

Financial Regulations for Schools

September 2025

Financial Regulations for Schools

Introduction

The South Gloucestershire Scheme for Financing Schools sets out the financial relationship between the Local Authority and its maintained schools. It is a requirement under Section 48 of the School Standards and Framework Act 1998. Under this legislation local authorities must distribute the individual schools' budget amongst their maintained schools using a formula which accords with regulations made by the secretary of state. This scheme sets out the financial relationship between the Authority and the schools maintained by the Authority, including the requirement to adhere to these financial regulations. The scheme contains requirements relating to financial management which are binding on both the local authority and the governing bodies of schools.

These financial regulations apply to all Schools who receive their funding from the Local Authority under the legislative provisions in section 45-53 of the School Standards and Framework Act 1998.

These Financial Regulations for schools govern the way the Council controls and manages its financial responsibilities in relation to maintained schools. The regulations set out in this document aim to ensure:

- Financial probity and proper stewardship of public monies
- Value for money
- Clarity in expectations of schools' conduct
- Accountability by schools for their actions

The basic principles and key controls underlying these regulations are:

- Separation of duties
- Maintenance of adequate records
- Clarity in responsibilities and procedures
- Transparency

The sources for the Financial Regulations for Schools are:

- The Council's Financial Regulations and Contracting Rules
- The Scheme for Financing Schools
- The Department for Education Schools Financial Value Standard and other DfE guidance
- The Procurement Act 2023

The council will review the content of these regulations every three years to ensure continued compliance with relevant guidance and legislation

Changes to these regulations will be subject to consultation with the Schools Forum, the Council's Internal Auditors and other relevant stakeholders.

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Definitions

1. Local Authority – South Gloucestershire Council is the local authority, referred to in these regulations as ‘the local authority’.
 2. The Chief Financial Officer is the Service Director – Finance. He/she may choose to delegate his/her oversight and responsibilities for these regulations to **the Service Director for Education, Learning and Skills supported by the Service Director for Business and Resources - People**.
 3. School(s) – the use of the words ‘school’ or ‘schools’ throughout these regulations refers collectively to the governing body, a committee of the governing body, the Head Teacher or other Headship arrangements at the school and other staff employed at the school, including contractors and agency staff operating the schools financial processes. In certain cases, the regulations refer specifically to the governing body or the Head Teacher.
 4. Governing Body – References to the ‘the Governing Body’ may refer to a committee of the governing body where delegated authority to carry out tasks is permitted, and those tasks have been properly delegated to such a committee by the Governing Body.
 5. Head Teacher – reference to ‘the Head Teacher’ may refer to other staff of the school where delegating authority is permitted and has been properly delegated by the governing body or Head Teacher.
 6. Regulations – the term ‘regulations’ in this context means the financial regulations for schools.
 7. Any points of clarification on these regulations should be initially addressed to the Head of Internal Audit, Internal Audit Services, internalauditmail@southglos.gov.uk
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Summary of Changes to the Financial Regulations for Schools

The Financial Regulations for Schools have had a significant change to the overall layout. The table below provides details of the content's pages side by side:

Previous Version of Financial Regulations for Schools	Proposed Version of Financial Regulations for Schools
Definitions	Definitions
Governance	Governance
Roles and Responsibilities	Roles and Responsibilities
Governor Skills	Legality of Commitments
Finance Committee or Equivalent	Finance Committee or Equivalent
Financial Reporting	Financial Reporting
Financial Systems	Financial Systems
Register of Pecuniary, Business Interest and Related Party Transactions	Financial Expertise
Financial Expertise	Strategy & Budget Management
Strategy and Budget Management	Financial Strategy
Financial Strategy	Virements
Budget Management – Annual Budget Setting & Accounting Policies	Surplus and Deficit Balances
Virements	Revisions to the Published Budget (Virements)
Staffing	Staffing
Staffing Structure	Staffing Structure
HR, Salaries, Wages and Pensions	HR, Salaries, Wages and Pensions
Pensions Statutory Responsibilities	Financial Controls
Procurement and Value for Money	Access Education Finance
Scheme of Delegation and Authorisation Limits	Budget Management – Annual Budget Setting & Accounting Policies
Purchasing	Capital Expenditure
Petty Cash	Register of Pecuniary & Business Interests and Related Party Transactions
VAT	Internal Audit
Commercial Activity & Additional Services	Purchasing, Tendering & Contract Requirements
Loans, Borrowing & Investments	School Financial Value Standard (SFVS)
Legality of Commitments	School Fund
Surplus and Deficit Balances	Fraud
Protecting Public Money	Control of Assets
Fraud Prevention, Detection, and Investigation	Debt Write Off
Internal Audit	Value Added Tax (VAT)
Income Banking and Bank Account Administration	VAT
Voluntary (semi-official funds)	Income & Borrowing
Property, Capital, Insurance & Risk Management	Income
Capital Expenditure	Loans and Borrowing
Risk Management & Insurance	Stocks and Stores
Stocks and Stores	Stocks and Stores
Information Security	Insurance and Health & Safety

	Health & Safety
	Insurance
	Property Maintenance
	Maintenance
	Child Protection
	Child Protection

Where sections have had content changes applied, these have been highlighted in the table above in green. If the section is not highlighted in green, assume that it is mainly unchanged.

Further information on these changes is provided below.

Summary of Key Changes by Title

Legality of Commitments – new section, Governor regard to legality of their commitments

Surplus and Deficit Balances – new section, additional guidance around surplus and deficit balances

Access Education Finance – new section, information around accounting software for maintained schools

Budget Management – Annual Budget Setting & Accounting Policies – new section, information around budget setting

School Financial Value Standard (SFVS) – new section, confirms requirement for annual submission

School Fund – updated section, confirms requirements for these types of funds

Control of Assets – new section, confirms school's responsibilities relating to their assets

Debt Write Off – new section, information regarding the write off of irrecoverable debts

Loans and Borrowing – updated section, additional guidance around loans or borrowing taken out by school's

Health & Safety – new section, information on maintained school responsibilities

Insurance – separate section for information

Maintenance – new section, to align with Scheme for Financing Schools

Child Protection - new section, to align with Scheme for Financing Schools

1. Governance

Roles and Responsibilities

- 1.01 Financial regulations apply to every member of the governing body and member of staff at the school including contractors and temporary staff engaged to carry out duties relevant to the financial management and administration of the school.
- 1.02 These regulations relate mainly to official funds. However, please refer to the section on voluntary funds and extended provisions for financial standards relating to these other types of funds.
- 1.03 These regulations shall not override any statutory provisions that apply and complement the statutory requirements laid down in the South Gloucestershire Scheme for the Financing of Schools.
- 1.04 The governing body has collective, legal responsibility for the overall direction and conduct of the school and its strategic management, under Section 21 of the Education Act 2002. Governors are generally protected from personal liability, provided they act honestly, reasonably and in good faith (section 50 (7) of the School Standards and Framework Act 1998).
- 1.05 A governing body and its governors must, as required by The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013, regulation 6(2):
- Act with integrity, objectivity and honesty and in the best interests of the school
 - Be open about the decisions they make and the actions they take and shall be prepared to explain their decisions and actions to interested parties.
- 1.06 The core functions of the governing body as set out in (regulation 6) and include, but are not limited to ensuring:
- That the vision, ethos and strategic direction of the school are clearly defined
 - That the headteacher performs their responsibilities for the educational performance of the school
 - The sound, proper and effective use of the school's financial resources
 -
- 1.07 The governing body has a statutory responsibility to support and challenge the headteacher. Members of the governing body do this to ensure:
- Resources are deployed appropriately in line with the school's priorities
 - Planned levels of financial performance are achieved
 - The school avoids incurring financial loss and waste
 - The school receives favourable audit assessments.
- 1.08 In practice governors will need to delegate to the Head Teacher some of their authority to conduct the management of the school's finances. The governing

body must maintain a written record, in the form of meeting minutes, where decision making has been delegated to committees of the governing body and/or school staff. These regulations will specify where decisions cannot be delegated and must be referred to the Council's Chief Financial Officer. Where responsibilities have been delegated or devolved to other responsible officers' reference to the chief financial officer in the regulations should be read as referring to them.

- 1.09 The governing body of each school must oversee financial performance and ensure public money is well spent (as outlined in The School governance (Roles, Procedures and Allowances) Regs 2013). It is important that everyone on the governing body has:
- A basic understanding of their school's financial cycle and legal requirements on accountability and spend
 - An oversight of school spending
 - An understanding of the school's financial position
 - Receive regular assurances that accurate school accounts are kept
 - Determine the number and type of staff and a pay policy in accordance with the school teachers' pay and conditions
 - Act as a 'critical friend' to the headteacher by providing advice, challenge, and support.
- 1.10 The Chief Financial Officer is, for the purpose of Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988, responsible for the proper administration of the Council's financial affairs including maintained schools.
- 1.11 Substantial breaches of Financial Regulations must be reported to the Chief Financial Officer and may be treated as disciplinary offences. The South Gloucestershire scheme has a section on withdrawal of delegation. The Local Authority can issue a Notice of Concern for breaches of these regulations requiring the Governing Body to comply with provisions set out by the Local Authority in the Notice of Concern. The Local Authority has the ultimate power to withdraw a Governing Body's right to a delegated budget including establishing an Interim Executive Board to replace the Governing Body for breaches to these regulations.
- 1.12 To discharge their statutory responsibilities referred to in these regulations the Chief Financial Officer, or a representative, may attend any meeting of governors to observe, give advice and/or report on financial matters.
- 1.13 The Chief Financial Officer may issue, from time to time, financial manuals, and instructions for the administration of the financial affairs of schools. Such instructions may provide further guidance on arrangements dealt with in these regulations. This could include the form and content of any new financial requirements/controls placed upon schools. Any instructions must include details of any documentation/reports required or any accountancy procedures to be followed.

- 1.14 Financial instructions, whether issued separately or included in the Schools Financial Manual, shall form part of these regulations.
- 1.15 Electronic copies of the regulations will be supplied to all schools for distribution. The Head Teacher must additionally ensure that members of the governing body have access to these regulations and any financial documents they may request.
- 1.16 Further detail on the roles and responsibilities of the governing body and the head teacher are available in the governance handbook
<https://www.gov.uk/guidance/governance-in-maintained-schools>

Legality of Commitments

- 1.17 Governors must have proper regard to the legality of their commitments and if there is any doubt they must consult with the Chief Financial Officer at the earliest opportunity.

Finance Committee or Equivalent

- 1.18 Governing bodies are responsible for setting their school's annual budget. The governing body may delegate some financial responsibilities to one or more committees. This delegated authority must be reviewed annually and when any significant changes to the membership of the committee occur.
- 1.19 The school should consider including the following in their finance (or equivalent) committee terms of reference:
- Recommendation of the annual budget to the governing body including the delegation of the budget responsibilities to budget managers
 - Regular monitoring of actual income and expenditure against each budget and revised forecast for the year
 - Awarding of contracts by tender up to a specified limit in line with the Purchasing, tendering & contract requirements section.
 - Reviewing reports by internal audit
 - Monitoring of actual income and expenditure for any extended provisions (e.g., breakfast/after school clubs) including any business plans to ensure activity covers its costs.
 - Delegation limits above which the approval of governors is needed before goods or services can be purchased or money can be moved between budget headings (refer to section 2.14 virements and section 4.6 purchasing).
- 1.20 Where a school has opted to have a finance committee or equivalent, this committee should meet at least three times per year to enable the review of income and expenditure against budget.

Financial Reporting

- 1.21 The school must prepare clear and concise financial monitoring reports which will enable the governing body to review income and expenditure against the agreed budget. It should highlight variances and be accompanied by narrative to transparently explain matters arising and/or anomalies.
- 1.22 Financial monitoring reports must be produced and shared with governors a minimum of six times per year. Reports should include recommendations for any corrective actions to be taken.

- 1.23 The school should ensure that all staff are informed of the school's annual budget, how funding is allocated and profiled, and how the school's finances are monitored during the year.
- 1.24 Schools must submit financial information and reports to the local authority in line with the requirements and timescales stipulated in the Scheme for the Financing of Schools.
- 1.25 Governing bodies must ensure that responsible budget holders:
- Receive reliable information to monitor their budgets
 - Are aware of their responsibilities,
 - Comply with the Scheme for the Financing of Schools and the Financial Regulations for Schools
 - Have received adequate training to carry out their responsibilities
- 1.26 Where supplementary accounting records are maintained, Governing bodies must reconcile these to the council's main accounting systems, or bank statements, on a regular basis (at least monthly but more frequently where necessary).

Financial Systems

- 1.27 Any amendments to approved financial systems or proposals to introduce new financial systems must be agreed in advance with the Chief Financial Officer.
- 1.28 The advice of the Chief Financial Officer must be sought regarding any matter that could, materially, affect the finances or financial systems of the Council before any commitment is made. The council will issue instructions around minimum requirements for schools where they opt to use other systems. This will be to reduce impact on the council's operations and schools must adhere to any instructions issued.

Financial Expertise

- 1.29 The school should ensure that they have access to an adequate level of financial expertise to support its financial management and operations. This could be internal support or purchased from a third party. It should include cover for finance staff prolonged absence, i.e., more than 4 weeks.
- 1.30 The main areas of expertise to which the school should have access includes:
- Development of strategic financial plans
 - Understanding of and ability to operate good financial management practices
 - Understanding of national and local financial requirements for the school, and the school's own framework of financial control
 - Understanding and operation of budget setting and monitoring
 - Operation, control, and monitoring of the financial systems
- 1.31 The school should ensure that all staff are informed and understand the school's annual budget, how the funding has been allocated and profiled, and how the school's finances are monitored.

2. Strategy & Budget Management

Financial Strategy

- 2.01 The school must have a realistic, sustainable, and flexible financial strategy in place for at least 3 years, based on realistic assumptions about future funding, pupil numbers and known pressures.
- 2.02 Governors should be provided with 3 to 5 year projections including detail on the following assumptions:
 - Projected pupil numbers
 - Free school meal numbers
 - Likely pupil premium income
 - Projections of required staffing
- 2.03 Schools should consider using [integrated curriculum financial planning](#) to help plan the best possible curriculum within the parameters of funding available.

Revisions to the Published Budget (Virements)

- 2.04 The budget is an expression of the financial implications of an intended course of action, crystallised at a particular point in time, as time passes, the governing body may wish to amend the plan in light of internal or external circumstances. A technical approach known as virement will be used to make these changes.
- 2.05 Schools are able to vire freely between budget heads in the expenditure of their budget shares, where this does not result in putting the school budget into deficit. Virements may increase the schools planned use of accumulated reserves. This is allowable provided such movements do not result in the school going into overall deficit. If a deficit may occur, a licensed deficit should be sought in advance from the local authority. Virements should be presented on the quarterly budget monitoring returns.
- 2.06 The Governing Body should set a policy for the approval of virements. This will specify the limits of action by individual members of staff, above which the governing body itself must approve any virements.
- 2.07 Virements from one-off savings must not be used to fund long-term commitments.
- 2.08 All virements must be recorded in the minutes of the governing body or nominated committee. Those approved by the head or senior members of staff in accordance with the scheme of delegation must be ratified by the governing body or committee nominated by them. All approved virements will be actioned promptly so that subsequent budget monitoring will provide meaningful financial control information.

Surplus and Deficit Balances

- 2.09 Governing bodies cannot plan or authorise a deficit budget – that is where planned expenditure exceeds anticipated income plus any permitted reserves – without first agreeing a ‘Licensed Deficit’ arrangement with the local authority.
- 2.10 Similarly, where routine budget monitoring indicates that a school is forecasting a cumulative deficit for the financial year, the governing body must seek a ‘Licensed Deficit’ arrangement with the local authority without delay.

- 2.11 Governing Bodies must apply in writing to the Service Director for Business and Resources - People for permission to incur a deficit budget in accordance with the conditions set out in the Scheme for Financing Schools. Governing Bodies must support requests with an agreed recovery plan immediately as soon as it is determined there will be a deficit.
- 2.12 In accordance with the Scheme for Financing Schools, requests for licensed deficits must be considered jointly by the Service Director for Business and Resources – People and Service Director – Education, Learning and Skills. As part of agreeing a licenced deficit the Council will agree with the school monitoring and reporting arrangements required to ensure the deficit recovery plan remains on track.
- 2.13 Governing bodies must carry forward from one financial year to the next any surplus or deficit in net expenditure when compared with the school's budget share for the year, adjusted for any balance brought forward from the previous year.
The local authority cannot write off the deficit balance of any school. Governing Bodies must recover the deficit over an agreed period, up to the maximum period defined in the Scheme for Financing Schools. In exceptional circumstances Service Director for Business and Resources – People and Service Director – Education, Learning and Skills can agree a longer period of recovery.
- 2.14 Governing bodies may approve a budget that has the effect of increasing accumulated reserves. However, such surpluses should be earmarked for specific future need to ensure that the pupils in the school benefit from a planned approach to spending that does not unreasonably deprive them of resources in a given year.

3. Staffing

Staffing Structure

- 3.01 In schools, staff costs are usually the largest item of expenditure. It is essential that payments are accurate, timely and made only in accordance with individuals' conditions of employment. The school should review its staffing structure regularly to ensure it is the best structure to meet the needs of the school whilst maintaining financial integrity.
- 3.02 The school should ensure they have sufficient independent advice to inform the pay decision process for the senior leadership team of the school. The process should be closely correlated to educational outcomes and sound financial management.

HR, Salaries, Wages and Pensions

- 3.03 The governing body will ensure that all appointments are made in accordance with the school's policies and that appropriate delegations are in place and recorded and approved annually in line with the scheme of delegation.
- 3.04 Under no circumstances should staff approve changes to their own terms and conditions including, for the avoidance of doubt, pay decisions. Changes to the

Head Teacher's pay must be authorised by an appropriate committee and clearly evidenced in the minutes of that committee.

- 3.05 The key controls for payments to employees are:
- Proper authorisation procedures are in place and that there is adherence to payroll provider timetables in relation to: starters, leavers, variations and enhancements, and that payments are made on the basis of timesheets or claims.
 - Frequent reconciliation of payroll expenditure against approved budgets and bank accounts.
 - All appropriate payroll documents are retained and stored for the defined period, in accordance with any guidance issued with the local authority on retention periods.
 - All expenditure, including VAT, is accurately recorded against the right department and any exceptions are corrected.
 - HM Revenue and Customs regulations are complied with.
- 3.06 Governing Bodies will satisfy themselves that the school has adequate arrangements in place for the accurate management of staff pay. The governing body will ensure that all payments of wages, salaries and other emoluments are only made through the payroll service. Employee expenses should be processed through the payroll, but in exceptional circumstances, other methods may be used.
- 3.07 The school cannot transfer all risks associated with the payment of staff to their payroll provider. The governing body has a responsibility to satisfy themselves that their payroll provider:
- Is suitably qualified and able to perform the role of payroll service on the school's behalf
 - Has the necessary arrangements in place to securely hold all records relating to pay, superannuation, national insurance, and income tax
 - Is making payments as required to any third parties, e.g., HMRC
 - Has issued guidance to schools' staff on the requirements for pension auto-enrolment and how to opt out of the scheme
 - Can provide information to the council for financial reporting purposes, as specified in any instructions issued by the council.
- 3.08 The governing body should ensure that the payroll provider is supplied with the names and specimen signatures of certifying officers, as specified in the Schools Scheme of Delegation.
- 3.09 The payroll output from every run will be checked against source records to ensure that the school is only being charged for:
- Staff employed by or in the school, in accordance with their terms and conditions
 - The correct proportion of employers' contributions to pensions and national insurance.
- 3.10 Employees have a responsibility to check the accuracy of their pay. They must immediately notify payroll services of any change in circumstances, or situations

(such as payments received in error), likely to affect their entitlement. Should employees receive any payment to which they are not entitled, this must be refunded.

- 3.11 The governing body should establish procedures for the administration of personnel activities, including appointments, terminations and promotions.
- 3.12 The governing body should ensure that, where practicable, the duties of authorising appointments, making changes to individuals conditions or terminating employment of staff are separated from the duties of processing claims.
- 3.13 In all cases, there must be at least two people involved in the processes of completing, checking and authorising all documents and claims relating to appointments, terminations of employment and expenses.
- 3.14 Access to personnel files must be restricted to authorised staff only. There should be arrangements in place for the management of access to staff records, including their own records.
- 3.15 The governing body should ensure that a list of all staff employed at the school is maintained. A procedure must be in place to enable the list to be regularly updated. The list must record, name of staff member, grade, additional allowances and pay reference number. For staff members on limited term contracts, the details of contract start, and finish date should also be included on the record.
- 3.16 The school cannot transfer all risks associated with Human Resources to their provider. The governing body has a responsibility to satisfy themselves that their Human Resources provider:
- Is suitably qualified and able to perform the services of a human resources provider
 - Has the necessary arrangements in place to support with staffing and employment advice
 - Has appropriate policies and procedures in place to support with human resources
 - Can provide the necessary information when notification to the local authority is required
- 3.17 Where maintained schools including Foundation/Trust school's payroll is completed externally, they will be required to submit to the council a monthly contributions reconciliation (MCR) template by their payroll provider. This will include:
- the salary,
 - employment and contribution details for all teachers employed in their school including supply,
 - casual staff and visiting lecturers.
- The template will include all the information that will be required to submit the ASR (Annual Service Return), including all changes to service or salary, pay increments/awards and any withdrawn service (i.e. strike action). Further information available from Payroll Services.
- 3.18 Schools and their service provider will need to comply with the statutory requirements under LGPS regulations and Teachers' Pensions. This requires the timely submission of correct data in accordance with The Pension Regulator's (TPR)

Code of Practice and Record Keeping Regulations. Employers who do not comply with data provision may be subject to fines. As the employing authority, the council reserves the right to reclaim any monetary losses from schools because of any penalty applied to them in respect of late or incorrect data.

3.19 **Expenses**

The governing body will agree a policy covering the payment of expenses to staff employed by or in the school. This policy should include reference to the following issues:

- which types of expenditure may be reclaimed by members of staff and governors
- when expense claims should be submitted and in what format
- VAT receipts must be submitted with the claim
- Specify circumstances where small amounts can be paid from petty cash

The school must have a procedure in place to certify expense claims prior to processing. In practice, this means that a responsible officer should authorise that the expense has:

- been necessarily incurred in the discharge of the person claiming's role,
- that it is appropriate and proportionate to the requirements of their role and
- due regard has been paid to cost effectiveness of travel and
- the appropriateness of any expense when considered in the light of the educational setting.

3.20 The governing body will ensure that the school's payroll provider is supplied with appropriate details of any taxable 'benefits in kind' attributable to any of the staff employed by or in the school. This is to allow the production of P11D tax returns.

3.21 Complex and stringent rules govern circumstances where payment can be made to individuals without deducting national insurance or tax contributions. To avoid breaching these regulations, payments to employees must only be made through the payroll.

3.22 **Using the services of 'Self-employed' individuals**

The school should take care when considering employing the services of individuals who claim to be 'self-employed' and seek payment for their services by the submission of invoices. When the school engages staff/consultants/contractors outside of the payroll, careful consideration needs to be made of these individuals' employment status. Schools should refer to the www.gov.uk website for further information about the requirements of IR35. Where individuals are working in any capacity on behalf of the school off payroll through an intermediary (IR35) the school should check the employment status using the <https://www.gov.uk/guidance/check-employment-status-for-tax> online tool. A copy of the result of any check should be retained by the school.

HMRC have a series of criteria to establish the employment status of an individual. There is detailed guidance available for off-payroll working rules for clients, workers (contractors) and their intermediaries. The rules are also known as 'IR35'.

Further information is available at: <https://www.gov.uk/guidance/understanding-off-payroll-working-ir35>

- 3.23 Where the council is the ultimate employer and there are any potential employment claims, advice should be taken from the school's HR provider.
- 3.24 Information to be supplied to the Local Authority
- Where the governing body does not source its payroll services from the local authority, it will ensure that appropriate salary, service and pensions data is provided to the local authority, which the local authority requires to submit its annual return of salary and service to the Teachers' Pension Agency and to produce its audited contributions certificate. The local authority will advise schools each year of the timing, format and specification of the information required.
- 3.25 Where exceptionally, a school has permission to deal direct with the Teachers Pension Agency, it will adhere to any timetable and procedural requirements advised by that body.
- 3.26 Where the governing body does not source its payroll services from the local authority, it will ensure that any Additional Voluntary Contributions (AVCs) are passed to the Authority, within the time limit specified in the AVC scheme.
- 3.27 The governing body will meet any costs consequent to adhering to regulations 3.24 to 3.26 from its delegated budget share.
- 3.28 Work completed for third parties by school staff
- The governing body will agree a policy covering work completed by school staff for third parties (including Limited Companies set up by the school).
- 3.29 The governing body will consider, in advance, any such proposed episodes, having regard to:
- The school's ability to deliver the curriculum, or to meet any other statutory requirement.
 - The efficient running of the school
 - The individual's self-development and the development of new skills ultimately to the benefit of the school
 - Any incremental costs falling on the school's delegated budget.
- 3.30 Under no circumstances should any payments in relation to such work be made directly to the employee by the third party.
- 3.31 In all cases, the income related to such episodes will be collected from the third party by invoice.
- 3.32 The governing body may agree to share the proceeds with the member of staff involved. If so, the share retained by the school should not be less than any incremental costs incurred but may be more. Any such agreement, and the reasons for it, shall be recorded and retained.
- 3.33 The employee's share (if any) must be processed and paid through the payroll.
- 3.34 **Safety**
All school staff should:

- Follow the policies and procedures approved by the governing body related to the safety and security of students and visitors to the school, including ensuring that the policies accord with latest guidance and legislation
- Follow the policies and procedures approved by the governing body related to staff appointments and conduct, including ensuring appropriate pre-employment checks are undertaken prior to commencing in post to confirm qualifications, suitability, references, DBS, and health screening.
- Seek advice from the school's procured HR service, where necessary and prudent to do so, in relation to staffing issues arising
- Ensure that the school has an up to date and approved whistle blowing policy which has been communicated to all staff and is freely available for their access
- Ensure all staff, as required by their role and position, have been subject to disclosure and barring screening and that evidence of this check is retained on their personnel file (note the actual check result, subject to current guidance, must not be retained)
- Ensure that personnel records of staff are held with sufficient security and are only held for the length of time advised by the school's HR service and in line with document retention policies
- National working time regulations (amended 2003) must be observed for all school staff

Ensure that the school complies with national requirements and council policy relating to national minimum wage and living wage.

4. Financial Controls

Access Education Finance

- 4.01 The Council's maintained schools utilise accounting software provided by Access Education Finance. If schools wish to use an alternative system for finance, they need to contact the Chief Financial Officer and Service Director – Resources (People) for permission prior to entering into any contractual arrangement for an alternative system. The system should also be used to record all income and purchasing transactions taking place within the school. Appropriate levels of authorisation and segregation of duties have been implemented and should be followed.
- 4.02 The local authority has worked with internal audit to review the system and confirm how it will be used to ensure separation of duties and transparency. Some of the expected controls are contained in these regulations. Training and guidance is available from the school's finance team.

Budget Management - Annual Budget Setting & Accounting Policies

- 4.03 Schools must abide by the local authority's accounting policies and procedures, including year-end procedures. Budget Management requirements are specified in the scheme for the financing of schools and these financial regulations for schools. Governing bodies are responsible for ensuring that the school complies with these responsibilities.

- 4.04 The local authority must notify each school of its budget share before the commencement of the financial year. The local authority is also required to publish a budget statement.
- 4.05 The governing body must establish formal processes and timetables to ensure that all relevant financial and non-financial factors are considered in the school's budget setting.
- 4.06 As soon as possible after 31st March each year, schools must establish the amount of any carry forward budget surplus or deficit. Schools are required to take this into account when determining their new financial year budget plans. Any budget surplus shall be earmarked for any current or future needs.
- 4.07 Each school is required to submit their budget plan approved by the full governing body by the 31st May of each year in a format to be determined by the local authority.
- 4.08 Revised plans approved by the governing body must be completed and forwarded as soon as practical after 31st October each year but no later than 30th November in the financial year to which it relates.
- 4.09 Schools are not permitted to plan for an unlicensed budget deficit (see paragraphs 2.09 to 2.14 for more information).
- 4.10 All reports and accounts provided to the local authority by a governing body must be on an accruals basis. A prudent approach must be adhered to, and the governing body must include all known commitments for the financial period.
- 4.11 The school's budget must link to the school's development plans and the school will be able to provide documents providing the basis of all budget assumptions and priorities. If the school intends to make or achieves surplus balances of greater than 8% up to 15%, an explanation should be presented to the governing body for their approval and sign off. Where surplus balances are expected to, or do, exceed 15% Governing Bodies must include within their budget submission a report on the use that the school intends to make of surplus balances. Balances exceeding 15% may be reviewed by the Schools Forum.
- 4.12 School staff should monitor the budget monthly. They must inform the governing body as soon as they become aware that the year-end outturn may be significantly different from budget projections. Explanations should be provided in narrative form where there are significant variances at out-turn.

Capital Expenditure

- 4.13 Section 16 of the Local Government Act 2003 and Regulation 25 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 provide a definition of capital expenditure. Capital expenditure is principally in respect of acquiring, constructing, or enhancing physical assets (including buildings, land, and immovable equipment) which provide benefits over several years. In this instance, enhancement relates to works which are intended to lengthen the useful life of an asset, increase the open market value of the asset, or substantially increase the

extent to which an asset can be used in the delivery of services. Capital is also defined more widely for example expenditure on computer software and on the making of loans or grants for capital expenditure by another body. The Government places strict controls on the financing capacity of the authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised to maximise the benefit of scarce resources.

- 4.14 The basis for most capital expenditure in schools should be the priorities agreed locally and set out in the Local Authority's Asset Management Programme (AMP).
- 4.15 The primary uses of formula capital are expected to be:
- To be used for improvements to buildings and other facilities, including ICT, or capital repairs/refurbishment and minor works.
 - To pay for more substantial projects through accumulation.
 - As a contribution to a bigger project sponsored by the local authority.
- 4.16 Schools are permitted to form clusters and pool their capital funding, deciding collectively on its best use.
- 4.17 If the expected capital cost in any one year will exceed £25,000, then the governing body must notify the Service Director – Resources and Business (People) as to the merits of the proposed expenditure. If the Council owns the premises, then the governing body must obtain the consent of the local authority to the proposed works. Refer to the Scheme for financing of schools for more information (section 2.14).
- 4.18 Schools may incur expenditure of a capital nature on an approved project in a financial year and fund it over a period not exceeding four years, including the year in which the expenditure is initially incurred. Approval must be given by the Service Director – Resources and Business.
- 4.19 A governing body or Head Teacher must not permit the use of any part of the delegated budget for the acquisition of any interest in land or buildings whether in the form of freehold, leasehold or otherwise without prior consent, in writing, from the local authority. More information on schools capital funding is available following this link: <https://www.gov.uk/guidance/school-capital-funding#funding-allocations-for-the-2024-to-2025-financial-year>

Register of Pecuniary & Business Interests and Related Party Transactions

- 4.20 It is important that Governors and school staff not only act impartially but are also seen to act impartially. Certain practices must be avoided such as obtaining goods and services, which may include an element of private use for governors or school staff. The school should have a policy and register on the acceptance of gifts, hospitality, awards, prizes, or any other benefit that might be seen to compromise their judgment or integrity and should ensure all staff are aware of it. The practice of purchasing gifts for members of staff from school budgets is not permitted. It is not recommended practice.

- 4.21 The governing body of each school must establish a register listing for each member of the governing body and school employee engaged in contractual or purchasing transactions/decisions on behalf of the school. It should include:
- Any business interest they or any member of their immediate family have
 - Details of any other educational establishments that they govern
 - Any relationships between school staff, pupils and members of the governing body
- 4.22 The governing body must keep the register up to date and it be reviewed at least annually and available for inspection by governors, staff, parents, and local authority representatives. It should be published in a publicly accessible place, such as the school website.
- 4.23 Governors and school staff have a responsibility to avoid any conflict between their business and personal interests and affairs and the interests of the school. They must withdraw from meetings while matters of a personal or pecuniary interests are discussed.
- 4.24 The governing body for each school should also maintain a record of any related party transactions (RPT). This transaction is a contract or an agreement between the school and a person or entity that has close links with the persons awarding the contract. A template for recording related party transactions is available on the Government website, <https://www.gov.uk/government/publications/schools-financial-value-standard> Schools should check to ensure whether a nil return is required for the purposes of reporting within their School Financial Value Standard return.

Internal Audit

- 4.25 The Service Director – Finance & S151 Officer Chief Financial Officer is responsible for maintaining a continuous internal audit of schools' accounting and financial transactions, including any operations affecting the Council's finances or financial arrangements.
- 4.26 The school's records and accounts will be available for inspection, as necessary, by the Council's internal and external auditors. Governing Bodies are required to co-operate with both internal and external auditors. Schools must provide a right of access to records for both internal and external auditors.
- 4.27 Internal audit services review the key risks and controls at schools on a risk assessed basis. The frequency of audit will be dependent on a number of factors including previous audit opinion, carry forward balances, changes in key personnel, OFSTED results and information obtained from the Department for People. Internal audit services will produce a report for the Service Director – Resources and Business - People, a copy will be made available to the governing body and Head Teacher and a follow up of any recommendations made will be completed no earlier than 3 months after formal response is required from the school within 3 months of issue of the report.
- 4.28 The local authority may request internal audit services to undertake investigations where it is considered there is a risk of irregularity or where a deficit budget has

been set and there is not a clear recovery plan. Where necessary, internal audit services may conduct a notice to improve visit. These visits will be funded by the local authority.

- 4.29 The governing body may commission internal audit services to undertake an internal audit for the purposes of self-improvement and achievement of value for money. However, in these circumstances the audit must be funded from the school's own budget.
- 4.30 A governing body's right to a delegated budget may be suspended if the financial controls within the scheme for the financing of schools have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.

Purchasing, tendering & contract requirements

- 4.31 Schools are required to act with demonstrable probity when using public funds to buy goods and services. Whilst these regulations contain limits for the number of estimates or quotations required to be sought, it remains the duty of employees to obtain reasonable assurance that value for money is being achieved in all buying activity. This includes weighing quality and full life costs of an item.
- 4.32 The majority of procurement (purchasing) undertaken by schools will be relatively small value, where the specification and purchases provides of the goods or services concerned will be set by the market place, and published in catalogues, pricelists etc. On occasion, the goods or services sought by the school are of such a nature (in terms of specification and/or value) that a specific agreement is required between the school and the supplier. This agreement is known as a contract. The governing body will ensure that any specifications are written in a manner to ensure genuine competition is secured and that competitive bids can be submitted and evaluated on a fair and equitable basis.
- 4.33 Where contracts are let over a period of time and continuity of supply is essential or for building contracts then financial stability of the contractor should be taken into account to ensure that they have the financial resources and economic stability to complete the contract term. I
- 4.34 Before embarking on the acquisition of any supplies, good or services, the governing body will consider carefully the issues of quality, price, technical specification, fitness for purpose, and whether the expenditure is legal, as defined in S50 of the School Standards and Framework Act 1998. The school should not enter into any financial agreement with capital implication without the approval of the local authority. See section xx on rules around leases, loans and borrowing.
- 4.35 In assessing who is to be involved in the decision to place an order, governing bodies must have regard to the regulations related to register of business and pecuniary interests.
- 4.36 The table below provides the thresholds and limits for purchasing which all schools must abide by (these limits accord with the low/medium and high limits set by the Department for Education and are listed on the government's Buying for schools

pages. Not these thresholds are not annual value, they apply to the life of the contract:

Total Value	Award Procedure	Authorisation
Up to £4,000	One oral Quotation (confirmed in writing where the total value exceeds £2,000)	As per the school's scheme of delegation
£4,001 to £40,000	At least three written Quotations	As per the scheme of delegation
£40,001 to just under Statutory thresholds	Invitation to tender Advertisement on contracts finder. Refer to buying for schools – Route 4: advertise a contract and run a buying process for high value purchases under the PCR threshold (PA2023 threshold).	As per school's scheme of delegation
Statutory thresholds and above	Statutory procedure- schools are recommended to seek professional procurement advice to ensure they are fully compliant. Up until February 2025 all procurements will be subject to Public Contracts Regulations (PCR) 2015, from after that date the new requirements introduced by the Procurement Act 2023 will apply.	As per the school's scheme of delegation

4.37 A proposed contract must not be divided into smaller parts or carried out as smaller contracts to avoid having to meet any of the specific requirements.

4.38 Information supplied to the school by potential contractors must be treated as confidential and advice should be sought on divulging the outcome of procurement activity to ensure it is compliant with procurement rules.

4.39 Governors must ensure that all contracts contain specific contract conditions, these being:

- Conditions relating to bribery and corruption
- The right to termination in the event of a breach of contract
- Conditions for liquidated and ascertained damages should be included wherever appropriate
- The need for consent if the contract is to be assigned or sub-contracted
- Insurance, health and safety and equalities/disability discrimination requirements.

- 4.40 From February 2025 the new Procurement Act came into force. This means changes in procurement regulation and practices aimed at bringing about a more flexible, strategic approach to procurement. The new regulations have implications for school buyers. The DfE recommends that schools:
1. Understand the new procurement rules by familiarising themselves with the revised tendering processes, evaluation criteria and contract management practices.
 2. Take a strategic approach- prioritising value for money and long-term outcomes/ School buyers are encouraged to develop clear procurement strategies aligned with school objectives and should take into account social value
 3. Engage with suppliers – keep clear, transparent and open dialogue with suppliers.
 4. Continuously learn – undertake training to be prepared for the changes.

The Department for Education has provided guidance on the website 'Buying for Schools' and there are knowledge drops and a schools fact sheet providing information on exemptions

<https://assets.publishing.service.gov.uk/media/6569fc94946226049cc567eb/20231127-factsheet-schools.pdf>

- 4.41 The governing body may exercise an exception to the competitive process (below statutory thresholds) if any of the following conditions apply:
1. The supplier is the local authority, and the supply is specialist in nature.
 2. A framework contract has been established by the local authority for the supply of specified goods, services or works to the council as whole or for appropriate use by schools.
 3. Only one contractor can provide the goods, services or works required and there is no reasonable alternative contractor.
 4. The need for the goods, services or works is so urgent that the time needed for tendering would be prejudicial to the school's or the local authority's interests.
 5. Prices are controlled by Government order.
- 4.42 Where the procurement is in excess of £40,001, the governing body will specifically minute the exercise of any of these exceptions, prior to the procurement being undertaken. These exceptions will not apply above statutory thresholds and advice should be sought from procurement specialist (see buying for schools pages). The latest thresholds are available from the Procurement Policy Notes:
<https://www.gov.uk/government/collections/procurement-policy-notes#2024>
- 4.43 Where the procurement is in excess of £4,001 to £40,000 the Head Teacher and/or Business Manager will record any exceptions (as per the above list) in a cover document (and insert as an attachment to the purchase order on the Access Education System). Where quotations are sought but the full three quotations not received. The names of the suppliers' approached should be recorded on a cover document together with the date of approach. This document should be inserted as an attachment with the electronic purchase order on the access education system.

Ordering

4.44 An official (electronic) purchase order will be raised on the Access Education finance system and issued for all work, goods or services to be supplied to the school. The purchase order MUST be raised at the point of requesting the works/goods/services. Verbal orders should only be given only in cases of extreme urgency and must always be confirmed with a purchase order, as soon as possible.

4.45 Schools may opt to use a requisition system to enable staff members to request items to be ordered on their behalf. Any such procedures are deemed to be local arrangements and reside outside the Financial Regulations for Schools. The key control for ordering is the electronic purchase order and limits have been set by the local authority for schools to adhere to. These are as follows:

Smaller schools

- Administrative staff (whoever provides bulk of finance functions for the school) will raise and approve purchase orders up to £4,000
- The administrative staff will have no ability to authorise invoices for payment
- Invoices will workflow to the Head Teacher or nominated person to approve.

Larger Schools

- Finance administrators (junior office staff) able to raise and approve purchase orders up to £400
- £401 to £5,000 – purchase orders to be raised by the finance administrators and passed to Business Manager for approval.
- Over £5,000 up to £50,000 – purchase order raised by financial administrators or business manager and passed to Head Teacher or nominated Deputy Head Teacher for approval.
- School Business Manager can approve invoices up to £1,000
- Over £1,000 invoice must be approved by Head Teacher or nominated Deputy Head Teacher.

4.46 Where a key member of staff is off work for a period of time, it is possible to set up delegations on Access Education. The school is requested to contact Schools Finance to review arrangements and nominate appropriate delegates to preserve a separation of duties.

4.47 The Access Education electronic purchase order generates a unique purchase order number. There is no requirement to create separate sequential purchase order number schemes and there is no expectation that purchase orders be printed to hard copy.

4.48 The governing body must ensure that they and all school staff are aware of the controls that should exist. All school staff should:

- Understand their responsibilities to maintain key controls over purchasing arrangements (this includes controls to prevent common purchasing fraud and invoice scams, such as mandate fraud)

- Receive adequate support and training to carry out their financial responsibilities
 - Comply with the council's standards of financial management and be personally protected from associated risks.
 - Not, under any circumstances, use the council's ordering or payment systems for personal use or benefit.
 - Ensure there are adequate purchasing procedures in place to support staff, particular with regard to any local rules or arrangements over and above the requirements specified in these regulations, for example when a requisition is required and any specific urgent delegations which may apply in the case of holiday or sickness.
- 4.49 When an order is placed, the estimated cost should be committed against the appropriate budget allocation so that it features in subsequent budget monitoring.
- 4.50 All goods and services received by the school will be checked to ensure they are in accordance with the purchase order. Such receipt will be verified by an appropriate member of staff and will be specified in the governing body's formal statement of delegated responsibilities.
- 4.51 The person verifying the receipt of the goods or services must not be the same person who approved the purchase order.
- 4.52 If any discrepancies are found, this should be referred to the individual approving the purchase order for clarification and the supplier should be contacted without delay to resolve matters.
- 4.53 All invoices received by the school will be matched to the relevant purchase order, having regard to any discrepancies noted on receipt of the goods or services.
- 4.54 Invoices will be approved in line with the thresholds provided at 4.45 in these regulations. The individual approving the invoice will ensure that:
- The school only pays for goods and services it has ordered and received
 - The price charged is a quoted on the purchase order
 - Payments are made to the correct supplier
 - Costs are charged to the correct budget head.
- 4.55 The Access Education electronic order system provides an audit trail for all purchases. The governing body will assure themselves that the school is using the system appropriately to enable this.
- 4.56 In managing the payment of invoices, the governing body will ensure that it has regard to the implications (particularly with relation to interest) of the Late Payments of Commercial Debt (Interest) Act 1998. More information on this legislation can be found at: <http://www.legislation.gov.uk/ukpga/1998/20/contents>
- 4.57 Construction Industry Tax Deduction Scheme (CITDS) involves rules related to the accounting for income tax liability for subcontractors used by schools on construction projects. Educational establishments, including schools with delegated budgets are exempt from this.

4.58 Procurement cards provide a cost-effective method for purchasing items, where:

- Items are required urgently
- Items need to be purchased from suppliers that do not ordinarily take purchase orders (and offer low prices/good value)
- Flexibility is needed (without circumventing procurement rules)

Schools should develop procurement card procedures to ensure there are adequate separation of duties in the use of the procurement card from those who will check and monitor what has been purchased.

4.59 Where a purchase is made using a procurement card. The following controls must be observed in the usage of the card:

- Requirements for seeking value for money and quotations still apply and should be taken into consideration
- Must only be used by the named individual on the card
- All information relating to PIN numbers, passwords etc should be held securely and not shared with colleagues.
- Card purchase statements should be independently reviewed, and
- All transactions should be recorded against the correct expenditure ledger code on a monthly basis on the schools' financial system to maintain financial reporting accuracy.

Schools Financial Value Standard (SFVS)

4.60 All schools must be able to demonstrate their compliance with the school's financial value standard (SFVS) by completing an annual assessment form.

4.61 The schools governing body must demonstrate compliance through the submission of the assessment form, signed by the Chair of Governors. Where appropriate, remedial actions must be captured with a clear timetable, including a specified deadline and agreed owner. Governors are responsible for ensuring that the actions are monitored and completed by the agreed deadline.

4.62 The SFVS should be completed each financial year and returned no later than the 31st March. All submissions should be returned to Internal Audit via email, InternalAuditMail@southglos.gov.uk.

School Fund (Semi- Official/Voluntary Funds)

4.63 This section applies to voluntary funds that belong to the school and not, for example, to funds held by other organisations, such as parent-teacher associates (PTAs) that have a connection with the school.

No loans from the school fund or other unofficial funds to the delegated budget or vice versa are permitted.

4.64 If the funds are to be accounted for separately from the school's delegated budget. A separate bank account must be set up for this purpose. The school are responsible for organising this and notifying the bank of any changes in signatories.

4.65 The governing body has responsibility for setting the accounting period for the semi-official fund and must appoint an independent auditor to promptly undertake a verification audit at the end of that accounting period. The Auditor must

complete a school fund auditor's certificate and supporting documentation in the form of a short report and submit it to the governing body for approval.

- 4.66 Following governing body approval, the School Fund Auditors certificate together with the Income and Expenditure report must be submitted to internal audit services within 6 months of the accounting period ending. The school fund auditor must be independent of the school.
- 4.67 The governing body should consider registering the fund with the Charities Commission. Governing bodies must be aware of any responsibilities placed upon them in terms of financial management and reporting to the Charities Commission.
- 4.68 Governing Bodies must ensure that voluntary and private funds are covered by appropriate insurance arrangements.

Petty Cash

- 4.69 Petty cash is useful for making small purchases; however the governing body will ensure that proper controls are in place to prevent its abuse and loss. The local authority will review with the school the level of petty cash balance required, balancing requirements and the need to keep balances small. The maximum permitted individual transaction limit is £100. Any small purchases in excess of £100 should be undertaken using a purchase card or purchase order.
- 4.70 The governing body will agree:
- The member of staff with overall responsibility for administering the petty cash fund.
 - The types of purchases that may be reimbursed from petty cash
 - An upper limit on the amount to be reimbursed against each item of allowable expenditure
 - Authorisation and documentation retention requirements, including the requirement to retain receipts for all purchases to support the petty cash claim.
- 4.71 The governing body will ensure that the following operational controls are implemented, and their operation monitored on a regular basis:
- The petty cash fund is held securely and that only authorised staff have access to it.
 - Payments from the petty cash fund should be limited to minor items that have been approved in advance by an authorised member of staff. All such expenditure must be supported by receipts, which identify any VAT paid.
 - Personal cheques should not be encashed from the petty cash fund
 - The accounting records of receipts and payments relating to the petty cash fund should be reconciled on a regular basis, to the total of the authorised fund.
 - A petty cash reimbursement claim should be submitted when one half to two thirds of the balance has been spent to replenish the balance.

Fraud

- 4.72 Governors and staff have a responsibility to prevent the risk of fraud and irregularity in purchasing. This includes the following:

- Being suspicious of unsolicited offers of goods and services, if it sounds too good to be true it usually is
 - Never, under any circumstances, allowing authorised signatories to pre-sign cheques (this is relevant for the imprest/petty cash account)
 - Being suspicious of emails/correspondence purporting to be from the Head Teacher authorising purchases (if this is not their usual method of authorising expenditure) – always check
 - Protecting against mandate fraud by ensuring the school has independent methods for verifying changes to bank account details for regularly used/high value suppliers.
 - Ensuring cheques/payments are not returned to the originating members of staff (except in exceptional circumstances). In most circumstances, payment must be made to the intended payee.
 - Schools have a responsibility to ensure they are not purchasing goods/services from suppliers actively engaged in the activity of evading payment of tax. The school should observe the requirements of the Criminal Finances Act 2017.
 - Ensuring that the risks of bribery in purchasing is understood, this could include, but not be limited to, suppliers offering inducements to staff to show favour on them in purchasing decisions.
 - Ensuring that all staff have clearly recorded all business interests (see Register of Pecuniary, Business Interest and Related Party Transactions) and are not actively involved in purchasing decisions where they hold an interest.
- 4.73 The governing body must approve a counter fraud, bribery and corruption policy and ensure that all staff and governors are provided with access and made aware of its contents. This should be a mandatory policy within staff and governor inductions.
- 4.74 Governors and school staff must report to the Service Director – Education, Learning and Skills and/or the Council’s Service Director – Finance & S151 Officer any occasions where they believe that financial regulations, or other council policies or instructions are not being followed, or where the school or council’s resources are at risk. Provided governors or school staff act in good faith, they will be fully supported when reporting under this regulation.
- 4.75 Prompt action must be taken by schools whenever a matter arises which involves, or is suspected of involving, any loss or irregularity or any circumstances that may suggest the possibility of such a loss or irregularity. This must include cash, stores, stocks, or other property held for the purpose of the school or in any other way affecting school finances or any breach of these regulations. The Head Teacher or any governor or other member of staff must immediately on its discovery, report the matter to the Head of Internal Audit using the email address internalauditmail@southglos.gov.uk . Internal audit may thereupon take any action they consider necessary.
- 4.76 Although the chances of money laundering in a school setting are limited, the governing body must pay due regard to any guidance issued by the Local Authority relating to anti-money laundering regulations.

Control of Assets

- 4.77 All members of the governing body and staff have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, efficient and provides value for money. Under no circumstances must governors or staff use council resources and/or assets for their own benefit.
- 4.78 All equipment valued in excess of £1,000, or likely to be attractive to thieves must be recorded in a formal inventory. This should be kept in a fireproof safe and/or electronically on a server off site. The accuracy of inventories should be checked at least once a year and certified by the Head Teacher. The inventory must contain the following information:
- Date of acquisition
 - Description of the asset including any unique identifying serial number
 - Cost
 - Location of asset
 - Details of any disposal/write off
- 4.79 The governing body should be promptly advised of any equipment that cannot be accounted for. The school should observe the requirements of their anti-fraud, corruption and bribery policy if it is determined property has been stolen.
- 4.80 Valuable equipment must be visibly security marked. A record must be held of all items issued to staff members for use during their employment. Leavers' procedures must include the requirement for property and equipment to be surrendered back to the school at the end of a staff member's employment. Staff may be subject to tax liabilities relating to benefits in kind if they retain the equipment for personal use and for an extended period of time.
- 4.81 Obsolete, unserviceable, or unnecessary assets must be disposed of in accordance with the school's write offs and disposal policy and legislative requirements. Disposal of surplus items will usually be by offer to other schools, other council departments, tender or auction, although this requirement can be waived for low value items after consulting with internal audit services. All items must be disposed of for the best possible price and should only be spent for the purposes of the school.

Debt Write Off

- 4.51 A debt must only be considered irrecoverable after all appropriate measures have been taken to obtain payment. Governing Bodies are only permitted to write off debts up to the value of £1,000 which are related to their own income generation. Above this level the school must seek approval from the Service Director – Finance & S151 Officer at the earliest opportunity. This regulation must apply except in the following circumstances:
- The debtor is bankrupt or in liquidation and an independent written statement has been received indicating that no payment will be paid to the council
 - Legal action has been taken and the debt has been remitted by a court

- The debtor no longer resides in this country.
- 4.52 The Governing Body must maintain a record of all irrecoverable debts.

5. Value Added Tax (VAT)

VAT

- 5.01 Governing Bodies must ensure that school staff:
- Are aware of their responsibilities and account for taxable transactions
 - Know how to obtain more detailed information and support and identify any training needs
 - Maximise the use of resources ensuring tax is reclaimed wherever possible and not charged to their budgets
 - Avoid financial penalties for the council
- Refer to the Council VAT manual
- 5.02 The council is normally able to reclaim all VAT, provided a valid tax invoice is held. School staff must obtain a valid tax invoice for all goods and services on which VAT is payable. Failure to do so will mean the gross amount being charged to the school budget. Care must be taken not to recover VAT to which the council is not entitled, for instance where VAT is incurred on payments made on behalf of third parties.
- 5.03 The school has a responsibility to check validity of VAT on authorisation of invoices. School staff should ensure that:
- Transactions where no VAT is paid are correctly identified as zero rated, exempt or outside of scope
 - There is a valid tax invoice
 - The correct VAT indicator is used
 - The VAT is correctly calculated
- It is possible to check the validity of VAT registration numbers online:
- www.gov.uk/check-uk-vat-number
- 5.04 Governing Bodies must ensure that tax is charged on income collected by the school when due. Liability is determined by the type of organisation being charged and the nature of the service provided. School staff must correctly identify taxable income and customers. Any new sources of income where the VAT treatment is unclear must be referred to the Council's VAT Accountant. School staff must correctly identify non-taxable items as zero-rated, exempt or outside the scope for output tax purposes.
- 5.05 The school must issue a tax invoice for taxable goods or services supplied to anyone outside of the council, this must be accounted for to HMRC. Where the value of the transaction covered by the invoice (including the VAT) is more than £250, staff must ensure that the following details are shown on the tax invoice:
- An identifying invoice number
 - Name, address, and VAT registration number of the supplier
 - The date of supply
 - Name and address of the person to whom the supply was made
 - The type of supply

- A description which identifies the goods or services supplied including quantity, charge made excluding VAT and the rate of VAT
 - The total charge excluding VAT
 - The rate of any cash discount offered
 - Total amount of any VAT payable
- 5.06 Where the value of the transaction (including VAT) is £250 or less a “less detailed tax invoice” will suffice. Staff must ensure that the following details are shown on a “less detailed tax invoice”:
- Name, address, and VAT registration number of the supplier
 - The date of supply
 - A description which identifies the goods or services supplied
 - The total amount payable, including VAT
 - The rate of VAT
- 5.07 Receipts of dividends and interest must normally be net of tax deducted and accompanied by a tax deduction certificate from the payee. If a tax certificate is not supplied, one must be obtained from the payee. These must be forwarded to the Finance, Revenues and Welfare division of the council.

6. Income & Borrowing

Income

- 6.01 Schools should prepare a financial procedures manual for all staff who may be involved with income, orders, petty cash expenditure, school fund monies, inventories, and equipment.
- 6.02 Governors may delegate responsibility for ensuring that all sources of income due to the school and the council are identified, collected promptly and that payments received are accepted, recorded, banked, and reconciled promptly and correctly. Schools should be expected to achieve best value in income generating activities. Income received from lettings should be paid into the main school bank account.
- 6.03 Schools can retain all income raised through lettings, fundraising activities and sale of activities, except where the service has been provided by local authority centrally retained funds or purchased through non-delegated funds. Any income retained by the school must only be spent for the purposes of the school.
- 6.04 Governors responsibilities for income should be to:
- Monitor and challenge when income is not received by anticipated due dates
 - Agree a lettings policy and the schools approach to lettings
 - Agreed a schedule for fees levied by the school, including discretionary rates
 - Agree the process for disputes arising from fee related matters procedure and policy for bad debts and write off (see below for further details)
 - Receive assurances from the school staff that fees levied will cover associated cost so that there is no strain placed on the delegated budget
 - Receive assurances that the funding formula has been received and is being used for its intended purpose.
- 6.05 Governing Bodies must have clearly defined and documented procedures for setting a budget for their income on an annual basis and monitoring against that

budget as appropriate. They should have procedures in place to monitor income and expenditure trends so that anomalies can be promptly investigated.

- 6.06 Governors must ensure that they and all school staff are aware of the controls that should exist. All school staff should:
- Understand their responsibilities to maintain key controls over areas of income which they must collect and monitor
 - Receive adequate support and training to carry out their financial responsibilities
 - Comply with the council's scheme for the financing of schools
 - Be personally protected from associated risks.
- 6.07 Schools must only operate a bank account that conforms to the Scheme for Financing Schools and these regulations. In practice, this means:
- Using the Council's bank account (general fund) for distribution and holding of delegated budget
 - A separate account for petty cash (which must be labelled Imprest and the name of the school)
 - A separate bank account/(s) for semi-official fund.
- 6.08 The organisation of bank mandates and changing authorised signatories shall be undertaken as follows:
- For the general fund - this must be organised via South Gloucestershire Council Corporate Finance.
 - For the Imprest bank account – this must be organised via South Gloucestershire Council, Finance.
 - For Semi-Official funds - the Governing Body maintains responsibility for updating all other bank mandates.
- 6.09 The Head teacher must maintain a list of all bank accounts held and signatories to the accounts held.
- 6.10 Amounts due to the school should be collected at the earliest opportunity and where possible in advance of a service/goods being supplied. Consecutively numbered invoices should be used, and spoiled invoices marked as such and retained for audit inspection. Schools should use the Access Education system for debtor invoices. The following safeguards/controls must be observed:
- Invoices and other forms of income correctly account for VAT
 - Income is not banked net of expenditure, or any other deductions made from income received (i.e. all income is banked fully and intact)
 - Personal cheques must not be cashed from money on behalf of the school or the council
 - Where possible a separation of duties in operation between collection and reconciliation/banking of income (where not achievable in small school settings regular monitoring of income levels and spot checking of income received must be undertaken)
 - A regular reconciliation is performed to compare income received to income banked on the financial accounting system of the council. Any anomalies to be promptly investigated.
 - Cash income collected should be banked promptly, where this is not possible, the school should have sufficient secure storage arrangements in place commensurate to the value of income held (further guidance on this is available on request).
- 6.11 Each person who receives money on behalf of the school must record an acknowledgement using only official stationery (e.g. receipt book, cash register,

manual register). Where low value income is received (less than £50), individual receipts need not be issued. If there is a sufficient audit trail for electronic income received, no receipt should be issued.

Loans and Borrowing

- 6.12 Governing Bodies of schools may only borrow money (which includes the use of finance leases) with written permission of the Secretary of State. This provision does not apply to loan schemes run by the local authority or the use of purchase cards authorised by the local authority. The definition of borrowing predominantly covers cash loans from financial institutions but also includes finance leases which are equivalent to committing the school to a loan, which is a form of borrowing. Some equipment leases, including photocopier and IT equipment leases, may be finance leases, and therefore it is important that schools refer terms and conditions of proposed leases to the local authority for checking. Following the introduction of IFRS16 in April 2024 there is no differentiation between finance and operating leases for accounting purposes in maintained schools. However, the Secretary of State has agreed to provide blanket consent to a range of common leasing activities. This is set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024. Any lease or borrowing not listed in this document will require permission from the Secretary of State.
- 6.13 It should be noted that any leases entered into by schools should also seek the approval of Corporate Finance at the local authority. A copy of the lease agreement should be emailed to CorporateFinance@southglos.gov.uk for approval prior to the lease being entered.
- 6.14 Schools must keep full records of any lease and/or rental agreements. Accounting regulations will require the authority to periodically request details from schools of all current lease, rental and hire arrangements. Information required may include (but, not limited to) a description of the equipment, the value of the equipment, the amount of rentals payable, the length of the lease, and any end of lease options. Also included may be any is for services (e.g. catering) where the supplier also provides equipment.

7. Stocks and Stores

Stocks and Stores

- 7.01 The Governing Body is responsible for ensuring there are proper controls over stocks and stores to prevent unnecessary expenditure and/or loss.
- 7.02 The Head Teacher must be responsible for the custody and physical control of the stocks and stores of consumable items held in the school.
- 7.03 Where stocks and stores form part of a trading account, e.g., catering (where catering is wholly owned and organised by the school), or individually have a significant value, stock records must be maintained. All such records must be kept in a form that gives sufficient information to ensure that receipts and issues can be readily identified to confirming documentation and balances in hand.

- 7.04 Head Teachers must pay particular attention to the control of liquid fuel deliveries and storage. They should ensure that where staff check deliveries, they are vigilant in relation to reading quantities of fuel in both holding tanks and delivery vehicles.
- 7.05 Any stocks or stores held must not be more than normal requirements except in special circumstances approved by the Governing Body.

8. Insurance and Health & Safety

Health & Safety

- 8.01 The school must assess the health and safety risks to staff and others affected by school activities, e.g. parents, volunteers, visitors/contractors etc. They must introduce measures to manage those risks. The school must inform relevant staff and others who are likely to be affected about the risks and measures to be taken to manage the risks and ensure that adequate training is given to employees on health and safety matters.
- 8.02 Employees must co-operate with their employer on health and safety matters and carry out their work in accordance with training and instructions provided.
- 8.03 Governing Bodies must take steps to minimise potential losses through preventative measures. Effective action to manage risks will represent a judgement between the probable risk and the cost or effort required to safeguard against it.
- 8.04 Not all risks are insurable. Where it is possible and cost-effective/prudent to insure against major risks, the Governing body has a responsibility to ensure that such insurance is in place. This includes ensuring:
- Staff have received adequate support and training to carry out their financial responsibilities
 - Adequate insurance cover is in place for all potential liabilities the school may face
 - That Governors and staff are personally protected from associated risks.
- 8.05 Governors and Staff must ensure that day to day procedures work towards protecting the interest of the school. This includes ensuring:
- The school has competent health and safety advice from an independent H&S Provider of their choice to help them meet their health and safety duties. The provider is expected to be registered with a recognised professional body, e.g., Institute for Occupational Safety and Health (IOSH) and be made aware of the standards contained within the 'Health and Safety Standards for SGC Schools' document.
 - The school has support in place with statutory and regular checks of the site and associated equipment undertaken.
 - They are prepared for the impact of emergencies and incidents through the compilation and regular testing of business continuity and emergency plans
 - They limit losses once they arise through rapid and appropriate action
- They take prompt expert advice (where appropriate) and work is undertaken in the best interests of the school to limit further damage.

Insurance

- 8.06 The Risk Management and Insurance team provides an offer of insurance cover for all schools. In accordance with the Scheme for the Financing of Schools, schools are responsible for ensuring they have adequate insurance cover which is at least as

good as the relevant minimum insurance cover arranged by the council. Schools may opt to join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA. Where a school has opted to purchase their insurance cover via the council, the insurance section must be notified immediately of:

- All new risks and liabilities which may require specific insurance cover
- Any alteration which may affect existing insurance
- Any loss, damage or claim likely to give rise to a claim by or against the school
- All leases of property granted by or to the school which involve a transfer of insurance cover.

8.07 Where a school opts not to purchase the council's insurance offer. They must take account of the minimum level of insurance cover that each school must have, this is available from the council's insurance section. Any incidents impacting assets that belong to the council, should be notified to the council's insurance section.

8.08 An ex-gratia payment relates to compensation or settlement made to employees in respect of loss or damage to clothing or personal belongings which occurred in exceptional circumstances at work or during the performance of their duties and which was not due to the employee's fault or negligence. Any proposal to make such a payment by the Governing Body must be discussed and agreed, in advance with the Service Director – Business and Resources - People, the Risk Management and Insurance Manager and a representative of the Service Director – Legal and Governance.

9. Property Maintenance

Maintenance

9.01 Governors must ensure that they and all school staff are aware of the controls that should exist for property related matters. All school staff must:

- Understand their responsibilities for maintaining controls over property related matters. (Additional guidance for good estate management can be found [here](#).)
- Report regularly to the governing body on any site health and safety checks performed and swiftly bring their attention to any issues that need promptly addressing, either through alternative arrangements or purchase of repairs to property
- Not dispose of land or buildings, this remains the responsibility of the council or the religious organisation in the case of VA/VC schools (where process is governed by the School Standards and Frameworks Act). There are exceptions to this rule where the school has opted to become a co-operative trust and the freehold of its land and buildings have been successfully transferred by the council to the Trust.
- Have arrangements in place to prioritise capital expenditure to where there is most need
- Ensure there is adequate security in place for the site to safeguard against unauthorised access/damage/theft
- Where CCTV is operated to protect the property, ensure that the school adheres to the requirements of the surveillance commissioner in operating

clear policies and signage (for more information refer to:
<https://neu.org.uk/latest/library/cctv-model-policy> and
<https://www.ipco.org.uk/>)

- Ensure they have undertaken regular property inspections and keep key staff and governors informed of legislative changes affecting schools and particular risks.

10. Child Protection

Child Protection

- 10.01 The local authority should insert a provision explaining about the need to release staff to attend child protection case conferences and other related events, and whether the authority makes any payments to schools to help meet costs.

Version Control

Version 1.0 – 21 st May 2019	Consultation with Schools Forum
Version 1.1 – 1 st September 2022	Key changes highlighted at the beginning of this document.
Version 1.2 – October 2024	Key changes highlighted. Formatting aligned to Scheme for Financing Schools.
June 2025	Updates from Finance incorporated for final consultation draft.