

Code of Practice for Financial Management & Delegation of Financial Authority



November 2021

To be reviewed November 2022 or as required

STATEMENT

This Code of Practice details the procedures and practices agreed by the Governing Body of The Viridis Federation of Orchard, Southwold and Hoxton Garden Primary Schools.

AIMS AND STANDARDS

- The Governing Body aims to help Orchard, Southwold and Hoxton Garden Schools provide the best possible education for its pupils by ensuring that all available resources are used effectively and efficiently.
- The Governing Body accepts that it is accountable to the London Borough of Hackney and Hackney Education and also to the parents and the wider community for the way it carries out its duties and responsibilities for financial planning, management and control.
- The Governing Body will carry out its responsibilities at all times in accordance with the current legislation and regulations.
- The Governing Body will also act fairly, without prejudice, and in accordance with the principles laid down by the Second Report of the Committee on Standards in Public Life.
- The Governing Body, in consultation with the Executive Headteacher, will fulfil its responsibility for overseeing good financial practice within the Schools and for compliance with the Procedures as set out in the current *Schools Financial Procedures Manual, LA Scheme for Financing Schools* as issued by Hackney Education and the standards as required by the Schools Financial Value Standards (SFVS).

BUDGET PREPARATION & BUDGET MONITORING

- The Executive Headteacher is responsible for keeping the School Improvement Plan under review and drawing up proposed budget estimates for consideration and approval by the Governing Body.
- The School Improvement Plan is reviewed and updated annually. Progress in achieving the Plan is reported to the Governing Body at each termly meeting. This review informs the next 3 year Budget Plan. In the Spring Term the updated Plan together with the Budget is presented to the Governing Body for approval.
- The budget for each financial year is approved in the preceding February or March together with proposed budget estimates for the following two years.
- The Executive Headteacher and the Federation Business Manager will table regular budget monitoring reports for consideration at Governing Body meetings.
- The Executive Headteacher and the Federation Business Manager will provide the Governing Body with the financial information, advice and recommendations it needs to carry out its functions effectively and to understand how the School is performing.
- The Executive Headteacher will be responsible for drawing up and keeping under review a statement setting out the objectives and purpose of each School's fund account.

DELEGATION OF FUNCTIONS

- The Governing Body has established a Resources Committee and delegated powers and duties as set out in the Terms of Reference.
- The Executive Headteacher has responsibility for the day-to-day management of the School's budget and for ensuring that all financial decisions, procedures, and practices are undertaken in line with this Code of Practice and the *Schools Financial Procedures Manual, LA Scheme for Financing Schools* as issued by Hackney Education and the standards as required by the Schools Financial Value Standards (SFVS).
- The Governing Body has delegated to the Executive Headteacher responsibility for authorising all expenditure within the approved budget plan subject to the limits set out below.
- The following members of staff are authorised by the Governing Body to be signatories to the School Bank account:

- Rachel Davie Executive Headteacher
- Aimee Walker Associate Headteacher
- Stephen O'Brien Associate Headteacher
- Rachel Adams Associate Headteacher

- The same members of staff are authorised by the Governing Body to be signatories to the School Fund Account, if applicable.
- All cheques must be signed by two of the signatories. The Chair of Governors must approve cheques in excess of £50,000 for whatever purpose, including cheques paying for multiple invoices from one supplier.
- BACS payments must be signed by two of the signatories, as above, any payment amount to the same supplier in excess of £50,000 for whatever purpose, including BACS payments paying for multiple invoices from one supplier, must be approved by the Chair of Governors.
- Government Procurement Card (GPC) purchases are subject to the limits for each cardholder as stipulated in the Cardholder Policy – the monthly GPC expenditure should be signed by any two of the authorised signatories.
- The following members of staff are authorised by the Governing Body to be signatories to official orders, pay sheets, time sheets and agency staff claim (please note: agency timesheets can be delegated to other managers for signatures):

Name	Authorised to sign Official orders	Authorised to sign pay sheets and time-sheets	Authorised to place official orders
Rachel Davie	Yes	Yes	Yes
Aimee Walker	Yes	Yes	Yes
Rachel Adams	Yes	Yes	Yes
Stephen O'Brien	Yes	Yes	Yes
Giuseppa Colella-Mare	Yes	Yes	Yes

- The Executive Headteacher and the Federation Business Manager may transfer amounts of up to £20,000 between approved budget account allocations. The Executive Headteacher and the Chair of Governors may transfer amounts of up to £50,000 between approved budget accounts. All virements are to be entered into the *FMS SIMS Finance* accounting program and a virement report must be printed and signed and presented at the next meeting of the Governing Body.
- Any leasing or rental agreement must be authorised by the Executive Headteacher and the FBM.
- At all times the Governing Body, the Executive Headteacher and members of staff will comply with the Procedures as set out in the current *Schools Financial Procedures Manual, LA Scheme for Financing Schools* as issued by Hackney Education and the standards as required by the Schools Financial Value Standards (SFVS).
- The Executive Headteacher will be responsible, in the first instance, for responding in detail to any audit reports and ensuring that recommendations are carried out within a reasonable time-scale. Copies of all audit reports must be presented to the Governing Body.

ACCOUNTABILITY AND CONTROL

- The Federation Business Manager will monitor the receipt of all income, including funding from the LA and all other sources, to ensure that all funding and income due to the Schools have been received. Any discrepancies, shortfalls or variations are to be reported to the Executive Headteacher immediately so that appropriate action can be taken.
- The Executive Headteacher and the Federation Business Manager will monitor all expenditure, paying particular attention to payroll charges, in order to ensure the accuracy of all financial records.
- The Executive Headteacher and the Federation Business Manager will reconcile the Schools financial records with the bank accounts, the payroll reports and the various LA reports, notifications of allocations, etc. each month. Any substantive variations from the approved budget estimates or from expected expenditure are to be investigated and reported to the Resources Committee.
- The Executive Headteacher and the Federation Business Manager will provide termly, detailed budget monitoring reports to the Finance Committee and a summary monitoring report to each ordinary meeting of the Governing Body.
- The procedures detailed and set out in the current *Schools Financial Procedures Manual, LA Scheme for Financing Schools* as issued by Hackney Education and the standards required by the School's Financial Value Standards (SFVS) must be followed.
- All orders, and other financial transactions, must be signed by two authorised members of staff, one of whom must be an authorised signatory to the Schools Bank account, unless the value exceeds £50,000, in which case two authorised signatories must approve.
- Only computer-based accounting systems approved by the LA may be used for official accounting purposes. Currently the *FMS SIMS* accounts program, which is officially approved, is in use by the Schools.
- All valuable items, with a value in excess of £1,000, and those easily stolen will be entered into the relevant Stock records and Inventories as soon as possible after they have been received. Entries in Stock records and Inventories must include: serial numbers of individual items, where appropriate, model numbers and/or descriptions, date

of purchase, value and the location where the item is stored or kept. Where appropriate valuable items must be security marked and kept secure when not in use.

- Stock records and Inventories must be securely kept and copies should be forwarded to the LA Insurance officer at least once a year, for safe-keeping and to ensure that central records are up-to-date.
- The Executive Headteacher and Governing Body will review the Stock records and Inventories annually to ensure that they are a true record of the stock within the School.
- The School will follow the procedure for the disposal of assets as set out in the *Schools Financial Procedures Manual, LA Scheme for Financing Schools* as issued by Hackney Education and the Federation Disposal Policy.

PURCHASING

- Only a Budget Account Holder, authorised by the Headteacher/Executive Headteacher, may place orders for the supply of goods and services up to the limit of their budget. ie: Literacy Budget Holder can place orders up to the budget they have been given for the financial year.
- All orders must be made using an LA official, printed, sequentially numbered order form or preferably an order form automatically generated from the *FMS SIMS* accounts program.
- Official orders, once signed by signatories as specified above, may be faxed if so requested by the supplier provided that proper confirmation of the order is faxed back.
- All members of staff responsible for buying goods and services will ensure best value for money and the best use of the School budget is applied in accordance with the School 'Best Value Statement'.
- Orders for purchases below £10,000 may be placed with the School's usual supplier or a supplier from a list of approved suppliers.
- For purchases from £10,000 - £20,000 two written quotations are required. The quotations should be attached to a copy of the official order. All quotations must be kept including if a supplier writes to decline to supply a quotation.
- For purchases between £20,000 and £50,000 three written quotations are required. The quotations should be attached to the copy of the official order. All quotations must be kept including if a supplier writes to decline to supply a quotation.
- In addition, purchases in excess of £50,000 are subject to formal written approval of the Finance Committee of the Governing Body.
- In circumstances where it has not been practicable to obtain the required number of quotations (e.g. where one or more suppliers have refused to quote), the reasons for not doing so must be reported to the finance committee and/or the Governing Body.
- When purchasing regularly from the same supplier a check should be made from time to time, by the Finance Team, to ensure that value for money, or appropriate discount, is being obtained over the year.
- Official orders may not be used for individuals to obtain goods or services for their private use.
- The admin staff will ensure that all goods and services received are carefully checked and that delivery notes and invoices are marked to show that the following processes have been carried out before payment is made:

- Goods/Services received
 - Amount/Calculations Correct
 - Date of Payment; Amount Paid
 - Cheque Number
 - Budget Account
 - Expenditure Code
 - Certified for Payment
 - Authorised for Payment
- Invoices should be stamped with a checklist for completing the processes detailed above.
 - The Federation Business Manager will check that the prices, and VAT if due, as shown on the invoices have been calculated correctly.
 - Budget Account Holders may make Petty Cash purchases without official orders.
 - Petty cash purchases are limited to a maximum of £30 for any one purchase. All petty cash expenditure will be paid for from the small Classes Budget Account sitting within the accounts.
 - A VAT receipt should be obtained, where applicable, for all petty cash purchases so that the School can claim back the tax and make full use of the available budget. (However, there is no requirement for a retail outlet to issue a VAT receipt for purchases below £100.)
 - Petty Cash receipts must be firmly attached to an official Petty Cash Voucher, which must be completed and signed using the same procedure as for an invoice.

COLLECTING MONEY & HANDLING CASH

- The following procedure applies to all members of staff who have responsibility for collecting money from pupils and parents or handling cash and income.
- Members of staff may not collect money from pupils or parents without prior approval of the Executive Headteacher or Associate Headteacher.
- Money may only be collected in accordance with the Charging and Remissions Policy of the Governing Body, the LA arrangements for dinner money collections, the sale of small items as authorised by the Executive Headteacher or for parental contributions to residential Schools journeys.
- Members of staff authorised to collect money from pupils and parents must keep a Collections Record showing the name of each person, the amount collected and the date.
- All monies collected by the school office must be handed to the Finance Officer on the day it is collected and an official receipt obtained at the time in exchange for the money.
- All monies collected must be handed to the Finance Officer promptly, intact and without any money being withdrawn in order to meet any payments on behalf of the Schools or any individual.
- Any member of staff collecting money from pupils or parents is responsible for keeping a proper register on the Tucasi system. Please note the schools within the Federation are cashless, the majority of the income is collected via online & only if necessary via Credit Cards, Cash or Cheque payments; these means that money goes through the Tucasi

system and the Federation Bank Account automatically. This is a more accurate and transparent system as cash does not pass hands.

- When income is collected or passed from one member of staff to another a receipt for the funds should be provided by the recipient showing the time and date the money was received.
- Any monies received in envelopes or other sealed or enclosed containers must be opened and counted in the presence of two persons and the amount entered in the record.
- In addition to the above, members of staff who take responsibility for organising a School Journey must adhere to the procedures for Schools Journeys as set out in the current *Schools Financial Procedures Manual, LA Scheme for Financing Schools* as issued by Hackney Education.

ACCESS TO COMPUTER SYSTEMS

Access to the School management computer systems must be protected by password security to ensure that only authorised members of staff have access to appropriate areas of the system. Passwords should be changed regularly and updated for staff changes. Members of staff should not access computer systems using each others passwords.

DATA BACKUP & SECURITY

The Federation Business Manager and the IT Servicing Company should ensure that data is backed up regularly. Currently the Federation purchases a Secure Remote Back up Online System, hence data is stored remotely online and can be accessed to recover any data loss if the need arises.

The Federation Business Manager and the IT Servicing Company should ensure that systems are in place to safeguard the Schools' data. In particular antivirus software must be installed and kept up to date.

This Code of Practice for Financial Management and Delegation of Financial Authority was approved by the Governing Body at its meeting held on 5th November 2020

Name: James Gowland / Signed: _____ Chair of Governors

Name: Sara Walsingham / Signed: _____ Chair of Finance Committee

Name: Rachel Davie / Signed: _____ Executive Headteacher