



**BURTON  
BOROUGH  
SCHOOL**

# Internal Financial Procedures

<b>Policy Reviewer</b>	Sarah McElduff	<b>Date of Review</b>	March 2018
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## **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 Telford and Wrekin Council (T&W).

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

## **Financial Standards**

1. Organisation of responsibility and accountability
2. Budgeting
3. Internal Control
4. Insurance
5. Computer System
6. Purchasing
7. Personnel and Payroll
8. Security of assets
9. Income
10. Banking arrangements
11. Imprest
12. Voluntary Funds
13. External Control

## **1. ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY**

### **Full Governing Body**

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 T&W Financial Regulations.

The Governing Body will delegate authority to the Business Committee, the Principal or the Business Manager. Any delegated authority to the Business Committee will be established through 'terms of reference' The Business Committee interacts with the other Committees, to advise on appropriate means by which their requirements which have budget implications can best be met.

To delegate authority to the Principal or Business Manager, 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.

The school has a Register of Business Interests for the governors, 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.

The Principal and Business Manager are 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.

The 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 Principal. 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.

**The Principal** is responsible for:

- Leading and managing the creation of the School Improvement Plan underpinned by sound resource planning that identifies priorities and targets for ensuring that student achieve high standards and make progress, increasing teacher effectiveness and securing improvement.
- Overseeing sound internal financial controls that are managed on a daily basis by the Business Manager. This includes a regular review of budget monitoring information.
- Approving draft budgets for submission to the Governing Body and LA.
- Implementing the approved pay policy.
- Implementing safe recruitment policy and procedures.
- Setting appropriate priorities for expenditure, allocating funds and establishing effective Administrative controls.

**The Business Manager**(BM) is responsible for:

- Preparing annually a Budget, discussing it with and obtaining the approval of the Principal and thereafter the Business Committee and Governing Body, subsequently submitting the Budget to Telford and Wrekin Finance Department within the statutory deadline detailed 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 to ensure the school's best financial interests are met.
- Monitoring all income and expenditure and acting accordingly.
- Ensuring that the relevant local authority (LA) financial regulations are implemented.

- Ensuring the effective implementation of current financial systems and procedures in accordance with LA best practice.
- Ensuring that regular budget reports are prepared for the Governing Body.
- Obtaining governor approval for any virements above his/her delegated authority
- Ensuring a timely response to finance audit reports and advising governors of any remedial action.
- Working within the financial limits agreed by the Governing Body. These are set annually and are equal to the agreed budget Finance for each cost centre.
- Ensuring the maintenance of accurate and current inventories of all designated equipment.
- Ensuring that adequate insurance provision is made as part of the annual budget.

**The Finance Officers** 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

The BM 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

**The Catering Manager** is responsible for the financial administration of the school kitchen service including:

- accounting records,
- the placing of approved orders,
- the processing and payment of agreed invoices,
- receiving, recording and banking catering income

### **Devolved Cost Centre Holders**

Individuals within the school are responsible for ensuring that expenditure necessarily charged to their devolved cost centre is made within the educational priorities of the school and their department's part in those.

Compliance with these Internal Financial Procedures and the T&W's Scheme for Financing Schools is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Principal.

### **3 BUDGETING**

The school's aims and objectives are set out in the School Improvement Plan and supported by other appropriate plans, as approved by the Governing Body.

The timing of the preparation of the annual Budget is by necessity largely driven by the provision by T&W of allocation figures. Formal submission of the Budget, as approved by the Governing Body or nominated sub-committee, is required by the end of May of the relevant financial year.

Curriculum leaders and devolved cost centre holders are allocated sums on the basis of number of students being taught, subject practicality and weighting relating to Key Stage level.

Budget reports are provided half termly to devolved budget holders.

### **4 INTERNAL CONTROL**

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.

Financial orders are made by means of purchase orders being produced from the school's accounting system - Agresso. These are generated by the Finance Officer from purchase order requisitions that have been duly authorised by cost centre holders.

Purchase orders will be approved in accordance with the school's authorisation hierarchy before dispatch electronically to suppliers.

The Principal & Business Manager are the authorisers for the school accounting system. Any entry created in the school's account automatically transfers to the workflow of the authoriser.

On receipt of goods, delivery notes are checked to the numbered order for quantity.

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 Finance Officer/Catering Manager for recording, processing and payment.

The BM 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. If new LA procedures are issued, the BM is responsible for alerting staff and governors, updating the school's procedures as required and keeping copies of the latest LA procedures.

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 BM are recorded and cover is

available from the finance team who can carry out the various duties in the absence of the BM.

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).

Any suspected irregularity will be reported to the Principal who may report to the appropriate person at T&W

## **5 INSURANCE**

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 following insurance cover is in place:

- Buildings and Contents - supplied by T&W
- Employers and Public Liability (it is a legal requirement for Employers liability cover to be held) – supplied by T&W
- Motor insurance for the school's minibus – independently arranged by the school
- Maternity, Paternity & Adoption Leave Insurance – supplied by T&W
- Absence Supply Insurance Cover – Supplied by T&W
- Furniture & Equipment Theft & Vandalism Insurance – supplied by T&W
- Educational Trips Insurance – supplied by T&W

All contractors must have public liability insurance to a minimum level of £5 million, before they are allowed to undertake work on school premises. Voluntary workers will be covered under the T&W insurance policy (as long as they come under the direct control and supervision of a member of staff from the school).

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 £5 million.

The Principal/BM will inform the T&W Insurance Team of all new risks, property and equipment as soon as possible to ensure cover details can be updated.

The Principal/BM must notify the T&W 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 T&W Insurance Team to deal with and investigated. The school should not reply to any contact from solicitor's firms.

## **6 COMPUTER SYSTEMS**

The school's principal accounting records are held within the LA main accounting system, Agresso. Other Administrative areas, such as Student records, are held on the Administrative computer network, using BROMCOM software, together with proprietary commercial software e.g. Microsoft Excel, Microsoft Word.

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 Principal.

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.

The local network is under the overall control of the Principal. All users have login identities and passwords, which are required to be changed on at least a termly basis.

## **7 PURCHASING**

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.

The Scheme of Financial Delegation (appendix A) sets out the levels of authorisation for expenditure

Telford and Wrekin Council's Scheme for financing schools require competitive quotations to be sought for contracts valued over £50,000 over the whole life of the contract. The Corporate Procurement Team should be consulted to fully utilise their expertise.

For building consultancy advice, the school has contracted with T&W's BiT Group 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.

Orders for goods and services are made using formal order documentation, then generated from the Agresso computer system as detailed above. Staff must not place orders direct or over the phone under any circumstances.

The Agresso computer system records orders generated by it as commitments against the particular cost centre and CFR allocation.

Invoices are passed on receipt to the BM who acknowledges that the items have been received, they are satisfactory, and that payment may be made. Approved invoices are then passed to the Finance Officer for payment as detailed above.

The Governing Body will be responsible for approving the use of Procurement cards (School Credit Cards) and the named card holders in school. Staff must not use their own credit card to purchase items under any circumstances.

A Procurement Card is held by the BM, Finance Officers and Catering Manager who are **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. The cardholders and the Principal 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 and signed off by the BM.

The monthly spending limit for cardholders are:  
£1000 per transaction and £2000 card limit

## **8 PERSONNEL**

The payroll is administered by Telford and Wrekin Finance Department(T&W) on behalf of the school, as part of the school's subscription to the SLA for Payroll and Contracts Service from HR,T&W. Amendments to payroll data e.g. appointments, resignations, pay changes and overtime, are entered by the school to HR and the Finance departments accordingly.

Personnel information is held in both manual and electronic files under the guidance of the Principal with access strictly limited to authorised personnel.

All staff are paid monthly by bank credit transfer to their bank account from a Telford and Wrekin Finance Department account.

Staff will claim for overtime/additional hours and mileage/subsistence on the official school paperwork and submit to Finance before the last working Wednesday of the month. Any additional hours must be authorised in advance of working them by the relevant budget holder. Any unauthorised claims will not be paid.

The Business Manager will obtain monthly reports from T&W Payroll to check that transactions for supply staff, casual staff and overtime have been made against authorised claim forms submitted.

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

## **9 ASSET SECURITY**

The Tangible Assets of the school fall into the following categories - Land and Buildings, Furniture, Fittings and Equipment and Consumables.

The BM 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.

The immediate responsibility for the safeguarding of equipment lies with the end user departments; in support of this the school provides security measures, including out-of-hours site team cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover via the T&W scheme.

Consumable items e.g. stationery, cameras, iPads etc purchased for departmental use are safeguarded by the budget holder use a suitable lockable cabinet/cupboard to store and account for the items on a regular basis.

## **10 INCOME**

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;
- External mentoring & consultancy
- Hiring of premises and facilities
- Catering:



Charges can also be made to students to defray the costs of certain activities such as trips. The Charging and Remission Policy sets out these details. This document is reviewed annually. School uses a separate finance system, Tucasi, which is linked to the school fund, to manage these payments. This offers parents/carers the option to pay online by credit card, by cheque or by cash. There is a transaction charge payable to WorldPay for online credit card use. This is only administered to those who choose to use this method.

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 Principal. The Lettings Policy sets out the detail. This document is reviewed annually.

Bookings for lettings are made through the BM/Finance Officers. The school accounts are credited at the time at which the payment is received following the issue of an invoice for use of the premises.

Catering income is accrued on a daily basis through cash sales. The tills are reconciled each day and Z readings taken. This is managed by the Catering Manager and the Catering Supervisor. Funds are maintained in the catering safe until collection by SECURITY PLUS + LIMITED who handle the paying in to the T&W bank account – this is part of a buy back agreement arranged through T&W Finance Department.

Staff are responsible for paying in donations etc., promptly with the Finance Officers. No money is to be left overnight in desk drawers etc.

All income is banked promptly and in full.

The T&W accounting system may chase 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 T&W regulations.

## **11 BANKING**

The school's main bank account is held with the council bank – Lloyds Bank.

The school also holds a School Fund bank account (Lloyds Bank) for payments that cannot be made through the purchase orders process and to collect income made to the school by outside organizations or individuals.

The School Fund bank account requires payments to be made via cheque book (2 signatures are required) or bacs requiring 2 people to set up a payment

The Bank Mandate for the School Fund bank account requires 2 signatories from the following:

- Principal
- Vice Principal
- BM
- Finance Officers

The authorised account signatories are held on bank mandate forms.

Bank Statements for the School Fund bank account are received monthly and are reconciled to the school's record. The reconciliation of the bank account is completed by the Finance Officer and reviewed and countersigned by the BM.

The arrangements with the bank **do not permit** the School Fund bank account to be overdrawn. The school complies with T&W's directive concerning payments to suppliers.

## **12 IMPREST**

In exceptional circumstances, where neither an official purchase order or procurement card payment nor a school cheque drawn on the school 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 via petty cash or cheque and signed for. Payments must not exceed £50.

This school holds Petty Cash which does not exceed £4000 for incidental purchases and reimbursements referred to. The petty cash is kept in a locked tin in the main school safe which has strict limited access.

## **13 EXTERNAL CONTROL**

The school is subject to a regular internal audit by T&W Internal Audit Services and SFVS.

The Business 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, Principal, Business Committee, and Governing Body.

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

Controls and procedures of the financial systems were last reviewed JAN 18

## **SCHEME OF FINANCIAL DELEGATION**

### **DELEGATED LIMITS (Agresso set limits)**

Christine Raymont-Hall	Principal	Any transaction upto £50,000
Sarah McElduff	Business Manager	Any transaction upto £20,000
Samantha George	Finance Officer	Any transaction upto £100
Sarah Naylor	Finance Officer	Any transaction upto £100
Anita Oakes	Catering Manager	Any transaction upto £100

### **IMPREST**

*Any cheque requires TWO signatories from:*

Christine Raymont-Hall	Principal
Ben Morgan	Vice Principal
Sarah McElduff	Business Manager
Samantha George	Finance Officer
Sarah Naylor	Finance Officer

### **SCIENCE IMPREST**

*(limit £200) Any cheque requires TWO signatories from:*

Kim Stephens	Head of Science
Pawel Bogaczyk	Senior Technician
Julie Homer	Technician
Sarah McElduff	Business Manager

### **SCHOOL FUND**

*Any cheque requires TWO signatories from:*

Christine Raymont-Hall	Principal
Ben Morgan	Vice Principal
Sarah McElduff	Business Manager
Samantha George	Finance Officer
Sarah Naylor	Finance Officer

### **SAFE LIMITS**

Main finance safe	£4000
Catering Safe	£4000

### **GPC CARDHOLDERS**

<i>Cardholder</i>		<i>Authoriser</i>	
Sarah McElduff	Business Manager	Samantha George	Finance Officer
Samantha George	Finance Officer	Sarah McElduff	Business Manager
Sarah Naylor	Finance Officer	Sarah McElduff	Business Manager
Anita Oakes	Catering Manager	Sarah McElduff	Business Manager

## **PAYROLL/HR**

Travel claims, Mileage Claims approved by Sarah McElduff Business Manager

Additional Hours/over time claims authorised by the relevant budget holder  
Approved by Sarah McElduff Business Manager

HR contract request, amendments and terminations  
Approved by Christine Raymont-Hall Principal  
Or Sarah McElduff Business Manager

## **WRITE OFF or DISPOSAL OF ASSETS**

Up to £5000 approved by Sarah McElduff Business Manager

Over £5000 approved by Christine Raymont-Hall Principal

The Asset register / Inventory is maintained and updated by Sue Wycherley Asst Business Manager

The ICT Asset Register / Inventory is maintained and updated by Steve Attwood ICT Network Manager