

Financial Procedure Rules for Schools

January 2003

Financial Procedure Rules for Schools

Diweddaru / Updates

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1. INTRODUCTION

1.1 The Need for Financial Procedure Rules for Schools

Financial Procedure Rules for Schools explain the procedures, which we must all follow to ensure high standards of financial management. They tell us the things we cannot do, but also tell us the things we can do whilst keeping within the rules.

The School's Governors are accountable for the deployment of the resources for which they have been given responsibility and they will normally delegate functions of a financial nature to individual officers, e.g. budgetary control, ordering of goods and services, payment of accounts, certification of time sheets, etc.

All governors and employees who undertake an activity, which affects the School's finances must ensure that they understand the relevant requirements of this document in order to comply with the approved arrangements.

Employees designated as Authorised Signatories for financial procedures are expected to ensure that staff who have undertaken procedures on which they rely in giving their approval to a transaction are aware of the requirements of the Financial Procedures and follow these in carrying out the function.

The Financial Procedure Rules for Schools contained within this document have been compiled by the Director of Resources and have been endorsed by the Director of Education & Community Services.

1.2 Role of the Director of Resources

The Director of Resources is the person who has the statutory responsibility for the "proper administration of the financial affairs of the Council" (Local Government Finance Act 1972, section 151).

The specific duties of the Director of Resources include:

- Prescribing the accounting systems.
- Prescribing the form of accounts.
- Prescribing the form of financial records.
- Ensuring the accounting systems determined by him are observed.
- Ensuring the accounts and supporting records are kept up to date.
- Maintaining an adequate and effective internal audit in accordance with the Accounts and Audit Regulations 1996 on behalf of the Authority.

The Director of Resources also has the duty to report to Members and the District Auditor on unlawful expenditure and over-commitment of resources (Local Government Finance Act 1988).

1.3 Emergencies

In cases of urgency the Chairman of a Governing Body has the power to exercise any function of the Governing Body (subject to the powers delegated the Governing Body). This power can be invoked where a delay in exercising the function would be likely to be seriously detrimental to the interests of the School, or a pupil, parent or employee of the School, and where the decision must be made before a Governing Body meeting can be arranged. These powers can be exercised by the Vice-chairman of the Governing Body where the Chairman is unavailable to do so. Any such actions must be reported to the Governors either at the next regular meeting or at a special meeting convened for that purpose in accordance with the procedures for convening meetings of the Governing Body.

1.4 Accounting Instructions

The Director of Resources is empowered to supplement these Financial Procedure Rules for Schools with Accounting Instructions. Accounting Instructions may be issued for general distribution or to a particular School or class of Schools. Such instructions fall within the powers of the Director of Resources as set out in Section 1.2 and compliance with Accounting Instructions will be required where specified by the Director of Resources.

1.5 Internal Audit Reports on Breaches of Financial Procedure Rules for Schools

Internal Audit will report significant breaches of the Financial Procedure Rules for Schools to the Governors / Director of Education and Community Services / Director of Resources / Chief Executive / Audit Committee / Council Members as appropriate.

1.6 Acknowledgement of Receipt of Financial Procedure Rules for Schools

Headteachers are responsible for ensuring that Governors are made aware of the Financial Procedure Rules for Schools and of any amendments to the document.

1.7 Compliance with the Financial Procedure Rules for Schools

The Financial Procedure Rules for Schools set out the Authority's requirements on financial control and monitoring and associated issues. Compliance with the Financial Procedure Rules for Schools is a requirement of the Fair Funding Scheme. Serious failure to comply with the Financial Procedure Rules for Schools may result in the withdrawal of delegation.

The Schools to which the Financial Procedure Rules for Schools applies are as set out in Annex A of the Fair Funding Scheme.

Compliance with the Financial Procedure Rules for Schools is a compulsory requirement for all School-based staff. Failure to comply may result in disciplinary action against the individual(s) responsible.

1.8 Items not Covered by the Financial Procedure Rules for Schools

From time to time issues will arise which were not foreseen when these procedures were drawn up. Governors and staff must act prudently in such cases and where there is any doubt over the propriety of an action relating to a financial matter, guidance must be sought from the Director of Resources prior to committing the Authority to the action.

1.9 Partnerships with Other Organisations

Where the School enters into a formal partnership agreement with another organisation, it must be made clear from the outset, which organisation's Financial Procedures will apply to the partnership. Where the Financial Procedures adopted are not Carmarthenshire County Council's Financial Procedure Rules for Schools, the requirements must be at least as stringent as those set out in the Council's Financial Procedure Rules for Schools.

1.10 Amendments to Procedures Affecting the Financial Procedure Rules for Schools

Where any officer of the Authority (e.g. Senior Resources Staff or Education & Community Service staff) intends to implement any change to corporate procedures which affects the content of the Financial Procedure Rules for Schools, that officer must obtain the prior approval of the Director of Resources.

1.11 Amendments to the Financial Procedure Rules for Schools

From time to time it may be necessary to make changes to the Financial Procedure Rules for Schools. Such changes will be issued to all registered holders of copies of the Financial Procedure Rules for Schools and such individuals must ensure that they update the copy for which they are responsible and record this action on the Update sheet provided.

2. OVERALL FINANCIAL MANAGEMENT

2.1 Introduction

The Authority has ultimate responsibility for the Education Service and ensuring that the Fair Funding scheme is effective in delivering better education.

The achievement of this objective is entrusted to the Governors of Schools and the budget for the School is delegated to the Governors. Governors have financial and managerial responsibility for the functions of their School, within the statutory and local authority requirements.

The Governors must determine appropriate management structures for the effective discharge of their responsibilities. The Governing Body must establish and define in writing the financial limits of any delegated authority. The roles and responsibilities of the Governing Body's committees, the Headteacher and other staff in relation to financial decision making and administration must be set out in writing. Committees or individuals exercising delegated authority must report on the exercise of the functions concerned to the Governing Body. The Governing Body must review its delegation arrangements annually.

The Governing Body and its Finance Sub-Committee must meet at least once a term. Minutes must be taken of all meetings of the Governing Body and its committees and must include details of all decisions and by whom action is to be taken. Governing Bodies must ensure that they make clear decisions, as appropriate and that these are formally recorded.

The Governing Body should establish a register of business interest which should be reviewed annually by Governors, the Headteacher and any other staff who would influence financial decisions,. This should be open to examination by Governors, staff, parents and the LEA. For additional information regarding the declaration of personal interest and other annual declarations please refer to Section 27.

2.2 Delegation to Sub-Committees

The Governing Body is not required to take all decisions; they may delegate some of their functions and powers to Sub-Committees. There are three statutory committees which require establishment these are staff dismissal, pupil discipline and admissions. Other non-statutory sub-committees are set up by approval of the Governing Body to aid in specific issues. The Governing Body may abolish any non-statutory committee if they wish. The establishment, terms of reference, constitution and membership of all committees must be formally reviewed at least once a year. At least two thirds of the members of the Governing Body entitled to vote must be present when these decisions are taken. In addition all decisions and actions taken must be reported back to the full Governing Body at their next meeting. Guidance can be sought from the School Governors Guide to the Law with regard to the responsibilities of committees.

The Governing Body may delegate, for example, financial issues down to a non-statutory finance sub-committee. When a committee is set up with delegated powers the Governors must decide the membership of the committee, the procedure for appointing its chair, the powers of responsibility (Terms of Reference), whether it may include non-governor members and their voting powers.

The Terms of Reference of the Finance Sub-Committee should include, but not necessarily be limited to, the following:

- Considering the financial aspects of particular matters referred to it by the Governing Body.
- Considering the School's delegated budget as allocated by the LEA.
- Considering in detail the distribution of the budget in relation to the development plans of the School and to report on their deliberations to the Governing Body.
- Developing a financial reporting system to satisfy the needs of the Governors.
- Reporting to the Chair of the Governing Body and the Headteacher any matters, which may require urgent action or consideration.
- Considering actual income and expenditure on a regular basis during the financial year and advising the Governing Body of action required to meet financial targets.
- Monitoring the activity and procedures of any Voluntary School Funds.
- Developing and recommending to the Governing Body policies on charging and contracts.

2.3 Delegation to the Headteacher

The Governing Body will normally delegate some of its functions to the Headteacher. The nature and extent of these functions, which are delegated must be formally defined by the Governing Body on an annual basis.

The Governing Body is accountable to the LEA for the way the School is run. The Headteacher must formally report to the Governing Body on how he or she has exercised the power delegated to them in the management of the School. To assist the Governing Body in the carrying out their functions, the Headteacher has a duty to provide the Governing Body with such reports in connection with the exercise of his or her functions as the Governing Body require.

The Governing Body should agree with the Headteacher the minimum frequency, level of detail and general format of the financial information to be provided to it in the form of monitoring reports, including budget monitoring reports.

The Governing Body's record of its delegation arrangements to the Headteacher should include the extent of authority for:

- Purchasing decisions
- Monitoring of monthly expenditure
- Virement
- Contractual commitments (subject to limits approved by the Governing Body)

- Staff recruitment, subject to any limitations of any Service Level Agreements (SLAs) and Governing Body
- Maintenance of an adequate and effective system of internal financial controls
- Disposal of Assets

2.4 Job Descriptions of Staff

All staff at the School must have job descriptions. In addition to other matters outside the scope of the Financial Procedures Relating to Schools, these must include details of the financial functions of the individual, e.g.:

- Authorising orders for goods and services
- Approving payments
- Authorising payments to employees
- Monitoring and control of elements of the School's budget
- Handling, recording and banking of income

As far as is practicable, the Headteacher should ensure that staff are familiar with the work of other members of staff so that the adequacy of financial procedures is not dependent upon the attendance of any individual.

2.5 Financial Aspects of School Inspections

The School Inspections Act 1996 requires registered inspectors to report on “whether the financial resources made available to the School are managed efficiently” when a School is inspected under the arrangements set out in section 10 of the Act. However, it is not the role of inspectors to conduct an audit of the School's finances and financial procedures.

2.6 Compliance with Corporate Accounting Requirements

Schools must abide by accounting procedures prescribed by the Authority, for example in the provision of financial information and reports on a routine basis and in relation to financial year end procedures.

2.7 Internal Financial Control Systems

School financial systems are important because they protect the School's resources from error and fraud and because they provide information to staff and Governors. By building internal financial controls into systems, Governors and staff should be confident that transactions will be properly processed and any errors or fraud will be detected quickly.

The Governing Body must ensure that adequate systems of internal control are in place, for example that, where appropriate, separation of duties provides for a task to involve two members of staff so that any fraud or error would require collusion between the two. In other cases, such separation of duties may not be feasible and Governors should consider compensating controls such as a review of records by a person independent of the task, e.g. a Governor. Governors should consider the extent of risk involved in any process and determine a reasonable control system, the expense of which is consistent with the potential loss. The Governing Body may delegate these responsibilities to the Headteacher.

The School should have its own monitoring procedures in place to provide reasonable assurance that financial procedures are operating as expected.

The processes, authorisations and checks included within systems should be adequately evidenced, e.g. by the signature and date of the person responsible. Financial records must be completed in ink with any amendments required being made by crossing out, with the amendment being initialled and dated.

2.8 Documented Financial Procedures

In order to promote consistent methods, to assist in the induction and training of staff, to provide a source of reference and to provide a contingency in the event of the absence of the employees involved in a process, the Governing Body should encourage financial procedures at the School to be documented. Whilst documenting procedures will involve the investment of some resources in the production of the document, the contribution that such a document could make to the consistent adequacy of financial procedures should be considered.

2.9 Approved Authorising Officers and Signatories

The Governing Body must define approved authorising officers and signatories for financial transactions. Arrangements must be in place to ensure that only transactions, which have been authorised by an approved officer would be accepted and submitted for processing. Details of authorised officers and signatories must be maintained by the School and must be provided as required to the Director of Resources and Director of Education & Community Services.

3. REVENUE BUDGET PREPARATION AND CONTROL

3.1 Introduction

The Governing Body is responsible for the overall direction of the School and its strategic management. This involves determining the guiding principles within which the School operates and then making decisions about, for example, how to spend the School's budget.

The Governing Body must ensure that the budget is managed effectively. It should also ensure that the budget process takes account of their plans and priorities for the School and that the budget and these plans are complementary and consistent.

The financial year runs from the 1st April to the 31st March. School budgets are cash-limited and provide for the effects of inflation. Governing Bodies must set the budget based on realistic estimates of all expected expenditure and income and (except where a licensed deficit has been approved - see below) to plan to operate within the available budget allocation.

3.2 The Fair Funding Scheme

Under the provisions of the School Standards and Framework Act 1998 s.45-53, the Local Management of Schools funding regime has been replaced by the Fair Funding regime.

Under Fair Funding the Local Education Authority determines the size of its Local Schools Budget. The categories of expenditure included within the Local Schools Budget are prescribed under regulations made by the National Assembly for Wales, and include all of the Authority's expenditure, direct and indirect, on its maintained Schools. The Authority retains some of the Local Schools Budget centrally in accordance with limitations prescribed by the National Assembly. The balance of the Local Schools Budget left after these deductions is termed the Individual Schools Budget.

Local Education Authorities must distribute their Individual Schools Budget to Schools in accordance with a formula which accords with regulations made by the National Assembly.

The financial controls within which the delegation regime works are set out in the Fair Funding Scheme prepared by the Authority and approved by the National Assembly.

The Authority may suspend a School's right to a delegated budget if the provisions of the Fair Funding Scheme have been substantially or persistently breached, or if the budget share has not been satisfactorily managed. The need for compliance with Financial Procedures is a provision of the Fair Funding Scheme.

The Authority is required to consult with the Governing Body and Headteacher of every School regarding any amendment to the allocation formula. Those consulted will subsequently be informed of the outcome of the consultation exercise.

Full details of the Authority's Fair Funding Scheme are contained within the Scheme document.

3.3 Responsibilities and Timetable for Budget Setting

The Governing Body must approve the School's annual budget. The Governing Body cannot delegate the approval of the first formal budget for the year.

The approved budget must be notified as soon as possible to the Authority, in accordance with any procedures put in place by the Authority for this purpose.

The amount of a School's budget share should be initially determined by the Authority before the beginning of the relevant financial year. The Governing Body should seek to approve the School's budget before the commencement of the financial year. Where this is not achievable, the budget must be set as soon as practicable thereafter.

At the latest, Schools must inform the Authority of their budgets by 31st May or within two months of receipt by the School of notification of its budget share.

3.4 Setting an Appropriate Budget

The Governing Body should set the budget with due regard to the School's Development Plan. Budget setting should be consistent with the Development Plan and should reinforce the Governors aims for the School. Where possible the links between the budget and the Development Plan should be explicitly stated.

The Governing Body should ensure that the elements of the budget are periodically reviewed in order to ensure that historic spending patterns are not inappropriately maintained. Governing Bodies may reasonably take a cyclical approach to this activity.

3.5 Licensed Deficits

In exceptional circumstances Schools which do not have a deficit may plan for a deficit budget with the written approval of both the Director of Resources and the Director of Education and Community Services. Further details of the specific requirements for this to occur are included in the Fair Funding Scheme.

3.6 Virement

From time to time it may become clear that there is a need to make an amendment to the original budget.

Amendments to the budget may be delegated to a sub-committee or the Headteacher. Where this is the case, the delegation must be formally recorded, subject to specified limitations on amount and other criteria as deemed appropriate. There must be a requirement for the exercise of such functions to be reported back to the Governing Body.

The exercise of virement must be formally approved in writing and evidenced by the signature and date of the person responsible for the decision. The amendment must be entered promptly into the financial ledger system used for budget monitoring.

The School must inform the Authority promptly of any virement approved.

3.7 Monitoring and Managing the Budget

The Governing Body has the responsibility for monitoring and managing the budget. The Governing Body may choose to delegate some of this function to a sub-committee or the Headteacher. In such cases the delegation must be formally approved and the Governing Body must receive adequate feedback to ensure that the process is being performed effectively.

The Governing Body or its nominated sub-committee must receive and review budget monitoring reports at least once a term. It may be considered appropriate for Governors with specific financial responsibilities (e.g. members of a Finance Sub-Committee) to be provided with monthly reports.

The School's income and expenditure should be monitored on a monthly basis, or more frequently if appropriate. The monthly budget monitoring reports should include the effects of expenditure to which the School is committed but which has not yet been paid. The reports should be reconciled to the Authority's and to the School's own financial systems. This should be evidenced and dated by the responsible officer.

To facilitate the monitoring of the budget, the Headteacher should profile the budget and the forecast cash flows to take account of probable fluctuations in spending patterns, e.g. the reduction in some types of expenditure during August.

Specific initiatives set out in the Development Plan should be reported individually in budget reports.

Where it becomes apparent that an overspend is likely to occur on a specific element of the budget, it should be considered whether this can be dealt with by virement. Where this option is not taken, the Governing Body should ensure that an action plan is drawn up to tackle the issue and to minimise its overall impact.

The Governing Body must notify the Authority immediately when it becomes clear that a budget deficit will be incurred. The Authority would normally expect to have been made aware of a potential problem well in advance of formal notification to this effect.

All Schools will be required to provide the Authority with details of anticipated and actual expenditure and income, in a form and at times determined by the Authority.

3.8 Budget Holders' Responsibilities

The day to day responsibility for managing the budget will normally rest with the Headteacher. The Headteacher may decide to delegate responsibility for some elements of the budget to other members of staff. Where this is the case there must be a formally documented structure defining who is responsible for which elements of the budget.

Budget holders must be provided with clear information on the value of the budget they are required to manage. In order to allow them to manage and control their budgets effectively the budget holders must receive regular (at least monthly) reports of expenditure, income and commitments.

The Headteacher must regularly review the budget position of budget holders and ensure that the function is being exercised effectively.

3.9 Contingencies

The inclusion of a general contingency within the School's budget is a matter for the Governing Body to determine. It is prudent to retain a sum for unforeseen circumstances which may arise during the year.

3.10 Underspends and Overspends

A School is allowed to carry forward from one financial year to the next any surplus of income over expenditure, after taking account of the balance brought forward into the year.

Significant budget surpluses are only expected to occur where there is a clear purpose for the balance. In such cases the appropriate proportion of the balance should be identified as relating to that purpose. Where the total balance of a School exceeds 5% of the annual budget share, the Governing Body must report to the Authority on its intended use of the balance.

Schools are entitled to invest surplus balances with the Authority. Schools with deficit balances will be charged interest

4. CAPITAL BUDGET

4.1 Introduction

Due to the uneven incidence of need, major capital schemes are dealt with by the Authority and are not delegated to Schools.

The Authority considers the overall capital programme annually and this will include the consideration of proposed schemes relating to Schools.

Where the authority undertakes a capital scheme relating to a School, the financing of the project will have no effect on the School's delegated budget. However, the ongoing running costs of the facility provided will impact upon the School's budget.

Schools have discretion to utilise their budget shares for capital schemes.

4.2 Capital Projects Financed From a School's Delegated Budget

Schools may wish to spend part of their budget share on projects and items which have an anticipated useful life in excess of one year, e.g. building works, vehicles, major items of equipment.

It is important that all such expenditure is correctly classified as capital in order for the Authority to comply with Government regulations. Schools undertaking capital expenditure in excess of £12,000 in any one year must, therefore, notify this to the Authority at the time of setting the budget and when the expenditure is incurred. The School should also take into account any advice from the Authority as to the merits of the proposed expenditure.

Where the School is in any doubt about the treatment of an item which may be capital expenditure, advice should be sought from the Director of Resources.

Where the premises are owned by the Authority, Schools must not undertake any capital works to the School site or buildings without the prior approval of the Authority.

In the procurement of capital schemes or items, Schools must act in accordance with these Financial Procedures. Guidance on purchasing and minimising risk procedures can be sought from Section 6 and 23.6.

4.3 Private Finance Initiative

Information on the Private Finance Initiative is available in the Authority's Fair Funding Scheme document.

5. INCOME

5.1 Introduction

Income at a School may be generated from a number of sources, for example:

- Sales of Materials to Pupils
- Payments for Breakages
- Charitable Appeals
- Payments for School Trips
- Reimbursement from Staff Absenteeism Insurance Schemes
- Lettings
- Sale of Pupil Photographs
- Student Placements
- Sale of Assets

In order to ensure that adequate control is maintained over such income, the procedures described in this section must be followed.

This section does not apply to income collected which does not belong to the Authority, i.e. School funds, parent teacher associations etc. The requirements for School Funds are set out in Section 29.

Income collected in relation to School meals is collected by the provider of the service and is covered by the corporate Financial Procedures (i.e. not the Financial Procedures Relating to Schools) where that provider is part of the Authority.

Income collected may have VAT implications, for guidance on such procedures see Section 28.

To provide adequate separation of duties, as far as possible in the circumstances of the School, the person responsible for identifying a debt should be separate from the person with the responsibility for collecting and banking the sum due.

5.2 Policy of Fees and Charges

Where Schools have discretion over setting fees and charges, a policy should be produced and reviewed annually by the Governing Body. This is not a function which the Governing Body can delegate.

5.3 Classroom Collection of Income

Much of the income collected by a School is taken by teachers in the classroom (e.g. for sales of items to pupils, charitable collections and School trips).

Governors or Headteachers should consider whether the nature of a collection is such that it should be dealt with by way of classroom collections. It is recommended that this method only be used where the payments are small and numerous.

In these cases it is not expected that the teacher will issue a formal receipt to the pupil. The teacher must, however, retain a record showing the:

- Payer
- Amount
- Date of payment
- Purpose of the payment (e.g. School trip)

It may be considered appropriate to use manual registers for this purpose (see below).

The procedure to be followed subsequently depends on the School's administrative arrangements.

Where there is an administrative officer who will be responsible for the banking of the income, the teacher should hand the income over to the administrative officer, together with information about the amount collected and the purpose of the income, this may be the full record as described above or verbal information which is recorded on the receipt.

The administrative officer should immediately give a receipt to the teacher. Where the administrative officer does not have an opportunity to count the money immediately the receipt should state that the amount is unchecked.

The administrative officer must promptly count the money received and bank it without delay. Any discrepancy with the teacher's figure should be referred back to the teacher for clarification, or for the teacher's records to be corrected.

In other cases the teacher him/herself may be responsible for banking the income, e.g. teaching heads in smaller primary Schools. In these circumstances the teacher should bank the income in the normal way. Governors should consider whether, due to the lack of separation of duties in such situations, they need to implement additional monitoring controls.

5.4 Manual Registers

In some circumstances it is effective to use a manual register to record and control income. Where a manual register is used, the following principles apply:

- Only officially approved registers should be used. These are available from the Director of Resources.
- Separate registers should be used for different income collection responsibilities.
- When money is received, the register must be fully updated to show clearly the amount of cash collected and the person from whom it was received.
- At appropriate periods the amount recorded must be totalled and noted on the register.
- Bankings must be recorded and reconciled to the register.

5.5 Income Collected by Administrative Officers/ Non-Teaching Headteachers

Income collected by administrative officers or non-teaching heads may be dealt with in the same way as classroom income, where the payments are small and numerous.

Where the payments are larger and less numerous (e.g. payments for breakages, large School trip payments, purchases of substantial items of equipment or materials, etc.) the payer must be provided with an official receipt at the time of payment.

5.6 Official Receipts

Official receipts are available from the Director of Resources. Receipts must be properly completed to show as a minimum the:

- Payer
- Amount
- Date of payment
- Purpose of the payment
- Recipient of the payment

Stocks of blank/ unused receipts must be stored securely and appropriate records maintained to account for their use. A receipt which has been removed but is not accounted for in the relevant income system may be an indication that money received has not been processed into the Authority's funds.

5.7 Sales of Tickets

Sale of tickets should be undertaken in a controlled manner in particular the ordering, stock control, sales, banking, returns and monitoring.

At the end of each event a reconciliation should be taken of opening stock, closing stock, income collected and income banked.

5.8 Cheques

All cheques must be made payable to "Carmarthenshire County Council" or "Cyngor Sir Caerfyrddin". They may, in addition, include the name of the School.

The recipient of a cheque must ensure that it has been fully and properly completed, signed and dated.

5.9 Cash Tills

Schools must notify the Director of Resources (Audit and Risk Management) of the use of any cash tills by Schools. This does not apply to School meals income tills. The Director of Resources reserves the right to specify procedures for cashing up tills, which may be required to be done by the Authority's or School's staff.

Where cash tills are operating, all relevant income received must be registered through the till. Operators must not have access to keys/ facilities which zeroise cumulative readings of the tills.

Operators must take till readings at prescribed times and record them.

Periodically (e.g. daily), an officer other than the till operator must zeroise the till readings and reconcile the till records to cash received.

5.10 Vending Machines and Payphones

Where a School has vending machines, payphones or any other apparatus which collects money automatically, the Headteacher must ensure that adequate controls operate to secure monies collected. Such instructions should include the following:

- Frequency of emptying cash, which should be related to the amount of cash taken by the machine, i.e. not more than £100 should be held in the machine.
- Maintenance of a permanent record which includes the date the cash is collected, the amount collected, the signatures of the members of staff involved, and where appropriate meter readings.
- Procedures for ensuring the prompt and secure banking of all amounts collected.
- Arrangements for the reconciliation or comparison of anticipated income (e.g. calculated using meter readings or through examining stock records) and actual income.

Two members of staff should be present to empty and count the cash collected. Where this is not feasible, the specific approval of the Director of Resources for alternative arrangements must be obtained. This approval may be conditional upon adequate compensating controls.

Anticipated income, collections and bankings must periodically be checked and certified by a senior member of staff independent of the collecting officers.

5.11 Change Floats

Where a School requires a change float, the Director of Resources will arrange for an advance of cash to the collecting officer.

Such a cash float should be adequate to provide for the normal requirements for change but not so large as to be unnecessary or to create a security problem.

When paying in cash takings to the Council's bank account, the amount advanced as the change float should be retained by the collecting officer for future change requirements.

The actual amount to be paid into the Council's bank account will, therefore, comprise the total held in the till less the amount of the change float advanced, and will equal the takings since the last banking.

5.12 Cash Holdings

Cash held at Schools must be banked at least weekly in order to minimise risk. Schools where possible should not keep more than £500 cash on School premises overnight however, where they cannot avoid doing so must receive prior approval from the Director of Resources (Risk Manager). It should be noted that the total cash held includes petty cash, School meals change floats, School Fund cash etc.

It is acknowledged that on occasion cash cannot be banked on the day of receipt and has to be left on School premises overnight.; where this occurs, the following arrangements must apply:

Where possible cash should be locked in a safe on the premises or where no safe is available held in a locked non-portable receptacle.

The maximum limit for cash to be held in a locked receptacle is £500.

The keys to safes or other receptacles must be removed and kept in a different security area, i.e. another part of the School site, or taken home.

Alternatively, where the Headteacher considers there to be a significant risk of holding cash in the school, perhaps because of a poor security history, consideration should be given to allowing designated staff to hold cash within their own home prior to banking. Cash held should not exceed £1,000. All cash secured in this way should be counted by two members of staff and the total formally recorded prior to the cash being removed from the premises. Cash held should then be banked on the next most appropriate day on the Monday if held over the weekend.

5.13 Collections and Deposits Record

Where there is a need, a collection and deposit record can be maintained to show the amounts collected and banked and the reconciliation between them, which should relate to cash in hand.

This record must identify the various sources of the amounts collected (including receipt numbers where relevant) and show clearly the date of banking and the person responsible.

The collection and deposit record must be regularly inspected by an independent person (e.g. Headteacher or Governor) and checked to source records such as receipts, registers and bank paying-in books.

5.14 Personal Cashing of Cheques

School money must not be used to cash personal or third party cheques.

5.15 Personal Borrowing of Money

Money from cash income collected must not be borrowed by any person.

5.16 Paying-in to the Council's Bank Account

All money collected must be paid in promptly to the Council's bank account. A maximum of five working days applies, although income should be banked more frequently where the amount of cash which would otherwise be held would exceed £200.

Individuals' personal bank accounts must not be used for banking any receipts related to the School's official or voluntary funds.

Money can be paid in via branches of the Council's appointed bankers, via Post Offices (Giro System) or any of the Cashiers Offices located at the following Council offices:

- Spilman Street, Carmarthen
- Ty Elwyn, Llanelli
- Municipal Offices, Llandeilo
- Town Hall, Ammanford

The Director of Resources may in exceptional circumstances authorise the paying in of money via a branch of a Bank other than the Council's appointed Bankers where it can be clearly demonstrated that such an arrangement would be more economical.

In order to minimise the risks to staff and cash, banking of cash should be carried out as safely as possible. Issues for consideration include:

- Regular banking reduces the amount of cash being carried at any one time.
- Varying the banking arrangements (e.g time, people involved) can help reduce the risk.
- Collection services are available for a charge and may be appropriate.

5.17 Completion of Bank Paying-in Slips

Bank paying-in slips must be completed showing separate totals for cash and cheques.

Each cheque must be individually listed on the paying-in slip clearly showing the drawer, the account and sufficient information, such as receipt number or description to identify the cheque and the debt to which it relates.

5.18 Credit Income

Where a School is not able to collect income in advance or at the time of receipt of the service/ item, the School may use the corporate sundry debtors system to bill the debtor. Where this system is used, the Director of Resources takes over responsibility for the collection of the debt. Schools which have opted for their own full bank accounts are not able to use this facility and must manage their own debtors invoicing system, this needs to be confirmed by the Director of Resources.

Sundry debtor accounts can be raised by Schools (where the School does not have its own full bank account) by making out a Sundry Debtor Invoice Request Form on official stationery available from the Director of Resources (Revenues Section) and by forwarding this to the Revenues Section. The School needs to ensure that it has adequate documentation to justify and support the debt.

To avoid the uneconomic use of the sundry debtor system, small sums (below £25) should, wherever possible, be collected in advance or at the time of receipt of the service.

Where it is not possible to collect sums below £25 in advance or at the time of provision of the service, the Budget Holder should consult the Director of Resources (Revenues Section) for approval to use the Sundry Debtors system for that category of income.

Where the School chooses not to raise a debt via the sundry debtor system, the School must ensure that it has adequate records of the debt and appropriate procedures for follow up in the event of non-payment.

5.19 Credit Income - Prompt Raising of Accounts

Headteachers must ensure that sundry debtor accounts are raised promptly.

Debts should be raised within a maximum of ten working days from the incurring of the debt.

Where for valid reasons this target cannot be complied with, specific approval of alternative arrangements should be obtained from the Director of Resources.

5.20 Write-Off Procedures

The Governors and Headteacher of a School are not authorised to write off a debt unless the Governing Body has defined its own policy, which has formally been discussed and agreed with the Director of Resources. However, where a debt has been raised in error they can authorise its cancellation (see below). This must not be used where the appropriate action would be a write off.

Where a School has raised a sundry debtor account via the Director of Resources (Revenues Section), recovery of the debt becomes the responsibility of the Revenues Section. The School only needs to be concerned about write off procedures where a debt has not been raised through this system. In such cases where the debt proves

irrecoverable, the School should apply to the Director of Resources for authority to write off the amount due.

The Council operates the following write-off policy:

<u>Amount (per Debtor)</u>	<u>Write-Off Procedure</u>
Up to £1000	Director of Resources decision
£1000 or over	Cabinet Member/ Director of Resources decision

5.21 Cancellation of Debts

The Director of Resources is authorised to cancel debts only where the debt has been raised in error. Where a School requests the cancellation of a debt raised, the Director of Resources will require approval from the Headteacher and a written explanation of the reasons for the cancellation.

Debts not raised via the sundry debtor system may be cancelled upon approval by the Governing Body (or Headteacher under delegated authority) where the debt has been raised in error. This procedure must not be used to write off unrecoverable debts.

5.22 Companies Holding Money on Behalf of the School

Where a company is in a position of holding money on behalf of a School, e.g. where they have been appointed as agents for the disposal of surplus equipment, adequate checks should be undertaken prior to the arrangement taking place in order to ensure that the company is financially sound.

Schools should contact the Director of Resources for guidance on the appropriate checks.

6. PURCHASING PROCEDURES

6.1 Introduction

Schools have a duty to ensure they obtain value for money when purchasing goods and services. The procedures to be adopted will to a large extent be determined by the nature and value of the purchase.

6.2 Inducements

All employees and Governors must be aware that it is a serious criminal offence for them corruptly to receive or give any gift, loan, fee, rewards or advantages for doing or not doing anything or showing favour, or disfavour, to any person in their official capacity. If an allegation is made it will be for the employee or Governor to demonstrate that any such rewards have not been corruptly obtained.

Employees and Governors must not benefit personally from any customer loyalty schemes offered by suppliers. Where such schemes are available they must either not be used or with the Governing Body's approval they may be applied to the School's benefit.

6.3 Private or Personal Consumption

The Authority's and School's purchasing arrangements must not be used under any circumstances to obtain goods or services for the personal use of individual employees, Governors or third parties regardless of whether the purchaser concerned intends fully reimbursing all costs incurred.

Where a supplier knowingly wishes to make favourable terms available to third parties connected with the School (e.g. Governors, staff, pupils), the transaction must be made as a fully private transaction with no use of School documentation or payment mechanisms.

6.4 Central Purchasing Arrangements

There are a number of corporate purchasing arrangements which allow Schools to purchase effectively. These are identified in the Purchasing Manual. Where such arrangements exist, Schools are entitled to use them.

Where a corporate purchasing arrangement is not in place for various goods and services, they may be purchased from the Consortium for Purchasing and Distribution (CPD) or other organisation(s) whose purchasing procedures are in accordance with a method prescribed by the organisation concerned and which the Director of Resources considers satisfactory in the circumstances (e.g. G-CAT).

These established sources of supply may not on every occasion offer the lowest price option but the actual cost of undertaking the necessary work to purchase direct from a supplier (see below) has to be balanced against the potential price saving.

If it is decided to purchase the item direct from a supplier rather than from an established source, Schools must have regard to the procedures set out below.

6.5 Direct Supplies

Where a School chooses to purchase outside of central arrangements, the School has full responsibility for ensuring that they obtain goods of appropriate quality at a competitive price and on appropriate legal terms.

The following procedures apply dependent upon the value of the goods or services being purchased.

Up to £10,000

The individual responsible for authorising the Official Order must be satisfied that reasonable care has been taken to obtain goods or services of adequate quality and at a competitive price.

£10,000 to £75,000

A minimum of 3 written quotations must be obtained from competitive sources (based on the same specification and closing date). Details of all quotations must be retained.

In order to ensure that all potential suppliers are treated fairly, quality factors should as far as possible be built in to the specification, which should be sufficiently detailed to enable quotations to be compared on a basis which is primarily related to cost.

Any quality factors to be considered in the evaluation process must be defined prior to the receipt of quotations.

Where a supplier other than the cheapest is chosen, the reason for making the choice must be reported to the Governing Body and included in the minutes.

Over £75,000

Contract Standing Orders specify the tendering processes to be followed with respect to individual purchases exceeding £75,000.

Valuation of a Contract

The valuation of a contract must be based upon the higher of:

The amount to be paid by the School over the term of the contract; or

The amount of gross income to be generated by the successful supplier through the services supplied, e.g. where the contract is for the provision of goods or services to third parties. Any payments to be made by the School must be included within this figure.

For the purposes of the EC Public Procurement Directives, Schools are viewed as discrete operational units if they choose to purchase independently. However, Schools must ensure that their individual purchases for the same or similar goods and services do not exceed the threshold after aggregating their own orders.

6.6 Purchases Over £75,000

Prior to any formal action being taken in respect of any purchase/ contract where the overall value exceeds £75,000, the Corporate Procurement Unit must be contacted in order that the correct procedures are followed. Details of the procedures required are included within the Purchasing Manual and Contract Standing Orders.

Purchases in excess of specified thresholds are subject to the EC Public Procurement Directives. The thresholds relate to the total value over the full duration of the contract, and not the annual value.

The thresholds are:

<u>Directive</u>	<u>Threshold (£)</u>
Supplies	154,477
Services	154,477
Building & Engineering Works	3,861,932

The thresholds are set every two years (these figures are applicable until 31st December 2003). The latest values can be obtained from the Corporate Procurement Unit.

In all cases where there is a possibility that the EC Purchasing Directives will apply, the Corporate Procurement Unit must be contacted prior to any formal action being taken.

It is not permissible to split a contract in order to avoid the provisions of the Directives.

It should be noted that Schools must not enter into any financial agreement with capital implications without the approval of the LEA.

6.7 Value of Goods or Services of £75,000 or More in One Financial Year

Where the aggregate value of purchases of any particular goods or services in one financial year is £75,000 or more, the School must obtain on the official order form or contract the countersignature of an LEA officer in order to ensure that the purchasing regulations have been complied with.

6.8 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 entering into contracts must ensure that the contract specifications contain sufficiently detailed service and quality provisions.

Where Schools choose to purchase independently, they must assess in advance, where relevant, the general and health and safety competence and appropriate insurance cover of contractors, taking account of the LEA's policies and procedures in these respects. The equivalent requirements must be applied to any agents responsible for dealing with contractors on behalf of the School.

6.9 Variation of Regulations Relating to Purchasing

In certain circumstances it may be the case that compliance with the normal purchasing procedure does not offer the best value for money.

For example, there may be no identifiable alternative suppliers, or there may be substantial initial costs involved in a change of supplier.

Where the Governing Body approve alternative arrangements and this is approved by the Director of Resources and the Director of Education & Community Services, the provisions of the Regulations relating to purchasing may be varied.

6.10 Leasing - Compliance with Capital Finance Regulations

Complex rules exist to govern the classification of local authority capital expenditure in relation to leasing arrangements.

In order to ensure that arrangements are treated correctly, all leasing/ rental/ hire purchase agreements and other arrangements where the use of an asset is acquired without the ownership of it being acquired must be referred to the Director of Resources prior to the arrangement being finalised.

6.11 Budget Provision

Purchases must only be for items of expenditure authorised specifically or under a general head in the budget as approved by the Governing Body. Any person authorising purchases must be aware of the limits imposed upon them, both in terms of individual transaction limits, and budget provision.

6.12 Application of LEA-Arranged Contracts to Schools

Apart from certain contracts approved by the National Assembly for Wales, Schools will have the right to participate or not participate in LEA-arranged contracts, provided that the decision not to participate was taken prior to the award of the contract.

Schools will not normally be allowed to opt out of contracts entered into, and late entry into an existing contract will be at the LEA's discretion.

Where Schools choose to purchase independently they should assess in advance, where relevant, the health and safety competence and the appropriate Insurance indemnity cover of contractors, taking account of the LEA's policies and procedures in these respects.

7. ORDERING PROCEDURES

7.1 Introduction

Proper ordering procedures are essential in ensuring that there is adequate control over expenditure and budgets.

There are numerous methods in place for ordering. The correct method to use depends upon the nature and value of the purchase.

7.2 Ordering Methods

The methods of ordering are described below. Those responsible for authorising orders must ensure that an appropriate method is used.

<i>Method</i>	<i>Value</i>	<i>Supplier</i>	<i>Nature of Purchase</i>	<i>Procedure</i>
1	Usually below £20	Outside Supplier	Purchases paid for from School's petty cash float.	No requirement for an official order. Guidance regarding petty cash accounts can be sought in Section 9.
2	Up to £75,000	Outside Supplier	Purchases from outside suppliers not falling into Methods 1, 3 or 4.	Official Order System.
3	Up to £75,000	Outside Supplier	Goods/ services supplied automatically, e.g. rates, electricity, gas, telephone, books on approval.	No requirement for an official order to be used but Schools must maintain a separate control record showing details of all payments made and sufficient supporting records, e.g. meter readings.
4	Up to £75,000	Consortium for Purchasing and Distribution	Purchases from the CPD	CPD Indents System
5	Up to £75,000	Internal Suppliers	Purchases from providers within the Authority.	No requirement for official order forms to be used, but they may be used if appropriate. Whether an official order form is used or not, the order must be

				approved by an authorised signatory and provide a clear definition of the goods/ services required.
6	Over £75,000	Any	Any	Contract Standing Orders apply.

7.3 Official Order System

Order Forms

The Director of Resources is responsible for the form of Official Orders to be utilised. Books of Official Orders are obtainable from the Director of Resources.

Authorised Signatories

The Governing Body must nominate appropriate members of staff as authorised signatories for Official Orders. This must be structured so as not to compromise the budget management responsibilities (i.e. no person should be permitted to place an order in respect of which they do not have responsibility for the budget).

Details of authorised signatories must be maintained at the School and provided to the Director of Resources and the Director of Education & Community Services.

Budget Provision

Orders must be based on the expected price which is to be paid. This must be clear at the time of ordering and be noted on the Official Order. It is acceptable that in some cases there may be a minor uncertainty regarding the final price.

Prior to placing an order, the signatory authorising the order must be satisfied that authority exists for the expenditure and that sufficient funds are available from appropriate budget heads to meet it.

Completion of Order Forms

The Official Order form is produced in triplicate. The form must be fully completed with sufficient details of the items being ordered, the School placing the order, the cost of the goods or services and the identity of the authorising officer.

The top copy of the order should be sent to the supplier.

The second copy should be subsequently attached to the invoice when it is passed for payment.

The third copy must be retained in the original Order Book at the School.

Authorisation of Orders

All orders must be issued in writing and signed by an Authorised Signatory. Orders must only be authorised when all sections of the form have been completed.

Before authorising the order the signatory must be satisfied that appropriate procedures have been followed with regard to obtaining quotations.

A copy of the order must be retained, showing the authorisation.

Commitment of Expenditure on Financial System

If applicable, when the order is placed the financial system should be updated so that the estimated cost is committed against the appropriate budget allocation.

Receipt of Goods/ Services

When the goods/ services have been received the copy order forms retained in the Book should be marked accordingly to show which items have been received.

Passing Invoice for Payment

Upon receiving the related invoice, the date the invoice is passed for payment and the amount of the invoice should be recorded on the copy orders and the second copy order should be attached to the invoice.

Where the order is the subject of more than one invoice, the second copy should be attached to the final invoice to which it relates. The preceding invoices should be marked "Part of Order" with the relevant order number noted on the invoice.

Retention of Used Order Books

Used books of copy orders must be retained for the current financial year and the preceding six full financial years.

7.4 On-line Ordering

With the increased use of E government more and more organisations are moving towards on line ordering. The Director of Resources accepts that progress has to be

made, but that effective controls still need to be in place to safeguard the interests of all parties.

Official Orders must be issued for all goods, services and works to be purchased by the School, unless the Director of Resources has specifically and formally approved alternative arrangements. (see 7.5)

7.5 Using Suppliers' Order Stationery

In some cases suppliers provide a detailed order form, which is convenient to use. In such cases a summarised official order form must be made out to record the expenditure commitment. The official order should then be authorised and attached to the supplier's document and forwarded to the supplier. A copy of the detailed order should be taken to allow reconciliation to the invoice, prior to payment.

7.6 CPD Indent System

Procedures for CPD Indents are the same as for normal orders, except that these are produced in duplicate, so there is no copy order to attach to the invoice.

7.7 Urgent Orders

Verbal orders must only be issued in exceptional circumstances where the matter is one of extreme urgency. It must not be the normal method of ordering.

A written note of the verbal order must be made at the time of placing the order, with full details of the product and price included. If possible the order number should be quoted during the initial telephone order.

Where an order has been placed verbally, a written Official Order must subsequently be properly completed and authorised. This should be issued in confirmation of the verbal order with it being clearly marked as a "confirmation".

7.8 Orders for Works on Land and Buildings

Actions carried out on land and buildings can lead to problems (such as leaving the building in a dangerous condition or the release of hazards such as asbestos through drilling holes for new shelving, using incorrect paint could worsen the effects of a fire, etc.) and these have serious implications for the Authority, for the School and for the individual responsible for placing the order. Employees or others may find themselves personally liable to civil or criminal proceedings if they carry out works, however minor, which endanger others.

In order to minimise the exposure of the Authority, the School and its employees to these risks, all orders for works affecting the School's land and buildings must be subject to an assessment of the potential hazards involved. In order for the Authority to fulfil its duty of care as landlord, it is required that this assessment be carried out by the Property Services Section of the Operations Department. For guidance regarding minimising risk on School premises refer to Section 23.6.

Under no circumstances shall works be undertaken to the fabric of School land and buildings without prior consultation regarding the legal and safety issues with the Property Services Section of the Operations Department. This requirement relates to minor works such as drilling holes in walls, painting, digging for the erection of fencing etc., as well as more major exercises such as removing partitions, new building work and so on. Schools must ensure that adequate notice is given to Property Services in order that the assessment can be carried out in time for the work to commence as planned. The required notice will be longer for larger projects.

It should be noted that this requirement for consultation is in order for the Authority to satisfy its landlord obligations and does not affect the School's choice of contractor.

The contact point for Property Services is through the Property Help Desk on 01267 228228 or e-mail PropertyHelpDesk@Carmarthenshire.gov.uk.

8. PAYMENT OF ACCOUNTS

8.1 Introduction

Adequate control over payments to suppliers is an essential element of the School's financial management. It helps to avoid losses due to error and fraud, on the part of staff and suppliers.

All payments to suppliers must be undertaken in accordance with the following arrangements.

The authorisation of a payment must only be carried out when the signatory has confirmed that the relevant requirements of these Regulations have been met.

8.2 Timeliness of Processing Creditor Payments

On 30th November 1998 the Late Payment of Commercial Debts (Interest) Act 1998 came into force. The extent of the Act is being widened over a transitional period lasting until 1st November 2002, but from the outset it meant that small businesses could claim interest from the public sector and large businesses in respect of late payment of debts.

Where there is an agreed credit period, this is the criterion used to judge whether late payment has occurred. Where there is no agreed credit period, the last date for payment is taken to be 30 days after the date of the invoice.

In order to ensure that the Authority complies with the requirements placed upon it under this legislation, staff who deal with processing creditor payments must follow the procedures set out below:

- The date the invoice is received must be recorded.
- Where a dispute has occurred with the supplier regarding the invoice, this must be recorded on the invoice.
- All invoices must be date stamped on the reverse at the point of initial receipt and at each internal point where any part of the processing takes place. After invoices have been batched it is sufficient to date stamp the batch header only.
- Where payment is made via the central Payments Section, invoices should be submitted to the Payments Section at least ten working days prior to the expiry of the credit period. Failure to comply with this requirement may result in the School being charged for the interest incurred.
- The actual date of submission must be recorded on the batch header.

Any claims for interest on overdue accounts must be referred to the Resources Department's Payments Section for investigation.

It should be noted that invoices which have been incorrectly prepared for payment will be returned to the section/ School responsible for the error, who will be deemed to be responsible for the delay and, therefore, liable for any associated interest charges.

8.3 Passing Invoices for Payment

Prior to obtaining final approval, appropriate checks must be undertaken and each relevant item on the certification grid must be initialled separately by the person responsible for each check.

- Each invoice has been checked against an Official Order (where appropriate).
- The goods have been received, the work carried out or the service rendered satisfactorily.
- The prices are correct and appropriate discounts have been deducted.
- The inventory/ stores records have been updated (where appropriate).
- Payment has not been made previously.
- The arithmetic has been checked.

Reference will need to be made to the copy order, or to the control record in the case of items such as electricity, gas, telephones etc.

The officer undertaking the checks for completion of the grid stamp should not also give final approval for the invoice. Where this is impractical the approval of the Director of Resources must be obtained for the procedures to be adopted.

8.4 Final Approval - Authorised Signatories

The Governing Body must determine those members of staff who have authority to certify invoices for payment. This must be structured so as not to compromise the budget management responsibilities (i.e. no person should be permitted to authorise a payment in respect of which they do not have responsibility for the budget).

Details of authorised signatories must be maintained at the School and provided to the Director of Resources and the Director of Education & Community Services. Every invoice must be given final approval by the full signature of an Authorised Signatory. However, where the signatory is required to sign a cheque for the payment, only initials need be used on the invoice.

It should be recognised that where an Authorised Signatory is responsible for both approving orders for goods/ services and giving final approval to the invoices to pay for these, then there is a lack of separation of duties. Where this is the case, compensating controls should be put in place, e.g. a copy of each invoice being reviewed subsequently by a Governor.

8.5 On-Line Creditor Processing

Subject to the approval of the Director of Resources some establishments are able to process invoices on-line. Prescribed procedures have been established which provide guidance and ensure that the interests of the staff and the Authority are safeguarded; these are available from the Office Manager within the Resources Department.

It is essential that any passwords created for the system are held securely, not supplied to other staff and changed on a regular basis.

8.6 VAT

In order for the Council to reclaim VAT on payments, the Council is required under VAT Regulations to obtain an account from the supplier in a prescribed form which must include the supplier's VAT registration number.

VAT is dealt with in Section 28 of these Regulations. Further detailed information on VAT is available from the VAT Manual for Schools.

8.7 Urgent Payments

Payments will normally be made through scheduled runs.

Where, however, due to exceptional circumstances urgent payment is required, a request must be made to the Office Manager (within the Resources Department) for a manually produced cheque. Every effort must be made to ensure that requests for urgent payments are kept to a minimum.

8.8 Return of Cheques to Originating Officer

In any case where a centrally produced cheque is to be returned to the School for despatch, this action must be authorised in writing on the form available for this purpose. Copies of this form are obtainable from the Performance and Development Unit, Resources Department.

Cheques produced in the School should not normally be returned to the person originating the payment. Where this does occur, it must be noted, justified and approved by an authorised signatory (who must not be the person to whom the cheque is being returned).

8.9 Copy Invoices

If an account is alleged not to have been paid, full enquiries, including checking with the Payments Section, must be made prior to passing the copy invoice for payment to ensure that the original invoice has not been paid nor is it awaiting payment in the system.

Where a copy invoice is passed for payment following sufficient checking, the copy invoice must be clearly marked to indicate that it is a copy.

8.10 Statements of Account

Statements must not be approved and passed for payment.

8.11 Construction Industry Scheme - Tax Deduction

For certain types of construction work, the Authority has obligations under the Inland Revenue's "Construction Industry Scheme - Tax Deduction" to deduct tax, at the appropriate rate, from the invoiced account unless the sub-contractor holds a valid Tax Exemption Certificate.

The Authority's central payment processing function accounts for these requirements.

Schools which have opted for full bank accounts may continue to pass Construction Industry Scheme invoices via the Resources Department. However, where a School chooses to account for the tax themselves, the School must be sufficiently aware of the scheme's requirements and be able to supply accurate information for the returns provided by the Authority to the Inland Revenue.

8.12 Financial Coding

All expenditure must be properly coded to appropriate budget headings, with the code recorded on the invoice's coding slip. In the case of payments made directly by a School out of its own bank account, the financial code must be clearly recorded on the invoice, whether on an attached slip or not.

Where processed centrally, invoices submitted for payment which contain invalid or incorrect codes may be returned to the School or section responsible for correct completion. In this case it is the originating School or section which will be held responsible for any delays caused by this process.

8.13 Storage of Invoices at the School

Where payments are made directly by the School using its own bank account, the invoices will be stored at the School, or elsewhere under arrangements made by the School. All such paid invoices must be marked with the cheque number and marked "PAID". They must be kept in order and stored securely, in conditions which prevent excessive deterioration.

8.14 Year-End Procedures

Headteachers must ensure that appropriate arrangements are in place following the end of the financial year (31st March) to identify outstanding accounts which should be charged to the previous financial year and to promptly pass such accounts for payment prior to the formal closure of the accounts, in line with guidance notes from the Director of Resources.

8.15 Standing Payments

The Director of Resources will periodically undertake certification exercises for Schools to confirm the validity of standing payment data held, e.g. standing orders, direct debits, recurring payments.

Schools must co-operate with such exercises by providing prompt responses.

8.16 Prepayments

Payment in advance for goods and services is to be discouraged under normal circumstances. However, where it is necessary for payment to be made in advance, adequate checks should be made to ensure that the supplier is financially sound. The nature and extent of such checks should depend on the amount of the proposed prepayment. The Resources Department can advise on appropriate checks to perform.

8.17 Credit Notes

The Director of Resources will ensure that long-outstanding credit notes held on the payments system are reversed. The credit granted to the School will also be reversed and the School will have the responsibility of securing the repayment by other means.

To avoid this situation occurring, Schools should not pass credit notes for processing where there is no ongoing relationship with the supplier. In such cases, alternative methods of recovery should be adopted.

8.18 Payments to Individuals for Services

In cases of payments to individuals for services received, Headteachers must ensure that it is appropriate for the payment to be made through the Creditors system and that it does not need to be treated as a Payroll item.

The Director of Resources has the authority to pass any penalties imposed due to failure to tax an individual on to the School, where the School has failed to take reasonable measures to identify whether the payments were being treated correctly.

9. PETTY CASH IMPREST AND POSTAGES ACCOUNTS

9.1 Introduction

For minor purchases and disbursements (usually below £20), it is not always practicable or economic to issue Official Orders. The Governing Body may, therefore, decide to establish a petty cash imprest account. Schools may obtain funding for the establishment of such an account from either their own funding in which a petty cash reimbursement form is required to be completed or if the School maintains a Bank Account a cheque will be drawn.

A petty cash imprest account must be authorised by the Governing Body. This authorisation must specify the size of the account.

The Governing Body must ensure that there is a named employee responsible for the petty cash imprest account.

9.2 Authorisation of Petty Cash Expenditure

Payments from petty cash should have been approved in advance by a member of staff authorised to approve creditor payments. This authorisation does not need to be documented. The approval of the claim and its supporting receipts/ invoices is sufficient.

9.3 Storage of Petty Cash

Petty cash must be held securely, with only approved staff having access to it. It must be taken into account in determining the level of cash which can be held on the premises.

9.4 Payments from the Imprest Account

All expenditure from the petty cash imprest account must be recorded. A form for this purpose is available from the Director of Resources and is also used as the reimbursement claim form.

Claims must be supported by receipts, invoices or other relevant vouchers where appropriate.

Personal or third party cheques must not be cashed out of the petty cash imprest account.

9.5 Use of Personal Money

As far as possible the use of personal money should be avoided. However, circumstances may arise where it cannot be avoided. Where this is the case, there must be a receipt provided in support of the payment made and an acknowledgement of the reimbursement by the employee who made the payment.

9.6 Claims for Reimbursement

Claims should be made monthly (or more frequently if appropriate) on a form specifically provided by the Director of Resources for the purpose. Claims must receive final approval from a member of staff designated as an authorised signatory for creditor payments, normally the responsible person for the account. The invoices and other supporting vouchers must be attached to the form.

The responsible person must check the items of expenditure included in the claim and initial each voucher as evidence of this.

The reimbursement claim form must show the VAT reclaimable.

In order to allow the Authority to recover VAT paid, invoices including VAT must comply with the requirements of Customs and Excise (see Section 28).

Where the account is funded centrally, the Director of Resources will issue a cheque. Where the account is funded from the School's bank account a similar procedure should be followed.

The claim must be for the exact amount of the payments since the last claim and will, therefore, bring the account back to its full value.

At the time of each claim the responsible person for the account must ensure that the expenditure and the balance remaining are correct and fully accounted for. This control must be formally evidenced. The reconciliation should take the following form:

Amount of the reimbursement claim
+ Any reimbursement outstanding/ not yet claimed
+ Cash balance in hand
+ Unused stamps
= Total Advance

Any shortfall in the petty cash imprest account will form a charge on the School's delegated budget. Where a shortfall is suspected to have been caused by impropriety, it must be treated as a suspected fraud.

9.7 Imprest Account Value

The total advanced for the purpose of the petty cash imprest account should normally be sufficient to allow for the account to operate on a monthly basis. Where this would result in an excessive amount, a smaller value should be chosen with more frequent reimbursement.

Where the account runs out of cash before the normal period is ended an early claim will need to be made. Frequent examples of this occurring are likely to be an indication that the value of the account needs to be increased, provided that this does not lead to an excessive balance.

In determining the appropriate size of the petty cash imprest, regard must be had to the restrictions on the total amount of cash held overnight on the premises, which should not exceed £500.

9.8 Postages

Expenditure on postages should only be claimed when the stamp has been used. A postage record available from the Director of Resources should be used to record postages.

Where postages are run through a general imprest account, when a reimbursement claim is made, the postages record is attached as one of the vouchers.

Where a separate postages account is maintained, reclaims should be made using the postage record itself.

A separate postages account should be treated for control purposes as if it were a petty cash imprest.

10. SALARIES AND WAGES

10.1 Introduction

The Director of Resources has overall responsibility for the adequacy of the Authority's systems for the payment of salaries, wages and other pay-related allowances in respect of employees.

In respect of School based staff much of the payroll processing is carried out by the Education & Community Services Department. In order to effectively discharge these responsibilities, prompt and accurate information is required from Schools.

Guidance on job description is located in Section 2.

10.2 Authorised Signatories

The Governing Body must nominate appropriate members of staff as authorised signatories for payroll matters. This must be structured so as not to compromise the budget management responsibilities (i.e. no person should be permitted to authorise a payment in respect of which they do not have responsibility for the budget).

Details of authorised signatories must be maintained at the School and provided to the Director of Resources and the Director of Education & Community Services.

10.3 List of Employees

The Headteacher should maintain an up to date list of all of the School's employees, including their rates of pay and key terms and conditions.

10.4 Personal Files

Personal files for members of staff should be maintained by the Headteacher to include information on training, absences, amendments to terms and conditions etc. Whilst records of information received from Schools are maintained by the LEA it may be convenient for copies of documents to be kept at the School.

The Headteacher must ensure that only authorised staff have access to personal files and that arrangements are in place for staff to have access to their own records.

10.5 Notification of Information

Headteachers must ensure that proper arrangements are in place to ensure that the Payroll Section are notified of any change in circumstances which may affect an individual's pay. Such changes would include:

- Appointments, retirements, resignations, dismissals, suspensions, secondments and transfers.
- Absences from duty for sickness or other reasons, apart from approved annual or flexi leave where applicable.
- Changes in remuneration, apart from normal increments and pay awards relating to national and local agreements.
- Changes in hours of work and/ or duties or any other factors affecting rates of pay or total pay.
- Information necessary to maintain records of service, pension entitlement, Income Tax and National Insurance.

Notifications must be submitted promptly in writing, normally on standard forms and approved by an authorised signatory. To ensure adequate checking and separation of duties, at least two people should be involved in the process.

Individuals must not certify any amendment relating to their own pay or terms and conditions.

10.6 Advances of Pay

The Director of Resources will only authorise payments of salaries or wages outside the provisions of the normal payroll in the following circumstances:

- Where an employee will be leaving the service of the Authority before the day on which remuneration would normally be paid.
- Where an employee has commenced work, but pay records cannot be processed in time for the pay run, and where delay until the following pay date may cause hardship.
- Where a Headteacher certifies there are exceptional circumstances justifying an advance.

The Director of Resources must ensure that advances of salaries or wages are properly processed, that no duplication of payment will occur and that no payment is in excess of the amount due to the employee at the time of payment.

10.7 Verification of Payroll Transactions

As part of the monthly review of expenditure, the Headteacher (or person to whom the task is delegated) should check the validity of payroll transactions charged to the School.

10.8 Employment Certification Exercises

The Director of Resources will periodically carry out certification exercises to obtain verification from Schools of the accuracy of payroll records.

Headteachers must ensure that their Schools respond fully and promptly to employment certification exercises carried out by the Director of Resources.

10.9 Absence Records

The Headteacher must ensure that adequate procedures are in place within the School to identify and record staff absences due to annual leave, flexi-leave, special leave and sick leave.

The procedures adopted by the Authority in respect of management of sickness absence must be followed for staff to which they apply.

10.10 Certification of Timesheets

Timesheets must be signed by the employee concerned and by an authorised signatory. As far as practicable authorisation should be based on contemporaneous records, such as registers, booking forms etc.

The payments made against timesheets should be checked when the School receives financial ledger information, at least for reasonableness.

Where practicable, Schools should provide a separation of duties between the appointing, terminating and variation of waged employees and the authorisation and processing of timesheets.

10.11 Income Tax (PAYE) and National Insurance

Where a School pays salaries and wages through the LEA's payroll services, Income Tax and National Insurance will be accounted for by the Authority.

Where a School does not administer its payroll through the Authority's payroll services the School must ensure that it has adequate arrangements for operating the PAYE and NI schemes and complying with the requirements of the Inland Revenue. In such circumstances, any penalties imposed by the Inland Revenue would be charged to the School.

11. PENSIONS

11.1 Introduction

The Director of Resources and the Director of Education & Community Services are responsible for the local administration of payroll deductions relating to the Teachers Pension Agency.

In addition, members of staff at the School who are classified as non-teaching staff may be entitled to join the Local Government Pension Scheme, which is administered by the Director of Resources.

11.2 Notification of Data

In order to discharge their duties effectively, the Director of Resources and the Director of Education & Community Services must be notified by the School of any change in circumstances which could have an effect on the superannuation contributions due or on future entitlements.

In addition, members of staff at Schools should be mindful of the need to ensure that the Director of Resources and the Director of Education and Community Services are made aware of any changes in circumstances which could have an effect on the pension payable to previous employees or their dependants.

11.3 Review of Entitlement to Benefit

In relation to the Local Government Pension Scheme the Director of Resources will be responsible for undertaking periodic checks to ensure that persons to whom payments are made are still entitled to benefits.

12. TRAVELLING AND SUBSISTENCE EXPENSES - STAFF

12.1 Introduction

Members of staff making authorised journeys in the execution of their duties are eligible to claim travel and subsistence expenses in accordance with their Conditions of Service.

12.2 Authorised Signatories

The Governing Body must nominate those members of staff who have authority to authorise travelling and subsistence claims for payment.

Details of authorised signatories must be maintained at the School and provided to the Director of Resources and Director of Education & Community Services. This must be structured so as not to compromise the budget management responsibilities (i.e. no person should be permitted to authorise a payment in respect of which they do not have responsibility for the budget).

12.3 Promptness of Claims

Claims should be made during the month following the incurring of the expenditure on forms approved for the purpose by the Director of Resources. Where claims are not submitted promptly a separate form may be required for each month.

Authorising officers may be asked to confirm how they have satisfied themselves of the reasonableness of late claims.

The need for claims to be submitted promptly is crucial at the end of the financial year to ensure that claims are charged to budgets and tax in respect of the correct year.

12.4 Value for Money

All staff are expected to travel in the most economical manner appropriate to the discharge of their duties.

12.5 Basis of Claim

The following rules apply when completing a claim:

- The mileage claimed must not exceed the actual mileage of the journey.
- The normal starting and finishing place for journeys undertaken during working hours will be the School where the individual is based.
- Where an employee travels direct from home to a location other than his/ her School, he/ she shall be entitled to reimbursement of actual mileage providing the distance travelled does not exceed the distance that would have been travelled had he/ she travelled from his/ her School. A similar interpretation would apply for

journeys from locations other than the employee's School to the employee's home.

- For official journeys undertaken outside normal working hours (i.e. weekends or evenings) the actual journey may be claimed e.g. Employee's home to destination and return journey home. Note that the entitlement to claim for travelling in this case applies only if the employee does not claim overtime for the work carried out.
- Where an employee opts to travel in his/ her own vehicle in circumstances where a cheaper suitable mode of transport could have been used, the claim must not exceed that which would have been paid if the alternative transport had been used e.g. it is normally cheaper to travel by train from the Carmarthenshire area to London but where a member of staff prefers to drive in his/ her own car he/ she may claim the equivalent of the train fare (provided that this is lower than the mileage claim would be). Cases where this applies must be clearly explained on the claim form.

12.6 Certification

Completed claims must be approved by an authorised signatory approved by the Governing Body for that purpose.

The authorising officer must be satisfied before signing a claim that the journeys are reasonable and in accordance with the discharge of official duties, that the distances, method of travel and other related expenses are reasonable and that no previous claim has been made for them.

Employees must not certify their own expenses claims.

Following approval, claims must not be returned to the claimant but must be despatched promptly to the Payments Section.

12.7 Temporary Advances

Where a member of staff is likely to incur a substantial amount of expenditure on travelling and subsistence on an occasional basis, e.g. as a result of being required to attend a course/ event it may be appropriate with the Headteacher's approval for the member of staff to receive an advance payment. Where an advance payment has been made, then at the end of the course/ event a normal claim will be made but reduced by the amount of the temporary advance. The Headteacher should ensure that there are adequate systems in place to monitor the recovery of such advances.

13. TRAVELLING AND SUBSISTENCE EXPENSES - GOVERNORS

13.1 Introduction

Members of Governing Bodies attending Governing Body meetings are entitled to claim travelling and subsistence incurred in accordance with the Authority's conditions.

All expenses relating to Governors' attendance at meetings will form a charge against the School's delegated budget.

13.2 Certification

Completed claims must be approved by an authorised signatory approved by the Governing Body for that purpose.

The authorising officer must be satisfied before signing a claim that the meetings were attended, that the distances, method of travel and other related expenses are reasonable and that no previous claim has been made for them.

Following approval, claims must not be returned to the claimant but are despatched promptly to the Payments Section.

13.3 County Council Members Attending Governing Bodies as Governors

A County Councillor attending a Governing Body meeting as a Governor is entitled to claim travelling and subsistence allowances but not attendance allowance.

14. SCHOOL BANK ACCOUNT

14.1 Introduction

The Director of Resources has overall responsibility for the Council's banking arrangements. This responsibility relates to the Council's official funds.

Where a School has taken responsibility for the banking arrangements in relation to its official funds, the Governing Body is responsible for ensuring that the requirements of the Director of Resources are complied with. The requirements are set out in the Fair Funding Scheme and in these Financial Procedures.

The Governing Body is responsible for ensuring that proper banking arrangements are in place for voluntary School funds.

14.2 Official School Bank Accounts

Schools may choose to exercise their right to opt out of the main County Council bank accounts in accordance with the Fair Funding Scheme.

A School with a deficit balance will not be allowed to open an account until the deficit is cleared.

Schools can only open new bank accounts from the start of the financial year (1st April). The Governing Body must give the LEA three months notice of its intention to open a new account.

Any School wishing to operate their own bank accounts must ensure full recognition is made of the advice given by the Financial Procedures for Schools.

The following provisions apply to Schools choosing to open their own bank accounts:

Choice of Bankers

Schools may choose to bank only with institutions included on the List of Approved Financial Institutions in the Fair Funding Scheme.

The School must comply with the purchasing provisions of these Regulations in procuring banking services.

Naming of Accounts

Accounts must be opened in the joint name of the School and Carmarthenshire County Council.

LEA Requirements

At each six month interval a bank reconciliation requires to be completed and returned by the School to the LEA.

On a monthly basis each School is required to complete a return detailing all expenditure items for the purpose of reclaiming VAT.

Current and Deposit Accounts

Schools must not have more than one official current account for the purpose of transactions relating to the School's budget share.

Schools should invest funds which are not needed to meet immediate commitments and may open one or more interest-bearing accounts for this purpose.

Bank Mandate

The Governing Body must approve the banking arrangements and approve the bank mandate.

The Governing Body must determine those members of staff authorised to sign cheques for each bank account. The bank mandate must require that at least two signatures are required on a cheque. In order to ensure the availability of signatories when required, there should be at least one more nominated signatory than is required on the cheque.

Stamped or printed signatures must not be used.

Overdrafts

Schools' bank accounts must not permit overdraft facilities.

Debit, Credit and Cash Cards

Schools' bank accounts must not provide debit or credit cards or cards which permit cash withdrawals.

Direct Debits and Standing Orders

Schools may establish direct debit payment and income arrangements and standing orders for their own bank accounts. The authority for making such arrangements must be approved by the Governing Body.

Security of Cheques

There must be proper arrangements to ensure the secure custody and control of blank cheques and cheques awaiting despatch.

All cheques must be crossed "Account Payee Only".

Signatories must not sign cheques until the payee, amount (in words and figures) and date have been completed. Cheque signatories must ensure that they have been provided with sufficient supporting documentation for each payment prior to signing the cheque.

Banking arrangements need to be established, see Section 5 for guidance.

Bank Reconciliation

The bank account must be reconciled to accounting records on at least a monthly basis. The reconciliation must be signed and dated by the person who has produced it and countersigned by a senior person such as the Headteacher or a Governor. The reconciliation must fully identify all reconciling items.

Limits of Authority

Any arrangements to limit the authority of individuals involved with the operation of the bank accounts must be formally recorded, e.g. that the Governing Body must give its prior approval to any individual payments over a specified limit.

Cash Flow Planning

The School should produce regular (e.g. monthly) cash flow forecasts to ensure that adequate resources are available at all times to meet expenditure.

14.3 Special Banking Arrangements

Any payments from the Authority's main bank accounts using direct debits, standing orders, etc. can only be established by the Director of Resources.

Similarly any direct income collection methods, such as direct debit income facilities can only be established by the Director of Resources.

Schools may make such arrangements for their own bank accounts in accordance with the Governing Body's approval and the bank mandate.

14.4 Debit and Credit Card Payments

Schools are not permitted to set up debit or credit card payment facilities, either using the Authority's bank account or their own bank accounts.

14.5 Banking Arrangements for Voluntary School Funds

See Section 29.

14.6 Borrowing by Schools

Schools cannot borrow money without the express consent of the Secretary of State for Wales (or the National Assembly of Wales). Governing Bodies should consult with the Director of Education and Community Services prior to making requests to the Secretary of State for Wales (or the National Assembly of Wales).

15. RETENTION OF FINANCIAL RECORDS

15.1 Introduction

Care must be exercised to retain financial records for a number of years beyond the financial years to which the individual documents relate. The records concerned may need to be retained for a number of purposes e.g. statutory requirements, audit.

The records relating to a School will be split between the School and Departments of the Authority. Headteachers must ensure that where the documents are retained at the School, these requirements are met.

15.2 Retention Periods

The Head of Audit and Risk Management (Resources Department) will be able to advise about individual instances but the following policy will operate unless the written approval of the Director of Resources has been obtained authorising disposal of the records concerned.

<u>Type of Record</u>	<u>Retention Period</u>
Financial Ledgers and Superannuation Records	Permanent
Payroll Documentation	Current Financial Year plus the Previous 7 Financial Years
Other	Current Financial Year plus the Previous 6 Financial Years

In addition, any records relating to a year for which the external audit of the Authority's or School's accounts has not been finalised must be retained.

Where, for convenience, a School takes a copy of a prime document which is sent on to a Department of the Authority for processing, the School may retain the copy at its own discretion. These requirements apply to the original only.

15.3 Storage Arrangements

Financial records must be properly and logically stored in order to protect them from deterioration and to allow easy retrieval. Appropriate security must be in place to protect against unauthorised access.

15.4 Disposal of Records

Records due for disposal must be disposed of in an appropriate manner depending on the content of the documents.

All documents relating to personal data must be disposed of in a manner which preserves their confidentiality.

Confidential records which are not of a personal nature must also be disposed of securely.

16. CONTROLLED FINANCIAL STATIONERY

16.1 Introduction

For numerous routine financial and administrative processes, there are standardised and controlled corporate documents available. These documents help to ensure that the required controls have been implemented and ensure efficient use of staff time as the format is pre-defined.

A School may make use of two types of controlled financial stationery:

Controlled corporate financial stationery. These are controlled by the Director of Resources.

School-Specific Controlled Financial Stationery, e.g. cheque books, debtors invoices (where the School has its own full bank account).

16.2 Controlled Corporate Financial Stationery

The following forms must be used at all times for the relevant functions (this is a full listing and not all forms will be applicable to an individual School):

Form Name	Available From
Collectors Daily Cash Book	Debtors Section
Debtors Invoice Request Forms	Debtors Section
Post Office and Bank Paying-in Books	Cashiers Section
Official Order Books/ Forms	Admin. Section
Receipt Books	Admin. Section
Imprest Books	Admin. Section
Postage Books	Admin. Section
Credit Sale Books	Admin. Section
Internal Transfers	Admin. Section
Safe Keeping Cards	Admin. Section
Rail Ticket Request	Admin. Section

16.3 School-Specific Controlled Financial Stationery

Schools will generate some of their own financial stationery, such as cheque books and debtor invoices (where the School has its own bank account for its delegated

budget). In these cases, members of the School staff take responsibility for the management and control of the stationery prior to its issue to users.

16.4 Controlling Controlled Financial Stationery

Those staff (whether based in Resources Department or in the School) who are responsible for the ordering, storage, issue and reconciliation of controlled stationery must ensure that:

- Controlled stationery is only ordered in a secure manner to prevent unauthorised ordering.
- Controlled stationery is held securely from the moment of delivery to its issue to users.
- Formal records are kept of receipts and issues, showing which documents have been provided to which users.
- Regular stocktakes are carried out and formally evidenced.

16.5 Using Controlled Financial Stationery

The users of controlled stationery must:

- Comply with the requirements of those staff issuing the documents to them regarding the recording of the issue.
- Hold sufficient but not excessive stocks of controlled stationery.
- Store all unused controlled stationery securely.
- Comply with all instructions regarding the use and completion of controlled stationery.

Ensure that spoilt items of controlled stationery are retained as evidence that they have not been improperly used.

17. LEASING

17.1 Introduction

Where a School wishes to acquire an asset i.e. vehicle, plant, machinery, furniture or equipment, but cannot purchase the asset from an individual year's delegated budget, the Governing Body may wish to consider the possibility of leasing the asset instead, therefore allowing the School to obtain the use of the asset (but not ownership).

Schools are authorised to enter into operating leases, which may be provided via corporate agreements, but must not enter into finance lease arrangements.

17.2 Operating Leases - Corporately Arranged

The Director of Resources arranges operating leases covering a number of items or services across the County Council. Due to the size of such agreements the leasing rates obtainable are competitive and are unlikely to be matched by individual Schools approaching leasing companies directly. Where Schools are considering an acquisition through leasing, they should in the first instance contact the Technical Section of Corporate Financial Services to ascertain whether such items could be accommodated within any leasing arranged centrally. Leases cannot be negotiated by the Director of Resources until he receives a completed Operating Lease Request Form from the Headteacher. The Form must be forwarded at least six weeks before the need to place an order for the goods.

The Technical Section must be notified when any asset obtained through a centrally arranged lease is to be disposed of or becomes non-operational.

17.3 Operating Leases - School Arranged

The Governing Body should formally approve all Operating Leases.

Schools can themselves enter into leases but must ensure that the nature of the lease is an operating lease as they are not permitted to enter into finance leases, deferred purchase schemes, lease purchases or hire purchases.

Operating leases can be identified as having the following characteristics:

- Fixed period agreement where ownership never passes to the School/ authority.
- If there is an option to renew or continue the lease then the renewal or continuation rental offered must be judged by the School/ authority, at the very start of the lease, to be not less than open market rent.
- The School/ authority cannot benefit at all from the value of the asset when the lease expires or when the renewal or continuation terminates.
- The School/ authority estimates, at the commencement of the lease, that the value of the asset at the end of the lease is at least 10% of its value at the start of the lease. However, if the School/ authority has a right to extend the lease then it must, again at the very start of the lease, estimate the value of the asset at the end of the maximum possible extension to be at least 10% of the School/ authority's

estimate of its value at the very start of the lease - and this is so whether or not the School/ authority intends to extend the lease or actually extends it.

In this regulation the term “lease” also includes any arrangement entered into in connection with the lease.

The Headteacher must ensure that appropriate records are maintained in respect of all lease agreements and that all property which is subject to such agreements is identifiable.

Where the Governing Body/ Headteacher are uncertain as to whether or not an individual leasing proposal satisfies the criteria of being classed as an operating lease, the advice of the Director of Resources should be obtained from the Technical Section of the Corporate Financial Services Section.

17.4 Finance Leases and Other Deferred Payment Schemes.

If a lease does not satisfy all of the characteristics of an operating lease as described above, then it must be defined as a finance lease. Finance leases, lease purchases, hire purchase schemes and deferred payment schemes, i.e. schemes where the School/ authority acquires an asset but does not pay for it in full until later, are subject to strict Government control and regulation and Schools must not enter into any such agreements.

18. INSURANCE AND RISK MANAGEMENT

18.1 Introduction

The Director of Resources is responsible for the administration of the Council's insurance arrangements and risk management.

The Authority provides for the insurance of a range of risks. Insurance outside of these policies is the responsibility of the Governing Body.

18.2 Insurance Cover Provided by the County Council

Detailed information on the cover provided by the County Council may be obtained from the Risk Management Unit, Resources Department. A brief summary of the cover is as follows:

Buildings and Contents

Property Protection Package

All buildings and contents are covered under this policy for such risks as fire, storm and vandalism. This also includes cover for the costs incurred due to business interruption related to such events, e.g. temporary accommodation or transporting pupils.

The policy also covers theft of cash from School premises by third parties and there is also a "fidelity guarantee" in respect of theft or fraud by employees.

Engineering Policy

Provides cover and an inspection service in respect of boilers, lifts and certain other miscellaneous mechanical items at the School. Inspection reports are referred to the Council officers responsible for ensuring the proper maintenance of the items concerned in order that any remedial works can be carried out.

Indemnity of Employees/ Volunteers

Public Liability

This covers damages caused to members of the public, other teachers/ volunteers or pupils by employees and volunteers in the course of their duties.

Employer's Liability

This covers damages caused to employees/ volunteers where the harm suffered is attributable to the employer.

Personal Accident

Provides cover in respect of employees/ volunteers who suffer an accident or assault in the course of their duties.

Personal Accident for Extra-Curricular Activities

This policy provides cover for employees/ volunteers suffering an injury in connection with extra-curricular activities, provided that the activity is an approved duty.

Indemnity of Pupils**Public Liability**

This covers damages caused to members of the public, teachers or other pupils by pupils.

Motor Vehicles**Comprehensive Vehicle Policy**

The Director of Resources and the Head of County Transport (Operations Department) must be notified of all vehicles requiring cover under this policy. The Head of County Transport may make recommendations relating to the inspection and maintenance of vehicles and arrangements to ensure the competence of drivers.

The conditions including level of excesses etc. relating to the above policies may be subject to variations over time. These Financial Procedures can only provide a brief outline of the policies in place. If a School wishes to place specific reliance on an insurance policy provided by the County Council, further information regarding the terms of the cover should be sought from the Risk Manager (Internal Audit and Risk Section).

18.3 Additional Cover Available from the Authority

Additional insurance is available from the Authority in some cases and can be arranged by the Risk Management Unit. The School will be charged a premium for such insurance.

Schools should not purchase externally any types of cover which are available from the Authority without ascertaining the cost of obtaining the cover internally.

Equipment - All Risks

Theft of and damage to equipment is not covered by the Authority's insurance, but cover of items nominated by the School (e.g. video cameras, personal computers etc.) can be provided at a competitive premium.

School Journey Cover

This provides cover for death, injury, loss of property and other costs (e.g. travelling to visit hospitalised relatives) arising from accidents on School journeys. The School has to notify the Risk Management Unit of the trip in advance and will then be billed for the premium.

A "blanket policy" for all pupils when they are off School premises is available and Schools have the option of taking up this cover.

Foreign Trips

Cover can be arranged for trips to foreign countries. Schools opting for such policies will benefit from an official assessment of the appropriate level of cover, taking into account the destination, the nature of the activities etc.

Personal Accident - Pre-Vocational Education Scheme

The Authority is able to arrange Personal Accident Cover for pupils engaged in certain pre-vocational activities.

18.4 Parent Teacher Association Cover

The Authority offers a very cost effective policy to cover the liabilities that PTAs and their members might face in relation to activities organised by them.

18.5 Insurance Provided for School Governors

The Authority provides a range of cover in respect of its School Governors.

Professional

Breach of Professional Duty by reason of any negligent error occurring or committed in good faith by any Governor.

Liability at Law for Dishonesty arising out of any dishonest or fraudulent act or omission on the part of any Governor. No cover would apply in the case of the dishonest individual.

Liability at Law for Libel and Slander committed in good faith by any Governor.

Public Liability Cover

Legal liability for damages in respect of claims for accidental injury or damage to third parties or their property, plus nuisance, trespass or interference with any easement, right of air, light, water or way, including claimants' costs and expenses in connection therewith.

Compensation for Court attendance as a witness in connection with a claim notified.

Personal Accident

Cover for Governors whilst engaged in all activities connected with School functions, including travelling undertaken in connection with their official duties as School Governors.

18.6 Making a Claim for an Insured Loss

Where a loss is incurred which may lead to a claim against an insurance policy, the full details of the claim must be notified as soon as possible to the Risk Management Unit, Resources Department. Schools must exercise caution in taking any action which may invalidate the claim, but measures necessary to ensure health and safety may be required.

18.7 Reporting of Incidents to the Risk Manager

Where an incident occurs which is of relevance to insurance, the incident must be reported to the Risk Manager (Resources Department) even if no claim is made, e.g. because the cost was below the policy's excess.

Failure to comply with this requirement may invalidate a future claim of a similar nature. In addition, experience shows that minor incidents often escalate over time so that early action taken to eliminate the problem can prevent serious incidents from developing.

Examples of incidents to be reported are:

- Vandalism
- Break-ins and attempted break-ins
- Fires
- Floods

18.8 Offers of Indemnity or Acceptance of Liability

Governors and members of staff at the School are not permitted to give any indemnity or agree to any liability which may affect the insurance cover provided by the Authority or arranged by the Director of Resources. Where such matters arise they should be referred to the Director of Resources.

18.9 Risk Management

Governing Bodies should take an active approach to risk management with consideration being given to means by which risks can be minimised.

Insurance is an important element of risk management. The Governing Body and Headteacher should actively assess whether aspects of insurance within their control are appropriate, e.g. is there appropriate insurance for equipment which may at times be taken off the School premises.

The Governing Body should annually assess the appropriateness of risk management arrangements and the adequacy of insurance cover.

Further advice on Risk Management is available from the Director of Resources.

Risk/ Security Concerns

Schools should not hesitate to seek advice from the Authority (Risk Manager or Health and Safety Officer) where Governors, members of staff, parents or pupils have specific risk or security concerns.

18.10 Variations to Insurance Requirements

Headteachers must ensure that variations to existing insurance policies are promptly notified to the Director of Resources.

Where a new project/ initiative may give rise to new insurance requirements within the scope of the Authority's insurance responsibilities, the Director of Resources must be consulted before the Authority is committed to the risk, e.g. trading activities, new equipment or materials which create hazards.

Where a new project may give rise to new insurance requirements which are outside of the Authority's insurance responsibilities, the Governing Body should ensure that appropriate insurance provision is made. Advice is available from the Director of Resources.

18.11 Action to be Taken Upon Receipt of a Claim Against the School

The Risk Management Unit in the Resources Department has the responsibility of dealing with claims made against the County Council, e.g. for accidents caused by defects in Council property or the behaviour of Council staff. Where such claims are received the following actions must be taken.

Claims Made Verbally by Telephone or Personal Visits

Advise the claimant that claims need to be submitted in letter form, or by completion of a claim form (where a suitable form exists).

On Receipt of a Completed Claim Form, Claim Letter or County Court Summons

Claim Forms, Claim Letters or County Court Summonses must be referred immediately to the Risk Management Unit (Resources Department). In order to ensure compliance with legal requirements the Risk Management Unit will be responsible for all correspondence, including acknowledgement of the original letter.

Following recent changes in the Civil Justice system, strict deadlines are set at distinct stages of proceedings and failure to meet those deadlines will have a major impact on the cost of defending claims. It is essential that items of mail relating to claims are immediately forwarded to the Risk Management Unit. For this reason, arrangements should be made to ensure that mail delivered to the School during School holidays is processed regularly, e.g. twice a week.

The Risk Management Unit is charged with the duty of managing the issue of correspondence and will forward a formal acknowledgement on behalf of the Council. That letter will quote a Claims Reference and advise the identity of the Council's external Claims Handlers (or where appropriate, the Council's Insurers) who will take over the conduct of the claim, and to whom all further enquiries will be addressed.

Records and Information Relevant to the Claim

The Council's Claims Handlers will need to know the circumstances surrounding the claim. Copies of all relevant data and correspondence must be collated and forwarded to the Risk Management Unit as soon as possible.

At a later stage, Schools may be asked for additional information, or clarification on contentious points. Such requests must receive prompt attention.

19. ABSENTEEISM INSURANCE SCHEMES

19.1 Introduction

Supply cover insurance is available from a number of external insurance companies.

19.2 Assessment of Absenteeism Cover Insurance Arrangements

The Governing Body should annually consider its arrangements for supply cover insurance and take appropriate action.

Governing Bodies have discretion in this area and a decision not to buy insurance is open to the School if that is the reasoned view of the Governors. Important Schools comply with the conditions of the scheme as set out by the individual company.

Where claims are made it is important that any reimbursement from relevant companies are reconciled to records held to ensure that claims are complete.

20. INTERNAL AUDIT

20.1 Introduction

Whilst the Governing Body is accountable for the security, custody, control and deployment of all the resources which have been allocated to it, the Director of Resources has a legal responsibility for all financial matters. Internal Audit helps the Director of Resources to fulfil this role by carrying out independent reviews of operations to ensure compliance with established procedures and to minimise the risks to which the Authority is exposed.

The Authority's Internal Audit function is provided by the Audit and Risk Section of the Resources Department.

It is a statutory requirement upon the Authority to maintain an adequate and effective internal audit and for the internal auditors to have access to any information from the Authority which they require to carry out their duties. This applies fully to all of the Authority's Schools.

Whilst Internal Audit has these statutory obligations and powers it is also a function which is provided as a service to management in order to assist in the proper, economic, efficient and effective use of resources.

External Audit

As a public body, the Authority is subject to the scrutiny of independent external auditors. These are appointed by the Audit Commission and will carry out work to enable the certification of the Authority's accounts and other related work. It is a legal requirement that the external auditors must be given access to all records, staff and other assets that they consider necessary.

20.2 Scope

The Internal Audit function may review any area of operations and must be given unlimited access to records, assets, premises or personnel where it considers that these are necessary for it to carry out its work.

Responsibility for fraud investigations rests with the Audit and Risk Section, Resources Department.

The scope of Internal Audit's role relates to the operations and finances of the Authority. This means that funds administered by members of staff by virtue of their employment are included within the scope, but funds falling outside this definition are not.

20.3 Professional Standards

Internal Audit operates in accordance with an Audit Charter which has been approved by the Authority and a detailed Audit Manual. Internal Audit is committed to operating in accordance with the standards established by the Auditing Practices Board in its Auditing Guideline 308 “Guidance for Internal Auditors”.

20.4 Independence

Internal Audit is independent of the functions which it reviews and acts in an independent and impartial manner at all times.

The Head of Audit and Risk has the freedom to report directly to the Chief Executive and Monitoring Officer where necessary. In Schools this freedom of reporting may additionally be taken to relate to reports directly to the Chair of Governors, Director of Education & Community Services, Director of Resources, Chief Executive or Councillors or Audit Committee where the Head of Audit and Risk considers this to be necessary.

20.5 Internal Audit’s Schools Programme

In accordance with a cyclical plan drawn up in consultation with the Director of Education & Community Services and approved by the Director of Resources by Council and by the Audit Committee, Internal Audit will over a period of time carry out audit visits to all Schools.

Internal Audit findings will be reported to the Headteacher and Governors. For information, reports will be copied to the Director of Resources and Director of Education & Community Services. Schools must respond promptly to draft auditor’s reports, and Governors must monitor the implementation of agreed recommendations.

20.6 Internal Audit Reports on Breaches of Financial Procedures

See Section 1.5.

21. FRAUD AND IRREGULARITY

21.1 Introduction

Carmarthenshire County Council is committed to the establishment of the highest standards of financial probity for all its staff and members and to ensuring that the Authority is seen to be above reproach when dealing with any case of suspected fraud or corruption within the Council.

An Anti-Fraud Strategy has been approved by Members, outlining the Authority's approach to the prevention and detection of fraud, and it is intended that this Strategy, in conjunction with approved Anti-Fraud Policies, will reduce the risk to the Authority's assets, and ensure that adequate procedures are in place to deal with suspected cases of fraud and irregularity.

21.2 Fraud Reporting Procedures

Any case of suspected fraud or corruption by any member of staff, member of the Council or School Governor must be reported immediately to the Head of Audit and Risk of the Resources Department for further investigation. If the Head of Audit and Risk considers it appropriate, the matter will also be reported to the Authority's Monitoring Officer.

No internal investigation of suspected fraud may be attempted by any Department or School without the matter first being discussed with the Head of Audit and Risk. There have previously been instances where inappropriate action taken by management prior to referring the matter for investigation have led to technical difficulties in both disciplinary and criminal proceedings.

The Head of Audit and Risk of the Resources Department will arrange for the necessary investigation to be carried out, and will prepare a report for both the Director of Resources and the Director of the Department in which the alleged fraud has taken place.

Where, as a consequence of the investigation, there appears to be reasonable grounds to indicate that a person has been guilty of fraud or corruption, the Head of Audit and Risk will discuss the matter with appropriate Chief Officers, who will be responsible for deciding whether the matter should be referred to the Police for criminal proceedings to be considered.

Where a referral to the Police is not considered appropriate, the Chief Officers may decide that disciplinary proceedings are appropriate.

Where appropriate the Headteacher and/ or Chair of Governors will be informed and consulted as the enquiry proceeds.

21.3 Employees With a Criminal Prosecution Pending or an Unspent Criminal Convictions

Where the Headteacher becomes aware that a present or proposed member of staff has a criminal prosecution pending or has an unspent criminal conviction, the

Resources Department Head of Audit and Risk must be advised without delay in order that any implications related to the person's job function can be assessed and addressed.

22. STOCKS AND STORES

22.1 Introduction

It is for Governors / Headteachers to determine what stocks and stores will be kept at the School and those items for which formal stores systems should be in place. Consideration should be given to the quantity and value of the items and to the extent to which the use made of them needs to be accurately and formally identified.

This section relates to stocks and stores of consumables, items for resale etc. and is not the relevant section for assets and equipment which are dealt with in Section 24.

22.2 Stores Systems

The level of control placed over individual items will to a large extent depend upon their value and nature. Control systems should be appropriate to the items, the risks faced and the costs of the controls.

Headteachers who are responsible for the storage of materials using a formal stores system must ensure that such materials are held in a controlled manner, i.e. that :

- Levels ordered are reasonable given past and expected levels of use and delivery timescales.
- Goods are made secure as soon as delivery is taken.
- The receipt of items is adequately recorded and inventory records are updated promptly.
- Stocks and stores are secured, as far as is reasonable given the nature and value of the material, from loss due to deterioration or theft.
- The issuing or disposal of the materials is adequately controlled and recorded.
- Other movements, e.g. returns or write offs, are adequately and promptly recorded.
- Regular (usually monthly but not less frequently than quarterly) stocktakes are undertaken and involve independent members of staff.
- Significant or recurring discrepancies are identified and investigated. Suspicions of impropriety must be referred to the Head of Audit and Risk of the Resources Department for further investigation.

22.3 Valuations

The Director of Resources shall be entitled to receive from each School such information as he requires relating to the levels of stock held and valuations of stock.

22.4 Significant Increases in Levels of Stocks/ Stores Held

Where the level of stocks and stores identified by the periodical stocktakes identifies a significant increase such that the level is more than double the level at the start of the financial year, the Headteacher is responsible for reporting this to the Governing Body and providing adequate explanations.

23. LAND AND BUILDINGS

23.1 Introduction

The LEA is responsible for the maintenance of the Schools covered by the Fair Funding Scheme, including defraying the costs of maintenance, except in the case of Voluntary Aided and Controlled Schools where some of the costs are met by the Governing Body.

The LEA delegates all funding for repair and maintenance to Schools, except for capital expenditure which is retained centrally.

Details on the definitions of the responsibilities of the LEA and the Governing Body are included in the Fair Funding Scheme.

Individual members of staff are required to behave responsibly on and in respect of Council premises so as not to put the health and safety of themselves or others at risk.

23.2 Terrier of Land and Buildings

The Director of Resources maintains a terrier of land and buildings which includes as a minimum the following details:

- Purpose for which the land or buildings are utilised
- Location (including extent and plan reference)
- Purchase details or rents payable
- Details of any tenancies granted

23.3 Title Deeds

The Director of Resources shall be responsible for making appropriate arrangements for the safe custody of all Title Deeds.

23.4 Disposal of Land and Buildings

Where Land and Buildings are identified as being surplus to requirements, disposal shall be managed by the Director of Resources.

23.5 Use of School Premises (Lettings)

Any use of the School premises for other than its normal functions must be authorised by the Headteacher, under delegated arrangements, and be included

within a policy framework set by the Governing Body. The administration arrangements relating to lettings should be determined by the Headteacher taking consideration of any SLA.

The Governing Body must set a scale of charges for the use of the School's premises. Authority to vary or waive these charges may be delegated to the Headteacher, but the Headteacher's use of this power must be reported to the next Governing Body meeting.

Letting forms produced should detail guidance on any third party insurance.

A diary should be maintained to plan and record lettings.

23.6 Minimising Risks in School Premises

Individual members of staff are required to behave responsibly on and in respect of Council premises so as not to put the health and safety of themselves or others at risk. Please refer to Section 7.8 with regard to orders for works on land and buildings.

Advice on Health and Safety issues and policies can be obtained from the Corporate Health and Safety Adviser, Chief Executive Department on 01267 224760.

Any significant risks which are identified in relation to School premises must be notified immediately to an appropriate LEA officer and also the Property Services Section. The contact point for Property Services is through the Property Help Desk on 01267 228228 or e-mail PropertyHelpDesk@Carmarthenshire.gov.uk.

24. OTHER ASSETS

24.1 Introduction

Governing Bodies and members of staff must take reasonable measures to ensure that all assets are adequately secured from risk of theft or damage.

A more formal record through an inventory should be maintained of those assets that are considered to be of high risk / value.

24.2 Asset Management Policy

The Governing Body should approve an Asset Management Policy which should include policies on the use, maintenance and development of the School's assets, together with details of procedures and responsibilities.

Procedures for inclusion in the Asset Management Policy include:

- Asset purchasing
- Stores/ inventory management and stocktaking
- Temporary removal of items from School premises
- Disposals and sales
- Security of assets

24.3 Inventories

IT Equipment

Inventories of IT equipment must be completed and kept up to date. The Director of Education & Community Services may specify the details to be recorded on such inventories.

Inventories of IT equipment must be made available to the Director of Resources or the Director of Education & Community Services on request.

Other Assets

Headteachers must ensure that appropriate records are maintained of equipment, furniture and machinery held by individual members of staff or within Schools.

The aim of such inventories is to assist in the management of asset and to catalogue items at risk as the records may be used to identify any losses which occur.

The Director of Education & Community Services may specify the details to be recorded on such inventories.

Verification of Inventories

All inventories must be physically verified at least an annual basis. The verification should be evidenced and where significant discrepancies are identified the matter should be referred to the Governing Body and the Head of Audit and Risk. Verification can be carried out either by a person independent of the day to day stewardship of the assets, or an independent person should carry out a sample check of the exercise.

24.4 Portable High-Value Items

In the case of items of equipment which are portable and of high value, and where these are regularly removed from School premises by members of staff or pupils, Headteachers must ensure that there are adequate arrangements to identify who is responsible for such items at any point in time.

24.5 Security Marking of Assets

All valuable and portable items should be security marked. Advice on this issue and appropriate methods of marking can be obtained from the Risk Management Unit, Resources Department.

24.6 Disposal of Assets

Schools will be able to retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case it should be for the LEA to decide whether the School should retain the proceeds), or the asset concerned is land or buildings forming part of the School premises and is owned by the LEA.

Income from the sale of assets purchased with delegated funds may only be spent on the purpose of the School.

Assets bought by Schools out of delegated funds under the Fair Funding Scheme or the previous LMS Scheme may be disposed of by Schools and the proceeds added to the School's LEA budget. Donated assets should be treated in the same way unless there are specific provisions to the contrary.

Where assets were originally bought out of non-delegated funds, the School must contact the LEA to discuss the rights to any proceeds of the sale.

IT Equipment

Guidance on the disposal of IT equipment should be sought from IT Department.

Other Assets

Other assets to be disposed of must not be in a dangerous condition. Appropriate measures to ensure this must be carried out, dependent on the nature of the item.

Method of Disposal

Items must be disposed of in a manner which is most economically beneficial to the School. Account must be taken of :

- Restrictions relating to the ownership of the asset.
- Opportunities for utilising the asset elsewhere within the School.
- Appropriate use of tendering procedures.
- Fairness in allowing the public, employees and other parties to bid.
- Information security requirements.
- Safety requirements.
- The costs of disposal arrangements relative to the expected income.

Internal Procedures

Governing Bodies should define the procedures, responsibilities and authorities to apply in cases of the disposal of assets. As a minimum, disposals must be reported to the Governing Body. This may form part of a broader asset management policy.

25. SECURITY

25.1 Introduction

Headteachers are responsible for maintaining proper security, custody and control at all times for buildings, furniture, equipment, cash, incoming and outgoing mail and other assets appertaining to their Schools.

Headteachers are also responsible for ensuring that appropriate arrangements are in place for the security of property belonging to pupils which is taken into the School's custody.

25.2 Protection of Pupils' Private Property

Headteachers should take reasonable measures to prevent or mitigate against loss or damage of pupils' property which is taken into the School's custody. This includes items which are confiscated and items entrusted to the School for safekeeping.

Consideration should be given to whether individual circumstances justify a record being made of the receipt and return of the item.

25.3 Incoming Mail

Incoming mail should be delivered to a secure environment.

Where mail may include payments or valuable contents, post opening procedures must be formalised with more than one person being involved. The receipt of cash, cheques or other valuable items must be recorded.

Arrangements should be in place to ensure that during School holidays incoming mail is processed on a regular basis, e.g. twice a week.

25.4 Outgoing Mail

Outgoing mail must be adequately protected whilst in the custody of the School.

The level of protection required will be influenced by the nature of the items to be dispatched, i.e. the extent to which valuables or payments are likely to be included.

25.5 Receipt of Goods (Deliveries)

Headteachers must ensure that goods are adequately safeguarded from the moment the Authority takes delivery of them.

25.6 Personal Security of Staff and Pupils

Governing Bodies should consider matters relating to the personal security of staff under their control.

Reasonable measures should be taken to ensure that risks to staff are minimised. Measures taken should be appropriate in relation to the extent of the risk and the cost of the measures.

Governing Bodies should also give ongoing consideration to the health and safety of pupils while in the School's care.

25.7 Access to Buildings

Governing Bodies should implement reasonable security measures for School premises. Regular reviews of access arrangements should be carried out to ensure that they remain satisfactory.

All Schools have been provided with equipment for recording visitors and issuing temporary identity badges to them. Schools are encouraged to use this equipment. At a minimum, Schools should make a record of all visitors.

25.8 Background Checks on Employees

These procedures do not affect any other procedures regarding background checks on employees, e.g. teaching staff, where alternative procedures are in place. These alternative procedures may be detailed in any SLA in the Authority.

The following requirements will apply for all employees who have responsibility for any of the following activities:

- Handling money
- Purchasing or disposal of goods
- Administering debtor or creditor accounts

The Headteacher must obtain satisfactory references in writing to confirm the honesty of each employee involved in these activities.

Such references should be obtained directly from former employers for the three years immediately preceding engagement and before the employee is entrusted without supervision.

References need not be obtained in respect of employees who have satisfactorily and continuously served the Authority for at least one year in another capacity before being entrusted with the duties referred to above.

In respect of employees joining directly from School or government-sponsored training schemes, two character references should be obtained. Headteachers should ensure that it is reasonable to place reliance on these referees.

The original copy of each written reference shall be retained, either by the School or by the LEA.

25.9 Risk Management

The Governors and staff of the School should actively seek to identify and implement cost-effective measures which help to reduce the risks which are present.

Advice is available from the Risk Manager (Resources Department) and the Corporate Health & Safety Adviser (Chief Executive's). See Section 18 for "Insurance and Risk Management".

26. PERSONAL USE OF SCHOOL EQUIPMENT

26.1 Introduction

Subject to certain specified exceptions (see below), School equipment is solely for use on the official business of the School.

26.2 Permitted Personal Use of Council Equipment

Instances in which staff are entitled to make personal use of School equipment should be determined by the Governing Body or delegated down to the Headteacher.

The marginal cost of any private use must be charged to the user and paid in to the account from which the cost was borne. See Section 5.2 “Policy of Fees and Charges”.

Personal use should not be excessive such that it interferes with the user’s job performance or with the official use of the equipment. See Section 37 “Removal of Hardware”.

26.3 School Vehicles

School vehicles must not be used for private purposes.

Taking School vehicles home at night may have significant VAT implications, which must be taken into account. Advice on this is available from the Director of Resources.

The potential income tax implications of taking a School vehicle home must also be addressed. Advice must be sought from the Director of Resources (Payroll Section) to ensure that taxable liabilities are considered and properly administered.

27. DECLARATION OF PERSONAL INTERESTS AND OTHER ANNUAL DECLARATIONS

27.1 Introduction

As a public body, Carmarthenshire County Council is accountable to the public it serves. The Council needs to be able to demonstrate to the public that the decisions it makes are not unfairly influenced by any personal considerations of either its employees, its members or School governors.

To this end the Council has endorsed the principles of the Committee on Standards in Public Life (the Nolan Report). The Nolan Report sets out seven key elements which must be addressed to meet the standards required and these are “Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership”.

All employees are expected to observe these principles in their conduct at work. The Authority has set out a Code of Conduct for non-teaching staff based on these principles, and staff employed on teaching terms are expected to observe the principles and comply with the specific standards set by their relevant professional bodies.

27.2 Code of Conduct - Non-Teaching Staff

A “Code of Conduct - Employees” has been adopted by the Authority in relation to staff on non-teaching terms of employment and this has been agreed with the unions. All relevant employees must be familiar with this document and comply with it.

The Headteacher must ensure that all non-teaching staff employed by the School are aware of the terms of the Code of Conduct, and that copies are made readily accessible to them.

Failure by any relevant employee to comply with the terms set out in the Code of Conduct may result in disciplinary action being taken and possible referral to the Police for criminal proceedings to be instigated.

In addition to the “Code of Conduct - Employees”, employees who deal with procurement must abide by the provisions of the Authority’s Standing Order 30 which deals with the “Interests of Officers in Contracts and Other Matters” and reflects the Local Government Act 1972 s. 117(1).

The “Code of Conduct - Employees” requires that the following be declared in writing to the Headteacher and to the Director of Education & Community Services:

- Any non-financial interests that they consider could bring about conflict with the Authority’s interests.
- Any financial interests which could conflict with the Authority’s interests.
- Membership of any organisation not open to the public without formal membership and commitment of allegiance and which has secrecy about rules or membership or conduct.

Further guidance on the nature of relationships which need to be declared is included within the “Employee Declarations” booklet circulated to employees. Employees

are advised to err on the side of caution in judging whether a matter needs to be declared.

Although there is an annual exercise carried out on declaration of interests, employees must declare new items immediately and not wait for the annual exercise to take place.

Annual Declarations

All non-teaching staff must comply with the Authority's annual certification procedures in respect of personal interests and other declarations.

Details of the procedures are included in the "Employee Declarations" booklet circulated to employees.

Gifts and Hospitality

All offers of gifts and hospitality (whether accepted or not) with a value estimated to exceed £5.00 which arise as a direct result from an employee's duties with the Authority must be formally declared.

Headteachers must establish Official Registers for offers of gifts and hospitality. All offers must be recorded in these documents.

27.3 Code of Conduct - Teaching Staff

Staff employed on teaching terms are expected to observe the principles of the Nolan Report and may find the Code of Conduct which applies to non-teaching staff to be a useful indicator of how those principles should be applied.

The Authority's Code of Conduct does not formally apply to teaching staff. Teachers are formally required to observe the codes of conduct set by their relevant professional bodies.

28. VALUE ADDED TAX

28.1 Introduction

The Director of Resources has produced and distributed to all Schools a Schools VAT User Manual. The Manual contains an outline of the VAT Regulations, although the full complexity of VAT rules cannot be encompassed within such a document and advice should be sought where necessary from the Corporate Services Division, Resources Department.

28.2 VAT Categories

Supplies of goods and services fall into the following VAT categories:

- | | |
|----------------------|---|
| a) Taxable | <ul style="list-style-type: none">i) Standard rate of 17.5%
Includes any supply of goods or services which does not fall clearly into one of the other categories.ii) Reduced rate of 5%
For supplies of fuel for charitable use or in quantities suitable for domestic use.iii) Zero rate
Technically taxable, but at 0%. |
| b) Exempt | No tax is chargeable. |
| c) Outside the Scope | No tax is chargeable. This includes supplies not made in the course of business. Most local authority services are non-business. |

Categories a(iii), b and c are all free of tax but there are important technical differences and care must be taken to classify activities correctly.

28.3 Transactions Within the Authority

Transactions between different parts of the Authority, e.g. between a DSO and a School, are non-business and are free of tax.

28.4 Retention of VAT Records

Records relating to VAT must be retained for the current financial year and the previous six financial years.

28.5 Purchasing on Behalf of Other Parties

A School must not purchase items on behalf of any third party organisation or individual for the purposes of avoiding VAT payments.

28.6 VAT on Items Purchased with Donated Funds

Where a third party such as a Parent Teacher Association wishes to buy an item for a School, the following criteria must be met for the VAT to be reclaimed:

- An official order is placed by the School.
- The third party donates the funds to the School, so that the payment is made out of the School's official County Council account.
- The item purchased is to be used solely for the School's non-business provision of education services.
- The Authority has ownership of the item purchased.

Further guidance on this subject, including the necessary procedures, is available in the Schools VAT Manual, to which reference should be made. The Manual also includes guidance on the VAT treatment of income from sponsorship and donations, and this should be referred to whenever it is relevant.

28.7 VAT and Voluntary School Funds

Voluntary School funds are outside the scope of the Authority's VAT registration. Unless the Governing Body is registered for the School Fund, then no VAT is chargeable on sales or recoverable on purchases.

School Funds must register for VAT if their taxable turnover exceeds the registration limit (which was £52,000 in 2000). Governing Bodies with School Funds which are around this amount must seek advice from the Resources Department.

28.8 VAT on Income

VAT must be charged on business supplies to anyone other than another part of Carmarthenshire County Council.

The main business supplies on which VAT must be charged include:

- Catering for staff and visitors, including sales from vending machines.
- Sale of meals and hot take-away food to the public.
- Sale of sweets, crisps, soft drinks from vending machines not situated in the School canteen.

Non-business activities include income from pupils, School meals, the sale of goods incidental to education (subject to conditions being met - see the Schools VAT Manual) and most organised School visits (subject to conditions being met - see the Schools VAT Manual).

Further details are available in the VAT Manual for Schools. This should be consulted and further advice sought from the Director of Resources where there is any doubt over the correct treatment of an item.

28.9 VAT on Expenditure

Where VAT is reclaimed the payment must be made from an official account of the Authority, i.e. not from PTA or voluntary School funds. Where a School has opted to open its own bank account for its delegated budget share, this account is an official account of the Authority.

The County Council reclaims virtually all VAT paid, so all VAT must be identified, correctly coded and supported by a valid VAT invoice.

A valid VAT invoice needs to include the following information:

Where the value of the transaction is less than £100

- Date of supply.
- Name, address and VAT registration number of the supplier. Where this is not quoted the supplier's VAT number can be noted on the invoice.
- Description of the goods/ service.
- Total amount payable including tax.
- Rate of tax.

Where the value exceeds £100 the following additional information is required:

- Invoice number.
- Name and address of the person to whom the goods/ services are supplied.
- Type of supply.
- Quantity of the goods.
- Gross amount payable excluding tax.
- Rate of cash discount, if offered.
- Total amount of tax.

In some cases, e.g. telephone calls, purchases through coin machines and off-street car parking, the VAT element can be reclaimed even though no invoice is available. Where a School wishes to rely on this provision the advice of the Director of Resources should be sought.

Where an error is found on a VAT invoice this must be dealt with by obtaining an additional invoice or credit note from the supplier.

Further details are available in the VAT Manual for Schools. This should be consulted and further advice sought from the Director of Resources where there is any doubt over the correct treatment of an item.

28.10 Penalties

Prompt and accurate accounting for VAT will prevent the Authority (and subsequently individual Schools) from incurring penalties imposed by Customs and Excise for late and/ or inaccurate returns.

28.11 Responsibility

Headteachers must:

- Make their staff fully aware of the requirement for prompt and accurate accounting of VAT by ensuring access to the Authority's VAT Manual for Schools.
- Advise the Director of Resources of any VAT exempt activities which could adversely affect the Authority's partial exemption position.
- Advise the Director of Resources of any change of use of premises or equipment which will involve their use in an exempt activity.
- Advise the Director of Resources of the acquisition of any land, property or computer equipment which falls to be treated under the Capital Goods Scheme.
- Retain all VAT related records for the current financial year and the previous six financial years for possible inspection by Customs and Excise.

28.12 VAT and Pool Cars/ School Vehicles

In some circumstances it may be convenient for a School vehicle to be taken home by an employee prior to or following an official journey. This practice may have significant VAT implications and the Director of Resources must be consulted to ensure that VAT rules are properly observed.

29. VOLUNTARY SCHOOL FUNDS

29.1 Introduction

Where a Voluntary School Fund exists there is a responsibility on the part of the Authority and the School to protect the interests of donors and beneficiaries and to safeguard the positions of the employees responsible by maintaining the high standards of accountability expected.

29.2 Definition of Voluntary School Funds

Voluntary School Funds are funds outside of the School's LEA budget share which are administered solely by School employees by virtue of their offices.

Other funds, which are not administered by employees, are outside the scope of the Authority and are not subject to these Regulations.

Circumstances where responsibility is shared between employees and other persons can cause confusion and this arrangement is not recommended. Where such an arrangement is adopted it must be made clear that the employee is not operating in an official capacity nor by virtue of their office, and that the fund is outside the scope of the Authority's responsibility.

The Governing Body should ensure that voluntary funds are covered by insurance, including fidelity guarantee insurance.

29.3 Approval of Funds

Each fund must be approved by the Governing Body and such approval must also refer to the accounting and management arrangements for the fund. The objectives of the fund must also be defined by the Governing Body.

29.4 Petty Cash Imprest Account

Funding for the Petty Cash Account can be sought from the School's Voluntary Fund. The establishment of such a function requires the Governing Body's formal approval for its administration of reimbursement, balancing and monitoring, the size of the account, cash limits on spending and the named employee responsible for the account. See Section 9 on "Petty Cash Imprest and Postages Accounts".

29.5 Management of Funds

General

Where there is more than one fund, each fund must be separately identifiable in terms of its objectives and its accounting and management arrangements.

Responsibilities relating to the various administrative and control arrangements of each Fund must be clearly defined and be appropriate.

The Governing Body may wish to establish a bank account to properly administer the activities of the School Fund.

Operation of Bank Accounts

The Governing Body must ensure that adequate procedures are in place for the banking arrangements of voluntary School Funds. For each account a written record of the arrangements (including the bank mandate) approved by the Governors must be maintained.

The bank mandate must require two signatories for all cheques; for convenience three nominated signatories should exist to allow for absences etc. The signatories must be approved by the Governing Body.

There is no requirement for each Fund to have a separate bank account, although where the bank account is shared by two or more funds it will be necessary to take care to ensure that each fund's transactions are separately identifiable. School funds must not share a bank account with official School budget money.

The account name should include the School's name and the words "School Fund".

Bank Reconciliation

The bank account must be regularly reconciled with accounting records with this exercise being evidenced by the signature and date of the person responsible. The appropriate frequency depends upon the amount of movement on the fund: a large, active fund would require monthly reconciliation whereas a small, inactive fund would need only an annual reconciliation. All reconciling items must be fully identified.

Bank reconciliations must be subject to review and counter-signed.

Security of Cheques and Other Stationery

There must be proper arrangements to ensure the secure custody and control of blank cheques and cheques awaiting despatch.

Bank statements, paying-in books etc. must also be retained securely.

All cheques must be crossed "Account Payee Only".

Stamped or printed signatures must not be used.

Payment Procedures

There must be a clear definition of the required procedures for approving expenditure, i.e. the persons authorised. These procedures must be observed so that the established accountability for the use of the fund is maintained.

Any arrangements to limit the authority of individuals involved with the fund must be formally recorded, e.g. that the Governing Body must give its prior approval to any individual payments over a specified limit.

Signatories must not sign cheques until the payee, amount (in words and figures) and date have been completed.

Cheque signatories must ensure that they have been provided with sufficient supporting documentation for the payment prior to signing a cheque.

Documentation must be obtained and retained in support of all payments.

School Fund should not be used to pay employee related expenditure with the exception of services provided with the self-employed individuals.

Receipt of Income

Further guidance can be found in Section 5.

Income must be receipted. In some cases, where a person has collected a large number of small amounts, the collector rather than the original donor should receive the receipt.

Official Carmarthenshire County Council receipts should be used by School Funds, although they must not be used by PTAs etc.

All income collected must be banked fully and promptly. School Fund cash will need to be taken into account in calculating cash storage limits and insurance purposes.

Prior to banking, income must be held securely. Appropriate measures should be taken to ensure that cash in transit, e.g. being taken for banking, is secure and that the safety of the person responsible is considered.

The paying in slip must be fully completed with details of the income (including an analysis of the cash and cheque details), the person carrying out the banking and the date.

Accountability

In order to safeguard the interest of staff operating the School Fund income collected should not be withheld to fund expenditure items.

Value Added Tax

Care must be taken over the VAT liability in relation to the School Fund activities. For further guidance see Section 28.

Financial Accounting Arrangements

Accounts must be maintained of the fund's transactions as they occur. These must include the amount, date, a description of the income or expenditure and a reference to the supporting documentation. For use during bank reconciliation procedures it will also be useful to include an indicator of whether the item has appeared on a bank statement.

Every fund must have an annual statement of accounts drawn up, which must include an analysis of the receipts and payments of the fund and of its assets at the year end.

The year end may be determined by the Governing Body.

Monitoring and Inspection

As far as is practicable in the circumstances, duties should be allocated in a way which prevents one person having sole responsibility for a transaction: for example, one person should not be responsible for the collection, recording and banking of cash income.

Where separation of duties is difficult to achieve, consideration should be given to whether monitoring arrangements need to be implemented, e.g. review by a Governor.

Reporting

For each School Fund there must be drawn up annually a statement of accounts which is presented following audit to the Governing Body.

It is for the Governors to determine what additional reports are required, e.g. a narrative report of activity in the year.

The Authority may require that School Fund transactions and balances be reported to it in a prescribed format on an annual basis. Schools must comply promptly with such reporting requirements.

Management of Specific Projects, e.g. Trips

The Headteacher through delegation should approve all specific projects. Staff should produce appropriate costings and budget information to enable the Headteacher to form a judgement.

Receipts and payments for each project should be separately identifiable so that the net profit or loss is clear. These items should be reported in the annual accounts.

29.6 Annual Audit of School Fund Accounts

Each School Fund's statement of accounts must be subject to audit by a person independent of the fund.

Auditors are not required to be qualified accountants, but the Governing Body must be satisfied that the auditor has sufficient skills to ensure the task is completed satisfactorily.

Details of the required audit process are given below.

- The receipts and payments transactions must be agreed to the Fund's bank statements.
- The periodic reconciliation of the bank statements must be verified.
- Each line of receipts or payments must be traced to subsidiary items showing how the reported figure has been built up.
- Each item of the receipts and payments must be verified to the supporting documentation.
- The appropriateness of all transactions must be considered in the context of the Fund's objectives.
- The statement of accounts must be checked for mathematical accuracy.
- The movement in the end of year balance must be agreed to the net profit or loss for the year.
- The existence and valuation of the Fund's assets at the year end must be proved.

Where the auditor identifies any queries, these should be discussed with the person responsible for the Fund.

The auditor must provide a formal report of their findings in accordance with the following template:

"I report on the accounts of for the period of as set out on pages"

I have carried out an examination of the financial transactions of the Fund in accordance with Paragraph XXXX of the Carmarthenshire County Council Financial Procedures Relating to Schools.

The following matters have come to my attention during the course of the examination:

The auditor must list here any instances where the examination has identified departures from the required standards, e.g. supporting documentation not available, lack of regular bank reconciliations, accounts which do not balance or are mathematically incorrect (where these have not been corrected), transactions inconsistent with the Fund's objectives, etc.

Signed Date"

29.7 Audit of Voluntary and Private Funds

Schools must provide the LEA with annual audit certificates in respect of voluntary and private funds held by Schools and of the accounts of any trading organisations controlled by the School.

29.8 Pupil Involvement in Financial Administration

Pupils should not normally be given any responsibility for official money or for School Funds, where pupils do undertake such duties these must be approved by the Governing Body in the Headteacher's delegation. However, where responsibility for financial transactions forms a legitimate part of an educational programme, Schools have discretion to give pupils authority over associated financial activities.

Where pupils have responsibility for financial activities, a teacher must be appointed to regularly inspect the operation and to ensure that appropriate financial procedures are in place, e.g. separation of duties, authorisation, monitoring and reporting.

Pupils must be required to produce accounts together with supporting documentation and these must be subject to audit by a person independent of the activity, e.g. a teacher other than the person responsible for supervision of the activity.

30. TRUST FUNDS

30.1 Introduction

A number of Trust Funds have been established for the benefit of Carmarthenshire County Council School pupils. Where employees or Governors act as trustees, they must ensure that they adequately discharge their legal responsibilities.

Trust Funds must be registered with the Charity Commission where appropriate.

30.2 Trustees' Responsibilities

Trustees must ensure that they adequately discharge their legal responsibilities and are aware of the conditions relating to each fund.

30.3 Administration of Trust Funds

The Authority will provide support for the administration of Trust Funds if requested.

Securities may be deposited with the Director of Resources.

31. PARENT TEACHER ASSOCIATION DONATIONS

31.1 Introduction

Many Schools have hard-working and supportive Parent Teacher Associations or similar organisations, whose contributions provide valuable additions to the School's resources and facilities.

The finances of PTAs and other similar organisations are beyond the scope of these Financial Procedures and outside the control of the Authority. Voluntary School Funds are within the Authority's scope and the distinction between School Funds and PTAs is given in Section 29.

31.2 PTA Donations for Purchases

Where a School receives a donation from the Parent Teacher Association in order to purchase an item of equipment, the item of equipment may be purchased through the Authority's Official Purchasing Procedures and the expenditure (net of any VAT applicable within defined regulations) reimbursed by the PTA.

Detailed VAT advice is available from the Director of Resources.

Where such purchasing arrangements are used the item of equipment will become the property of the LEA.

The Director of Resources may define procedures to be adopted for the processing of payments and the transfer of funds.

31.3 PTA Insurance

See Section 18 for information on the insurance cover available from the Authority for PTAs.

32. INFORMATION AND COMMUNICATION TECHNOLOGY RESOURCE MANAGEMENT

32.1 Introduction

The various resources used by the School for its information and communication technology-based administrative functions are vital to the effective operation of the School's management.

Whilst the following provisions of the Financial Procedures formally apply only to systems related to the financial and administrative aspects of the School, the principles may also be usefully applied to educational aspects.

32.2 Information And Communication Technology Resource Management Policy

The School should formulate a computer resource management strategy which is approved by the Governing Body and covers policies relating to, for example:

- The acquisition of computer assets.
- Procedures for software purchasing and maintenance of licences.
- The development of computer systems.
- Authority for private use of computer facilities.
- The disposal of computer assets.
- Training of staff.
- Physical security arrangements - e.g. buildings and rooms housing computer assets, equipment, control of access, keys etc., equipment and software inventories, security marking of equipment, software licensing, etc.
- Logical security arrangements - e.g. use of identifications, permissions, passwords, etc.
- Virus Protection - e.g. use of anti-virus scanning software, development of prescribed policies on the use of disks, disciplinary procedures for misuse, disabling of machines to protect against viruses, etc.
- Establishment of contingency/ backup procedures - e.g. off-site storage of disks, regular backups, tested contingency procedures, etc.
- Systems for ensuring development and availability of adequate documentation/ manuals/ prescribed procedures for system users.
- Establishing secure procedures for computer data transfers in particular where involving an external agency.
- Ensuring adequate insurance cover.

32.3 Management of Information and Communication Systems

The following practices should be observed in managing information and communication systems:

- Clear identification of roles and responsibilities, including authority for management decisions, system access rights, maintenance duties such as routine procedures. Evidence should be gathered of attempts to breach defined roles and adequately investigated, e.g. unsuccessful log-on attempts.
- Access rights are based on the minimum required for the user's role.
- Adequate separation of duties so that no one individual has excessive privileges. Particular attention should be paid to ensuring that system administrator accounts (i.e. which are responsible for controlling the other user accounts) are adequately controlled.
- The basis upon which input and amendment can be carried out should be clear, i.e. the authorisation and documentation required.
- Appropriate controls should be in place to ensure the accuracy of input, e.g. system-based controls over valid entries, post-input reconciliation of input with source documentation.
- Audit trails should be in place enabling transactions to be traced from input to output and vice versa and input to be traced to the user responsible.
- The accuracy and completeness of data held should be verified periodically.

32.4 Compatibility with Corporate Systems

The Director of Resources may require Schools to ensure that their systems are capable of interfacing satisfactorily with corporate systems or may require that School systems be capable of producing output in a suitable format for corporate systems.

33. BUSINESS CONTINUITY PLANNING

33.1 Introduction

Business continuity planning is the term given to measures taken to ensure that operations are able to continue with the minimum level of disruption if an event occurs which destroys or otherwise affects the resources used by the operation.

This is generally taken to apply to computerised systems, but the principles apply equally to systems based on manual information and to operational issues such as the ability to keep the School open or make alternative provision.

The requirements of the Financial Procedures apply only in relation to financial administration, but it is advisable that wider consideration be given to actions that would be taken in the event of an emergency.

33.2 Responsibility to Plan for System Loss/ Failure

The Headteacher, under delegation arrangements, must ensure that for each financial system under their control, consideration is given to arrangements for the continued operation of the system in the event of a serious loss of some part of the system.

The measures taken to ensure continued operations should be appropriate to the impact of disruption upon service delivery and the cost of the measures taken.

The Headteacher, under delegation arrangements, should establish a recovery plan to ensure the continuity of financial administration in the event of a wider emergency.

34. DATA PROTECTION ACT

34.1 Introduction

The Data Protection Act 1998 came into force on 1st March 2000 and replaces the Act of 1984. The Act is similar to the 1984 Act in some respects, but there are important changes, for example:

- The 1998 Act extends the scope of the requirements to include some categories of manual records.
- At least one of a set of conditions must be met in order for legitimate processing to take place.
- Additional requirements are imposed in relation to sensitive data.
- Under certain circumstances there is a requirement to inform the data subject that information about him/ her is being processed and to give reasons for the processing.
- The data subject has the right to object to the lawful processing of personal data in certain circumstances.

The 1998 Act will be phased in over a period of years. In respect of automated data all transitional exemptions cease as of 23rd October 2001. In some cases in relation to manual data further exemptions apply until 23rd October 2007. Any queries in respect of transitional arrangements should be referred to the appropriate Education IT Officer. Particularly, any reliance to be placed on transitional provisions must be agreed with the relevant Education IT Officer.

The following requirements relate to systems affecting the financial administration of the School. Similar good practices are advisable for other areas outside of the scope of these Regulations.

34.2 The Provisions of the Data Protection Act 1998

Any queries regarding the provisions of the Act should be referred to the Education IT Officer.

34.3 Responsibility for Data Protection

Governing Bodies must ensure that the requirements of the 1998 Act are fully complied with by the School. Much of the necessary administration will be carried out by the Authority.

The Governing Body should ensure that Schools are registered for data protection on an annual basis.

Headteachers must ensure that systems under their control comply with all aspects of the Act.

Individual members of staff must ensure that they do not improperly disclose personal information, for example in response to telephone enquiries.

Individual members of staff must ensure that any personal data of which they are in control (in whatever medium it is held) is securely stored.

Headteachers must ensure that personal data (in whatever medium) which is being disposed of is rendered unreadable (e.g. in the case of paper by shredding) before it leaves the Authority's control.

Individual members of staff must take care when requesting information in order to ensure that the amount of personal data obtained is the minimum necessary for the purpose.

Data Protection is a wide-ranging and complex area. Staff must only act in ways which they know to be correct under the Act. If in doubt any queries in respect of Data Protection issues should be referred to the Education IT Officer.

35. COMPUTER VIRUS CONTROL

35.1 Introduction

Computer virus is a term used to describe a range of computer programs which tend to be self-replicating and / or destructive.

Viruses range from relatively harmless types which generate graphics, messages or sounds to those which can completely disable a computer or lose important data files. Many viruses are designed to spread from machine to machine causing disruption and unnecessary expense.

Headteachers must ensure that the computers under their control are adequately protected by anti-virus software and that computer users are aware of good practice in avoiding viruses.

The following requirements relate to systems affecting the financial administration of the School. Similar good practices are advisable for other areas outside of the scope of these Regulations.

35.2 Action to be Taken on Discovery of a Virus

In the event of discovery of a virus, immediate action must be taken to ensure that the virus is removed from the machine. Files from the infected machine must not be transferred to other machines until the infected computer is known to be virus-free.

An attempt must be made to establish the source of the virus in order to reduce the possibility of re-infection. Any disks and other machines which may have become infected must be checked.

35.3 Receipt of Virus Warnings

Any virus warnings or notifications received by individuals should be referred immediately to the Education IT Officer. Individuals must not transmit such warnings throughout the Authority or to third parties using the Authority's e-mail facilities.

Official virus warnings will be issued by the Authority if this is deemed necessary.

35.4 Measures to Help Prevent Virus Contamination

In order to limit the scope for virus infection to occur, staff must observe the following rules:

- No personal software is to be introduced to Council machines. This includes files, programs, games and screensavers.
- Data or programs which have been received from a source external to the School must be scanned for viruses prior to use.

- PCs within the School which do not have permanent virus protection installed must be scanned regularly (e.g. monthly) for viruses.
- Where an employee wishes to download software/ files from the Internet, consideration should be given to whether the download originates from a trusted source. If the employee is satisfied that this is the case then the download may proceed. If the employee is in any doubt about the source of the download he/ she should consult with the Education IT Officer regarding the source of the software and any necessary virus control procedures.

36. INFORMATION SECURITY

36.1 Introduction

Information is a vital asset to the Council's and individual School's operations, in whatever form it is stored or transmitted.

Information security is the preservation of the following features of a set of information:

- Confidentiality: ensuring that information is accessible only to those authorised to have access to it.
- Integrity: safeguarding the accuracy and completeness of information and processing methods.
- Availability: ensuring that authorised users have access to information and associated assets when required.

The following requirements relate to systems affecting the financial administration of the School. Similar good practices are advisable for other areas outside of the scope of these Regulations.

36.2 Third Party Access to Information and Systems

Where it is necessary for a third party, e.g. an engineer from a supplier, to have access (remote or physical) to a School's information and/ or systems, adequate controls must be in place to maintain the confidentiality, integrity and availability of information. The controls necessary should be set out in the contract with the third party.

36.3 Security of Computer Media

Computer media (e.g. tapes, disks, CDs) must be kept securely at all times whether within the office environment or in transit.

Computer media must be labelled with an adequate identification of its nature. This will normally be a physical label but in some cases will need to be done electronically. Where the information is confidential or personal this should be noted on the label.

36.4 Back-up Information

Back-up or security dumping of data held on fixed or exchangeable discs must be undertaken at regular intervals.

Floppy disks, tape cartridges and any other media used for back-up must be kept in a secure environment, preferably on an alternative site, so as to ensure that in the event of data loss the back-up is not affected.

Back-up procedures must be tested periodically to ensure that the data can be restored.

36.5 Password Control

Users' logon passwords for network access, for screensavers and for access to specific application systems are vital elements in the School's computer security arrangements. All systems which form part of the financial administration system or which contain personal data must be protected by individual log-on passwords.

The user's logon password must not be revealed to any other person. The only exception to this rule is where a password must be revealed to IT personnel for repairs or maintenance purposes. Where this occurs the member of IT staff will advise of the procedure for re-establishing password security.

Employees must also ensure that they do not inadvertently reveal their passwords to other persons, e.g. by writing a password down in an insecure manner.

Where possible, computerised systems should enforce user password changes at specified periods, and this period should not exceed three months. Where the system does not enforce password changes, the user should ensure that the password is changed at least every three months.

The controllers of corporate financial systems will periodically carry out exercises to validate user identities. Headteachers must co-operate with these exercises by providing full and prompt responses.

Headteachers must ensure that there are adequate procedures in place for staffing changes to be immediately reported to the controllers of systems for which the person leaving had access. This should not be left to wait until a verification exercise takes place.

36.6 Confidential Information

In addition to the requirements in relation to personal information, it is also a requirement that all other confidential information is dealt with in a secure manner.

Employees must not disclose confidential information to any party not authorised to receive it.

All media (including paper) containing confidential information which is being disposed of must be rendered unreadable before it leaves the Authority's control.

37. REMOVAL OF HARDWARE

37.1 Introduction

Responsibilities for individual items of portable computer equipment must be clearly established and controlled.

Computer equipment must only be taken home by staff to perform their job functions and following specific authorisation from the Headteacher or a line manager to whom the Headteacher has delegated the function.

See Section 26 on “Personal Use of School Equipment”.

37.2 Records

Where an item is permanently assigned to an individual this must be recorded in writing.

The following procedures apply where an item is removed from the premises by staff but is not permanently assigned to any individual.

Where computer equipment is to be removed from the School, there should be clear procedures for recording the following and these should be complied with:

- Appropriate authorisation to remove the equipment.
- Details of the individual authorised to use the equipment.
- Clear details of what equipment has been removed.
- Indication of the length of time that the equipment will be removed from the individual's base.
- Dates of issue and return of equipment.

Headteachers will need to ensure that proper arrangements are in place to periodically satisfy themselves that equipment has been returned and is in good working order.

All portable equipment should be brought to the School for checking at least once a month. In the case of items which are not portable but are kept at employees' homes, the Headteacher should determine appropriate inspection arrangements.

37.3 Security

Reasonable security measures must be taken to protect all items of computer hardware taken off School premises from risks such as accidental damage and theft.

38. SOFTWARE LICENSING

38.1 Introduction

Whilst software can be easily copied and transferred from machine to machine, the School is only authorised to use software for which it has specific licenses.

38.2 Software Law

A software licensee does not normally take ownership of the copyright in the software; purchase of software only confers the right to use the software under the terms and conditions set by the copyright owner and the law.

Remedies for civil copyright infringement may include damages to compensate the copyright owner for damage caused to his business, including reputation, and for loss of sales.

Criminal penalties can include unlimited fines and up to two years imprisonment, or both.

If an organisation is using illegal copies of software, the organisation may face a civil suit and corporate officers and individual employees may have criminal liability.

38.3 Responsibilities for Licensing

The Headteacher must implement adequate procedures for ensuring that the School complies with software licensing requirements and that individual employees are aware of software licensing requirements.

Individual members of staff must ensure that they do not introduce unlicensed software or break the terms of software licences.

38.4 Free Software

Free software relates to gifts, “Shareware” and Evaluation Copies.

Employees must only obtain free software in relation to work-based functions.

Free software must be treated with caution to ensure it does not contain viruses or is in some other way harmful. If in any doubt, specialist advice should be obtained from IT personnel.

Care must be taken to ensure that the terms of “free” software agreements are complied with where fees become payable if ongoing use is to be made of the product.

ACKNOWLEDGMENTS

The Financial Procedures Relating to Schools has been revised in accordance with the guidance and extracts contained in the below publications:

*Keeping Your Balance
Standards for Financial Management in Schools
Revised October 2000*

*Produced by The Audit Commission, Estyn and The National Assembly
for Wales*

*School Governors Guide to the Law
Sixth Edition
January 2001*

Produced by The National Assembly for Wales

*Fair Funding Scheme
March 1999*

*Produced by Carmarthenshire County Council,
Education Department*