



Knowsl@y Council

FINANCIAL PROCEDURES FOR

St Andrew the Apostle Catholic Primary School

If you require advice on financial matters which you feel are not addressed by this document please contact your Schools' Finance Support Officer or:

- Melissa Hansen 443-4872
- Jayne Ellis 443-5067
- Stephen Hughes 443-3639

Succeeding Together in Faith and Love

CONTENTS

1. Delegation and Overall Control of the Budget
2. Financial Planning
3. Financial Control and Monitoring
4. Ordering / Receipt of Goods and Certification of Invoices
5. Income
6. Petty Cash and Cash Handling
7. Banking and Reporting
8. Security and Asset Control
9. Schools / Non-Public Funds
10. Consistent Financial Reporting
11. Dealing with a suspected Financial Irregularity
12. Audit
13. Computer Records

1 DELEGATION AND OVERALL CONTROL OF THE BUDGET

- 1.1 Comprehensive financial management consists of two main functions, financial planning and financial control, in order to achieve the overall financial objectives of the school.
- 1.2 The general financial objectives are defined in the Scheme for Financing Schools. The Governing Board will:
- establish proper financial management arrangements and accounting procedures and maintain a sound system of internal controls, including safeguards against fraud and error;
 - ensure the delegated budget is used for the purposes intended;
 - ensure that the financial returns required under the terms of the Scheme for Financing Schools are made to the LA.
- 1.3 The school should have a clearly defined organisational structure with identified lines of reporting for all operations. ***It is considered best practice for the Governing Board to delegate the majority of its operational financial responsibility to the Resource committee. The Governing Board cannot delegate the following:***
- the constitution of the governing board (unless otherwise provided by the Constitution Regulations);
 - the appointment or removal of the chair and vice-chair;
 - the appointment of the clerk;
 - the suspension of governors;
 - the delegation of functions;
 - the establishment of committees.
- Whilst the Full Governing board does not legally have to approve the annual budget, it would be considered best practice to do this to ensure all committees are fully engaged in the budget setting process.***
- 1.4 The Resource committee is responsible for ensuring that the school sets financial objectives, prepares a financial plan and initiates and maintains the necessary systems of internal controls.
- 1.5 The Head-teacher has responsibility for:
- the management of the school's financial position at a strategic and operational level;
 - the management of effective systems of internal control;
 - the management of other financial issues.

- 1.6 The Head-teacher is the person with overall responsibility to the Governing Board for the financial management of the school. The Head-teacher will ensure that the Governing Board is provided with financial advice, that proper and adequate financial systems and controls are in place and that accounts are prepared and maintained as required by the Governing Board or the LA.
- 1.7 The Governing Board and school staff have a responsibility to avoid any potential conflict between their own business and personal interests, and the affairs and interests of the school. To assist with this a register of pecuniary interests will be maintained by the Business Manager. This will be freely available for inspection by Governors, staff, parents/guardians and auditors.
- 1.8 Governors, the Head-teacher or any member of staff should treat hospitality and gifts with extreme caution. The offer or receipt of all such items must be declared in a register maintained by the school.

2 FINANCIAL PLANNING

- 2.1 Schools budgets are to be spent in the best educational interests of the pupils. In defining the purpose of the school, Governors must have regard to the need to provide a broad and balanced education for the pupils to the benefit of the individuals and the community.
- 2.2 In budgeting the Governing Board should bear in mind that appropriate action may need to be taken during the year to deal with variations between actual and budgeted income and expenditure. The budget should therefore be based on a hierarchy of assumptions and priorities, aiding swift changes of plan in reaction to changes of circumstances.
- 2.3 The process of setting the school budget will involve the balancing of expenditure against income. The following steps should be taken to ensure all information has been considered:
- ensure everyone involved in the process is aware of the assumptions, constraints and targets which have been determined by reference to the school's development plan.
 - estimate the cost of each element in the overall plan, over a three year period.
 - estimate future years delegated budgets. Uncertainty about funding is inevitable therefore base the budgets on fluctuations in pupil numbers. The Local Authority will provide indicative budgets to assist in this process.

- compare income and expenditure to identify the potential surplus or shortfall in funding required to meet the financial objectives in the school development plan.
- identify savings in expenditure or allocation of any surplus identified to areas of need highlighted in the strategic plan.
- Use the DfEs benchmarking website to compare your school with statistically similar schools. Website link is
<https://www.education.gov.uk/sfb/login.aspx>
- in-line with Consistent Financial Reporting (CFR), the budget set should follow the CFR headings.
- following the recommendations from the finance committee, the Governing Board shall approve each year, no later than 31 May, the budget plan for the following financial year, and the longer term three year plan. Brief details of the budget will be minuted (including the bottom line figures i.e. surplus £5,000) and a copy of the final budget retained on file with the Governors minutes.
- return a copy of the Governing Boards minutes, a copy of the approved budget and the full detailed budget estimates to Financial Management Services, DCR Finance.
- inform those members of staff with financial responsibilities what their budgets are, together with any constraints imposed.
- inform all school staff of the financial aims of the school.

The steps involved in arriving at an approved budget may require a number of attempts to balance income and expenditure. Once the budget has been set it should be fixed in the Schools Financial and Management Accounting System (SIMS or similar). This will provide the baseline for budget reporting and variance reporting the budget fixed should be the **exact budget approved by the Governing Board**. Adjustments to the budget figures should only be entered onto SIMS after the budget has been fixed.

- 2.4 If a deficit budget is foreseen it will be discussed with and approved in advance by the LA in line with Section 4.9.1 of the Scheme for Financing Schools.
- 2.5 The Resource committee will review the adequacy of all insurance cover at least once per year.

3 FINANCIAL CONTROL AND MONITORING

- 3.1 Once the budget has been set the Head-teacher is authorised to vire between budget accounts of up to a maximum of £5,000 and £500 on non-staffing accounts without immediate reference to the Resource committee.
- 3.2 All virements will be reported to the next available Resource committee meeting.
- 3.3 The Resource committee will be provided with a financial statement at least once a term. This statement will include an up-to-date reconciled account of expenditure, commitments and budget virements. It must also contain a narrative to explain any variations. It must also include a provisional outturn figure (revised closing balance).
- 3.4 It is the Head-teacher's responsibility to ensure that any requests for submissions from the LA, as detailed in the Scheme for Financing Schools, are returned promptly.
- 3.5 Where a school operates a local cheque book account strict adherence to the applicable procedure manual must be applied.
- 3.6 The spending of all public money will be accounted for through the SIMS FMS module (or alternative).
- 3.7 Public funds include all monies which are made available to the Governing Board by the Local Authority and all income which is generated by use of the school budget share.
- 3.8 Particularly for employees with financial responsibilities, the Governing Board will keep under review any training needs and opportunities, actively encouraging personal growth and sharing of good practice.

4 ORDERING / RECEIPT OF GOODS AND CERTIFICATION OF INVOICES

- 4.1 A register of staff authorised to raise orders and certify invoices for payment will be kept in school and maintained by Business Manager. This also specifies the limit of the value which a person may certify up to. A copy of the register must also be provided to the LA when changes are made.
- 4.2 To demonstrate that value for money has been obtained, three written quotations will be obtained in respect of any single purchase or contract being placed in excess of £1,000. Successful and unsuccessful quotations will be retained for six years. (Verbal quotations will be recorded and dated by hand).

- 4.3 If a quotation other than the lowest is accepted, the reasons for this should be recorded in the minutes of the Governing Board.
- 4.4 Any single item of expenditure in excess of £1,000 must be approved in advance by the Resource committee or governing board if not delegated.
- 4.5 Orders for purchases or works valued in excess of £50,000 **must be** subject to formal tender and contract. Contact Financial Management Services, if you have any queries.
- 4.6 **No leasing arrangement will be entered into except through the Borough Treasurer.** (This is to protect the school from paying extortionate costs and will find it extremely difficult and costly should the school wish to terminate the lease arrangement) Disposal of leased items is governed by paragraph 8.7.
- 4.7 The Resource committee is responsible for ensuring that all leasing agreements are entered into through the Borough Treasurer and the purchase represents value for money to the school.
- 4.8 Every order will be made via the school's computer system and will have a unique order number allocated to it. This will then be quoted on all correspondence.
- 4.9 Telephone orders will only be used in extreme emergencies. In all cases this must then be followed up with an official order on the same or next available working day.
- 4.10 All deliveries will be checked on receipt, against the copy order and delivery note for quality and quantity. The delivery / dispatch note must then be signed and dated by someone other than that who has signed the order or who will be signing the invoice. This person does not have to be an authorised signatory. This ensures segregation of duties. The delivery / dispatch note will then be filed with any relevant quotations, the copy order and copy of subsequent invoice.
- 4.11 Certification for payment of invoices should be by a person other than the one who authorised the original order or receipted the goods.

- 4.12 When a person certifies an invoice they are assuring that they have checked that:
- price details have been checked and are correct;
 - the invoice has not previously been passed for payment;
 - the invoice has been arithmetically been checked;
 - invoices have been checked to the order and this documentation is marked to indicate the payment has been made;
 - goods or services have been satisfactorily delivered and confirmed by an officer responsible (delivery note if possible);
 - for copy invoices that the invoice has not previously been passed for payment;
 - expenditure is coded to the correct account code and within approved budget provision;
 - expenditure is within approved delegated authority limits laid down by the Governing Board;
 - the account is properly payable by the school.
- 4.13 All accounts shall be paid in accordance with procedures laid down by the Borough Treasurer in accordance with Finance Procedure Rules and Contract Procedure Rules.
- 4.14 Payments to employees including travel must be through the payroll system. The only exception is the refund of incidental expenses.
- 4.15 To comply with Construction Industry Scheme legislation, all invoices in respect of building work where the non-material element exceeds £1,000 must be sent in a separate envelope to the Accounts Payable Section, Kirkby Municipal Buildings and clearly labelled Construction Industry Scheme. For local cheque book schools please see the procedure manual (section 7.6) for more detail.
- 4.16 No purchases in respect of fund raising activities shall be made through the school budget share, schools can use their schools / non-public funds for this.
- 4.17 Under no circumstances will any private purchases be made through the school budget share. This is regardless of whether the individual intends to reimburse the school budget share.
- 4.18 Only travel agents who are members of ABTA will be used when arranging school trips.

5 INCOME

- 5.1 Schools may cross-subsidise lettings for community and voluntary use with income from other lettings and where applicable is within any PFI arrangement. The income created from the letting of school premises will not be paid into voluntary or private funds held by the school. Any expenditure incurred in community and voluntary use must be separately identified.
- 5.2 All income arising from the use or sale of public property will be banked in the Authority approved bank account intact and without deduction. Income must be banked within a maximum of one week from receipt.

Examples of such income are:

- income from school meals;
 - income arising from letting of either the building or the playing fields;
 - insurance reimbursements for supply cover or loss of property
 - disposal of assets no longer required by the school (not leased items).
- 5.3 The **Head-teacher** is responsible for assessing the level of external grant that the school should receive each year (e.g. Pupil Premium). It is also his/her responsibility to ensure that all necessary forms/returns are completed on time.
- 5.4 All cash received will be recorded in an appropriate ledger by the Business Manager e.g. schools meals, school trips, lettings planner, miscellaneous income etc. Official receipts must also be given for all cash receipts.
- 5.5 All charges for lettings and other sales will be reviewed and approved annually by the Governing Board.
- 5.6 Any account, letter or statement requesting payment must state that cheques are to be made payable to Knowsley MBC for non-local cheque book schools or the local cheque account name applicable.
- 5.7 Governing boards are only authorised to write off debts up to a cumulative level of £1,000 in any financial year. All debt write offs must be minuted by the Governing Board, the minutes are to include the name of the debtor, the amount and the reason the debt is being written off. In the case of larger debts to be written off over £1,000, the school must consult with the Borough Treasurer.

6 PETTY CASH AND CASH HANDLING

- 6.1 Under KMBC's Balance of Risks Insurance the maximum amount of cash that will be held overnight in a locked receptacle on school premises is £1,000.
- 6.2 All cash received over £10 will be acknowledged by issuing an official receipt approved by the Borough Treasurer.
- 6.3 Under no circumstances will petty cash funds be used to cash personal cheques or provide loans to any individuals.
- 6.4 Under no circumstances will cash payments be paid to any individual or organisation without an official receipt being received in return.
- 6.5 Payments from Imprest / Petty Cash will only be made on presentation of valid receipts / vouchers (VAT receipts must be obtained wherever possible to enable full recovery). Payments such as staff travel and subsistence must be processed through the payroll system and not reimbursed from petty cash. For cash payments signature of receipt must also be obtained.
- 6.6 Imprest account claims will be processed monthly to enable quick recovery of VAT.
- 6.7 Cash and cheque books will be kept in a locked safe at all times and all keys to the safe taken off-site when the school is closed.
- 6.8 Petty Cash Accounts should be reconciled at regular intervals, monthly reconciliations are strongly advised.

7 BANKING AND REPORTING

- 7.1 The schools main banking facilities, authorised by the finance committee and approved by the Borough Treasurer are held with Lloyds Bank . The school fund is held with Lloyds Bank.

<u>Account Nos</u>	<u>Title</u>
02428556	Lloyds School Local Cheque Account (School Budget Share Account)
02428661	Lloyds School Fund Account

- 7.2 Account reconciliation's are performed by:

<u>Account</u>	<u>Frequency</u>	<u>Performed by</u>	<u>Reviewed by</u>
School Budget Share a/c	Monthly	Admin Officer/ Business Manager	Head-teacher
School Fund a/c	Monthly	Admin Officer/ Business Manager	Head-teacher
OSC/Wraparound	Monthly	Admin Officer/ Business Manager	Head-teacher

- 7.3 All bank reconciliation's are performed within one week of receipt of the bank statement. Expenditure through the main Authorities account (ORACLE) will be reconciled within one week of receipt.
- 7.4 Year end bank reconciliations must be performed as at 31st March.
- 7.5 For full details of local cheque book accounting please refer to the Local Cheque Book Procedure Manual which must be followed in all cases if operating this system.

8 SECURITY AND ASSET CONTROL

- 8.1 A check of each inventory will be made by the Premises Officer on an annual basis and will be signed and dated. Maintenance of the asset register is overseen by the Head-teacher.
- 8.2 An inventory will be kept of all assets valued at more than £200 (including items donated to the school). Attractive items under £200 may also be entered at the Head-teachers discretion.
- 8.3 The inventory holder shall maintain a record of the location, make, model and serial number as appropriate.
- 8.4 Any discrepancies shall be reported to the Head-teacher who in turn will inform the Governing Board of the details.
- 8.5 No item of equipment shall be taken off site without being entered into the short term loans book.
- 8.6 No item shall be sold to a third party without the approval of the Resource committee and this will only be done in accordance with LA Regulations. VAT must be recovered where applicable. Records will be kept to demonstrate that any sale proceeds represent the best possible price having been obtained.
- 8.7 No leased item will be disposed of without the express permission of the leasing company (via the Borough Treasurer). This includes: sale, part exchange, scrapping, writing off, donating, re-leasing, sub-letting or any other form of "give away".
- 8.8 Access to the financial computer software will be by password only. If an employee is aware that another person has obtained knowledge of the password then it must be changed immediately.
- 8.9 Passwords must be changed regularly, at least once a term.
- 8.10 All financial data on the computer system will be backed up at the end of each working day. The latest backup will be stored off-site by the Knowsley shared site each evening and when the school is closed.

9 SCHOOL / NON-PUBLIC FUNDS

- 9.1 A schools / non-public fund is any fund which is not an official fund of the school e.g. donations and fund raising events.
- 9.2 Accounting records will be kept separate from official school monies.
- 9.3 A termly statement of all schools / non-public funds will be presented to the Governing Board.
- 9.4 All school / non-public funds will be independently audited on an annual basis by Mrs F Lunt, who is appropriately qualified i.e. qualified accountant/auditor or has relevant experience. If she relinquishes the responsibility the replacement must be approved in advance by the finance committee. This person must not be a member of staff employed by the school, the person who administers the account or the Chair of Governors.
- 9.5 The annual report will be presented to the finance committee, then reported to the full Governing Board. The balances and any comments will be formally minuted.
- 9.6 All invoices, bank statements, cheque stubs and paying-in books will be filed and retained at the school for six years.

10 CONSISTENT FINANCIAL REPORTING

- 10.1 The Head-teacher is responsible for ensuring that the end of financial year Consistent Financial Reporting (CFR) report is submitted to the LA no later than the date specified by the Local Authority.
- 10.2 The report should be presented to the Resource committee prior to submission to the LA.

11 DEALING WITH A SUSPECTED FINANCIAL IRREGULARITY

- 11.1 Any employee who suspects, with good reason, that a financial irregularity (irregularities include theft or receiving benefits, failure to comply with the Financial Procedures Rules) has occurred shall inform their supervisor immediately. The supervisor shall immediately notify the Head-teacher, or the most senior officer available. Notwithstanding this procedure, any employee may, if they wish, pass their suspicion direct to their Chief Officer or other nominated officers in accordance with the Council's Confidential Reporting Procedure (Whistle Blowing). Details of this can be found in the Scheme for Financing Schools, section 11.10.
- 11.2 Where the theft is of money, stores or property belonging to the council, the Police should be informed as soon as possible by the appropriate Manager / Supervisor.
- 11.3 Other than the circumstances as indicated in 11.1 & 11.2, the Chief Officer (or the most senior officer available) shall immediately inform the Borough Treasurer and Counter Fraud and Internal Audit who will consider and advise on the financial and systems implications.
- 11.4 Details of all such reported irregularities MUST remain confidential.
- 11.5 Further details of the guidance are available from Financial Management Services or KMBC's Counter Fraud and Internal Audit.

12 AUDIT

- 12.1 The Borough Treasurer shall be responsible for maintaining independent continuous audit of the financial records, the operations and systems of control with regards internal audit practice. For that purpose the Borough Treasurer or authorised representative shall have the authority:-
- (i) to enter the premises under the control of the school without prior notification to examine all records, documents and correspondence.
 - (ii) to require and receive such explanations as deemed necessary in order to satisfy her/himself on any matter under consideration.
 - (iii) to require the production of any information or items deemed necessary for the efficient and effective conduct of the audit.
- 12.2 The Head-teacher has authorised the Borough Treasurer or authorised representative to audit the SIMS FMS (or alternative) package.

- 12.3 Wherever any matter arises which involves or is thought to involve irregularities concerning cash, stores or other property of the LA or any suspected irregularity in the exercise of the functions of the LA, the Head-teacher shall immediately inform the Borough Treasurer who shall take such steps as deemed necessary by the way of investigation and report.
- 12.4 Reports produced by internal (or external) Audit shall be put to the Governing Board.

13 **COMPUTER RECORDS**

- 13.1 The Head-teacher shall ensure that the information held by the school on its computers is registered under the Data Protection Act. Further details can be found by following this link:
http://bertha.knowsley.gov.uk/Corporate_Information/Information_Governance/Pages/default.aspx
- 13.2 The Head-teacher shall ensure that access to the SIMS FMS (or alternative) information is restricted to her/himself or the nominated member of staff.
- 13.3 The Head-teacher shall ensure that the information contained within FMS package (or alternative) is properly backed-up and, if not backed up remotely, this back-up data shall be kept on site in a fire proof container.
- 13.4 The Head-teacher shall ensure that only authorised software and has been contains the latest updates shall be used on the school's computers.
- 13.5 The Head-teacher shall ensure that the school has in place an ICT Service Continuity Plan which has been approved by the Governing Board.

Formally approved by the Resources committee on 29th January 2020

These guidelines illustrate the procedures normally associated with sound financial management and administration within a school. The guidelines reflect a framework for the development of a sound system of financial management and should be read in conjunction with Finance Procedure Rules and Contract Procedure Rules, the Scheme for Financing Schools and the Local Cheque Book Procedural Manual (if applicable).