undertaken a review of debts within their area and provided feedback to Accountancy.
- 16.2 The formula for calculating bad debt provision has recently been revised. The sum of write offs in the previous year is used to estimate the level of write offs for the following year plus any write offs pending, providing there is evidence that these cannot be collected.
- 16.3 Representatives from Legal and Corporate Billing then assess all debts and debtors with balances outstanding of £10,000 or more. If there is evidence that any of these are unlikely to be collected, for example, there could be no money in the estate or the customer has been made bankrupt, these are added to the write-off schedule.
- 16.4 Finally the remaining debts/debtors less than £10,000 are assessed. The analysis of aged debts is updated to get a percentage to apply to debts raised in each of the past years still outstanding, and this figure is added to the others.

17. RECEIVERSHIPS/LIQUIDATION/BANKRUPTCY/CEASED TRADING

- 17.1 At present most invoices are proposed for write-off when the proof of debt form is lodged, unless a large and/or quick payment is expected. Such debts are not presently separately identified on the ledger.

18. PERFORMANCE MEASUREMENT

- 18.1 The following reports are available which measure the end to end performance of debt collection within arvato corporate billing and the retained credit control and legal departments.
- Control Accounts
 - Aged Debt Analysis (13 month comparison)
 - Overdue (as percentage of annual revenue)
 - Credit Note to invoice Ratio
 - Ageing of Outstanding Disputes
 - Days Revenue Outstanding
 - Add Hoc reports on request
- 18.2 The part of the process when the debt lies within the Corporate Billing team is measured through monthly key performance indicators. These measure the percentage of invoices processed within 4 days, the accuracy of processing, the percentage of correspondence replied to within 10 days and the percentage of undisputed debts collected within 3 months.
- 18.3 No reporting is currently undertaken either for the period between the request for service and the request for invoice at the front end of the process nor the latter part of the process when the debt is with either Credit Control or Legal.

18.4 Once the Dispute Management process has been agreed, further reporting will need to be undertaken to identify debts collected/not collected as a result of the process.

19. MANAGEMENT REPORTING

19.1 An outstanding invoice report is currently sent by the arvato Corporate Billing section on a monthly basis to nominated officers within each service.

19.2 New reporting will be set up once the dispute management process has begun and a list of unresolved disputes will be sent to Heads of Service on a monthly basis.

List of Appendices

A Dispute Management

Contact Officer: Sarah Mackey, Principal Partnership Officer
Tel: 394831

1 Appendix A: Dispute Management Guidance
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1.0 Background

1.1 A large number of sundry debtor accounts are currently unpaid because they are in dispute, which means that they cannot be collected by arvato's Corporate Billing section. This guidance covers all debts owed to all services of the Council and details proposals to remedy this.

1.2 As well as accounts that are disputed by the customer, there are also a large number of debts where arvato have established that a credit note needs to be issued, however this cannot be done until signed authority has been received from the relevant service department. Although this should be a straightforward procedure, any delays in sending authorisation means that the issue of the credit note is delayed, giving a false budget position to budget holders.

1.3 In the main customers contact arvato direct to dispute or query accounts and this can be at any stage in the recovery cycle. Upon notification of a dispute arvato note the query details on the Ash system and inform the service department concerned. Service departments are expected to respond to their customer and inform arvato of the outcome however arvato regularly experience great difficulty in receiving feedback and as a result accounts can be on hold for many months or even years.

1.4 This is clearly not an efficient way to collect the council's income as it can sometimes result in loss of income with the debt being written off as uncollectible. Furthermore, in many cases the debtor does not experience an acceptable level of customer service.

1.5 Accounts are not referred to the Council's credit control team for recovery action if there is a known dispute. However, it can happen that accounts are disputed after they have been passed to the credit control team and accordingly, this has been reflected in the following suggested dispute management process.

- 1.6 At present arvato issue a monthly report to all service departments detailing all accounts in dispute. In many cases, this does not generate any response and as a result, there is no movement on the account and it remains unpaid.
- 1.7 This could perhaps in part be attributed to the fact that once an account has been issued, the individual service department's budget is credited immediately which means there is no particular urgency involved in rectifying the dispute.
- 1.8 Following initial discussion regarding this issue at SMT earlier this year, a list of contact names by service departments was sent to Heads of Service detailing the nominated contacts within their service areas.

2.0 Proposed solution

- 2.1 It is clear that action is required in order to reduce the number of disputed accounts and that to take no action, in this instance, is not a viable option.
- 2.2 CMT instructed on a solution that should be applied to all service departments simultaneously across the authority. A flowchart detailing the processes is attached at Appendix (i).
- 2.3 When an account which is being dealt with by the arvato corporate billing section is disputed by the customer, the corporate billing section will:
- email the relevant client department with details of the dispute and ask for feedback within 10 working days;
 - if no feedback is received, arvato will email a reminder to the client department at the end of the 10 working day period. If nothing is received after a further 5 working days, notification of this will be sent to the Head of Service of the relevant department for them to attempt to resolve internally within 10 working days.
 - If the customer telephones to dispute the account, the call will be put through to the client department. Corporate Billing will send a follow up email to the department if they have not received feedback within 10 working days.
- 2.4 When an account which is being dealt with by the Council's credit control section is disputed by the customer, the credit control section will:
- acknowledge receipt of the dispute and refer the account back to the corporate billing section by email with a request to start the dispute management process. However if the account is already subject to formal recovery action or Court process, the credit control section will contact the client department direct and attempt to resolve the dispute.
- 2.5 It is hoped that contact will be made by the service department following escalation to their Head of Service however if this does not happen, after 10 working days a credit note will be issued by Corporate Billing and the amount in dispute will be debited from the service department's budget.
- 2.6 At this stage the credit note will not actually be sent to the customer, as this could cause confusion. However because the debt is written back on to the service department's

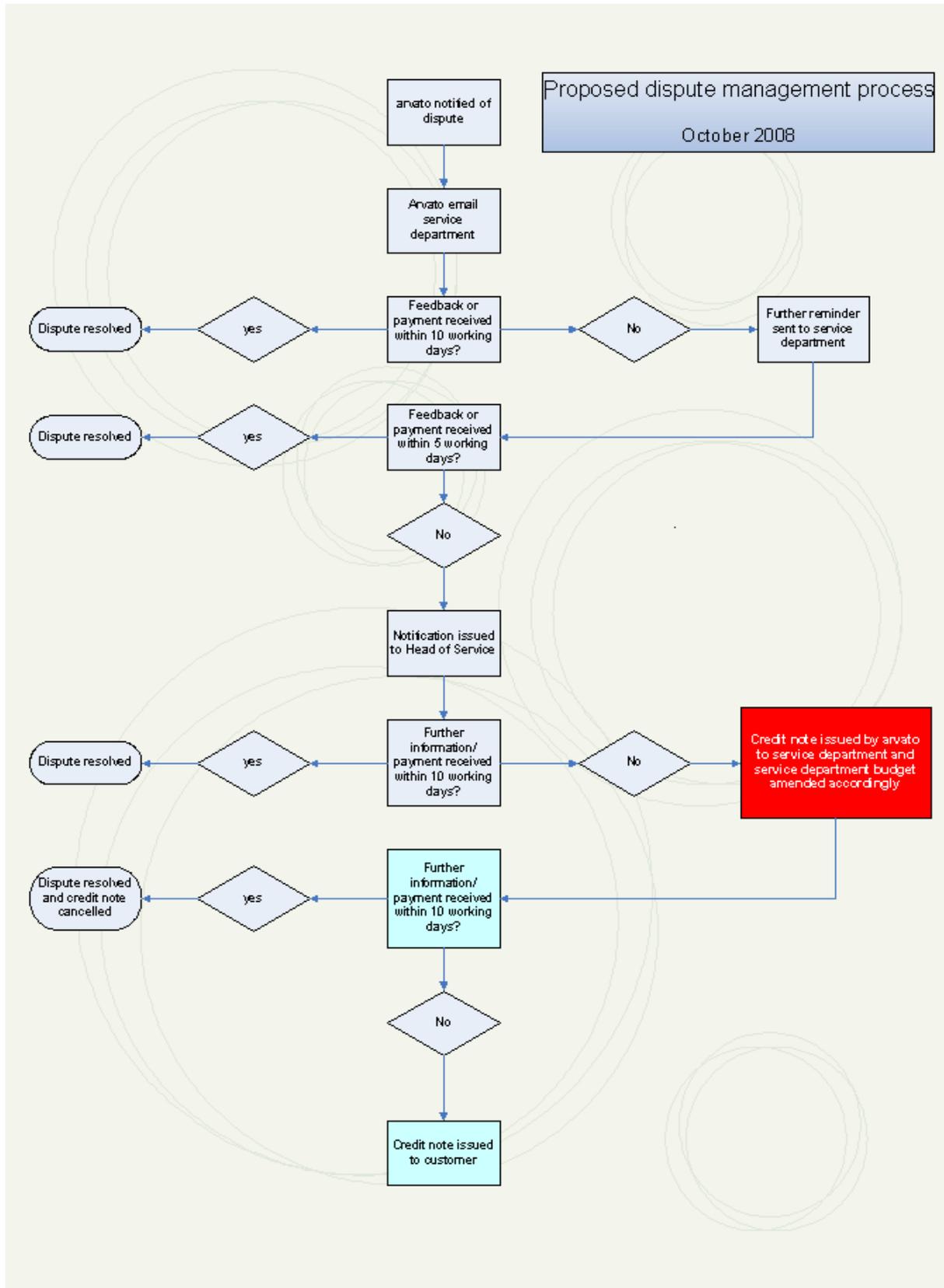
budget, it is hoped that this will be instrumental in persuading service departments to resolve issues in a timely manner, thus freeing up time in the debtors team to chase 'true' debts. The service department will be informed that they will need to re-issue an invoice if appropriate, once the dispute has been settled.

- 2.7 As a very last resort, if there is still no contact from the service department after a further 10 working days, Corporate Billing will issue a credit note to the customer and advise them that the service department will re-issue an invoice at a later date if appropriate. This means that any VAT issues can be dealt with for business clients and also provide clarity on any future account statements.
- 2.8 The above process gives service departments 35 working days, between initial notification of dispute to issue of credit note to customers, to rectify disputes.
- 2.9 Although the latter parts of this process may at first seem to be rather severe, benchmarking evidence from other authorities such as Sheffield City Council and Essex County Council show that their collection rates have greatly improved as a result of having similar schemes in place.
- 2.10 An example of this is the work undertaken by Sheffield City Council with their Operational Services Division. A procedure to issue credit notes for accounts with an unresolved dispute of more than 60 days was introduced and the service department was advised to reissue the invoice once they had resolved the dispute. They have informed us that this has been very successful and they are looking to roll out this procedure to other departments.

3. Considerations

- 3.1 To ensure the success of the dispute management process, it is essential that the right person within each service department receives the prompts from Corporate Billing as otherwise arvato could waste time chasing the wrong person for outstanding information.
- 3.2 Accordingly Heads of Service are responsible for identifying the escalation routes by nominating named contacts within each service department who have the authority to sign requisitions, orders and credit notes. Following the circulation of the sundry debtors income guidance a template was sent to all
- 3.3 Services should aim to resolve any disputes within the following timescales:
 - Incorrect Charge - 7 days
 - Sub Standard Works – 14 days
 - Work not carried out - 14 days
 - Deceased Debtor – 7 days
 - Denies liability - 14 days
 - Goods not received – 14 days
 - Invoice issued in wrong name - 7 days
- 3.4 It is acknowledged that it will not always be possible to resolve all disputes within the suggested timescales. If this was the case, regular feedback must be given by the service to demonstrate that the query was actively being dealt with.

Appendix (i): Dispute Management process flowchart



COPORATE BILLING, REVENUE SERVICES
COUNTY HALL, BEVERLEY, EAST RIDING OF
YORKSHIRE

INVOICE/CREDIT NOTE SPECIAL REQUEST FORM

FROM:

DEPARTMENT:

TELEPHONE
NO.

BATCH NO.	REQUEST NO.	WHOLE BATCH.	NAME OF DEBTOR.

SPECIAL INSTRUCTIONS:

AUTHORISED BY:

THIS COPY TO BE FORWARDED TO THE CORPORATE BILLING SECTION,
CORPORATE SERVICES, COUNTY HALL, BEVERLEY
THE EAST RIDING OF YORKSHIRE COUNCIL
CREDIT NOTE REQUEST

ANNEX 12

	Cred 0001
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Your Directorate	Customer Services
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Original Request Number	69144
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Section	Public Protection
---------	-------------------

Name:	Mr Bill Bloggs 1 Church Street Goole East Riding of Yorkshire
-------	--

Prepared By	I Can help
-------------	------------

Ext Number	1234
------------	------

Authorised By	A Officer
---------------	-----------

Postcode (essential)	DN14 5AY
----------------------	----------

FOR CORPORATE BILLING USE			
Debtor No.:		Invoice Number:	

GENERAL LEDGER CODE						
COST CENTRE				DETAIL CODE		
2	2	3	5	0	1	

2 NET	
£	P
16	17

VAT	
£	P
2	83

GROSS	
£	P
19	00

VAT CODE
4

<u>Details to appear on Credit Note</u>
In respect of:
Pest Control for Mice
Treated on 26 April 2013

VAT CODES	
1	OUTSIDE THE SCOPE
2	EXEMPT
3	ZERO RATED
4	STANDARD RATE ADD VAT @ 17.5%
5	Reduced Rate (Domestic Fuel, and Power) INCL VAT @ 5%
6	INCLUSIVE OF VAT @ 17.5%

Reason for Credit

Invoice Raised in Error	
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Incorrect Charge	X
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Licence/Agreement/Contract Terminated	Date:
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Other, please specify:

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Detailed Instructions on completing the PC1 form

General

- 1) Enter the name of the school and the claim period at the top of the form.
- 2) The first entry on the PC1 should be the balances of cash and bank in hand at the start of the claim period. This should agree to the cash and bank in hand detailed at the end of the previous claim.
- 3) For all payments made the following details should be entered on the PC1:
 - the date of the purchase,
 - the name of the supplier,
 - details of the item purchased
 - the expenditure code to which the item should be charged,
 - the amount of the purchase in either the bank or cash payments column ensuring that the VAT is detailed separately (the value in the cash or bank payments column plus the value in the VAT column should agree to the total value of the purchase).

Other entries that can be made on the PC1 are:

Reimbursement received

- put the date of reimbursement in the 'date' column,
- detail 'reimbursement' in the 'particulars' column,
- enter the amount received in the 'Bank Receipts' column,
- no coding entry is required.

Cheque issued for cash

Cash will be required to purchase small, miscellaneous items for which a cheque payment is not appropriate. To obtain this cash, a cheque must be cashed.

- put the date of cheque in the 'date' column,
- detail 'cheque for cash' in the 'particulars' column,
- enter the cheque number in the 'Bank', 'Cheque No.' column,
- enter the value of the cheque in the 'Bank', 'Cheque Payments', 'Amount less VAT' column,
- enter the amount in the 'cash receipts' column,
- no coding entries are required.

Cheque drawn in error

If a cheque is drawn in error and is not issued the cheque should be clearly marked as cancelled and retained in the chequebook. On the PC1 enter 'cancelled cheque' in the particulars column and the cheque number in the appropriate column under 'Bank'.

Unpresented Cheque

If a cheque is over 6 months old and has not been cashed by the payee it is out of date and needs to be written back to the imprest account. The entries required are:

- enter the date of the cheque was found to be out of date in the 'date' column,
- enter 'Out of Date' cheque in the 'particulars' column,
- detail the cheque number in the 'Cheque No.' column,
- enter the amount of the cheque in the 'Cheque Payments' column as a negative value,
- ensure the amount is accurately split between payments and VAT as detailed when the claim for the payment was originally made.

When the payments and VAT columns are totalled the negative entries will have the effect of reducing the value of payments made and therefore the value of the reimbursement. This will ensure the bank balance on the PC1 will reconcile accurately to the bank statements.

Completion

If a claim uses more than one PC1 form, each page should be totalled and the figures carried forward on to the next PC1 form.

The amount for postage as recorded on the PC4 should be recorded on the PC1 in the space provided.

The totals for reimbursements are transferred to the PC2.

**EAST RIDING OF YORKSHIRE COUNCIL
CLAIM FOR REIMBURSEMENT OF IMPREST/PETTY CASH PAYMENTS**

DEPARTMENT: CFAS

ESTABLISHMENT: PRIMARY SCHOOL

Period: from **01 APRIL 2013** to **30 APRIL 2013**

	£	P
Payments by cheque as per petty cash a/c (Form PC1).....	71	75
LESS cheques drawn to provide cash.....	50	00
Net Payments to cheque.....	21	75
Payments by cash as per petty cash a/c (Form PC1).....	14	30
AMOUNT OF CLAIM	36	05

RECONCILIATION OF IMPREST ACCOUNT

	£	P
Bank balance as per petty cash a/c (Form PC1)	128	25
Cash in hand.....	55	70
Value of stamps in hand.....	10	00
Amount of claim for reimbursement as above.....	36	05
Amount of imprest held.....	230	00

CERTIFIED that the reconciliation of the petty cash Imprest stated above is correct, and that it has been reconciled to the latest bank statement. The amount of £ 36-05 is requested as reimbursement of payments made for the period covered by this claim.

Date..... **01 MAY 2013**..... Authorised Signature **C HALL**

AUTH REF

CREDITOR CODE		DOCUMENT TOTAL	3 6 0 5
INVOICE REFERENCE	P E T T Y C A S H		
INVOICE DATE	30 / 04 / 2013	ORDER NUMBER	
ENCLOSURE 'Y'		VAT CODE 1	4
		VAT AMT 1	3 7 6
SINGLE CHQ 'Y'		VAT CODE 2	2
		VAT AMT 2	0 0 0
		VAT CODE 3	
		VAT AMT 3	
		VAT CODE 4	
		VAT AMT 4	

DOCUMENT NUMBER	COST CODE	DETAIL	£	p	VAT CODE
	T 1 2 3 4 5	4 0 0 0 8	2	9 8	4
	T 1 2 3 4 5	4 2 1 5 4	-	8 5 1	4
	T 1 2 3 4 5	4 2 1 5 4	2	7 0 2	4
	T 1 2 3 4 5	4 6 0 1 6	1	0 8 0	2

EAST RIDING OF YORKSHIRE COUNCIL

ANNEX 16

JOURNAL TRANSFER REQUEST

SCHOOL NAME

Any school

COMPLETED BY

A N Other

DATE COMPLETED

17/01/2013

YEAR

2012/13

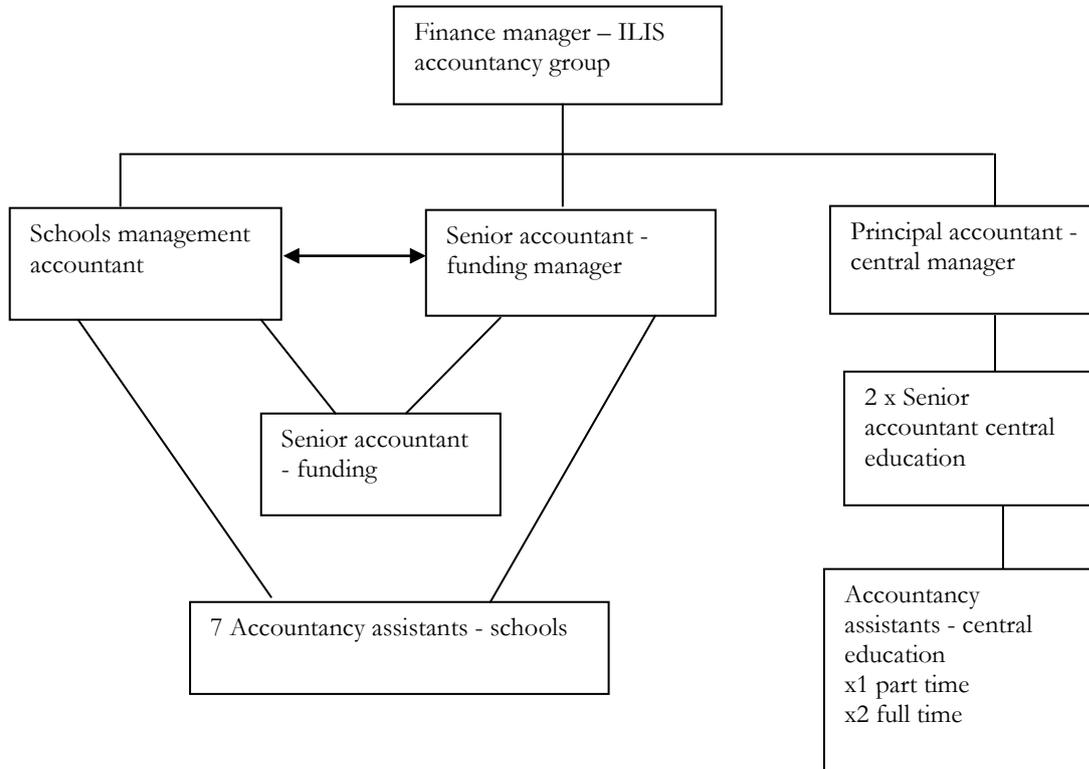
Finance will notify you by email

Journal ID

Month processed

DESCRIPTION	REF: 2	REF: 4	REF: 1	REF: 3	SCHOOL COST CENTRE	LEDGER CODE	DEBIT £	CREDIT £
FROM EAST RIDING FINANCIALS TRANSACTION REPORTS								
ISUP001 SUPPLIES	246183	3987191	S10399	ERI753450	3111XX	44002		9.30
ISUP001 SUPPLIES	246183	3987191	S10399	ERI753450	3111XX	44007	9.30	
NALL206 M A EDUCATION LTD	E138793	3993246	CRED115483	46831	3111XX	44002		17.99
NALL206 M A EDUCATION LTD	E138793	3993246	CRED115483	46831	3111XX	44007	17.99	
BASIC SALARY	SMITH	AX	123000 03	F6TF	3111XX	11011		1,500.00
BASIC SALARY	SMITH	AB	123000 03	F6TF	3111XX	12011	1,500.00	
NI EMPLOYER A	SMITH	AB	123000 03	F6TF	3111XX	11012		120.00
NI EMPLOYER A	SMITH	AB	123000 03	F6TF	3111XX	12012	120.00	
LOC GOVT PENS ER	SMITH	AB	123000 03	F6TF	3111XX	11013		210.00
LOC GOVT PENS ER	SMITH	AB	123000 03	F6TF	3111XX	12014	210.00	
TOTAL DEBIT & CREDIT							1,857.29	1,857.29

The Improvement, Learning, Inclusion and Schools Accountancy Group



Limits should be entered where appropriate

This is only an example and so you should adapt this for your school

Scheme of Delegation

	Full Governing Body	Finance & General Purposes Committee	Chair Of Governors	Head Teacher	Deputy Head Teacher	Business Manager/Finance Office Manager	Finance Assts/Office Manager	Budget Holders
Budget								
Overall responsibility for setting the budget before 31st May								
Review Budget in Autumn & Spring Terms								
Prepare 3 year plan/working papers								
Budget Monitoring								
Orders								
Completion & authorisation of internal order form								
Inputting of internal order forms on to FMS to produce official order form								
Authorisation of Official Order depending on procurement authorisation limits								
Invoices								
Initial invoice checked against delivery								
Authorising an order invoice for payment								
Authorising a non-order invoice for payment - agreed contracts, SLA's, agency invoices, rates and energy costs								
Authorising all other non-order invoices for payment following procurement rules								
Processing of invoice onto FMS for payment								

	Full Governing Body	Finance & General Purposes Committee	Chair Of Governors	Head Teacher	Deputy Head Teacher	Business Manager/Finance Office Manager	Finance Assts/Office Manager	Budget Holders
Payments								
BACS & Cheque Runs from FMS								
Authorisation of Cheques								
Authorisation of BACS								
Verification of BACS								
Transmit BACS								
Income								
Collection of school meals income								
Collection or other budger and school fund income								
Banking and recording of school meals income								
Banking and recording of other budger and school fund income								
Virements								
Authorisation to vire between budget headings								