



# FINANCE

(Financial management & guidelines on sponsorship & donations to school)

## INTRODUCTION

We believe as a publicly funded establishment we have a duty to operate the utmost care in all our financial transactions. 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, schemes for the local management of schools issued by Oxfordshire County Council.

The policy document should be used in conjunction with the Financial Management Standards in Schools (FMSiS) guidance.

## FINANCIAL STANDARDS

The key aspects of financial administration of the school fall under the following headings:

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. Petty Cash
12. External Control

### 1. ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

- 1.1. The financial role of the Resources Sub-Committee is set out in the introduction to this document and the Sub-Committee Terms of Reference.
- 1.2. The Finance Sub-Committee interacts with the other Committees, to advise on all matters which may have a budget implication and for ensuring that budget plans are drawn up which reflect the educational priorities set out in the School Development Plan
- 1.3. The Headteacher, is responsible for:
  - Preparing annually a Budget in accordance with 1.2 above and in consultation with the Senior Leadership Team; discussing it with and obtaining the approval of the Resources Sub-Committee and Governing Body; submitting the Budget to the OCC Education Department Schools Finance Team (SFT) and obtaining their approval.
  - 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, through the Senior Administrative Officer, with external agencies including major suppliers, OCC Contract Purchasing Services department, the school's bankers and the OCC Education SFT, to ensure the school's best financial interests are met.
  - Monitoring all expenditure and acting accordingly.

- 1.4. Individual fund holders are responsible for ensuring that expenditure necessarily charged to their cost centre is made within the educational priorities of the school.
- 1.5. The Senior Administrative Officer is responsible for the financial administration of the school which includes:
  - Accounting records; checking approving and authorising of purchase orders and invoices below £5000 placed by other office staff; the placing of approved orders; the processing and payment of agreed invoices by other than the Senior Administrative Officer; the periodic production for fund holders of individual fund financial statements; monthly and weekly reconciliation of SAP data with local financial records and bank balances; setting up school budget and financial structure; receiving, recording and banking school income; administration of staff appointments, resignations etc.; maintaining input of personnel data to SIMS system; and supervising the financial administration of school trips.
- 1.6. The school has a Register of Pecuniary Interests for governors and staff, which is kept by the Clerk to the Governors. In addition, anyone involved in purchasing items or services is expected to declare any personal interest in the transaction.
- 1.7. A strategic development plan must be formulated and agreed for the next three years, the first year to be produced in detail, the following two years in outline. This plan is prepared in the first instance by the Headteacher and is then put to the Resources Sub-Committee for approval, with powers delegated by the full Governing Body.
- 1.8. It will include details of projected expenditure on buildings (looking at both capital and repairs and renewals), long term contracts and commitments and staff development. The governors must bear in mind long term staffing costs, particularly if restructuring is being considered. The plans must conform to the school's aims and objectives and the principle of ensuring quality teaching, learning and care for all pupils attending Frank Wise School.
- 1.9. The plan must be reviewed and updated annually with objective criticism, review and assessment minuted.
- 1.10. Compliance with this manual is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Headteacher.

## **2. BUDGETS**

- 2.1. The school's aims and objectives are set out in the School Development Plan as approved by the Governing Body.
- 2.2. The timing of the preparation of the annual Budget is by necessity largely driven by the provision by OCC Education Department of final allocation figures. Formal submission of the Budget, as approved by the Governing Body, is required by mid May each year.
- 2.3. The detailed preparation of the Budget is completed with the aid of an Excel spreadsheet devised and provided by the Principal Finance Officer of OCC Education Department.
- 2.4. Individual cost centres (including staffing, curriculum, administrative and premises) are allocated sums on the basis of costed plans and best estimates. These plans are translated into bids for funding and are accepted alongside previous financial year accounts and bids.
- 2.5. Budget Monitoring reports have been developed and variances are highlighted for discussion and appropriate action. A budget report will be produced for the Resources Sub-Committee in advance of their termly meetings. This will allow us to monitor expenditure against budget. The reports produced, after approval from the Resources Sub-Committee, will be submitted to the full Governing Body. The Headteacher and fund holders are provided with budget reports monthly and on request.
- 2.6. Up to £1,000 or 10% of a cost centre, whichever is the greater (excluding staffing) can be vired at the Headteacher's discretion without prior approval. However, all virements must be reported at the next Resources Sub-Committee meeting. Sums larger than this and any virement of staffing cost centres must have prior approval of the Resources Sub-Committee.

## **3. INTERNAL CONTROL**

- 3.1. All elements of the approved Budget are in the charge of the respective fund holder on whose authority monies may be spent from that fund.
- 3.2. Under the OCC SAP system the Senior Administration Officer is authorised to release purchase orders and approve payment of invoices under £5000 if they have not been placed upon the system by said Senior Administration Officer. It is understood that the final responsible person is the Headteacher and any queries concerning orders will be referred up for his attention.

- 3.3. The bulk of financial orders are made by means of numbered purchase orders being produced from the OCC Central SAP System. These are usually generated by the Resources Manager from hand-written purchase order requisitions, authorised and usually prepared by fund holders. Purchase orders are then authorised by either the Head, or, if below £5000, by the Senior Administration Officer before being dispatched to suppliers.
- 3.4. Supplier invoices are checked to a copy order and delivery note for quantity, price and calculation. Invoices are then authorised by the Head, or Senior Administration Officer, to confirm receipt of goods/services. Approved invoices are then sent via the SAP Workflow System to either the Senior Administrative Officer or Headteacher for payment. Payment is made through the OCC SAP system and sent directly from the nominated OCC cheque payment centre to the Payee.
- 3.5. The Senior Administrative Officer holds detailed procedures relating to the school's financial systems and is responsible for keeping it up-to-date and ensuring it complies with LA requirements. When new LA procedures are issued the Senior Administrative Officer is responsible for alerting staff and governors, updating the school's procedures as required and keeping copies of the latest LA procedures.
- 3.6. All staff, including the Senior Administrative Officer, who deal with financial matters are trained in the appropriate procedures and records are kept of this training. All the duties of the Senior Administrative Officer are recorded. In the event of long-term key personnel absence the SBM Bursary Service will be employed to carry out financial routines with IDs and Passwords supplied from a secure source.
- 3.7. Financial records are required to be kept for at least six years. This is a requirement laid down by both Customs and Excise and the Inland Revenue.
- 3.8. Any suspected irregularity will be reported to the LA.

#### **4. INSURANCE**

- 4.1. The Governing Body must take out such insurance as it sees fit and/or as it is advised, and to comply with statutory requirements. The Governing Body must obtain the minimum insurance cover as detailed in the Insurance Arrangements for Schools document provided by the County Treasurer.
- 4.2. All risks should be reviewed annually to ensure that the cover is adequate.
- 4.3. All contractors must have public liability insurance before they are allowed to undertake work on school site. Appropriate advice is sought before voluntary workers undertake tasks on site.
- 4.4. Hirers of the school premises and facilities are covered by the school's insurance.
- 4.5. The Headteacher should inform the Insurance Section of all new risks, property and equipment, and also of any accident, losses or incidents which may give rise to a claim.

#### **5. COMPUTER SYSTEMS**

- 5.1. The school's principal accounting records, together with other administrative areas - Personnel, Pupil records, are held on the administrative computer network, using SIMS and SAP software and SIMS Central, together with proprietary commercial software e.g. Microsoft Excel.
- 5.2. On the advice of OCC, the school is registered under the Data Protection Act 1984. Two registrations are held, one in the name of the Headteacher and one in the name of the Governing Body.
- 5.3. The financial accounting ledgers of the system (SIMS and SAP) are backed up on the OCC central server.
- 5.4. The network is under the overall control of the Headteacher. All users have login identities and passwords, which are encouraged to be changed on a regular (at least termly) basis.

#### **6. PURCHASING**

- 6.1. The immediate responsibility for ensuring the school obtains best value for money in its buying decisions lies with individual fund 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.
- 6.2. To support fund holders in the above, the school subscribes to the OCC Contract Purchasing Service. This enables the school to take advantage of discounts agreed with suppliers on a countywide basis, which may be greater than can be negotiated locally. The school is also able to obtain the advice of the Contract Purchasing Service on product choice, this is of particular use with expensive electrical items e.g. photocopiers.

- 6.3. When purchasing major items costing over £3,000 a check must be made with Contract Purchasing Services to utilise fully their expertise. Three written quotations will be obtained if possible. If the chosen supplier is not the cheapest then a record is required as to why the more expensive supplier was chosen. All such items must be reported to the Resources Sub-Committee.
- 6.5. For items over £10,000 tenders are required from an authorised suppliers list and Contract Purchasing Services must be consulted. The school's model tendering documentation will be used and the governors' policy regarding tendering will be followed.
- 6.6. For items over £100,000 the model tendering documentation will be followed. Advertising for tenders will take place and the governors' policy regarding tendering will be followed.
- 6.8. For building consultancy advice, the school has subscribed to the County service provided by Mouchel. As there is a cost implication in this approach because Mouchel charge a fee on a percentage basis of orders placed by them on the school's behalf, the Site Manager will usually obtain three quotations for premises related expenditure above £3,000. Furthermore, Mouchel can advise the school on the relevant planning, and health and safety implications of building proposals.
- 6.9. Orders for goods and services are, unless exceptional circumstances dictate otherwise, made using formal order documentation generated from SAP as detailed in 3.3 above.
- 6.10. The SAP computer system records orders generated by it as commitments against the particular budget allocation; orders, which would exceed the balance of uncommitted funds, cannot be produced by the system.

## **7. PERSONNEL**

- 7.1. The payroll is administered by OCC on behalf of the school, as part of the school's subscription to the "Admin Plus" service. Amendments to payroll data e.g. appointments, resignations, pay changes and overtime, are made based on pre-printed documentation originated in school and authorised by the Headteacher. These documents are prepared by the Senior Administrative Officer on his instruction, forwarded to Education Staffing and copies retained in the school office.
- 7.2. Personnel information is held in secure manual files in the school office, and separately on the SIMS computer system, for which relevant registration under the Data Protection Act is held as detailed in 5.2 above.
- 7.3. All staff are paid monthly by bank credit transfer. This proportion of the school's budget allocation is kept in a specified Cost Centre identified for Frank Wise School within the one Oxfordshire County Council account.
- 7.4. Each month OCC provide the school through the SAP system with a detailed electronic payroll print-out showing names and amounts. This is checked by the Senior Administrative Officer to ensure that only valid employee names appear and that salary amounts are as expected. In addition, OCC provide a monthly Revenue Transactions print-out which shows total costs charged by OCC to the school's Budget, including payroll costs. Any details of staff transactions which are not recognised, (for example, where a payroll payment had been made to an employee whose details on SIMS Personnel do not match exactly those on the payroll), are investigated internally by the Senior Administrative Officer in the first instance and then through the HR and Payroll Team if necessary and appropriate corrective measures taken.

## **8. ASSET SECURITY**

- 8.1. The Tangible Assets of the school fall into the following categories : Land and Buildings; Furniture, Fittings and Equipment; and Consumable.
- 8.2. The Governors' Resources Sub-Committee produce an annual plan which sets out the priorities for building matters, based on advice from the Site Manager, within the overall context of the School Development Plan, and giving due consideration to security, health and safety issues.
- 8.3. The immediate responsibility for the safeguarding of equipment lies with the end user departments; in support of this the school provides security measures, including a full time Site Manager, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover via the OCC scheme.
- 8.4. Consumable items e.g. stationery are safeguarded by school office staff. The Resources Manager keeps a watching brief on quantities ordered and frequency of ordering.

## 9. INCOME

- 9.1. The school derives income from the following main areas:
  - Donations, sponsorship and grants (see section on Sponsorship and Donations)
  - Hiring of premises and facilities
  - Bank credit interest
- 9.2. Charges can also be made to pupils to defray the costs of certain activities and a separate paper “Policy on Charging for School Activities” sets out the details.
- 9.3. Premises hire charges are agreed by the Resources Sub-Committee and are informed by OCC recommended levels. A separate document on “Hiring” sets out the detail.
- 9.4. Lettings bookings are made through the Site Manager. Payments are usually required before the start of the hire. This is recorded as school income into the relevant cost centre on the SAP system and receipts are issued.
- 9.5. All income should be banked promptly and intact.
- 9.6. Any outstanding income should be reviewed each month and pursued to ensure the school receives all monies due. Debts should only be written off in accordance with LA regulations.

## 10. BANKING

- 10.1. The school holds a Local Expenditure Bank Account (LEBA) with Lloyds TSB Banbury. The main bank account is held with Lloyds Corporate Banking by OCC and administered through the OCC SAP Finance System; the school funding is held centrally in this account and is available to the school from 1st April each financial year.
- 10.2. School monies held in the Council’s main bank account will earn interest. Interest will be calculated on all monies held and expenditure processed through SAP. There will be no distinction between locally and centrally paid expenditure. The calculation will be based on:
  - All funding identified as being available to the school at the start of the financial year (by 1 April) and will include school’s carry forward from previous year, formula funding for year, Standards funding (including School Standards Grant [SSG] and School Standards Grant (Personalisation) [SSG(P)] and devolved Capital allocations. These amounts will not be varied for any in-year adjustments.
  - It will be assumed, for calculation purposes, that these monies will be expended in equal monthly amounts during the financial year. This will be the school’s spend profile.
  - At quarterly intervals school expenditure as identified by the school’s SAP account, net of income received, will be compared to the school’s spend profile today. Taking this difference and the previous quarters an average balance for the quarter is calculated and interest applied.
  - These quarterly calculations are repeated four times a year and the interest transferred into the school’s SAP account shortly after the end of the quarter.
  - If the school overspends against a quarter’s spend profile, interest, if appropriate will be charged at the same rate as that paid on surplus balances
- 10.4. The Local Bank Mandate requires signatories from two of the following:
  - Headteacher                    }
  - Deputy Head (1)                } The authorised account signatories are held on
  - Deputy Head (2)                } bank mandate forms.
- 10.5. Local Expenditure Bank Account (LEBA) Statements are received monthly and are reconciled to the school’s record i.e. the difference between the Current Account balance shown in each is identified, as being for example cheques drawn but not yet presented through the Bank. The reconciliation of the current account is completed by the Senior Administrative Officer.
- 10.6. The school’s cash flow is managed so that interest earned can be maximised within the constraints of suppliers’ effective terms of credit.
- 10.7. The arrangements with the Bank, which allow free banking, do not permit the school to become overdrawn.
- 10.8. In exceptional circumstances, where neither school cheque, an official order, nor a petty cash payment are appropriate for a purchase collected by a member of staff, payments are made on the school’s behalf by the individual member of staff. The school then makes reimbursement based on the supporting documentation and authorised in the normal way.

## 11. PETTY CASH

- 11.1. Petty Cash is controlled by the Senior Administrative Officer and is only to be used when no other alternative is available. She is authorised to issue up to £20 on receipt of vouchers or receipts. All expenditure must be supported with receipts identifying any VAT paid. Larger sums of cash can only be made available if five working days notice is given. Apart from class cookery money, no other members of staff are permitted to keep cash.
- 11.2. Expenditure is recorded manually in the first instance, expenditure is then processed into the school's computerised accounting records against the appropriate cost centre.
- 11.3. Cash for the main float is drawn by means of cheques on the school LEBA account.
- 11.4. Personal cheques are not encashed from petty cash funds.
- 11.5. Petty cash is regularly reconciled with the computer balance by the Senior Admin Officer.

## 12. EXTERNAL CONTROL

- 12.1. The school is subject to a regular internal audit by OCC Internal Audit Services.
- 12.2. The Resources Sub-Committee reviews all controls and procedures of financial systems operating within the school. The committee carries out a self-assessment on the financial administration and management within the school at all levels (Senior Administrative Officer, Headteacher, Resources Sub-Committee, and Governing Body).

## SPONSORSHIP AND DONATIONS

Increasingly the school is targeted and supported by a wide range of initiatives from businesses, organisations and individuals within the local community. We very much welcome this assistance, without which the school could not provide the quality and range of activities it currently offers. Usually, this support is in the form of donations to support particular curricular activities or to allow us to purchase much needed specialised equipment. We feel it is very important that all donations and sponsorship offer integrity and educational value, therefore, we have agreed the following framework to help us judge the acceptability of such activities to our particular school.

**Donations :** All donations to the school, whether financial or goods, will only be accepted if they :

- support teaching and learning within the aims of the school
- demonstrate positive aspects/achievements of our pupils and their disabilities
- support a professional image of the school
- do not jeopardise in any way the good name of the school
- demonstrate as far as possible that they have been raised honestly and responsibly
- are not given for individual pupils
- gifts of goods are safe and fit for purpose

All donations and gifts will be recorded and fully acknowledged and the donor told how the money was used. Donations of money will be paid into the Friends of Frank Wise School account.

**Sponsored Materials and Activities in School :** We believe it is essential that all materials or activities used at Frank Wise School reach the high standards of quality, balance and integrity expected of educational resources. The following guidelines have been drawn up to help identify good practice and ensure the marketing message is balanced by genuine educational benefit to our pupils. Not all of the guidelines will apply to every sponsored activity, what is important is that sponsorship is based on sound principles and is of educational benefit to the school and its pupils.

*Educational value and curriculum relevancy.*

We believe materials and activities should :

- be relevant to our pupils ages and abilities
- be relevant to the school's curriculum framework
- enhance the teaching and learning of our pupils
- not encourage unsafe or unhealthy activities

*Balance and objectivity.*

We believe materials and activities should :

- give a balanced view of an issue and acknowledge the existence of alternative views
- use up-to-date and accurate information
- distinguish between factual statements and expressions of opinion
- acknowledge the sponsor's market interests

*Avoiding stereotypes.*

We believe materials and activities should :

- promote positive images of people with disabilities
- reflect and represent a multi-cultural society
- present a balanced view of the opportunities open to both sexes
- avoid expressed or implied prejudice in relation to gender, class, disability, age, politics and religion

*Unsolicited marketing activities.*

We believe sponsors and their agents should :

- only send publicity/flyers to schools inviting them to apply for materials or to participate in promotional activities
- not leave or send samples of their products for pupils or staff without the school's permission
- not distribute or send unsolicited material of any kind directly to pupils

*Sales and promotional messages.*

We believe materials and activities should not include :

- explicit encouragement to buy branded or own-brand products or services
- messages that play on childrens' fears, loyalty or lack of experience
- merchandising slogans or logos, other than the logo used solely for sponsor identification
- purely promotional material
- claims that particular products or services are superior or inferior to others, unless they are based on documentary evidence and presented fairly and clearly
- illustrations or text that imply that particular products or suppliers are the only ones available in their class or group

*Sponsored gifts, awards, voucher schemes and other promotional/marketing activities.*

We believe these kind of activities should :

- not actively encourage children to pester parents about buying a specific company's products or services
- not offer the sponsor's products as prizes or rewards for pupils' everyday academic performance or behaviour
- include clear information on :
  - how the scheme works, for instance the voucher exchange rate, any necessary extra financial outlay, the minimum offer and the time limit for claiming any offer
  - the retail value and a full description of any items on offer and, if they involve electrical or computer equipment, their range of compatibility;
  - the nutritional value of any food or drinks products involved in the scheme

**Reviewed by:** Sean O'Sullivan

**Date:** June 2010

**Approved by Governors:**

**Date:** 17 June 2010