

# **Financial Regulations for Schools**

**Updated July 2025**

## **Financial Regulations for Schools**

Under the provisions of the School Standards and Framework Act 1998, maintained Staffordshire schools have budgets delegated to them. This legislation enables governing bodies to decide for themselves how to make the best use of the financial resources available to them. The delegation of the decision-making process brings with it the need for accountability.

Any major organisation needs a set of clearly understood rules and regulations to manage its financial affairs and, in line with the Local Government Act 1972, the designated Director of Finance and Resources of the County Council is responsible for dealing with these affairs.

These Financial Regulations for Schools are based on the County Council's financial regulations and are specifically adapted to apply to all maintained schools in Staffordshire. They are approved by the Director of Finance and Resources and are compatible with the Staffordshire Scheme for Financing Schools and should be read in conjunction with both this and the Procurement Regulations for Schools

The Financial Regulations for Schools try to achieve four main aims. These are to:

- (a) make sure there are sound and proper financial procedures and arrangements for dealing with the school's financial affairs.
- (b) make sure that proper controls are in place.
- (c) provide a framework for managing the school finances which will allow the school to link together governance, managerial and financial responsibilities; and
- (d) protect school governors, the head teacher and school employees.

The last point is most important as without clearly defined financial procedures and arrangements, governors and employees could find themselves in difficult and vulnerable situations.

If you are in any doubt about keeping to these procedures, please consult your Finance Support Officer via Entrust or your alternative if you have opted to use one.

## **Director of Finance and Resources**

## **Contents**

	<b>PAGE</b>
<b>Introduction</b>	<b>1</b>
<b>Regulation A - General</b>	<b>3</b>
<b>Regulation B – Financial planning, budgeting, and reporting</b>	<b>4</b>
<b>Regulation C – Financial standards and systems</b>	<b>6</b>
<b>Regulation D – Audit, control, and irregularities</b>	<b>7</b>
<b>Regulation E – Spending</b>	<b>8</b>
<b>Regulation F – Income</b>	<b>17</b>
<b>Regulation G – Bank accounts</b>	<b>21</b>
<b>Regulation H – Assets</b>	<b>22</b>
<b>Regulation I – Insurance</b>	<b>25</b>
<b>Regulation J – Other funds</b>	<b>26</b>
<b>Appendix 1 – Scheme of Delegation for Schools</b>	<b>28</b>
<b>Appendix 2 - Non-order invoicing – examples</b>	<b>32</b>
<b>Appendix 3 – Anti-money laundering strategy</b>	<b>33</b>

## **Financial regulation A – General**

- A1 These Financial Regulations for Schools apply to all maintained schools within Staffordshire County Council. They are consistent with the financial regulations in place for the whole County Council.
- A2 The Director of Finance and Resources is responsible for reviewing all matters relating to school financial rules and regulations and so will produce, from time to time, updates to these Financial Regulations for Schools.
- A3 The Governing Body has formal responsibility for the financial management of the school which is assessed by the annual completion of the Schools Financial Value Standard. Compliance with these Financial Regulations for Schools will assist in achieving this annual assessment.

### **Definitions**

- A4 “We” includes “us” and “our” and is defined as the Director of Finance and Resources acting for the County Council in carrying out his responsibilities. In practice, many of the responsibilities of the Director of Finance and Resources will be carried out by other people within the County Council acting on his behalf. You can contact your finance support officer who will direct you to the correct team or person to resolve any queries.
- A5 Where the governing body or a committee thereof must make and evidence a decision, this is clearly stated. The governing body are also responsible ensuring that they receive sufficient evidence to satisfy themselves that these Financial Regulations for Schools are being complied with on a day-to-day basis.
- A6 “You” includes “your” and is defined as the head teacher. The head teacher has overall responsibility for the day-to-day management of the finances of the school. The head teacher may delegate processes and procedures to other staff within school, including the business manager, bursar, or office manager as appropriate. In these cases, “you or “your” may refer to any member of school staff acting on behalf of the head teacher. However, the head teacher maintains overall responsibility for good financial management as the senior member of staff in the school.

## **Financial regulation B – Financial planning, budgeting, and reporting**

- B1 The procedures shown in this section apply to all spending and income. They apply to all activities carried out by the school and controlled by the governing body.
- B2 In accordance with the requirements of the Schools Standards and Framework Act 1998, the governing body is responsible for managing the financial resources allocated to the school. Approval of the annual budget must be recorded in the full governing body meeting minutes.
- B3 The governing body must formally approve and record in its minutes:
- a any delegation of its powers contained in these Financial Regulations for Schools, including the setting of financial limits to governor committees, the head teacher, or other nominated staff; and
  - b channels of reporting to the governing body or other governor committees.

This is called the Scheme of Delegation and it must be reviewed annually by the full governing body and recorded in the minutes.

- B4 A school budget must be capable of meeting all known and anticipated demands during the financial year to which it relates; including any deficits or liabilities brought forward from a previous financial year. Schools cannot plan to overspend the resources available to them unless they have entered into a formal agreement under the Licensed Deficit Scheme.
- B5 How the governing body manages the revenue and capital budgets of the school is based on the principle that the budgets are simply a statement of the school development plan / school improvement plan in financial terms. Any spending governors agree to make should be identified through the school development plan / school improvement plan and be tailored to achieving the desired outcomes.
- B6 The governing body may manage additional budgets including budgets for community facilities linked to the school or cluster budgets which one school agrees to hold on behalf of a number of schools. In these cases, the same standards of financial planning, budgeting, and reporting are required.
- B7 The Director of Finance and Resources may draw matters of budgetary concern to the attention of the governors and head teacher and may require the governing body to demonstrate that appropriate remedial action is taken to remain within budget.
- B8 Where, in the opinion of the Director of Finance and Resources, action needs to be taken to safeguard the financial position of the County Council or the school, a notice of Concern will be issued in accordance with s.2.15 of the Staffordshire Scheme for Financing Schools.

### **Monitoring and reporting**

- B9 You are responsible for making sure you regularly monitor all the school budgets. You must also investigate any variations and take appropriate action to deal with them.
- B10 You must report to the governing body if you cannot balance spending and resources within the approved budget. The governing body will consider these reports and, where appropriate, make decisions to deal with the shortfall.
- B11 You must send monitoring and outturn reports to the governing body or a delegated committee of governors, in line with timetables set by governors. The Director of Finance and Resources can advise on the appropriate level of detail and content to be provided in these reports.
- B12 The governing body may transfer budget between budget headings by way of virement. This power may be delegated to a governor committee, the head teacher, or other authorised staff subject to limits set by the governing body.

### **Closure of accounts**

- B13 The Director of Finance and Resources will notify you each year of the procedures and timescales to be followed to finalise the annual accounts.
- B14 The Director of Finance and Resources is responsible for producing the annual statement of accounts for each school (s.251 report) and for submitting it to the DfE. The format of these statements is set by the DfE and relies on you coding actual expenditure and income correctly to achieve statements that comply with consistent financial reporting requirements. These reports are a public document and are available on the County Council website.

## **Financial regulation C – Financial standards and systems**

- C1 The Director of Finance and Resources is responsible for setting financial management standards for the County Council and for making sure they are adhered to. The Director of Finance and Resources is also responsible for making sure each school maintains proper professional practices and accounting policies.
- C2 The governing body has formal responsibility for the financial management of the school which is assessed by the annual completion of the Schools Financial Value Standard.
- C3 Under the provisions of The Staffordshire Scheme for Financing Schools, governing bodies are free to determine how to manage and account for the resources made available to them. All schools receive delegated funds in respect of the following:
- a the provision of financial and accounting services.
  - b the provision of creditor payments
- C4 The Director of Finance and Resources is responsible for keeping the accounting records of the County Council, including those relating to maintained schools. The records for the County Council are kept on My Finance. This system is also offered to schools. The Director of Finance and Resources must approve in writing all alternative accounting systems to satisfy himself that he can fulfil all statutory responsibilities in maintaining the principal accounting records. The Director of Finance and Resources can require a school to introduce an alternative system of accounting if such systems are considered unsatisfactory.
- C5 The Director of Finance and Resources is responsible for determining the way in which accounting principles are applied in respect of school budgets and school expenditure. Schools purchasing accounting services and operating alternative accounting systems will be required to submit financial information to the County Council in a format which satisfies the accounting principles and practices adopted by the County Council.
- C6 You must make sure that all accounting records are kept properly and held securely. The records and all related vouchers and documents must be managed in line with the Retention Guidelines which can be found on the Staffordshire County Council Website.

## **Financial regulation D – Audit, control, and irregularities**

- D1 The Director of Finance and Resources is responsible for carrying out a continuous internal audit function in line with the Accounts and Audit (England) Regulations 2015.
- D2 Governors and the head teacher must co-operate with and provide all necessary information for both the Internal Audit Section and the external auditor.
- D3 You are responsible for setting up effective and efficient arrangements for internal control. You will ask the Director of Finance and Resources for advice on any significant matter if the principles of internal control prove difficult to put into practice or maintain.
- D4 You must let the Director of Finance and Resources know immediately about all instances of potential and actual irregularity which affect the school's finances.
- D5 The Director of Finance and Resources must be given reasonable access to school premises and to see any documents, records, and computer files he may need for the audit. He can also ask governors and school staff for information and explanations if he thinks this is necessary for that audit.
- D6 The Chief Internal Auditor will have the right to report directly to the head teacher; to any member of the governing body; to the Deputy Chief Executive and Director for Families and Communities; the Strategic Finance Business Partner for Families and Communities and members of the County Council and the Audit Committee.

### **Response to audit reports**

- D7 The governing body and head teacher must consider and respond promptly to recommendations in audit reports and make sure that any agreed actions arising from audit recommendations are carried out as soon as possible.

### **Internal control and checks**

- D8 The duty of providing information, working out, checking, and recording the amounts due to or from the school must be separated, as far as possible, from the duty of collecting or paying these amounts.
- D9 Wherever possible, you need to make arrangements to make sure that:
  - a work, goods, and services are ordered properly.
  - b you acknowledge when they have been received; and
  - c purchase-orders, goods receipt notes and non-order invoices are not processed by the same person on My Finance



## **Financial regulation E - Spending**

### **General**

- E1 For schools using the My Finance system, all payments made on behalf of the school will be made by the Director of Finance and Resources.
- E2 These payments will be made in line with our standard payment policy as determined by the Director of Finance and Resources.
- E3 In making these payments, the Director of Finance and Resources, where necessary, rely on the certification (electronic or manual) of authorised employees. The school will meet from its own budget any costs incurred because of a breach arising from its own failings.
- E4 Every employee involved in the procurement process must keep to our Procurement Regulations, Instructions, and the officers' code of conduct as set out in the constitution. Employees in schools must keep to schools' financial regulations and schools' procurement regulations (whichever is appropriate).

### **Setting up a new vendor**

- E5 Before setting up a new vendor you must check that the vendor is not already set up in My Finance
- E6 If the Vendor is a contractor who you have used, it may be necessary for you to pay them through the payroll rather than through an invoice to them or their limited company. This is because of IR35 rules to combat NI and tax avoidance, which are explained here <https://www.gov.uk/guidance/check-employment-status-for-tax>. Guidance for Schools can be found here [IR35 Guidance - Staffordshire County Council](#) .
- E7 For schools using the My Finance system, a new vendor is set up using an E-form, which can be found on My Finance. If possible, bank details should be supplied so that the vendor can be paid by BACS.

### **Raising an order**

- E8 Depending on the requirements of E9 below, you need to raise official orders when asking for supplies, works or services. You must not raise an order after the supplies have been received or the work carried out unless it is an emergency. If this is the case, an official order marked 'confirmation' must be issued as soon as possible (normally within seven working days of the order being given in person or over the phone).
- E9 You need to raise an official purchase order for all items you buy using the My Finance Requisitions and Supplies other than in the circumstances outlined below.

There is an approved list of suppliers and expenditure types where it has been agreed that purchase orders are not required, and payment can be processed via a non-order invoice raised in the My Finance Purchase Ledger. This is called the Non-Order Exceptions list and can be found via the following file path [One off payments and non-order invoices - Staffordshire County Council](#). For expenditure not covered by this exception list, reference should be made to Appendix 2 in determining whether an order is required

The only other reasons for not raising a purchase order are shown below:

- a payments needed where there is no invoice, for example, grant payments (unless an order is part of the grant conditions), refunds, compensation payments and property rentals if there is no invoice provided by the landlord. Please fill in an EX1 payment if you do not have an invoice.
- b payments using a purchase card; and
- c other payments approved by the Director of Finance and Resources.

Unless otherwise included under a non-order exception, all purchases require a formal purchase order and provision of a purchase order number.

Orders raised in My Finance must be either against the catalogue listings or the relevant contract entry first. These will have a contract code prefixed by 'IA'. Where a contract does not exist in My Finance the order is to be placed as free text against the ProClass / Category code relevant (or closest to) to the area of purchase.

It is not acceptable to use random ProClass / Category codes when placing free-text orders.

Orders may be rejected internally where they are seen to ignore the contract or relevant ProClass code requirements.

Where an order is to receive more than one invoice, 'blanket / limit' orders should be considered and implemented.

All blanket / limit orders raised should contain suitable wording to ensure suppliers are aware that the order raised is that of the blanket / limit variety and is not a formal commitment of to spend the total amount.

Users must ensure that the order carries sufficient wording to provide clarity to the supplier as to which set of legal terms and conditions the purchase is referring. All orders raised against a My Finance contract will automatically carry the IA contract reference number

In the absence of any other instructions, all orders issued will default suppliers to the standard terms and conditions shown on the Council internet.

When liaising with suppliers purchase order numbers should be conversed rather than requisition numbers.

Depending on the self-authorisation / approval levels set up within the school's structure, some requisitions may be immediately released as purchase orders. Each school user will be set up in My Finance with one of the following approval levels, £0, £499, £2,999, £9,999, and unlimited (head teachers only).

These levels should be approved by governors, reflected in the scheme of delegation, and reviewed annually.

Requisitions raised may be immediately released as orders where the order value is below any agreed user self-authorisation limit. Alternatively, all requisitions will require approval within My Finance.

- E10 In line with the school's scheme of delegation, each official order must be approved, and the approver must make sure that:
- a the spending is for proper purposes.
  - b the spending can be met from approved budgets.
  - c you have kept to the Procurement Regulations for Schools.
  - do you have kept to the Scheme for Financing Schools.
  - e the main fields of the purchase order are filled in correctly (for example, the description of supplies, work or services and delivery address.
  - f the spending is charged to the correct cost centre (this is included in the coding of the order and cannot be changed at invoice stage); and
  - g any staff who have delegated responsibility for a budget keep to these instructions.
- E11 You must never use official orders to arrange work, supplies and services for private use by yourself, another employee or governor. This includes purchasing alcohol in any circumstance and purchasing food and drink for staff social events.

### **Matching invoices**

- E12 You must make sure that effective arrangements are in place to make sure that the supplies, services, or work needed have been received before entering a goods received note into My Finance. Provision should be in place to ensure that goods received notes are entered in a timely fashion.

### **Receiving Invoices**

All invoices should be received centrally and electronically from suppliers on [apinvoices@staffordshire.gov.uk](mailto:apinvoices@staffordshire.gov.uk). Non-order invoices can be input locally into My Finance by the school if desired.

## **Paying invoices**

### **General**

- E13 Payments must not be made against a statement or any document other than a formal invoice unless the Director of Finance and Resources agrees. You can use photocopied, faxed or pdf emailed invoices to replace 'lost' invoices. However, these must be signed as 'not previously passed for payment' and should be of good enough quality to be scanned in case they are needed in the future. To reduce the risk of duplicate payments, it is important to accurately enter the supplier's invoice reference when posting an invoice.
- E14 You must not agree to pay creditors by direct debit or standing order.
- E15 In all cases, invoices and other supporting documents should be attached to invoices registered in the My Finance system.

### **Certifying invoices**

- E16 If an order has been raised using the My Finance Requisitions and Supplies module, the invoice will upon receipt be entered onto My Finance by the central Accounts Payable team. Providing a goods received note has been raised against the order, no further certification process is needed unless the value of the invoice differs from the receipted value of the order. If this is the case, the order will need further authorisation which will be managed by the My Finance system workflow. If there has been a change to a purchase order, the approver should make sure that they are satisfied that there is justification for the increase in the value of the order.
- E17 If a non-order invoice payment is being made using the Purchase Ledger module within My Finance (exceptions detailed in E9), invoices can be processed by the school user. The authorisation of this non-order invoice will be certified within the My Finance system based on the approval limits that have been set up within that school structure. If the non-order invoice is processed by the accounts payable team, it will workflow through the My Finance system to a school user who has appropriate authorisation levels.
- E18 Certifying an invoice for payment manually or electronically within the finance system will mean the following.
  - a You have followed both Procurement Regulations for Schools and Financial Regulations for Schools and the account is correct in all respects.

- b The supplies have been received, examined, and approved in line with the specification, and are satisfactory, and the prices and discounts (if any) are correct and meet the conditions of the contract quotation or order.
- c The invoice can be paid from within approved budgets.
- d Entries have been made in inventories if necessary.
- e The invoice has not previously been passed for payment and is due.
- f The invoice complies with the VAT requirements of HM Revenue & Customs (see VAT Guide for Schools on the SLN).

E19 Invoices must be entered into the finance system as soon as possible and authorised promptly to avoid late-payment penalties. Invoices are paid based on the date on the invoice, not on the date they are entered on the My Finance system.

### **Payments in advance**

E20 Generally we do not allow advance payments due to the risk of not receiving the goods or service. However, if a contractor needs paying in advance or a grant payment is needed in advance, then this can be done, but only on the agreement of the Director of Finance and Resources. The Director of Corporate Services must also be told if supplies, work, or services are then not provided after making a payment.

### **Recurring payments**

E21 You are responsible for keeping records of regular payments and will make sure that any payments are correct and not duplicated.

### **Other checks**

E22 The Director of Finance and Resources has the right to carry out any extra checks he considers necessary either before or after payment. He has the right to check that the procedures laid down for authorising and ordering supplies, work or services and examining accounts have been properly carried out.

### **Purchase cards**

E23 You must make sure of the following for each item bought using the purchase card.

- a The spending is for proper purposes and for the benefit of the children's education.
- b The spending can be met from approved budgets.
- c The Procurement Regulations for Schools have been adhered to.

- d The spending is charged to the correct cost code.
  - e All transactions are reviewed and approved each month on a timely basis and in accordance with published timescales. (See link - [Purchase cards - Staffordshire County Council](#)) failure to adhere to the approval process will lead to suspension of the card.
  - f The goods have been received, examined, and approved in line with the specification, and are satisfactory. The prices and discounts (if any) are correct, or the work done, or services provided have been satisfactorily carried out, and the materials used (if any) were of the right standard, and the prices and discounts (if any) are correct.
  - g The VAT is accounted for correctly and valid VAT receipts have been requested and retained where appropriate.
  - h Invoices, receipts, and other appropriate supporting documents must be retained for all expenditure incurred using a purchase card as attachments within the purchase card system. A till receipt should be requested if not provided at the point of purchase, a card machine receipt does not typically record adequate information. Receipts must, wherever possible contain a description of the items purchased.
  - i In instances where a card is used to withdraw cash, complete and accurate records of the goods and services purchased with that money must be maintained. Ideally, this record should be attached to the cash withdrawal in the purchase card system together with the invoices, receipts, and other supporting documentation.
  - j Any purchase card holders that have self-authorisation limits must be approved by governors, minuted in governors' minutes and reflected in the scheme of delegation.
  - k Purchase cards have not been used to buy work, supplies and services for private use. This includes purchasing food and drink for staff social events, including staff meetings held within normal working hours, or alcohol under any circumstance.
  - l Purchase cards have not be used to purchase gifts
- E24 You are responsible for ensuring that all staff that have budgetary responsibility adhere to these instructions. Each card will have single transaction and monthly limits, which will be set in line with the scheme of delegation approved by governors.

- E25 Internal Audit will review a sample of transactions to make sure that purchases are valid; that all transactions have been appropriately authorised and coded, and that VAT has been accounted for correctly.
- E26 You must make sure that there is a procedure in place to avoid mistakenly paying a supplier again when the invoice is received for a purchase-card transaction.
- E27 You can find more information on using purchase cards on the SLN

### **Payments to employees and pensioners**

- E28 When considering whether a supplier is a vendor or an employee, you must consult the Employment Status Guide for Schools on the SLN. Further information about IR35 payments is also available at: - <https://www.gov.uk/guidance/check-employment-status-for-tax>
- E29 The governing body is responsible for setting the salary scales of the head teacher and other leadership team members. Payment to each school employee must be made in accordance with the School Teachers Pay and Conditions Document or The Green Book, National Agreement on Pay and Conditions of Service as appropriate.
- E30 The governing body is responsible for authorising all appointments, variations of contract, dismissals, secondments, and transfers relating to members of staff. The governing body may decide to delegate the power to appoint or vary the contracts of employees other than the head teacher or deputy head teacher to the head teacher using the scheme of delegation approved by the governors. The power to appoint or vary the contracts of the head teacher or deputy head teacher must not be delegated.
- E31 You, or a member of staff nominated by the governing body, must certify all appointments, variations of contract, resignations, dismissals, suspensions, secondments, and transfers relating to members of staff in a form approved by the Director of Finance and Resources. All certified documentation making changes to employee's contracts must be kept in the employee's record, which should be held securely in school.
- E32 A member of staff nominated by the governing body other than the head teacher must certify all appointments, resignations, dismissals, suspensions, secondments, and transfers relating to the head teacher in a form approved by the Director of Finance and Resources. The minutes of the governors meeting approving such changes should be attached.
- E33 Where the school provides the payroll service in-house or through an independent contractor, you must provide all information required by the Director of Finance and Resources to enable him to meet any statutory requirements imposed on the County Council (for example HMRC or pension returns)



- E34 All employees must be paid in the most economical way – currently via BACS by the school's payroll provider – unless the head teacher approves otherwise. In this case, an emergency payment can be processed by the payroll provider in agreement with the school that they will be charged an additional fee.
- E35 You must make sure that you have processes in place to make sure that payments made to employees are properly due. The monthly payroll must be approved and evidence retained in accordance with the Scheme of Delegation.

### **Travelling and subsistence allowances and additional hours claims**

- E36 The Head and any other approver (as agreed in the school's scheme of delegation) must make sure that all claims for employees' car allowances, subsistence allowances, travelling additional hours and other expenses are input and processed via the school's payroll provider portal. They must be signed by both the claimant and approver as evidence of authorisation in accordance with the school's Scheme of Delegation. A separation of duties must be maintained across the approval and input process. In the case that the head teacher is claiming expenses, this must be signed by a member of the leadership or the Chair of Governors. Copies of VAT receipts must be kept in school in line with the document retention policy.
- E37 You are responsible for making sure that employees who use their cars for school business are properly insured against all third-party risks and that the insurance includes indemnity against any loss and are insured for business use.
- E38 Before inputting any forms into your payroll providers portal referred to in E40 or E41, you are responsible for checking:
- travelling and subsistence allowances.
  - the accuracy of the mileage claimed.
  - the purpose of the journeys made.
  - the taxable status of the claim; and
  - that they have kept to the allowance regulations, car leasing scheme and any other decisions we have made (if appropriate).
  - the accuracy of additional hours claimed.
- If you have any questions about the taxable status, you must contact the Director of Finance and Resources for advice.
- E39 The Director of Finance and Resources will rely on you to certify and authorise payments for claims.

### **Allowances to governors**

- E40 Governors may be entitled to claim travel and other allowances subject to the policy agreed by the governing body. The claim should be made in writing and should be accompanied with any VAT receipts as appropriate. In submitting a claim, the governor is confirming that this is a true record of



expenses they have paid out. For mileage claims the governor must complete an expenses claim form and accompany it with a VAT receipt. This will be paid through the My Finance system. All claims should be certified by you to confirm that they are made in accordance with the agreed policy.

### **Capital expenditure and leasing**

- E41 The governing body may use its budget share to pay for expenditure of a capital nature. Where the County Council owns the premises, then the governing body must seek the consent of the County Council to the proposed works.
- E42 Where a school receives money which is earmarked for capital expenditure, it must ensure that all expenditure charged against the allocation complies with guidance provided by the Director of Finance and Resources.
- E43 The governing body must not purchase an asset through a hire purchase, loan, credit, or lease agreement without the prior written agreement of the Secretary of State for Education. The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024. Even though consent has been provided, the Director of Finance and Resources must be notified of any new agreements.
- E44 The governing body is responsible for the payment of all leasing rentals in accordance with the terms and conditions of the agreement. Any costs arising through default, variation or termination of the lease will be charged to the delegated budget.
- E45 All leasing agreements must be made between the leasing company and the school as an establishment of the County Council.
- E46 Where employees wish to take out car leasing agreements under the County Council's lease scheme, you must ensure that prior approval is granted to the employee and the school must meet such costs that accrue to the school which are not met by the employee.

## **Financial regulation F – Income**

- F1 Each year you must review and report to the governing body with recommendations for approval on all fees and charges over which the school has discretion to levy. This is called the Charging and Remissions Policy. The Charging and Remissions Policy should include details of specific charges over which the school has discretion to levy and should be approved by the full governing body. The policy should be made available to all parents via the school's website.
- F2 Any new or revised fee or charge must be approved by the full governing body.
- F3 You must manage all money (cash or credit) due to us in line with our anti-money-laundering strategy (Appendix 3). You must follow detailed procedures relating to collecting income, receipting, and banking (as detailed below) at all times.
- F4 You must ensure that income is banked on a regular basis and that amounts held in school are within the insurance limits.

### **Collection**

- F5 You must plan to make sure all amounts due to the school are recorded. All money recovered must be collected, controlled, banked, and accounted for.
- F6 You must make sure that, wherever possible, at least two members of staff are present when post is opened to make sure that postal payments are dealt with properly and recorded as received immediately.

### **Receipting**

- F7 Each staff member who receives money on behalf of the school must acknowledge the amounts received in line with procedures prescribed by the Director of Finance and Resources. You cannot give a receipt for money received on behalf of the school on any form other than the official receipt form. You only need to issue official receipts for cash payments (not cheques) for amounts over £20 or if the customer specifically asks for a receipt. You may use your discretion about whether to issue a receipt for amounts of less than £20. All income received must be recorded, regardless of value
- F8 All official receipt forms or receipt books must be in the form approved by the Director of Finance and Resources who will control, issue, and order them. All stationery of this type must be properly recorded and acknowledged.
- F9 Every transfer of official money from one member of staff to another must be recorded and signed by the receiving member of staff. Official money is money that has been received and recorded. For example, where a teacher collects money from pupils but does not record what monies have been received, this is not official money until it reaches the office and is recorded and receipted.

- F10 Each member of staff who receives money on your behalf must also keep records the Director of Finance and Resources decides are appropriate. This includes an accurate account of all receipts and when money was paid into our bank account.
- F11 Personal cheques must not be cashed out of the money held on behalf of the school. Under no circumstances must amounts due to the school be paid into voluntary or private funds (School Fund, Governors Fund or PTA), either temporarily or permanently.

### **Banking**

- F12 You must ensure that all money received on the school's behalf is paid directly, promptly, and intact to our bankers.
- F13 For the purpose of paying money to our bankers, the Director of Finance and Resources will give the school a paying-in book. You must not use any other stationery.
- F14 You must add the following information to the paying-in slip – whether electronically via My Finance and on paper paying-in slips.
- a The amount of each cheque or postal order.
  - b Some reference which will connect the cheque or order with the debt or debts (for example, the receipt number or customer's name).
  - c The reference number of either the customer's account or invoice numbers which relate to the payment.
  - d If no customer account has been raised, use the codes provided by the Director of Finance and Resources, the budget heading to which the income will be paid into and the value to be paid in.
  - e An idea of the purpose and source of the payment if it does not relate to money which is owed to the school.

- F15 All cheques must have the school's DfE number recorded on the reverse prior to banking.

### **Collecting income by online payment system**

- F16 For schools using the My Finance system, where the school accepts payment using an online payment system i.e., ParentPay or Childcare Voucher Companies, the Director of Finance and Resources must be notified that the system is being used. All interfaces with the school's bank account must be in a format approved by the Director of Finance and Resources to ensure that the income is allocated to the school efficiently. All other financial regulations must be complied with.

### **Sending customer invoices**

- F17 Schools should normally require payment in advance for goods or services or lettings as this avoids the bureaucracy and expense of processing customer accounts.
- F18 If it is not possible to take payment in advance or at the time of delivery of the goods or services or lettings, a customer invoice should be raised.
- F19 A customer invoice should not be raised for a voluntary contribution (e.g., for a school trip) or for money owed to a voluntary fund (e.g., school fund or PTA). A customer invoice should not be raised for catering income where cash collection is carried out on behalf of an external catering provider. However, if the school manages its own catering, then a customer invoice may be raised for arrears.
- F20 You are responsible for ensuring that customer invoices and credit memos are raised as soon as possible after the goods are sold or the service carried out and certainly within 30 days. Schools must only raise customer accounts and credit memos using My Finance Accounts raised in My Finance will have an invoice number given to them automatically by the system.
- F21 You must add the date the service is provided when raising customer invoices.
- F22- When raising an invoice, a Contact Code should be selected in My Finance in all instances. This is to ensure the invoice recipient has a point of contact within SCC should they have a query or dispute with any aspect of the invoice
- F23. Supporting documentation must be attached to the invoice in My Finance when appropriate evidencing the calculation of charges, the goods and / or services supplied and any authorisation or instructions to charge.
- F24 Invoices for amounts below £25 should not be issued for non-statutory services. If there is a business need to recover amounts below this threshold, contact the Central Income Team for advice on an appropriate mechanism.  
Issuing credit note

### **Charging another school or any part of the County Council**

- F25 Any charges to another school or another part of the County Council must be agreed in advance. As both parties use the My Finance system, the charges must be made by inter-school journal transfer.

### **Issuing credit notes**

- F26 The amount of a customer account can only be reduced by using an official credit note if the amount was raised by mistake or the invoice contains incorrect information. When the credit note is raised in My Finance, the system will pass

the credit note to a designated member of staff for approval using workflow principles.

- F27 If a credit results in changing the VAT originally charged, the credit note must show the full details that HMRC will need. The Director of Finance and Resources will give you this information.

### **VAT**

- F28 You must take all practical steps to make sure the correct VAT is charged on income, and you should consult the Director of Finance and Resources if necessary.
- F29 You should use pre-coded screens in My Finance to make sure the VAT is correct.

### **Debt recovery**

- F30 For schools using the My Finance system, the County Council income team will carry out standard debt recovery procedures on behalf of the school where customer invoices have been raised.
- F31 At the same time, you are normally in a better position to collect amounts owing from customers. The governing body should approve a debt recovery policy which is applied consistently to ensure that customer debt is dealt with in a timely manner and further goods, or services are not supplied to customers who have not paid for items already received or used. School's individual policies should be in alignment with the Schools Debt Recovery Policy issued by SCC.
- F32 Debts accumulated on a school's online payment system should be transferred to My Finance and an invoice raised and recovered in accordance with the Schools Debt Recovery Policy issued by SCC.
- F33 When all practical and cost-effective methods of debt recovery have been exhausted by the County Council income team, the Director of Finance and Resources will notify the school of the amount of debt that is considered to be irrecoverable and should be written off. Once approved by the governing body this will lead to a charge appearing on the school budget as the income was credited to the school budget when the invoice was raised.
- F34 Guidance on the My Finance debt recovery process are available within the Schools Debt Recovery Policy issued by SCC, which can be found here [Financial regulations for schools - Staffordshire County Council](#)
- F35 The governing body must approve the writing off any debt in relation to the delegated school budget. The governing body must consider their review of the age and size of each customer's debt and any advice from the Director of Finance and Resources.

## **Financial regulation G – Treasury Management**

### **Banking**

- G1 The Director of Finance and Resources is responsible for arranging banking arrangements for schools, including opening, and closing all accounts.
- G2 Only the Director of Finance and Resources and staff duly authorised under the Council's bank mandate arrangements will transfer funds electronically by CHAPS, BACS, or Faster Payments, through the banking providers platform. International Payments will also be made in exceptional circumstances."

## **Financial regulation H - Assets**

### **Land and buildings**

- H1 The Director of Finance and Resources will keep a register of all properties that the school owns or uses.
- H2 The Director of Corporate Services is responsible for making arrangements for looking after all title deeds and formal contract documents where the County Council owns the buildings and / or land.
- H3 The governing body and head teacher are responsible for looking after the assets they manage and must make sure that properties are safe, watertight, and comfortable.

### **Vehicles**

- H4 You must maintain a record of all vehicles owned and leased by the school.

### **Stocks and stores**

- H5 You are responsible for keeping proper records and for looking after any stocks and stores.

### **Inventories**

- H6 You must keep inventories of fixed plant, machinery, furniture, equipment, hardware, and software, including items leased or on loan from other schools or from other sources, which have a cost price or a market value exceeding £1,000. You may wish to keep an inventory of cheaper items of IT equipment which are portable and desirable. You should maintain details of all software licences owned by the school regardless of value.
- H7 Inventories must be kept up to date and as a minimum include the following information:
- a. date of acquisition.
  - b. adequate description of the asset including any unique identification mark such as a serial number.
  - c. location of asset (including where off-site or allocated to an employee); and
  - d. details of disposal or write-off (including reference to governors' minute)
- H8 At least once a year you are responsible for checking that all items on the inventory are accounted for. You must ensure that the inventory is certified by a person who is independent of the employee maintaining the inventory.
- H9 School property must not be removed from the school unless it is in the ordinary course of business. You must ensure that any property removed from and returned to school is recorded. You must also ensure that school property that is allocated to a member of staff (e.g., a laptop) is recorded and is returned

when the member of staff leaves, or the property is replaced. School property can only be used for school purposes unless you issue specific instructions otherwise.

- H10 Whenever an employee hands over, leaves or is no longer responsible for any of the school's property which is entered on an inventory, you must, wherever possible, check that the property is sound and make sure the outgoing and incoming employees sign a handing-over certificate.
- H11 The Director of Finance and Resources or their representative will have access to the school property and to the inventories and any relevant documents.
- H12 Property may be written off and removed from the inventory only by resolution of the governing body after consideration of a written report from the head teacher.

### **Security**

- H13 Head teachers are responsible for arranging proper security for all assets and records under their control.
- H14 In relation to computers and information technology, the governing body is required to approve and implement an ICT Security Policy that complies with the County Council's minimum standards on computer security.
- H15 You must agree maximum limits for unbanked money with the Director of Finance and Resources and get his permission to exceed this level. This level will normally be the insurance limit of the school safe.
- H16 The person responsible must keep on them any keys to safes, cash boxes, and other places in which money or valuables are stored. If any keys are lost, this must be reported to the schools insurers immediately.

### **Selling spare equipment**

- H17 You are responsible for dealing with any spare equipment you do not need. The school may keep the proceeds from selling assets unless the asset was bought using non-delegated funds.
- H18 The school may not sell land or buildings without obtaining the relevant permissions, which will vary depending on the type of school. If selling property, we own generates a capital receipt for the County Council, this receipt is not automatically available to be spent on the school.
- H19 In the first instance, any spare educational or ICT equipment should be offered to other educational establishments, either locally or using the bulletin board on the SLN.



- H20 If another educational establishment does not require the equipment, the same competitive process for buying supplies, services and work must also be applied to selling spare equipment.
- H21 You must get professional advice if you are in any doubt when making valuations.
- H22 You can consider selling spare equipment by auction instead of sealed bids, but you need to make sure you have evaluated the full cost of the process and the commission that will be due.
- H23 You should normally accept the highest value offer without conditions unless you feel an offer with conditions gives better value to the school.
- H24 Equipment, except for ICT, electrical or mechanical items, may be sold over the internet (for example, eBay). However, if they are, they must be sold in line with the Distance Selling Regulations (2005) (as amended or re-enacted).
- H25 You may set a reserve price before offering the equipment for sale. If the reserve value is not met, do not sell the equipment, and advertise them again. A person setting the reserve price cannot bid for the item.
- H26 You must be particularly careful when selling goods to members of staff to ensure that they are not able to purchase goods or equipment at below market value.
- H27 You must not release any items sold before you receive payment. If payment is made by cheque, this must be cleared before the items are released.

## **Financial regulation I – Insurance**

- I1 Insurance cover for schools is arranged via the DfE's RPA scheme. Details of the scheme can be found here: [Join the risk protection arrangement \(RPA\) for schools - GOV.UK](#).

Schools should follow the DfE's guidelines and update them with any new risks as appropriate.'

## **Financial regulation J – Other funds**

### **General**

- J1 Voluntary and trust funds, and any related bank accounts, should be operated in line with these regulations. Where such funds are controlled or administered by an employee by reason of their employment, it is difficult for the public to distinguish between such funds and the school budget. Therefore, the same standards of accountancy and probity should apply as for the school budget.

### **Voluntary funds / School funds**

- J2 You must keep a constitution showing the purpose and nature of all voluntary funds held by your staff in the course of their duties. This should be approved by the full governing body and noted within the minutes. A financial record of transactions must be kept and accounts for such funds must be prepared and audited annually by a competent, independent person. These audited accounts must be submitted with an annual report to the full governing body within six months of the accounting year end. It should be clear within minutes that all governors are aware of School Fund balances. The Director of Finance and Resources is entitled to check the voluntary fund reporting arrangements and that reports, and accounts are produced as he feels are appropriate.

It should be ensured that VAT relating to school fund expenditure is accounted for correctly and VAT receipts have been kept. You can find more information within the VAT guidance for schools document on the SLN.

### **Trust funds**

- J3 All governors and employees acting as trustees because of their official position must make sure that accounts are audited and sent to the appropriate organisation each year. The Director of Finance and Resources is entitled to check that this has been done.

### **School Companies**

- J4 Under the Education Act 2002, schools or groups of schools can form companies to purchase collectively goods and services or sell their expertise to other schools. This power is optional, and schools need only use it if they feel that a joint identity with other schools will facilitate collective activity over and above collaboration. School companies will be private companies limited either by shares or by guarantee.
- J5 A governing body interested in setting up a company under the Regulations must ask the Director of Finance and Resources for consent before proceeding.
- J6 The County Council must supervise the school company and has the following functions:

- (a) monitoring the management and finances of the school company, including scrutiny of audited annual company accounts.
- (b) considering requests from school companies to borrow.
- (c) notifying the Secretary of State of company membership, name or registered number and any changes to these details within 28 days; and
- (d) directing Governing Bodies to withdraw from a school company in certain circumstances.

J7 A school company's finances must remain distinct and separate from those of the school budget. School companies can contribute to the school budget, but school budgets cannot contribute to the activities of the company. School companies must have their own bank accounts and an independent audit of accounts. Companies may be subject to their own VAT arrangements or covered by the County Council umbrella depending on the nature of their business.

## Appendix 1

### Scheme of Delegation for Schools - For School Financial Regulations - version dated

Financial Regs ref	Who is responsible for ?	Responsible Body or Role Pre-completed as a guide only and will need to be amended to reflect individual School delegations. Please refer to Financial Regulations for Schools for further information. Add on extra columns for more staff if needed.							Complete, and add on further columns as necessary to identify all those with responsibility for the listed actions		
		FGB	Committee (enter name)	Head	Bursar / Office Manager	Named Role?	Named Role?	Named Role?	Named Role?	Named Role?	Named Role?
A3/C2	Approving the Schools Financial Value Standard	X									
B2/B3	Approval of the annual School budget	X									
B11	Providing regular financial monitoring reports to the governing body			X	X						
B12	Authorising a virement (adjustment of budget) subject to stated limits	X	X	X							
C6	Keeping all accounting records in accordance with the retention guidelines for schools			X	X						
D3	Setting up and maintaining effective systems of internal control and reporting all instances of irregularity	X		X	X						
D7	Responding to recommendations in audit report	X	X	X							
E10/E17	Authorising an order, non-order invoice or other liability to expenditure subject to stated limits (value limit to be input by school)			X							
E9	Authorising an order that has been raised by oneself subject to stated limits (value limit to be input by school)				X						
E23j/E24	Using the school procurement card subject to stated limits (value limits to be input by school for each card holder)			X	X						

E29	Setting the salary scales of the head teacher and other members of the leadership team	X									
E30	Appointing or varying contracts of the head teacher of deputy head teacher	X									
E30/31	Authorising appointments, variations of contract, dismissals, secondments and transfers of members of staff	X	X	X							
E32	Authorising appointments, variations of contract, dismissals, secondments and transfers relating to Headteacher	X									
E36	Authorising travel & subsistence claims and additional hours payments			X							
E35	Approval of the monthly payroll			X							
F1	Approving the charging and remissions policy annually	X									
F20	Raising invoices within 30 days of the goods being supplied or the service carried out			X	X						
F26	Authorising the issue of a credit memo (automatically work flowed on MyFinance)			X	X						
F31	Approving a debt recovery policy	X									
F35	Approving the writing off of any debt that has proved to be irrecoverable (anything over £1,500, schools must refer to the Scheme for Financing Schools guidance)	X									
H6	Maintaining an inventory			X							
H8	Checking the inventory on an annual basis (by an officer independent of its maintenance)			X	X						
H12	Writing off items from the inventory following a written report of the head teacher	X									
H13	Approving an asset security policy	X									
H16	Holding keys to safes, cash boxes, etc. (details or people involved to be input by school)			X	X						
H17	Deciding how to deal with the sale of any spare equipment the school holds			X							

I1	Notifying the DfE (RPA insurance) of any new insurance risks or any loss or any event likely to lead to a claim			X							
J1	Operating any voluntary or trust funds held by the school (e.g. school fund)			X	X						
J2	Receiving audited accounts for any voluntary or trust funds within 6 months of the financial year end	X									
J5	Ask for consent from LA before setting up a school company	X									

The Scheme of Delegation must be reviewed and approved by the Full Governing Board on an annual basis, and evidence of approval captured within the meeting minutes.

Approval Date

---

## Scheme of Delegation for Schools - Guidelines

Financial Regulations	
Font in pink	Additional detail required
X	Indicates responsibility
	Outside of responsibility limits e.g. for section B2 must be the Full Governing Board
B2	Evidence of approval should be captured within meeting minutes
B12	Likely to be a range of people depending on value but must be delegated by Governing Body and delegation authority captured within minutes
D3	Should not be sole officer to ensure segregation of duties
D7	All audit reports should be considered by the Full Governing Board but this should not delay the Headteachers response to the audit report
E10 / E17	Refers to authorising expenditure
E9	Refers to authorising expenditure that a member of staff has authorised themselves
E23j / E24	Several staff in school can hold a procurement card with different financial limits. All staff members and limits should be detailed in the Scheme of Delegation
E30/E31	May all be delegated to the Headteacher or Business Manager (segregation of duties should be considered) and delegation authority captured within meeting minutes. Evidence of authorisation should be retained in all instances.
E36	Evidence of approval should be retained
Monthly Payroll	Evidence of approval should be retained
F1	Evidence of approval should be captured within meeting minutes
H8	Should be independent of inventory maintenance and must be an employee of SCC
H13	Evidence of approval should be captured within meeting minutes
H16	Detail all persons responsible for holding keys or knowing combinations to access safe's/cash boxes
J2	Voluntary Funds must be independently audited and a constitution showing the purpose and nature of all voluntary funds should be retained



## Appendix 2

### Non-order invoicing – examples (see E9)

Considerations of when to use non-order invoices in My Finance:

- 1 Is there a fixed-term contract with the supplier? If no, raise an order. If yes, go to question 2.
- 2 Do the terms of the contract need an instruction to access the particular goods or service wanted? If yes, raise an order. If no, an order is not needed, and you can pay the invoice using the non-order route in the accounts payable module.

#### Examples

- 1 Boiler servicing and maintenance contract
  - The school has a fixed-term contract to service and repair the boiler. The contract includes a yearly service including labour, but not parts. As this is a fixed-term contract, go to question 2.
  - Each year the school updates the schedule for the boilers and sends it to the company instructing the supply for that year's servicing. Because of this, you need to raise an order.
  - If parts are needed to carry out repairs, the company will probably ask for approval to go ahead and fix the boiler. You will need to raise an additional order for the parts.
- 2 Stationery contract
  - The school accesses a County Council contract for stationery. This is a fixed-term contract, so go to question 2.
  - The terms of the contract mean you need to give an instruction to the company which supplies the stationery and so you need to raise an order.
- 3 Supply of bottled water
  - The school has a contract for bottled water. This is a fixed-term contract, so go to question 2.
  - The terms of the contract mean you need to give an instruction to the company which supplies water and so you need to raise an order.
- 4 Supply of photocopiers and copying charges
  - The school has a contract for photocopiers which includes yearly fixed leasing costs of the copiers and variable copying charges based on usage. This is a fixed-term contract, so go to question 2.
  - The terms of the contract mean there is no further requirement for you to instruct the company to supply this service. Because of this, you do not need to raise an order.

## **Appendix 3**

### **Anti-money-laundering strategy**

Anti-money-laundering strategy

Refer to the SCC Financial Regulations, available within the SCC Constitution.

([Browse - Staffordshire County Council Constitution - Staffordshire County Council](#))

## **Glossary**

BACS	Banker's Automated Clearing Services, electronic transfer of money
Budget heads	Income and expenditure budgets held at activity level within a service area.
Budget holder	A member of staff who has delegated responsibility for managing income and expenditure budgets.
Council	The full council.
DfE	Department for Education
HMRC	Her Majesty's Revenue & Customs, the tax collection agency for the UK
ICT	Information and Communication Technologies
MLRO	Money Laundering Reporting Officer
PTA	Parent Teacher Association, a fundraising organisation for the school
MY FINANCE	The County Council's finance system
SCC	Staffordshire County Council
Director of Finance and Resources	Where included within the Financial Regulations this also refers to the appropriate responsible officer
SLN	Staffordshire Learning Net, the intranet for schools in Staffordshire
VAT	Value Added Tax