



St Edward's
RC/CE VA School

St Edward's School Financial Management Procedures

**Reviewed and Approved by Finance and Premises Governors
November 2016**

Reviewed and Ratified at the St Edward's FGB on 8th December 2016

Next review date: October 2018

INTRODUCTION

The School's Financial Management Procedures set out the financial controls and define the responsibilities of governor committees and school staff involved in the administration of school finances. The school controls will be reviewed in line with changes to the Borough of Poole regulations where appropriate to ensure they remain compliant with:

The Borough of Poole Financial Regulations – which provide the governing framework for managing the council's financial affairs.

The Scheme of Local Management in Schools (LMS) – which sets out the financial relationship between the Borough of Poole and the maintained schools which it funds.

The Schools Financial Value Standard (SFVS) – which is the standard for monitoring financial management and demonstrating good practice and value for money.

GOVERNANCE

The governing body is collectively responsible for the overall direction of the school and its strategic management. This involves determining the guiding principles within which the school operates and then making decisions about, for example, how to spend the school's budget.

The governing body is also responsible for ensuring the school meets all its statutory obligations and, through the Headteacher and School Business Manager, complies with the Borough's Financial Regulations and Standing Orders.

Effective governance results in clear public accountability for the performance of the school.

The financial responsibilities of the governing body, its committees, the Headteacher and school staff are outlined in the School's Financial Operating and Management Procedures which 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.

The documents that need to be consulted in order to assess controls in this area are:

- Delegation framework reviewed Budget monitoring reports
- Governing Body and Committee minutes
- Register of Business Interests

The financial responsibilities are briefly defined below:

The Governing Body will:

- set spending priorities
- consider, approve and monitor the budget
- determine virement and expenditure thresholds
- evaluate the effectiveness of spending decisions

The Headteacher and School Business Manager will:

- ensure compliance with the Borough's financial regulations
- ensure that sound systems of internal control are in place
- be responsible for day-to-day expenditure
- compile draft budgets assisted by Finance Assistants
- ensure the governors receive regular budget monitoring information

The school staff will:

- comply with the school's financial procedures
- be responsible for any budget delegated to them

The Business and Premises Committee will:

- set the budget
- appraise expenditure options
- carry out budget monitoring
- evaluate and monitor internal controls
- establish a Charging and Remissions policy
- review key financial policies & procedures
- establish a Lettings policy
- develop a properly funded maintenance plan
- monitor the premises budget

The Teaching, Learning, Assessment and Staffing Committee will:

- review the use of resources to ensure they effectively meet the teaching & learning needs
- monitor the curriculum resources budget

The Pay Committee will:

- agree a pay policy
- monitor the staffing budget

FINANCIAL PLANNING

Financial planning is an essential part of good financial management. It provides the school with a clear view of how it intends to use its resources. Budgeting is essential to good financial management. The budget sets out how resources are allocated and provides a mechanism for monitoring expenditure through the year. It should fully reflect the priorities of the school's improvement plan.

Balanced budget based on realistic income and expenditure

The available budget constitutes delegated budget for the year adjusted for any surplus from the previous year, income receivable, provisions for pay or price increases and other contingencies. Schools are not permitted to set a deficit budget and schools with a deficit balance must agree a repayment plan with the LA.

In building a budget so that planned expenditure does not exceed available income, realistic estimates are considered for both expenditure and income. Realistic estimates are just as important for the income side and are based on pupil number projections and anticipated other income, such as lettings. The budget figures presented to governors will be supported by a written report explaining key areas such as significant budget changes for the previous year, staffing changes and use of surplus resources.

The governing body should approve the budget so that it may be submitted to the Borough on the 1st May of each year. The Governing Body and staff are fully aware of the need to achieve value for money and complete the Schools Financial Value Standard each year to confirm. Benchmarking is done annually and is used to consider action plans to improve the use of resources.

BUDGET MONITORING

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. It allows the maintenance of financial control by reviewing the current position and taking any remedial action necessary. Monitoring reports are sent to Finance and Premises governors and the Chair of the committee reviews with the Business manager on a monthly basis.

PURCHASING

Because the school issues public funds, it is vital that best value for money is achieved from purchases, whether they are of goods or services. In this context, value for money is about getting the right quality at the best available price. This often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account associated costs such as supplies and maintenance.

Expenditure limits – governors' authorisation

Prior approval from the governing body should be obtained for all expenditure above £20,000.

The School follows the thresholds set out in the Borough's Financial Regulations

Activity	Task	Responsibility
Placing Orders	Obtaining quotes & signing off requisition form / online order	Budget Holder
	Agreeing orders within and over allocated budget limit	Headteacher / Business Manager
	Agreeing orders over delegated limit	Governors
	Signing Official Orders	Headteacher / Business Manager
	Placing Official orders	Finance Assistants
Deliveries	Checking delivery against order	Office Assistant/Budget Holder
	Reporting discrepancies/faults	Office Assistant/Budget Holder
	Returning/exchanging goods	Finance Assistants (upon notification from Budget Holder)
Invoice payment	Check/certifying invoice for payment	Finance Assistants
	Mark invoice paid	Finance Assistants
	Authorise payment	Headteacher/ Business Manager / Budget holder
	Sign cheque	2 signatories as per mandate
Filing of paperwork	All together preferably in cheque number order	Finance Assistants
Use of Purchasing cards	Entering of payments on the payment log and retention of receipts	Cardholder
	Inputting onto eSolutions	Cardholder
	Authorisation of transactions	Headteacher / Business Manager
	Submission of log & receipts to Financial Services	Cardholder

FINANCIAL CONTROLS

The school has many systems for processing and recording financial transactions. By building internal financial controls into systems, governors and staff should be confident that transactions will be properly processed and that any errors or fraud will be detected quickly.

Examples of internal controls are:

- Internal checks - one person checking another person's work;
- Separation of duties - distributing the work so that key tasks are assigned to separate members of staff;
- A system of authorisations - each transaction is authorised before passing on to the next stage of the process.
- A clear audit trail covering all stages of a transaction, for example from order to invoice, to accounts to cheque, and in reverse.

Activity	Task	Responsibility
Reconciliation of bank statements	Monthly reconciliation of bank and petty cash	Finance Assistants
	Investigation of discrepancies	Finance Assistants
VAT Return	Monthly preparation	Finance Assistants
Travel claims	Check travel claims prepared by claimant	Finance Assistants, Line Manager
	Agreed by	Business Manager

PLASC	Annual pupil census preparation	Data Team
	Agreed by	Headteacher
CFR Return	Preparation of annual return	Finance Assistants
	Agreed by	Headteacher

INCOME CONTROL

Income is a valuable asset and it is therefore vital that appropriate controls are in place to ensure its security. It is also important that the school does not exceed its insurance or the Borough's limits on holding cash on school premises.

Income can come from a variety of sources, including grant funding, school meals, trips, clubs and lettings.

The governing body has established a Charging & Remissions Policy and a Lettings Policy and these are reviewed every year. The Headteacher is responsible to the governing body for accounting for all income due and cash collected, and accurate records are needed for this.

Activity	Task	Responsibility
Charges	Establish Charging & Remissions policy	Governing Body
Lettings fees	Establish Lettings Policy	Governing Body
Control of lettings	Authorisation of lettings	Business Manager
	Preparation & monitoring of use of facilities	Business Manager
	Booking & invoicing	Finance Assistants
	Collection of fees	Finance Assistants
	Monitoring of arrears	Finance Assistants
Identifying sums due	Trips & Clubs (inc music)	Event organiser
	From other sources e.g. school photographs	Finance Assistants / Subject Administrators
	All above agreed by	Headteacher / Business Manager
Collection & recording of income received	Collating & counting	Finance Assistants / Catering Manager
	Recording on income spreadsheets etc	Finance Assistants / Catering Manager
	Recording on Corero	Finance Assistants
	Prepare banking	Finance Assistants / Catering Manager
	Transporting cash to bank	Security company / Finance Assistants
Reconciliation of income due to income received	Production of income figures	Finance Assistants
	Reconciliation of the above & investigation of variances	Finance Assistants / Business Manager

BANKING

The proper administration of bank accounts is at the heart of financial control. In particular, regular bank reconciliations are essential. They prove that the balances shown in the accounting records are correct and provide assurance that the underlying accounts are accurate.

PAYROLL/HUMAN RESOURCES

There are a number of areas where Inland Revenue regulations may affect or determine the way payments are made. For example, there are strict rules about payments to individuals who claim to be self-employed.

Activity	Task	Responsibility
Staff recruitment/contracts	Ensure pre-interview formalities are completed	HR Manager
	Ensure that pre-employment checks e.g. DBS, references, occupational health are completed for successful candidate	HR Manager
	Authorising appointments, variations to contracts and terminations	Headteacher
Sundry payments	Authorising overtime & travel claims	Headteacher / Business Manager
	Authorising supply teacher payments	Headteacher / Business Manager
Input into Vision	Input contract changes & overtime	HR Manager / HR Assistant
Authorising on Vision	Authorising entries on Vision	HR Manager / Business Manager
Monthly payroll report	Check report for irregularities such as staff who have left, ghost employees and Investigate	Finance Assistants / HR Assistants
Staff absence	Initial absence is recorded on Vision	HR Assistant
	Return date is recorded on Vision after completion of declaration by staff	HR Assistant
	Return to work interview is conducted	Line Manager
	Trigger reports reviewed and actioned	SLT

PETTY CASH

Petty cash is useful for making small purchases with a minimum of fuss. Since, however, cash is portable and desirable it is important that proper controls are in place to prevent its abuse or loss. Procedures contain petty cash controls covering authorisation, documentation and secure storage of cash.

Activity	Task	Responsibility
Request cash	Complete petty cash request form, identifying reason for spend	Member of staff purchasing item
	Authorise cash advance	Budget holder / Business Manager
	Issue cash (recipient to sign for)	Finance Assistants
Receipt	Return receipt and change (if any)	Member of staff purchasing item
	Sign for change, if any	Finance Assistants
Replenish cash	Raise cheque to replenish	Finance Assistants
Recording of entries	Input details to Corero	Finance Assistants
Reconciliations	Monthly reconciliation	Finance Assistants
	Physical check of cash	Independent person

TAX

The Headteacher is responsible for ensuring that the school complies with VAT and other tax regulations. VAT is a complicated area and the following controls merely set out the control framework for the school.

The school adopts the Borough's guidance on VAT which is consulted for a detailed interpretation. Similarly, the school follows the guidance given on the Construction Industry Taxation Scheme.

Item	Standard	Zero	Exempt	Outside Scope
Goods & Services closely related to education when supplied to pupils				x
Sale of food and drink to pupils if at or below cost				x
Sale of food or drink to staff or visitors	x			
School trips & visits				x
Room Hire			x	
Room Hire: Borough of Poole School				x
Lettings of facilities	x			
Lettings: sports facilities*	x			
School play/concert admissions fees			x	
Donations				x
Commission on school photographs	x			

*If sports facilities are let for a series of sessions, the supply may be exempt

VOLUNTARY FUNDS

Voluntary funds provide the school with an additional source of income. Although such funds are not public money, the standards for the guardianship of these funds is as rigorous as those for the administration of the school's delegated budget.

Voluntary funds should be operated in line with the BoP document "Guidance for Schools – Management of Voluntary Funds" available from the Internal Audit team.

ASSETS & SECURITY

The Headteacher and Governors are responsible for the security of school premises, property and staff. This will include the need for effective emergency planning.

The school has attractive and portable items of material and equipment ranging from musical instruments to computers. These assets are kept securely and recorded in the Inventory software, Parago.

The plan for the use, maintenance and development of school buildings is part of the school's Improvement Plan and the Premises Improvement Plan. The Borough's Asset Management Plan details essential repairs/maintenance required on the buildings.

INSURANCE

The school is protected against risk via the Borough insurance policy. Such risks include third party liability, property, money, personal accident.

DATA SECURITY & PROTECTION

The school uses computers extensively to process and record personal, financial and other management data. Most of the controls in this section therefore cover access to data held on computers.

It is important that management information is properly protected from unauthorised access and that it is backed up regularly. It is also important that the school has a recovery plan to ensure continuity of financial management in the case of an emergency.

The Data Protection Act 1998 is designed to protect the rights of individuals in relation to the personal data that is held about them. It sets out the 8 principles and the requirements about the processing, storage, disclosure and disposal of that data. It is important that the responsibilities under the Act are recognised and suitable policies etc are in place to ensure compliance. Failure to comply can lead to substantial fines by the Information Commissioner.

The Act requires Governing Bodies and Head Teachers to notify the Data Protection Commissioner where the activities they are engaged in are covered by this legislation.

The public has a right under the Freedom of Information Act to access information about the school and the latter should have a clear scheme for publication of such information.