

SCHOOLS FINANCIAL PROCEDURES

Date published: October 2022

CONTENTS

CONTENTS	2
SECTION A: INTRODUCTION	7
1.1 Background	7
1.2 Purpose of this document	7
SECTION B: GOVERNANCE	8
1.1 Background	8
1.2 Roles and responsibilities	8
1.3 Finance committee	8
1.4 Limits of delegated authority	9
1.5 Financial information for governors.....	9
1.6 Minutes	9
1.7 Register of business interests.....	9
1.8 Freedom of Information	10
SECTION C: FINANCIAL PLANNING.....	11
1.1 Background	11
1.2 Financial planning timetable	11
1.3 School Development Plan	11
1.3.1 Writing the School Development Plan	11
1.3.2 Linking the School Development Plan to the budget	11
1.3.3 Periodic review of the School Development Plan and Budget	12
1.3.4 Approving the School Development Plan	12
1.4 Setting the Budget	12
1.5 Earmarking of surpluses and reserves	13
1.6 Deficit budgets	13
1.7 Restrictions on the Use of Reserves.....	13
1.8 Submission of the budget to the Authority	13
1.9 Submission of reports	13
SECTION D: BUDGET MONITORING.....	15
1.1 Introduction	15
1.2 Virements	16
1.3 New initiatives and projects	16
1.4 Cash flow monitoring	17

SECTION E: PURCHASING	18
1.1 Introduction	18
1.2 Expenditure limits	18
1.3 Value for money.....	18
1.4 Health and safety	19
1.5 Safeguarding	19
1.6 Contract specifications.....	19
1.7 Contract management	19
1.8 Claims.....	20
1.9 Capital implications	20
1.10 Orders.....	20
1.11 Receipt of goods.....	20
1.12 Payment on proper invoices	21
1.13 Approval of invoices for payment.....	21
1.14 Certification of invoices for payment	22
SECTION F: FINANCIAL CONTROL	24
1.1 Introduction	24
1.2 Local written policies.....	24
1.3 Financial control when staff are absent	25
1.4 Separation of duties	25
1.5 Audit trail of transactions	25
1.6 Earmarked funding	25
1.7 Maintaining accounting records	25
SECTION G: INCOME	27
1.1 Introduction	27
1.2 Maintaining records of income	27
1.3 Collection of income	27
1.4 Storing of cash and cheques	28
1.5 Reconciliation	28
SECTION H: BANKING.....	30
1.1 Introduction	30
1.2 Authorised signatories	30
1.3 Bank statements	31
1.4 Debt facilities	32
1.5 Cancelling cheques	32

1.6 Maintaining a list of accounts.....	32
1.7 Bank mandates.....	32
1.8 Standing Orders.....	32
1.9 Direct Debits	33
1.10 Credit cards	33
SECTION I: PAYROLL.....	34
1.1 Introduction	34
1.2 Tax.....	34
1.3 Staff records	34
1.4 Overtime	35
1.5 Invoices from suppliers	35
1.6 Provision of reports to the Authority	35
SECTION J: PETTY CASH	36
1.1 Introduction	36
1.2 Security of petty cash	36
1.3 Proper use of petty cash	36
1.4 Maintaining the accounting record	36
1.5 Reconciliation of petty cash account.....	36
SECTION K: TAX.....	38
1.1 Introduction	38
1.2 VAT submissions	38
1.3 Payment on VAT invoices.....	38
1.4 VAT on business activities	39
1.5 Construction Industry Scheme.....	39
SECTION L: VOLUNTARY FUNDS	41
1.1 Introduction	41
1.2 Separate accounting from the school's delegated budget	41
1.3 Independent audit	41
1.4 Accounting and year end	41
1.5 Receipt of donations and income.....	42
1.6 Reconciliation	42
1.7 Insurance cover for voluntary funds.....	42
1.8 Registering with the Charities Commission	42
SECTION M: ASSETS	43
1.1 Introduction	43

1.2 Assets Register.....	43
1.3 Asset Management Plan.....	44
1.4 Inventories	44
1.5 Procedures for property taken off site	44
1.6 Disposal of assets.....	45
1.7 Write offs	46
1.8 Security.....	47
SECTION N: INSURANCE.....	48
1.1 Introduction	48
1.2 Additional insurance cover.....	48
1.3 Indemnities to third parties.....	48
1.4 Annual review of risks	48
1.5 Insurance of property taken off site.....	49
SECTION O: DATA SECURITY	50
1.1 Introduction	50
1.2 Security.....	50
1.3 Back-up procedures.....	51
1.4 Business continuity and emergency planning	51
1.5 Data Protection Act 1998.....	51
SECTION P: AUDIT	52
1.1 Introduction	52
1.2 Audit recommendations	52
1.3 Reporting of irregularities.....	52
1.4 Audit procedures.....	53
1.5 Record keeping.....	53
1.6 Consistent Financial Reporting	53
1.7 Chartered Institute of Public Finance and Accounting	53
SECTION Q: CAPITAL.....	54
1.1 Introduction	54
1.2 Capital accounting	54
1.3 Revenue vs capital repairs and maintenance	54
1.4 Devolved Formula Capital	54
1.5 Spending from budget share on capital works	54
Appendix A – Model Terms of Reference.....	55
Appendix B – Transaction log template.....	69

Appendix C – Request of advance due to cashflow shortfall.....	70
General information	70
Current financial position	70
Request	70
AC4 Authorisation.....	70

SECTION A: INTRODUCTION

1.1 Background

The financial relationship between the local authority and each school is set out in the local authority's Scheme for Financing Schools.

This policy, the Schools Financial Procedures, should be read in conjunction with the Scheme for Financing Schools.

Overall responsibility for financial management and controls in schools remains with the local authority's Section 151 Officer. The day-to-day management of the school funds and assets is delegated to the Governing Body within the provision of this Schools Financial Procedures.

1.2 Purpose of this document

The purpose of this document is to set out in a simple and straightforward manner the framework set by the local authority for maintained schools to manage their financial affairs.

Who is this document for?

This document is not just relevant to school staff with responsibilities for financial management, but all school staff and governors so that they understand the procedures they must follow and their responsibilities.

In particular, this document should be made available to the:

- Finance manager, Business Manager or Bursar
- School's senior leadership team
- Headteacher
- Governing body
- Finance subcommittee of the governing body

SECTION B: GOVERNANCE

1.1 Background

The governing body has collective, statutory responsibility for the overall direction of the school and its strategic management, under Section 21 of the Education Act 2002.

This involves determining the guiding principles within which the school operates and using the skills and expertise of governors to consider and make key decisions.

The Department for Education state in their Governance Handbook (November 2015), that all governing bodies have three core functions:

1. ensuring clarity of vision, ethos and strategic direction;
2. holding the headteacher to account for the educational performance of the school and its pupils, and the performance management of staff; and
3. overseeing the financial performance of the school and making sure its money is well spent.

1.2 Roles and responsibilities

The terms of reference of committees should be set out in writing, agreed by the governing body and reviewed annually. A model terms of reference can be found in [Appendix A](#).

The roles and responsibilities of the governing body, its committees, the headteacher and other staff in relation to financial decision-making and administration should be set out in the terms of reference of the governing body.

1.3 Finance committee

A finance committee should be set up to consider strategic financial issues on behalf of the governing body.

Good practice

Governing bodies should endeavour to have at least one governor with experience of financial management or accounting, although this does not have to be from an education background.

The finance committee should consist of at least three non-staff governors and include the Headteacher and meet at least termly.

1.4 Limits of delegated authority

The governing body should establish the financial limits of delegated authority. Formal approval of the Scheme of Delegation by the governing body should be documented.

1.5 Financial information for governors

The governing body should agree with the headteacher the minimum frequency, level of detail and format of the financial information to be provided to it, especially in relation to budget monitoring reports.

1.6 Minutes

The governing body and its committees should record minutes of all meetings and decisions taken and any action points to be carried out and by whom. Minutes taken should be signed off by the chair at the next meeting as a true record.

The minutes of governing body meetings must be retained indefinitely, and the minutes of committees for at least six years.

1.7 Register of business interests

The governing body should establish a register of business interests of governors, the headteacher and any other staff who are involved in making financial decisions. This register should be published on the school's website and be open to examination by

governors, staff, parents and the local authority. All those involved in spending public money must be able to demonstrate that they do not benefit personally from the decisions they make.

The register should be reviewed regularly by the governing body and evidence of reviews should be kept.

1.8 Freedom of Information

The Freedom of Information Act 2000 (FOIA) was introduced to promote greater openness and accountability across the public sector and establishes a general right of access to information held by public authorities.

Schools may be asked by the LA to support them delivering against their statutory requirements to respond to Freedom Of Information (FOI) requests.

Whilst there are exemptions in the legislation, the LA would expect schools to comply with the timescales set out in the legislation in order for them to deliver against their statutory responsibilities.

SECTION C: FINANCIAL PLANNING

1.1 Background

Financial planning is an important part of schools financial management. Good financial planning supports schools in ensuring that their educational goals are linked to their budget and the resources available to them.

1.2 Financial planning timetable

A formal timetable and procedures should be drawn up for constructing the School Development Plan (SDP) and Budget to ensure that the governors have time to consider all relevant factors.

1.3 School Development Plan

1.3.1 Writing the School Development Plan

The school should have a SDP which is linked to the school's budget. The SDP should outline the school's educational priorities and budget plans for the next three years, showing how the use of resources is linked to the achievement of the school's goals.

Any new initiatives should be carefully appraised in relation to all likely costs, benefits and their financial sustainability before being approved by the governing body.

The SDP should also state intended expenditure on continuing commitments including a short commentary on any significant changes from the previous financial year.

1.3.2 Linking the School Development Plan to the budget

The school's budget should be based on realistic estimates of all expected expenditure and income, including grant income, so that planned expenditure does not exceed the available budget.

1.3.3 Periodic review of the School Development Plan and Budget

The governing body should ensure that the main elements of the school's budget are periodically reviewed to ensure that detrimental historic spending patterns are not perpetuated.

The Headteacher should ensure that the budget is correctly profiled and forecast cash flows reflect, as far as possible, future spending plans.

1.3.4 Approving the School Development Plan

Any new initiatives should be carefully appraised in relation to all likely costs and benefits and presented to the Headteacher and the governing body as part of their decision making process.

The governing body should approve the school's budget and SDP after careful consideration and before the beginning of the relevant financial year.

The headteacher should promptly forward details of the approved budget and any subsequent budget changes to the local authority.

1.4 Setting the Budget

The Governing Body must set a detailed operating budget for the current financial year and the following two financial years (a three-year budget plan) and the assumptions underpinning the budget plan (i.e. inflationary increases in salary costs). The budget should also include the estimated expenditure required to perform the activities planned to achieve the outcomes set out in its School Development Plan.

Governing Bodies are required to set and maintain a 'balanced budget' – such that total anticipated income (including where necessary, any use of revenue reserves) is not less than total estimated expenditure (including, where appropriate, any planned addition to revenue reserves).

The format of the budget will be determined by the Head of Finance, Children's Services and Education. Guidance and a template will be sent to schools for completion.

1.5 Earmarking of surpluses and reserves

Any budget surpluses should be earmarked for specific future needs to ensure that pupils benefit from a planned approach that does not deprive them of resources in a given year.

The LA will ask for a statement of the planned use of earmarked reserves as part of the year end closure of accounts.

1.6 Deficit budgets

The governing body is not permitted to set a budget which plans for a cumulative deficit at the end of any of the financial years, except where the LA has authorised such a budget formally.

Any deficits at year end should be deducted from the following year's budgets, including any deficit on Devolved Formula Capital allocations.

1.7 Restrictions on the Use of Reserves

When setting the budget, governing bodies must ensure that the planned use of existing reserves that have carried forward from the previous financial year is in accordance with previously declared reasons for holding such reserves. The LA will reserve the right to examine that there has been sufficient governance of the use of reserves.

If such reasons have been superseded by events, then this should be clearly identified in the School Development Plan and Budget assumptions.

1.8 Submission of the budget to the Local Authority

- Schools are required to submit a budget plan to the LA by 31 May (or the last working day of May) each year. The school's budget plan must be approved and signed by the governing body (or a committee of the governing body).

1.9 Submission of reports

The Scheme for Financing Schools requires that the school provides the LA with financial reports throughout the year in a format predetermined by the LA.

In order to keep an overview of schools' finances, the LA's Schools' Finance Team will request local accounting system monitoring reports from schools reflecting the spend and commitments as per the reporting timetable set out at the start of the financial year.

SECTION D: BUDGET MONITORING

1.1 Introduction

The school should produce monthly budget monitoring reports for income and expenditure against the approved budget, including sums committed but not yet paid and outturn forecasts. These reports should be reconciled with those of the LA and be derived from the school's accounting system.

Income and expenditure reports should be run from the school's accounting system.

The headteacher should provide budget monitoring reports to the finance committee at least once every term. These reports should show any significant variances against the budget with explanatory notes and, where necessary, remedial action plans to bring budgets back within spend, where overspends have occurred, including the use of virements where appropriate.

It is the responsibility of the governing body to control income and expenditure within their school and to monitor performance. They should take necessary action to avoid exceeding their budget allocation and alert the LA of any problems.

Information for financial reports should be extracted directly from the school's accounting systems and be incorporated with the most up-to-date information regarding the schools future spending plans to accurately predict current and year end outturns for income and expenditure.

The headteacher should monitor expenditure on the initiatives set out in the School Development Plan (SDP).

Good practice

The headteacher should profile the budget and forecast cash flow to take account of likely spending patterns. For example, it is likely that the energy budget would be profiled to account for higher energy consumption in the winter months. Profiling allows more effective budget monitoring: a budget deficit in a particular month may be the product of a one-off expenditure item. Conversely, a surplus may reflect expenditure that was due in a particular month, but was not paid.

1.2 Virements

A virement is deemed as any change, or transfer, of budget allocation where the budget will be used for a different purpose. If a budget is overspent, then an adjustment to the budget can be made from a budget that is underspent.

In order to maintain budget control between governing body meetings, the headteacher will need delegated power to authorise virements of budgets up to a set limit as determined by the governing body. Such virements should be presented to the governing body with their reason as part of the next financial report.

Where an expenditure budget is likely to overspend, or income is unlikely to be achieved by the end of the financial year, the appropriate course of action will be:

- where the overspend is within the levels delegated to the headteacher, the headteacher or finance committee may approve financing of the excess expenditure, or income shortfall, by the virement of an equivalent sum from an identified revenue budget saving or unallocated reserves.
- where the amount is over the delegation limit, the governing body must agree the virement before spending takes place.

A written record of agreed virements must be kept. The school's accounting system should be updated to show the latest approved budget.

The school's procedures for the authorisation and processing of virements should be documented in the Scheme of Delegation.

The school's budget share is profiled into the bank account on a monthly basis with budget adjustments made as they are identified.

1.3 New initiatives and projects

Any proposal to significantly increase or reduce either expenditure or income by the introduction of new or significantly different policy, must be the subject of a report to the governing body by the headteacher and shall draw attention to the likely financial implications for the current and future years spending plans.

1.4 Cash flow monitoring

Cash flow monitoring is an important part of budget monitoring. Schools should give regard to the forecast expenditure in each month and ensure they have sufficient funds available to meet their obligations.

Where cash flow is a concern and not related to a deficit situation, the Headteacher school should alert the local authority at the earliest opportunity using the form in Appendix C.

Requests by email or phone cannot be accepted as the local authority requires a clear audit trail of the request.

SECTION E: PURCHASING

1.1 Introduction

All procurement on behalf of the LA must, where applicable, comply with relevant legislation, statutory guidance and policies published by the LA.

Each headteacher shall maintain and supply the Head of Finance, Children's Services and Education with such information as is required for corporate compliance with these rules.

The school should always consider price, quality and fitness for purpose when purchasing goods or services.

1.2 Expenditure limits

Where a contract for goods or services is above £10,000, the school has a duty to ensure that steps are taken to ensure value for money. This may be achieved by obtaining three written quotations.

It is advisable for the school to maintain a register of quotes received as a record of their procurement decisions should a query or Freedom of Information request be raised.

Authorisation levels

- **Below £10,000** – Expenditure must be approved by the Headteacher or Business Manager, as defined in the school's local delegation of responsibilities
- **Above £10,000** – Must be signed off by the governing body, with three written quotes and in compliance with procurement legislation
- **Above £100,000** – Must be signed off by the Head of Finance, Children's Services and Education, with three written quotes and in compliance with procurement legislation

1.3 Value for money

The lowest tender does not have to be accepted if it does not appear to give value for money. Where a quotation other than the lowest is accepted, the reasons for this decision must be reported to the governing body and included in the minutes of governors' meeting.

1.4 Health and safety

Schools will be required to assess in advance, where relevant, the health and safety competence, technical competence and financial standing of the contractor.

1.5 Safeguarding

Contractors working on site at the school or near pupils should have sufficient Disclosure Barring Service (DBS) checks and provisions should be placed in any contractual agreements to place this obligation on to suppliers.

1.6 Contract specifications

Contract specifications should define the service to be provided in terms of its nature, quality standards, information and monitoring requirements and contract review procedures.

Schools should ensure that a contract specification is drawn up and matches its requirements. Where a school has concerns that it does not have the expertise to draft a specification, it should seek the support of the local authority.

1.7 Contract management

The headteacher shall keep a register, recording amounts due and payments made under contracts for works where payments are to be made in instalments.

Where contracts are supervised and managed by persons other than officers of the local authority, the agreements with the person(s) shall provide that they furnish to the governing body, for inspection by authorised personnel, vouchers and documents relating to prime cost, provisional sums and any other documents that may reasonably be required.

1.8 Claims

The governing body should seek legal advice for claims by contractors in respect of matters not clearly within the terms of any existing contracts.

1.9 Capital implications

The school must not enter into any financial agreement with capital implications without the approval of the local authority or appropriate body.

Any agreement with capital implications should be linked to the Asset Management Plan.

1.10 Orders

Official orders directly from the school's accounting system in normal circumstances should be used for all goods and services except utilities, rents, rates and petty cash payments.

Orders must state an exact description of the goods, the price to be paid, any discounts applicable and the timescales for delivery (if relevant).

Orders should be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods or services for their private use.

Payment of examination fees or goods, works or services of a proprietary/specialist nature may be processed by schools, but schools should notify the governing body.

All orders must be signed by a member of staff authorised by the governing body and the school should maintain a list of all such staff in the scheme of delegation.

1.11 Receipt of goods

The signatory of the order should be satisfied that the goods or services ordered are appropriate and needed, there is adequate budgetary provision and quotations or tenders have been obtained where necessary.

Orders will be generated through the school's accounting system to show that expenditure has been committed against the budget.

The school should check goods and services on receipt to ensure they match the order and mark off accordingly. This should not be done by the person who signed the order.

1.12 Payment on proper invoices

Payment should be made within time limits specified in law for the payment of debts and only when an official invoice has been received, checked, coded and certified for payment against an authorised Purchase Order.

It is good practice before payment to ensure that all invoices are stamped with a payment authorising stamp. The person who receives the goods should act as the 'certifying officer' and sign in the stamp to confirm that:

- The goods supplied, work done, or services rendered have been satisfactorily carried out and in compliance with the order.
- The charges are correct and in accordance with quotations or contracts.
- All appropriate discounts have been claimed.
- The proper entries have been made in the inventories or stores records.
- The order and the delivery note are attached to the invoice.
- Any VAT recoverable on the payment has been identified and expenditure coded accordingly.
- Payment must not be made on proforma invoices. Only original invoices must be certified for payment.

1.13 Approval of invoices for payment

It is good practice for a member of staff approved by the governing body to authorise invoices for payment. This should be neither the person who signed the order nor the person who checked the receipt of goods or services. However, it is recognised that this may not be always practicable, e.g., in very small primary schools or nurseries, it may be difficult to have this degree of separation of duties.

The authorising officer then authorises the invoice for payment by signing in the stamp to confirm that:

- the invoice has been correctly certified and coded;
- the invoice has not previously been paid. Only authorise originals, not fax copies, photocopies or pro-forma invoices; and
- the expenditure is covered by an approved revenue budget provision.

All paid invoices should have the relevant expenditure code, cheque number and the word 'Paid'. All paid invoices should be securely stored and filed in the order which they were paid.

Under no circumstances should payment be made against statements or delivery notes. Where an invoice has been lost or mislaid a duplicate invoice should be sought, clearly marked as such and signed by the authorised person in the company and checked before certification and payment.

Payments in advance of delivery should not be made under normal circumstances. In exceptional circumstances, where the supplier insists upon payment in advance, e.g., course fees, hotel accommodation, the supplier must provide a pro-forma invoice and a receipt must be obtained when payment is received. The recipient of the goods/services should later provide proof that the payment has been made.

If a school intends to reclaim VAT from purchases made on a proforma invoice then they must ensure that a proper VAT invoice is issued once the goods have been delivered. Failure to do this may result in the VAT having to be refunded to His Majesty's Revenue & Customs (HMRC).

Invoices should not be returned with the payment, as they must be retained at the school (stored in files which should be clearly separated by the month in which they were paid) for inspection by Audit.

Any queries relating to payments and statements should be raised with the bank.

1.14 Certification of invoices for payment

The local authority doesn't make payments on behalf of any school. The school should maintain a list of staff authorised to certify invoices for payment together with specimen signatures.

SECTION F: FINANCIAL CONTROL

1.1 Introduction

It is important that financial systems are robust to ensure that information derived from the system can be relied upon for decision making and reporting. By building internal financial controls into systems, schools should be confident that transactions will be properly processed and that any errors or fraud will be detected quickly.

Examples of internal controls are:

- internal checks - one person checking another person's work;
- separation of duties - distributing the work so that key tasks are assigned to separate members of staff;
- systems manuals - clear, readable descriptions of how systems work and who does what;
- a system of authorisations - each transaction is authorised before passing on to the next stage of the process; and
- a clear audit trail covering all stages of a transaction, for example from copy order to invoice, to accounts, to payment, and in reverse.

It is the responsibility of the headteacher and governing body to ensure sufficient financial controls are in place and those controls are sufficiently robust and effective.

1.2 Local written policies

All schools should have a written finance policy, which should be reviewed annually by the headteacher and governing body.

The headteacher and governing body 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. Documenting procedures

is particularly useful when staff are absent for any reason or length of time. It will also highlight any problems with separation of duties and assist in job design or creation of job descriptions.

1.3 Financial control when staff are absent

The headteacher should ensure that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing.

1.4 Separation of duties

The separation of duties is a cornerstone of good financial management. The headteacher should ensure that duties related to financial administration are distributed so that at least two people are involved. The work of one should act as a check on the work of the other and all checks should be fully documented.

1.5 Audit trail of transactions

All financial transactions must have a clear audit trail running from the original documentation, its appearance on the school's accounting system, and vice versa. It is likely that this will be tested through the LA's external audit procedures.

Any alterations to original documents such as cheques, invoices and orders should be clearly made in ink and initialled by people authorised to do so.

All accounting records should be securely retained when not in use and only authorised staff should be permitted access.

1.6 Earmarked funding

The headteacher should ensure that all expenditure from sources of earmarked funding is clearly identified, accounted for and used for its intended purpose.

1.7 Maintaining accounting records

All documents relating to financial transactions must be retained by the school for a period of six years, unless otherwise directed by the Head of Finance, Children's Services and Education.

SECTION G: INCOME

1.1 Introduction

The governing body should establish a charging policy for the supply of goods or services. This policy should be reviewed annually by the full governing body and shall take account of any advice from the Head of Finance, Children's Services and Education.

Governors must ensure that the school's budget share does not in any direct or indirect way, subsidise community activities or use, but equally should ensure that policies and charges encourage the provision of varied sessions for the benefit of the school community.

Governors should also decide on the level of profits (if any) desired and the suitability of charges in relation to other providers.

1.2 Maintaining records of income

The headteacher is responsible for maintaining proper records for the collection, recording and recovering of all income due to the school. This will include:

- collection of all income due to the school for services provided by the school;
- the safe custody of all income;
- effective systems for the recovery of income due to the schools;
- performance management systems to monitor the recovery of income; and
- maintaining all records relating to income collection and debt write-off.

1.3 Collection of income

Wherever possible, income should be collected prior to, or at the point of the delivery of the service. Headteachers must ensure the appropriate rate of VAT is charged where necessary. Further advice on VAT issues can be obtained from the local authority on request.

All lettings must be authorised by the headteacher or other person(s) identified by the governing body within a framework determined by the governing body and should be recorded in a diary or register.

The responsibility for identifying sums due to the school should be separate from the responsibility for collecting and banking such sums.

Where invoices are required, they should be raised as soon as it is practicable.

The school should always maintain other formal documentation for all income collected. Receipts should be securely stored in an auditable manner.

1.4 Storing of cash and cheques

Cash and cheques received should be stored securely, as soon as they are received, until they can be banked, preferably on the day they are received, or as soon as is practicable to do so. Access to the secure storage facility should only be accessible by selected members of staff who have delegated authority from the Headteacher to administer and access the facility.

Schools should give due regard to the safety and security of staff who may be banking large sums of cash on behalf of the school and make appropriate arrangements.

Collections should be paid into the appropriate bank account promptly and in full. Bank paying-in slips must show clearly the split between cash and cheques, with each cheque listed individually.

Income collections should not be used for the encashment of personal cheques or for any other payments.

1.5 Reconciliation

The designated officer should reconcile monthly the sums collected with the sums deposited at the bank. Any major discrepancies in income collected against income banked must be immediately investigated and notified to the local authority's Schools Finance Team or Head of Finance, Children's Services and Education.

The school should have documented procedures for following up invoices outstanding for more than 30 days. Debts should be written off only in accordance with the LA's Scheme for Financing Schools.

The designated officer should ensure that any machines taking money are emptied regularly and the cash is counted by at least two people.

The designated officer should ensure that transfers of school money between staff are recorded and signed for (e.g. payment of petty cash).

SECTION H: BANKING

1.1 Introduction

Headteachers must ensure that adequate security arrangements exist for the holding of cash including controlling access to safes and other receptacles. Cash holdings should be kept to a minimum at all times.

The Headteacher should maintain bank accounts that they, in consultation with the Head of Finance, Children's Services and Education, considers necessary for the efficient operation of the school's finances.

Headteachers should seek to ensure they close dormant bank accounts and accounts that are no longer in use as part of their responsibilities to ensure they have good financial controls.

1.2 Authorised signatories

Headteachers are responsible for approving the authorised signatories to all bank accounts within their school and ensuring there are sufficient signatories to carry on the financial affairs of the school at all times.

The Head of Finance, Children's Services and Education must be added as a signatory on school bank accounts.

Payment options available

- BACS – the facility exists for schools to use BACS to pay employees and this has been extended to allow schools to pay all suppliers who are able to receive payments by this method.
- Cheques – this facility is still available but many suppliers do not accept cheques and require electronic payments
- Standing orders
- Direct debits
- Purchase cards – not yet available to schools but scheme is being developed with the local authority's corporate finance team and the Nat West Bank.

1.3 Bank statements

The school should make arrangements with the bank to provide statements for their account to aid in the reconciliation of accounts. This will allow discrepancies to be quickly identified, investigated and resolved. Major discrepancies between the bank statements and accounting records, where fraud is suspected, should be reported immediately to the local authority's Schools Finance Team or the Head of Finance, Children's Services and Education.

Schools should undertake a monthly bank reconciliation as a part of their routine financial management.

It is good practice for staff responsible for undertaking bank reconciliations not to be responsible for the processing of receipts or payments.

Personal and private bank accounts of members of staff, must not be used for any payment or receipt related to the school's budget.

All cheques must bear the signatures of signatories approved by the governing body.

In these cases, the cheque, together with the supporting documentation, must be submitted to the Head of Finance, Children's Services and Education for clearance.

An authorised signatory should never sign a cheque when:

- the cheque is made payable to him/herself, or
- the cheque is not completed correctly. The date, payee, amount in words and amount in figures must be completed.

In addition, a cheque must never be amended by anybody other than the original provider of the cheque.

All cheques drawn on the account(s) must be crossed with account payee only to avoid improper negotiation of the cheques.

Cheques should be produced directly from the school's accounting system where this feature exists.

Cheques must never be pre-signed.

1.4 Debt facilities

Schools should not go overdrawn or negotiate overdraft facilities with their banking provider. Imprest and petty cash accounts must also not be overdrawn at any time. Headteachers must ensure that the school bank account(s) remain in credit and discuss any cash flow issues with the local authority.

The school should not enter into any loan agreements without the prior written approval of the Head of Finance, Children's Services and Education.

1.5 Cancelling cheques

When cancelling a cheque, schools should draw lines and write "CANCELLED" in between them, in red ink, on the cheque and cheque stub.

The cheque should then be stapled to the cheque stub. Printed cheques which are cancelled should be retained and kept securely.

1.6 Maintaining a list of accounts

The headteacher should maintain a list of all bank and building society accounts held and the mandates for each account. It is recommended that the headteacher and two other members of the senior management team are signatories to each account.

1.7 Bank mandates

To delete or add signatories, schools must complete a mandate together with an authorised signatory form and send it to the local authority's Schools Finance Team who will inform the bank.

Schools must delete authorised signatories as soon as employment is terminated. In the case of long-term sickness (over three months), the person must be suspended from or removed from the mandate until they are able to return to work.

1.8 Standing Orders

Documentation for school use of any standing orders set up must be signed by the finance officer in the school, authorised by the headteacher and kept as a record. A

list of any new standing orders must be circulated at the next finance committee meeting of the governing body and a full list circulated to the committee on an annual basis at the start of the financial year. It should be noted in any minutes that this has been circulated.

1.9 Direct Debits

As with standing orders, documentation for school use of any direct debits set up must be signed by the finance officer in the school, authorised by the headteacher and kept as a record. A list of any new direct debits must be circulated at the next finance committee meeting of the governing body and a full list circulated to the committee on an annual basis at the start of the financial year. It should be noted in any minutes that this has been circulated.

1.10 Credit cards

Schools are explicitly barred from using credit cards, which are regarded as borrowing. However, schools may obtain an electronic Purchasing Card (ePC).

SECTION I: PAYROLL

1.1 Introduction

The governing body should establish procedures for the administration of personnel activities, including appointments, terminations and promotions. At least one person on each interview panel should have completed the Safer Recruitment Training Course.

The headteacher should ensure that, where practicable, the duties of authorising appointments, making changes to individuals' conditions or terminating the employment of staff are separated from the duties of processing claims.

The headteacher should ensure that at least two people wherever possible are involved in the processes of completing, checking and authorising all documents and claims relating to appointments, terminations of employment and expenses.

Where the payroll is administered by the local authority, the school should send in the names and specimen signatures of certifying officers.

The headteacher should ensure that only authorised staff have access to personnel files and that arrangements for staff to gain access to their own records are in place.

Payroll transactions must be processed only through the payroll provider and not using any kind of direct payment facility available to the school.

1.2 Tax

The local authority is liable to declare to HMRC all payments made to individuals for tax reasons.

When HMRC discover irregularities they will seek to recover the appropriate portion of tax from the local authority. Any such payments will be recovered from the school's delegated budget.

1.3 Staff records

The school should maintain a list of staff employed. School procedures should ensure that this list is updated promptly to reflect new starters, leavers and absences.

The headteacher should obtain regular reports on payroll transactions and check them against the school's documentation on staffing and pay to ensure they reconcile.

1.4 Overtime

Overtime forms must be completed by school staff and authorised by the headteacher before submitting to payroll, where this facility is available to schools.

Schools should give regard to their policy on overtime, including the approval process and any cap on the amount of overtime that can be claimed by an individual.

1.5 Invoices from suppliers

If an invoice is submitted from a company, it is the school's responsibility to check that the company is legitimate and the services were delivered. Generally, if the company is registered with Companies House and where relevant, registered for VAT.

1.6 Provision of reports to the local authority

Schools should provide the local authority with such information as it may require to oblige with its obligations for both staff payroll information, including pensions data.

SECTION J: PETTY CASH

1.1 Introduction

The governing body should set out in writing an appropriate level for the amount of petty cash to be held. This amount should represent a balance between convenience and the risk of holding cash on the premises.

1.2 Security of petty cash

The headteacher should ensure that the petty cash fund is held securely and that only authorised staff have access to it.

1.3 Proper use of petty cash

Payments from the petty cash fund should be limited to minor items which have been approved in advance by an authorised member of staff.

1.4 Maintaining the accounting record

All expenditure from the fund must be supported by receipts, identifying any VAT paid. It must be signed for by the recipient and countersigned by an authorised member of staff.

Proper records should be kept of amounts paid into and taken out of the fund.

Receipts/Invoices presented for reimbursement must not include any personal items.

Reimbursement of petty cash claims can only be made after the claimant has completed a petty cash form with appropriate receipts attached and the claim authorised by the relevant officer.

1.5 Reconciliation of petty cash account

A petty cash facility is one in which funds are delegated from the school's dedicated bank account that is replenished to keep the cash balance at a constant level.

If the school has a petty cash facility, monthly reconciliations should be carried out between the petty cash accounting records and the cash balance and reviewed by a different member of staff (to ensure segregation of duties) for verification that the funds have been used in accordance with these procedures.

SECTION K: TAX

1.1 Introduction

The headteacher and governing body are responsible for ensuring that the school complies with all VAT and other tax regulations.

VAT is a very specialist area and the importance of correctly accounting for VAT cannot be emphasised too highly. It is the responsibility of the headteacher to ensure that all relevant staff be made aware of the importance of the correct treatment of VAT and to take advice when necessary. Penalties may be imposed on the Authority if it submits incorrect VAT returns. Any penalties resulting from incorrect declarations from a school will be charged to the school.

1.2 VAT submissions

It is the responsibility of the local authority's Section 151 officer to make arrangements for the completion of all VAT returns to HMRC. Headteachers must submit both a VAT statement and VAT report, signed by the headteacher, to the local authority's VAT officer.

The VAT officer will incorporate the school's input and output VAT into the local authority's VAT return. These submissions are to be in a format prescribed by the Head of Finance, Children's Services and Education and must be submitted within specified timescales to ensure the timely payment of any reimbursements.

School's must ensure that all VAT is coded correctly on the school's financial management system.

1.3 Payment on VAT invoices

VAT should only be claimed against a proper VAT invoice, as the school will not be reimbursed in the absence of such documentation.

A proper VAT invoice is the only basis on which VAT can be reclaimed. It contains the

following elements:

- the supplier's name, address and VAT registration number
- the date goods/services were supplied
- the name and address of the school
- the goods or services supplied
- amount payable excluding VAT
- amount of VAT

1.4 VAT on business activities

VAT on business activities, school trips and other taxable activities should be appropriately accounted for, both within the delegated budget and in voluntary funds.

VAT payable on income received by the school will depend on the nature of the income.

1.5 Construction Industry Scheme

The tax implications of payments to sub-contractors employed by the school for work of a construction nature are subject to special verification and reporting.

In the case of self-employed contractors and consultants, schools should take care in verifying the self-employed status of the contractor before agreeing to engage them and paying them gross. Schools should note that they may be liable for any tax and NI if they have been found to have paid someone who doesn't satisfy the HMRC conditions for self-employment.

In the case of contractors who are registered under the Construction Industry Scheme (CIS), the school should check with HMRC that the person is registered under the scheme and the percentage of tax to be deducted. The headteacher must submit monthly returns to the Chief Finance Officer providing details of payments made for construction operations under CIS. Please note the school will be exempt from operating a Construction industry Scheme if the labour cost of the construction scheme is £1,000 or less.

SECTION L: VOLUNTARY FUNDS

1.1 Introduction

Voluntary funds can provide schools with an additional source of income away from their delegated budget.

Although such funds are not public money, the regulation of these funds should be as stringent as the provisions made for public funds, as set out in the Scheme for Financing schools and the Schools Financial Procedures.

1.2 Separate accounting from the school's delegated budget

The headteacher should ensure that voluntary funds are accounted for separately from the school's delegated budget and are held in a separate bank account(s). This is extremely important to note as the funds must be treated as separate from the schools delegated budget.

This means that all income and expenditure which is to be paid from the voluntary funds, must be made from the bank account in which the funds are held and accounted for in the accounts related to the voluntary fund.

Funding of activities, which are to be borne from the voluntary fund should under no circumstances be paid for from the school's budget and then later reimbursed from the voluntary fund. This creates ambiguity in the audit trail of income and expenditure.

1.3 Independent audit

The school must commission an accountant's or an independent examiner's report on all voluntary funds for the scrutiny and approval by the governing body.

The headteacher should ensure that the audited accounts are copied promptly to the Head of Finance, Children's Services and Education after the governing body has accepted them.

1.4 Accounting and year end

The headteacher should ensure that the same standards of financial accounting which apply to income and expenditure for the school's delegated budget are applied to the voluntary funds.

At the end of the accounting year the headteacher is responsible for ensuring that an annual statement of account is prepared. This should be signed by the chair of governors and the headteacher. A copy must be sent to the local authority's Schools Finance team as part of the year end submission of their accounts for the school's delegated budget.

1.5 Receipt of donations and income

Receipts should be issued for any donations or income entering voluntary funds.

1.6 Reconciliation

The headteacher should ensure that regular reconciliations between the accounting records and bank statements are undertaken. It is good practice for this to be undertaken on the same basis as the reconciliation of the school's main bank account.

1.7 Insurance cover for voluntary funds

The governing body should ensure that voluntary funds are covered by adequate insurance arrangements, including fidelity guarantee (employee dishonesty) insurance.

1.8 Registering with the Charities Commission

The governing body should ensure that relevant voluntary funds are registered with the Charity Commission, if income or expenditure related to the fund exceeds £1,000 per annum.

Further details can be found on:
<https://www.gov.uk/government/organisations/charity-commission>

SECTION M: ASSETS

1.1 Introduction

Schools will typically have a range of assets from small moveable items to larger fixed assets. As all school assets that have been purchased with public funds, effectively public assets, it is important that these assets need to be kept securely and recorded in an asset register.

Headteachers should make the necessary arrangements to identify such items as school property, to record where they are located and ensure that there is adequate insurance in place.

1.2 Assets Register

Every school should have an Assets Register that sets out the:

- assets the schools owns;
- the type of asset (leased or not leased)
- location;
- quantity (if more than one);
- value; and
- date of purchase.

An up to date register should be maintained for all items of equipment (non-capital assets) valued at £10,000 or over. Such items should be identified as school property with a security marking.

The governing body should determine for items worth less than £10,000, how they are to be recorded. Items which are not readily portable or cannot easily be re-sold need not be recorded.

1.3 Asset Management Plan

In addition to the Assets Register, schools should create an Asset Management Plan (AMP). The purpose of the AMP is to:

- provide a statement of identified need for building and maintenance works for each of the school's buildings and grounds;
- to ensure the school is compliant with its health and safety obligations to ensure all users of the site are safe;
- to support the delivery and development of the curriculum in line with the objectives within the School Development Plan.
- provide a basis for prioritisation of funding between assets that is fair and transparent;
- help the headteacher and governing body prioritise the allocation of funding for the maintenance of assets;
- form part of the business case for bids for capital funding;
- assist with long term site planning; and
- ensure best value in the use of resources.

Headteachers and governing bodies should have a clear view of how they wish to use their premises resources and will therefore need a plan for the use, maintenance, and development of their buildings.

1.4 Inventories

The headteacher should arrange for inventories to be checked at least once a year against physical items once a year. All material discrepancies should be investigated and reported to the governing body.

1.5 Procedures for property taken off site

Whenever school property, for example musical instruments or computers, is taken off the school site, a record should be kept detailing the equipment on loan and include the signature of the employee/pupil responsible.

1.6 Disposal of assets

All papers relating to a disposal should be recorded in a disposal file, stating the reason for it and any other relevant information. It should be held in a secure place and available for inspection for a period of six years after the disposal.

The disposal file should include at least:

- the headteacher's written record declaring the asset is surplus to requirements and instructions to the person appointed as responsible for the disposal;
- the advertisement;
- offers made; and
- receipts

The headteacher must ensure that a member of school staff who determines that an asset is surplus to requirements, or is involved in the disposal, must never attempt to purchase it or take it for him/herself.

The headteacher must appoint a single person responsible for disposal whose name will be clearly stated in the disposal file. He or she should be instructed in writing on the disposal and will be accountable to the headteacher and the governing body for ensuring that disposal is for the best price reasonably obtainable.

Disposal of surplus stock and equipment should be made within the following guidelines (using the appropriate form where applicable):

In order to achieve the best price available all assets for disposal with a value exceeding £500 must be subject to an individual valuation and disposed of by way of competitive bids, auction, or both.

Where the estimated value of the asset is less than £500, an independent valuation alone will be acceptable provided the person making the valuation is qualified to do so.

Disposal of individual assets below £5,000 can be authorised in writing by the headteacher. For amounts over £5,000 additional authorisation should be obtained from the Head of Finance, Children's Services and Education.

An independent valuation of the asset must be obtained for assets with an estimated value of over £5,000. For individual assets with a value of £5,000 or above, at least three written quotations or tenders must be obtained.

Prior written authorisation from the governing body must be obtained for any proposed disposal under this procedure is to a current or former member of staff or external organisation which receives monies from the local authority. Any such proposal will only be considered if it is a response to a widely published advert, e.g. a Newsletter or Website.

It is important to take account of the VAT status of the original purchase because if VAT was included in the purchase, it follows that income received from its disposal will include a VAT liability that will need to be included in the next VAT return.

1.7 Write offs

Debts can only be written off when they are deemed to be unrecoverable or uneconomic to recover.

Governing Bodies are authorised under the terms of the Scheme for Financing schools to write off debts for individual amounts not exceeding £2,000.

Any writing off of a debt must be formally recorded in the minutes the governing body. The amount of any debt written-off will be borne by the delegated budget of the school to which the income would have been due.

Where a headteacher feels that they should write-off a bad debt above the value of £2,000, advice must be sought from the Head of Finance, Children's Services and Education and approval obtained from the governing body where appropriate.

Following approval to write-off debt, headteachers must ensure that the appropriate accounting and budget adjustments are made and that the decision is recorded by the governing body in the form of the minutes of the meeting.

1.8 Security

Safes and similar deposits should be kept locked, the keys removed and held in a different and secure location.

Key holders should normally carry keys on their person and keys should not be left in the vicinity of the secure area. The loss of any keys should be reported immediately.

SECTION N: INSURANCE

1.1 Introduction

The school in conjunction with the local authority, where appropriate, should review all risks annually, to ensure that the sums insured are commensurate with any potential risk. Schools choosing to insure with the local authority's framework will be covered by the local authority's insurance. The local authority will determine minimum levels of cover for each category.

1.2 Additional insurance cover

The governing body should consider whether or not to insure risks not covered by the local authority, voluntary body or foundation. The cost of such premiums should be met from the school's delegated budget.

The school should notify its insurers and the local authority, as appropriate, of all new risks, property, equipment and vehicles which require insurance, or of any other alteration affecting existing insurance.

1.3 Indemnities to third parties

The school must not give any indemnity to a third party without the written consent of its insurers and the local authority.

The school should immediately inform its insurers and the local authority of all accidents, losses and other incidents that may give rise to an insurance claim. Schools should never directly negotiate or make settlements with a third party in relation to an insurance claim.

1.4 Annual review of risks

The school should review all risks annually, in conjunction with the Head of Finance, Children's Services and Education where appropriate, to ensure that the sums insured are commensurate with the risks.

1.5 Insurance of property taken off site

Insurance arrangements should cover the use of school property such as musical instruments or computers when off the premises.

SECTION O: DATA SECURITY

1.1 Introduction

The Data Protection Act controls personal information is used by organisations, businesses or the government.

Everyone responsible for using data has to follow strict rules called 'data protection principles'. They must make sure the information is:

- used fairly and lawfully
- used for limited, specifically stated purposes
- used in a way that is adequate, relevant and not excessive
- accurate
- kept for no longer than is absolutely necessary
- handled according to people's data protection rights
- kept safe and secure
- not transferred outside the European Economic Area without adequate protection

1.2 Security

Computer systems used for school management should be protected by password security to ensure that only authorised staff has access to them. Passwords should be changed regularly and updated to reflect staff changes.

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.

The headteacher should notify all staff with access to systems that they should not be left unattended when they are logged in. Steps should be taken when transporting confidential information that it is encrypted where possible to prevent it being accessed by any unauthorised person(s).

1.3 Back-up procedures

The headteacher should ensure that data is backed up regularly and that all back-ups are securely held in a fireproof location, preferably off-site.

1.4 Business continuity and emergency planning

The headteacher and governing body should establish a business continuity and recovery plan to ensure continuity of the functions of the school in case of emergency.

The Business Continuity and Emergency plan should be reviewed annually by the governing body or a sub-committee.

1.5 Data Protection Act 1998

The governing body should ensure that the Data Protection Commissioner is notified, in accordance with the Data Protection Act 1998, of the school's use of any electronic or relevant manual systems to record or process personal information and that any disclosure of that information complies with legislation.

SECTION P: AUDIT

1.1 Introduction

The Head of Finance, Children's Services and Education and any other officer to whom they has delegated authority to shall have access at any reasonable time to all educational premises. Such persons shall have the authority to apply any test or make any checks they deem necessary to the accounts, cash, securities, or any other property or records (including those electronically stored) which relate in any way to the governance and financial management of the school.

The Chair of Governors must:

- consider and ensure head teachers and other school staff respond promptly to recommendations in both internal and external audit reports;
- ensure that agreed actions arising from the audit recommendations are carried out in a timely and efficient manner;
- report to the governing body the reasons for any failure by head teachers, other school staff or governors to implement those audit recommendations.

1.2 Audit recommendations

Head teachers shall ensure that the Director of Children's Service Finance or their representatives are provided with appropriate facilities to enable an audit to be carried out. Governors and school employees are required to provide such explanations as the Director of Children's Service Finance considers necessary.

1.3 Reporting of irregularities

Whenever any matter arises which may point to irregularity, fraud or corruption in respect of any financial, stores or accounting transactions within any educational establishment, it shall be the duty of the governors and the headteacher to notify the Head of Finance, Children's Services and Education immediately.

1.4 Audit procedures

The Head of Finance Children's Services and Education shall issue such guidelines on financial procedures and practices as they deem necessary to satisfy themselves that proper arrangements are being made to secure economy, efficiency and effectiveness in the use of Authority's resources.

All governing bodies are required to make available such financial and governance information and returns as the Head of Finance Children's Services and Education, their nominees, and the local authority's external auditors require. This includes information appropriate for HMRC returns.

The accounting procedures adopted by the local authority reflect recommended professional practice. Departure from recommended practice must be declared and must be acceptable to the Head of Finance, Children's Service and Education and the local authority's auditors.

1.5 Record keeping

The school must retain all documents relating to financial transactions for a period of six years.

1.6 Consistent Financial Reporting

Under the Consistent Financial Reporting framework, governing bodies have a strategic role in planning the school's direction and monitoring its performance. This is achieved by ensuring that the internal audit arrangements commissioned by the governing body provide sufficient evidence and assurance that the internal controls are adequate and operating correctly.

1.7 Chartered Institute of Public Finance and Accounting

The internal audit must be conducted in accordance with the Chartered Institute of Public Finance and Accounting (CIPFA) Code of Practice for Internal Audit in Local Government. The auditor is responsible for presenting a report to the governing body at the end of each audit. Normally an audit of the school is carried out once every three years.

SECTION Q: CAPITAL

1.1 Introduction

Schools receive a capital funding allocation each year to meet the costs of capital expenditure on school premises. The funding is based on an allocation for each pupil in school at the January census, plus a fixed allocation given to all schools irrespective of the number of pupils or the type of school.

For voluntary-aided schools capital funding is received via the local diocese. For maintained schools it is received via the local authority. In each case the basis for the allocation is the same.

1.2 Capital accounting

Schools are required to account for capital expenditure and income separately to their revenue expenditure and income.

1.3 Devolved Formula Capital

In general, Devolved Formula Capital (DFC) is expected to be used within three years. However, The Department for Education does not expect to recover DFC from local authorities or diocesan boards and DFC can be saved up for a longer period for specific, earmarked projects.

The DFC can be used for capital spend only, over and above the revenue maintenance which schools must cover from their revenue budgets.

1.4 Spending from budget share on capital works

Schools are able to use their revenue budget share to meet the cost of capital expenditure on school premises. However, schools are required to notify the local authority of any spending from their budget share on capital works. Schools will be required to take account of the local authority's advice on any capital spending over the sum of £15,000. Any spending on capital works which has an impact on local authority premises requires the authority of Head of Finance, Children's Services and

Education. The local authority can only deny these works on Health & Safety grounds. The reason for seeking the local authority's approval is to meet responsibilities within the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.

The provisions above don't apply to expenditure made available by the local authority to schools for capital works outside of their delegated revenue and Devolved Formula Capital budget shares.

Appendix A – Model Terms of Reference

COMMITTEE STRUCTURE, TERMS OF REFERENCE AND SCHEME OF DELEGATION

School Name:

Date:

ADOPTED ON DATE:

SIGNED: *Chair of Governing Body*

The role of the governing body and its committees

In accordance with education legislation set out in the Education (School Government) (Terms of Reference) Regulations 2000, the School Governance (Procedures) Regulations, 2003, the School Governance (Constitution) (England) Regulations 2007 and the School Governance (Constitution) (England) Regulations 2012 this governing body and its committees will:

- act, at all times, with integrity, objectivity and honesty in the best interests of the school; and
- be open about their decisions and actions to all parties with a legitimate interest in the school (staff, pupils, parents, etc.).

The Governing Body and its Committees will act strategically by:

- setting the aims and objectives for the school
- setting policies for achieving those aims and objectives
- setting targets by which progress towards those aims and objectives can be measured
- reviewing and monitoring progress in achieving the aims and objectives.

In all of the above, the governing body and its committees will act in accordance with education law and will consider any advice given by the headteacher.

The governing body and its committees will act as a "critical friend" to the headteacher - offering support, advice, a second opinion and help, and also challenging, asking questions and offering constructive criticism when necessary.

The Role of the Headteacher

The headteacher is a governor of the school and is a governor member of all those committees as specified in this document. Where the headteacher is not a member of the committee, he/she is entitled to attend every governing body committee meeting unless the regulations state otherwise.

The headteacher, as the principal manager for the school, is responsible for the internal organisation, management and control of the school; for advising the other governors; and for implementing the strategic framework.

Incorporated in the role of advising the governing body are:

- formulating aims and objectives for the school, for adoption, modification or rejection by the governing body
- formulating policies and targets for the governing body to consider adopting
- reporting to the governing body on progress, at least once per year.

Delegation of the Governing Body's Functions

Decisions about delegation have been taken by the full governing body, and that delegation has been considered in the light of:

- the requirement for the governing body to fulfil a largely strategic function within the school
- the responsibility of the headteacher for the internal organisation, management and control of the school
- the requirement for the headteacher to comply with any reasonable direction of the governing body in carrying out a function delegated by the governing body.

The Governing Body Committee Structure and Terms of Reference

The individual committees are responsible for the functions which have been delegated to them by the full governing body. They operate under their own terms of reference and in compliance with existing legislation, including the Education (School Government) (Terms of Reference) Regulations 2000 and the School Governance (Procedures) Regulations 2003 and the School Governance (Constitution) (England) Regulations 2007 & 2012. These policies and other documents that governing bodies are required to have by law have been highlighted in bold throughout this document.

The governing body will review the establishment, terms of reference, constitution and membership of committees at least once a year.

General committee structure

Governing bodies may choose to set up their committees in whichever way they agree will be most appropriate to their school, taking separate areas of responsibility under separate committees, or combining several areas under one committee.

The local authority recommends the following committees are set up at a minimum:

- Finance;
- Staffing and Performance Management;
- Achievement and Standards;
- Premises & Health and Safety.

Terms of Reference for all committees

Membership: A minimum of three governors. Additional people can be appointed and given voting rights (associate members), but must not out-number the governor members on the committee.

Quorum: not less than three governors.

Frequency: Meetings of the committees will be held at least once per term.

Procedures: the committee shall follow the procedures required by the School Governance (Procedures) Regulations 2003 and the School Governance (Constitution) (England) 2007 & 2012.

Chair's responsibilities:	Clerk's responsibilities
To chair meetings.	To convene meetings.
To set agenda, with reference to the committee's terms of reference, and including matters referred by the governing body and the headteacher	To send agendas to members at least seven clear days in advance (except when matters require urgent attention, as determined by the chair of the committee).
To sign the meetings of the last meeting, when approved by the committee.	To draw up minutes of the meeting. To keep on file signed copies of the minutes.

The responsibilities of the chair and the clerk must not be carried out by the same person on any committee.

General responsibilities

- **To act strategically**, in accordance with the School Government Terms of Reference Regulations 2000.
- **To provide** regular written minutes of meetings to the governing body, identifying decisions taken or action required, and to keep a signed copy of all minutes at the school, available for inspection on request.
- **To establish** a list of policies coming within the area of responsibility of the committee and monitor, evaluate and review them regularly.
- **To review** the effectiveness of the committee and recommend variations to the terms of reference.

Finance Committee

Delegated responsibilities

- Plan, and prepare the School Budget Plan, in line with the priorities identified in the School Development Plan (SDP), or Post Ofsted Action Plan, and present to the governing body for approval.
- Monitor the budget at least once per term and ensure expenditure stays within agreed limits, reporting significant potential variances to the governing body.
- Identify and approve the allocation of any surplus funds in line with SDP priorities.
- Monitor compliance with approved financial procedure and consider action required as a result of an internal/external audit report.
- Ensure that an audit of the voluntary school fund is carried out annually.
- Monitor and ensure the implementation of the Charging Policy and remissions for non-National Curriculum school activities and review if necessary.
- Monitor and ensure implementation of the Governors' Allowances Scheme if the governing body has decided to pay allowances.
- Draft the School Pay Policy and present it to the governing body for approval.
- Review and monitor the implementation of the School Pay Policy.
- Observe all statutory and contractual obligations.
- Review the salaries and any discretionary allowances of the headteacher, deputy headteacher and other staff in line with the performance reviews and the School Pay Policy.
- Consider any pay assessment appeals, in accordance with the School Pay Policy.
- Monitor and review relevant aspects of the Race Equality Policy.

Scheme of delegation to the headteacher

- To authorise expenditure, in line with the school's financial policy, within the agreed budget plan.

- To approve any urgent/emergency expenditure not identified in the agreed budget plan to a limit of *£10,000 per term in consultation with the chair of the finance committee and to report said expenditure to the committee.
- For any urgent/emergency expenditure over *£10,000 the headteacher must have prior approval from the finance committee.
- For any urgent/emergency expenditure over *£25,000 the headteacher must have prior approval from the full governing body.
- To adjust the budget plan (process virements), across budget headings including the allocation of contingency funds, in line with the school development plan, subject to the following limits:
 - up to *£10,000; in consultation with the Headteacher
 - over *£10,000 in consultation with the chair of finance;
 - Over *£15,000 in consultation with the finance committee;
 - Over *£25,000 in consultation with the full governing body.
- These amounts are suggested levels of delegation only – governing bodies may fix higher or lower limits.

Pay assessment

Chair of committee in consultation with the headteacher:

- To undertake pay assessments and issue salary statements in accordance with the Whole School Pay Policy, including:
 - new appointments;
 - recommending the award of additional points, allowances or other financial support benefits or payments;
 - correcting factual errors in the assessment.

Staffing and Performance Management committee

Delegated responsibilities

- Draft and recommend the staffing structure of the school, in line with the SDP and any changes in the National Agreement.
- Undertake the recruitment and selection of the headteacher and deputy headteacher.
- Ensure that all recruitment will be undertaken in accordance with the Authority Personnel Procedures Manual.
- Implement the Confidential Reporting Code, if adopted by the governing body.
- Monitor and review relevant aspects of the Race Equality Policy.
- Oversee and advise on the continuing professional development of the school management and staff, in line with the educational priorities of the school and the recommendations made by the performance reviewers.
- Take primary responsibility for matters concerning staff welfare.
- Implement the Disciplinary and Grievance Policy and Procedures adopted by the governing body.
- Undertake any procedure that comes under the remit of the Governing Body in relation to staff grievance, discipline or dismissal, in accordance with the policies adopted by the governing body.
- Monitor, evaluate and review the Performance Management Policy for teaching staff, including (see below).
- Carry out the Headteacher's Performance Review – Two or three governors, who are not employed at the school, are to be appointed by the governing body from among the members of the committee, to carry out the review.

Scheme of delegation to the headteacher

- Appointment of teaching assistants, NQTs, support teachers and class teachers.

- Appointment of non- teaching staff – headteacher to report to relevant committee.
- (in cases where posts are advertised internally, 1 non-staff governor shall attend)

Achievement and Standards committee

Delegated responsibilities

- Ensure the National Curriculum is taught to all pupils.
- Set targets for the achievement of pupils at the end of KS2, KS3 and KS4 in the following school year, and ensure those targets are published in accordance with requirements (except in nursery schools), and review pupil achievement against the targets set.
- Set targets for pupil attendance and monitor pupil attendance against those targets.
- Ensure that the register of pupils is maintained.
- Review the school curriculum policies and recommend for governing body approval
- Review the Sex Education Policy, and the Collective Worship Policy, and recommend any changes for Governing Body approval.
- Monitor and review the relevant sections of the School Accessibility Plan.
- Monitor and review the relevant sections of the Race Equality Policy.
- Monitor and review the SDP and recommend to the governing body.
- Monitor and review the School Self Evaluation Form (SEF) and recommend to the governing body.
- Monitor implementation of the SEN Policy and Code of Practice, and review if necessary.
- Monitor the implementation of the Governors' policy on visits to the school (if held) and review if necessary
- Hear appeals against the Head's decision to lift or change the National Curriculum for a particular pupil
- Hear complaints about the curriculum, in accordance with the Authority procedures.
- Ensure that careers education and information is provided (secondary schools only).

- Draft the Annual Report to Parents (nursery schools only) and recommend to the governing body.
- Review the School Profile (all schools other than nursery schools) and recommend to the governing body.
- Monitor and Review the Home-School Agreement.
- Hear complaints about matters other than the curriculum, in accordance with the Complaints Procedure adopted by the school and review the Policy if necessary.
- Ascertain parents' views of the school for input to the SEF.
- Monitor the implementation of the Freedom of Information Publication Scheme.
- Monitor the impact of the Pupil Discipline or Behaviour Policy and review regularly.
- Draft the School Prospectus (meeting legal requirements), recommend to the Governing Body, and arrange its publication.
- Ensure the implementation of the Child Protection Policy and review if necessary
- Strategically review home/school links.
- Undertake the functions of the governing body in relation to excluded pupils.
- Consider and respond to consultations on the LA Admissions policy, Community schools only.
- Draft the Admissions Policy (Voluntary Aided schools only), and recommend to the governing body.

Premises, Health and Safety Committee

- Draft the Health and Safety Policy (Voluntary Aided Schools only) and recommend it to the governing body.
- Ensure that the school complies with standards for health and safety on school premises.
- Receive and consider a report on health and safety, on a termly basis.
- Monitor and review the School Accessibility Plan.
- Where the school premises are let to other users, monitor and review the School Lettings Policy and Arrangements.
- Ensure that maintenance, decoration, and equipment/furniture renewal is planned and budgeted for.
- Audit & review the use of the school premises, the equipment and resources and ensure they match the requirements of SDP or SEF priorities.
- Oversee site management, cleaning and grounds maintenance
- Oversee site security arrangements and practice and review them periodically.
- Consider and determine the need for capital works at the school, in line with the school's SDP and the Authority's Asset Management Plan priorities, liaising with the Diocese/Trustees/LA, as suitable, and making appropriate use of the school's devolved capital budget.

Health and Safety terms of reference:

These model terms of reference are issued as a direction of the local authority, as employer. As such, they are issued to all community and special schools, and their contents must be complied with.

For voluntary aided (VA) schools, the model terms of reference are advisory, but represent best practice in dealing with these issues. We strongly advise that these schools follow the guidance in full.

- Have a named governor with health and safety responsibilities.

- Review, update the School Health and Safety Policy - Chair to sign and date policy.
- Review school's compliance with the local authority health and safety handbook.
- Develop a governor and staff forum that includes staff from recognised trade unions, for discussing and resolving health and safety issues.
- Communicate with other stakeholders to promote a culture which recognises that controlling health and safety risks is an essential part of everyone's daily life.
- Ensure the school management team has considered specific health and safety issues and that legal minimum standards for health and safety are being met.
- Review and ensure adequate welfare provision for staff.
- Oversee site security arrangements and practice and review periodically.
- Monitor the asbestos register and ensure that it is always up to date.
- Monitor and review the Managing Medicines Policy.
- Monitor the performance by checking that:
 - physical controls are in place and working;
 - staff have done what they are supposed to do; and
 - ensure procedures are working.

Appendix B – Transaction log template

[illegible]

Appendix C – Request of advance due to cashflow shortfall form

General information

Date of request	
School name	
Local Authority	

Current financial position

Current bank balance (at the date of request)	£ <i>Attach bank statement to the request</i>
Unreconciled items	£ <i>Attach a report from the system</i>

Request

Funding stream requested	
Reason for advance request	
Impact on the school if this request is denied	

AC4 Authorisation

Headteacher Name	
Headteacher Signature	

Appendix D – Revenue vs capital maintenance breakdown

ELEMENT		CAPITAL Funded by the LA	REVENUE Funded by schools
ROOFING			
Flat	Roofs	Replacement of, or major repair to the roof structure, i.e. structural members such as beams, joists, structural concrete slabs, etc.	Repairs and replacements of roof structure, as referred to under Capital
Structure		N/A	Application of paint finishes, specialist protection or sealants, to roof structure above
Roof covering		Replacement of roof coverings (e.g. asphalt or felt) together with any necessary associated replacement deck, improved insulation, screeds, fascias, soffits, edge & upstand details, rooflights, flashings, associated rainwater gutters and outlets, lightning protection, walkways and services support and/or protection	Repairs and replacements of roof covering associated parts/sub-elements as referred to under capital
		N/A	Application of paint finishes, specialist protection or sealant to roof covering etc. Any necessary cleaning, e.g. to roof glazing or washing down of aluminium framework and uPVC, clearance of weed growth, debris and resultant blockages to drainage. Replacement of broken or defective glass and window glazing fitments and gaskets etc.

Pitched Roof Structure	Replacement of, or major repair to the roof structure, i.e. structural members such as timber or metal beams, joists, rafters, trusses, etc.	Repairs and replacements of roof structure as referred to under Capital
Structure	N/A	The application of paint finishes, specialist protection or sealant to roof structure above
.	Replacement of roof coverings (e.g. slate, tile, asbestos cement or other profiled sheeting) together with any necessary associated, replacement or improvement of insulation, battens, close boarding felt, fascias, soffits, bargeboards, ventilation, rainwater goods, flashings, Velux or similar roof windows or roof glazing, lightning protection etc.	
Roof covering	N/A	The application of paint finishes, specialist protection or sealant to roof covering etc. above. Any necessary cleaning e.g. to roof glazing or washing down of aluminium framework and uPVC, clearance of weed growth, debris and resultant blockages to drainage. Replacement of broken or defective glass and window glazing fitments and gaskets etc.
Chimney Stacks	Replacement, rebuilding or major structural repairs or repointing to chimney stacks and flues including associated flashings, dpc's, restraint, lightning protection etc.	
	N/A	Inspection of free standing chimney stacks for stability e.g.

		stain-less steel stacks. Cleaning and clearance of all flue ways
EXTERNAL WALLS		
Masonry & Structural Frames	Replacement, rebuilding or major structural repairs to external walls e.g. repairs and repointing to brickwork and blockwork, lintels, underpinning, major concrete repairs to a structural frame. Temporary support of major structural defects	Repairs and replacements to external walls and associated parts or sub-element referred to under capital
	N/A	Tree management to alleviate structural movement. Application of paint finishes, specialist protection or sealants. Hammer testing and other inspection/testing of concrete frames
Cladding	Replacement of major structural repair of concrete cladding panels, render timber Upvc or metal framed cladding and window walling including associated improvement to insulated panels, double glazed units fitments etc.	Repairs and replacement to all cladding panels and window walling including all parts and sub-elements referred to under capital
	N/A	Inspection and maintenance of safety glazing including the application and replacement of any necessary safety film. Replacement of broken or defective glass, ironmongery and locks. Protective coatings, sealants and washing down of aluminium frames

Windows & Doors	Major replacement of windows and doors including improved double glazed units and associated fitments and locks	Repair of windows and doors and fitments including overhaul of metal framed windows
Windows	N/A	External painting and repairs to decaying timber joinery; maintenance of safety glazing including the application and replacement of any necessary safety film. Replacement of broken or defective glass, gaskets, glass, ironmongery and locks. Protective coatings, sealants and washing down of aluminium frames
INTERNAL		
Loadbearing Partitions	Major repairs and replacement of loadbearing partitions due to structural movement	Repairs and replacement of loadbearing partitions
	N/A	Repairs and replacement of plaster, lining, tiling and other surface finishes. All decoration, specialist protective coatings and sealants
Non-loadbearing Partitions or Demountable Partitions	N/A	Repair or replacement of non-loadbearing partitions and demountable partitions including repairs and replacement of all plaster, lining, tiling and other surface finishes. All decoration, specialist protective coatings and sealants
Ceilings	Major replacement of failing lathe and plaster ceilings	Repairs and replacement of lathe and plaster ceilings
	N/A	All repairs and replacement of other types of ceilings e.g. suspended ceilings (suspension system and tiles) and fixed boarded ceiling of all materials

		and timber slatted ceilings, including all access panels and associated insulation. Decoration, specialist protective coatings and sealants
Floors & Floor Finishes	Major repairs or replacement of failing structural floors e.g. ground bearing slabs; suspended concrete and timber ground and upper floors and major repair or replacement of dpm's, concrete screeds, asphaltic dpm screeds, floor boarding and timber wood-strip or woodblock floor finishes (except where failure caused by overlaying with carpet/vinyl etc.) and quarry tiles	Repairs to structural floors, dpm's, screeds, floor boards, wood-strip or woodblock floor finishes and quarry tiles
Floors & Floor Finishes	N/A	Sanding and sealing of wood-strip or woodblock floor finishes. Repair or replacement of latex levelling screeds to receive final floor finishes e.g. carpet/vinyl/linoleum/matting. Regrouting of and sealant to quarry tiles.
	N/A	Repair and replacement of floor finishes other than as above, including carpets, vinyl and linoleum coverings and all matting
Sanitary Ware	N/A	Repair and replacement of all sanitary ware, fittings and associated fitted units or work surfaces
Fitted Units	N/A	Repair and replacement of all fitted cupboard units, shelves, work surfaces and supports etc. to kitchens serveries, staffrooms, classrooms etc

Staircases	Major repairs or replacement of staircases and associated balustrades and guarding	Repair or replacement of staircases and associated balustrades and guarding
	N/A	Repairs to staircase finishes
MECHANICAL SERVICES		
Heating & Hot Water Services	Major repair or replacement of boiler plant, distribution pipework, ductwork and heating emitters. Upgrading of tanks	Repair or replacement of boiler plant, distribution pipework, ductwork and heating emitters. Upgrading of tanks
	N/A	All servicing of boiler plant and associated controls and equipment; descaling of plant and systems; testing for gas soundness; testing of electrical services to boiler plant rooms; maintenance of tanks; testing and maintenance of pressurized systems; maintenance and replacement of mixer valves
Cold Water Services	Major repair, replacement and upgrading of storage tanks, distribution pipework, incoming main, booster pumps etc.	Repair, replacement and upgrading of storage tanks, distribution pipework, incoming mains, booster pumps etc.
	N/A	Servicing including cleaning and sterilisation of all tanks and distribution equipment e.g. booster pumps
Gas Services	Major repair or replacement of incoming main and/or distribution pipework	Repair or replacement of incoming main and/or distribution pipework

	N/A	Inspection and testing for soundness, ventilation and shut-off requirements
Ventilation & Air Conditioning	Major repair or replacement of ventilation systems and air conditioning equipment including plant, ductwork, grilles etc.	Repair or replacement of ventilation systems and air conditioning plant, ductwork, grilles etc.
		Servicing of all plant and associated equipment including cleaning of fans. Cleansing and disaffecting of all ductwork and grilles
ELECTRICAL SERVICES		
General Supply & Sub-Main Distribution	Major repair or replacement of obsolete incoming main cables, mains switchgear, sub-mains and distribution boards	Repairs and replacements of obsolete incoming main cables, mains switchgear, sub-mains and distribution boards
	Major repair or replacement of obsolete power distribution to current standards	Repairs and replacements of obsolete power distribution to current standards
	Major repair or replacement of obsolete lighting distribution and fittings to current standards	Repairs and replacements of obsolete lighting distribution and fittings to current standards
	Major repairs and replacements to fire alarms, fire detection systems, emergency lighting, lifts and hoists	Repairs and replacements to fire alarm and detection systems, lifts and hoists
	N/A	Servicing of all electrical systems light fittings etc. and associated equipment described above. Clearing of fans light fittings etc.

		All electrical testing of distribution system and equipment
	N/A	Repairs, replacement, servicing and testing of communication systems, IT data cabling systems, security alarms, CCTV, door entry and call systems
DRAINAGE		
Foul and Surface Systems	Major repairs and replacements to internal, external, surface water and foul water drainage systems above and below the ground including all associated access points and soakaways	Repairs and replacements to internal, external, surface water and foul water drainage systems above and below the ground including all associated access points and soakaways
	N/A	Cleansing of all gutters, downpipes and drainage pipework, gullies, manholes catch pits etc., and clearance of blockages
Sewage Plant	Major repairs and replacements to sewage plant and pumped drainage systems	Repairs and replacements to sewage plant and pumped drainage systems
	N/A	Servicing and clearance of blockage to above
EXTERNAL WORKS		
	Major repair or replacement of hard surfaces to playgrounds, car park and footpaths, steps and ramps etc. incorporating any necessary guarding and barriers	Repair or replacement of hard surfaces to playgrounds, car parks, and footpaths, steps and ramps etc. incorporating any necessary guarding and barriers

Paving	N/A	Marking of playgrounds and car parks. Repair or replacement of soft surfaces e.g. rubber crumb surfaces, bark and chipping surfaces under play equipment
Walls & Fencing	Major repair and replacement of retaining walls	Repair and replacement of retaining walls
	N/A	Repair and replacement of non-retaining walls and all fencing, gates and barriers
Swimming Pools (maintenance accepted) 'Designated Pools'	Major repair or replacement of the tank structure and tiling; heating and filtration plant and circulation plant and pipework etc	Repair or replacement to the pool tank structure and tiling; heating and filtration plant and distribution pipework etc.
	N/A	Servicing of all plant and equipment. Winterising costs. Replacement of liners
Swimming Pools	Major repair or replacement of circulation plant and pipework and any enclosing structure accepted for maintenance in 'on-ground' permanent pool tanks	Repair and replacement of circulation plant and pipework and any enclosing structure if accepted for maintenance and 'in-ground' permanent pool tanks
PTA Pools	N/A	All works to PTA pools other than above
GENERAL		
Asbestos Asbestos management for maintained schools is covered by the £50k top-sliced Schools	Major removal or encapsulation of asbestos either as a separate project where the material cannot be safely managed in situ or where it is likely to be disturbed in association with a capital funded maintenance project above	Removal of broken or removal or encapsulation of disturbed asbestos materials. Removal of asbestos in association with revenue maintenance projects

Block of DSG budget		
	N/A	Updating asbestos registers. Inspection, encapsulation or resealing of asbestos based material as necessary
Fire Precautions	N/A	Repairs and maintenance of all fire precautions (previously included above) together with all signage and minor improvement required to fire precautions
Miscellaneous	N/A	All repairs and replacements for buildings of an ancillary nature e.g. sheds, cycle racks, shelters (other than in permanent construction); refuse containers, litter bins etc.