

# St. Anthony's Girls' School



## Financial Management

(a basic guide for staff and  
governors)

*Version 1 2005-6*

*Amended 2006-7*

*Amended 2007-8*

*Amended 2008-9*

*Amended October 2009*

*Amended April 2010*

*Amended Version*

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## 1. Best value

A statutory requirement of LEA's (Local Government Act 1999). Schools are required by LEA's to prove that they are achieving best value when purchasing goods and services.

Best value is based around the 4 C's -

- **Challenging** - why, how and by whom a service is provided. The choice needs to fit with the school's overall aims
- **Comparing** - performance against other schools. Is the school paying more than other schools for a service? This involves linking with other schools and/or using the benchmarking web site.
- **Consulting** - stakeholders. For example the school may feel it got a good deal with some cheap chairs, but if they break after two years and need replacing it has not been a good deal Stakeholders informing decisions.
- **Competition** - as a means of securing efficient and effective services. Ensuring a good price has been obtained.

Acquisitions from NEPO and YPO are deemed to be best value tested.

The best value statement on the reverse of the requisition form *must be completed for orders up to £5,000. Three written quotations are required for orders between £5,000 and £75,000 and should be attached to the requisition form. Reasons for choice should be documented. For expenditure above £75,000 the tendering procedure of the Authority must be followed.*

## 2. Budgets

Budgets are set by the SLT (MS/PT/MB/MF), Head teacher and Chair of Governors working with the School Business/Finance/HR Manager (GF) in accordance with the aims of the school and the School Development Plan.

- Main school budget approved by Governors Finance sub-committee (MS/AS/CB/JC/GF) and monitored by the Governors Finance sub-committee in a series of meetings including:
  - meeting prior to the production of the B2
  - meeting after the production of the B2
  - meeting regarding any surplus (if applicable)

B2 is passed by full governing body.

- Additional Budgets approved by Governors Finance sub-committee (MS/AS/CB/JC/GF) and monitored by the Governors Finance sub-committee in a series of meetings including:
  - meeting with the Technology College Co-ordinators (MS/CB/AS/JC/GF/MF/RR) regarding specialist schools budget

Additional budgets passed by full governing body.

Budgets where possible will be profiled to reflect expenditure patterns to enable meaningful budget monitoring.

### **3. Budget delegation**

- Budgets delegated to managers by the SLT (MS/PT/MB/MF)
- Budget Managers responsible for:
  - Spending budget in keeping with their remit
  - Not exceeding the budget limit
  - Ensuring they have no connection with those providing goods and services
  - Ensuring the principles of best value are adhered to (see section on Best Value)

Delegation of purchasing authority allows flexibility and reduces unnecessary bureaucracy.

### **4. Budget monitoring**

- Budgets are monitored on a monthly basis by the *School Business/Finance/HR Manager (G.F.)*

- Payroll listings are checked on a monthly basis to ensure and confirm correct staff detail and allocation of costs (GF).
- Miscodings and amendments to expenditure can be corrected by means of a Journal Entry (GF). *Budget headings increased/decreased by means of virement.*

## **5. Contracts and SLA's (Service Level Agreements)**

When a school makes an agreement with a company for either goods or services they should produce a contract or an SLA. The following points should be included in such agreements:

- Details of all parties involved
- Duration of the agreement
- the goods and services to be provided (including level and frequency)
- The obligations of both parties
- The location of service delivery
- Where appropriate the names and qualifications of those providing the service
- The performance measures
- Complaints and dispute resolution procedures
- The price of the service and the payment mechanism
- An authorisation contract form, signed and dated by all parties

All Contracts and SLA's are authorised by the Head Teacher (MS) and the Finance sub-committee of the Governing Body (MS/AS/CB/JC/GF) depending on value (see section on order authorisation).

## **6. Deliveries**

- Deliveries are received by Reception staff, delivery notes supplied and passed onto the Finance Officer (CD).
- Delivery notes are to be filed with requisition in numerical order by Finance Assistant.

## **7. Financial benchmarking**

The school can compare their spending with that of other schools via the benchmarking website.

## **8. Financial reporting**

- A monthly report will be presented to the Head Teacher by the School Business/Finance/HR Manager (GF). Management decisions will be taken by SLT (MS/PT/MB/MF) as appropriate and action taken.
- *A written report together with the most recent financial report* will be presented to members of the Finance sub-committee (MS).

## **9. Income**

- All income is banked by the Finance Officer (CD).
- Income in respect of students should be paid to Administrative Assistants based in the **Pupil Office** to be recorded and then passed to the Finance Officer (CD) for banking.
- All cash to be paid in must be counted and checked by the Administrative Assistants based in the **Pupil Office** prior to banking.

## **10. Invoices**

- Invoices paid via the SAP system (CD).
- Invoices are checked to ensure that prices are correct and if there are any changes to prices compared to the original order and if so they are investigated (CD).
- Invoices are paid on a daily basis (CD).

## **11. Journal entries**

- Journal entries transferring actual expenditure can be made to correct incorrect cost allocations or to make a contribution to particular expenditure for valid reasons (GF).
- The entry must be verified and authorised appropriately (MS).
- The relevant paperwork should be filed in order in the journal entry file (GF).

## **12. Opportunity cost**

This should be taken into account. It involves analysing the cost of not purchasing something eg. the cost of not purchasing a new server could seriously impact upon teaching and learning and administration.

## **13. Order Authorisation**

*• The Finance Assistant (C.D.), as routine, may pass orders authorised by delegated budget holders up to a limit of £1,000.*

*• Orders up to a limit of £20,000 are to be passed by either the Head Teacher (M.S.), Assistant Head Teacher (R.R.) or the School Business/Finance/HR Manager (G.F.) The Head Teacher (M.S.) may authorise orders up to £50,000. Expenditure over £50,000 is presented to Governing Body.*

*This allows those involved to check each other's work for mistakes and reduces the likelihood of fraud.*

## **14. Payment by cheque**

Cheques can be raised to pay for items where official orders cannot be used or to reimburse expenditure incurred on behalf of the school. *A requisition form and all receipts must be provided. The Bank account is reconciled and entered onto SAP on a monthly basis.*

## **15. School Fund**

*A school fund is operated separately from the School Budget. It is used to provide a private fund for the school. It is used for:*

- 1. Collections*
- 2. Mass Offerings*
- 3. To help with financial hardship where appropriate*
- 4. Finance expenditure not provided for in the main school budget*
- 5. Extra curricular activities (clubs etc)*

*Income is usually received from:*

- 1. Club fees*
- 2. Contributions*
- 3. Fund raising*
- 4. Interest*

*All income is recorded and banked by the Finance Officer (C.D.). All cheques should be made payable to "Westburn". A record of all transactions is made in the "School Fund Account" excel spreadsheet and all receipts filed for inspection. An independent audit will be carried out and report made to Governors on an annual basis.*

## **16. Pecuniary interest**

- Any members of staff placing an order for goods and services must have no connection with those providing goods and services as this protects against any allegations of financial impropriety.

## **17. Procurement**

- All purchases, require an official order to be raised. This is to ensure good practice, proper authorisation, budgetary control, minimal chance of overspend, minimal misunderstanding with

suppliers and guarding against the misappropriation of public money.

- The issue of confirmation orders should be infrequent and as a last resort.
- Orders are checked against authorised requisition forms to ensure accuracy.

### **18. Requisitions**

- Requisitions are raised and approved by budget managers.
- They are submitted to the Finance Assistant (C.D.) who will then check adherence to best value statement and department funds to ensure that funds are available.
- If there are insufficient funds or no evidence of adherence to best value procedures the requisition will be returned.
- If expenditure is within budget limits and conforms to best value an order will be raised (see section on Order Authorisation).

### **19. Segregation of financial duties**

- Invoices are processed by one person (CD).
- Requisitions are processed by (SB/HP).

This allows those involved to check each other's work for mistakes and reduces the likelihood of fraud.

### **20. Small scale purchasing by staff**

Every purchase is recorded via a formal requisition and can be tracked and traced at all times.

This reduces the number of mistakes and maintains tighter control of the budget.

### **21. Asset Register**

All items over the value of £100.00 will be recorded on the Asset Register held on the Admin. Server by Reception Staff (assisted

in the first instance by the Assistant Head Teacher) from January 2007.

Asset Identification Labels (AIL) are adhered to the item and an entry made by Reception Staff.

The Asset Register records:

- ID number
- Date of purchase
- Type
- Description
- Serial Number
- Cost
- Department responsible

If an item is written off or transferred then the relevant form needs to be completed to enable the correct entry by the Administration Team (Reception).

## **22. Virement**

- Virements up to £20,000 must be authorised by the Head Teacher (MS).
- Virements up to £50,000 must be authorised by the Finance sub-committee of the Governing Body (MS/AS/CB/JC/GF).
- Virements over £50,000 are presented to Governing Body (18 members).

This allows those involved to check each other's work for mistakes and reduces the likelihood of fraud.

## **23. Value for money**

Schools have more responsibility for budgets (Schools Standards Framework 1998) and are required to prove that public money is being spent wisely with value for money. Value for money is based around the 3 E's -

- **Economy** - reducing cost while maintaining high quality eg. high quality curriculum materials at the best possible price.
- **Efficiency** - comparing the amount of services or goods and the resources needed to fully implement them eg. it is no good purchasing vast amounts of software if the hardware is not up to speed. Sometimes it pays to pay a little more to get all of the equipment installed at once.
- **Effectiveness** - did the contract work well? A company that is cheap but unreliable is not good value.

It is also important that all services fit in with school aims eg. if healthy eating is part of the SIP then catering should be in line with this.

For further information or clarification regarding any of the above please speak to either the *School Business/Finance/HR Manager or the Finance Assistant (C.D)*.

M. Shepherd  
Head Teacher

