

10. Banking

10.1 Scope

This section covers banking arrangements in schools, including choice of bank, types of bank account, opening accounts, operation of accounts, security and investments.

10.2 Responsibilities

The governing body considers and formally approves:

- choice of bank;
- type of bank account;
- authorised signatories;
- number of signatures required on cheques;
- any restrictions on the maximum payment that may be authorised by the Headteacher.
- Online banking users & level of access.

Responsibility for the management of bank accounts and authorisation of payments is delegated to the headteacher.

Responsibility for the day-to-day operation of bank accounts, e.g. writing cheques and paying in receipts, is further delegated to the school's finance officer.

Cheques (online Payments including Bacs) are authorised by signatories selected from the headteacher, deputy headteacher, senior members of staff and, in exceptional circumstances (e.g. very small schools), governors. The school's Finance Officer must not be an authorising signatory.

Approved bank accounts available to schools are detailed in Norfolk's Scheme for Financing Schools.

10.2.1 Cheque Signatories

The governing body will decide how many signatures are required on each cheque. Ofsted and the Audit Commission recommend that all cheques must bear the signatures of two signatories approved by the governing body; but the LA considers it acceptable, for cheques below a specified amount £500 to require just one signature. In all cases, the person responsible for writing cheques and keeping the accounting records must never be a cheque signatory. Two signatures are required when paying a staff member.

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10.2.2 Formal Approval of Banking Policy

Banking arrangements, including choice of banker, type of account, and signatories, must be included in the school's financial policy document, and must be approved by the governing body and formally recorded in the minutes of the governors' meeting. (See Appendix A).

The governors must also specify a limit on the amount of individual payments that may be authorised by the headteacher.

A maximum of five people will be authorised to sign cheques.

10.2.3 Opening or Changing Bank Accounts

For bank account type A (advances) (NCC Corporate Bank or non NCC Corporate) the school makes arrangements directly with the bank to open or amend bank accounts but must inform Schools Finance of the bank details.

For unofficial funds schools make arrangements directly with a bank of their choice.

For bank account type C (imprest account) the school must complete the appropriate form (see Appendices 17-18) and return to Schools Finance in order to open a bank account, change the cheque signatories, or open or amend facilities to withdraw cash.

10.2.4 Payments and Cash Withdrawals

- authorised cheque signatories must not sign cheques payable to themselves even if countersigned by another signatory. This includes online payments.
- cheques must be signed by hand not stamped.
- cheques must not be pre-signed.
- schools may set up direct debit arrangements for regular payments to reputable suppliers, if this is administratively more convenient, but the same controls must be in place as with cheque payments, i.e. the payment must be authorised and be supported by the supplier's invoice. The LA recommends the use of direct debits e.g. for utilities and ESPO.

Schools must not enter into agreements to pay regular monthly amounts under a Budget Plan e.g. electricity, as this would mean paying for services in advance of receipt, and would also lead to problems accounting for VAT.

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- bank accounts must never be allowed to become overdrawn and schools are not allowed to have overdraft facilities.
- schools with bank account type C (imprest style) who wish to withdraw cash from their official funds must complete the relevant section of the Barclays Bank Official Form (Appendix 17), stating the maximum amount that can be withdrawn per month and the name of the Barclays branch where cheques are to be cashed.

10.2.5 Bank Charges

For bank account type C schools' bank accounts will not attract charges individually unless the bank account is allowed to become overdrawn. In this case the bank may make a charge and this must be borne by the school. Only in very exceptional circumstances, where the overdraft has occurred through no fault of the school, will the cost of the bank charges be reimbursed by the LA.

Depending on the terms agreed between the LA and its bankers, there may be charges to individual schools for additional ad hoc services, e.g. for foreign currency transactions or to put a stop on a cheque.

All charges in respect of online/BACS payments plus additional services provided by the bank will be borne by the school.

10.2.6 Investments and Loans

For unofficial funds and for official funds with bank account types A, schools retain the interest earned on deposit and other interest-bearing accounts. Banks should be asked to pay interest gross, without deduction of income tax, on all accounts including school fund.

Schools with bank account type C cannot open a deposit account or earn interest on unspent bank balances; but schools can instead earmark an amount in their budget plan, not exceeding the budget surplus brought forward from the previous financial year. This is invested as part of the LA's overall balances and schools are informed twice a year of the interest earned.

For the first six months interest is based on the budget surplus brought forward from the previous financial year; for the second six months interest is based on the amount determined by the school in its budget plan.

Schools must not enter into any loan agreement with their bank.

Schools may obtain capital loans from the LA. (See Section 6.5.3 - Assets). For further information see Appendix 19.

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10.2.7 Bank Reconciliation

Audit requires schools to reconcile to the end of the accounting period, i.e. last day of each month. Schools must arrange to obtain bank statements every month and reconcile these with their accounting records. Any discrepancies must be investigated.

The bank reconciliation must be signed by the person who has completed the reconciliation and must be checked, compared to the supporting documentation and countersigned by the headteacher, or someone else with delegated financial responsibility, who understands the accounting and reconciliation processes.

The person completing the reconciliation should not be responsible for processing receipts and payments.

Bank reconciliation statements must be sent to the LA periodically as directed.

10.2.8 Use of School Monies for Private Purposes

LA and personal monies should be kept entirely separate.

School bank accounts must never be used for personal purchases by staff or other individuals. School bank account monies must never be used for cashing personal cheques.

10.2.9 Administration

- Cheque books should be held securely when not in use.
- The headteacher should maintain a list of all bank accounts, the authorised signatories for each and the financial records associated with each that are held at the school.
- Online banking cards must only be used by the named person on the card.
- Online banking security details must never be shared with other staff including NCC/Banking officials.
- The Headteacher must ensure that any person leaving the school with access to the online banking system is reported to NCC to enable the card access to be suspended. A list of school users can be supplied by your Finance Support Officer.