



# **The Royal Free Hospital Children's School Financial Procedures Manual**

## **INTRODUCTION**

This document contains the school's detailed financial procedures, subject to the provisions of the Scheme for Financing Schools, Camden's Financial Guidance for Schools, the schools financial regulations, and statement of roles and responsibilities.

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## **THE SCHOOL IMPROVEMENT PLAN**

The school's Improvement Plan forms a major building block for constructing the budget and has a strong focus on maintaining/raising standards.

The school's School Improvement Plan covers an outline of the school's educational priorities and showing how allocation of resources is linked to the achievement of the school's targets. It includes action and outcomes for key and maintenance tasks, together with resource implications and costings, where appropriate to support whole school budget planning process and decisions.

The progress sections of the SIP reflect progress of an initiative and this would include decisions made about the cost effectiveness of the actions considered and taken. A summary of timescales and ongoing spending is included in this section so that there is a clear link between the school's priorities and future spending plans. Any Capital expenditure identified is agreed at Finance Committee and ratified by the Full Governing Body.

## **THE BUDGET SETTING PROCESS**

Budgeting is an essential part of good financial management, providing the school with a clear view of how it intends to use its resources. The budget sets out how resources are allocated and provides a mechanism for monitoring expenditure throughout the year. The Headteacher works closely with the Bursar and School Manager to produce a narrative where there are clearly identified links between the school's annual budget and its improvement plan.

Good budgeting means not running into deficit, but equally it means not carrying large balances of unspent money from year to year without good reason. This means considering how the budget for a particular area of spending will balance out over a longer period than the next financial year. Any surplus beyond a small contingency is accrued for a specific purpose. Such a purpose might be to smooth out any variation in staffing as a result of fluctuating pupil numbers, to meet additional premises or recruitment costs.

Effective budget monitoring is an important guide when setting the budget for the following year.

The school budget is prepared in accordance with the Local Authority finance guidelines, and agreed by the Full Governing Body on the recommendation of the Finance Committee.

### **General Principles**

- The school has a rolling three-year budget updated annually in line with the latest available information.
- The budget is consistent with funding available for both the Local Authority and school generated income and balances.
- The Headteacher and the school's financial management company prepare a detailed draft budget for consideration by the Finance Committee. This is revised in line with any recommendations they may make.
- The Finance Committee presents the agreed draft budget to the Full Governing Body for approval, in accordance with the timescales set down in the Local Authority's scheme and the Schools' Financial Regulations.

The annual timetable for setting the budget is:-

### **September/October**

Following discussions with staff (with particular reference to curriculum costs centres), related to priorities for the coming year as expressed in the SIP, the Head considers a draft staffing structure and sets out the basis on which the budget for that year will be prepared.

### **November/December**

The Head finalises a draft staffing structure and draws up first draft of the budget.

### **January/February**

The Finance Committee considers the first draft and the Head revises/refines in light of comments made and latest available information for Authority.

The 3-year budget plan is revised/refined in line with draft budget figures

### **March**

Following receipt of the final allocations from the Authority, the Finance Committee finalise the budget for approval by the Governing Body. The 3-year budget plan is discussed at this meeting.

### **April/May**

The Governing Body approve the final budget and it is submitted to the Authority no later than May 15<sup>th</sup>

## **BUDGET MONITORING ARRANGEMENTS**

The Governing Body delegate the management of the budget to the Headteacher, as set out in the schools financial regulations.

The Finance Committee agree a list of authorised signatories to approve cost centre expenditure.

Regular monitoring of income and expenditure against the agreed budget is carried out by the Headteacher and Finance Administrator, by e.g. checking cost centre balances before an order is signed. Cost centre expenditure is monitored regularly on a half termly basis.

Once the Headteacher has set the budget for each curriculum cost centre, Subject Coordinators are made aware of their allocation. They are also provided with a log in which all curriculum expenditure is recorded and monitored. Each month these logs are monitored by the School Manager to ensure that teaching staff keep track of their subject expenditure and balance.

### **Monthly monitoring by the Headteacher**

The school's financial management company produces a monthly monitoring and the School Manager meets with the Headteacher regularly to review and deal with any significant variances.

The Headteacher will ensure the monthly sign off of bank, petty cash, central fund bank balance reports and payroll reports.

### **Quarterly monitoring by the Finance Committee**

Each term, the Finance Committee consider a budget monitoring report presented to them by the Headteacher, in a format agreed by the authority, which meets its requirements, and report to the Full Governing Body.

### **Termly monitoring by the Governing Body**

The school's financial management company attends Finance Committee meetings each term and presents a budget monitoring report for discussion. This is submitted to the next Full Governing Body meeting.

### **Schools Financial Value Statement**

This is completed yearly by March 31<sup>st</sup> and approved by the Finance Committee.

### **AUDIT ARRANGEMENTS**

The school's most recent Audit by the Camden Internal Audit Team was in April 2022. The Headteacher is waiting to receive a draft audit report outlining any issues raised. An action plan will then be made to address these issues, which will be presented and discussed by the Finance Committee. The final audit report and action plan can then be agreed.

### **BEST VALUE**

The school will always consider price, quality and fitness for purpose when purchasing goods and services. 3 written quotes are obtained for all expenditure above £5,000.00 unless it is impracticable to do so. In such circumstances the reasons for not doing so are discussed with the Finance Committee before purchase. All goods and services over £10,000.00 are put out to tender.

### **ORDERING AND RECEIPT OF GOODS**

Staff members requesting stock items fill in a RFHCS Purchase Order which are held in the office at The Hive. The Administration Officer will order the goods once approved by the School Manager.

Staff are required to fill out a pre-numbered RFHCS order form (Based on Camden's format) for any purchases over £20.00. Purchases totalling less than £20.00 can be claimed through Petty Cash (see below). The exception to this is where goods or services exist for the supply of public utilities, periodical payments or for petty cash payments. Subject Coordinators must ensure their cost centre holds sufficient funds before requesting and ordering additional stock.

Once completed, the order form must be signed by the member of staff requesting the items and the order is then passed to the School Manager for countersignature (or other authorised signatory agreed by the Finance Committee).

Once the School Manager has authorised the order, teaching or administrative staff order either by telephone or online to the relevant supplier for processing.

When goods are delivered, staff must check the contents of the packages against the delivery note and sign the delivery note to confirm receipt. If possible, the goods are checked and matched against the order by someone other than the person who signed the order. The Administration Officer attaches the delivery notes to the orders.

The School Manager is informed, by a note attached to the delivery note, of any discrepancies, which are then followed up with the supplier.

Individual member of staff must not order goods for private use through the school.

### **EXPENDITURE FROM SCHOOL BANK**

When received, either by post or email, invoices are matched to the order, checked, CFR coded and certified by the Headteacher for payment. (This is in accordance with the list of authorised signatories

agreed by the Finance Committee; if possible the certifier is not the named person who signed the order or checked the receipt of goods).

Invoices are processed on the school's accounting system and paid within 30 days of receipt (provided correct) to ensure no liability arises under the Late payment of Commercial Debts Act.

Mostly payments are made via BACS using Bankline. The Headteacher will authorise payments separately and review the invoices to ensure payments are in accordance with the invoices that have been input onto the system by the School Manager. This procedure is in accordance with the list of authorised signatories agreed by the Finance Committee. The same procedure is undertaken if paying by cheque.

Payment of invoices is carried out by the School Manager.

## **INCOME – SCHOOL GENERATED**

As we are guests in hospital premises we are not permitted to use the school rooms to generate income. Additional income may come from grant funding, fundraising and donations.

All income is recorded and receipts issued when requested. It is appropriately coded and entered onto the accounting system. Back up documentation, e.g. the paying-in book, is appropriately referenced to enable the amount to be located if required.

All income received is banked and under no circumstances will cash income be used for making payments, including the encashment of personal cheques, before it is banked.

### **Income from Schools and other Agencies**

The school has additional income streams through a number of SLAs with schools and local authorities. Income expected from local, out-of-borough schools, local authorities and other agencies is recorded and receipt of monies is recorded when received.

This is monitored each half term and monies owing to the school are pursued by the School Manager.

### **Banking**

The school accounts are held at the National Westminster Bank, Swiss Cottage branch and are part of Camden's pooling arrangement for interest generation.

The Finance Committee have agreed a list of cheque and online payment signatories; each online transaction is input by School Manager and authorised by Headteacher and each cheque is signed by two people and changes to mandates are in accordance with the requirements laid down in Camden's Financial Guidance for Schools. SmartCard Readers, cheque books and paying-in books are kept securely in a safe when not in use.

### **PETTY CASH**

The School Manager will ensure that the petty cash fund is held securely and that only authorised staff have access to it. The school maintains a petty cash system on an imprest basis.

The Headteacher has agreed to petty cash imprest level of £250 and the safe where it is stored has sufficient insurance cover for that amount.

Unless specifically approved by the Headteacher, Petty Cash reimbursements are kept to a maximum of £25.00.

All payments from petty cash are recorded on numbered vouchers, authorised in accordance with the list of cost centre authorised signatories, checked, coded and entered onto the accounting system.

Appropriate invoice and receipts are attached, including required VAT details. Petty cash vouchers are filed monthly in voucher number order.

The petty cash is reconciled monthly by the school's financial management company. At all times the balance in the fund plus vouchers not entered must agree with the balance shown on the accounting system.

### **V.A.T./PAYE and NI/CIS Scheme**

The Headteacher is responsible for ensuring that the school follows the requirements as set out in the Camden Financial Guidance for Schools.

VAT is initially paid with purchases by the school. Once paid for, expenditure is then recorded by the school's financial management company. VAT is claimed back by The London Borough of Camden central finance department and reimbursed to the school via the central fund; the school funds held by the local authority.

National Insurance and Pension contributions are deducted by the local authority.

### **School Fund**

The school has a separate bank account for fundraising, donations and other school generated income. This fund is under the control of the Headteacher and is subject to the same controls and procedures as delegated funds.

Because the school fund is required to be included in the CFR return and to make reclaim of VAT easier, all expenditure will be made through the delegated budget bank account and the income to match (net of VAT) will be transferred from the school fund bank account. Thus in any one year the total school fund income and expenditure will agree. The income and expenditure will be shown as a separate budget heading in the school's accounts. Thus the amount held in the school fund bank account at the end of the year will represent the carry forward of the school fund.

The Headteacher will prepare an annual statement for approval by the Finance Committee. This is audited by someone not involved with the administration of the fund.

### **Royal Free Charity**

The Royal Free Hospital Children's School has an account within the RFH Charity. This account is used for monies raised/donated by fundraisers, i.e. other schools or agencies. Monies to be used as and when required.

### **PAYROLL**

The Finance Committee has bought into Camden's payroll service and the Service Level Agreement is reviewed annually to ensure best value.

The School Manager liaises with Camden Personnel and Payroll to ensure an efficient payroll system is in place. The Headteacher will ensure that all appointments, changes, leavers etc are notified in a timely manner to Payroll.

The School Manager checks the monthly payroll reports to ensure only correct charges are made. These are coded and entered onto the school's accounting system and the totals checked to ensure they agree with the entries on the school's central fund statement.

Payroll reports are filed by reference to month.

### **ASSETS AND STOCK**

The school has a range of portable materials and equipment including books, computers and laptops. These assets are kept securely and an up-to-date inventory maintained of all items of equipment. Such items are identified as school property with a security marking. The Headteacher ensures that I.T stocks are maintained at reasonable levels and arranges for inventories to be checked at least once per year against physical items. All discrepancies are investigated and any over a predetermined sum reported to the Governing Body.

The Governing Body authorise write offs and disposal of surplus stock and equipment in accordance with the Authority's regulations.

### **CENTRAL FUND CONTROL – RECEIPTS AND DEDUCTIONS**

Income received via the central fund, and deductions from the central fund, are coded to the appropriate cost centre by the School Manager. This information is then passed on to the school's financial management company.

### **DATA SECURITY: SAFEGUARDING BACK-UP OF THE ACCOUNTING SYSTEM**

Data is backed up on a daily basis to the server, located on the lower ground floor of the hospital. This is a fireproof location and away from the school premises on the 6<sup>th</sup> floor. If an incident destroyed the school-based accounting systems, the previous day's back-up would replace everything up to that day. In terms of personnel, e.g. School Manager the being on long term sick, the school would recruit cover from Camden LA's staffing pool.

Computer systems used by school management are protected by password security to ensure that only authorised staff has access. Passwords are changed monthly and updated for staff changes. Virus protection is also in use on computer systems and only authorised software is installed.

The Headteacher and Governing Body will ensure that the school complies with the requirements of the Data Protection Act. They are mindful of the need to balance keeping personal information secure with the overall duty of care to pupils and staff.

A standing order is in place with ICO to debit the school bank account with the annual charge for Data Security.

Security of personal information is very important. There is additional back-up on encrypted memory sticks, which are stored in the safe, to ensure access to information should IT equipment need replacing as a result of for example, fire or flood damage. Within the context of Emergency Planning, certain information is held in hard copy form, e.g. contact details of staff members which may be needed in the event of IT failure, when IT is not accessible during an emergency, or on occasions where pupils are away on school visits/trips and urgent contact with parents/guardians is required.

The follow points are adhered to -

- There must be justifiable reasons for having the information in hard copy format
- The individual holder of such information must have good reason for having it
- Every attempt must be made to keep the information in a secure state
- Hard copies should only be kept if secure electronic copies are not practicable

### **CFR AND BENCHMARKING**

The budget is set in accordance with the CFR guidelines.

The school uses the DfE Ofsted site to access benchmarking information which enables the school to prepare charts that compare their income and expenditure profile with that of other hospital schools. This information is presented annually, by the Headteacher, to the Finance Committee and Full Governing Body.