

## **22. Bank Accounts and Petty Cash**

### **Bank Accounts**

#### **Preamble**

The vast majority of the local authority's banking activities are controlled by a single contract with Lloyds Bank, which aims to provide a wide range of complex and specialist banking services to all departments, establishments and staff of the local authority. These Financial Regulations seek to ensure that banking arrangements, which fall within the scope of the contract, are controlled and approved by the CFO. These Financial Regulations are necessary to ensure that the account is properly administered and controlled and all transactions are posted to the local authority's accounting system.

#### **See also:**

Keeping Your Balance - Banking page 15

#### **Regulations**

- 22.1. Governing Bodies cannot make arrangements for overdrafts, loans or other forms of credit or deferred purchase, nor offer any security to a bank or other financial institution. The local authority has no legal power to act as guarantor to loans taken out by Governing Bodies.
- 22.2. Governing Bodies are responsible for ensuring that safe and efficient arrangements are in place for controlling the operation of their local bank accounts.
- 22.3. All matters connected with the local authority's banking activities in relation to any official account at schools shall be made by or under arrangements approved by the CFO.

#### **See also:**

A21 Income

A14 Voluntary Funds

A15 Trust Funds.

- 22.4. No school employee or governor shall open a bank account in connection with the local authority's banking activities.

- 22.5. Any official bank account required at school level will be opened by the FBP CEF on behalf of the school under the umbrella of the Council's contract with Lloyds Bank. This will normally consist of a school local expenditure account and a school direct credit income account. These accounts needed to be operated and controlled in accordance with procedures detailed on the local authority's Intranet pages.
- 22.6. Cash dispensers, debit cards, or other smartcards must not be used in relation to any official bank account held at school level without the prior consent of the FBP CEF.
- 22.7. No personal cheques must be cashed.
- 22.8. Procurement card facilities are available to school based employees under the local authority's Procurement Card Scheme. Details of the scheme are available on the Intranet.
- See also:**
- Scheme for Financing Schools – Paragraph 3.7 Borrowing by Schools
- Procurement card guidance
- 22.9. The school shall complete a monthly reconciliation of bank balance and arrange for the account to be topped-up.
- 22.10. Sufficient arrangements for the separation of duties shall be in place in relation to the preparation of any accounts, control of arrears and the collection and banking of income.

## ***Petty Cash***

### **Preamble**

Where the school operates a petty cash account, this will be funded from the local expenditure bank account. Petty cash accounts are intended to be used for the payment of relatively small amounts and for postage. These Financial Regulations set out the framework within, which petty cash accounts funded from the school budget share are to be operated.

**See also:**

Keeping Your Balance – Petty Cash.

## **Regulations**

- 22.11 The petty cash account shall operate on the basis of a fixed advance from the local expenditure bank account.
- 21.10 The person responsible for checking the claim and drawing the reimbursement cheque shall be someone other than the person responsible for day-to-day operation of the petty cash account. In checking the claim the actual cash balance shall be verified.
- 22.12 The petty cash account must be balanced at the year-end and reconciled to the cash held.
- 22.13 Petty Cash will be held in an appropriate facility and at a reasonable level.
- 22.14 VAT will be correctly accounted for.

**See also:**

A23 Value Added Tax.