

Financial Regulations



Agreed by Governors	Autumn 2022
Date for Review	Autumn 2023



FINANCIAL REGULATIONS

1 Introduction

- 1.1. These financial regulations will govern the financial arrangements relating to all of Westfield Infant School's finances and accounts.

2 Delegated Authority

- 2.1 Under the Leicestershire's Scheme for Financing Schools, the Governing Board is responsible for the control of expenditure and income in accordance with the delegation of budgets and assisting Leicestershire Council in the discharge of its statutory duties.

- 2.2 The Governing Board has in turn delegated the Governors' financial responsibilities to the Finance and Staffing Sub Committee comprising:

Gail Steele
John Poultney
Jane Henderson
Laura Jeffs

- 2.3 The Headteacher will be responsible for implementing agreed policies and maintaining day-to-day control of the school finances and accounts.

- 2.4 The School Financial Advisor will assist the Headteacher in the discharge of financial responsibilities.

- 2.5. The following staff are designated as authorisers:

(i) Salaries Documentation

Headteacher
Chair of Governors

(ii) Cheques

Headteacher
Chair of Governors
Deputy Headteacher

(iii) Orders

Headteacher
Deputy Headteacher

However, the Governing Board will remain accountable when Governors' financial responsibilities are delegated.

3 Revenue Budget Preparation

3.1 The school's budget timetable for the next financial year will be as follows:

Autumn Term

- Identify commitments and new plans; agree priorities
- Agree staffing requirements
- Cost first draft of the budget, with the plan covering at least the next three years and submit to the Governing Board.

Spring Term

- Outline the budget plan, to be ready by the 31st March
- Adjust the budget to take account of the budget share notified by Leicestershire LA
- Submit to Governing Board for final approval
- Submit final approved budget plan to the LA's Schools Finance Team by the 31st May.

3.2 The Finance and Staffing Sub Committee will decide on the order of priorities from the Strategic School Development Plan.

3.3 The Headteacher will prepare the detailed costings and submit them for approval to the Finance and Staffing Sub-Committee.

3.4 All plans and budgets will be regularly reviewed during the year and all significant changes will require the approval of the Finance and Staffing Sub-Committee.

3.5 The Headteacher will inform the Local Authority of the school's revenue budget. This information should be supplied by the beginning of the financial year and updated for changes as necessary. If the school's revenue spend falls outside the budget plan submitted to the LA, corrective action must be taken where possible and the Headteacher will formally make the LA aware of the school's financial position as soon as practicable.

4 Revenue Budget Control

4.1 The Governing Board will decide how to use the budgets within the cash limit allocated. The Headteacher will be responsible for the control of spending against budgets. A commitment accounting system is in place to monitor current commitments and liabilities.

4.2 As far as possible a budget monitoring report should be prepared by the Bursar at least monthly for the Headteacher and this report should be forwarded to the LA on a termly basis. A bank reconciliation and VAT analysis should be prepared as soon as the bank statements have been received (at least on a monthly basis) and forwarded to the LA as part of the monthly BA expenditure return. These returns should be prepared by the School Financial Advisor and certified by the Headteacher. At the end of each term, a monitoring report on Standards Fund Grants must be prepared for the Headteacher.

4.3 The Headteacher will prepare a termly review of the budgets and submit them to the Governing Board for consideration.

4.4 Budget holders are updated regularly.

5 Virements

- 5.1 Substantial virements will be approved and minuted by the Finance and Staffing Sub-Committee and should be within the agreed criteria and financial limits.
- 5.2 The Headteacher is given delegated power to vire from one budget to another and will seek approval from the Finance and Staffing Sub Committee retrospectively.
- 5.3 All virements exceeding £5,000 or 2% of the budget will require prior approval from the full Governing Board.

6 Authority to Incur Expenditure

- 6.1 The Headteacher is given delegated power to incur expenditure up to £5,000 on any single item or issue within the financial year.
- 6.2 All expenditure exceeding £5,000 will require the prior approval of the Governing Board.
- 6.3 All expenditure must be authorised by the designated staff.
- 6.4 Payment of invoices should be made through the school local payments system and from the school bank account.
- 6.5 All central charges/recharges above £1,000 to the school budgets by Leicestershire LA must be authorised by the Headteacher.

7 Local Payments System

- 7.1 The School Financial Advisor will be responsible for making all payments on behalf of the school.
- 7.2 All invoices passed for payment must be properly certified and evidenced by the relevant designated staff – payments will be made on original invoices only.
- 7.3 Before certifying an invoice for payment, designated staff must be satisfied that for the goods and services delivered:
 - An official purchase order has been raised for the purchase
 - That the delivery note has been checked
 - That it is of correct quantity, quality and price
 - That it has not been previously paid
 - That funds are available in the relevant budget
 - That the VAT chargeability on qualifying expenditure is shown.
- 7.4 The Headteacher is solely responsible for checking invoices and authorising all items of expenditure.
- 7.5 The Governing Board is permitted to use their budget share to meet the cost of capital expenditure on the school premises. If £15,000 or more of the school's section 251 budget share needs to be spent on capital, the Governing Board must notify the Local Authority through the Finance Business Partner. They will consider the proposals and advise whether this is a reasonable use of revenue funding or

whether alternative sources of capital are available as the revenue budget is for meeting on-going education costs.

8 Orders for Goods and Services

- 8.1 Staff may order goods and services from whatever reputable source they see fit; but will be expected to take into account quality and value for money. If Staff wish to order an item on-line they must first complete a "One Card" order form and request authorisation from the Headteacher. The order is then placed by the Office Administrator who will then print the email confirmation of the order. (These orders are not placed in the FMS system to avoid confusion when the School Financial Advisor undertakes the accounts reconciliation). The Office Administrator keeps track of spending on the "One Card" by attaching a print out of the Cost Centre and attaching it to each order as it is placed – this allows a quick reference to the available balance.
- 8.2 An official order must be made in writing on the school's Official Order Form for all expenditure on goods and services initiated by the school.
- 8.3 Orders must be completed in accordance with the following procedures:
- Authorised by designated staff only
 - Show estimated prices on the order form
 - Sent to the supplier through the School Administration Officer
 - Once a purchase order has been completed and authorised, the Office Administrator will place the order with the supplier either by email, telephone or post.
- 8.4 Copies of all orders should be retained in file 'Copies of Official Orders' until delivery and payment.
- 8.5 On receipt of an invoice the official order and delivery note should be attached to it. The invoice should then be passed to the Headteacher for authorisation and then passed to the school's Financial Officer for payment.
- 8.6 Individual budget holders should not over spend more than has been allocated to the cost centre without the approval of the Headteacher.
- 8.7 Where ESPO is used for procurement of goods and services it is not necessary to seek alternative tenders.
- 8.8 Three written quotes should normally be obtained for all goods and services in excess of £6,000, unless no other equivalent goods or services are available, or where Governors have previously committed themselves to a particular service/supplier, brand/type of goods.
- 8.9 For building works expected to cost in excess of £10,000, three tenders will normally be obtained.
- 8.10 Where tenders have been obtained, a tender form will be completed showing those invited to tender, those tendering, the successful tender and the reasons for accepting the tender (in those circumstances where the cheapest tender is not accepted).
- 8.11 Under the Authority's Constitution, all purchases estimated to exceed £50,000 should be put out to formal tender. The Education Finance Service is able to give more advice to schools on tendering procedures where required. Any proposal not to put a contract of over £50,000 out to formal tender should be authorised by the Governing

Board. (Advice should be sought from the Clerk to Governors in relation to reporting requirements, to ensure commercial confidentiality).

9 Cash Accounts

- 9.1 The school aims to become a cashless organisation and so does not operate a petty cash account.

10 Travel and Subsistence

- 10.1 Payment shall be made in accordance with the National Scheme/school rate, as appropriate.
- 10.2 Car user allowances, both casual and essential, will be paid centrally through the private payroll provider who, in turn, will make a return to the Inland Revenue. (home to office is taxable). VAT receipts are required for all travel expenditure.
- 10.3 The School Financial Advisor will inform the Inland Revenue of casual car user allowances for home to base which are paid locally, at the end of each month.

11 Salaries, Wages and Pensions

- 11.1 The Governing Board is responsible for the salary and wages costs of all teaching and support staff employed to work at the school.
- 11.2 However, the contract of employment is between the employee and Leicestershire County Council (applies to Community Schools).
- 11.3 The School Financial Advisor must ensure that the school provides the necessary information and returns to its chosen payroll provider to effectively administer the payroll and related staffing procedures.
- 11.4 Governors have agreed to a maximum of 50% contribution towards Training and Development Grants for staff. However applications would be considered individually and would be dependent on future budget constraints. It was also agreed that Governors have at least a terms notice for the request to be considered.

12 Contracts

- 12.1 The school will enter into contracts for the provision of goods, services, materials and work within the procedures laid down by Leicestershire County Council's Standing Orders, as amended for schools.

13 Income

- 13.1 Income should be collected in advance wherever possible to improve cash flow.
- 13.2 The Office Administrator must maintain records of all income received/due; acknowledge receipt of income; and bank all monies promptly and intact into the School's bank account.

- 13.3 The Governing Board has delegated powers to write off debts up to £250. In the case of larger debts the school must consult with the Head of Education Finance at the Local Authority.
- 13.4 The Governing Board shall approve a charging policy for all income generation.
- 13.5 The school may retain income received from the sale of assets purchased with non-delegated funds. The sale of assets purchased with delegated funds must be decided by the Local Authority, or if the asset concerned is land or buildings forming part of the school premises and is owned by the Local Authority.
- 13.6 The Office Administrator should maintain a record of the receipts they have issued and monies banked, in a form stipulated by the Local Authority.
- 13.7 The Office Administrator should record on the paying in slip for every banking transaction, the amount of each cheque banked and sufficient information to identify the transaction e.g. receipt number, debtors name etc.
- 13.8 Monies received should not be used to cash postal orders or personal cheques.

14 Bank Accounts

- 14.1 The Governing Board will authorise the opening and closing of all bank accounts.
- 14.2 New bank accounts may only be opened from the approved list supplied by Leicestershire LA. New bank arrangements may only be made effective from the beginning of each financial year.
- 14.3 The following procedures must be followed:
- The School Financial Advisor will ensure that bank statements are received monthly and reconciled to accounting records
 - The School Financial Advisor will investigate and resolve all discrepancies
 - BACs payments over £5000 to one supplier require the signature of both the Headteacher and the Chair of Governors
- 14.4 Under no circumstances will private cheques, money or postal orders be cashed through the school disbursement account or voluntary funds.
- 14.5 Under no circumstances will money, cheques, etc. belonging to the school be paid into a private bank account.
- 14.6 The Office Administrator must ensure, where possible, that the total amount of cash, including disbursements and voluntary funds, held on the premises does not exceed £500.
- 14.7 Cash will be banked as and when necessary, but our aim is to move towards entirely cashless transactions.
- 14.8 The school will follow the County Council recommended procedures when using BACS or a payment card.

15 Carry Over of Surplus/Deficit

- 15.1 The Governing Board must inform Leicestershire County Council immediately if a deficit is anticipated in the current year.

16 Trust Funds and Investment

- 16.1 The Governing Board will authorise all investment of money under its control. Investment of Building Society and Bank Deposit Accounts will be in the name of Leicestershire County Council and the school.

17 Leasing

- 17.1 Under the LA Scheme for the Financing of Schools, LA-maintained schools are prohibited from entering into any finance leases without the express approval of the Secretary of State for Education. This means that finance leases are not permitted as this constitutes borrowing.
- 17.2 School staff should be aware that leasing is a complex subject for which specialist LA advice should be sought.
- 17.3 When looking to procure assets, the School should initially consider “lease or buy” decisions **Often substantial savings can be obtained through buying equipment outright and this option should be fully appraised beforehand.** Where schools do not have the funds to buy assets outright, but where there is logic in doing so from a cost/value-for-money point of view, the LA’s Loan Scheme may provide an alternative to having to lease the assets.
- 17.4 School staff should seek to benchmark equipment costs against ESPO as a matter of course. ESPO has compiled its contracts/agreements through a process of competitive tendering to obtain value-for-money.
- 17.5 It is not School policy to purchase assets from casual sales personnel without a full option-appraisal having taken place beforehand.
- 17.6 If the School chooses to lease an asset, approval must be sought from the LA (Resources Department Investment Section) beforehand. The LA will confirm (or otherwise) that the lease doesn’t constitute borrowing (i.e. it is not a finance lease) and, if possible, will offer the School a more competitive option for its finance.
- 17.7 Only the Headteacher/Chair of Governors is authorised to sign lease agreements on behalf of the School once they have been approved by the LA.
- 17.8 Lease agreements for a period exceeding three years should not be entered into without the prior approval of the Governing Board (contingent future liabilities) and the LA.
- 17.9 The School must not look to “pay off” an existing third-party lease agreement by having it factored into a new lease without the express approval of the Local Authority (Resources Department Investment Section). Generally, to have one lease subsumed into a new lease is poor commercial practice and fraught with risk and additional cost.
- 17.10 Devolved formula capital funding may not be used to fund lease payments in any circumstances but may be used in an outright purchase of an asset.

18 Insurance

- 18.1 Insurance will be required for premises and equipment, school trips, plus Governing Board and third party liabilities (if delegation taken).

- 18.2 The Governing Board must ensure that all insurance cover is adequate.
- 18.3 The School Budget will meet the excess from insurance claims or any losses not covered by insurance.
- 18.4 The Governing Board will inform the school's insurers of all accidents, losses and incidents that may give rise to an insurance claim. The School Administrative Officer will maintain a register of all accidents, losses and incidents.

19 Health and Safety

- 19.1 The Governing Board must ensure that all staff comply with the Health and Safety regulations.
- 19.2 The Headteacher will report significant injuries to all persons, including staff/parents/carers/pupils/visitors.

20 Protection of Private Property

- 20.1 The Headteacher must inform all persons concerned that all private property taken onto the school premises will be at the owner's risk.

21 Inventories and Stock

- 21.1 The Headteacher is responsible for the management of the school's assets and will maintain a record of stock receipts and issues.
- 21.2 Subject Leaders must maintain an inventory of all non-consumable items purchased, priced over £250. The inventory must be regularly updated in respect of purchases and disposals. Attractive, portable items having a value less than £250 but over £50 should also be controlled/monitored. An electronic asset register is currently used.
- 21.3 The Headteacher should ensure that items that become obsolete or surplus to the school's requirements are disposed of economically and where possible in an environmentally friendly way.
- 21.4 The Headteacher will ensure that stock takes of inventories and stores are undertaken annually in September and certified by him.
- 21.5 Where school property is loaned to staff or pupils and taken off site, it will be recorded in the loans of equipment register. This will include the date of the loan, return and signature of the person borrowing the equipment. Any such loans should be authorised by the Headteacher.

22 Security

- 22.1 The Headteacher is responsible for the security of the school's premises and equipment.
- 22.2 Safes and secure cupboards/cabinets will be kept locked, the keys removed and left in a secure location as determined by the Headteacher.

23 Unofficial Funds

23.1 The Governing Board will ensure that all unofficial funds are properly controlled and audited annually and presented to the Governing Board within 6 months of the year-end.

23.2 Governors will receive an Annual Financial Summary of the Private Fund.

24 Financial Irregularities

24.1 The Headteacher will inform Leicestershire County Council (Head of Education Finance or Head of Internal Audit) of any circumstances where a financial irregularity is suspected.

24.2 The Governing Board accepts that a suspected financial irregularity exists when:

- Leicestershire County Council's Standing Orders, Financial Regulations (as amended for schools) or the Scheme for Financing Schools are not complied with (whether or not the Council suffers a financial loss)
- An employee gains unauthorised financial benefit from his/her association with the Council.

25 Internal Audit

25.1 The Governing Board must ensure that the Council's internal auditors and external auditors are allowed access to staff, premises and documents, as necessary.

25.2 The Governing Board will discuss all audit reports and agree the implementation of audit recommendations with the Headteacher.

26 Document Retention

26.1 The Headteacher will ensure that documents are retained for periods in accordance with the requirements of the District Auditor, the Inland Revenue and Customs and Excise. (NB. Financial documents should be kept for 6 years plus current).

27 Gifts and Hospitality Offered by Suppliers

27.1 Ordinarily such gifts should be rejected unless they are of negligible value (e.g. diaries, calendars). However any gifts of hospitality in excess of £25 should be reported to the Headteacher in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses.

28 Register of Business Interests

28.1 A register of business interests is maintained by the school. The LA advises that this be completed by all Governors and those staff with significant financial responsibilities. It is suggested that this be cheque signatories, Finance Staff and those members of staff with specific budgetary responsibilities (e.g. Heads of Department, Subject Leaders). Entries in the register should be kept up-to-date and in all instances, be reviewed and amended (where relevant) on at least an annual basis. This annual review can be evidenced by staff completing a new form for a new year.

29 Computer Systems and Disaster Recovery Plans

- 29.1 Computer systems used for school management should be protected by password security to ensure that only authorised staff have access. Passwords should be changed regularly and updated for staff changes. Passwords should be changed termly.
- 29.2 The Headteacher should ensure that data is backed up regularly and that all back-ups are securely held in a fireproof location.
- 29.3 The Headteacher should establish a recovery plan to ensure continuity of financial administration in the case of emergency.
- 29.4 The Headteacher should ensure that systems are in place to safeguard school software and data against computer viruses. To prevent viruses being imported, only authorised software should be used.
- 29.5 The Governing Board should ensure that the school has written descriptions of all its financial systems and procedures. These should be kept up-to-date and all appropriate staff should be trained in their use.
- 29.6 The Headteacher should ensure that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing.

30 Whistleblowing Policy

- 30.1.1 Where bad practice is suspected, Governors and staff are aware of the existence of the Whistleblowing Policy and how to access the procedures.

31 The School's Financial Value Standard

- 31.1 The school will adhere to the Schools Financial Value Standard (SFVS) at all times and ensure that assessments take place in accordance with the LA timescale.
- 31.2 A Statement of Internal Control and a Best Value Statement will be agreed annually by Governors.

32 Special Educational Needs

- 32.1 The Governing Board is required to use their best endeavours in spending the budget share, to meet the Special Educational Needs of all pupils on the school's roll.

33 Governor Expenses

So that every Governor can fulfil his/her role and is not prevented for financial reasons, the Finance & Staffing sub-committee agreed that on certain occasions it may be appropriate for Governors to be given the opportunity to claim travel expenses. It is the responsibility of Governors to decide for themselves whether or not to claim. Refer to Governor Expenses Policy.

34 Links with Other Policies

Whistleblowing

Special Educational Needs and Disability
Health & Safety
Pay Policy for Support Staff
Pay Policy for Teachers
Data Protection
Data Retention
Anti-Fraud, Bribery and Corruption
Governor Expenses

35 Review of Policy

This policy will be reviewed during the Autumn Term 2023 unless legislation changes and requires an earlier review.

Adopted by the Governing Board and Signed by
Chair of Governors

Date