

# CHECKENDON SCHOOL

## INTERNAL FINANCIAL PROCEDURES MANUAL - POLICY DOCUMENT

### Introduction

The purpose of this document is to summarise the policies adopted by the Governing Body in order to discharge its responsibilities for the sound financial management of the school within the financial regulations, standing orders and the scheme for financing schools issued by Oxfordshire County Council (OCC).

The document should be used in conjunction with the Financial Manual of Guidance: Financial regulations for schools with delegated budgets; Scheme for Financing Schools and OCC Standing Orders.

### Financial Standards

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## 1. ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

- 1.1 The Governing Body is responsible for the financial management and control of the school's budget and ensuring compliance with the Scheme for Financing Schools and OCC Financial Regulations.
- 1.2 The Governors will delegate authority to a Committee, an individual Governor, or the Headteacher. Any delegated authority to a Committee of the Governing Body will be established through 'terms of reference' for that Committee. To delegate authority to an individual Governor or the Headteacher, the Governing Body will establish a 'schedule of delegation'. The 'terms of reference' and the 'schedule of delegation' will be documented, minuted as approved by the Full Governing Body and annually reviewed and updated where needed.
- 1.3 The financial role of the Resources Committee is set out in the Committee's Terms of Reference approved annually by the Governing Body.
- 1.4 The Resources Committee interacts with the other Committees, to advise on appropriate means by which their requirements which have budget implications can best be met.
- 1.5 The Headteacher is responsible for ensuring that Budget Plans are drawn up that reflect the educational priorities for the school as set out in the School Improvement Plan.
- 1.6 The School Bursar is responsible for:
  - Preparing annually a Budget in accordance with 1.4 above, discussing it with and obtaining the approval of the Headteacher and thereafter the Resources Committee and Governing Body, subsequently submitting the Budget to Oxfordshire County Council within the statutory deadline detailed in section 3.2 below, and obtaining their validation.
  - Ensuring the prompt and accurate recording of all financial transactions on the school's accounting records, ensuring that sound systems of internal control are in place that enables the proper processing of the school's transactions.
  - Liaising with external agencies including major suppliers and Oxfordshire County Council's finance officers<sup>1</sup> to ensure the school's best financial interests are met.
  - Monitoring all income and expenditure and acting accordingly.
  - Working within the financial limits agreed by the Governing Body. These are set annually and are equal to the agreed budget for each cost centre.
- 1.7 Individuals within the school are responsible for ensuring that expenditure necessarily charged to their cost centre is made within the educational priorities of the school and their department's part in those.
- 1.8 The Bursar and Admin Officer are responsible for the financial administration of the school including:
  - accounting records,
  - the placing of approved orders,
  - the processing and payment of agreed invoices,
  - the periodic production for cost centre managers of individual financial statements,
  - receiving, recording and banking school income,
  - finance administration of staff appointments, resignations etc., and
  - financial administration of school trips

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<sup>1</sup> Including appropriate finance officers based in Hampshire's Education Finance Services (EFS)

The Bursar provides additional segregation of duties by taking responsibility for:

- monthly reconciliation of finance data with local financial records and bank balances
- checking payroll to school records of payroll contracts and payroll claims,
- setting up school budget and financial structure,

1.9 The school has a Register of Pecuniary Interests for the governors and staff, which is kept by the Clerk. In addition, anyone involved in purchasing items or services in school is expected to declare any personal interest in the transaction.

1.10 A strategic School Improvement Plan is formulated and agreed each year covering the next three years, the first year to be produced in detail, the following two years in draft. This plan is prepared in the first instance by the Headteacher. It is then put to the full Governing Body for approval.

- It includes details of projected expenditure on buildings (looking at both capital and repairs and renewals), long term contracts and commitments and staff development. Governors assess long term staffing costs, particularly when restructuring is being considered. The plans must conform to the school's aims and objectives and reflect the integration of cost related academic proposals as shown in the curriculum development plans.
- The plan is reviewed and updated annually with objective criticism, review and assessment minuted.

1.11 Compliance with these Internal Financial Procedures and the OCC's Financial Manual of Guidance is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Headteacher.

1.12 All policy documents, including this document, maintained by the school will be annually reviewed and considered and agreed by the Governing Body.

## **2 HEADTEACHER'S ROLE IN FINANCIAL CONTROL**

2.1 Leading and managing the creation of the School Improvement Plan underpinned by sound resource planning that identifies priorities and targets for ensuring that pupils achieve high standards and make progress, increasing teacher effectiveness and securing improvement.

2.2 Ensuring that the relevant local authority (LA) financial regulations are implemented.

2.3 Establishing and overseeing sound internal financial controls that are managed on a daily basis by the Admin Officer. This includes a regular review of budget monitoring information.

2.4 Ensuring the effective implementation of current financial systems and procedures in accordance with LA best practice.

2.5 Approving draft budgets for submission to the Governing Body and LA.

2.6 Ensuring that regular budget reports are prepared for the Governing Body.

2.7 Obtaining governor approval for any virements above his/her delegated authority (see section 3.6 below).

2.8 Ensuring a timely response to finance audit reports and advising governors of any remedial action.

2.9 Ensuring the maintenance of accurate and current inventories of all designated equipment.

- 2.10 Ensuring that adequate insurance provision is made as part of the annual budget.
- 2.11 Implementing the Governor's pay policy.
- 2.12 Implementing safe recruitment policy and procedures.
- 2.13 Setting appropriate priorities for expenditure, allocating funds and establishing effective administrative controls.

### **3 BUDGETS**

- 3.1 The school's aims and objectives are set out in the School Improvement Plan and supported by other appropriate plans such as Asset Management Plan, as approved by the Governing Body.
- 3.2 The timing of the preparation of the annual Budget is by necessity largely driven by the provision by OCC of allocation figures. Formal submission of the Budget, as approved by the Governing Body or nominated sub-committee, is required by the specified date of the relevant financial year.
- 3.3 The detailed preparation of the Budget is completed with the aid of the prescribed budget planning tool, devised and provided by OCC. Budget plans will cover a three year rolling period.
- 3.4 Curriculum leaders are allocated sums on the basis of costed development plans.
- 3.5 Budget Monitoring reports have been developed in which variances are highlighted for discussion and appropriate action. A summary printout of departmental budgets is provided to cost centre holders each term, with more detailed breakdowns of costs supplied on request. Monthly budget monitoring reports showing each CFR category are provided to the Headteacher. The monitoring report supported by appropriate financial statements are presented to the Resources Committee or directly to the full Governing Body as appropriate.
- 3.6 Governors may give the Headteacher the authority to vire between accounts during the course of the year, provided the total budget amount is not exceeded and all such virements are reported to the Resources Committee.

### **4 INTERNAL CONTROL**

- 4.1 All elements of the approved Budget are in the charge of the respective cost centre holder on whose authority monies may be spent from that cost centre. Control and authorization hierarchy is specified by the OCC provided accounting system.
- 4.2 Financial orders are made by means of purchase orders being produced from the school's accounting computer records. These are generated by the Admin Officer from purchase order requisitions that have been duly authorised by cost centre holders.
- 4.3 Purchase orders will be approved in accordance with the school's authorization hierarchy before dispatch electronically to suppliers.
- 4.4 The Headteacher is the authorizer for the school accounting system with a senior teacher acting as the substitute in case of long term absence. Each has delegated authorisation following the IBC protocol (no maximum).

Any entry created in the school's account automatically transfers to the workflow of the authoriser.

- 4.5 On receipt of goods, delivery notes are checked to the numbered order for quantity.
- 4.6 Supplier invoices will be checked to delivery notes for quantity and to purchase order for price and calculation. The invoices are then authorised by the relevant cost centre holder to confirm receipt of goods/services. Approved invoices are then passed to the Admin Officer for recording, processing and payment.
- 4.7 The Bursar holds detailed procedures relating to the school's financial systems and is responsible for keeping them up-to-date and ensuring they comply with LA requirements. When new LA procedures are issued the Bursar is responsible for alerting staff and governors, updating the school's procedures as required and keeping copies of the latest LA procedures.
- 4.8 All staff who deal with financial matters are trained in the appropriate procedures and records are kept of this training. All the duties of the Bursar are recorded and cover is available from the LA finance team who can carry out the various duties in the absence of the Bursar.
- 4.9 Financial records are required to be kept for at least six years. This is a requirement laid down by Her Majesty's Revenue and Customs (HMRC).
- 4.10 Any suspected irregularity will be reported to the Strategic Business Partner reporting to the Director for Children, Education and Families.

## 5 INSURANCE

- 5.1 The Governing Body will take out such insurance as it seems fit and/or as it is advised, and to comply with statutory requirements. The Governing Body will obtain the following insurance cover<sup>2</sup> as a minimum:
  - Buildings and Contents
  - Employers and Public Liability (it is a legal requirement for Employers liability cover to be held)
  - Motor insurance (where applicable)
  - Engineering Insurance
- 5.2 All risks will be reviewed annually to ensure that the cover is adequate.
- 5.3 All contractors must have public liability insurance to a minimum level of £5million, before they are allowed to undertake work on school premises. Voluntary workers will be covered under the OCC insurance policy (as long as they come under the direct control and supervision of a member of staff from the school).
- 5.4 People hiring the school premises and using facilities can either be covered by the school's insurance at an additional cost or must produce evidence of valid public liability insurance with indemnity up to £5million.

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<sup>2</sup> Full details of the relevant cover required is available on the schools intranet pages through the link <http://schools.oxfordshire.gov.uk/cms/node/528>

- 5.5 The Headteacher will inform the OCC Insurance Team of all new risks, property and equipment as soon as possible to ensure cover details can be updated.
- 5.6 The Headteacher must notify the OCC Insurance Team of any accident, losses or incidents which might give rise to an insurance claim. Should a letter of claim be received by the school, it must be immediately passed onto the OCC Insurance Team to deal with and investigated. The school should not reply to any contact from solicitors firms.

## 6 COMPUTER SYSTEMS

- 6.1 The school's principal accounting records are held within OCC's main accounting system. Other administrative areas, such as Pupil records, are held on the administrative computer network, using RM Integris software maintained by TIO, together with proprietary commercial software e.g. Microsoft Excel, Microsoft Word.
- 6.2 The school is registered annually under the 1998 Data Protection Act. The registration requires a single Data Controller to be named and the named Data Controller in the school will be the Headteacher.
- 6.3 The accounting system is protected by access permissions to authorised staff. Access permissions should be strictly controlled and individual log-ins should not be compromised. All leavers with previous access to the accounting system must have their access permissions formally removed.
- 6.4 The local network is under the overall control of the Headteacher. All users have login identities and passwords, which are required to be changed on at least a termly basis.

## 7 PURCHASING

- 7.1 The immediate responsibility for ensuring that the school obtains best value for money in its buying decisions lies with individual cost centre holders, the skill and wisdom with which they make these decisions will clearly have an impact on their area of activity and thereby their overall effectiveness.
- 7.2 For individual items costing between **£1,000** and **£5,000** cost centre holders must obtain three written quotations. If the supplier chosen is not the cheapest or three written quotations could not be obtained then a record is kept to explain why the more expensive supplier was chosen or why three quotations were not possible.
- 7.3 For items costing between **£5,000** and **£10,000** a check should be made with the Corporate Procurement Team to fully utilise their expertise. Three quotes must be obtained and a record kept if the cheapest is not chosen. All such items will be reported to the Resources Committee.
- 7.4 For items costing between **£10,000** and **£25,000** a check should be made with the Corporate Procurement Team to fully utilise their expertise. Three quotes must be obtained and the purchase must be approved by the Resources Committee.
- 7.5 Oxfordshire County Council's Contract Procedure Rules 5.2 require competitive quotations to be sought for contracts valued between £25,000 and £75,000 over the whole life of the contract. The Corporate Procurement Team should be consulted to fully utilise their expertise.
- 7.6 For contracts between £75,000 and below the EU threshold, OCC's Contract Procedure Rules 5.2 requires a sufficient number of persons or bodies to be invited to submit tenders, to ensure genuine competition. Good practice suggests that the number should be a minimum of 3 and a maximum of 6. The Corporate Procurement Team should be consulted to

fully utilise their expertise.

- 7.7 For building consultancy advice, the school has contracted with the Oxford Diocese and it is considered that this provider can direct the school to appropriate contractors and can advise the school on the relevant planning, and health and safety implications of building proposals.
- 7.8 Orders for goods and services are (unless exceptional circumstances dictate otherwise and are approved by the Headteacher), made using formal order documentation, generated from the SAP computer system as detailed in 4.2 above.
- 7.9 The SAP computer system records orders generated by it as commitments against the particular cost centre and CFR allocation.
- 7.10 Invoices are passed on receipt to the appropriate fund holder who signs them to acknowledge that the items have been received, they are satisfactory, and that payment may be made. Approved invoices are then passed to the Admin Officer for payment as detailed in 4.6 above.
- 7.11 The Governing Body will be responsible for approving the use of Procurement cards and the named card holders in school. Any cards held by anyone other than the Headteacher/Admin Officer will be linked to a specific cost centre and should only be used to purchase goods from that cost centre.

A Procurement Card is held by the Admin Officer who is **personally responsible** for the safe custody of the card. The card should be held securely at all times and any loss of cards should be reported immediately. Both the Cardholder and the Headteacher are jointly liable for the integrity of all transactions and proper and controlled use of the Procurement Card. All receipts must be produced and reconciled to the monthly statement by the Bursar and signed off by the Headteacher.

The monthly spending limit for cardholders is £1,000. Limits can be raised on a temporary basis when major purchases are necessary by reference to the IBC.

## **8 PERSONNEL**

- 8.1 The payroll is administered by Hampshire County Council (HCC) on behalf of the school, as part of the school's subscription to the Pay and Contract Support Service from HCC Integrated Business Centre (IBC). Amendments to payroll data e.g. appointments, resignations, pay changes and overtime, are entered by the school onto the IBC portal, a web based service, after being authorised by the Headteacher.
- 8.2 Personnel information is held in manual files under the guidance of the Headteacher with access strictly limited to authorised officials.
- 8.3 All staff are paid monthly by bank credit transfer to their bank account from an Oxfordshire County Council account.
- 8.4 The School Bursar will obtain monthly reports from the SAP accounting system to check that transactions for supply staff, casual staff and overtime have been made against authorised claim forms submitted and will perform an automated payroll reconciliation to the budget planner. Any variances of more than 1% will be investigated. The Headteacher will review and sign the report to confirm that the checks have been carried out and that they are aware of queries raised with IBC.
- 8.5 The School Bursar will perform a full payroll reconciliation against the employee information within the three year budget planner at least three times a year. A copy of the payroll report will be signed and dated by the School Bursar completing the review and

countersigned by the Headteacher to confirm that the checks have been carried out and that they are aware of any queries raised with IBC.

- 8.6 The Headteacher is responsible for ensuring that the statutory obligations around the safe recruitment process are administered and the Admin Officer will be responsible for maintaining accurate records of all staff employed by the school in a single central record.

## **9 ASSET SECURITY**

- 9.1 The Tangible Assets of the school fall into the following categories - Land and Buildings, Furniture, Fittings and Equipment and Consumables.
- 9.2 The Governing Body will produce and approve an annual maintenance plan which sets out the priorities for building matters, within the overall context of the School Development Plan and linked to the school's financial budget, and giving due consideration to security and health and safety issues.
- 9.3 The immediate responsibility for the safeguarding of equipment lies with the end user departments; in support of this the school provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover via the OCC scheme.
- 9.4 Consumable items e.g. stationery purchased for general use are safeguarded by the Admin Officer who keeps a watching brief on quantities ordered and the frequency of ordering.

## **10 INCOME**

- 10.1 The school income (other than formula and grant funding) derives from the following main areas:
- Donations, sponsorship and non-LA administered grants;
  - Student teachers from universities and other institutions;
  - Hiring of premises and facilities;
- 10.2 Charges can also be made to pupils to defray the costs of certain activities. The "Policy on Charging for School Activities" set out these details. This document is reviewed annually.
- 10.3 Premises hire charges are determined by the Governors' policy on premises hire, unless exceptional circumstances require otherwise. In such circumstances charges are determined at the discretion of the Headteacher. The "Premises and Lettings Policy" sets out the detail. This document is reviewed annually.
- 10.4 Bookings for lettings are made through the Admin Officer. The school accounts are credited at the time at which the payment is received.
- 10.5 All income is banked promptly and in full.
- 10.6 The OCC accounting system provided through the IBC will chase all outstanding sums on school invoices raised through it according with the agreed debt recovery protocols. Once these processes have been exhausted the debt will be passed back to the school to agree the next course of action. All debts can only be written off in accordance with OCC regulations.

## 11 BANKING

- 11.1 The school's main bank account is held by Oxfordshire County Council.
- 11.2 The school also holds a local expenditure bank account for incidental payments that cannot be made through the purchase orders process as outlined in section 4.2 above and a direct credit account to collect income made to the school by outside organizations or individuals that are swept daily into the main account.
- 11.3 The local expenditure bank account holds an initial balance of £1500, which is topped up as appropriate by BACS transfer arranged through the school's accounting system. Payments are made via a cheque book (2 signatures are required for any cheque over £500).
- 11.4 The Bank Mandate for the local expenditure bank account requires signatories from the following:
- Headteacher
  - Senior Teacher
  -
- The authorised account signatories are held on bank mandate forms.
- 11.5 Bank Statements for the local expenditure bank account are received monthly and are reconciled to the school's record. The reconciliation of the bank account is completed by the School Bursar and reviewed and countersigned by the Headteacher.
- 11.6 The school complies with OCC's directive concerning payments to suppliers.
- 11.7 The arrangements with the bank **does not permit** the school local expenditure bank account to be overdrawn.
- 11.8 In exceptional circumstances, where neither an official SAP purchase order or procurement card payment nor a school cheque drawn on the local expenditure bank account is appropriate for a purchase collected by a member of staff, payments can be made on the school's behalf to individual members of staff. The member of staff will be reimbursed on production of supporting documentation by an authorised claim through the "My expenses" facility of the employee's IBC access.
- 11.9 Payments for travel expenses and reimbursement of child care costs in accordance with the Allowance Policy for Governing Bodies will be made for Governor training by cheque from the local expenditure bank account against production of supporting documentation.

## 12 PETTY CASH

This school does not hold Petty Cash.

## 13 EXTERNAL CONTROL

- 13.1 The school is subject to a regular internal audit by OCC Internal Audit Services and SFVS auditor.
- 13.2 The Resources Committee annually reviews all controls and procedures of financial systems operating within the school. A self-assessment of the financial administration and management within the school is carried out at all levels by the finance officer, Headteacher,

Resources Committee, and Governing Body.

13.3 The Governing Body is responsible for undertaking the annually required SFVS review and taking appropriate action where weakness is identified.

13.4 Controls and procedures of the financial systems were last reviewed in March 2016.

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