



**CALLINGTON COMMUNITY COLLEGE
(FOUNDATION SCHOOL)**

**FINANCIAL OPERATIONS
AND INSTRUCTIONS**

Section	Description
1	Scheme of Delegation
2	Standards for Financial Management & Administration
3	Preparation of Budgets
4	Budget Planning
5	Control of Budgets
6	Budget Review, Monitoring & Reporting
7	Economy, Efficiency & Effectiveness
8	Budget Switching
9	Income
10	Ordering Goods and Services (Purchasing)
11	Processing Invoices for Payment
12	Cheques and settling accounts payable
13	Banking
14	Petty Cash
15	Assets
16	Capital Sales
17	Receipt of Goods and Services (Internal financial control)
18	Security of stocks and other property
19	Insurance
20	Computing Arrangements
21	Financial Records - General Requirements
22	Personnel records and Payroll Reconciliation
23	Audit
24	Irregularities
25	Register of Pecuniary Interest
26	Other College Funds
27	College Reserves
28	Borrowing

1. Scheme of Delegation

- a. The Headteacher shall be accountable to the Governors for ensuring the satisfactory management and administration of the College's financial affairs for the purposes of the following financial regulations:-
 - Financial Systems and Monitoring
 - Documentation of Systems & Procedures
 - Insurances
 - Assets
 - Use of College Premises
 - Other College Funds
- b. The Headteacher has delegated responsibility to oversee the daily organisation and control of budgetary matters and:
 - to ensure all sources of finance dealt with by the College are accounted for in an overt manner with the necessary bookkeeping;
 - to ensure procedures involving ordering, receiving and the payment of goods are within approved budgetary provision;
 - to ensure payments are correct and paid only once;
 - to ensure statutory requirements are met, for example regulations relating to Customs & Excise (VAT), Inland Revenue (the rules relating to employers) and Construction Industry Tax;
 - to ensure all processes, and particularly payments, are updated to the College's financial information system accurately and promptly;
 - to report back initially to the Chairman of Governors about any matters of concern and inform the Governors and the Finance Governor, in particular, of any significant new initiatives from the DSCF or LOCAL AUTHORITY that affect the budget.
- c. The Headteacher does not have authority to take any action which would contravene, or be likely to cause Governors to contravene, the Financial Regulations as specified in "Financial Services - A Guide for Colleges & Colleges" and the Standards for Financial Management & Administration (below).
- d. The Headteacher may delegate to his Deputy the authority for the Deputy to make appropriate financial decisions in his absence but only within the limits allowed for the Headteacher.
- e. The Headteacher shall seek the advice of the Governors if he has any doubt about the respective responsibility and authority of either party in relation to this scheme of delegation and/or financial administration or management.
- f. Where action is urgently required in circumstances where the Headteacher, or the Deputy in the absence of the Headteacher, does not have delegated responsibility to act then the Headteacher or his Deputy must obtain specific authorisation from the Chairman of Governors and the Finance Governor. Each such authorisation must be reported to the next meeting of the Governors.

- g. The Headteacher shall have authority to expend resources from within the budget duly approved by the Governors provided that such expenditure does not:-
- involve a change in or extension to the Governors' existing policies and/or service objectives;
 - involve a net increase in expenditure in future years;
 - conflict with any limits/controls over income and expenditure specified by the Governors;
 - involve a commitment which cannot reasonably be expected to be sustained from future budgets.
- h. The Headteacher and Finance Director will draw up the College's annual budget for submission to the Chair of Governors and the Finance Governor prior to presenting to the full Governing Body at the Spring Term meeting.
- i. The Finance Governor, the Headteacher and Finance Director will meet each month to review the monthly financial budget statements. These statements are produced from the local payments and accounting system (SIMS/FMS) and can be obtained on request. A monthly presentation will be made by the Finance Director to the full Governing Body.

2. Standards for Financial Management & Administration

- a. Once the annual budget has been set (see Budgets) the control of order processing and financial limits of purchases are agreed and minuted by the full Governing Body.
- b. Authority to deal with financial management and administration should be clearly defined and effectively communicated to those who are directly involved with them.
- c. Arrangements for financial management and administration should ensure that they are fully integrated into the overall management framework of the College.
- d. All systems of financial management and administration should, so far as is reasonably possible, incorporate adequate controls designed to promote the orderly, secure and efficient processing of financial activities. In particular systems should, where possible, incorporate the principle of "internal check" or separation of duties; this means that duties should be structured in such a way that the work of one person automatically acts as a check on the work of another.
- e. Arrangements for the management and administration of a College's finances should ensure that adequate provision is made to maintain a satisfactory level of cover for the absence of key staff.
- f. Up-to-date records of how systems and procedures ought to be operated should always be maintained and such documentation should:
- (i) specify system objectives;

- (ii) describe clearly how the system, including any related procedures, works;
 - (iii) indicate who has authority to operate the system or any part of it;
 - (iv) include specimen system documents;
 - (v) specify arrangements for dealing with system problems or failure;
 - (vi) enable any reasonably competent person to understand the system.
- g. The Headteacher shall make adequate arrangements for the training of staff involved in financial management and administration.
- h. The Headteacher, with the assistance of the Finance Director, shall ensure that the College's financial system produces adequate information to account properly for taxation and other statutory adjustments and that the requirements of the appropriate Government departments or agencies are satisfied in a timely fashion.

3. Preparation of Budgets

- a. The Headteacher and Finance Director shall prepare for initial review by the Chair of Governors and the Finance Governor a draft budget in accordance with the policies and timetable approved by the Governors.
- b. The draft budget shall be in a form which will both meet the information requirements of the Governors and enable the information to be easily passed to the Local Education Authority.
- c. Budgets should be prepared:
- (i) in accordance with the provisions of the Council's Scheme;
 - (ii) within the limit of the approved overall budget share;
 - (iii) in accordance with properly approved and clearly stated plans and policies for the College's activities (College Development Plan)
 - (iv) in a format which will meet managerial needs and be readily intelligible to users;
 - (v) in accordance with sound accounting principles; these imply that financial estimates should :
 - be based on the most up-to-date and reliable information available;
 - include provision for all approved activities;
 - include provision for contingencies;
 - be arithmetically correct;
 - be consistent with recognised accounting practice;
 - meet requisite time limits.
 - (v) in such a way as to facilitate the subsequent monitoring and control of actual expenditure;

- (vi) in such a way that they can be related meaningfully to relevant non-financial information.
- d. When preparing the annual budget the Governors work within the following aims and objectives:
- to ensure that spending priorities match educational priorities and that both reflect the College's aims. These include maintaining teaching and non-teaching staff levels incorporating the special needs teaching allocation; supporting the charging policy; updating and replacing resources to support new initiatives and curriculum development;
 - to manage financial resources so that priorities in the College development plan can be effectively accomplished within a framework that will meet the professional needs of staff through in service training and purposeful appraisal;
 - to ensure that Health and Safety requirements are met;
 - to maintain and create a pleasing working environment including a good state of cleanliness, decor and repair, adequate heating and lighting;
 - to support effective management and administrative needs;
 - to have due regard for the achievement of economy, efficiency and effectiveness with the finances of the College in order to maximise value for money;
 - to ensure that the budget stays within the financial allocation.
- e. The Headteacher may place before Governors proposals for expenditure which is deemed to be capital expenditure by virtue of central government controls on capital expenditure by local authorities but no proposal may proceed except in accordance with the Financial Regulations as specified in "Financial Services - A Guide for Colleges & Colleges".

4. Budget Planning

- a. The budget is complimentary to the College Development Plan in the short and long term, and this is crucial in the planning and preparation stages of the budget in the Spring Term. To assist Governors to plan reasonably for medium-term developments the Headteacher shall submit with the draft budget for the consideration of Governors a report detailing the broad financial implications of foreseeable developments for the two years following the year for which the draft budget has been prepared.
- b. In consultation with staff, and especially Curriculum Co-ordinators, the Headteacher, with, if necessary, assistance from officers of the Local Authority, will prepare and submit a draft curriculum budget for discussion with the Chair of Governors and the Finance Governor at the beginning of the Spring term. This includes an analysis and review of staffing needs, both teaching and non-teaching and its costings.
- c. Upon receipt of the various contributors, the Chair of Governors and the Finance Governor then agree a draft budget for submission to the full Governing Body for consideration and discussion at the next meeting (ideally before the 31st March in order that the budget can be finalised before start of the new financial year).

- d. When the Governing Body has set a budget for the next financial year, a copy is sent to the Local Authority.
- e. The approved College budget and other funds shall be continually monitored by the Headteacher and other senior/responsible staff at the College and the local accounting and payments system (SIMS FMS) will assist in this matter. In addition the Finance Director with the assistance of a representative of the LFS Team will reconcile and analyse the monthly budget statement produced directly from the accounting system. This will be normally undertaken once the payroll data for the corresponding month has been reconciled. All background papers should be retained.
- f. The monthly statement is reviewed by the Finance Governor before being sent to members of the Committee or presented to a meeting of the Committee. This enables Governors to ensure that their agreed terms of reference regarding financial matters, and especially expenditure, is adhered to.
- g. The latest financial review is always the focus of the Governors' meetings.

5. Control of Budgets

- a. Arrangements for the control of budgets should seek to ensure that:
 - (i) expenditure is maintained within approved budgetary provision;
 - (ii) funds are expended for approved purposes only.

Such arrangements should include adequate procedures for:

- the safe comparison and monitoring of the progress of actual expenditure in relation to estimated expenditure - it is emphasised that reports of actual and committed expenditure should be based on complete, accurate and up-to-date financial records which are properly reconciled to the bank account;
 - the investigation of differences (variances) between actual and estimated expenditure;
 - appropriate action to correct differences (variances);
 - the approval of changes to the budget;
 - the prevention of unauthorised expenditure.
- b. The administration of such procedures assumes the existence and proper operation of an accounting system which is capable of producing, for every level of budgetary control, accurate, up-to-date, timely and appropriate financial information which facilitates the comparison and monitoring of actual and estimated expenditure.

6. Budget Review, Monitoring & Reporting

- a. The Headteacher with the support of the Finance Director shall reconcile, monitor and report to the full Governing Body the progress of expenditure and income in relation to the approved College budget.

- b. The Headteacher with the assistance of the Finance Director shall provide the Governors with such explanations as they may require in connection with expenditure from the delegated budget.
- b. The Headteacher shall inform the Chairman of Governors and Finance Governor immediately if it becomes apparent that the delegated budget is likely to incur a deficit at the end of the financial year.
- c. The Headteacher shall make appropriate arrangements for any likely overspending against the delegated budget to be treated as a first charge when the Governors consider the following year's delegated budget.
- d. Arrangements for financial management and administration should incorporate adequate provision for the review of budgets to establish whether the College's delegated budget is being deployed in the most effective manner for the purpose of achieving managerial objectives.
- f. The Headteacher shall arrange for the production of information relating to the delegated budget which the Governors are required to supply to the Local Authority.

7. Economy, Efficiency & Effectiveness

- a. The Headteacher shall have due regard for the achievement of economy, efficiency and effectiveness in the operation of financial management and administration and shall ensure that the need for this is suitably notified to all staff.
- b. The Chair of Governors and Finance Governor will have the authority delegated to them to move finances from the contingency funds up to a limit of £10000. Items exceeding the £10000 limits, as appropriate, must be approved by the full Governing Body.
- c. The Headteacher has delegated authority to manage the set budget within the parameters agreed by the Governing Body and to work within a purchase limit of £20000 per single item, including minor repair and maintenance works relating to the fabric of the College site. Any single transaction of an urgent nature over £20000 must be approved by the Chairman of Governors and the Finance Governor.

8. Budget Switching

- a. The Headteacher may authorise the switching of funds within the approved budget provided that:
 - each switch is within limits specified by the Governors and
 - it is for a purpose which is consistent with the Governors' policies and
 - it shall be reflected in the presentation at the next meeting of the full Governing Body.
- b. The Headteacher shall not use any portion of any credit balances brought forward from one financial year to another or of any contingency provision within the budget without the prior agreement of the Chair of Governors and the Finance Governor and this should be clearly reflected in the presentation to the full Governing Body.

- c. The Chair of Governors and the Finance Governor have delegated authority to switch funds between budget headings, up to a maximum of £10000. However, if the switching required is in excess of £10000 permission can only be granted by a meeting of the full Governing Body.

9. Income

- a. The Headteacher shall annually prepare for consideration by Governing Body proposals for revising the charges which may be levied in connection with letting all or part of the College premises. The Finance Governor has delegated authority from the full Governing Body to review agree these.
- b. The Headteacher has authority to administer the College's income subject to the provisions of this scheme of delegation and financial limits.
- c. Arrangements for dealing with income should incorporate suitable controls designed to ensure in respect of income that:
 - (i) adequate records are maintained to substantiate all income transactions;
 - (ii) receipts are issued for all cash income received;
 - (iii) prudent terms for credit are approved and communicated to debtors and satisfactory procedures (including, where necessary, withdrawal of credit facilities) are adopted for dealing with breaches of terms;
 - (iv) invoices are raised in respect of all credit income and all such income is collected in accordance with approved instructions;
 - (v) all income received at the College's premises is held securely and banked promptly and intact;
 - (vi) amounts due are calculated in accordance with approved charging policies which include provision for the regular review of charges (at least annually);
 - (vii) where special conditions apply to the use or receipt of income, such conditions are adhered to;
 - (viii) income is not withheld for any purpose, including personal use;
 - (ix) every person paying money into a bank account shall enter on the paying-in slip and on the counterfoil or duplicate thereof, particulars of such payment including, in the case of each cheque, particulars which will connect each cheque to the transaction to which it relates;
 - (x) all income transactions are recorded promptly and accurately in the College's financial information system;
 - (xi) income due is not written off unless the write-off is properly authorised by the Headteacher
- d. Letting tariffs are annually reviewed by the Finance Director and Finance Officer and set by the Governing Body and must have due regard for VAT legislation, Health and Safety and the need to cover the full cost of the letting (e.g. energy, caretaking, cleaning and maintenance costs).

- e. The Headteacher has the delegated authority to approve lettings and pre-numbered receipts will be given for fees received.
- f. The Finance Director or Finance Officer must record all sources of income in writing on receipt. These are entered onto the relevant income forms or books and lettings register which are kept in the office.
- g. A register is kept of all lettings and receipts issued which is subsequently used for reconciliation purposes on the computer system. Income transactions are entered onto the computer and all monies are banked twice weekly by the Site Manager or Assistant.
- h. All monies received are 'bagged' in separate, labeled containers (for immediate accountability/access) and secured in the College safe prior to banking (Keyholders: Examinations Officer and Finance Director only)
- i. Income collections are not used for encashment of personal cheques.
- j. Debt collection should follow the following procedures:

Standard letters can be supported by a telephone call.

After 32 days

Polite reminder

Copy invoice

After further 7 days

First warning with copy invoice

After further 7 days

Last warning – e.g. “We will be referring this matter to Credit Management who will take steps to recover the debt.” (enclose a copy invoice).

Keep a record of any telephone calls and communication concerning the debt, using flexibility and common sense in each case.

10. Ordering Goods and Services (Purchasing)

- a. The Headteacher shall have proper regard to the legality of commitments entered into in the exercise of the delegated authority and if there is any doubt about legality the Headteacher shall consult with County Hall.
- b. It is a prerequisite before placing any order to ensure that the College is getting value for money. Subsequently full use is made of the LOCAL AUTHORITY supplies support department, tenders are sought and catalogues compared.
- c. If a major item of expenditure would be in excess of £5000, it is the agreed policy that written quotations will be sought from a minimum of three suppliers which may include those that are recommended by the LOCAL AUTHORITY.
- d. Any single item greater than £20000 must be approved by the Chair of Governors or Finance Governor.
- e. Official orders are produced for all goods and services except utilities, rates, catering supplies etc. and a file is kept of all copy orders.
- f. Goods received as a non-order invoice are annotated on the computer system and invoices processed and filed as routine.

- g. Heads of Departments, the Headteacher and Deputy Headteacher are the only members of staff authorised to request an order except during holiday times when this role can be carried out by the Finance Director. Orders **MUST** be approved by the Headteacher, Deputy Headteacher or Finance Director before being sent to suppliers (except Catering supplies which can be approved by the Catering Manager).
- h. Individuals are not allowed to purchase any items for personal use through the College and Governors have delegated to the Headteacher, Deputy and Finance Director only, the authority to oversee and certify all orders.
- i. Monitoring of the current commitments and expenditure for the budget is built into the FMS6 system and automatically reviewed when placing and invoicing orders.
- f. Governors are recommended to adopt a code of practice to be followed by any persons involved in making arrangements on behalf of Governors for the letting of contracts. Any code of practice should make adequate provision to promote value for money, secure propriety and minimise the risk of corruption.

11. Processing Invoices for Payment

- a. The official invoice is processed for payment by the Finance Assistant and authorised by the Budget Holder who confirms that the goods or services have been received.
- b. Invoices are verified against the original order/delivery note, where applicable, stamped with a payment certification stamp (and annotated as necessary) and processed on the FMS6 system.
- c. Systems for making payments should incorporate suitable controls designed to ensure in respect of all payments that :-
 - (i) commitment to them is made in accordance with approved procedures and within approved budgetary provision;
 - (ii) adequate supporting records are completed at all stages and are retained safely after payment for periods specified by the appropriate Body at County Hall for the purpose of protecting the Council's interests;
 - (ii) they are properly payable;
 - (iii) they are correct in all respects;
 - (iv) they are passed for payment in a timely fashion and in accordance with approved authorisation and processing procedures;
 - (v) they are paid only once;
 - (vi) all statutory requirements are met;
 - (vii) they are promptly and accurately recorded in the College's financial information system.

This is normally carried out by the Finance Director who reviews all cheque payments

12. Cheques and settling accounts payable

- a. Cheques are kept locked in the safe in the College.
- b. After the cheque for payment is printed, the details are entered on the invoice certification stamp and checked/countersigned by the Headteacher, authorised Deputy Headteacher or Finance Director.
- c. Cheques are signed by the Headteacher and authorised Deputy Headteacher and then sent to suppliers. In the case of payments exceeding £20000 the signatory of the Chair of Governors is also required.
- d. The invoice, and order copy if applicable, is attached to the cheque stub and numerically filed for a retention period of six years plus the current year.
- e. After cheques have been presented for payment, reconciliation of the weekly bank statements is then undertaken by the Finance Director and the FMS system updated. The Headteacher will check and sign the balanced statement.
- f. Capital items need to be identified in the local authority accounts as being of a capital nature. Such purchases need to be notified to the LFS Team in order that the correct accounting entries may be made.

13. Banking

- a. The Headteacher shall, on behalf of the Governors, operate the College's bank accounts in which official monies are held, in accordance with agreed arrangements with County Hall.
- b. Official bank accounts should be held jointly in the names of the College and the County Council - accounts should not be opened in the name of any individual.
- c. Authority to order, sign, or countermand cheques should be restricted to an approved person or, where more than one signature is required, persons, or in the absence of such persons an approved deputy or deputies.
- d. In respect of transactions other than remuneration of staff, all cheques, or other withdrawals, above a predetermined limit should be authorised by two approved signatories and the bank should be notified accordingly.
- e. No authorised signatory should sign a cheque payable to himself/herself. Each cheque payable to an authorised signatory should be signed independently of the payee. (This may need to be varied in emergency circumstances.)
- f. Instructions to the bank concerning the account should be conveyed in writing and authority to give instructions should be restricted to the approved manager or, in her/his absence, an approved Deputy.
- g. No cash withdrawal should exceed a predetermined limit and the bank should be instructed accordingly.

- h. The amount of the College's official funds held as cash should not exceed £2000 except for unbanked receipts; additionally the balance of all official funds not held as cash should be held in the College's bank account.
- i. The balance of money per the bank's official statement should be reconciled with the College's cash book records at Local Authority at least monthly; the results of each reconciliation should be recorded and reported promptly to the Headteacher or authorised Deputy.
- j. Official monies should not be withheld for the private use of any person and personal cheques should not be encashed from official monies.
- k. All cheques drawn on the College Account are crossed "account payee only" and bear two authorised signatories - the Headteacher or Deputy Headteacher and another named and authorised person (a member of the Senior Management team or Governing Body). In the case whereby the amount payable exceeds £20000 then the signature of the Chairman of Governors is also required.
- l. For security purposes no cheques will be pre-signed and blank cheques will be locked in the office safe.
- m. Bank statements are obtained weekly and reconciled against the accounting system (SIMS FMS6) by the Finance Director. The reconciliation process is reviewed by either the Headteacher or Deputy Headteacher who certifies the copy taken of the current balance which is filed chronologically with the official bank statement.
- n. In order to maximise interest on its account, the Local Authority retains the bulk of the College resources for investment purposes. The College is only advanced sufficient funds based on the approved non-payroll element of the current year budget plus other fund allocations such as Standards.
- o. These monies are retained in bank accounts which are sub-accounts of the County Council's County Fund Account and are, therefore, consolidated at the end of each day in order to further maximise the earning potential of those resources.
- p. The College's private fund is kept separate and a record is maintained by the Finance Officer on the GemSoft computer programme with all other records and papers relating to private funds kept in the office. This account is overseen by the Finance Director.

14. Petty Cash

- a. The Headteacher shall make arrangements for any advance of petty cash to be operated in accordance with regulations specified by the Director for Finance & Administration.
- b. Cheques for petty cash may be drawn from the Colleges local bank account up to a maximum of £1000. The maximum petty cash float held at any moment in time should not exceed £1000.
- c. Payments from petty cash should meet the general requirements for all payments set out in paragraph 15 above. Additionally:

- (i) petty cash records plus cash balances (in hand or at a bank) should be reconciled regularly to the value of the total petty cash advance; (It is suggested that petty cash should be reconciled at least monthly.)
 - (ii) petty cash should generally be used only for small, incidental purchases for which routine credit is not available;
 - (iii) remuneration of employees should not be disbursed from petty cash.
- d. A cheque for cash is raised through the accounting system which is then cashed at the Callington Branch of NatWest by the Site Manager. This cash is then kept securely in the College safe.
 - e. Access to petty cash is authorised by the Headteacher and is limited to the Finance Director or Finance Officer who is responsible for recording all postage and retaining receipts for stamp purchases.
 - f. The Finance Director oversees that all transactions relating to petty cash are entered into the Colleges computerised accounting system. A manual record of petty cash transactions is also retained in the College office.
 - g. Regular checks are made by the Finance Director to ensure that the petty cash balance recorded on the manual records, accounting system and physical cash agree.
 - h. The College may hold up to £1000 cash within a locked receptacle in order to satisfy the Councils insurance arrangements. Cash in excess of £1000 must be held in the College safe.

15.Assets

- a. Proper security should be maintained for all buildings, vehicles, plant, stocks, stores, furniture, equipment, money and other valuables.
- b. Safe and efficient arrangements should be made for the reception, storage, issue and return of assets. Such arrangements should include the maintenance of appropriate records and inventories and periodic checks of equipment and stores against the relevant records and inventories. Any substantial surplus or deficiency revealed as a result of such checks should be reported to County Hall.
- c. Assets coming into the ownership of the College, by purchase or otherwise, should, so far as is reasonably practicable be effectively marked to identify them as College property. They should not be removed from the College premises otherwise than in the ordinary course of official business except in accordance with a policy approved by the Governors.
- d. Where assets become obsolete or are damaged so as to render further use, for any reason, inappropriate they should be written off, provided they have no net resale value, in accordance with a policy approved by the Governors. Adequate arrangements should be made for the recording and reporting of write-offs (which should be certified by two authorised persons) and Governors are recommended to :-

- limit authority to write-off items to either the Governing Body or the Headteacher or an authorised Deputy;
 - limit the authority of the Headteacher (or authorised Deputy) to items with an original cost or likely sale value within a specified range;
 - require all write-offs to be reported to the Governing Body.
- e. Safe and efficient arrangements should be made for the disposal of surplus goods, materials, vehicles and equipment which have a net resale value. Adequate provision should be made for the recording and reporting of all such disposals. The precise arrangements for disposal will depend on the nature and value of the assets involved, the state of demand for them and the cost of their disposal. However, arrangements for the disposal of any asset should meet the following requirements:
- they should be legal and in conformity with any Government requirements from time to time in force;
 - they should be in accordance with Governors' policy;
 - they should promote scope for competition among potential purchasers;
 - they should ensure that appropriate steps are taken to establish properly the value of the items to be disposed of;
 - they should be demonstrably fair and open and should avoid creating an unfair advantage for any interested party;
 - they should be appropriate having regard to the nature, value and current state of demand for the item(s) involved;
 - no asset should be disposed of without reference to County Hall if such an item has capital implications.
- f. Safe and efficient arrangements should be made for the reception recording, storage and return or disposal of found property.
- h. The Headteacher has authority to write off any single asset up to a maximum value of £1000.
- h. Items in excess of £1000 may only be written-off with the authority of Chair of Governors and the Finance Governor

16.Capital Sales

- a. The Headteacher may place before Governors proposals for the sale or other disposal of capital items, but no proposal may proceed except in accordance with the Financial Regulations as specified in "Financial Services - A Guide for Colleges & Colleges".

17. Receipt of Goods and Services (Internal financial control)

- a. When the budget is set, funds are allocated to clearly defined departments in order to monitor expenditure.
- b. Upon delivery of general purchases, the Head of Department checks the items off against the delivery note which is retained to be checked against the official payment invoice. In the case of book stock and cleaning acquisitions, these are checked by the Librarian and Site Manager respectively.

18. Security of stocks and other property

- a. Governors allocate a specific amount of capital for consumable items at the beginning of the financial year which is allocated to Heads of Department. On receipt, these items are locked in designated areas within departments.
- b. During holiday periods the larger, expensive items will be held in the Reprographics Area until they can be delivered to the relevant Head of Department. Throughout the year alarm systems are activated overnight and steps taken by staff to prevent computer equipment etc being on display.
- c. College property may only be taken off the College site by permission of the Headteacher and must be signed out in the Equipment Register held in the Finance Officer's office.
- d. The Headteacher and Site Manager and two other senior members of staff are the only members of staff who act as keyholders and in the unforeseen event of keys being mislaid, the Headteacher is informed immediately.
- e. The Cash Policy Insurance Scheme covers the College under the following conditions :
 - In the event of loss of money from the Authority's premises, and whilst in transit in the custody of the Insured's employees. There is also a certain amount of cover for College private funds.
 - The maximum amount of liability in respect of any one loss from a locked receptacle (other than safes and strong-rooms) is £1000. If money is lost from a safe or strong-room the limit is higher and depends on the type and location of the safe in question.
 - As far as College private funds are concerned the current limits under the policy are as follows –
 - Money in any College premises in wall safes, locked cupboards, or similar locked receptacles, - £500.
 - In floor safes or other free standing safes, - £1000.
 - Money in transit in the custody or under the control of the Insured's employees - £1000,
or in the custody of the Insured's employees accompanied by an escort - £1500.

19. Insurance

- a. Insurance, however arranged, should be managed so as to:
 - (i) provide adequate cover for the risks insured;
 - (ii) maintain cover up-to-date at all times;
 - (iii) ensure compliance with the insurers' requirement;
 - (iv) enable incident reports and claims to be processed promptly and effectively;
 - (v) enable claim proceeds to be reimbursed and banked promptly;
 - (vi) ensure regular review of the need to insure risks, the cost and suitability of the policies maintained and the adequacy of the cover selected.
- b. The Governors annually review the risks to which the College is exposed.
- c. The College and Local Authority have responsibility for:
Public Liability Insurance,
Employer's Liability Insurance,
Officials' Indemnity (Professional Negligence),
Personal Accident Insurance,
Property Insurance,
Cash Policy,
Fidelity Guarantee Policy and
Engineering Insurance.
- d. In all the above cases the College is covered under a block policy held and monitored by the Insurance Officer based at County Hall in the Department for Finance and Administration.
- e. Further policies are available to the College which are optional and in some cases are extensions to the policies named above. These include:
College Journey Insurance
Personal Accident - College Pupils
Personal Accident - (Assault Risk) College Governors
Lettings Insurance - Loss of Revenue
Self Insurance Scheme - College Equipment
Supply Insurance Scheme (Sickness)
- f. The optional policies are considered by the Headteacher annually.
- g. In the event of a claim arising the Insurance Officer should be notified without delay. Under the General Conditions of its insurance policies the Council is obliged to inform its insurers immediately of any such claims and any delays can hinder the company in their handling of the particular matter in question.
- i. If a claim is made by a third party, no admission of liability should be made and the claimant should be advised that the matter is being investigated and dealt with by the appropriate officer.

- j. The Council's insurers are entitled to receive all information or assistance they may require to enable them to deal with a claim and when requested this should be provided as quickly as possible.
- k. Although the County Council has a comprehensive package of insurances there is nevertheless an obligation on the part of every employee and governor to take all reasonable precautions to prevent accident, loss, damage or injury. To this end the Building and Sites sub-committee and the Health and Safety Governor tour the site each term to note any factors that might constitute a hazard and take action as appropriate.

20. Computing Arrangements

- a. Where computing facilities are used for financial management and administration arrangements for their use should :-
 - (i) conform with the requirements of Data Protection legislation from time to time in force;
 - (ii) secure the accuracy and integrity of all financial data relating to the College.

In particular, such arrangements should make proper provision for :-

- the physical security of computer equipment and software;
 - the restriction of access to the means of processing or reading data to authorised personnel only;
 - procedures for the control of input and output;
 - procedures for the reliable reconstruction of records in the event of system failure (system back-up);
 - procedures for the processing of data by alternative means in the event of other than temporary breakdown.
- b. The College uses a computer to process and record financial and other management data including pupil and staff records. These records are registered under the Data Protection Act 1984 through the Cornwall County Council Data Protection Office.
 - c. Security of the finance computer is controlled through access being limited to the Finance Director, Finance Officers and LFS Technician; with varying degrees of access being authorised by the Headteacher, and by strict observation to password security and frequent changes of passwords.
 - d. For additional security, at the end of each working day, or as appropriate, a back-up is taken of all transactions by the College IT Technician, dated and the disc kept secure in the College safe.
 - e. Only authorised software, purchased or imported from the Local Authority's Technology Department (CCET), may be loaded in order to minimise the risk of computer viruses entering and corrupting the system.

21. Financial Records - General Requirements

- a. All financial records, including computer records, should be:
 - (i) in a form which is consistent with standards of good operating practice for the systems to which they relate;
 - (ii) subject to proper security at all times while they are in the care or custody of the College;
 - (iii) retained for periods specified by County Hall as necessary for the protection of the Council's interest;
 - (iv) available for inspection, at reasonable times, by those who are duly authorised to inspect them.

Financial records, including computer records, should be retained in suitably protective containers as follows :

i) **Income Records**

These include items such as receipt books, income analysis sheets and bank paying-in books. All income records should be retained for a minimum period of the current financial year plus the preceding SIX financial years.

ii) **Expenditure Records**

These include items such as cash books, contracts, annual accounts, copy orders, cheque books, bank statements and paid invoices. Such records should be retained for a minimum period of the current financial year plus the preceding SIX financial years. It is also recommended that files of key documents relating to major financial matters should be retained for not less than this minimum period.

- b. Financial stationery should be designed to be suitable for the purposes for which it is to be used and to incorporate adequate control features where appropriate (e.g. serial numbering, inclusion of key data such as VAT number).
- c. Safe and efficient arrangements should be made for the delivery, receipt, storage, issue and return of financial stationery.
- d. In particular proper records should be maintained in respect of the location and movement of serially numbered stationery.

22. Personnel records and Payroll Reconciliation

- a. The Governors have purchased through the Service Level Agreement Scheme for the administration of the College's payroll to be undertaken by the Payroll Section of the Department of Finance and Administration.
- b. To ensure that payments are made only to those employed by the College the following procedures are established:

- (i) Under the direction of the Headteacher and in accordance with the pro-forma variation sheets provided by the Payroll Section, the Finance Director in partnership with the Director of School Services administers all aspects of appointment and termination of teaching and non-teaching staff posts. All posts are subject to a review prior to being advertised. This review includes confirmation that the Job Description, hours of work, grade, budget (and cost centre) and person specification are all agreed in advance and evidenced as such by the Head Teacher, Chair of Governors and Finance Director. Once appointed, changes re advised to payroll by the Finance Director using pro-forma forms or electronic means. These are checked and signed by the Headteacher or Deputy Headteacher before posting.
- (ii) Contractual details are amended on the Personnel module of the SIMS computer by the Finance Director, under the direction of the Headteacher.
- (iii) The College receives a monthly reconciliation of payments made to staff during the previous month. This is used to update the transaction data in SIMS/FMS6. Full procedures notes on this exercise are held at the College.
- (iv) As payroll costs constitute the majority of college expenditure, a monthly analysis of all payroll costs is prepared by the Finance Director for the Headteacher.

23.Audit

- a. The Headteacher shall make appropriate arrangements to facilitate the internal audit of the College and shall, on behalf of the Governors, ensure that audit reports are dealt with promptly. The audit report should initially be seen by the Chairman of Governors and the Finance Governor. The report should then be submitted for discussion to the next full Governors' meeting. This will enable all Governors to be informed of the current position and allow open discussion of any appropriate action plans.
- b. Following the auditor's visit, upon receipt of the subsequent written findings, a copy of the report is seen initially by the Chairman of Governors and the Finance Governor. The report is then presented to the full Governing Body so that all Governors are made aware of the current practice and are given the opportunity to debate and formulate an action plan if appropriate.

24.Irregularities

- a. The Headteacher shall, on behalf of Governors, ensure that if a matter arises which may involve financial irregularity in any form, the Chairman of Governors, the Finance Governor and County Hall shall be notified immediately. The Governors should be informed as soon as practical of any irregularities and in due course decide on the necessary action, subject to professional advice from County Hall to rectify any findings.
- b. In all cases should any governor or staff member having a pecuniary interest in such matters this must be declared to the Governing Body and Headteacher and such notifications recorded in a register.

25. Register of Pecuniary Interest

- a. On behalf of the Governors the Headteacher shall maintain a register of pecuniary interest relating to both staff and Governors. This is retained by the Clerk to the Governors (Governors) and Director of School Services (staff).

26. Other College Funds

- a. Voluntary or private College funds should be accounted for separately from official Council monies and separate banking arrangements should be made for them.
- b. Money belonging to a private or voluntary fund should be deposited in a bank or similar account and should not be used for purposes other than fund purposes. In particular money received on behalf of the fund should be banked at the earliest opportunity and no money should be withheld from the bank for private purposes.
- c. One person should have overall responsibility for each fund.
- d. Final accounts should be produced for each fund at the end of each annual period of account or on the closure of a fund where the fund operates for less than a whole year.
- e. All final accounts should be audited and the audited accounts should be reported to Governors within a specified time after the end of the annual period of account or the closure of the fund if that precedes the end of the period of account
- f. Adequate insurance cover should be arranged for such funds.
- g. Two signatures should be required for each cheque drawn on the fund bank account.
- h. The Finance Director acts as the treasurer of the College's private fund with the support of the Finance Officer and full records are maintained on the GemSoft computer system with backup paperwork retained in the Finance Officer's office. The account is audited annually by an independent auditor. All receipts, bank statements and appropriate documentation are provided for the audit.
- i. The Auditor's report is forwarded to the Headteacher, Chairman of Governors and the Finance Governor by the Auditor.
- j. The cheque signatories for the College's private funds are the Headteacher, Deputy Headteacher and Finance Director.
- k. The current balance is reconciled with the monthly statement and checked by the Headteacher/Deputy Headteacher.
- l. All transactions must be accompanied by official receipts or in the case of "local" purchases "proof of purchase" which must be seen by the Headteacher/Deputy Headteacher and the College receipt be countersigned accordingly.
- m. All monies collected and goods purchased are distinctly separated from the College Budget and documented accordingly.

- n. The Headteacher does not have authority to invest any official funds except in the proper use of the College's bank account.

27. College Reserves

- a. College reserves are reviewed at least annually - this normally being at the budget setting time i.e. February/March.
- b. Movement to or from one or more specific reserves must be approved by the whole Governing Body and notification to the Local Authority of such transfers must be signed by the Headteacher and Chairman of Governors.
- c. Current specific reserve options are :
 - Furniture & Equipment Renewals
 - Curriculum Development
 - Major Capital Works (over £200,000)
 - Minor Capital Works (below £200,000)
 - Self Insurance
- d. Interest on specific reserves is calculated on the quarterly balances held under each heading. This exercise is undertaken by officers of the Department of Finance and Administration at the end of the financial year and based on the interest rate for the full twelve months of the year.
- e. All interest attributable to the College, specific and other reserves, is added to the carry forward balance at the end of each financial year.

28. Borrowing

The Headteacher may present proposals to Governors if he wishes to enter into any form of borrowing or credit or other financial arrangement other than routine or short-term trade credit but no proposal may proceed except in accordance with the Financial Regulation as specified in "Financial Services - A Guide for Schools & Colleges".