

# FINANCIAL REGULATIONS

Marsh Lane Primary School



## **Introduction**

- ◆ These Financial Regulations and Procedures have been reviewed by the Governors of Marsh Lane Primary School and set out the duties and responsibilities of all staff and Governors in respect of the financial administration of the school, including the planning and control of the revenue budget and Devolved Formula Capital, the collection of income, and the security of school assets.
- ◆ The overall responsibility for the expenditure of the school's delegated budget and other school finances is that of the Governing Body.
- ◆ The Head has responsibility for ensuring that all relevant staff have a copy of these regulations and are made aware of any future changes agreed by the RMC.
- ◆ The Governing Body will appoint a RMC with delegated powers according to the terms of reference agreed at the first meeting of the Governing Body in the Autumn term (Appendix A). Minutes of all RMC meetings will be taken and maintained by the Clerk to the Governors and copies circulated to all members of the Governing Body in order that they are kept fully informed of all actions and decisions taken by the RMC.
- ◆ These regulations and procedures may only be altered in the light of new legislation/regulations as advised by the Local Authority or to encompass changes in procedure brought about by new technology. The appendices will be reviewed annually and kept up to date by the RMC.
- ◆ The Governing Body will maintain a register of business interests in accordance with their policies. It is the duty of all Governors of the school to comply and ensure registration.
- ◆ The Governors will operate within the guidelines of the school's Code of Conduct when carrying out their responsibilities.

## ***To all staff***

1. In any organisation is it essential to ensure sound financial administration. In schools, the Head has a responsibility for ensuring the proper administration of all financial affairs, and determining the accounting systems and records necessary to achieve this, subject to the direction of the Governing Body.
2. Financial Regulations, and supporting Financial Procedures, are seen by all staff that have an involvement in the spending or collecting of money or any responsibility for the property of the school. Staff should make sure that they familiar with the contents of this booklet.
3. Financial regulations and procedures apply to all employees and transactions of the school. This is the case even where the spending is fully reimbursable by a third party or where it is covered by any other form of income.
4. The Head has a responsibility to ensure that all school staff make themselves aware of any changes in these regulations and procedures as they occur. Should any doubt exist on their meaning, the Administration Manager /Head should be consulted in the first instance and the Authority in the second instance.
5. These regulations also apply to any trusts or subsidiaries that the school may control or operate, e.g. School Fund.
6. Failure on the part of any member of staff to observe Financial Regulations and Procedures may result in disciplinary action.
7. It is the responsibility of all staff in cases of suspected fraud, misappropriation of funds, materials or equipment, or any other irregularities, to comply with the school's 'Whistle-Blowing Policy/Confidential Reporting Code, or otherwise report immediately to the Head in the first instance and to the Assistant Head of Corporate Finance (Audit), Audit Services Unit, Corporate Finance Department, in the second instance.

## **A. GENERAL**

1. The Head shall be the responsible officer for the proper administration of the financial affairs of the school and all accounting systems, procedures and records of the school and its employees.
  2. The RMC should take no decision on any item having financial consequences without first obtaining a financial assessment of the initial cost and any future running costs.
  3. The Head will support these financial regulations with the issue of more detailed instructions to staff from time to time.
  4. Any changes to the regulations will be subject to the approval of the Governing Body.
  5. The school will comply with all accounting policies and requirements of the County Council (the Authority).
  6. The Head will report any breach of Financial Regulations to the RMC where appropriate.
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## **B. INCOME**

1. The Head in consultation with the relevant school staff shall undertake an annual review of all scales of charges. The RMC will formally consider details of the reviews.
2. The School Business Officer shall take action to collect all amounts due to the delegated budget. Official receipts must be issued and copies retained in school.
3. The Clerk to the Governors will raise invoices for lettings in accordance with the school lettings policy. Charges for the letting of school premises for Community Education use will be at the rates agreed by the Authority.
4. The Head shall have the discretion to write off individual bad debts up to a limit of in each case. Larger sums will be referred to the RMC.
5. No sale of goods and services on credit shall be made without the prior approval of the Head.
6. No proposals involving the generation of income should be implemented without prior consultation with the RMC.
7. The Head is responsible for ensuring the security, collection and banking of income due to the delegated budget.
8. Income must be banked intact in accordance with the Financial Procedures section of this document.
9. The Governing Body is responsible for drawing up a statement of its policy on charging and remissions. This policy should be reviewed annually.

### **C. EXPENDITURE AND ORDERS FOR WORK, GOODS AND SERVICES**

1. The ordering of goods and services and the payment of accounts, shall be in accordance with the financial procedures appended to these regulations, and advice from the School Business Officer /Head.
  2. Orders shall be placed for all goods and services except for such items as recurring charges for public utilities, periodic payments, petty cash purchases and any other exception approved by the Head.
  3. Where an individual item or combination of items forming a scheme or project costs in excess of £1500 (including non-recoverable VAT), the approval of the RMC must be sought, prior to any such order being raised and the minute number recorded on the invoice.
  4. All orders shall be authorising electronically on SAP by the Head Teacher. In his absence, by the Assistant Head.
  5. No expenditure is to be made without proper authority and provision in the budget estimates.
  6. The payment of all goods and services shall be made by the Head, or under arrangements approved or controlled by him/her.
  7. Goods will not be paid for in advance of receipt, unless in urgent circumstances up to a cost of £500 through the Private School Fund only. The Headteacher will authorise the payment in these circumstances.
  8. Official orders shall not be raised for any personal or private purchases, nor shall personal use be made of any school contracts.
  9. If the school is included in the Authority's arranged contracts for grounds maintenance and cleaning services there must be compliance with the terms and conditions of the Authority's contracts in relation to those services.
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### **D. SALARIES, WAGES AND PENSIONS**

1. The payment of salaries, wages and other emoluments from the delegated school's budget shall be made only by the Corporate Finance Department unless the Governing Body makes a formal decision for alternative payroll provision.
  2. Unless the Governing Body formally adopts alternative provision, the Corporate Finance Department shall be responsible for the deduction of all pension contributions, trade union subscriptions and other items from employees' salary payments and will arrange for the paying over of such deductions to the relevant bodies.
  3. The Head shall notify the Authority's personnel section in writing of all appointments, resignations, absences or other changes which may affect the pay or pension of an employee or ex-employee of the school. In addition Property Services Department must be notified of any changes if the employee is employed by a direct services organisation.
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## **E. CONTRACTS**

1. All contracts shall be made in accordance with procedures which appear later in these regulations.
2. No member of staff shall authorise work to be undertaken or goods to be supplied which are to be subject of a contract or other legally binding agreement until a document in a form approved by the Authority's legal services department is completed and signed by the contractor.
3. Price increases on any contract shall be subject to prior consultation with the Finance Committee.
4. The Head of Corporate Finance must give approval for any leasing agreements.
5. Disposal of leased and financed assets is subject to the prior approval of the Head of Corporate Finance.
6. Any form of agreement intended to defer payment or provide for payment by instalments must be subject to the prior approval of the Head of Corporate Finance.
7. Governors have a statutory responsibility not take part in the decision making process relating to any contract or agreement in which they have a personal/ pecuniary interest. The Headteacher, in communication with the Clerk to Governors is responsible for maintaining a register of business interests in respect of all governors and staff who may be in a position to influence financial decisions.

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## **F. REVENUE BUDGETS**

1. Estimates of income and expenditure will be prepared for the forthcoming financial year, jointly by the Head and the School Business Officer, based on advice provided by the Authority, and considered in detail by the Finance Committee.
2. The format of the estimates will be consistent with the needs of management information for financial control purposes, and the format of the annual accounts as prescribed by the Governing Body.
3. The estimated out-turn figures relating to the current financial year should also be included with the new financial year budget estimates.
4. An annual budget timetable will be set by the Head and the School Business Officer and agreed by the Finance Committee/Governing Body. The timetable must comply with the LA deadlines.
5. The Governing Body will formally approve the expenditure and income budgets for the financial year, after which the School Business Officer will be instructed by the Head to input the budget split into SAP. A deficit budget plan is not acceptable.
6. The Governors must have a strategy to use surplus balances in excess of 8% of the budget share.
7. The Head will be responsible for the delegation of the authorised budget, and it is his/her responsibility to ensure that budget heads are not substantially overspent or underspent, taking into account the overall budget position. Where it appears that an approved expenditure budget may be exceeded, or income target not realised, such information will be conveyed to the Head. Recommendations will be made to the RMC in regular reports as to remedial action that will be taken.
8. No expenditure which requires a continuing financial commitment in future years may be incurred without the approval of the RMC.

9. Virement of funds between budget heads of up to a maximum of £1000 may be made and must be reported to the RMC. Virements exceeding £1000 require the approval of the Finance Committee before they are carried out and the minute number recorded.
10. Any request for virement from Contingency to any other budget head must be referred to the RMC for approval before virement is completed.

## **G. CAPITAL EXPENDITURE**

1. Capital expenditure generally falls outside the scheme of delegation and such expenditure on buildings can only be incurred with the approval of the Education Committee with the exception of expenditure through the school's allocation of Devolved Formula Capital.
  2. The Governors will be responsible for drawing up expenditure plans for Devolved Formula Capital, taking into account the three year spending deadline. Approval of the LA must be sought for schemes via a Project Approval Form, unless solely for ICT purchases (which must not include alterations to electrics or the fabric of the building). Approval via a Project Approval Form is also needed when using revenue monies for capital expenditure.
  3. The Governors will delegate responsibility to the Headteacher to spend up to £1500 from Devolved Formula Capital (i.e. the same spending limit for orders of goods), before approval is sought from the RMC.
  4. The Governors can approve expenditure from the delegated budget to meet the cost of capital expenditure on the school premises, subject to Annex B of the Derbyshire Scheme for Financing Schools and the expenditure limits outlined in paragraph 2 above. Where the County Council owns the premises, or the school has voluntary controlled status, the approval of the Council for the proposed works must be obtained..
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## **H. INTERNAL AUDIT**

1. The Head of Corporate Finance (Assistant Director of Finance [Audit]) and RIPA Monitoring Officer shall have the right of access to all such records and documents (including electronic data) of the school as may be necessary for the purposes of carrying out an effective audit. The Audit Services Unit shall be entitled to require from any employee of the school such information and explanation as may be thought necessary for that purpose.
  2. Officers of the Audit Services Unit are authorised to appraise the adequacy of controls and procedures employed by the school to secure economy, effectiveness and efficiency in the use of resources.
  3. It is the responsibility of all staff in cases of suspected fraud, misappropriation of funds, materials or equipment, or any other irregularities, to comply with the school's 'Whistle-Blowing Policy/Confidential Reporting Code, or otherwise report immediately to the Head and the Assistant Director of Finance (Audit) and RIPA Monitoring Officer, Audit Services Unit, Corporate Finance Department.
  4. The Head must consult the Assistant Director of Finance (Audit), Audit Services Unit, Corporate Resources Department who must review and formally approve any new systems for the maintenance of financial records, software records, or records of assets of the school, or any changes to such systems: all consultations must be concluded prior to such amendments being undertaken.
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## **I. IMPREST ACCOUNT**

1. The Imprest account should only be used for transactions of a nominal value to purchase items which cannot be processed using official ordering procedures and shall be operated in accordance with the instructions of the Head Teacher. The Imprest Account shall not be allowed to be overdrawn.



2. All disbursements from the Imprest account shall be supported by adequate vouchers and records.
3. The Imprest holder shall regularly reconcile and balance the account to the bank statement; reconciliation sheets to be signed and retained by the Imprest holder.
4. All Imprest transactions shall be recorded promptly.
5. The Form A shall be completed annually for the Imprest Account at 31<sup>st</sup> March each year which shall be retained and made available for Audit inspection.
6. The Imprest account shall not be used to purchase goods on behalf of the Authority using personal store/loyalty card.
7. Any requests for further allocations into the Imprest account should be sent directly to the County Council's Payments Section.

## **J. STORES AND INVENTORIES**

1. The School Business Officer shall be responsible for the safe custody of stores and inventory items, and the maintenance of records in accordance with advice issued by the Head.
  2. The Head shall be responsible for ensuring that a check of inventory items is carried out at least once a year.
  3. The Head shall be responsible for ensuring that a stock take of stores is carried out at least once a year.
  4. Significant stores discrepancies will be subject to audit scrutiny and investigation by the RMC. Any writing off of obsolete stores and equipment shall be done only with the approval of the Governing body.
  5. The disposal of all plant, machinery and equipment shall be the responsibility of the Head under the guidance of the Governing body. The inventory should include details of disposal where appropriate, including authorization, signature, date and method of disposal.
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## **K. INSURANCE**

1. The Governors through the Headteacher will be responsible for ensuring the school has the necessary insurance cover in line with the policy determined by the Governors/RMC.
  2. All staff shall notify the School Business Officer /Head immediately of any loss, liability or damage which may lead to a claim.
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## **L. PROPERTY AND ASSETS**

1. All school staff shall be responsible for ensuring the proper security of all buildings and other assets under their control.
  2. No school assets shall be subject to personal use by staff or students without proper authority from the Head. An up to date register of all assets used outside the school by school staff should be kept.
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## M. VAT

1. The Head shall be responsible for ensuring that the school conforms to VAT procedures as issued by the Authority (failure to comply could lead to HM Revenue and Customs claims against the school's budget).
2. The VAT Officer within the Corporate Finance Department shall have right of access to all records appertaining to VAT. The VAT Officer will also, from time to time be required to visit the school in order to confirm that VAT procedures are being adhered to.
3. HM Revenue & Customs inspectors regularly visit the Corporate Resources Department to carry out inspections. They will include schools within their inspection and are legally entitled to inspect schools' records.
4. VAT is a complex area and detailed guidance has been issued elsewhere. Where in doubt, staff should seek guidance from the Corporate Resources Department.

## N. TENDERING and QUOTATIONS

Each school's tendering threshold, from July 2010 is determined by the following formula;

The School's tender limit is £10,000.

\*School's are advised that, in operating within this upper threshold, they should consider:

- Setting a generally a lower limit at local level
  - Tendering below this if they feel it is of benefit on a specific scheme; and
  - Reviewing their internal authorisation limits regularly as part of the SFVS governance framework.
1. Where the estimated value or amount of a proposed contract exceeds £10,000 tenders shall be invited either by selective or open tendering as laid down in D.C.C. Standing Orders. Tenders may be invited for items less than £10 000 at the request of the RMC.

**Selective tendering:** tenders shall be invited from firms on a -

- standing list: a list of firms considered by Governors to be technically competent and financially able to perform contracts of the types and values specified.
- select list: a list compiled for a specific proposed works after at least four weeks public notice has been published, specifying details of those works and inviting applications.
- specialist list: a list of firms which governors consider competent to provide specialist goods and services.

**Open tendering:** tenders shall be invited by giving at least ten days' public notice. The notice shall express the nature of the contract.

2. The requirement to go to tender may be waived only by the Governing Body where they are satisfied that there are special circumstances justifying exemption. Such exemptions shall be recorded in the minutes with reason for waiving the tendering requirements.
3. Where the estimated value of a proposed contract does not exceed £10,000 but does exceed £1500 alternative written quotations shall be invited by the three firms considered competent to perform the contract. It is strongly recommended that where a planned project or purchase is non-routine and not obtained from an approved supplier three written quotations are obtained irrespective of the estimated cost, in order to demonstrate best value.

4. The RMC may waive the requirements for quotations where they are satisfied that there are special circumstances justifying exemption. Such exemption shall be recorded in the minutes.
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## **O. UNOFFICIAL FUNDS**

1. The Governing Body has responsibility for the unofficial funds of the school. The Head shall report to the Governing Body on the unofficial funds.
2. The Head shall arrange for a suitable bank account to be opened for any unofficial funds. The signatories for the bank account shall be approved and reviewed by the RMC.
3. The Head is responsible for the maintenance of accurate financial records and banking records of all unofficial funds. The Bursar will maintain the records on a day-to-day basis.
4. The Governors should appoint an auditor to undertake an annual audit. The auditor should be independent of the operation of the unofficial funds and should carry out such an audit in accordance with advice issued by the Director of Finance.
5. The Head shall present annually the accounts of all unofficial funds, after an independent audit, to the Governors for approval.

Approved by Governing Body: April 2018

Minute Number:

Chair of Governors: 