

Governance & Record Keeping

ACCOUNTABILITIES, FINANCIAL DUTIES AND RESPONSIBILITIES



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London Borough of Haringey
Authored by: Schools Finance



Accountabilities, Financial Duties, and Responsibilities

Responsibility for the maintenance of sound financial management within schools on a day to day basis sits with the Governing Bodies and Headteacher.

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Notes:

ESFA – Education & Skills funding Agency

DfE – Department for Education

LA – Local Authority

VFM – Value for money

Contact us:
s-SchoolsReturns@haringey.gov.uk

Prepared by: Muhammad Ali
Reviewed by: Brian Smith
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INTRODUCTION

Schools financial regulations reference 75-79 set out the key accountabilities, duties and responsibilities relating to the financial administration of schools.

This manual follows the same structure and order as the financial regulations but is designed to give detailed assistance to schools in designing processes to record and demonstrate compliance with the regulations.

This section of the manual also sets out the statutory and other financial duties of the local authority and its key officers, as well as responsibilities specifically with schools.

In any case where conflict is perceived between this manual and the schools financial regulations then the regulations will apply.

If a school has difficulty in interpreting the regulations or this corresponding financial manual, they should contact either their Schools Financial Adviser or the Head of Audit and Risk Management.

As well as the Schools Financial Regulations, the following statutory regulations are relevant:

- Code of Practice on Local Authority – School Relations
- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations

ACCOUNTABILITIES AND RESPONSIBILITIES

Responsibility for the maintenance of sound financial management within schools on a day to day basis sits with the Governing Bodies and Headteacher. Overall responsibility across the local authority for the stewardship of public funds, including those held by schools, sits with the local authority's Director of Finance.

This section of the school's financial manual sets the main details relating to the statutory and regulatory background that drives the financial controls and relationships between the Director of Finance, schools, and the Department for Education.

Standards imposed by both the Director of Finance and the Department for Education therefore both referred to within this section. Throughout the rest of his manual the internal control processes outlined together with the associated Schools Financial Regulations and Scheme for Financing Schools, if followed, should greatly assist schools in complying with regulations such as the DfE Financial Management Standard in Schools.

This section is structured as follows:

- Section 1. The Role of the Local Authority's Finance Officers
- Section 2. Schools Duties and Financial Management Standards.
- Section 3. Best Value
- Section 5. Traded Services

THE ROLE OF THE LOCAL AUTHORITY'S FINANCE OFFICERS

Role of the Director of Finance

The Director of Finance has responsibilities under Section 151 of the Local Government Act 1972, essentially ensuring that the Council fulfils its role in the stewardship of public funds, including funds delegated or devolved to schools.

This is achieved through the accountability of local authority staff, the Head of Business Partnering and School Finance team.

The statutory duties are defined in the Schools Standards and Framework Act (SSFA) 1998 updated by statutory Instruments- The Financing of Maintained Schools (England) Regulations 2001.

Role of the Head of Business Partnering

The Head of Finance and Schools Finance has an advisory and supporting role, and a regulatory and monitoring role. The duties include:

1. Section 151 function, essentially ensuring that the Council fulfils its role in the stewardship of public funds devolved to schools.
2. Introduction and implementation of DfE and other government bodies policies and recommendations, supporting schools in their introduction.
3. Preparation of the Schools Funding Annual Budget allocations.

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4. School bank account
 5. Cash flow advances and licence deficit requests.
 6. Provision of accounting framework and procedures as set out in the Schools Financial Manual and Schools Financial Regulations which are regularly reviewed and updated.
 7. Ensuring that the school's budgets and actual spending are accurately recorded in the Council's Financial Accounting System.
 8. Monitor schools accounts and provide strategic financial management advice to schools causing financial concerns.
 9. Maintain financial risk register for all schools
 10. Reporting on consolidated schools' performance and setup Key Performance Indicators to monitor school performances.
 11. Supporting schools in the implementation of audit recommendations and support in implementing the schools MIS system, financial control, guidance, and support on the CFR framework under the new traded services offer.
 12. Training and advice on current updates and changes in government legislation' e.g. CFR advice & budget planning workshops, meetings of Schools

Role of the Schools Finance

To support the formulation of strategic policies, plans and programmes for fair funding and school governance. To implement, maintain, develop and review in consultation with schools, the Authority's Scheme for Financing Schools and formula and related matters, in order to meet legislative requirements and changing needs for the ongoing provision of:

1. Scheme for the Financing of Schools maintained by the local authority.
2. Section 251 Budget and out-turn Statements
3. Individual School Budgets (ISB)

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4. In year budget adjustments / re-determination to schools – cashflow payments to schools
 5. Provision of cashflow to schools
 6. Quality Standards – Financial Management in Schools

Role of the Schools Financial Advisors – Traded Services Offer (NEW)

The Council has started school traded services offer for schools. Maintained schools are required to comply with the Local Authority's Scheme for Financing Schools which includes the Financial Regulations for Schools. The School Finance Adviser are suitably qualified accountant can help and train schools' leadership team on financial management to ensure that schools comply with the School Financial Procedures Manual.

The role of the school's financial advisers is to provide strategic support and advice to schools leadership team in developing their own financial management processes and controls, and to assist schools in their budget planning and monitoring, reviewing and checking schools' management of resources.

Schools' Financial Support Advisors also have a role in advising and supporting the schools' compliance with required financial returns and the associated reporting and reconciling of accounts.

SCHOOLS DUTIES AND FINANCIAL MANAGEMENT

General

Accountability and responsibility for timely and accurate reporting within deadlines set by the local authority, the DfE or the responsible government department lies with the Governing Body and the Headteacher.

If an externally provided bursary service is used to assist with financial procedures and processes, then accountability and responsibility remains with Governors and the Headteacher; it does not pass to the service provider.

The Governing Body and the Headteacher will ensure that external provider is suitably qualified accountant by qualification or experience. The schools can procure their strategic financial advice from the council new trader services offer.

Local Authority Regulations

The statutory duty of schools is to provide quality educational services within a structured finance plan. Schools must adhere to the local authority's financial regulations, maintain effective and efficient accounting processes and reporting procedures. These are outlined within Schools Financial Regulations and throughout this Manual, both documents should be formally adopted by the Governing Body and used as a basis for any local school's financial procedures.

DfE's Financial Management Standards

The Governing Body and head teacher are responsible for the following financial management standards in their schools and maintain effective and efficient accounting processes and reporting procedures.

School Standards and Framework Act 1998:

<https://www.legislation.gov.uk/ukpga/1998/31/contents>

Consistent financial reporting framework: <https://www.gov.uk/guidance/consistent-financial-reporting-framework-2020-to-2021>

Schools financial value standard (SFVS)

<https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs>

Audit Commission and OFSTED

The Audit Commission and OFSTED also have a remit to review the school's administration. 'Keeping Your Balance' sets out the principal standards of a sound approach to the financial administration and control of schools' funds which schools are required to follow.

Financial Planning and budgeting

Financial planning is essential for good financial management. It provides the school with a clear view of how it will utilise its resources in the most efficient and effective way. It has three interrelated elements:

School Improvement Plan (SIP) - this identifies the school's educational priorities for raising standards. The SIP should reflect the resource implication of each priority and initiative. An evaluation framework should also be built into the SIP to assess the success of each initiative.

School Budget – The budget should set out how resources are allocated and provide a mechanism for monitoring expenditure through the year. Details on this aspect of the schools financial management process are contained within this Manual

ICFP - Integrated curriculum and financial planning (ICFP) is a budgeting application that help school's leadership team to plan the best curriculum for their pupils within a funding envelop available with them.

Financial Controls

Schools will have many systems for processing and recording financial transactions. These systems are needed to protect the school's resources from loss or fraud and to provide information to interested parties about how the budget is being spent. Governing bodies and Headteachers will only be able to make sound decisions when they are based upon accurate and reliable information and therefore will ensure that their financial controls are sound.

Good internal financial controls enable the interested parties to have confidence that transactions have been properly processed and that errors or fraudulent activities are detected or prevented.

The application of internal control runs throughout this manual. Examples of such internal controls are:

1. Internal checks - one person authorising another person's work
2. Separation of duties - distribution of work so that key tasks are not handled by the same person
3. System manuals - clear, legible description on how the system functions and available to all relevant staff. Such manuals should be reviewed annually to ensure their currency.
4. System of authorisation - each transaction has evidence to have been authorised before being passed on to the next process
5. Audit trail - tracking all stages of a transaction
6. Accounting records are all securely retained, and access is controlled.

These controls safeguard staff and governors by ensuring that for example: -

- Payments are only made to bona fide and legitimate suppliers and employees

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- Employees and supplier bank accounts are verified before payment processing
 - Payments are made only for actual goods and services received
 - Petty cash transactions limited to £25 per transactions and are secure in all respects and authorised before any purchases

BEST VALUE

Best Value' is a policy, which applies to the way local authorities, provide services. Schools are not currently directly covered by best value legislation. However, given the very high proportion of local authority spending which flows through delegated budgets, it is a requirement of the DfE Financial Management Standard that schools should demonstrate that they have applied the principles of best value in their expenditure.

To meet this intention, when submitting the annual budget plan, the governing body of each school should be asked to submit a statement setting out what steps it will be taking in the course of the year to ensure that expenditure, particularly in respect of large service contracts, will reflect the principles of the best value regime.

The basic principles of Best Value (4Cs) are:

1. Challenge involves questioning why, how and by whom activities are carried out.
2. Comparison of performance against other schools and between parts within each school e.g .benchmarking.
3. Consult with stakeholders, especially pupils, parents and staff about key issues to foster partnership working.
4. Competition means using competition as a means of securing more efficient and effective services. wherever practicable, to secure efficient and effective services.

Headteachers will be considering the following generic application of Best Value activities within their schools:

- Develop a programme of performance and activity review, which will aim for continual improvement linking to the School Improvement Plan and post-inspection action plans.
- Activity reviews following the principles of the 'four Cs' including comparison with others.

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- The development of a framework of performance indicators and targets, used by the school to compare with others and provide a clear practical expression of a school's performance, taking national requirements into account.
 - The inclusion in the School Improvement Plan of a summary of objectives and strategy for the future including consultation arrangements with linking forward targets on an annual and long term basis

We recommend schools consider buying goods and services from DfE-recommended suppliers to ensure value for money has been achieved.

Buying for Schools: <https://www.gov.uk/guidance/buying-for-schools>

HARINGEY TRADED SERVICES - SUPPORTING SCHOOLS

Government policy seeks to promote the autonomy of schools by encouraging them to make informed decisions on providing their own inhouse financial services or purchasing from another provider. This may be the local authority or any other external provider of financial services.

Schools are required to apply the principles of Best Value and to employ support services in the context of this responsibility.

There are no statutory duties, but expectations about the nature and standards of traded services are defined in the Best Value Accounting Code of Practice.

As a minimum, schools engaging the services of external Finance and accounting officers could expect provision of the following:

- Financial Health
- Assistance with setting a detailed school budget within the total individual school funds allocated.
- Financial planning and 3-year budget forecasting in line with current and forecast pupil numbers.
- Integrated Curriculum led financial planning for your schools to ensure staffing structure is affordable
- Financial cash flow advice to ensure schools are working capital requirements have been identified for the next 12 months.
- Financial training to school staff and leadership team.
- Support with month end and year end close down.
- Restructure support to ensure to ensure your schools budget is in line with current and future funding.
- Bidding for grant to ensure additional income for your school.
- Support using school-based financial packages or software.
- Payroll service.

All schools are expected to deliver financial accounts that are accurate and reliable within the timeframe stipulated by the local authority. It is the school's responsibility to ensure that the above requirements are satisfied.

The local authority provided, as part of its overall performance management plan, a range of support services are available for schools on Novus Market Place: <https://my.novusapps.co.uk/Identity/Account/Login>