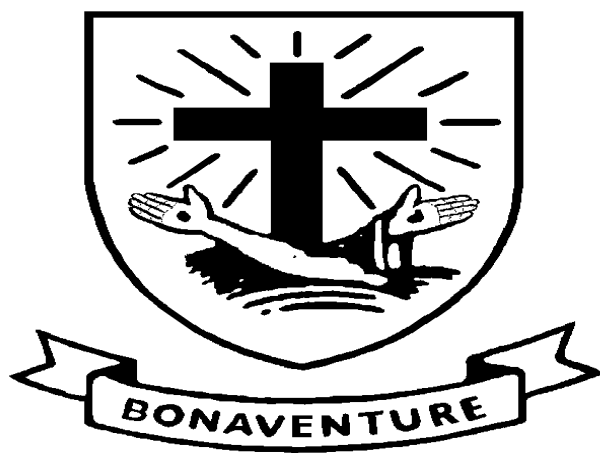


# **St Bonaventure's Catholic Primary School**



## **FINANCE POLICY AND PROCEDURE MANUAL**

ST BONAVENTURES CATHOLIC PRIMARY SCHOOL FINANCE POLICY AND PROCEDURE MANUAL		
Compiled by: Carol Simpson	Amended by:	
Approved by: Full Governors	Reviewed: 15.09.15	Next Review: Term 1 2016/17

Any underlined text in this document is hyperlinked to either another location in this document or to another document. These other documents may be located on the web for which internet access will be needed. Other documents are located in the same folder as this document which means they can be viewed without being connected to the internet.

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## INTRODUCTION

This document uses the fourteen key areas of financial management shown in the Office for Standards in Education (OFSTED) and the Audit Commission publication “[Keeping Your Balance](#)”. These areas provide the framework to produce a comprehensive school policy and procedure manual for the management and administration of financial resources in our school.

Good financial management and controls are essential in schools because they provide an effective mechanism for financial planning, accountability and safeguarding the use of public funds. Although the main goal for any school is to provide the best education possible for its students; control over a delegated budget brings with it a responsibility for financial stewardship. Keeping Your Balance has had wide circulation and is used extensively by schools, auditors and inspectors.

### The Standards

Many of the standards in Keeping Your Balance are based on legislation and others are based on accepted audit practice. The main purpose of the standards is to set out a framework of good practice to help schools establish and maintain robust financial systems.

The fourteen key areas of financial management are the same in all schools. The way in which these are implemented depends on the size and organisation of each school and the specific financial regulations with which a school must comply. The standards are:

<b>Governance and Management</b>	A	Governance
	B	Financial planning
	C	Budget monitoring
	D	Purchasing
	E	Financial controls
<b>Financial Operations</b>	F	Income
	G	Banking
	H	Payroll
	J	Petty cash
	K	Tax
<b>Assets and Security</b>	L	Voluntary funds
	M	Assets
	N	Insurance
	P	Data security

All schools that are funded through a local authority must ensure that their financial arrangements comply with the current financial regulations, standing orders and schemes of delegation issued by their local authority.

## **The Roles of Governors and Headteachers**

The governing body has a statutory responsibility for the oversight of financial management in all schools with delegated budgets and its role includes agreeing how the delegated budget is used. It is legally required 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](#).

This policy quotes the Keeping Your Balance standards in each section. When the standards refer to the term governing body, this is used to mean the full governing body or its committees, where responsibility can be delegated to a committee. Similarly, the term Headteacher is used to mean the Headteacher or other member of the school's staff, where responsibility has been delegated to that member of staff. This has particular relevance to schools where a Finance Manager, school business manager or school administrator undertakes much of the financial management.

The role and contribution made by Governing Bodies is explored in the DfES publication "[Governing the School of the Future](#)".



## **STANDARD A - 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. Effective governance stems from decision-making based on comprehensive and accurate information. Effective governance results in clear public accountability for performance. Weak governance reduces accountability, removes checks and balances and denies the school a potentially valuable source of guidance.

The governing body has a strategic role. This includes setting up a strategic framework for the school, setting up aims and objectives, setting policies and targets for achieving the objectives, reviewing progress and reviewing the strategic framework in the light of progress. The governing body 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 Local Authority's (LA) finance procedure rules and the scheme for financing schools. To carry out this role effectively, the financial responsibilities of the governing body, its committees, the headteacher and other staff need to be defined, communicated and understood. 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 also to be seen to be effective. The provision of clear minutes of decisions made by the governing body is one aspect of openness. Another is the maintenance of a register of business interests of all staff as evidence that private or personal interests do not influence decisions taken in the school.

## A1 Roles and Responsibilities

**“The roles and responsibilities of the governing body, its committees, the Headteacher and other staff in relation to financial decision-making and administration should be set out in writing”.**

The Governing Body are given their powers and duties as an incorporated body. The statutory responsibilities of the Governing Body are detailed in Section 21 of the Education Act 2002 and Regulations.

The role of the governing body is mainly strategic and to act as a “critical friend” to the headteacher. Although the Governing Body has a statutory responsibility for the oversight of most areas of school life, including financial management, responsibilities are often delegated to the head teacher, budget holders and a finance committee. Therefore there needs to be a clear definition and understanding of the roles and responsibilities.

A strategic role means the governors decide what they want the school to achieve and set the framework for getting there (the strategic framework). This means:

- setting suitable aims and objectives,
- agreeing policies, targets and priorities; and
- Monitoring and reviewing aims, objectives, and whether the policies, targets and priorities are being achieved.

Governing bodies should take advice on all this from the headteacher before taking decisions.

The following Financial Management Standards documents provide further information and advice on the roles of governors and school staff:

- [Role of the Governing Body](#)
- [Role of the Headteacher](#)
- [Guidance on the Roles of Governing Bodies and Headteachers](#)
- [Governing Body Financial Management Competencies and Qualifications](#)
- [Financial Management Competencies Matrix for School Governors](#)

Advice concerning the roles of Support staff are listed below:

- Role of the School business Manager and Administration
- [Staff Financial Management Competencies and Qualifications](#)
- [Financial Management Competencies for School Staff](#)

The following tables show detailed information concerning the duties undertaken by the.

	Head Teacher	School Business Manager	Admin Assistant, LSA Care taker	Administrators	Budget Holders
<b>Ordering of Goods &amp; Services</b>					
Authorising Purchase orders	✓	✓			✓
Raising external orders			✓		✓
Confirmation of available budget	✓	✓			
Authorising external orders> £6000	✓				
Authorising external orders< £1000		✓			
Printing and sending external orders			✓		
Requesting internal journal		✓			
Raising internal Journals		✓			
Authorising internal Journal		✓			
Paying internal Journal		✓			
Entering external invoices as received			✓	✓	
Obtaining Confirmation of Goods/Service Received			✓	✓	
Filing delivery notes			✓	✓	
Allocating external invoices to orders			✓	✓	
Certifying external invoices for payment		✓			
Writing petty cash cheques for staff		✓			
Signing petty cash cheques for staff	✓	✓			
Claiming petty cash reimbursements		✓			
Authorising and auditing petty cash reimbursements		✓			
Petty cash account reconciliations		✓			
Filing			✓	✓	
Checking Statements		✓			

	Head Teacher	School Business Manager	Admin Assistant,	Administrators	Budget Holders
<b>LMS Budget Income</b>					
Identifying sources of external funding	✓	✓			✓
Preparing and/or co-ordinating applications for funding	✓	✓			✓
Final approval for funding applications	✓				
Creating external debtor invoices			✓		
Authorising external debtor invoices		✓			
Creating external credit notes			✓		
Authorising external credit notes		✓			
Creating & sending internal supplier invoices			✓		
Recording school lettings (not sports)			✓		
Confirming booking of school lettings		✓	✓		
Banking LMS income			✓	✓	

	Head Teacher	School Business Manager	Admin Assistant,	Administrators	Budget Holders
<b>LMS Budget Monitoring and Adjustment</b>					
Budget construction	✓	✓			✓
Budget benchmarking	✓	✓			
Monitoring LA adjustments/allocations		✓			
Exception investigation & reporting		✓			
Code corrections		✓			
Income projections		✓			
Expenditure projections		✓			
Medium term financial forecasts	✓	✓			
Capitation Reports		✓			
End of Year – closing accounts		✓			
“Housekeeping” – investigating old incomplete orders on Pearsons		✓			
“Housekeeping” - investigating old received invoices on Pearsons		✓			
Dealing with problems arising from reports to Headteacher		✓			
Dealing with problems arising from reports to Governors		✓			

	Head Teacher	School Business Manager	Admin Assistant	Administrators	Budget Holders
<b>School Fund</b>					
Collecting school trip income from students and issuing receipts				✓	
Maintaining records of income received for each student			✓	✓	
Maintaining records of income and expenditure for each trip			✓	✓	
Obtaining quotes for transport and ordering transport for trips				✓	
School Journey Insurance for trips				✓	
Writing cheques for payment from school bank		✓			
Signing school bank cheques	✓	✓	✓		
Banking income			✓	✓	
Bank a/c reconciliations		✓			
Checking Statements		✓			
End of year – Closing Accounts		✓			
Supervising Audit of accounts		✓			

	School Business Manager	Admin Assistant,	Administrators	Budget Holders
<b>Asset Management</b>				
Inventory maintenance	✓			
Inventory audits	✓			
Inventory checks	✓			
Storage of important documents	✓			
Balance of risks insurance policy	✓			
Balance of risks insurance claims	✓			
Storing copies of external paid invoices	✓			

	School Business Manager	Care Taker	Administrators	Budget Holders
<b>Holiday Arrangements</b>				
Invoice processing during holidays		✓	✓	
Receipt of deliveries during holidays		✓	✓	
Reception during holidays				
Distribution of mail during holidays				
Posting mail during holidays				

## A2 Delegation

**“A finance committee should be set up to consider strategic financial issues on behalf of the governing body and its remit and membership should be reviewed annually”.**

The Governing Body of St Bonaventures Catholic Primary School has delegated some tasks and responsibilities to the Finance, Premises Health and Safety Committee. The Terms of Reference of this committee are shown below.

Major areas of responsibility:

- Finance
- Premises
- Health and Safety
- School Development Plan
- Write the school profile

- Organise Appeals Committees (Staff Discipline/Grievance or complaints against school)
- Prepare agendas for Full Governing Body meetings
- Ensure “Best Value” principles are applied in line with Fair Funding and other appropriate areas of school work.
- Oversee the School Self Evaluation procedures and on line SEF
- Oversee community use of our site and facilities.

## Policy Guidelines for Finance, Premises Health and Safety Committee

### A) **Planning**

#### **Policy**

- P1 To support the philosophy, aims and ethos of the school.
- P2 Consult all staff on matters of policy, which affect them.
- P3 To agree proposals for the Full Governors to discuss on significant aspects of the school’s work.

#### **Guidelines**

- G1 To review and recommend to the Governing Body policies and guidelines within areas of remit.
- G2 To make decisions and policies:
- a) on issues related to area of remit and within the policies and guidelines agreed by the Governing Body
  - b) In areas where responsibilities and policies of committees overlap where they cannot be resolved.
- G3 To co-ordinate policy recommendation made by other committees to the Governing Body.
- G4 To operate within the requirements of the relevant and appropriate legislation.
- G5 To consider LA guidelines and advice in relation to areas of remit and drawing up policies and guidelines.
- G6 To seek advice from bodies’ external from the school as and when appropriate.
- G7 To liaise with other committees of the Governing Body as and when appropriate.

- G8 To provide guidelines and update them on:
- record keeping and disclosure
  - admissions
  - school sessions and time
- G9 To prepare the school profile to parents with the support of the other committees.
- G10 To co-opt members as and when appropriate.
- G11 To provide from the Governing Body, if necessary, a panel to hear appeals.
- G12 To investigate the need to appoint a Headteacher or Deputy Headteacher whenever it proves necessary and report to the full Governing Body.
- G13 To oversee the compilation of the school development plan and SEF.

## **B) Premises, Health and Safety**

### **Policy**

- P1 To ensure that the school premises are maintained in satisfactory and acceptable condition for their purpose.
- P2 To ensure that the school environment is pleasant to live and work in for students and staff.
- P3 To have oversight of any major building projects.
- P4 To have oversight for the community using our site and facilities.

### **Guidelines**

- G1 To make decisions on behalf of the Governors within the policy and guideline agreed by the Governing Body.
- G2 **Health and Safety**  
Make decisions on behalf of the Governing Body about all matters relating to Health and Safety, to include:
- a) School health and safety policy
  - b) Bristol health and safety policy
  - c) The requirements of the relevant and appropriate legislation
  - d) Monitor health and safety issues related to premises.



**G3 Lettings**

- a) to decide and operate the school's letting policy
- b) to establish charges for lettings
- c) to monitor the lettings

G4 To plan the marketing and use of our site by the local community and keep the full Governing Body informed.

G5 To contribute to the school profile regarding Health and Safety issues.

**C) Finance**

**Policy**

To be responsible for the school's budget and to administer it as follows:

P1 In the best interests of students, ensuring each receives his/her entitlement.

P2 To ensure the efficient running of the school with due regard to the philosophy and ethos of the school.

P3 Operate according to relevant and appropriate legislation.

P4 Develop opportunities for generating income.

**Guidelines**

G1 Make recommendations to the Governing Body to determine the policy for spending.

G2 Assist the Headteacher in preparing the school's budget each year. Annually review the virement policy for the school.

G3 To approve the school's proposed budget plan each year.

G4 Ensure that spending plans support the delivery of the National Curriculum in the school in accordance with the Education Reform Act 1988 and the 1993 Education Act.

G5 To monitor that the school is receiving what it should from the LA.

G6 To plan the school's Expenditure over time on all aspects of its work to ensure a balance and invest in new resources to support curriculum innovation such as ICT or agreed whole school priorities.

- G7 Monitor control of the budget for:
- a) teaching and other staff
  - b) the day-to-day costs of premises
  - c) maintenance of the premises and site
  - d) Supplies and services.
- G8 Provide regular and accurate records of expenditure and income including information to be published in the Governors' Annual Report to Parents.
- G9 To monitor the school's procedures to ensure that accurate accounts are kept of spending.
- G10 Consider LA advice and guidelines in financial matters.
- G11 Comply with LA policy for Health and Safety.
- G12 To monitor the implementation of the budget and develop indicators with the Headteacher for "value for money" using the best value principles to appropriate areas of school life.
- G13 To ensure a register of pecuniary interest is maintained for all employees and governors of the school.

The FPH&S committee meets once a term and receives reports on behalf of the main governing body regarding all areas within its remit. All decisions made by the committee are reported to the subsequent meeting of the main governing body using the minutes. Membership consists of the Chair of Governors, Vice-Chair of Governors and the Chairs of the other two governor committees plus the Headteacher. The School Business Manager attends the meetings to provide information and advice to the governors.

The Financial Management Standards in Schools website has advice and guidance concerning [Governance and Accountability](#).

### **A3 Limit of Delegated Authority**

**"The governing body should establish the financial limits of delegated authority".**

Terms of Reference will include a Finance Policy which identifies which members of staff are empowered to take responsibility for functions within the powers delegated to the Headteacher by the Governors. The individuals exercising this responsibility may have financial limits on the extent of their actions. (Fin. Regs. 2.2).

Headteachers will be responsible for maintaining a current record of members of staff who are authorised to sign documents and have access to computerised financial systems. The record must also include levels of authority and limitations. If the school uses systems provided by the LA, copies of the approved authority forms submitted to the LA for this purpose are sufficient to create the record. (Fin. Regs. 2.4).

Delegation limits refer to thresholds above which the approval of the governors is needed before goods or services can be purchased or money can be vired between budget headings.

## Delegated Financial Responsibilities

Main Activity	Detailed Tasks	Responsibility of:
Planning the budget	Identify priorities with reference to the SDP	Governors/Headteacher
	Making recommendations and proposals	Headteacher
	Examine projections of spending	Governors
	Examining recommendations and proposals	Governors
Approving the budget	Deciding upon the annual allocations	Headteacher
	Deciding upon the parameters between percentage spending of each general area	Headteacher/SBM
Monitoring the budget	Regular reviews each month	Headteacher/SBM
	Collating information and presenting reports to the FGB or FPHSC	Headteacher/SBM
	Reviews of financial reports at least once a term	Governors
	Review of overall budget headings (benchmarking) annually	Headteacher/SBM/Governors
Virements	Deciding upon major virements in connection with annual allocations and in response to in-year budget variations	Governors/Headteacher
	Deciding upon minor virements in response to need during the course of the year	Headteacher/SBM
Reconciliation of accounts	Checking the completeness and accuracy of the accounts as shown on the budgetary control sheets, monthly income and expenditure summaries and the computerised accounting system	Headteacher/SBM
	Seeking clarification and initiating enquiries	Headteacher/SBM
Carry forwards, policy on and use of retained balances	Monitoring and identifying areas of overspend and under spend in the course of and at the end of the financial year	Headteacher/SBM/Governors
	Considering the implications of overspends and under spends for budget planning	Headteacher/SBM/Governors

Purchasing	Approving expenditure including long term and lease contracts.	
	For purchases of less than £10,000, best value principles are applied and quotations sought in some circumstances.	Headteacher/SBM/Governors
	There must be three competitive written quotations for purchases between £10,000 and £75,000.	HeadteacherSBM/Governors
	Any purchase greater than £75,000 must be made by tender.	Headteacher/SBM/Governors
Income Generation	Planning and initiating activities	Headteacher/SBM/Governors
	Incorporating projected income into budget planning	SBM

## A4 Financial Information

**“The governing body should agree with the Headteacher the minimum frequency, level of detail and general format of the financial information to be provided to it, especially in relation to budget monitoring reports”.**

The governing body’s role is strategic and the Governing Body or Finance Premises Health and Safety Committee should not receive reports of every item of expenditure. The governing body should receive reports at the level of broad areas of expenditure and a comparison of expenditure against the budget.

The Finance Premises Health and Safety Committee meet at least once every term. The School Business Manager provides a written report on financial matters. FPH&S Chair Is also provided with a monthly financial projection and information regarding current expenditure. All financial reports to Governors are based on guidelines issues from The Audit Commission and OfSTED.

The Internal Audit Section completes an extensive audit approximately every three years. The Full Governing Body is provided with End of Year Accounts from the School Business Manager.

## **A5 Minutes of all meetings**

**“Minutes should be taken of all meetings of the governing body and its committees and include all decisions and by whom action is to be taken”.**

The Clerk to the Governors or FPH&S Chair takes minutes at all Governors’ meetings and duly circulates them. They are agreed at the subsequent meeting and signed by the Chair of that meeting. All decisions and actions needed are recorded in the minutes.

## **A6 Pecuniary Interest**

**“The governing body should establish a register of business interests of governors, the Headteacher and any other staff who influence financial decisions. This should be open to examination by governors, staff, parents and the LA”.**

It is important for Governors and staff to not only act impartially, but is also seen to act impartially. The requirement for governors and staff to declare business interests is contained in paragraph 2.13 of the City Council’s [Scheme for Financing Schools](#).

The Headteacher maintains a Register at every meeting of Business Interests and asks governors to declare any interests. Staffs declare any Business interests on an Annual basis. When this is done the Headteacher also reminds staff to read the [Corporate Code of Conduct for Employees](#). Nil responses are requested and kept. A Register of Gifts and Hospitality is also maintained by the Headteacher. Details regarding the nature of business and personal relationships and acceptance of gifts which must be declared are stated in Section 3 of the [Schools’ Financial Regulations](#).

It is important that Governors and staff who exercise any influence on decisions made by the school must declare any interests which may create a benefit or advantage to them or their family or friends. For example, governors and staff must declare any links they have with local firms from whom St Bonaventures may purchase goods or services. Registers of pecuniary interests ensure potential conflicts of interest are known and provide some assurance that personal interests do not influence decisions made by governors or staff on behalf of the school.

A standing item at the beginning of every full governing body or governors’ committee meeting agenda must be an opportunity to declare an interest in any of the items being discussed or decisions made at that meeting.

Anyone who is concerned about the honesty of any decisions being made by governors or staff on behalf of the school can refer to the advice offered by the DfES [Whistle Blowing Policy](#). The City Council has its own [Whistleblowing Policy and Procedure](#) which should be followed in the event of any suspicious behaviour.

The City Council also has an [Anti Fraud and Corruption Strategy Policy Statement](#) which governors and senior staff should make themselves familiar with.

## **STANDARD B - FINANCIAL PLANNING**

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 improvement plan and the school's budget.

The school's improvement 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 improvement plan indicates the resource implications of each priority to guide decisions on the school's budget.

The school improvement 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 improvement plans to assess the success of each initiative to aid future planning.

A summary of the budget also needs to be included in the improvement plan so that there is a clear link between the school's priorities and spending plans. In particular the improvement plan should make clear where the impact in the budget spans more than one year.

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 be the financial expression of the school's improvement plan. It provides a coherent framework that 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 improvement 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 (preferably 3-4 years). 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 student numbers or to save for a large project.

The process of allocating the budget should not simply be an incremental process from one year to the next but should reflect, in monetary terms, the school's aims and objectives within the available resources. As the school improvement plan may lead to changes in priorities for expenditure in successive years, the emphasis should be on the objectives that the school wants to achieve rather than on the monetary inputs. Otherwise the governing body will be unable to assess whether requests for expenditure are warranted and in line with overall objectives and whether value for money is being obtained from the budget.

## **B1 Development and Budget Planning**

**“The school should have a school development plan (SDP) which includes a statement of its educational goals to guide the planning process”.**

The school development plan is a high level strategic planning document covering all the school's activities over a three year period. The development and implementation of the school's improvement plan is an integral part of the school's management and governance.

St Bonaventures creates a school development plan for each calendar year. It must state the educational priorities in sufficient detail to provide the basis for constructing budget plans for the next financial year. The SDP contains the following elements:

- A statement of school policy and objectives.
- Spending priorities for the current financial year.
- The budget for the current financial year.
- Allocation of any delegated budgets to named budget holders. Accountability is not assigned unless the staff member has genuine control over this expenditure.
- An evaluation framework for the effectiveness of spending priorities and new initiatives. For example outcomes and Key Performance Indicators.

It is essential for the school development plan to include summarised information from other, more detailed, strategic plans to show how the allocation of resources and the budget for the year supports the priorities identified in these plans e.g. asset management plan, premises plan, staff development plan.

The Financial Management Standards in Schools toolkit document [The School Development Plan](#) gives further advice and information concerning SDP's.

## **B2 Medium Term Educational and Budget Plan**

**“The SDP should cover in outline the school's educational priorities and budget plans for at least the next three years, showing how the use of resources is linked to the achievement of the school's goals”.**

The SDP should cover and outline the school's educational priorities and budget plans for at least the next three years, showing how the use of resources is linked to the achievement of the school's goals.

Schools are recommended to consider longer term budgeting to match the period covered by the improvement plan.



Local authorities are required to provide schools with a budget allocation for the coming year, plus an indication of what their budget will be for up to the two following years. In general, each multi-year period over which budgets are allocated and notified to schools will follow the pattern determined nationally by the Treasury's Spending Review cycle. So for example, in April 2012 schools would be in receipt of a budget for 2012/13 plus an indication of what their budget would be in 2013/14. A new three year Spending Review begins in April 2012 and schools will receive just prior to April 2012, budget information covering three years (2012/15). Prior to the start of each year within this multi-year period, the notified budget will be confirmed in order to finalise the actual allocation a school will receive for that particular year.

### B3 School Budget Plans

**“The SDP should state the school’s educational priorities in sufficient detail to provide the basis for constructing budget plans for the next financial year”.**

Improvement planning can be seen as a four- stage process as outlined below:

Improvement Planning as a Four Stage Process	
Stage 1 - Review	Examine the present situation and identify specific objectives for improvement in the next year and beyond
Stage 2 – Priorities	Identify by subject or category, specific priorities for the curriculum for the current and succeeding years
Stage 3 – Action Plan	Prepare an Action Plan
Stage 4 – Expenditure Forecasts	Review current resources to identify spending priorities. Identify resource changes/budget priorities for current year/future years. Expenditure forecasts will be considered by finance committee so that a budget can be set.

### B4 New Initiatives

**“Any new initiatives should be carefully appraised in relation to all likely costs and benefits and their financial sustainability before being approved by the governing body”.**

New initiatives should undergo a full cost benefit analysis before being approved by the governing body or relevant committee if powers are delegated.

Good options appraisal must:

- Be clear about what you are hoping to achieve – **Set clear objectives**
- Think about the different ways in which they could be achieved – **Generate a range of options**
- Assess the costs and benefits of the different options – **Assess cost effectiveness**
- Consider relevant risks and sensitivities and have contingency plans- **Prepare for optimistic and pessimistic scenarios**



- Consider what represents the most appropriate option and best value use of resources in line with objectives – **Chose well**

The school development plan should also state intended expenditure on continuing commitments, including a short commentary on any significant changes from the previous financial year

The Financial Management Standards Toolkit includes advice concerning [Options Appraisal](#).

## B5 Continuing Commitments

**“The SDP should also state intended expenditure on continuing commitments, including a short commentary on any significant changes from the previous financial year”.**

Recurring annual financial commitments are costed by the School Business Manager and reported to the FPH&S Committee during the budget formulation process. An example would be where additional support is provided to improve educational attainment. This may include additional staffing costs which would be ongoing (i.e. a commitment in future years). This may result in changes to the staffing budget from the previous year.

## B6 Financial Planning Timetable

**“A formal timetable and procedures should be drawn up for constructing the SDP and budget to ensure that the governors have time to consider all relevant factors”.**

Month	Milestone	Comment
April	Formula Allocation	<b>Baseline</b> for funds allocated to the school for the financial year.
April	Budget Construction	Draft Budget reviewed by FPH&S committee Final budget calculated by School Business Manager and Headteacher. Zero base for salaries. Known cost for contracts. Budgets based on actual costs or historical spending patterns for remaining commitments. Amendments due to Chancellor of the Exchequer's budget statement.
May	FPH&S Committee meeting	Final budget presented by Headteacher and School Business Manager to governors for approval. (Approved budget forwarded to the LA before 31 <sup>st</sup> May – Fin. Regs. 5.1).
June	1 <sup>st</sup> Quarter Outturn estimate	Inflation added to budget (if necessary) Teacher and Support staff pay inflated Teacher's threshold reviews.

June	FPH&S Committee meeting	Monitor and review budgets as at 1 <sup>st</sup> Quarter outturn estimate.
September	2 <sup>nd</sup> Quarter Outturn estimate	Review increments and threshold payments Review cost of building works Contracts inflated (cleaning, grounds etc)
November	FPH&S Committee meeting	Monitor and review budgets as at 2 <sup>nd</sup> Quarter outturn estimate. Review and order fair funding services. Benchmark previous year's budget.
December	3 <sup>rd</sup> Quarter Outturn Estimate	All expenditure in all budgets is reviewed. An estimate of the unallocated funds to be carried forward into the subsequent financial year is calculated (Fin. Regs. 5.3).
January	Benchmarking	Comparison and investigation of overall or specific budgets following governors meeting in November. Results may influence construction of new budget.
February	Closing Accounts	Final financial processing for the year including "housekeeping" accounts to cancel duplicate records, invoices, orders etc. Close orders relating specifically to the old financial year.
March	End of Year Accounts (including actual outturn income and expenditure)	Prepare schedules of payments in advance and receipts in advance, creditors and debtors schedules. Provides a much more accurate estimate of contingencies and/or unallocated funds to be carried forward into the subsequent financial year
March	FPH&S Committee meeting	Review projected outturn expenditure for current year and consequent estimated carry forward into new year. Receive draft budget from Headteacher and School Business Manager.

This timetable covers the whole planning process, including both the SDP and the budget. The timetable ensures that governors are provided with the information they need to evaluate the options, which will form the basis of the SDP and budget.

The timetable maps information requirements and allocate responsibilities to staff where their input to the budgeting process is required.

Information requirements may involve analysing any benchmarking information provided by the Council, DfES, Audit Commission or School Business Manager.

## **B7 Link between the Budget and School Development Plan**

**“There should be a clear, identifiable link between the school’s annual budget and its development plan”.**

It should be possible for anyone reading the SDP to locate in the budget for the same year the proposed expenditure for continuing commitments and new initiatives. The exercise of linking the two documents is intrinsically useful as it forces consideration of how improvements are to be funded, thus ensuring that the budget and the SDP relate to each other. There is no one-way of linking spending priorities with the budget. New initiatives will often span several budget heads and details will usually be stated within detailed and fully costed Premises or ICT development plans or in the case of Staffing Issues, represented or agreed at Staffing Committee.

## **B8 Financial Planning for Solvency**

**“The school’s budget should be based on realistic estimates of all expected expenditure and income, including grant income, so that planned expenditure does not exceed the available budget”.**

In setting their budget schools need to consider not only the level of carry forward but also the level of in-year contingency. Just as the level of carry-forward will vary according to individual school’s needs so will the level of in-year contingency. The contingency itself should be constantly reviewed during the year to ensure this is fully spent unless a particular need is identified and recorded to meet a specific purpose in a future year.

The budget setting process is:

**Step 1 Estimate Income** - Based on School Census, plus estimates for Standards Funds, Lettings, Community and Extended School activities Income

**Step 2 Estimate Staff Costs** – Based on a staff salary calculator taking account of known retirements, responsibility allowances, increments etc.

**Step 3 Estimate Operational Expenditure** – Based on known cost trends for utilities, insurances, supplies and Extended School activities etc.

**Step 4 Allocate Curriculum Budgets to Departments** – Use a transparent formula to equitably allocate funds in line with need and school priorities

**Step 5 Identify ICT Developments** – Start with priority 1 item from the ICT Development Plan. If funds allow move on to priority 2 items and so on

**Step 6 Identify Premises Developments** – Start with priority 1 item from the Premises Development Plan. If funds allow move on to priority 2 items and so on

**Step 7 Plan the Use Of Standards Funds** – Where the items have not been picked up in steps 5 and 6 above

**Step 8 Verify Planned Levels of Unspent Balances** - Ensure the resulting annual surplus or deficit is in line with plans to either recover from an overall deficit position or build up unspent balances to fund future development plans

The available budget constitutes St Bonaventure's delegated budget for the year adjusted for any surplus from the previous year, income receivable, provisions for pay or price increases and other contingencies St Bonaventure's School would be required to obtain explicit Council approval if it were to set a Deficit Budget. Procedures for setting a deficit budget are detailed in the Councils Financial Regulations.

In practical terms, realistic budgeting means St Bonaventure's considers what was spent last year, adjusting for inflation/pay increases and any planned changes in provisions due to growth in student numbers. Realistic estimates are just as important for the income side and are based on student number projections and anticipated other income, such as lettings income. Where there is uncertainty in estimating likely income i.e., Lettings income, St Bonaventure's has erred on the side of caution. Our other main source of income is from the Learning Skills Council and cautious but realistic estimates are also possible using the Real Terms Guarantee funding method.

## **B9 Review of School Budgets**

**“The governing body should ensure that the main elements of the school's budget are periodically reviewed to ensure that historic spending patterns are not unhelpfully perpetuated”.**

Income and expenditure budgets should not just follow historic patterns of expenditure but should reflect the current needs. All budgets are reviewed at the beginning of the budget cycle and then on a regular basis. These reviews' ensure St Bonaventure's is complying with the 'challenge' element of best value. In addition to these exercises, benchmarking the budget is used to see if St Bonaventure's budget is in line with similar schools. The Financial Management Standards Toolkit had advice concerning [benchmarking](#).

## **B10 Budget Profiling**

**“The School Business Manager should profile the budget and forecast cash flow to take account of likely spending patterns”.**

Expenditure in budgets such as energy can be profiled to account for higher energy consumption in the winter months and the Free School Meals budget accounts for lower take up from May to July. Profiling produces more accurate budget monitoring: a budget deficit in a particular month may be the product of a one-off expenditure item. Conversely, a surplus may merely reflect clustering of expenditure in future months.

## B11 Planned Carry Forwards

**“Any budget surpluses should be earmarked for specific future needs to ensure that students benefit from a planned approach to spending that does not deprive them of resources in a given year”.**

There are many reasons for schools having carry forwards. Any organisation operating to cash limits is well advised to give consideration to whether or not it needs some level of reserve. In addition formula budgets do provide the opportunity to accumulate funds for specific projects. However funds put aside from a given year's budget for no particular purpose will be at the expense of the resources available for the education of the current students.

The planned level of balances should be the product of a conscious decision formally approved by the governors and linked to the school's improvement plan. Governing bodies should be fully aware of the actual and budgeted levels of carry-forward of schools. Governors should be given the information to make considered judgments taking account of all the circumstances about the level of carry-forward for which they are budgeting.

The practice of holding balances as 'reserves' which are not included as part of the annual budget making exercise is not appropriate. By including balances in the annual budget making, schools will ensure that balances are properly linked into the School Development Plan and are not simply held as unspecified contingency funds.

Inevitably during the year actual levels of balances will tend to deviate from the plan because of unforeseen factors. The level of balances should therefore be constantly reviewed:

- In producing the medium term budget
- In determining the annual budget
- At the start of the spring term (when schools have a good idea of any expected surplus in the current financial year)

It is important that balances built up through cautious budgeting should be addressed by longer term planning. This will ensure a realistic level of balances is held to meet future financial pressures.

The planned use of all funds carried forward should be clearly documented in the governing body minutes.

Governors are informed about the intended use of all money carried forward in balances. Governors have decided to aim to build a general contingency of £100,000 into the delegated budget. The carry forward fluctuates from year to year because of outstanding committed expenditure from one year to the next and the cash flowing of receipts (income).

## **B12 Approval of the Budget**

**“The governing body should approve the school’s budget and SDP after careful consideration and before the beginning of the relevant financial year”.**

The governing body, through the FPH&S Committee, is involved at an early stage in planning the budget for the next financial year.

It is important to ensure that the reports given to governors to enable them to determine the annual budget provide the governors fully with the information needed. It is also particularly important to bear in mind the projected level of the school’s carry forward.

Formal approval of the budget must be recorded in the Minutes of the relevant Governors' meeting. Where the schools budget has not been finally determined, approval before the beginning of the relevant financial year will have to be based on provisional figures.

The FPH&S Committee approve the budget each May. The budget is presented to the Full Governing Body for its approval at the next subsequent meeting.

## **B13 Submission of the Budget to the LA**

**“The School Business Manager should promptly forward details of the approved budget and any subsequent budget changes to the LA”.**

The Scheme for Financing Schools requires governing bodies to submit the approved and signed budget by 31<sup>st</sup> May each year. The LA has on line access to the school’s accounts and may interrogate them at any time.

## STANDARD C - BUDGET MONITORING

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. It allows governors, the headteacher and staff to maintain financial control by reviewing the current position and taking any remedial action necessary. But budgets are not set in stone. The original budget may need updating, following discussion within the finance committee and / or governing body to take account of in-year improvements. If this is done it is important to retain a copy of the original budget to support future budget construction.

Careful monitoring of the budget also provides a mechanism to hold budget holders to account. This applies both to the use of devolved budgets within the school and to the way the school's resources are being managed.

Budget monitoring involves producing periodic monitoring reports and drafting proposed plans of action to tackle any significant variances. This process should be carried out at all levels to include all budget elements and grants. Expenditure on individual initiatives should also be tracked to enable the school to assess their cost and effectiveness against the criteria set out in the school improvement plan. By receiving regular reports, the governing body can feel secure about the way their decisions are being implemented and take action on a timely basis where it is needed to bring about changes. In this way, budget monitoring becomes an important guide when setting the budget for the following year.

By ensuring expenditure is monitored throughout the year and recorded correctly, the final accounts can be produced quickly and accurately in accordance with the legislative framework. Local authority accounts, by regulation, have to be finalised within three months of the financial year end (31st March). This means that schools accounts need to be completed by the end of April.

### C1 Budget Monitoring

**“The School Business manager should produce monthly budget monitoring reports for income and expenditure, including sums committed but not yet paid and outturn forecasts, against the approved budget. These reports should be reconciled with the LA's and, where necessary, the school's accounting records”.**

The School Business Manager produces monthly budget monitoring reports for the Headteacher and Deputy Head they discuss the report at a meeting on the first Monday each calendar month.

The report includes a quarterly outturn estimate to highlight any variance from the original budget. Reasons for variances to the original budget could be additional funding, in year (retrospective) adjustments, unexpected building repairs, staffing changes and student retention and recruitment. As a result of this a narrative report is also prepared for governors explaining the changes that have occurred since the last report.

The budget report includes an estimate of the carry forward at the end of the financial year. Governors are consulted on how to allocate any surplus above the agreed general contingency.

The School Business Manager issues printed budget management reports to all budget holders (Where Applicable) by the 2nd week of the subsequent month and will include up to date internal charges such as internal journals or invoice payments. This ensures budget reports are both timely and current.

The School Business Manager can access Pearson's financial system at any time during the working day from school to monitor, review and amend the budget. It is possible to print reports direct from Pearson's itself or download data directly into Excel to present the information in a clearer way including the use of charts.

The Financial Management Standards Toolkit contains advice and guidance regarding [Budget Monitoring and Reporting](#), [Guide to Preparing Budget Monitoring Reports](#) and [Multi-year Budgets](#).

## **C2 Presentation of Budget Reports**

**“The School Business Manager should provide budget monitoring reports to the FPH&S committee at least once a term. These should show any significant variances against the budget with explanatory notes and, where necessary, remedial action plans including virements”.**

A good budget monitoring report should:

- Provide the right level of details for its audience
- Show actual and committed expenditure
- Compare expenditure to budget and explain variances
- Be presented at every meeting of the finance committee or governing body
- To Include regular update of forecast outturn for the year

This ensures the most up-to-date financial position of the school is being reported. Appropriate working papers must be maintained to support all financial statements.

Where there is a significant variance, an action plan should be drawn up to address the issue(s). Where an overspend is projected this may involve:

- Canceling expenditure or re-assessing the specification of a project to meet available resources.
- Deferring expenditure for consideration as part of the next Policy and Expenditure Review.
- Absorbing additional costs by virement of resources from elsewhere within the approved resource centre budget.
- Schools must have a written set of rules regarding virement indicating who has authority to vire budget and at what level. Virements must be actioned when the need arises to ensure that decisions are made on the most accurate and up-to-date



budget information. They must be recorded for future reference so that there is a clear trail from original to revised budget.

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- Generating additional income or other sources of funding.

Reports to governors must show both original and revised budgets against actual expenditure. Commentaries must summarise the reasons why revised and original budgets differ and why actual expenditure differs from the revised budget.

The School Business Manager produces each term budget monitoring reports to Governors for income and expenditure, including sums committed but not yet paid and outturn forecasts against the approved budget. The reports are presented at each meeting of the FPH&S Committee, by the School Business Manager these reports are in turn presented to the Full Governing Body.

### **C3 Monitoring SDP**

**“The Headteacher should monitor expenditure on the initiatives set out in the school development plan”.**

The whole school budget is split into Delegated (LMS) and Devolved Capital budget heads. The LMS budget is further delegated to a range of Budget Holders. In this way the global budget can be monitored as well as sums of money allocated to specific initiatives or projects.

The financial reports should also include specific reference to the school development plan performance against the expected outcomes which may not be of a financial nature.

### **C4 Budget Holders**

**“If budget elements have been devolved, departmental budget holders should receive and review monthly reports comparing the amount spent or committed to date against their budgets. The School Business Manager should monitor these reports periodically and take action where necessary”.**

The School Business Manager Prints detailed budgetary control reports from the City Council’s corporate financial management system (Pearsons) every month. These reports are supported by additional financial information which includes the status or origin of the amount:

Each item includes some basic information about the transaction - a description, order number, supplier. More information about these items is available from the Finance Team.

Any uncertainty or discrepancy regarding the budgetary control reports should be addressed to the School Business Manager.

All departmental financial records must be kept for the old year plus the current year within budgetary control financial information pack folders provided to all budget holders. This is to enable internal audit to check the accounts when they undertake an audit.

The School Business Manager has also prepared comprehensive advice for [Departmental Budget Holders](#) which is contained within the information packs. An example of the new summary report is shown below:

<b>ST BONAVENTURES SCHOOL- CAPITATION ACCOUNT SUMMARY: Sample Report</b>					
<b>Period: 1<sup>st</sup> April xxxx – 30<sup>th</sup> June xxxx</b>					
<b><u>Summary</u></b>	Budget	Exp to date (Exclu Commits)	Commitments To Date	Exp to Date (Inclu Commits)	Remaining Balance
Allocation	17000	0	0	0	17000
Expenditure	17000	7000	752	7752	9248
<b>Surplus/Deficit</b>	<b>0</b>	<b>7000</b>	<b>752</b>	<b>7752</b>	<b>7752</b>
<b>INCOME</b>					
Allocation	17000	0	0	0	17000
<b>EXPENDITURE</b>					
<b>Supplies and Services</b>					
Educational equipment & Materials	5000	2000	700	2700	2300
Educational Visits	2000	0	0	0	2000
Subscriptions & Memberships	1000	0	0	0	1000
Books – Curriculum	3000	2500	52	2552	448
Hire of Equipment - Curric	6000	2500	0	2500	3500
<b>Sub Total Supplies &amp; Services</b>					
<b>TOTAL EXPENDITURE</b>	17000	7000	752	7752	9248

## C5 Cheque Book Schools

“In schools with bank accounts, the Headteacher should produce monthly cash flow forecasts to ensure that the school does not go overdrawn”.

St Bonaventure’s is not a cheque book school and therefore the need for cash flow forecasts is not required for this purpose.

## STANDARD D - PURCHASING

Because we are using public funds, it is vital that school achieve the best value for money we can from all our purchases, whether they are for goods or services. In this context, value for money is about getting the right quality at the best available price and through the most efficient process. This often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account, associated costs such as running costs, ongoing support and maintenance.

Increased delegation to schools has lent even greater significance to the contracting element of this area as schools now have greater control over spending decisions. It is important that contract specifications contain detailed service and quality provisions to ensure goods and services are fit for purpose and that potential costly risks are managed.

Many of the standards in this section are there to protect individuals and to ensure that public money is spent without any personal gain. Proper purchasing procedures also prevent waste and fraud. The governing body needs to know to whom it has designated authority to purchase and be confident that they are carrying out the task effectively. Most schools will already have set up a process that tracks purchases through from requisition to payment and encapsulates many of the standards in this section. Schools need to be aware of the implications for interest payments of the Late Payments of Commercial Debt (Interest) Act 1998.

The principles of Best Value are known as the four C's:

- Challenge – involves questioning why, how and by whom activities are carried out
- Comparison – of performance against other schools and between parts within each school e.g. benchmarking
- Consultation – with stakeholders, especially students, parents and staff about key issues and to foster partnership working
- Compete – means using competition as a means of securing more efficient and effective services

### D1 Value for Money

**“The school should always consider price, quality and fitness for purpose when purchasing goods or services”.**

ST Bonaventure's will want to achieve best value for money from all of their purchases. This means getting what is needed in the correct quality, quantity and time at the best price possible and via the most efficient process. Although price is not always the overriding factor in deciding which supplier to use, it is an important one. There are various ways of establishing whether the prices being obtained are competitive.

Schools must ensure that the market has been tested in the case of all purchases other than those below a specified minimum. Procurement Services have already tested the market and have arranged for the supply of a wide range of goods, materials and services.

Buying from a new and/or unvetted supplier is more costly in terms of set up and may increase the risk of problems as compared with dealing with an approved or established supplier.

Sourcing costs (finding suppliers able to provide the goods and services required to the right standards and timescale) are hidden costs of purchasing from new suppliers and can turn what looks like a low quoted “price” into a very expensive purchase.

Obtaining competitive quotations or estimates involves the school asking several suppliers to provide a written quotation of how much they would charge for the goods or services required.

St Bonaventure’s will always consider price, quality and fitness for purpose when purchasing goods or services.

## **D2 Delegated Expenditure Limit**

**“Prior approval from the governing body should be obtained for all expenditure above a predetermined limit”.**

Prior approval from the FPH&S committee must be obtained for all expenditure above £6000. In an emergency the Headteacher may contact the Chair of Governors and Chair of the FPH&S Committee to seek approval to commit expenditure in excess of £6000. Any approvals given in this manner must be reported to the next meeting of the FPH&S Committee and duly recorded in the minutes.

## **D3 Competition Thresholds**

**“Three written quotations should be obtained for all expenditure above a predetermined limit unless it is impracticable to do so. In such circumstances, the reasons for not doing so should be reported to the governing body”.**

Bristol City Council’s [Financial Regulations for Schools](#) says “This procurement policy must be applied to contracts in excess of £2,500 in value as defined in paragraph 7.3. Below £2,500 Headteachers have responsibility to ensure that arrangements are in place so that the School’s interests are protected and it obtains value for money. Schools may apply the requirements to transactions of lesser values in particular circumstances if they choose”. (Fin. Regs.)

“If the value of the contract is estimated between £2,500 and £75,000, the Governing Body must invite at least three competitive written quotations”. (Fin. Regs 7.15(a)).

“If the value of a contract exceeds £75,000 tenders must be sought. There are two options either by using a select list or open advertisement. Open advertisement is not generally recommended because of the checks that have to be applied to the applicants before the contract can be awarded”. (Fin. Regs 7.15(b)).

“If the value exceeds the limits in any of the EU Procurement Directives notice should be given in the Official Journal of the European Community. The limits are Goods, Supplies and Services £154,477 and Works £3,861,932”. (Fin. Regs 7.15(c)).

These requirements are waived if the school is using contracts arranged by:

- a. the LA,
- b. other departments of the City Council,
- c. other consortia operated by a local authority or
- d. A purchasing agreement established by central government which offers value for money.

#### **D4 Not Accepting the Lowest Quotation**

**“Where a quotation other than the lowest is accepted, the reasons for this decision must be reported to the governing body and included in the minutes of the relevant meeting”.**

“Every invitation to tender or quote must state that the Governing Body is not obliged to accept the lowest price. However, if the Governing Body does not accept the lowest price or determines to disqualify an applicant for reason of previous performance, the details and reasons will be recorded and approved in the minutes of the Governing Body”. (Fin. Regs. 7.18).

#### **D5 Tendering Threshold**

**“All purchases estimated to exceed a predetermined amount should be put out to tender”.**

St Bonaventure’s complies with the City Council’s [Financial Regulations for Schools](#) regarding tendering procedures. The previous section D3: Expenditure Limits, state the values at which various procurement procedures must be followed.

#### **D6 Contracts**

**“Contract specifications should define the service to be provided in terms of its nature, quality standards, information and monitoring requirements and contract review procedures”.**

A well written contract specification is the best way for St Bonaventure's to ensure that it receives the service it was expecting. It is the basis on which St Bonadventure's can seek redress for service quality or quantity if it falls below the level specified and therefore provides a framework against which the success of the contract can be measured.

A contract specification should contain the following elements:

- Contract duration
- Definitions
- Contract objectives
- Services to be provided
- Service quantity
- Service quality standards (could include customer satisfaction surveys, number of user complaints, inspection checks)
- Contract value and payment arrangements
- Information and monitoring requirements
- Procedure for dealing with disputes
- Review and evaluation requirements

## **D7 Capital Contracts**

**“The school should not enter into any financial agreement with capital implications without the approval of the LA or appropriate body”.**

St Bonaventure's will inform the LA of any proposals to finance capital works from our delegated revenue funds. This information is required to ensure that the expenditure is properly identified in the LA's accounts.

“Leasing is a convenient means of acquiring the use of assets and spreading the cost over their life in return for a charge which includes the cost of the finance. Finance leases count towards the City Council's approved allocation of capital expenditure.... Because this allocation is limited, schools must consult with the Financial Management Section of the Central Support Services before they enter into any leasing arrangement”. (Fin. Regs. 8.1).

## **D8 Use of Purchase Orders**

Staff wishing to purchase goods from any supplier, including Consortium or the LA, must complete a Purchase Order form. You must state on the form the department Object and expenditure code to be charged. The Purchase Order Form must be authorised by a budget holder.

1. Obtain a Purchase Order Form from the staff notice board, outside of the Admin Office or online. Complete the form including your name, department, date and the account to be charged. The name, address and post code of the supplier is required. Fill in the description, item codes, quantity required and prices on the form.
2. Sign within the personal details section if you are not the Budget Holder. Ask the Budget Holder to authorise the request. **WE WILL NOT PROCESS ANY PURCHASE ORDER FORMS WITHOUT THE BUDGET HOLDER'S AUTHORITY.**
3. Send the form to the School Business Manager for processing.
4. The balance remaining in the account to be charged will be checked to ensure there are sufficient funds to cover the cost of the order.
5. An order number will then be allocated and order is entered into the Corporate Financial Management System.
6. The Order is placed with the supplier by the admin team/LSA.
7. All Ordering of goods and services will be carried out by the Admin or nominated LSA team. All staff will need to complete Purchase order forms.
8. Admin or nominated LSA will be responsible for checking and notifying staff when the items have been received. Admin or nominated LSA will arrange for these items to be delivered to the designated areas as per staff instructions.
9. The Care Taker will be responsible for the delivery of items to departments as per Admin or LSA instructions, unless Admin or nominated LSA instruct staff to collect items direct from the Admin office.
10. All goods to be returned will be coordinated by the Admin or LSA Team.
11. All queries concerning the status of an order will be coordinated by the Admin Office.

It is important that this procedure is followed because written orders ensure that St Bonaventure's has a precise record of what has been ordered which can then be compared against delivery. St Bonaventure's uses the Bristol City Council Corporate Financial Management System (Pearsons) which issues pre-numbered orders to deter fraudulent orders.

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Admin or nominated LSA can view all pre-numbered orders on Corporate Financial Management System ( Pearsons).

**WARNING - IF THIS PROCEDURE IS IGNORED THE SCHOOL MAY NOT ACCEPT RESPONSIBILITY FOR PAYMENT OF THE GOODS. THE PERSON ORDERING THE GOODS WILL BE RESPONSIBLE FOR EITHER THE RETURN OF OR PAYMENT FOR THE GOODS. ONLY THE HEADTEACHER AND BUDGET HOLDERS HAVE BEEN DELEGATED WITH THE RESPONSIBILITY TO AUTHORISE ORDERS.**

#### **D9 Orders for School Purposes Only**

**“Orders should be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods or services for their private use”.**

Copy orders must be kept and filed in a logical way.

#### **D10 Authority to Sign Orders**

**“All orders must be signed by a member of staff approved by the governing body and the school should maintain a list of such staff”.**

All orders entered onto Pearson Finance System can only be authorised on line by the School Business Manager In an emergency see provisions in standard D3.

#### **D11 Order Checking**

**“The signatory of the order should be satisfied that the goods or services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary”.**

Whoever is authorising an order must be aware of the needs of the school, what funds are available to spend, and the rules about procurement processes. This underlines that it is preferable for budget holders to authorise orders.

Schools must ensure that before an order is placed sufficient budgetary provision exists to meet all the costs associated with that order including continuing future costs.

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## **D12 Orders Recorded as Commitments**

**“When an order is placed, the estimated cost should be committed against the appropriate budget allocation so that it features in subsequent budget monitoring”.**

When an order is placed, the actual cost or estimated (if not known) is committed against the appropriate budget in Pearson as being committed spending. This reduces the risk of overspending.

## **D13 Checking Goods Received**

**“The Admin or Nominated LSA team check goods and services on receipt to ensure they match the order and the Central Order tracking system should be receipted accordingly”.**

The person requesting the goods should check them on receipt to ensure they match the order and the delivery note should be marked accordingly. Delivery notes will be retained by the Admin team with the copy of the order.

## **D14 Payment Checking**

**“Payment should be made within time limits specified in law for the payment of debts and only when a proper invoice has been received, checked, coded and certified for payment”.**

All invoices received by the school must be sent to the Admin or Nominated LSA. The invoice will then be entered into Pearsons, copied and the following checks performed:

- Correct accounting treatment of VAT
- The invoice is correctly coded
- Discounts are taken where available
- Receipt of goods or services, cross-referenced to the order number
- Expenditure has been properly incurred and that payment has not already been made
- Prices accord with quotations, tenders, contracts or catalogue prices and arithmetic is correct

After this is completed, the invoice will be certified for payment by the School Business Manager if she is satisfied the procedures have been followed correctly.

The Admin Team will not pay when presented with a photocopied invoice (unless it is confirmed that it has not been paid before and marked 'Copy Invoice, Not Previously Passed for Payment' and initialled by a member of the Admin Team) or a statement from a supplier.

### **D15 Authority to Pay Invoices**

**“Budget Holders approved by the governing body should certify invoices for payment. This should be neither the person who signed the order nor the person who checked the receipt of goods or services”.**

The member of staff who ordered the goods must initial the invoice to verify that the goods or service has been received and that they are satisfied with what they received.

The School Business Manager will then certify invoices for payment. This should be neither the person who signed the order, nor the person who verified the receipt of goods or services.

### **D16 Record of Signatories**

**“The school should maintain a list of staff authorised to certify invoices for payment. Where the payments are made by the LA on behalf of the school, the names of authorised staff, together with specimen signatures, should be forwarded to the LEA”.**

The School Business Manager certifies invoices for payment on line using the Pearson Finance System. Hard copies of all orders are kept by the Admin Team together with copies of invoices which have been passed for payment against each order.

### **D17 Storage of Paid Invoices**

A copy of every invoice is made when it is received. It is filed with the order. All invoices paid through the City Council's Creditors Section are Scanned.

## STANDARD E - FINANCIAL CONTROL

Schools operate many financial processes. These extend from petty cash to purchasing, through payroll and contracting services to income collection. The processes are important for two reasons. Firstly, they ensure information to staff and governors about how the budget is being spent are accurate. Governors are then able to make use of this information to guide their decision-making. Secondly, they serve to protect the school's resources from loss or fraud.

By building internal financial controls into processes, governors and staff should be confident that transactions will be properly processed and that the risk of errors or fraud will be reduced and detected quickly should they occur?

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;
- Process manuals – clear, readable descriptions of how processes work and who does what;
- An audit trail – this tracks all stages of a transaction, for example from copy order to receipt to invoice, to accounts, to cheque, and in reverse. This can act as a control in its own right.
- Reconciliations
- Checking financial reports

These controls are there to safeguard staff and governors alike. They ensure that:

- Payments are made and income accounted for in accordance with HM Revenue and Customs Regulations
- Payments are made only to bona-fide employees and suppliers;
- Payments are made only for goods and services actually received;
- Cash transactions, whether income or petty cash expenditure, are secure in all respects;
- Proper records are kept for management information and for accountability purposes;
- Value for money is achieved.

This means that clear and well-organised records are needed. For security, erasing information and the use of correcting fluid are not acceptable practices.

Often the very small number of teaching and administrative staff means that it is not possible to achieve the situation described by the standards. In such cases it is always helpful if the school's approach to the standard is documented and that there is an increased level of supervision.

## E1 Recording Systems and Procedures

**“The governing body should ensure that the school has written descriptions of all its financial systems and procedures. These should be kept up to date and all appropriate staff should be trained in their use”.**

All schools must have written procedure manuals indicating procedures and responsibilities of staff, i.e. how, when and by whom procedures are to be carried out. Once completed the school's own Manual should be discussed and formally adopted by the governing body.

This policy and manual constitutes is the written record of financial systems and procedures in use at St Bonaventure's School which has been approved by the Governing Body. Its contents must be approved by Internal Audit since “Headteachers must consult with the LA to ensure that proposals to amend financial systems and procedures do not lead to the weakening of controls or duplication of existing accounting systems”. (Fin. Regs 2.5).

The procedures contained in this document comply with Bristol City Council's [Financial Regulations for Schools with Delegated Budgets](#). These Regulations take precedence over any system or policy prescribed by the Governing Body. “Failure by individual employees to comply with Financial Regulations, or instructions issued under them, will constitute misconduct”. (Fin. Regs. 1.3).

The school accounts may be audited at any time by the Internal Audit Section of the City Council. In order to complete their investigations they may enter the premises and require the presence of any member of staff, information and explanations they deem necessary.

The Governing Body will complete and return to the LA a Controls Assurance Statement each year. Advice regarding the statement is contained within this document: [Controls Assurance Statement Guide](#).

## E2 Financial Control during Absences

**“The Headteacher should ensure that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing”.**

The actions to be taken during periods of absence of key members of staff should be clearly laid out in the school's Manual of Internal Financial Procedures. This is particularly relevant to school holidays. The School Business Manager ensures that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing.

### **E3 Shared Responsibilities**

**“The School Business Manager should ensure that duties related to financial administration are distributed so that at least two people are involved. The work of one should act as a check on the work of the other and all checks should be fully documented”.**

The School Business Manager must ensure that the responsibilities of staff concerned with finance are, as far as practicable, distributed to provide an adequate separation of duties so that effective control is maintained. The following principles should be observed in the allocation of accounting duties:

- a. Responsibility for providing details of, calculating, checking and recording of sums due to, or payable by, the school shall be separated as completely as possible from responsibility for collecting income or authorising expenditure.
- b. Employees responsible for examining or checking records of cash transactions shall not themselves be engaged in any of those transactions. (Fin. Regs. 2.3)

The separation of duties between the School Business Manager and Admin Team are shown in standard A1. These ensure that duties related to financial administration are distributed so that at least two people are involved. The work of one should act as a check on the work of the other and all checks such as bank and petty cash reconciliation are documented and checked by the School Business Manager who is independent of these activities.

### **E4 Document Retention**

**“The school should maintain proper accounting records and retain all documents relating to financial transactions for at least the period recommended by the LA”.**

“Headteachers must ensure that records and systems are properly maintained and carry out independent checks to ensure compliance”. (Fin. Regs. 2.6).

St Bonaventure’s maintains proper accounting records and retains all documents relating to financial transactions for at least the period recommended by the Council, (this can be six years). These documents are stored in Archives. The school uses the Bristol City Council Pearson Financial Management System for the management of delegated funds at the school. A comprehensive Corporate Finance Systems manual is available for reference.

### **E5 Trace from Document to Accounts**

**“All financial transactions must be traceable from original documentation to accounting records and vice versa”.**

“There are particular requirements for the retention of financial records which include, in particular, special arrangements for VAT, contracts and payroll records. These are included in the procedural advice issued to schools. These arrangements differ for schools managing their own cash”. (Fin. Regs. 2.7).

The documentation relating to all financial transactions are retained for a period of at least six years and sometimes longer for certain contracts. Information concerning the retention of various documents is available from the City Council's Internal Audit section - [retention guidance](#). Included in these notes are the requirements for School Attendance records to be kept for the current year plus the three previous years and for student records to be retained until the former student is twenty six years of age. The records of Special Needs students must be kept indefinitely.

## **E6 Rules for Document Alteration**

**“Any alterations to original documents such as cheques, invoices and orders should be clearly made in ink or other permanent form, and initialled”.**

Any alterations to original documents such as cheques, invoices and orders will be clearly made in ink or other permanent form initialled. 'Copy Invoices' will be marked 'Copy Invoice, Not Previously Passed for Payment'.

## **E7 Access to Accounting Records**

**“All accounting records should be securely retained when not in use and only authorised staff should be permitted access”.**

All accounting records will be securely retained when not in use and only authorised staff will be permitted access. Physical records are kept locked in filing cabinets or in the School Business Manager Office (which has restricted access). Any sensitive computer files are stored on a protected net work drive accessible only to the following: Headteacher, The School Business Manager and nominated Admin Staff.

## **E8 Earmarked Funding**

**“The School Business Manager should ensure that all expenditure from sources of earmarked funding is accounted for separately and that the funding is used for its intended purpose”.**

Unique codes are used for earmarked funding so that all expenditure can be for a particular initiative or project can be easily found.

## STANDARD F - INCOME

Income is generally collected as cash and cheques and is, therefore, vulnerable to fraud. It is vital that appropriate controls are in place to ensure its security. It is also important that the school manages the level of cash it retains on site to avoid exceeding its insurance or LA limits.

Income can come from a variety of sources, including grant funding, school meals, music and lettings. The governing body must establish a charging policy and review it 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.

This section covers general income controls. These include establishing -procedures that ensure that cash/cheques are banked regularly and that the amount banked are reconciled with the amount recorded in the accounting records.

### F2 Recording Income

**“Proper records should be kept of all income due”.**

This includes booking forms, diaries, copy invoices, receipts, bank statements, paying-in slips, accounts, etc., as appropriate (e.g. any evidence of service delivery).

An estimate of the income expected for each financial year is prepared by the School Business Manager as part of the budget construction process. See section [B8](#). Information regarding [Income Sources](#) to supplement normal funding streams has been prepared by the DfES.

### F3 Lettings

**“All lettings must be Approved by the Headteacher within a framework determined by the governing body and should be recorded in a diary or register”.**

Sports lettings and school based lettings are approved by School Business Manager as stated in the current [Lettings Policy](#).

## **F4 Collection and Banking Duties**

**“The responsibility for identifying sums due to the school should be separate from the responsibility for collecting and banking such sums”.**

Because the collection of income is a particularly vulnerable area there must be a separation of duties in collecting it. One way of achieving this is for one person to be responsible for identifying amounts due and another to be responsible for checking that income has been received and preparing bank paying-in slips.

The Head Teacher and School Business Manager normally identify sources of income due to St Bonaventure's School. The administration of the collection of the debt is divided between the school that enter the debt into Pearson Finance System and the City Council's Debtors Section who prints the invoices, send them and chase up unpaid invoices. If debts are not paid the Debtors Section contact the School Business Manager to ask if the debt should be referred to Legal Services for collection.

## **F5 Prompt Issue of Invoices**

**“Where invoices are required, they should be issued within 30 days”.**

Debtor invoices will be put into the Pearson Finance System and sent to debtors within 5 working days of a request from a member of staff to raise the invoice. Income is credited to the school's accounts when the invoice is raised, irrespective of whether or not the cash has actually been received. If the debt is eventually written off then the school's accounts will be charged with the amount of the debt written off. Outstanding debts are monitored and necessary steps taken for their recovery in order to minimise the level of bad debt

Wherever possible payment should be obtained in advance of or immediately after goods or services have been provided. This ensures the school is not extending credit and is matching any costs incurred with related income on a timely basis. The raising of an invoice should be done having first made sure that the customer knows the exact details of the goods or services being provided, that they understand how and when they will be advised of the charge (at point of sale or invoice) and they have agreed to pay for it. The cost of collection should be taken into account when raising invoices and that the method of collection is appropriate to the value of the transaction.

Where the school collects the income itself all payments in settlement of an account must be paid into the City Council's account.

“All invoices raised must be in the joint name of the school and the City Council. They should be raised as soon as possible after the goods or services were provided. Schools which issue their own invoices must take particular care to ensure that, when a charge is subject to VAT, a proper tax invoice is issued indicating the City Council's VAT registration number, date of supply, the date of the invoice (tax point), the charge excluding VAT, the rate of VAT and the VAT charged and a total charge inclusive of VAT”. (Fin. Regs 12.2).



## **F6 Use of Receipts**

**“The school should always issue official, prenumbered receipts or maintain other formal documentation for all income collected. Receipts should be securely stored in order”.**

## **F7 Security of Cash and Cheques**

**“Cash and cheques should be locked away to safeguard against loss or theft”.**

All cash and cheques received by the school will be held securely in the school safe within the Admin area. The safe is operated using a Key system. The Safe Keys are locked away in a lockable wall cabinet.

“Employees must ensure that when the safe key is entrusted to their custody it is held at all times under their personal control.

## **F8 Prompt Banking**

**“Collections should be paid into the appropriate bank account promptly and in full. Bank paying-in slips must show clearly the split between cash and cheques and list each cheque individually”.**

Monies being paid into the Delegated Budget (i.e. including Capitation) or the Standards Fund need to be handed in to the Admin Team. **All money must be kept in the school safe until it is banked. Money must not be kept in offices or classrooms.**

## **F9 Encashment of Personal Cheques**

**“Income collections should not be used for the encashment of personal cheques or for other payments”.**

All cash and cheques that are received by the Admin Team are deposited in full into the bank. Personal cheques are never cashed or money lent to anyone. These should be paid from the imprest or creditors system. Third party cheques should not be accepted.

## **F10 Banking Reconciliation**

**“The School Business Manager should reconcile monthly the sums collected with the sums deposited at the bank”.**

The School Business Manager is responsible for the depositing of cash and cheques into the bank and therefore this area of duties is delegated to the Admin Assistants.

The School Business Manager is responsible for the reconciliation of banking. The reconciliation involves matching income receipts/other documentation to accounting records on the one hand and bank statements and paying-in slips on the other.

The recording of the cash and cheque separately on paying in slips enables the School Business Manager to check that staff have not been cashing personal cheques against income. If any income is unaccounted for, the schedule of cheques makes the missing income easier to find.

## **F11 Debt Management**

**“The school should have procedures for chasing any invoices which have not been paid within 30 days. Debts should be written off only in accordance with LA regulations and schools should keep a record of all sums written off”.**

If all appropriate attempts to recover debts have been made, and have proved unsuccessful, they should be written off. Only Governors may write off debts up to £500 and these decisions must be recorded in the minutes of the appropriate meeting.

Irrecoverable debts may only be written off in accordance with the following approvals:

“Governing Bodies are authorised to write off individual amounts owed to the school up to £500 following consideration of a report from the Headteacher. The decision must be minuted. Governing Bodies are not permitted to write off income relating to the LA e.g. non-delegated school meals income”. (Fin. Regs. 12.14).

“Individual amounts between £501 and £5,000 can only be written off by the Divisional Director (Democratic and Legal Services). Amounts in excess of £5000 can only be written off by the Executive Member for Education and Lifelong Learning”. (Fin Regs.12.15).

## **F12 Transfers of Money**

**“The School Business Manager should ensure that transfers of school money between staff are recorded and signed for”.**

St Bonaventure’s ensures that transfers of money between staff are recorded and signed for, and appropriate receipts issued.

## **STANDARD G - BANKING**

The proper administration of bank accounts is at the heart of financial control. In particular, regular bank reconciliations are essential. They prove that balances shown in the accounting records are correct and provide assurance that the underlying accounts are accurate. The standards in this section cover bank account and cheque controls. Failure to keep to these standards leaves areas of the school's finances open to error or fraud, and indicates a possible breakdown in the internal control systems.

In accordance with its policy of devolving financial management to schools, the City Council has offered schools the option of operating their own local bank account or a City Council extended imprest account. The former involves the school operating an account with a financial institution designated by the LA. Extended imprest accounts are operated through the City Council's own bank account.

### **G1 Reconciliation of Bank Statements**

**“The school should obtain bank statements at least monthly and these should be reconciled with their accounting records. Any discrepancies should be investigated”.**

St Bonaventure's is not a cheque book school. However, the school operates a bank account for the imprest. Bank reconciliations are an important element of financial control, since they can prove the accuracy of the accounts. Bank reconciliation involves comparing what has been spent from St Bonaventures imprest account with the bank statement relating to the same period. If the two records do not match (excluding uncleared cheques and receipts), the discrepancies are investigated. This process will uncover any fraud or mistakes in the accounts.

### **G2 Review of Reconciliation**

**“All bank reconciliations should be signed by the person performing the reconciliation. They should also be reviewed and countersigned by someone who understands the reconciliation process”.**

The School Business Manager who undertakes the reconciliation signs all bank reconciliations. They are also reviewed and countersigned by the Head Teacher who understands the reconciliation process.

### **G3 Staff Responsibilities**

**“Staff responsible for undertaking bank reconciliations should not be responsible for the processing of receipts or payments”.**

## **G4 Investments of Funds**

**“All funds surplus to immediate requirements should be invested to optimal effect in accordance with the LA’s investment policy”.**

All funds surplus to immediate requirements are invested to optimal effect.

“Schools managing their own cash can only make investments with named institutions and must carry no risk to the capital sum. Arrangements must not be made through intermediaries”. (Fin. Regs. 11.11).

## **G5 Private Bank Accounts**

**“Individuals should not use their private bank accounts for any payment or receipt related to the school’s budget”.**

Payments for goods and services must always be made through the school’s official accounts and never through the personal bank account of a member of staff. An exception to this is for the purchase of minor item where a member of staff must pay for items in the first instance, obtain a receipt and then be reimbursed from the school’s petty cash. Care must be taken to ensure that this facility is not abused.

## **G6 Overdraft Facilities**

**“The school’s bankers should be advised that schools should not be allowed to go overdrawn or negotiate overdraft facilities”.**

Nat West Bank PLC has been advised that the St Bonaventure’s imprest account must not be allowed to go overdrawn.

“Under no circumstances must a school account be overdrawn or the school enter into an overdraft arrangement or borrow funds without the written permission of the Secretary of State (Section 3.9(1) of the Scheme). If a school is experiencing cash flow difficulties, it must seek advice from the LA”. (Fin. Regs. 11.5).

## **G7 Loan Agreements**

St Bonaventure’s will not enter into any loan agreements, other than with The Council, without the prior approval of the LA and DfES.

## **G8 Cheque Signatories**

**“School procedures should stipulate that all cheques must bear the signatures of two signatories approved by the governing body”.**

St Bonaventure's does not operate a cheque book for normal purchasing. A cheque book is held for the imprest account and St Bonaventure's Governing Body has agreed that these cheques can be signed by the Headteacher, School Business Manager or Deputy Head Teacher.

## **G9 Supporting Documentation**

**“School procedures should ensure that supporting vouchers are made available to cheque signatories to safeguard against inappropriate expenditure”.**

When a signatory receives a cheque to be signed it should already contain the payee and amount, and should be accompanied by the supporting invoice or documentation.

## **G10 Crossing Cheques**

**“School procedures should stipulate that all cheques drawn on the account(s) are crossed ‘account payee only’ to avoid the possibility of improper negotiation of the cheques”.**

All cheques issued from St Bonaventure's bank accounts are pre-printed 'account payee only' to avoid the possibility of improper negotiation of the cheques.

## **G11 Signing of Cheques**

**“School procedures should stipulate that manuscript signatures only are used and cheques should not be pre-signed”.**

All cheques are signed in ink by authorised cheque signatories. No cheques are pre-signed or signature stamps used. The signatories are shown in G13.

“It is recommended that there should be at least three school signatories in Primary schools. These are to include the Headteacher, Deputy Headteacher and School Business Manager, as approved by the Governing Body. Governors cannot be signatories. The mandate must specify that cheques and any other documents authorising payment must be signed by two signatories”. (Fin. Regs. 11.4).

## **G12 Security of Cheque Books**

**“Cheque books should be held securely when not in use”.**

All bank account stationery is held securely in the school safe when not in use.

### G13 Record of Accounts and Signatories

**“The Headteacher should maintain a list of all bank and building society accounts held and the signatories for each”.**

The school should ensure the bank mandates are kept up to date and that the banks only accept alterations on the basis of the scheme of delegation.

The following table shows signatories for St Bonaventure’s accounts:

	Account No.	Sort Code	Signatories
Imprest Account	41332571	56-00-05	L Charles
			C Simpson
			S Ballantine
School Fund	92872417	60-02-38	L Charles
			C Simpson
			S Ballantine
Lottery Fund	68506406	52-10-03	L Charles
			Dr Romero

## STANDARD H - PAYROLL

In most schools, staff costs represent the majority of the entire budget. From 1 April 2000, schools have been able to buy their payroll, personnel and other services from an external provider. However, contracting another organisation to administer payroll and personnel does not relieve the governing body and the headteacher of the responsibility for ensuring that payroll and personnel controls are in place. These include:

- Checking the employment status of an individual prior to making payment
- Payments are made only to bona-fide employees
- Payments are in accordance with individual's conditions of employment
- Deductions, including income tax and national insurance, are properly administered
- Payments are made only in respect of services provided to the school
- Amendments to the payroll are promptly and properly processed

Schools need to be aware of a number of areas where HM Revenue and Customs regulations may affect or determine the way payments are made. For example, there are strict rules about payments to individuals who are self-employed and this status has to be assessed on a case by case basis as the same individual can be classed as self-employed for one piece of work but employed for another depending on certain criteria. Schools are advised to seek advice from their LA in such cases.

### H1 Procedures for Personnel Administration

**“The governing body should establish procedures for the administration of personnel activities, including appointments, terminations and promotions.**

The Headteacher is responsible for the integrity of payroll arrangements. All payments to employees, including casual employees, must be processed in such a manner so as to ensure that they are subject to the correct treatment for income tax and national insurance deductions. (Fin. Regs. 10.1). Human Resources forms and documents are available from the City Council's [Human Resources intranet site](#).

In order to comply with these requirements St Bonaventure's Primary School follows City Council procedures for the administration of personnel activities, including recruitment, termination, overtime and other payments. St Bonaventure's buys both of the City Council's Payroll and Personnel Administration traded services.

### H2 Appointments and Payroll Processes

**“The Headteacher should ensure that, where practicable, the duties of authorizing appointments, making changes to individuals' conditions or terminating the employment of staff are separated from the duties of processing claims”.**



It is important to ensure that separation of duties is applied in undertaking personnel and payroll procedures. Time sheets and other pay documents, in a form approved by the City Council must be checked to ensure they are correctly completed and certified by an officer authorised by the governing body, who shall be a different person to that who has completed the documents. The names and specimen signatures of all authorised officers must be available to the administrator in the school to check before processing claims. Claims by any school employee for expenses incurred in carrying out official duties must also be certified by an authorised officer.

In authorising such documents, authorised officers must particularly ensure that the payment was necessary, has been charged to the appropriate, valid, account code, is within the sum available in the appropriate school budget, and that the school's records have been up-dated to record that the document has been passed for payment.

The Governors have delegated the responsibility to the Headteacher and School Business Manager for the authorisation of appointments, contracts of employment, changing individuals' conditions of service and terminating the employment of staff. In the event of any changes to the Headteacher's conditions of employment etc any documentation will be countersigned by the Chair of Governors. These are separate from the duties of processing overtime and expenses claims which are undertaken by a nominated Admin officer..

"The Governing body should consider the extent to which authority for approving appointments and changes to remuneration for all members of staff is delegated (see paragraph 2.1). However, it is a basic principle that a member of staff must not be able to approve a change to their own conditions and remuneration". (Fin. Regs. 10.3).

### H3 Documentation

**"The Headteacher should ensure that at least two people are involved in the processes of completing, checking and authorising all documents and claims relating to appointments, terminations of employment and expenses".**

The Headteacher ensures that at least two people are involved in the processes of completing, checking and authorising all documents and claims relating to appointments, terminations of employment and expenses. The second person to check these documents will be the School Business Manager.

Overtime claims must include details of the date, times and hours worked by the employee. They must sign these details.

"Headteachers must ensure that appointments of new staff are only made after the checks required by the Recruitment and Payroll Administration Procedures for Locally Managed Schools issued by Education Personnel have been made. The checklist at the end of the Procedures should be held on personal files as evidence that these checks have been carried out and should be supported by certified copies of identity, right to work and, in the case of non-teaching staff, qualifications pertinent to the appointment". (Fin. Regs. 10.4).

“Additions to normal pay, e.g. overtime, must be supported by written claims submitted and signed by the employee giving details of the date, times and hours worked and certified by an authorised member of staff. Whenever possible overtime working should be authorised in advance”. (Fin. Regs. 10.4).

#### **H4 Payroll Administration**

**“Where the payroll is administered by the LA or a bureau, the school should send in the names and specimen signatures of certifying officers”.**

The school provides specimen signatures to the LA of staff who are authorized to certify payroll documents.

“Authority for advising the payroll provider, or school staff responsible for payroll processing, of changes to information about remuneration should normally rest with the Headteacher. This authority can be delegated to other senior members of staff with the approval of the Governing Body (see paragraphs 2.1/2). A member of staff must not be able to advise the payroll provider of changes to their own conditions and remuneration. Any amendment affecting the Headteacher should be countersigned by the Chair of Governors”. (Fin. Regs. 10.5).

#### **H5 Security of Documents and Files**

**“The Headteacher should ensure that only authorised staff have access to personnel files and that arrangements for staff to gain access to their own records are in place”.**

All personnel records contain personnel and sensitive information and should be retained securely and privately. Schools are subject to the provision of the Data Protection Act 1998 which is designed to protect personal information from improper use. Personal data is defined as data which relates to a living individual who can be identified from that data or from that data in combination with other information which is held by the data controller.

The School Business Manager ensures that only authorised staff have access to teachers' personnel files and that arrangements for teachers to gain access to their own records are in place.. All personnel files are kept in locked filing cabinets.

“The school must ensure that it, or the payroll provider, retains records for the following length of time:

- a. gross pay and superannuation deductions - ten financial years;
- b. Income tax and national insurance - six financial years”. (Fin. Regs. 10.9).

## H6 Processing Payments to Staff

**“Payroll transactions should be processed only through the payroll system”.**

All payments to members of staff for work done and travel expenses must be processed through the payroll system, to ensure that the school complies with tax regulations etc. No payments of this sort should be processed through the payment system or the school fund. In addition, payments for work carried out at schools by individuals who are not staff members has to be assessed on a case by case basis as the same individual can be classed as self employed for one piece of work but employed for another depending upon certain criteria.

All payments for employment are paid through the Payroll section. No payments are paid to individuals directly either by cash, cheque or invoice (unless recorded in creditors as being consultants).

## H7 Staff List

**“The Headteacher should maintain a list of staff employed. School procedures should ensure that this list is updated promptly to reflect new starters and leavers”.**

The School Business Manager maintains a list of staff employed. This list is updated promptly to reflect new starters and leavers. An annual check of Council ‘Establishment List’ (PAF3) also confirms the school records are correct. The School Business Manager and the Admin Team have access to limited employee information from the Vision system.

## H8 Checking Payroll Records

**“The School Business Manager should obtain regular reports on payroll transactions and check them against the school’s documentation on staffing and pay to ensure that they match”.**

The School Business Manager undertakes monthly checks between payroll reports and school documentation (staffing forecast spreadsheet) to ensure:

- There are no ghost employees
- Staff are being paid the correct rates and allowances
- Old employees have been removed from the payroll

The School Business Manager will inform the LA of any changes which are required to salary expenditure codes.

“Schools should check at least annually that employees receiving payment are properly employed and that their gross pay agrees with their contracts of employment”. (Fin. Regs. 10.10).

## STANDARD J - PETTY CASH

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

Schools may from time to time find it convenient to make small local purchases without using their normal creditor payments route. To facilitate this the City Council offers purchase cards and also advances monies to schools in the form of imprest accounts. Schools then spend the monies and periodically make a return to the City Council to account for what they have spent.

There are a number of different types of imprest account; most are as a form of bank account. Schools with imprest accounts which are in this form may if they wish convert a cheque to cash and operate a petty cash float. The types of imprest account are listed below.

Cash is a vulnerable asset which must be properly controlled. The governing body should ensure that the size of the cash holding is appropriate, that it is used only for approved purposes, that proper records are maintained and that there are regular reconciliations and occasional spot checks to verify that the sums in hand are correct.

### J1 Level of Petty Cash

**“The governing body should set out in writing an appropriate level for the amount of petty cash to be held. This amount should represent a balance between convenience and the risk of holding cash on the premises”.**

The governing body must agree an appropriate level for the amount of the imprest account. Where the imprest is in the form of a bank account a further decision is required as to the amount of petty cash (if any) to be held in the school. This decision should be made in the light of the school's insurance cover, available secure storage and the risk of holding cash on the premises.

The current approved balance for the imprest account is £300 and a limit of £200 cash is to be held in the safe.

### J2 Access to Petty Cash

**“The School Business Manager should ensure that the petty cash fund is held securely and that only authorised staff has access to it”.**

Access to the imprest account and petty cash must be restricted to authorised members of staff. One person should be nominated as the imprest Budget Holder (The School Business Manager) who should be allowed to delegate to others if necessary to manage the account and/or petty cash on a daily basis. At any one time only one person should

have access to, and be responsible for, the cash/account; when the responsibility is transferred and recorded, the cash/account should be balanced in the presence of both members of staff.

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No income may be paid into an imprest account or a petty cash float. All income must be banked intact into the City Council's bank account as described in the Banking section of this document.

The Admin Assistant are the nominated officers who oversee the petty cash fund and have access to it. The petty cash tin and imprest account cheque books are stored in the school safe when they are not required.

### **J3 Proper Use of Petty Cash**

**“Payments from the petty cash fund should be limited to minor items which have been approved in advance by an authorised member of staff”.**

Payments can only be made using Petty Cash for goods which require advance payment (i.e. cheque with order) or to reimburse payments made to suppliers which do not supply credit to the school (i.e. do not issue invoices) such as some shops and small suppliers.

Purchases must be properly authorised in advance by the appropriate Budget Holder who must ensure that there are sufficient funds in the budget prior to making a purchase. Regular payments to suppliers should be made by the school using their normal creditor payments route, not out of the imprest account or a petty cash float.

Payments in respect of salaries, wages or any other employee related expenses must not be made out of the imprest account or a petty cash float. This ensures all taxable implications are considered when making payments.

“Imprest accounts may be used for disbursements when the use of the creditors' payments system is not appropriate. The maximum amount payable for one transaction is £200 by cheque, maximum value payable for cash is £30. Imprest accounts must not be used to make payments subject to the Construction Industry Taxation Scheme”. (Fin. Regs. 15.3)

### **J4 Responsibilities for Imprest**

**“All expenditure from the fund must be supported by receipts, identifying any VAT paid. It must be signed for by the recipient and countersigned by the School Business Manager”.**

To make a petty Cash Claim use Petty cash form:

## PETTY CASH FORM

This is **not** an order and should only be used by staff wishing to claim back money for goods or services they have already purchased themselves. **A full explanation of what was purchased and the reason for purchase must be provided and VAT receipt attached.** Petty cash can be reclaimed up to a maximum of £30 in cash or £200 by cheque. When fully completed please return to the School Business Manager

### Personal Details

Your Name:	
Your Department:	
Total value to be reclaimed	
Signed	
Date	

### Description of Goods / Services received

Supplier	Description and purpose	Cost
Total Cost		

### Details of Payee:

Cheque Payable to:	
Cash Claimed    £	

### Cost to be allocated to:

Object Code	Purchase account Code

### Authorised By:

**Must be authorised by the School Business Manager or Head teacher**

	Name	Signature	Date
School Business Manager			
Head Teacher			

### FINANCE USE ONLY

Voucher No		Cheque No	
Processed by		VAT Receipt Attached	
Date		Date Collected	

Obtain a Petty Cash Form from the Staff room or online. Complete and have authorised member of staff sign.

1. Complete the description of the goods or services, the amount paid and the total value of the claim. Fill in the date, your name, the department and subjective code to be charged and details of whom the cheque is made payable to. If you require cash, write "CASH" in the payable to" space. Please note cash will only be given up to £30 where this amount is available in the petty cash float.
2. Send the completed Petty Cash form to the School Business Manager
3. Once your Cheque or Cash is ready to collect an email will be sent asking you to collect it from the School Business Manager or will be put in an sealed envelope and placed in your pigeon hole (Where appropriate).
4. You will be asked to sign and date the Petty Cash Voucher to confirm that you have received payment.

## **J5 Maintaining Proper Records**

**“Proper records should be kept of amounts paid into and taken out of the fund”.**

These include petty cash book record, imprest spreadsheet, receipts, vouchers, cheque books and stubs, bank account statements, reimbursement claims forms, etc.

Claims for reimbursement should be made monthly, if claims are more often then it may be that the limit is too low or more appropriate payment methods should be found for large payments. The reverse is true if claims are submitted irregularly.

The Petty Cash Vouchers record the amounts claimed by staff from the fund. All payments made from the imprest account are recorded on the imprest spreadsheet then on Pearsons which allocates a unique number to each one. Each time a petty cash reimbursement claim is sent to the LA, an account reconciliation is performed by the School Business Manager. The School Business Manager also authorises the reimbursement of the account on line via Pearsons.

“Employees administering imprests must:

- a. Obtain and retain vouchers to support each payment. This will include a VAT invoice where this tax is charged.
- b. Hold all cash, cheque books and vouchers in a secure, locked place, preferably a safe.
- c. Liaise with the Financial Services Section concerning amendments to cheque signatories.
- d. Advise the bank branch used, on a School letter head signed by a cheque signatory, of those employees who are authorised to draw cash with specimen signatures.
- e. Reconcile the account each time that a bank statement is received and a claim for reimbursement is made.
- f. Claim reimbursement when the imprest is approximately two thirds spent to avoid overdrawing.
- g. Retain and file all documentation supporting reimbursement claims in accordance with the instructions on document retention included in the procedural guidance issued by the LA”. (Fin. Regs. 15.5).

## **J6 Regular Independent Checks**

**“The amount in the petty cash fund should periodically be checked against the accounting records and reviewed by an the School Business Manager”.**

The imprest account is reconciled each month by the School Business Manager. This check includes counting the value of cash in hand, vouchers in hand and vouchers still to pay.

“The School Business Manager must periodically check that the imprest is being properly reconciled by re-performing the reconciliation.



## **J7 Personal Cheques**

**“Personal cheques should not be encashed from the petty cash fund.**

Personal cheques will not be cashed from petty cash and money cannot be lent to staff to buy goods from Petty Cash. Staff must pay for the goods and then claim back the amount they paid from petty cash.

“Personal cheques must not be cashed in imprest accounts and money must not be borrowed from imprests”. (Fin. Regs. 15.4).

## **J8 Spot Checks and Review of Reconciliations**

**“If the school has an imprest account, periodic checks should be carried out between the petty cash accounting records and the bank statements, and reviewed by an independent member of staff”.**

A person in a position of seniority should undertake regular independent spot checks, at least once per school term, to ensure account reconciliations are made regularly. This check should be evidenced by signing and dating bank statements. This must not be done on the basis of a predictable routine.

In the event of responsibility of the imprest changing as a result of change of duties reconciliation should take place at the time of transfer.

A separate bank account is maintained for petty cash. Cash and cheques are drawn from the account when required. The petty cash is reconciled each time a claim is made from the Pearson Finance System by the School Business Manager, as detailed in J5 above.

## STANDARD K - TAX

The School Business Manager is responsible for ensuring that the school complies with Value Added Tax (VAT), employment and other tax regulations. Tax is a complicated area and the following controls merely set out the minimum framework. The LA's guidance on VAT and other taxes should be consulted for a detailed interpretation. Similarly, schools should follow the guidance given on the Construction Industry Scheme (CIS), which is available from HM Revenue and Customs.

"Schools are affected by taxation in a number of ways from the retention of documents to having a responsibility to observe the requirements of the collecting agencies as contained in statutes, regulations and case law. Schools will need to be aware of the requirements in the following areas:

- Construction Industry Scheme
- Income Tax and National Insurance
- Taxes Management Act
- Value Added Tax" (Fin. Regs 17.1).

"As a general principle, Schools must ensure that they account for tax on all relevant transactions and that, if there is some doubt about the taxable status of a transaction, advice must be sought. There are particular requirements for retention of documents where tax is involved. These are covered by procedural and operational guidance issued by the LA". (Fin. Regs 17.2).

### K1 Tax Regulations

**"The School Business Manager should ensure that all relevant finance and administrative staff are aware of VAT, Income Tax and the CIS regulations".**

Schools are responsible for their own unofficial funds and these do not fall under the City Council's VAT registration.

Schools are responsible for checking the employment status of an individual prior to making payment as the individual might have to be paid via payroll with tax deducted at source. There are strict rules about payments to individuals who are self-employed, and this status has to be assessed on a case by case basis as the same individual can be classed as self employed for one piece of work but employed for another depending upon certain criteria. Schools are advised to seek advice from their LA.

The School Business Manager will ensure that all relevant staff are aware of Value Added Tax (VAT), Income Tax and the Construction Industry Scheme (CIS) regulations.

## K2 Invoice Payments

**“School procedures should stipulate that only proper VAT invoices are paid, as the school will not be reimbursed in the absence of such documentation”.**

A proper VAT invoice is the only basis on which VAT can be reclaimed. It must contain the following information:

- The supplier's name, address and VAT registration number
- The date goods/services were supplied
- The name and address of Ashton Park
- The goods or services supplied
- Amount payable excluding VAT
- Amount of VAT
- VAT rate

If the total invoice cost, inclusive of VAT, is less than £100, less detail is required.

## K3 School Business Activities

**“School procedures should set out how VAT on business activities, school trips and other taxable activities should be accounted for, both within the delegated budget and in voluntary funds”.**

The following guidance shows how VAT on activities, school trips and other taxable activities should be accounted for within the delegated budget and in voluntary funds. This following section sets out the main areas of activities, which generate income and the applicable VAT rate associated with each one.

It is vitally important to get the VAT rate right otherwise St Bonaventure's School and the Council will be liable to severe penalties from Customs. Greater detail and more in depth advice is in the [City Council VAT Manual](#). Shown below are tables showing some of the VAT regulations as they affect schools.

### FOOD AND SNACKS

Income Description	VAT Category	Coding Suffix
<b>SCHOOLS SUPPLYING STUDENTS "AT OR BELOW" COST</b>		
<b>Milk</b> - Sale to students in classroom	ZR	Z
<b>Meals, Prepared Snacks and Confectionery</b>		
- Students receiving education	OS	L
- Staff, Visitors and Non-students	SR	D
<b>Vending Machines (1)</b>		
- Students receiving education	OS	L
- Staff, Visitors and Non-students	SR	D

- <b>Rent for siting</b> vending machine (incl. share of take)	SR	D
<b>SCHOOLS SUPPLYING STUDENTS ABOVE COST</b>		
<b>Milk</b> - Sale to students in classroom	ZR	Z
<b>Meals, Prepared Snacks, Confectionery, Vending Machines</b> - All sales, including students and vending rent	SR	D

### GOODS INCIDENTAL TO PROVISION OF EDUCATION

Income Description	VAT Category	Coding Suffix
<b>Sales in class</b> , via teacher, other than for profit by the school itself. The goods must be for <b>regular classroom use</b> (at least weekly) in <b>normal curriculum education</b> - e.g. pens, ink, books, mathematical instruments and simple calculators.	OS	L
<b>Sales to students</b> for use in instruction supplementing normal curriculum education - e.g. <b>musical instruments for school orchestra</b> .	SR	D
Portable <b>Musical instruments</b> used in normal curriculum education or extra lessons (e.g. lunchtime, after school) with direct relationship to curriculum (e.g. leading to exam) which are sold in class at, or below, cost for <b>regular classroom use</b> (at least weekly) and are of a quality commensurate with the student's ability.	OS	L

### SCHOOL PHOTOGRAPHS

Income Description	VAT Category	Coding Suffix
<b>Commission</b> received by the School Fund	OS	L

### SECONDMENT OF STAFF (Still employed by Bristol)

Income Description	VAT Category	Coding Suffix
Provision of staff in <b>TEACHING</b> capacity, inc. Classroom Assistants, to any education provider inc. GM schools	EX	X
Provision of staff in <b>NON-TEACHING</b> capacity to a <b>provider of exempt education</b>	EX	X
Provision of staff in <b>NON-TEACHING</b> capacity to a <b>provider of non-business education</b> , e.g. Higher Education Colleges and Grant Maintained Schools	SR	D

### VISITS and FIELD TRIPS

Income Description	VAT Category	Coding Suffix
<b>School visits</b> , authorised by Headteacher with a stated educational	OS	L

purpose related to the general educational curriculum and banked into Bristol's accounts - i.e. No VAT is charged to students where Bristol recovers its VAT.		
<b>Charges to students</b> for trips not for an educational purpose related to the curriculum. These <b>MUST</b> be paid into Bristol's accounts if the trip was paid for via these.	SR	D

## ADVERTISING

Income Description	VAT Category	Coding Suffix
<b>Advertising space</b> sold to external bodies	SR	D

## COMMUNITY EDUCATION & OTHER LESSONS/COURSES

Income Description	VAT Category	Coding Suffix
<b>EDUCATION</b> (i.e. incl teaching/instruction), such as Music Lessons, provided <b>OUTSIDE THE CURRICULUM</b> , incl <b>ADULT EDUCATION</b> and <b>VOCATIONAL TRAINING</b> which is <b>FUNDED</b> to any extent <b>BY CHARGES TO STUDENTS</b>	EX	X
<b>EDUCATION</b> (incl. Music Lessons) - <b>IN CURRICULUM</b>	OS	L
<b>SWIMMING LESSONS</b>	EX	X

## LETTINGS

Income Description	VAT Category	Coding Suffix
<b>For occupation of land/space</b> rather than use of facilities	EX	X
<b>For use of facilities</b> , except kitchens, as intrinsic part of letting, e.g. hiring gymnasium to use its equipment	SR	D
<b>Overnight accommodation</b> , with or without catering, not provided as part of course where the Council provides instruction/training/education	SR	D
<b>Hire of Kitchen</b> (whether to use facilities or not)	EX	X
<b>Sports lettings</b> over 24 hours, or as a series of 10 or more lettings at least once a fortnight - Leisure Note 3	EX	X
<b>Car parking</b> facilities direct to user	SR	D

## SALE OF CLOTHING TO STUDENTS

Income Description	VAT Category	Coding Suffix
<b>School has no students over age 14 - the item bears a prominent school logo/badge (other than sports clothing)</b>	OS	L
<b>Students over 14 - no VAT on clothing within certain sizes; see Appendix U for full details</b>	ZR	Z
<b>Clothing in excess of above sizes</b>	SR	D

## OTHER INCOME

Income Description	VAT Category	Coding Suffix
<b>Private Telephone Calls</b> incl. all coin box income	SR	D
<b>Charges to other departments</b> (exc. Fire Brigade)	OS	L
<b>Photocopying and Reprographics</b>		
- by students for work related to curriculum study	OS	L
- other copying and printing, including for PTA	SR	D
<b>Research</b> if provided at a charge above full cost	SR	D
<b>Testing</b> of equipment and materials	SR	D
<b>Examination Fees</b> - Charges and Refunds	OS	L

### VAT Category

SR – Standard Rate

OS – Outside the Scope of VAT

ZR – Zero Rate

EX – Exempt from VAT

**(1)** Vending machine sales must be apportioned between students ("L") & others ("D").

**(2)** If supplies (e.g. tuck shop) are NOT paid for through Bristol's accounts (e.g. School Fund), NO VAT MUST BE CHARGED ON SALES.

**(3)** If clothes for resale are purchased through a School Fund, income received must be paid into the school fund with no VAT charged.

Special rules apply to the re-claiming of VAT through the Council's accounts in respect of educational visits.

In order to be able to reclaim VAT on educational visits:

(i) Foreign visits must not be booked with a firm who are part of the Tour Operators Margin Scheme, as they cannot issue VAT invoices. Trips within the UK can be.

(ii) All bills including the deposit, relating to the visits must be paid through the delegated budget as it is not possible to reclaim VAT on invoices passed through School Funds.

(iii) The visit: must:

- serve an educational purpose e.g. part of the curriculum, or is for GCSE or A/AS level or equivalent
- not basically be recreational or sporting
- be prepared for and followed up in school
- Students must be supervised by suitably qualified staff

Schools must observe this ruling in whatever arrangement they make for school visits. It is the Headteacher's responsibility to be able to prove to HM Revenue and Customs that a visit is educational, by reference to the National Curriculum or an examination syllabus.

#### **K4 Construction Industry Scheme**

**“The school should make payments to contractors and subcontractors only in accordance with the Construction Industry Scheme (CIS)”.**

St Bonaventure's makes payments to contractors and subcontractors through the City Council's creditors section. They ensure this is undertaken in accordance with the Construction Industry Scheme (CIS). The Council's Financial Regulations detail requirements for payment.

“This Scheme applies to works involving construction and repairs. It requires the person paying for the works to make a deduction for tax from the labour element of a payment and pass that deduction to the Inland Revenue within fourteen days of the end of the tax month”. (Fin. Regs. 17.3).

“It is important that Schools obtain invoices from persons covered by the Scheme which separately identify the materials element of the charge from other elements before VAT is added. If this is not provided, the deduction will have to be made from the whole payment as this will avoid any dispute with the Inland Revenue over the correct application of the Scheme. The LA has an agreement with the Inland Revenue that the Scheme need not be applied to small contracts with a labour element of less than £1,000. However, work must not be artificially subdivided to achieve this limit and all payments must be processed through an approved official payments system to ensure that accurate details of expenditure are submitted annually to the Inland Revenue”. (Fin. Regs. 17.4).



## **STANDARD L - VOLUNTARY FUNDS**

Voluntary funds e.g. School funds often provide schools with a substantial additional source of income. Although such funds are not public money, the standards for the guardianship of these need to be as rigorous as those for the administration of the school's delegated budget. Parents, students and other benefactors are entitled to expect the same standards of stewardship for the funds to which they have contributed.

Voluntary fund accounts must be audited annually and then certified by an auditor who is completely independent of the school and, in maintained schools, the resulting audit certificate sent to the LA. Schools will also need to consider whether any voluntary funds with income or expenditure over £1,000 should be registered with the Charity Commission.

This section applies to voluntary funds which belong to the school and not, for example, to funds held by other organisations, such as PTAs, which have a connection with the school.

### **Extended Schools**

The Governing Body has the power to provide, or enter into contracts to provide, any facilities or services that will further any "charitable purpose" for the benefit of students at their school, families of students and people who live and work in the local community. The phrase "charitable purpose" has a particular legal meaning and governors should refer to the Guide to the Law for School Governors for clarification.

A Governing Body cannot engage in any activity that might interfere with its duty to conduct the school with a view to promoting high standards of educational achievement. The governing body's flexibility to engage in such an activity may be restricted by the terms of its instrument of government or trust deed.

This section applies to School Funds that belong to St Bonaventurte's and not, for example, to funds held by other organisations (such as St Bonaventure's School PTA) which may have a connection with St Bonaventure's Primary School.

The School Fund is used to provide a financial resource for the provision of materials and educational opportunities that are not normally provided for by the school's delegated budget.

Examples of Permissible Activities (not exhaustive) for which expenditure from the School Fund may be used:

- Non-curricular classroom materials and equipment;
- School visits including subsidies;
- Equipment for students' use at break time or lunch time;
- Entertainment (including associated refreshments), e.g. discos/parties for the students;

- Sale of 'school logo' Uniform
- Sale of P.E. kit;
- Tuck shop;
- Fund raising activities.

**Curriculum related school trip expenditure should be paid through the School's LMS budget to take advantage of the LA's ability to recover VAT. This lowers the cost of the visit for parents. The LMS budget will be reimbursed for the total amount (net of VAT) of any payments made in this way by drawing a cheque from the School Fund and paying it into the LMS budget.**

Examples of Non-permissible Educational Activities are music lessons, etc. are operated through the delegated budget so that the delegated budget accounts accurately reflect all educational activities. Income from the use of premises (i.e. lettings income) must be paid into the LMS budget (Local Government and Housing Act 1989). Lettings income includes all proceeds from hiring out rooms or halls etc.

- Bank statements relating to voluntary funds
- Copy of last year's audited accounts, audit certificate and report
- Sample of voluntary fund bank statements
- Bank reconciliations
- Up to date insurance policy

## **L1 Control of Unofficial Funds**

**“The School Business Manager should ensure that voluntary funds are accounted for separately from the school’s delegated budget and are held in a separate bank account”.**

A voluntary (unofficial) fund is defined as any fund established to support school activities but generated by funds independent of school’s official resources.

In order to preserve the integrity of the funds, schools must keep voluntary (unofficial) funds and Local Management of Schools (LMS) official funds separate. Separate records will be required for the voluntary (unofficial) funds, and various computer packages are available to assist, although manual records are acceptable.

The School Business Manager ensures that the School Fund is accounted for separately from St Bonaventure’s delegated budget and held in a separate bank account.

## **L2 Registering as a Charity**

**“The governing body should ensure that relevant voluntary funds are registered with the Charity Commission”.**

### **Legal Position**

Any institution or fund that has exclusively charitable purposes and meets the minimum requirements for registration (basically, where income from all sources amounts to more than £1,000 per annum) must be registered as a charity.

The issue arises as to whether all schools' unofficial funds should be so registered. The Charity Commission have indicated that when looking at school funds, they have to consider carefully whether the fund in question is governed by a charitable trust for the advancement of education or is merely designated for educational purposes. The latter will not be an exclusively charitable purpose because the designation is revocable. The distinction is a fine one.

There has not been a definitive statement to the effect that all school funds are charitable. Each case needs to be considered on its own merits. In practice it is suggested that if a school is interested in registering its fund as a charity it should contact the Charity Commission and their local tax office.

### **Implications**

There are both advantages and responsibilities attached to becoming a registered charitable trust. Schools will need to consider very carefully in their own circumstances whether or not they wish to pursue charitable status or indeed whether their fund may be such as would be legally required to be registered.

The benefits of registering as a charitable trust are:

- Tax relief may be claimed on interest paid on balances.
- There may be VAT benefits arising.
- Donations may be received by deed of covenant upon which tax relief may be claimed.
- Non domestic rate relief may be claimed.

The responsibilities of registering as a charitable trust are:

- Proper books of accounts must be maintained and financial records kept for a minimum of seven years.
- Accounts must be submitted in a prescribed format to the Charity Commissioners either annually or as requested, depending upon the precise nature of the fund.

### **Other Aspects**

The National Council for Parent Teacher Associations has advised its members to register their funds with the Charity Commissioners. The reason for this advice appears to be that it will allow PTAs to gain tax relief on their bank interest. A model trust deed is available from

the National Association of Headteachers and a model set of rules for school funds is available from the Secondary Headteachers Association.

### **L3 Appointment of a Treasurer**

**“The governing body should ensure that a treasurer has been appointed to oversee the funds”.**

The governing body must be made fully aware of all such funds and must nominate a responsible officer to administer each fund (the term “treasurer” is not necessary).

It is recommended that any surplus funds are invested for maximum benefit to the school, but allowing for access to funds when required.

The governing body should satisfy themselves that the fund is adequately insured.

The governing body must ensure that the funds are run under the same principles and guidelines as for the management of the delegated budget and therefore adhere to the principles outlined in this document.

The Governing Body has delegated to the FPH&S Committee and the Headteacher the responsibility for ensuring the proper operation of these funds on a day to day basis. This does not relieve the Governing Body of its overall responsibility for these funds.

### **L4 Appointment of an Auditor**

**“The governing body should appoint an auditor who is independent of the school. The auditor should not be a member of the governing body”.**

The governing body must appoint a suitably qualified independent auditor – i.e. not a governor nor a member of the school staff so as avoid any conflict of interest, to perform regular audits of the fund. The auditor need not be a qualified accountant but should have some financial knowledge and experience.

The accounts must be audited at least annually. The auditor must be asked to complete an audit certificate.

St Bonaventure’s School will be certified by an external auditor and the resulting ‘Auditor’s Certificate of Unofficial Funds’ will be sent to the City Council’s Internal Audit section.

An audit will be completed within six weeks of the end of the accounting year. The auditor has full access to all financial records relating to the account. The Visit Organiser must explain the reasons for any deficits incurred by an account to the auditor and FPH&S Committee. At the end of the audit the auditor prepares a statement that, together with copies of the accounts, is circulated to the Governing Body and FPH&S Committee for discussion and formal approval. The discussion and formal approval of the audited accounts is minuted.

The auditor should be:

- 'Financially competent';
- Unrelated to any person connected with the operation of the School Fund;
- Uninvolved in the day-to-day running of the School Fund;
- Must not be one of the cheque signatories;
- Must not be a member of the Governing Body's FPH&S Committee.

The current appointed auditor is Mr B Skinner?? who is 'independent' with respect to the account and is considered to be a suitable person to audit the fund, having regard to its nature and complexity.

All suspected irregularities are immediately reported to the LA.

"The funds must be audited annually by a person who has no responsibility for deciding how the funds are spent or for the financial administration of the school. An Audit Certificate signed by the Auditor and the Headteacher must be submitted to the LA annually accompanied by the Accounts, which should also be circulated to Governors, staff and made available to parents". (Fin. Regs. 19.3).

### **L5 Standards to be Applied**

**"The School Business Manager should ensure that the same standards of financial accounting which apply to income and expenditure for the school's delegated budget are applied to the voluntary funds".**

The governing body must ensure that essential controls such as:-

- Separation of duties
- Maintaining proper documentation and accounting records (e.g. a cashbook)
- Performing regular bank reconciliations (which are independently checked)
- Payment authorisation procedures
- Income receipting procedures
- All of the Charity Commission and HM Revenue and Customs regulations are adhered to should the funds be established for charitable purposes

all of which apply to the management of the school's LMS funds, are also applied in respect of all transactions related to voluntary (unofficial) funds.

Should any member of the school's staff suspect that there is any irregularity by any person in the operation of the fund they must immediately report it to the headteacher, or, exceptionally, direct to Internal Audit. The headteacher must, when informed of a suspected irregularity, report it to Internal Audit.

The School Fund is subject to VAT legislation. If the **taxable** turnover exceeds the VAT registration threshold (£75,000) then the fund must become VAT registered. Taxable turnover could include such items as: tuck shop sales, sales of uniforms and other clothing, ticket sales to school plays, concerts etc., commission on school photograph sales, sales of equipment to staff and students through a school shop, rather than in class. The VAT threshold is reviewed by Customs and Excise each year.

When appraising a figure for 'taxable turnover' all of the School's unofficial funds are viewed collectively. This removes the ability to avoid VAT registration by having several smaller funds each of which have a turnover below the VAT registration threshold.

**The School may operate curriculum related school trip monies through the School's official account so as to take advantage in the LA's ability to recover VAT.**

Payments to employees such as sports coaches etc. must be undertaken through Payroll using the LMS budget. All amounts paid to staff in this way must be reimbursed by cheque from the School Fund to the LMS budget.

“Schools are encouraged to apply the similar standards to the control and custody of unofficial funds as they are required to apply to funds delegated by the LA. In particular, schools should ensure that:

- a. bank mandates require two signatures on cheques and instructions to transfer fund from the bank accounts;
- b. expenditure is relevant to the activities and purposes of the fund;
- c. income is properly recorded and receipted;
- d. bank statements are reconciled on receipt to the accounting records;
- e. staff activities are self financing”. (Fin. Regs. 19.2).

## **L6 Dealing with Official Income**

**“Any income which properly relates to the school’s delegated budget should not be credited to a voluntary fund”.**

Any income, which properly relates to St Bonaventure’s delegated budget, should not be credited to the School Fund. Only income unconnected with St Bonaventure’s delegated budget should be credited to St Bonaventure’s School Fund. Lettings income, for instance, should always be paid into the mainstream bank account as it relates to Council assets.

The School Fund is operated with accounting procedures that reflect standards for accounting for public money and is administered in line with current UK legislation. The following accounting procedures apply:

- School Fund and official delegated and devolved funds are managed and operated separately;
- The school has a constitution which describes the purpose of the School Fund and the types of expenditure which are permitted;

- The School Business Manager may delegate specific duties in relation to the operation and management of the School Fund;
- Proper accounts are kept and bank reconciliation is undertaken every month;
- Surplus balances from the current account are transferred to an interest bearing deposit account as they accrue;
- The names of “visit” accounts must be discrete for each year that they run, e.g. Ski 2005, Ski 2006. The “visit” accounts will close at the end of the school bank (school) year in which the visit occurs. The description of all other accounts must provide clear information regarding their purpose (and if appropriate their expected duration);
- A record of all income and expenditure must be detailed in each account;
- At the end of the School Fund year (31<sup>st</sup> August, the account balance must be in credit.
- Trip/Event organisers must complete a Budget Plan (APPENDIX A) for their visit and send it to the Nominated EVC and Admin officer. The visit may only proceed if the EVC is satisfied that the visit is self-financing (not withstanding any financial assistance given to specific students).
- The contingency for each visit will not exceed 10% of the total cost of the visit.

## **L7 Reporting to the Governing Body**

**“The Headteacher should present the audited accounts, the auditor’s certificate and a written report on the accounts to the governing body as soon as possible after the end of the accounting year”.**

The School Fund accounting year commences on 1st September and ends on 31st August the following year. A summary of income and expenditure, and a statement of balances, will be prepared by the School Business Manager for each accounting year.

Audited accounts, comprising an income and expenditure account, a balance sheet and the auditor’s certificate, will be presented by the School Business Manager to FPH&S Committee each year. Interim financial statements for the funds will be presented regularly to the FPH&S Committee during the year.

## **L8 Sending Audited Accounts to the LA**

**“The School Business Manager should ensure that the audited accounts are copied promptly to the LA after the governing body has accepted them”.**

## **L9 Procedures for Signing Cheques**

**“The School Business Manager should ensure that every cheque drawn against a voluntary fund bank account is signed by two signatories authorised by the governing body”.**



Two signatories must sign all cheques. When a signatory receives a cheque to be signed it must already contain the payee and amount, and must be accompanied by the supporting invoice or documentation.

To avoid problems in contacting signatories, it is advisable to have at least three signatories to the bank account who should be drawn from the senior management or administrative staff of the school. The governing body must formally approve the financial authorisation limits of each of the signatories.

Expenditure will only be authorised in accordance with the permitted activities for the School Fund.

All cheques must be crossed 'account payee only'. Two signatures are required on every cheque. Advance signing of blank cheques is not permitted. All current cheque books will be kept in the School safe when not in use;

All expenditure must be supported by an invoice or receipt. If this is not possible then a simple note explaining the exact expenditure and endorsed by the School Business Manager signature will be required. This must only occur in exceptional circumstances and there must always be evidence that, or knowledge of the expense having occurred;

The use of petty cash should be avoided. Where cash payments are unavoidable the person requesting the cash must sign to confirm receipt of the cash. Once the transaction has occurred a till receipt or pro-forma invoice must be returned to the School Business Manager for the amount received plus any change from the transaction.

### **L10 Banking Frequency**

**“Any voluntary fund income should be paid into the relevant bank account at least once a week”.**

Banking more frequently should only be carried out having due regard to the amount of cash and any bank charges. Cash and cheques must be held securely at all times prior to banking. It is expected that all School Fund income will be paid into the School Fund bank account at least weekly.

### **L11 Issuing Receipts**

**“Receipts should always be issued for any donations or income entering voluntary funds”.**

Receipts will always be issued for any donations or income entering the School Bank. This is to provide audit evidence and to reduce the possibility of theft. This is particularly important in the case of donations, as there may be no other proof that the income existed, thus facilitating fraud. The receipts should be numbered and copies kept.

### **L12 Regular Reconciliations**

**“The School Business Manager should ensure that regular reconciliations between the accounting records and bank statements are undertaken and independently reviewed”.**

The School Business Manager will ensure that regular reconciliations between the accounting records and bank statements are undertaken and independently reviewed. This process is undertaken by the School Business Manager each month and reviewed by the Head Teacher.

### **L13 Insurance Cover**

**“The governing body should ensure that voluntary funds are covered by insurance, including fidelity guarantee insurance”.**

Schools must ensure that they have adequate insurance to cover all risks associated with the operation of the unofficial fund. School Bank losses are covered by the Council’s general insurance scheme.

## STANDARD M - ASSETS

Schools often have attractive and portable items of material and equipment ranging from library books to computer, video recorders and televisions. These assets need to be kept securely and recorded in an inventory. The School Business Manager should make the necessary arrangements to identify items as school property, to record where the items are located and to insure them for on-site and off-site use, as appropriate. It is equally important to maintain records of stocks of materials and other useable resources to ensure that educational work is not delayed because of unavailability and to guard against waste and loss.

The delegation of funding for structural maintenance from April 1999 and for some capital projects from April 2000 has given most schools much more responsibility for their buildings and other parts of their premises than was previously the case. It is important, therefore, that schools plan how they intend to use, maintain and develop their buildings. Where the governors own the school's buildings, the building development plan will take on a different dimension. In all cases, however, a school's own plan will need to match the LA asset management plan in relation to that school.

Most schools also carry stocks, mainly of the kind that are in constant use such as stationery, cleaning materials, and sports equipment. Generally, they are consumable items and the costs are charged to the various budget allocations as each purchase is made. Stocks must be appropriately recorded and not exceed reasonable requirements. Schools should ensure that stocks are adequately safeguarded and in the charge of a responsible member of staff.

Recording assets and ensuring their safe care and custody is the responsibility of the governing body, which should maintain proper security for all buildings, furniture, equipment, plant, stores and other assets.

### **M1 Stock Levels**

**“The Headteacher should ensure that stocks are maintained at reasonable levels and subject to a physical check at least once a year”.**

The School Business Manager ensures that stocks of consumables are not excessive and subject to a physical check at least once a year.

“Headteachers are responsible for the safe custody and physical control of any stocks and stores and should ensure that only reasonable quantities are held. Any significant surpluses or deficiencies revealed by stock checks must be reported to the Governing Body”. (Fin. Regs 14.5).

## M2 Maintenance of Inventories

**“Up-to-date inventories should be maintained of all items of equipment. Such items should be identified as school property with a security marking”.**

Inventories are maintained for all items of equipment with a purchase cost of over £50 or which may be deemed attractive to thieves. Highly desirable items such as ICT equipment, videos, cameras and televisions have security marking.

It is the responsibility of The School Business Manager to keep an up to date inventory of equipment held within their Faculties or Departments. A separate entry must be made for each item and this must include item description, make, model, serial number, and location and acquisition year.

When purchasing a new item:

The School Business Manager will make a note of the order if an item purchased should be included on the Asset register.

1. When the item is received the School Business Manager should security mark the item. It is the School Business Managers responsibility to ensure all purchases are security marked prior to being used. The Admin or LSA Team must notify the ICT support team of any ICT purchases which have been delivered. The ICT team, in conjunction with the School Business Manager, will ensure that purchases are security marked, Portable Appliance Tested (if applicable) and added to the central ICT inventory. The Internal Audit section has produced advice concerning Asset Protection and Marking and this will be followed whenever it is practical to do so.

All school inventories whether handwritten or in a database will be made available to Internal or External Auditors for scrutiny.

“It is a requirement of the insurance cover for property that inventories must be prepared and maintained up to date. The record should include for each item information relating to the date of purchase, serial numbers, cost and location. Pre-printed inventory books are available from the Financial Services Section for this purpose”.

“Inventories should record all items of equipment which cost over £50 to purchase. Items must bear a visible security marking to deter potential theft”. (Fin Regs. 14.2).

### **M3 Checking Inventories**

**“The School Business Manager should arrange for inventories to be checked at least once a year against physical items. All discrepancies should be investigated and any over a predetermined sum reported to the governing body”.**

The School Business Manager will arrange for checks on inventories each year in October and March.

The School Business Manager will arrange for independent spot checks to be carried out by the Admin team throughout the year. Any discrepancies will be investigated and missing items reported to the governing body.

“Finance must arrange for inventories to be checked at least annually against the physical assets, and sign the record of checks once they are satisfied that the checks have been satisfactorily completed. Missing items should be reported to the Governing Body”. (Fin. Regs. 14.3).

### **M4 Property Taken Off School Site**

**“Whenever school property, for example musical instruments or computers, is taken off the school site it should be signed for and a register noted accordingly”.**

No City Council property should be removed from the school except in the course of school business and no items can be used for purposes other than school business without specific written permission from the governing body. In such instances the item's removal should be fully documented and its subsequent return recorded.

The school must keep a record of all equipment which is taken off site. The school must ensure that:

- A form is completed by the person taking out the equipment and signed by them
- The form should provide for the users to define the use to which they are putting it e.g. for project X
- The form should indicate that the person is not using the item for private use unless they have been authorised to do so in which case the person authorising should also sign the form.
- The form should be signed by a responsible officer on checking the item on its return to the school.

Private use of school equipment: Equipment which has been purchased by the school, but is then made available for private use, may generate an income tax liability upon the employee. The amount of the liability depends upon a number of factors such as the type of equipment being used and the degree of private use. Where the equipment is a school vehicle, the private use would normally include journeys between the employee's home and the school. With regard to other equipment e.g. sewing machines, portable telephones, computers, etc., any private use will generate a liability unless the private use is in contravention of school policy. In other words, where the school has a policy and

practice which prohibits private use, then any private use becomes a disciplinary matter and not an income tax one.

Whenever school property, for example computers or musical instruments are taken off the school, site a record or log of the loan must be kept by the person who maintains the inventory for that item. The item must be signed for by the borrower.

“The school must maintain a record of equipment removed from the premises identifying the date, the member of staff and the date returned. A record should also be maintained of equipment permanently allocated to staff and held off site. Equipment should only be removed for purposes in connection with the ordinary course of business”. (Fin. Regs 14.4).

## **M5 Authorisation of Write-Offs and Disposals**

**“The governing body should authorise all write-offs and disposals of surplus stocks and equipment in accordance with the LA’s regulations”.**

Only the Headteacher has the authority to write-off and approve the disposal of equipment. Any such action will be reported by the School Business Manager to the FPH&S Committee.

If an item is disposed of then the disposal date, reason for disposal and authorisation by the Head must be recorded in the inventory for each item. It is vital that the inventory is kept up to date. Any disposals must be approved and signed by the School Business Manager and Headteacher. The disposal of items with a financial value will be arranged by the School Business Manager. In accordance with the advice offered by Internal Audit in their document [Disposal of Council Assets](#).

“Where any irregularity is suspected in the custody or use of equipment or stores, this shall be treated as a financial irregularity and reported to the Internal Audit Section”. (Fin. Regs. 14.6).

## **M6 Security of Safes and Keys**

**“Safes and similar deposits should be kept locked and the keys removed and held in a different location”.**

All safes, locked cupboards and other secure areas must be kept locked at all times. Keys should be held by a responsible officer. The number of key holders should be kept to a minimum. Keys should be held securely, normally on the person of the key holder, and never where they may be accessed by another person. If a key is lost, the Caretaker must be informed immediately, and he/she should take whatever steps are felt necessary to ensure that the safe or secure area remains inaccessible to unauthorised personnel.

## **M7 Asset Management Plan**

**“The governing body should have a plan for the use, maintenance and development of school buildings”.**

## STANDARD N - INSURANCE

St Bonaventure's school is protected against major risks through the Council's insurance policy. Such risks may include third party liability as long as agreed by the Council, property, money, personal accident and fidelity guarantee insurance (to cover the loss of assets due to fraud or dishonesty on the part of employees). A balance of risks premium is paid by the school to cover additional risks such as theft and accidental damage.

### N1 Annual Review of Risks

**“The school should review all risks annually, in conjunction with the LA where appropriate, to ensure that the sums insured are commensurate with the risks”.**

Governing Bodies are responsible for ensuring Risk Management is carried out at both an operational and strategic level.

Schools should:

- identify risks, both negative and positive, in relation to the objectives of the school
- evaluate the risk scored for likelihood and impact, both gross (before any controls) and net (with existing controls)
- treat the risk either by avoidance, mitigation, transfer to or consciously accept the risk
- monitor the actions and risk and review on a regular basis

St Bonaventure's review all risks annually, in conjunction with the Council where appropriate, to ensure that the sums insured are commensurate with the risks.

### N2 Risks Not Covered

**“The governing body should consider whether or not to insure risks not covered by the LA, voluntary body or foundation. The cost of such premiums should be met from the school's delegated budget”.**

The Authority provides insurance cover to protect the governors of schools in respect of their legal liability against claims, costs of proceedings which may be commenced against them provided the governors have acted in good faith and are acting within their duties.

Appropriate insurance to cover the potential liability of the governors towards staff or third parties for any negligence in the exercise of the responsibilities as governors has been organised by the City Council.

If a school's activities take it outside the areas covered by the Council's policies (even if only for time limited activities), the governing body must extend the cover.



The governing body pays a premium for a balance of risks policy each year. The cost of the premiums is paid from our delegated budget.

### **N3 Notification of New Risks**

**“The school should notify its insurers, the LA or other agent as appropriate of all new risks, property, equipment and vehicles which require insurance or of any other alteration affecting existing insurance”.**

St Bonaventure’s School will notify its insurers (the Council) of all new risks, property, equipment and vehicles, which require insurance, or of any other alteration affecting existing insurance.

“Where schools have not opted for delegation of the insurance budget, Headteachers should inform the Principal Insurance Services Officer of:

- a) all new risks requiring to be insured;
- b) any alterations affecting existing policies;
- c) Any event likely to lead to a claim”. (Fin. Regs. 13.1).

### **N4 Giving Indemnities**

**“The school should not give any indemnity to a third party without the written consent of its insurers, the LA or other agent as appropriate”.**

St Bonaventure’s School will not give any indemnity to a third party without the written consent of its insurers (the TBC).

### **N5 Notification of Losses and Claims**

**“The school should immediately inform its insurers, the LA or their agent of all accidents, losses and other incidents that may give rise to an insurance claim”.**

St Bonaventure’s School will immediately inform its insurers (the Council or TBC for balance of risks cover) of all accidents, losses and other incidents which may give rise to an insurance claim.

### **N6 Use of Property off School Site**

**“Insurance arrangements should cover the use of school property, for example musical instruments or computers, when off the premises”.**

Insurance arrangements will cover the use of school property, for example musical instruments or computers, when off the premises (as long as the item being taken is for work purposes).



## STANDARD P - DATA SECURITY

Most schools are now fully reliant on computers to process and record personal, financial and other management data. Most of the controls in this section cover access to data held on computers. It is important that such 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 requirements about the processing, storage and disclosure of that data and extends the coverage of the previous legislation from data handled electronically to certain manual record systems. The Act requires governing bodies and headteachers to notify the Data Protection Commissioner where the activities they are engaged in are covered by this legislation.

Headteachers and Governing Bodies will need to satisfy themselves that they are meeting the requirements of the 1998 Act and any subsequent regulations and amendments. They will need to consider the security of electronically and manually held data, how it is processed and rights of access by data subjects.

### P1 Access to Hardware and Software

**“Computer systems used for school management should be protected by password security to ensure that only authorised staff have access. Passwords should be changed regularly and updated for staff changes”.**

Users should not freely disclose their password to colleagues as each will have different levels of access to the various parts of the software. Audit trails within the software record what has been done on the system and identify this to staff by their log on. If passwords are shared then schools management will not be able to rely on these audit trails and staff will be unable to prove whether actions assigned to their log on were actually performed by them.

Schools must avoid relying on only a single member of staff being able to use the software. Additional training in certain minimum processes e.g. raising and/or authorising orders; paying of invoices, processing of pay should be provided to ensure short term continuity.

The school's computer network is protected by password security to ensure that only authorised staff have access to it. The network automatically prompts staff to change their passwords every 3 months or so. The ICT ensures access is revoked when staff leave the employment of the school.

St Bonaventure's computer network enables staff to have varying levels of access depending on their responsibilities and requirements. For example some staff may have access to read but not alter records or settings.

“Headteachers must ensure that only authorised staff have access to computers. This access must be password protected. Passwords must be changed regularly and not disclosed”. (Fin. Regs. 18.2).

## **P2 Back-up Procedures**

**“The Headteacher should ensure that data is backed up regularly and that all back-ups are securely held in a fireproof location, preferably off-site”.**

The Network Manager ensures that data is backed up regularly. The back-up media is stored securely in the school safe which is fireproof and in a different building to the server.

“Computer systems must be backed up on a regular basis so that data can be recovered in the event of a hazard affecting the equipment. The back ups must be stored in a fireproof location, preferably off site. Regular tests should be undertaken to ensure that data can be recovered from the back up”. (Fin. Regs. 18.4).

“Schools should ensure that they comply with the advice issued by the Education IT Team concerning the rotation of discs in the back up process and the cleaning of heads”. (Fin. Regs. 18.5).

## **P3 Recovery Plan**

**“The Headteacher should establish a recovery plan to ensure continuity of financial administration in the case of emergency”.**

The Network Manager has established a recovery plan to ensure continuity of financial administration in the case of emergency. This is contained within P2 above.

## **P4 Protection from Computer Viruses**

**“The Headteacher should ensure that systems are in place to safeguard school software and data against computer viruses. To prevent viruses being imported, only authorised software should be used”.**

To prevent viruses being imported, only authorised software agreed by St Bonaventure’s ICT Section must be used. The ICT section protects the computers and the wider network against viruses by installing and regularly updating anti-virus software and blocking the use of unauthorised software. The access level stated in P1 also prevents many staff from loading software from discs etc or downloading software from the internet onto their machines or the network.

“Schools must only permit authorised software to be loaded to computers to prevent the importation of viruses. A record of all software loaded must be maintained”. (Fin. Regs. 18.3).

## **P5 Data Protection Act Registration**

**“The governing body should ensure that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998 and that the school’s use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with this legislation”.**

St Bonaventure’s Data Protection Policy is kept with the TBC.

“The Governing Body is responsible for ensuring that the school is fully registered under the Data Protection Act”. (Fin. Regs. 18.1).

## **Appendix 1**

<b>DfES Policies and Guidance</b>
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Financial Management Standards

[DfES Financial Management Standard and Toolkit](#)










Benchmarking

[Schools CFR Benchmarking - Login](#)

## **Appendix 2**








### **Financial Management Standards Documents**

#### **General Documents**




-  [G1: Introduction to the Standard](#)
-  [G2: One page Financial Management Standard](#)
-  [G3: Guide to Achieving the Standard](#)
-  [G4: Financial Management Standard and Self Assessment Tool](#)
-  [G4A: Guide to completing the Self Assessment](#)
-  [G5: Financial Management Standard and External Assessment Tool](#)
-  [G5: Financial Management Standard and External Assessment Tool](#) Template
-  [G5A: Guide to completing the External Assessment](#)
-  [G6: Glossary of Abbreviations and Financial Terms used in Schools](#)

#### **Summary Documents**







##### **S1: Leadership and Governance**

-  [S1.1: Role of the Headteacher](#)
-  [S1.2: Role of the Governing Body and its Committees](#)
-  [S1.3: Role of the Director of Finance and Administrator](#)
-  [S1.4: Governance and Accountability](#)
-  [S1.5: The School Development Plan](#)
-  [S1.6: Whistle blowing](#)
-  [S1.7: Culture management](#)

##### **S2: People Management**






-  [S2.1: Staff financial management competencies and qualifications](#)
-  [S2.2: Governing Body financial management competencies and qualifications](#)
-  [S2.3: Governor and staff recruitment](#)

##### **S3: Policy and Strategy**



-  [S3.1: Setting the annual budget](#)
-  [S3.2: Option appraisal](#)
-  [S3.3: Risk management](#)
-  [S3.4: Insurance for schools](#)
-  [S3.5: Achieving value for money](#)
-  [S3.6: Benchmarking](#)

##### **S4: Partnership and Resources**


























-  [S4.1: Procurement and supplier management](#)

-  [S4.2: Income sources](#)
-  [S4.3: Staff management and deployment](#)
-  [S4.4: Managing premises](#)
-  [S4.5: ICT Development plans](#)
-  [S4.6: Managing relationships with Local Authorities and other partners](#)


## **S5: Processes**



-  [S5.1: Budget monitoring and reporting](#)
-  [S5.2: Internal financial controls](#)

## **Resource Documents:**

-  [R1: Keeping Your Balance \(2002\)](#) Audit Commission
-  [R2: Schools Standards and Framework Act 1998](#) HMSO
-  [R3: Guidance on the Roles of Governing Bodies and Headteachers \(2000\)](#) DfEE
-  [R3a: Governing Body Decision Planner](#) DfES
-  [R4 to R9: Guide to the Law for School Governors \(2005\)](#) DfES
-  [R10: School Governance - Making It Better \(2001\)](#) OfSTED
-  [R11: Financial Management Competencies Matrix for School Staff \(2005\)](#) IPF
-  [R11a: Financial Management Competencies Matrix for School Staff \(2005\)](#) **TEMPLATE** IPF
-  [R12: Example Finance Manager Job Description \(2003\)](#) Holland Park
-  [R12a: Example Finance Manager Job Description \(2003\)](#) **TEMPLATE** Holland Park
-  [R13: Looking for a Finance Manager? \(2003\)](#) DfES
-  [R15: Controls Assurance Statement Guide \(2005\)](#) IPF
-  [R15a: Model Control Assurance Statement \(2005\)](#) IPF
-  [R15b: Control Assurance Statement Checklist \(2005\)](#) **TEMPLATE** IPF
-  [R16: School Finance Pack 2003 \(CFR\)](#) DfES
-  [R17: Example School Development / Improvement Plans \(2003-04\)](#) Trumps Green & Reigate School
-  [R18: School Effectiveness - The Cultural Imperative: A Guide to Culture Management \(2005\)](#) IPF
-  [R18a: Culture Management - Questionnaire \(2005\)](#) **TEMPLATE** IPF
-  [R18b: Culture Management - Data Analysis Spreadsheet \(2005\)](#) **TEMPLATE** IPF
-  [R18c: Culture Management - Unblocking Strategies \(2004\)](#) **TEMPLATE** IPF
-  [R19: Performance Management in Schools - Performance Management Framework \(2000\)](#) DfEE
-  [R20: Financial Management Competencies Matrix for School Governors \(2005\)](#) IPF
-  [R20a: Financial Management Competencies Matrix for School Governors \(2005\)](#) **TEMPLATE** IPF
-  [R21: Help Schools Help Children - School Governor Recruitment Toolkit \(2003\)](#) DfES
-  [R22: A Guide to Setting the Annual Budget \(2005\)](#) IPF



	<a href="#">R22a: Budget for Governors</a> <b>TEMPLATE</b> IPF
	<a href="#">R23: A Suggested Cash Flow Statement Pro-Forma (2005)</a> IPF
	<a href="#">R23a: A Suggested Cash Flow Statement Pro-Forma (2005)</a> <b>TEMPLATE</b> IPF
	<a href="#">R24: Getting the Best from your Budget (2000)</a> Audit Commission
	<a href="#">R25: Finding the Right Solution: A Guide to Option Appraisal (2002)</a> DfES
	<a href="#">R26: Worth the Risk? (2001)</a> Audit Commission
	<a href="#">R27: Insurance: A Guide for Schools (2003)</a> DfES
	<a href="#">R28: A Brief Guide to the use of 'PESTLE' Analysis (2005)</a> IPF
	<a href="#">R29: Risk Management for Schools (2001)</a> Sunderland City Council
	<a href="#">R30: A Brief Guide to the Development and Review of a Risk Register (2005)</a> IPF
	<a href="#">R30a: Risk Register</a> <b>TEMPLATE</b> IPF
	<a href="#">R30b: Risk Response Plan</a> <b>TEMPLATE</b> IPF
	<a href="#">R31: Standards for Financial Management (2003)</a> Holland Park
	<a href="#">R32: Financial Guidance for Governors Section D2</a> Croydon Council
	<a href="#">R33: A Guide to the Financial Summaries to be reported to the Governing Body (2005)</a> IPF
	<a href="#">R33a: Financial Summary</a> <b>TEMPLATE</b> IPF
	<a href="#">R34: A Guide to Best Value in Schools (2002)</a> DfES
	<a href="#">R35: VfM Unit Guidance of Benchmarking (2003)</a> DfES
	<a href="#">R36: Purchasing Guide for Schools (2003)</a> DfES
	<a href="#">R37: Example Best Value Statement (2003)</a> NCSL / Woodcote
	<a href="#">R39: A Brief Guide to Setting Up and Managing Relationships with Outside Organisations</a> IPF
	<a href="#">R40: A Staff Management and Deployment Self Evaluation Checklist (2005)</a> IPF
	<a href="#">R40a: A Staff Management and Deployment Self Evaluation Checklist (2005)</a> <b>TEMPLATE</b> IPF
	<a href="#">R41: Guidance on School Companies (2003)</a> DfES
	<a href="#">R42: Assessing the Net Capacity of Schools (2002)</a> DfES
	<a href="#">R43: Accommodation Guide (July 2002)</a> DfES
	<a href="#">R44: Asset Management Plans - Section 1: Framework (2000)</a> DfES
	<a href="#">R46: The Role of the Local Education Authority in School Education (2003)</a> DfEE
	<a href="#">R47: A Guide to Preparing Budget Monitoring Reports (2005)</a> IPF
	<a href="#">R48: Guide to Fraud Detection and Response (2005)</a> IPF
	<a href="#">R49: Blue Book for VA Schools (2003)</a> DfES
	<a href="#">R50: Connecting Schools, Networking People - ICT Guide (2002)</a> BECTA
	<a href="#">R51: Summary of Key Requirements under Charity Law Applicable to Schools Voluntary Funds</a> Charity Commission
	<a href="#">R52: Primary School - Financial Risk and Control Checklist</a> Wakefield MDC
	<a href="#">R53: Secondary School - Financial Risk and Control Checklist</a> Wakefield MDC
	<a href="#">R54: School Governance (Collaboration) (England) Regulations 2003</a> DfES
	<a href="#">R55: School Governance Constitution and Procedure Regulations 2003</a> DfES

	<a href="#">R56: Federation of Schools (Community Schools, Community Special Schools and Maintained Nursery Schools) (England) Regulations 2003</a> DfES
	<a href="#">R57: The Schools Companies Regulations 2002</a> HMSO
	<a href="#">R58: The Schools Companies (Private Finance Initiative Companies) Regulations 2002</a> HMSO
	<a href="#">R59: Education Act 2002</a> HMSO
	<a href="#">R60: Schemes for Financing Schools (2001)</a> DfES
	<a href="#">R61: Five Year Strategy for Children and Learners (2004)</a> DfES
	<a href="#">R64: Remodelling the school workforce (2004)</a> OfSTED
	<a href="#">R65: Freedom of Information Act - guidance for maintained schools</a> DfES
	<a href="#">R66: Model pay policy (2005)</a> DfES
	<a href="#">R67: Pay calculator 2006</a> DfES
	<a href="#">R68: Schools Views of the LEA (2004)</a> Audit Commission
	<a href="#">R69: Framework for inspecting schools (2005)</a> OfSTED
	<a href="#">R70: Education funding, the impact and effectiveness of measures to stabilise school funding (2004)</a> Audit Commission
	<a href="#">R71: A new relationship with schools (2005)</a> DfES
	<a href="#">R72: Multi-year budgets</a> NCSL
	<a href="#">R73: Governing the school of the future (2004)</a> DfES
	<a href="#">R74: Late Payment of Commercial Debts (Interest) Act 1998</a> HMSO
	<a href="#">R75: Managing School Resources Self Evaluation Tool</a> Audit Commission
	<a href="#">R76: Financial Management Standard and Toolkit Status Update</a> DfES
	<a href="#">R77: DfES VfM Unit Financial Management Standards in Schools Guidance</a> DfES
	<a href="#">R78: Parents' Satisfaction with Schools (2006)</a> Ofsted
	<a href="#">R79: Embedding ICT in Schools (2006)</a> Ofsted
	<a href="#">R80: Remodelling the School Workforce (2005)</a> Ofsted
	<a href="#">R81: General Code of Conduct and Registration of Interests for Senior Staff (2005)</a> Ofsted
	<a href="#">R83: New Relationship with Schools: Next Steps</a> Ofsted / DfES
	<a href="#">R84: Extended Schools Prospectus and Support Pack (2006)</a> DfES / NRT
	<a href="#">R85: Regulations to implement new EU procurement rules (2006)</a> OGC
	<a href="#">R86: Extended Schools - A Guide for Governors (2006)</a> DfES
	<a href="#">R87: Centre for Procurement Performance</a> DfES
	<a href="#">R88: Clerk to the governing body - overview</a> DfES
	<a href="#">R89: Planning and Funding Extended Schools: A Guide for Schools, Local Authorities and their partner organisations</a> DfES
	<a href="#">R90: School Funding Settlement 2006-08</a> DfES
	<a href="#">R91: Guidance on the Extended Schools Initiative and the provision of pre-schools childcare</a> Charity Commission

## **Appendix 3**

### **Bristol City Council Employee “Must Know” Codes, Policies and Regulations**

[Corporate Code of Conduct for Employees](#)

[Security and Vigilance Policy V6.1](#)

[Financial Regulations](#)

[Procurement Regulations](#)

[Whistleblowing Policy](#)

[IT Security Guide](#)

[Data Protection Guide](#)

[Anti-Fraud and Corruption Policy](#)

[Corporate Health, Safety and Welfare Policy](#)

### **Bristol City Council Corporate Policies and Guidance**

Internal Audit Advice

Internal Audit Advice

Internal Audit Advice

Internal Audit Advice

Internal Audit Advice

Internal Audit Advice

C & Y P S Financial Guidance

HR Forms and Guidance

[Asset Disposal](#)

[Asset Marking](#)

[Banking Cash](#)

[Document Retention](#)

[Inventory Guidance](#)

[School Purchasing Policy](#)

[Schools Financial Guidance Manual](#)

[Human Resources](#)

## **Appendix 4**

### **St Bonaventure's Policies**

Charging and Remission Policy ver. TBC  
[Lettings Policy](#) TBC

### **St Bonaventure's Procedures and Documents**

[Travel Subsistence Claim Form](#)  
[APS Controls Assurance Statement](#)

[Official Order Pro-forma](#)  
[Petty Cash Voucher](#)  
[Staff Handbook Finance Procedures](#)  
[Delegation of Financial Responsibilities](#)