



To Inspire and be Inspired

Finance Manual

Revised: November 2021

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1. Financial Regulations

- 1.1 The Financial Regulations are a part of Denbighshire County Council's constitution (July 2016) and provide the framework for managing the Council's financial affairs. They apply to every Member and Officer of the Council and anyone acting on its behalf. Failure to comply with the Financial Regulations may result in disciplinary action.
- 1.2 The constitution can be found on the council's website, under 'Your Council' or on the 'Finance Manual' sub-directory on the Hwb All Staff drive.
- 1.3 The Financial Regulations govern all aspects of financial control for the Council, including accounting procedures, budget setting, budget monitoring, budget control, internal controls, asset management, banking, income, payroll and contract procedure rules.
- 1.4 The Financial Regulations set minimum requirements and maximum authorisation limits. Governors, however, are free set their own regulations, provided that they meet the minimum requirements and do not exceed any maximum authorisation limits set out.
- 1.5 In addition, Denbighshire County Council has produced a document entitled "Scheme for Financing School" (May 2013) which sets out the financial relationship between the Council and schools. A copy can be found on the 'Finance Manual' sub-directory on the Hwb All Staff drive.
- 1.6 **Where no alternative requirements, lower authorisation limits, or additional regulations, are specified by the Governors, those specified within the Financial Regulations will apply.**

2. Organisation and Responsibility

- 2.1 This manual, in conjunction with the Council's Financial Regulations, applies to the School's Delegated Budget and School Fund only – it does **not** apply to St. Brigid's School Limited.
- 2.2 The Board of Governors is responsible for ensuring that the School meets all obligations placed upon it by the Welsh Government and Denbighshire County Council.
- 2.3 In order to better fulfil its obligations, the Board of Governors is divided into a number of Committees. The majority of operational financial matters are delegated to the Governors' Finance Committee (Please refer the Finance

Committee's Terms of Reference – Appendix 1). The Governing Body, however, is **not** permitted to delegate:

- Approval of the school's annual budget; and
- Agreement of any special financial measures with Denbighshire County Council.

2.4 The Head Teacher has responsibility for:

- The management of the school's financial position at a strategic and operational level;
- The management of effective systems of internal control; and
- The management of other financial issues.

2.5 The Head Teacher is the person with overall responsibility, to the Governing Body, for the financial management of the School. The Head Teacher will ensure that the Governing Body is provided with financial advice, that proper and adequate financial systems and controls are in place and that the accounts are prepared and maintained in accordance with the requirements of the Governing Body and Denbighshire County Council.

2.6 Whilst all financial duties are delegated to the Business and Finance Manager, they remain the ultimate responsibility of the Head Teacher.

2.7 Members of the Governing Body and all School staff have a responsibility to avoid any potential conflict between their own business and personal interests and the affairs and interests of the School. To assist with this, a register of business and pecuniary interests (Register of Interests) is maintained by the Business and Finance Manager.

2.8 The Register of Interests is available for inspection at each meeting of the Board. It is also freely available for inspection by governors, staff, parents and auditors.

2.9 Any Governor, or member of staff, who has an interest in any business tendering for a contract, or other work, for the School will not form part of any Committee, or group, involved in the tendering process or in awarding the contract or work.

2.10 As a general rule, Governors and members of staff must **not** accept, from contractors or potential contractors, or from any firm, organisation or individual with whom the School has had, is having or may have dealings of any kind,

- Any gift; or
- Any hospitality

without the express written authorisation of the Head Teacher and Chair of Governors (unless the matter has been referred to the Council's Monitoring Officer).

2.10 **Any** offers of gifts or hospitality, whether accepted or not, must be reported to the Business and Finance Manager, who will maintain a register of all offers made.

3. Financial Planning

3.1 School budgets are to be spent in the best educational interests of the pupils.

3.2 In setting the School budget, the Governing Body must bear in mind that appropriate action may be need to be taken, during the year, to deal with variations between actual and budgeted income and expenditure.

3.3 The process of setting the school budget will involve the balancing of expenditure against income. The following steps should be taken to ensure all information has been considered:

- Ensure that everyone involved in the process is aware of the assumptions, constraints and targets which have been determined by reference to the School Development Plan;
- Estimate the costs of each element in the overall plan, over at least a three year period;
- Estimate future years Delegated Budgets. Uncertainty about funding is inevitable and, therefore, future budgets should be based on known fluctuations in pupil numbers. Denbighshire County Council will provide indicative forward budgets to assist in this process;
- Compare income and expenditure to identify the potential surplus or deficit in funding required to meet the financial objectives in the School Development Plan;
- Identify savings in expenditure, or allocation of any surplus identified, to areas of need highlighted.
- Inform those members of staff with financial responsibilities what their budgets are, together with any constraints imposed.

3.4 The Business and Finance Manager is responsible for preparing a Draft Three Year Budget in accordance with a timetable agreed with the Head Teacher and Denbighshire County Council.

3.5 Once the Governing Body has approved the budget, the Business and Finance Manager will submit it to Denbighshire County Council in the format prescribed and by the date required (as set by the Council).

4. Financial Control and Monitoring

4.1 The Finance Committee may authorise virement between budget allocations, which must then be reported to the Board of Governors and Denbighshire County Council. The Headteacher has delegated powers to vire up to £5,000 between budget headings and, in consultation with the chair of the governing body and the finance committee, to vire up to £50,000 within the school budget. Any virement to be reported to the next full meeting of the governing body

4.2 In accordance with the requirements of Denbighshire County Council, the Business and Finance Manager is required to update the Council's Collaborative Planning System every month (from Month 2 [May]) in accordance with a timetable set by the Council.

4.3 The Business and Finance Manager will report the most recent monthly update to each meeting of the Finance Committee, which will contain a narrative to explain any variations. The report will also include a provisional revised closing balance.

4.4 If, at any time, the School forecasts an overall deficit balance it must comply with Denbighshire County Council's 'Challenge and Intervention Framework for Schools in Financial Difficulty (November 2014)'. A copy can be found on the 'Finance Manual' sub-directory on the Hwb All Staff drive.

5. Procurement, Ordering and Paying for Goods and Services

5.1 Section 17 of the Council's constitution details the Council's contract procurement rules and with the ordering and paying for goods and services (including the engagement of consultants). These regulations also detail what exemptions and exceptions may apply (for example, emergencies or justification for alternative procurement methods).

5.2 In addition to the Financial Regulations and the Council's contract procurement rules, the Council has issued Schools Purchasing Rules which all schools are expected to formally adopt and publish on their websites – this was done by the Governing Body of St. Brigid's on 4 December 2014.

5.3 Whilst these rules have been adopted, the Head Teacher still has delegated authority to expend up to £5,000, in accordance with the Terms of Reference approved by the Governing Body 16 October 2014. The Head Teacher, however, will bear in mind the requirements to obtain best value for money and will, where practicable, obtain one written quotation (faxed or e-mailed quotations are acceptable) before a formal purchase order is issued.

6. Income

6.1 The Governing Body has overall responsibility for ensuring that all income due to the School is properly accounted for.

6.2 The Business and Finance Manager is responsible for checking the level of grant that the School should receive each year and ensuring all appropriate forms and returns, for Denbighshire County Council, are completed in an accurate and timely manner. Any discrepancies in either the amount or timing of expected receipts will be reported to the Board of Governors.

6.3 Official receipts are to be issued for all cash receipts.

6.4 The School will take regard to any appropriate policy statements, issued by Denbighshire County Council, in respect of income charges.

7. Charging Policy

7.1 The school's Charging Policy sets out the scale of all charges for the use of school facilities, including lettings. This Policy is to be reviewed, annually, by the Finance Committee.

7.2 The agreed rates may be waived, or varied, at the discretion of the Head Teacher. All lettings are subject to completion of the appropriate Lettings Application form, available from the Facilities Support Officer, which must be authorised by the Head Teacher.

7.3 A copy of the authorised form is to be returned to the Hirer and any conditions stipulated must be adhered to. Even if the charge has been waived, a Lettings form must still be completed.

8. School Fund

8.1 The School Fund is not an 'official' fund of either the Council or the School and, as such, must be operated separately to the School's Delegated Budget.

8.2 The use, and operation, of the School Fund must be in accordance with Financial Regulations and guidance notes issued (and regularly updated) by Denbighshire County Council.

8.3 Signatories to the School Fund, and authorisation limits are to be approved by the Governing Body.

8.4 The School Fund accounts are to be audited annually, with the audit certificate must be presented to the Governing Body and Denbighshire County Council's Internal Audit Services within seven months of the financial year end.

9. Imprest and Petty Cash Accounts

9.1 The maximum cash to be held overnight, in School, is not to exceed £1,000 for each fund.

9.2 Two petty cash funds are to be kept – one for the Delegated Budget (Imprest Account) and the other for the School Fund.

9.3 All cash received will be acknowledged by issuing a receipt.

9.4 Under no circumstances will any petty cash funds be used to cash personal cheques or provide loans to individuals.

9.5 Under no circumstances will cash payments be made to any individual, or organisation, without an official receipt being received in return.

9.6 Payments from Imprest and Petty Cash will only be made on presentation of valid receipts/vouchers. VAT receipts must be obtained, wherever possible, to enable full VAT recovery – for the Delegated Budget Imprest Account.

9.7 Payments for official staff travel and subsistence must be processed through the Payroll system and not reimbursed from the Imprest Account.

9.8 Imprest account claims will be processed monthly to enable quick recovery of VAT.

9.9 Both Imprest and Petty Cash accounts are to be reconciled weekly.

10. Security and Asset Control

10.1 The Board of Governors is responsible for securely maintaining the School's assets.

10.2 An inventory will be kept of all assets valued at more than £500 (including items donated to the School).

10.3 The Facilities Support Officer will maintain a record of the location, make, model and serial number (as appropriate) of all assets.

10.4 At beginning of each Summer Term, the Facilities Support Officer will review the school's Asset Register, checking, where appropriate, with members of staff (who have been allowed exclusive use of any school asset) the continued existence, condition and adequacy of the security marking of any asset. Any significant losses, or damage, must be reported to the Board of Governors.

- 10.5 No item of equipment is to be taken from the School without prior express permission from the Head Teacher and/or Business and Finance Manager.
- 10.6 No asset is to be sold without the approval of the Finance Committee and this will only be done in accordance with the Financial Regulations.
- 10.7 Access to financial, and other sensitive/confidential, software will be by password only. If any employee is aware that another person has obtained knowledge of the password then it must be changed immediately.
- 10.8 Passwords must be changed regularly, at least once a term.
- 10.9 Insurance is arranged through Denbighshire County Council.

11. Payroll

- 11.1 The Head Teacher and Business and Finance Manager are responsible for ensuring that sufficient segregation of duties exist between staff responsible for authorising staff appointments, overtime payments etc. and those staff responsible for processing payments to staff.
- 11.2 Promotions, salary increments and other changes to staff terms and conditions are approved by the Governing Body. Additions to, and deletions from, payroll are to be supported by the appropriate authorised documentation.
- 11.3 Personnel records must be stored in a locked cabinet in the Head Teacher's office.
- 11.4 Overtime and Supply teaching is to be supported by written justification of need and is to be authorised by the Head Teacher and is to be monitored against the approved budget for such costs.
- 11.5 Overtime claims are to be submitted at the end of each month, for payment with the following month's salary.
- 11.6 All other staff expenses are reimbursed in accordance with instructions issued by Denbighshire County Council.

TERMS OF REFERENCE

FINANCE COMMITTEE

Purpose

This committee is established to review and agree the school's proposals for the budget and recommend the draft budget to the full governing body and to monitor income and expenditure for which the governors and staff are responsible and report as necessary.

Membership

Four governors as agreed by the governing body.

The Head Teacher.

Non-governors are optional and are generally appointed because of skills they may have. Non-governors may be given a vote if the governing body agrees.

The majority of members must be governors.

Disqualification

None.

Restrictions on persons taking part in proceedings

Associate pupil governors.

Governors who work at the school when the subject for consideration is the pay progression of any person employed to work at the school.

Any governor where there may be a pecuniary interest or a conflict of interest.¹

Election of chair

Appointed by the governing body or elected by the committee - to be determined by the governing body. Members of staff and registered pupils at the school cannot be a chair of a committee.

Clerk

A clerk may be appointed if required. It may be the same person who clerks the governing body or someone different.

¹ Regulation 63 and Schedule 7 of The Government of Maintained Schools (Wales) Regulations 2005

Quorum

The quorum for this committee is 50% of the membership, rounded up to the nearest whole number excluding vacancies and any suspended governors.

Delegated Powers

Full delegated powers for decisions granted to this committee, other than for approval of the annual school budget, by the governing body on 16th October 2014, with all delegated decisions reported to the next full meeting of the Governing Body. Delegated powers granted to the Head Teacher are detailed in Paragraph 5.3, above.

Meetings

The committee should meet at least once a term.

Minutes of all meetings will be taken and retained by the clerk or the person acting as clerk.

The recommendations / decisions of the committee will be brought to the full governing body for ratification / information.

Terms of Reference

- To ensure that the school operates within the Financial Regulations of the Local Authority;
- To provide guidance and assistance to the Head Teacher and governing body in all matters relating to budgeting and finance;
- To monitor income and expenditure;
- To draft the budget in line with priorities set out in the school development /improvement plans;
- Present the draft annual budget to the full governing body for consideration and approval by 31 May each year;
- To monitor staffing levels in line with the budget;
- To implement pay policies;
- To determine whether sufficient funds are available for pay increments as recommended by the Head Teacher / pay review committee;
- To monitor pupil number trends to assess the effect on the budget allocation;
- To determine the financial delegation by the full governing body to the Head Teacher;

- Delegated powers, for budget virements, are contained in Paragraph 4.1, above;
- To determine lettings charges for other users of the school buildings and grounds;
- To manage tendering processes and the awarding of contracts with other relevant committees;
- To receive information on any claw back adjustments;
- To consider the Service Level Agreement and contracts in consultation with appropriate committees;
- To review expenditure with a view of achieving best value;
- Ensure there is an annual audit of the school fund, undertaken by an independent person, and to ensure the results of the audit are reported annually to the full governing body;
- To prepare and agree a financial statement for inclusion in the Annual Report to Parents;
- To seek professional advice from the Local Authority or other relevant parties, as necessary;
- To attend relevant training, where appropriate.

Date reviewed and adopted: 18 November 2021

Date of next review: October 2022

Signature of chair of governors: 