



INTERNAL FINANCIAL PROCEDURES MANUAL - POLICY DOCUMENT



Reviewed and Adopted July 2020

Signed.....COG

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Next review July 2021



CHESTERTON CHURCH OF ENGLAND PRIMARY 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 may 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 Governing Body is set out in the Terms of Reference approved annually.
- 1.4 The Governing Body discuss and agree appropriate means by which their requirements which have budget implications can best be met.
- 1.5 The Headteacher/Senior Leadership Team is responsible for ensuring that Budget Plans are drawn up that reflect the educational priorities for the school as set out in the School Development Plan.
- 1.6 School Business Manager 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 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 enable the proper processing of the school's transactions.
 - Liaising with external agencies including major suppliers and Oxfordshire County Council's finance officers¹ 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 School Business Manager is responsible for the financial administration of the school including:
 - accounting records
 - the placing of approved orders
 - the processing and payment of agreed invoices

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

- the periodic production for Headteacher and Governors of financial statements
- monthly and weekly reconciliation of finance data with local financial records, bank balances and online payments
- setting up school budget and financial structure
- finance administration of staff appointments, resignations etc.

The School Administrator is responsible for:

- receiving, recording and banking school income
- reconciling payments received through the online system
- input of personnel data to SIMS system and financial administration of school trips.

1.9 The school has a Register of Pecuniary Interests for the governors and staff, which is kept in the Governor files in the school office. 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 development plan is formulated and agreed each year for 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/Senior Leadership Team. 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 Development 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 School Business Manager. 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 Development 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 Individual departments (including curriculum and administrative) are allocated sums on the basis of costed development plans. These plans are translated into bids for funding and are accepted alongside:
 - Statement of account for the previous financial year.
 - The previous financial year's bid.
- 3.5 Budget Monitoring reports have been developed in which variances are highlighted for discussion and appropriate action. Regular budget monitoring reports showing each cost centre is provided to the Headteacher. The monitoring report supported by appropriate financial statements are presented to the Governing Body at least three times a year.

- 3.6 Governors may give the Headteacher/Senior Leadership Team 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 Governing Body.

4 INTERNAL CONTROL

- 4.1 All elements of the approved Budget are in the charge of the Headteacher and/or School Business Manager on whose authority monies may be spent from that cost centre. Control and authorisation 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 School Business Manager 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 authorisation hierarchy before dispatch electronically to suppliers.
- 4.4 The school has **one** authoriser. Delegated authorisation is as follows:

Headteacher £25,000

Whenever an entry is raised in the school's account it automatically transfers to the workflow of the Headteacher. The requirement to keep supporting paper documentation is not required, although copies are signed by the Headteacher to confirm approval and filed.

- 4.5 On receipt of goods, delivery notes are checked to ensure the correct items, and numbers ordered have been supplied. These are then passed to the School Business Manager to file with the relevant invoice when paid.
- 4.6 Alternatively, supplier invoices will be checked to the numbered order for quantity, price and calculation. The invoices are then checked to confirm receipt of goods/services. Invoices are passed to the School Business Manager for recording, processing and payment.
- 4.7 The School Business Manager 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 School Business Manager 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, including the School Business Manager, who deal with financial matters are trained in the appropriate procedures and records are kept of this training. All the duties of the School Business Manager are recorded and a note kept of who can carry out the various duties in their absence.
- 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 cover² 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 (where applicable)

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.

5.5 The Headteacher/School Business Manager 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/School Business Manager 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 SIMS or other software, together with proprietary commercial software e.g. Microsoft Excel, Microsoft Word.

6.2 The school is registered annually under the 2018 Data Protection Act/General Data Protection Regulation. The registration requires a single Data Controller to be named and the named Data Controller in the school will be the Headteacher.

² 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>

- 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 School Administrator. 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 the Headteacher and School Business Manager, 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 items costing between **£1,000** and **£5,000** three written quotations are obtained. 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 Governing Body.
- 7.5 Oxfordshire County Council's Contract Procedure Rules 5.2 requires 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 not subscribed to the County provided service. Where the school has subscribed, and whilst there is a cost implication in this approach, because the service provider charge a fee on a percentage basis of orders placed by them on the school's behalf, it is considered that the provider can direct the school to builders whose prices are again set at countywide levels. Furthermore, the provider 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 IBC SAP computer system as detailed in 4.2 above.

- 7.9 The IBC SAP computer system records orders generated by it as commitments against the particular cost centre allocation.
- 7.10 Invoices are passed on receipt to the School Business Manager 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/School Business Manager 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 School Business Manager. The cardholder is **personally responsible** for the safe custody of their card. The card should be held securely at all times and any loss of cards should be reported immediately. Both the Cardholder and the Cost Centre Manager 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 School Business Manager 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, and separately on the SIMS computer system, for which relevant registration under the Data Protection Act is held as detailed in 6.2 above.
- 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 Business Manager 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 investigate whether the month's actual expenditure is within 1% of budgeted payroll transactions. The Headteacher should 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 Business Manager performs a full payroll reconciliation against the employee information within the three year budget planner on a monthly basis year. A copy of the payroll report is signed and dated by the School Business Manager 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 School Administrator 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 Headteacher and School Business Manager will produce for Governing Body approval 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, which may include 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 School Administrator. The School Business Manager 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
 - School meals sales
 - Extended care before and after school
- 10.2 Charges can also be made to pupils to defray the costs of certain activities. The 'Charging and Remissions Policy' sets out these details. This document is reviewed every two years.
- 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 'Lettings Policy' sets out the detail. This document is reviewed every two years.

- 10.4 Bookings for lettings are made through the School Business Manager or School Administrator. The School Business Manager raises invoices for regular and one-off lettings through the accounting system. Payments for invoices raised through the accounting system will be processed in accordance with guidance issued by the local authority. The school accounts will be credited at the time at which the invoices are raised.
- 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.
- 10.7 Certain curriculum departments generate some income through entrepreneurial activities. Such fees should be made in accordance with the 'Charges and Remissions Policy'.

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
 - School Administrator (PD)
 - Assistant Headteacher (KS)

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 Business Manager then authorised and countersigned by the Headteacher.
- 11.6 The school complies with OCC's directive concerning payments to suppliers.

- 11.7 The arrangement with the bank **does not permit** the school local expenditure bank account to be overdrawn.
- 11.8 In exceptional circumstances, where neither an official IBC SAP purchase order or procurement card payment, school cheque drawn on the local expenditure bank account nor a petty cash payment 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 payroll.
- 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 (ONLY INCLUDE IF A PETTY CASH FACILITY HAS BEEN FORMALLY APPROVED BY THE LOCAL AUTHORITY FOR YOUR SCHOOL)

THIS SECTION DOES NOT APPLY TO CHESTERTON CE PRIMARY SCHOOL

- 12.1 Petty Cash balances are under the control of the Finance Office with reimbursements made from the Finance Office on production of supporting vouchers and receipts.
- 12.2 Expenditure is recorded manually in the first instance; expenditure is then processed into the school's computerised accounting records against the appropriate department budget headings.
- 12.3 Cash for the float is drawn by means of cheque on the school's local bank account.
- 12.4 Personal cheques are not encashed from petty cash or any other cash held by the school.
- 12.5 Petty cash is regularly reconciled with the computer balance by the **(Job/Post Title)** and will be reviewed and countersigned by the Headteacher.
- 12.6 Petty cash slips will be signed by recipient and authorised by the account holder.
- 12.7 The limit for petty cash transactions is set at £**xx**.

13 VOLUNTARY FUNDS

- 13.1 "Unofficial"/"private" non-delegated funds are administered by the school through IBC.

14 EXTERNAL CONTROL

- 14.1 The school is subject to a regular internal audit by OCC Internal Audit Services.
- 14.2 The Governing Body 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 School Business Manager, Headteacher and Governing Body.

