

INTERNAL FINANCIAL PROCEDURES MANUAL POLICY DOCUMENT

ST. MARK’S CATHOLIC PRIMARY SCHOOL

INTERNAL FINANCIAL PROCEDURES MANUAL - POLICY DOCUMENT

Introduction

The purpose of this document is to summarise the policies adopted by the Governing Body in order to discharge its responsibilities for the sound financial management of the school within the financial regulations, standing orders and the scheme for the local management of schools issued by Birmingham City Council (BCC).

These guidelines illustrate the procedures normally associated with sound financial management and administration within a school. The guidelines reflect a framework for the development of a sound system of financial management and should be read in conjunction with the BCC Schools Financial Procedures Manual.

Financial Standards

1. Organisation of responsibility and accountability
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1. ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

1.1 The financial role of the Finance Committee is set out in the Committee’s Terms of Reference approved annually by the Governing Body.

1.2 The Finance Committee interacts with the other Committees, to advise on appropriate means by which their requirements which have budget implications can best be met.

1.3 The Headteacher/Senior Leadership Team is responsible for ensuring that Budget Plans are drawn up that reflect the educational priorities for the school as set out in the School Development Plan.

1.4 The Finance Consultant is responsible for:

- Preparing annually a Budget in accordance with 1.2 above, discussing it with and obtaining the approval of the Headteacher/Senior Leadership Team and thereafter the Finance Committee and Governing Body, subsequently submitting the Budget to Birmingham City Council (BCC) within the statutory deadline detailed in section 3.2 below, and obtaining their validation.
- Ensuring the prompt and accurate recording of all financial transactions on the school’s accounting records, ensuring that sound systems of internal control are in place that enables the proper processing of the school’s transactions.
- Liaising with external agencies including major suppliers and Birmingham City Council’s Schools Support Section to ensure the school’s best financial interests are met.
- Monitoring all income and expenditure and acting accordingly.
- Working within the financial limits agreed by the Governing Body. These are set annually and are equal to the agreed budget for each cost centre.

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

1.6 The Office Manager is responsible for the financial administration of the school including:

- accounting records, the placing of approved orders, the processing and payment of agreed invoices, the periodic production for cost centre managers of individual financial statements, monthly and weekly reconciliation of finance data with local financial records and bank balances, setting up school budget and financial structure, receiving, recording and banking school income, finance administration of staff appointments, resignations etc., and maintaining input of personnel data to SIMS/FMS system and financial administration of school trips

1.7 The school has a Register of Pecuniary Interests for the governors and staff, which is kept by Clerk/Office Manager. In addition, anyone involved in purchasing items or services in school is expected to declare any personal interest in the transaction.

1.8 A strategic development plan is formulated and agreed each year for the next three years, the first year to be produced in detail, the following two years in outline. This plan is prepared in the first instance by the Headteacher/Senior Leadership Team/Finance Committee. It is then put to the full Governing Body for approval.

- It includes details of projected expenditure on buildings (looking at both capital and repairs and renewals), long term contracts and commitments and staff development. Governors assess long term staffing costs, particularly when restructuring is being considered. The plans must conform to the school’s aims and objectives and reflect the integration of cost related academic proposals as shown in the curriculum development plans.
- The plan is reviewed and updated annually with objective criticism, review and assessment minuted.

1.9 Compliance with these Internal Financial Procedures and the Birmingham City Council’s Financial Manual of Guidance is mandatory and any contravention of procedures must be brought to the attention, in the first instance, of the Headteacher.

2 HEADTEACHER’S ROLE IN FINANCIAL CONTROL

2.1 Leading and managing the creation of the Development Plan underpinned by sound resource planning that identifies priorities and targets for ensuring that pupils achieve high standards and make progress, increasing teacher effectiveness and securing improvement.

2.2 Ensuring that the relevant local authority (LA) financial regulations are implemented.

2.3 Establishing and overseeing sound internal financial controls that are managed on a daily basis by the Officer Manager. This includes a regular review of budget monitoring information.

2.4 Ensuring the effective implementation of current financial systems and procedures in accordance with LA best practice.

2.5 Approving draft budgets for submission to the Governing Body and LA.

2.6 Ensuring that regular budget reports are prepared for the Governing Body.

2.7 Obtaining governor approval for any variations above his delegated authority (see section 3.6 below).

2.8 Ensuring a timely response to finance audit reports and advising governors of any remedial action.

2.9 Ensuring the maintenance of accurate and current inventories of all designated equipment.

2.10 Ensuring that adequate insurance provision is made as part of the annual budget (this may include individual, group/cluster or multi-academy company insurance).

2.11 Implementing the Governor’s pay policy.

2.12 Implementing safe recruitment policy and procedures.

2.13 Setting appropriate priorities for expenditure, allocating funds and establishing effective administrative controls.

3 BUDGETS

3.1 The school’s aims and objectives are set out in the School Development Plan as approved by the Governing Body.

3.2 The timing of the preparation of the annual Budget is by necessity largely driven by the provision by Birmingham City Council of final allocation figures. Formal submission of the Budget, as approved by the Governing Body or nominated sub- committee, is required by the specified date of the relevant financial year.

3.3 The detailed preparation of the Budget is completed with the aid of the prescribed three year budget planning tool, devised and provided by Birmingham City Council.

3.4 Individual Departments (including curriculum and administrative) are allocated sums on the basis of costed development plans which are agreed by the Governors at budget setting.

3.5 Budget Monitoring reports have been developed in which variances are highlighted for discussion and appropriate action. A summary printout of departmental budgets is provided to cost centre holders each month, with more detailed breakdowns of costs supplied on request. Monthly budget monitoring reports showing each cost centre is provided to the Headteacher/ Senior Leadership Team. The reports produced are also presented to the Finance Committee at least three times a year, and after approval from this body, are reported to the full Governing Body.

3.6 Governors may give the Headteacher/Senior Leadership Team the authority to vire between accounts during the course of the year, provided the total budget amount is not exceeded and all such virements are reported to the Finance Committee.

4 INTERNAL CONTROL

4.1 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.

4.2 Financial orders are made by means of individually numbered purchase orders being produced from the FMS accounting computer records. These are generated by the Office Manager from purchase order requisitions that have been duly authorised by cost centre holders.

4.3 Purchase orders will be approved by nominated SIMS/FMS approvers before dispatch to suppliers.

4.4 The school has **4** authorised SIMS/FMS users. Each has delegated authorisation amounts as follows:

- Office Manager (Raises Orders/Invoices & Record Deliveries) - £ none
- Deputy Headteacher (Authorises Orders) - £ none
- Headteacher (Authorises Invoices) - £10,000
- Office Administrator (**Reserve:** Raise orders/Invoices & Record Deliveries) - £ none

Whenever **any** entry is raised in SIMS/FMS it automatically transfers to the workflow section of one of the above for authorisation. All documents are also signed by the individual responsible for the budget cost centre

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4.5 On receipt of goods, delivery notes are checked to the FMS numbered order for quantity and will be retained with the FMS order.

4.6 Supplier invoices will be checked to the FMS order and delivery note for quantity, price and calculation. The invoices are then authorised by the Headteacher to confirm receipt of goods/services. Approved invoices are then passed to the Office Manager to make payment either via Central Payments or via cheques using EPA account.

4.7 The Office Manager holds detailed procedures relating to the school’s financial systems and is responsible for keeping them up-to-date and ensuring they comply with LA requirements. When new LA procedures are issued, the Office Manager is responsible for alerting staff and governors, updating the school’s procedures as required and keeping copies of the latest LA procedures.

4.8 All authorised staff, including the Office Manager, who deal with financial matters are trained in the appropriate procedures for their role and records are kept of this training. All the duties of the Office Manager are recorded and a note kept of who can carry out the various duties in the absence of the Office Manager. In that instance, the internal control that would need to be carried out would be undertaken by the Office Administrator or the Executive Financial Consultant.

4.9 Financial records are required to be kept for at least six years. This is a requirement laid down by Her Majesty’s Revenue and Customs (HMRC).

4.10 Any suspected irregularity will be reported to the Director for Children, Education and Families.

5 INSURANCE

5.1 The Governing Body will take out such insurance as it seems fit and/or as it is advised, and to comply with statutory requirements. The Governing Body will obtain the following insurance cover as a minimum:

- Buildings and Contents (currently D E Ford & the DES)
- Employers and Public Liability (BCC)

5.2 All risks will be reviewed annually to ensure that the cover is adequate.

5.3 All contractors must have public liability insurance, before they are allowed to undertake work on school premises. Voluntary workers will be covered under the BCC insurance scheme.

5.4 The Headteacher will inform the Insurance Section of all new risks, property and equipment, and also of any accident, losses or incidents which might give rise to an insurance claim.

6 COMPUTER SYSTEMS

6.1 The school’s principal accounting records are held on FMS. Other administrative areas, such as Personnel and Pupil records, are held on the administrative computer network, using SIMS.

6.2 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 Headteacher.

6.3 The FMS 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 SIMS/FMS must have their access permissions formally removed.

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

7 PURCHASING

7.1 The immediate responsibility for ensuring that the school obtains best value for money in its buying decisions lies with 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.

7.2 For items costing between **£1,000** and **£5,000** cost centre holders must obtain three written quotations. If the supplier chosen is not the cheapest or three written quotations could not be obtained then a record is kept to explain why the more expensive supplier was chosen or why three quotations were not possible.

7.3 For items costing between **£5,000** and **£10,000** a check should be made with the Procurement Team to fully utilise their expertise. Three quotes must be obtained and a record kept if the cheapest is not chosen. All such items will be reported to the Finance Committee.

7.4. Procuring goods and services with a value in excess of £10,000

Obtaining value for money in the purchase of goods and services at all times is essential. Following the guidance set out in the Schools Financial Procedures Manual (SFPM) will enable schools to;

- achieve greater value for money and social value
- procure in a fair, transparent, open and impartial way
- meet procurement obligations when spending public money
- draft legally compliant tender documentation, protecting against legal challenges, financial
- penalties and reputational damage

To ensure value for money, contracts must not be divided into smaller contracts so as to avoid compliance with Financial Regulations. E.g. A school plans to place three orders with the same supplier over a period of 12 months. The order values are £8,000, £7,000 and £500. The estimated total cost is £15,500 and therefore a competitive process is required by seeking at least three quotations.

7.5. Where the estimated total cost of a contract exceeds £10,000 but is below the European Threshold (£164,176 from 1st January 2016) no contract should be entered into unless the contract opportunity has been advertised on finditinbirmingham.com and 14 days allowed for the submission of quotations and at least three quotations submitted. If at the end of 14 days less than three quotations have been submitted then direct contact may be made with at least three companies to request the submission of quotations. Advertising the opportunity satisfies the need for market testing and makes the opportunity available to other suitable providers fairly and equitably. To attract more bidders, advertise

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in places where suppliers are likely to look such as local or national newspapers, specific publications, websites, or trade magazines (there may be a cost attached to this).

(For more detailed guidance please see SFPM Section 5. Selecting a Provider, and SFPM: Financial Regulations Section 11. Orders for Goods, Works & Services).

7.6. Orders for goods and services are, unless exceptional circumstances dictate otherwise and are approved by the Headteacher, made using formal order documentation, generated from the FMS computer system as detailed in 4.2 above.

7.7. The FMS computer systems records orders generated by it as commitments against the particular cost centre allocation.

7.8 Invoices are passed on receipt to the appropriate fund holder who signs them to acknowledge that the items have been received, they are satisfactory, and that payment may be made. Approved invoices are then passed to the Office Manager for payment as detailed in 4.6 above.

7.9 The Governing Body will be responsible for approving the use of Purchase cards and the named card holders in school.

Purchase Card is held by the Office Manager and the Headteacher. The Purchase card is kept in the office safe for the secure keeping. The card should be held securely at all times and any loss of cards should be reported immediately. Both the Cardholder and the Cost Centre Manager are jointly liable for the integrity of all transactions and proper and controlled use of the Purchase Card. All receipts must be produced and reconciled to the monthly statement by the Office Manager and signed off by the Headteacher

8 PERSONNEL

8.1 The payroll is administered by BCC on behalf of the school, as part of the school’s subscription to the HR Pay Admin and Safer Recruitment Quest option. Amendments to payroll data e.g. appointments, resignations, pay changes and overtime, are made on the HR Portal, authorised by the Headteacher.

8.2 Personnel information is held in manual files under the guidance of the Headteacher with access strictly limited to authorised officials, and separately on the SIMS/FMS computer system, for which relevant registration under the Data Protection Act is held as detailed in 6.1 above.

8.3 All staff are paid monthly by bank credit transfer to their bank accounts from an Birmingham City Council account.

8.4 The **Executive Finance Consultant** will obtain monthly reports from the SIMS/FMS accounting system to check that transactions for staff and overtime staff have been made against authorised claim forms submitted to HR Portal and investigate whether the month’s actual expenditure is within 1% of budgeted payroll transactions. The Headteacher should review and sign the report to confirm that the checks have been carried out and that they are aware of queries raised with Birmingham HR.

8.5 The **Executive Finance Consultant** uses the full payroll reconciliation report against the employee information within the three year budget planner three times a year. A copy of the payroll report is kept on file and presented as part of his termly monitoring reports to Governors within the Resources Committee.

8.6 The Headteacher is responsible for ensuring that the statutory obligations around the safer recruitment process are administered and the Office Manager will be responsible for maintaining accurate records of all staff employed by the school in a single central Record.

9 ASSET SECURITY

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

9.2 The Governing Body will produce and approve an annual Plan which sets out the priorities for building matters, within the overall context of the School Development Plan which has been reviewed in the summer term, and giving due consideration to security and health and safety issues.

9.3 The immediate responsibility for the safeguarding of equipment lies with the end user departments; in support of this the school provides security measures, including caretaker cover, burglar alarm systems, inventories, security marking, maintenance and support agreements where appropriate, and insurance cover via the BCC scheme.

9.4 Consumable items e.g. stationery purchased for general use are safeguarded by the Office Manager who keeps a watching brief on quantities ordered and the frequency of ordering.

10 INCOME / BANKING

10.1 The school derives income from the following main areas:

- Donations, sponsorship and grants;
- Student teachers from universities and other institutions;
- Hiring of premises and facilities;
- School meals sales;
- Parent contributions towards visits/trips

10.2. All cash that is received is recorded immediately by the office staff in the Schools Remittance Book and placed in the School Safe in readiness to be banked at the earliest opportunity.

10.3. Official numbered receipts are issued as a matter of course for income above £20.00. Receipt Books are held in the office, numbered consecutively and issued as required to ensure that one main book is used at all times.

10.4. Robust cash handover procedures are implemented wherever cash is transferred from one member of staff to another. In instances where cash is handed to a class teacher, either directly by a parent or handed over in an envelope by a pupil, the cash and/or envelope is immediately recorded in the logbook signed by the staff member and then signed by the Office administrator responsible for the receipt of income and both members of staff should agree the amount of cash held in the envelope

10.5. Parents are encouraged to take all cash to the school office and not give it to individual class teachers. This arrangement reduces the risk of cash becoming lost or misappropriated. Parents handing in envelopes that hold cash, the amount of cash should be shown on the envelope

10.6. Charges are made to pupils to defray the costs of certain activities. The “Charging and Remissions Policy” sets out these details.

10.7. Premises hire charges are determined by the Governors’ policy on premises hire, unless exceptional circumstances require otherwise. In such circumstances charges are determined at the discretion of the Headteacher. The “Lettings/Hiring Policy” sets out the detail.

10.8. There is a division of duty in the process of income collection and banking. This means that the office administrator receives and records the income and the Office Manager confirms the income for banking. Both the office administrator and the Office Manager involved in the process countersigns the appropriate income records.

10.9. Income recorded on the schools financial management system (SIMS/FMS) on receipt or within a reasonable time after banking should be allocated to appropriate income cost centres by the Office Manager.

10.10. The Office Manager will chase all outstanding sums on school invoices raised on FMS. The Debtor will be sent a reminder after 30 days, a second reminder after 60 days and then the BCC will contact the school to agree the next course of action. Any outstanding income for invoices raised manually and issued by the schools will be reviewed each month by Office Manager and pursued to ensure the school receives all monies. All debts can only be written off in accordance with LA regulations.

10.11. Certain curriculum departments generate some income through entrepreneurial activities. Such charges should be made in accordance with the “Charging and Remissions Policy”.

10.12. Income received is banked promptly by the Office Administrator/Office Manager and at least on a weekly basis. The amount of income banked should match the amount of income received and the amount of income held in the Safe.

10.13. All income that is being paid into Birmingham City Council is coded appropriately using REAMP code.

10.14. Bank Paying in Slips are used for all income that is being banked and the pay in slip must show the appropriate codes that the income will be posted to within the school’s budget. (See point 11 – Schools Income Portal)

10.15. The Local Authority has a contract with a security company (currently G4S) and income is collected on a weekly basis (every Wednesdays).

10.16. The Office Administrator uses Income bags to bank the income received. Cheques, cash and coins are banked in separate income bags.

10.17. All income is retained in the school safe prior to banking and the school is always aware of the amount of income held so that Safe limits is not exceeded. Limit for keeping cash in the school safe is for up to £3,000.

10.18. Accurate and up to date records is available relating to all income (cheques and cash) that is in the Safe and matches the records showing the receipt of the income and the actual amount held in the Safe.

10.19 The School Safe is locked at all times when not in use and access to the Safe is restricted to 2 key holders, Office Administrator and Headteacher. Safe keys are kept with the key holders at all times and removed from the school premises at night. In the event of

Safe keys becoming lost or misplaced the lock on the Safe must be replaced and a new set of keys issued.

10.20 The Headteacher can request information regarding the amount of money in the school safe at any time but is informed on a weekly basis about the content of the safe.

11 SCHOOLS INCOME PORTAL

11.1 All income is banked promptly and in full using the Schools Income Portal (Voyager).

11.2. The Schools Income Portal is an electronic system which non cheque book schools are required to use for the recording of all income that they have banked including official and unofficial monies and School Dinner money. Guidance on the treatment and recording of income by Full Cheque Book Schools is included in the Full Cheque Book Schools Chapter.

11.3. Schools must record the income that is being banked and provide a breakdown of the codes to which individual amounts of income are to be credited. This information should match that which is on the Bank Paying in Slip that is sent with the income in the Income Bags.

11.4. It is good practice to record the Income Portal document number and to take a screen print of the Income Portal posing

11.5. The Schools Income Portal is linked to the Local Authority’s Voyager Ledger system and will provide schools with an automatic reconciliation of the amount of income posted to the Portal and the amount of income processed by the bank.

11.6. All income banked by the security company on behalf of schools or at the local Post Office must be entered on the School Income Portal, within a couple of days of the banking

11.7. Failure to post income on the Schools Income Portal will result in the non-posting of income to the school budget and schools suffering a loss of income in the financial year. Any such losses will not be reimbursed to schools in future financial years.

11.8. Where a school has created a posting via the school income portal to credit revenue codes, but it has not banked the amount with the Local Authority’s Cooperative Bank Account, these postings will be reversed after 3 months and will need investigating by the school. There could be a variety of reasons for this happening such as a duplicate posting, a posting made in error or the money could have gone missing at the bank. However it could also be an indication that money has gone missing at school level and if this might be the case the matter should be reported immediately to Birmingham Audit

11.9. Access to the Schools Income Portal page is via the following link:

<https://schoolsapproval.birmingham.gov.uk>

This will take the user to the schools homepage, where the user will need to input their userid and password that has been previously provided. Schools can gain access to Income Banking support materials on the Schools Income Portal Help & Support page

12 EPA

12.1 EPA is operated under an imprest system of £40,000

12.2 Expenditure is recorded manually onto a spreadsheet; and processed into the school’s computerised accounting records FMS.

12.3 Cash is drawn by means of cheques on the school bank account.

12.4 EPA is regularly reconciled with the computer balance by the Office Manager and will be reviewed and countersigned by the Headteacher.

12.5 Payments are made via a cheque book (2 signatures are required for any cheque).

12.6 The Bank Mandate for the bank account requires signatories from the following:

- Headteacher
- Deputy Headteacher
- Office Administrator

12.7 Bank Statements for the EPA expenditure bank account are received monthly and are reconciled to the school’s record. The reconciliation of the bank account is completed by the Office Manager and reviewed and countersigned by the Headteacher.

13 VOLUNTARY FUNDS

13.1 “Unofficial” non-delegated funds administered by the school will be identified separately from all official budget monies. Income is banked and cheque payments made as previously stated by the Office administrator and overseen by the Office Manager.

13.2 “Unofficial” non-delegated funds administered by the school through a bank account not linked to SIMS/FMS will be audited annually, by a competent and external organisation.

14 EXTERNAL CONTROL

14.1 The Resources Committee annually reviews all controls and procedures of financial systems operating within the school as part of the SFVS annual documentation and reporting procedures.

Formally approved by Governing Body at their meeting dated _____

Signed _____ (Chair of Governors)

Reviewed Policy: September 2018

Next Reviewed Policy: July 2019