

# Holmer Green Senior School



## Financial Management Policy

December 2020

# Holmer Green Senior School

## Financial Management Policy

### Table of Contents

Table of Contents.....	2
Introduction .....	3
The Roles of Governors and Headteachers .....	3
Audit Arrangements and Requirements.....	3
OFSTED Inspection Arrangements and Requirements .....	3
Governance .....	5
Financial Planning .....	6
Budget Monitoring.....	8
Purchasing .....	9
Financial Controls.....	11
Income .....	12
Banking.....	13
Payroll.....	14
Petty Cash .....	15
Tax .....	16
Voluntary Funds.....	17
Assets .....	18
Insurance.....	19
Data Security .....	20

## **Introduction**

All financial arrangements must comply with the current financial regulations, standing orders and schemes of delegation.

## **The Roles of Governors and Headteachers**

The governing body has a statutory responsibility for the oversight of financial management in the school. Its role encompasses agreeing how the delegated budget is used. It is legally required to agree the school's annual budget plan. The role of governors is set out in the publication *A Guide to the Law for School Governors*, available from the Department for Education and Employment (DfE) in different versions according to the category of school. In this publication, the term governing body is used to mean the full governing body or its committees, where responsibility can be delegated to a committee. The term Headteacher is used to mean the Headteacher or any other member of the school's staff to whom responsibility has been delegated.

## **Audit Arrangements and Requirements**

The accounts at school are subject to bi-annual independent audit inspections, reportable to the Governing Body. The school must produce audited annual accounts which meet the statutory requirements of Companies Act 2006 and Charity Commission's Statement of Recommended Practice and DfE Accounts Directive.

In response to an audit:

- the governing body and staff should give external auditors access to such premises, documents and assets as the auditors consider necessary
- the governing body and staff should provide auditors with any explanations they consider necessary
- the Headteacher should consider and respond promptly to recommendations in audit reports. The Finance Committee will report to the governing body the results of audits and any action to be taken by the school
- the Headteacher should immediately notify the auditors of any suspected irregularity.

## **OFSTED Inspection Arrangements and Requirements**

The School Inspections Act 1996 requires registered inspectors to report on 'whether the financial resources made available to the school are managed efficiently when a school is inspected under the arrangements set out in section 10 of the Act.

In *Inspecting Schools*, the framework for the inspection of schools by registered inspectors, the efficiency of the school will be judged by reference to:

- the extent to which the school makes the best strategic use of its resources, including specific grants and additional funding, linking decisions to educational priorities;
- the extent to which the principles of best value are applied in the securing and use of resources and services.

In making these judgements, inspectors will consider the quality of financial management, the soundness of decisions and the effectiveness of financial control.

Inspectors will take into account the arrangements made by the school to follow up any recommendations in the most recent auditor's report.

However, it is not the place of inspectors to conduct an audit of the school's finances. They should mainly be concerned with the strategic management of resources and the value for money obtained from their use.

In response to an inspection:

- the governing body and staff should give inspectors access to such documents and financial information as they require
- the governing body and the Headteacher should consider and respond appropriately to any recommendations made by inspectors
- the Headteacher should notify the school's auditors of any suspected irregularity and inform the registered inspector where this has occurred.

## Governance

### Why is this area important?

The governing body is collectively responsible for the overall direction of the school and its strategic management. This involves determining the guiding principles within which the school operates and then making decisions about, for example, how to spend the school's budget. Effective governance stems from corporate decision-making based on comprehensive and accurate information about the school. Effective governance also results in clear public accountability for the performance of the school. Weak governance reduces accountability, removes checks and balances and denies the school a potentially valuable source of guidance.

The governing body has a strategic role and has responsibility for setting educational and financial priorities, and for ensuring the budget is managed effectively. It is also responsible for ensuring the school meets all its statutory obligations and, through the Headteacher, complies with Companies Act financial regulations, standing orders. To carry out this role effectively, the financial responsibilities of the governing body, its committees, the Headteacher and other staff need to be defined. This allows the governing body to ensure that adequate systems of financial control are in place and that it receives the information it needs to carry out its role.

Governance needs not only to be effective but to be seen to be effective. The provision of clear minutes of its decisions is one aspect of openness. Another is the maintenance of a register of business interests of governors, the Headteacher and other staff involved in financial management, as evidence that private or personal interests do not influence decisions taken in the school.

### The standards

- |    |   |    |  |
|----|---|----|--|
| A1 | The roles and responsibilities of the governing body, its committees, the Headteacher and other staff in relation to financial decision-making and administration should be set out in writing and approved annually at a full board meeting of the governing body. | A4 | The governing body should agree with the Headteacher the minimum frequency, level of detail and general format of the financial information to be provided to it especially in relation to budget monitoring reports.                  |
| A2 | A finance committee should be set up to consider strategic financial issues on behalf of the governing body and its remit and membership should be reviewed annually.   | A5 | Minutes should be taken of all meetings of the governing body and its committees and include all decisions and by whom action is to be taken.  |
| A3 | The governing body should establish the financial limits of delegated authority.  | A6 | The governing body should establish a register of business interests of governors, the Headteacher and any other staff who influence financial decisions. This should be open to examination by governors, staff, parents and the LEA. |

### Notes

- A2                    Alternative names are acceptable for this committee.
- A6                    All those involved in spending public money must be able to demonstrate that they do not benefit personally from the decisions they make.

## Financial Planning

### Why is this area important?

Financial planning is an essential part of good financial management. It provides a school with a clear view of how it intends to use its resources. It has two interrelated elements: the school's improvement plan and the school's budget.

The school's improvement plan forms a major building block for constructing the budget. It identifies the school's educational priorities and usually has a strong focus on raising standards and maintaining standards. It is important, therefore, that the school improvement plan indicates the resource implications of each priority to guide decisions on the school's budget.

The school improvement plan should reflect the decisions made about the cost-effectiveness of the options considered, and should contain ways in which the progress of the initiative can be monitored. An evaluation framework should also be built into school improvement plans to assess the success of each initiative.

A summary of ongoing spending also needs to be included in the improvement plan so that there is a clear link between the school's priorities and spending plans.

**Budgeting** is essential for good financial management. The budget sets out how resources are allocated and provides a mechanism for monitoring expenditure through the year. It should be the concrete expression of the school's improvement plan. It provides a coherent framework which allows staff and governors to see how the school's spending will help the school achieve its targets and other objectives. Clearly identified links are, therefore, needed between the school's annual budget and its improvement plan.

Good budgeting means not running into deficit, but equally it means not carrying large balances of unspent money from year to year without good reason. This means considering how the budget for a particular area of spending will balance out over a longer period than the next financial year. Any surpluses beyond a small contingency should accrue for a specific purpose. Such a purpose might be to smooth out any variations in staffing as a result of fluctuating student numbers.

## The standards

- B1 The school should have a school development plan (SIP) which includes a statement of its educational goals to guide the planning process.
- B2 The SIP should cover in outline the school's educational priorities and budget plans for at least the next three years, showing how the use of resources is linked to the achievement of the school's goals.
- B3 The SIP should state the school's educational priorities in sufficient detail to provide the basis for constructing budget plans for the next financial year.
- B4 Any new initiatives should be carefully appraised in relation to all likely costs and benefits and their financial sustainability before being approved by the governing body.
- B5 The SIP should not conflict with expenditure on continuing commitments.
- B6 A formal timetable and procedures should be drawn up for constructing the SIP and budget to ensure that the governors have time to consider all relevant factors.
- B7 There should be a clear, identifiable link between the school's annual budget and its development plan.
- B8 The school's budget should be based on realistic estimates of all expected expenditure and income, including grant income, so that planned expenditure does not exceed the available budget.
- B9 The governing body should ensure that the main elements of the school's budget are periodically reviewed to ensure that historic spending patterns are not unhelpfully perpetuated.
- B10 The Headteacher should profile the budget and forecast cash flow to take account of likely spending patterns
- B11 Any budget surpluses should be earmarked for specific future needs to ensure that pupils benefit from a planned approach to spending that does not deprive them of resources in a given year.
- B12 The governing body should approve the school's budget and SIP after careful consideration and before the beginning of the relevant financial year.
- B13 The Headteacher should promptly forward details of the approved budget to the EFSA (Education Funding and Skills Agency).

## Budget Monitoring

### Why is this area important?

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. It allows governors, the Headteacher and staff to maintain financial control by reviewing the current position and taking any remedial action necessary. But budgets are not set in stone. The original budget may need regular updating, following consultation with governors, to take account of in-year developments. If this is done it is important to retain a copy of the original budget to support future budget construction.

Careful monitoring of the budget also provides a mechanism to hold budget holders to account. This applies both to the use of devolved budgets within the school and to the way the school's resources are being used more broadly.

In practical terms, budget monitoring involves producing monthly monitoring reports and drafting proposed plans of action to tackle any significant variances. This process should be carried out at all levels to include any devolved budget elements. Expenditure on individual initiatives should also be tracked to enable the school to assess their cost and effectiveness against the criteria set out in the school development plan. By receiving regular reports, the governing body can feel secure about the way their decisions are being implemented and take action where it is needed to bring about changes. In this way, budget monitoring becomes an important guide when setting the budget for the following year.

### The standards

- |  |   |
|--|---|
| <p>C1 The school business manager should produce monthly budget monitoring reports for income and expenditure, including sums committed but not yet paid and outturn forecasts, against the approved budget.</p>   | <p>C4 If budget elements have been devolved, departmental budget holders should receive and review termly reports comparing the amount spent or committed to date against their budgets. The school Business Manager should monitor these reports periodically and take action where necessary.</p> |
| <p>C2 The school business manager should provide budget monitoring reports to the finance committee at least once a term. These should show any significant variances against the budget with explanatory notes and, where necessary, remedial action plans including virements.</p> | <p>C5 In schools with bank accounts, the school business manager should produce monthly cash flow forecasts to ensure that the school does not go overdrawn.</p>  |
| <p>C3 The school business manager should monitor expenditure on the initiatives set out in the school development plan.</p>  |   |

### Note

- C5 In schools with their own bank accounts, the production of cash flow forecasts is important to avoid any account going into deficit.

## Purchasing

### Why is this area important?

Because they are using public funds, it is vital that schools achieve the best value for money they can from all their purchases, whether they are of goods or services. In this context, value for money is about getting the right quality at the best available price. This often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account associated costs such as supplies and maintenance. It is important that contract specifications contain detailed service and quality provisions.

Many of the standards in this section are there to protect individuals and to ensure that public money is spent without any personal gain. Purchasing procedures are needed to prevent waste and fraud. The governing body needs to know whom it has designated to authorise purchases and be confident that they are carrying out the task effectively. Most schools will already have set up a process that tracks purchases through from requisition to payment and encapsulates many of the standards in this section. Schools need to be aware of the implications for interest payments of the Late Payments of Commercial Debt (Interest) Act 1998.

### The standards

D1	The school should always consider price, quality and fitness for purpose when purchasing goods or services.	D9	Orders should be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods or services for their private use.
D2	Prior approval from the governing body should be obtained for all expenditure above a limit established annually by the governors.	D10	All orders must be signed by a member of staff approved by the governing body and the school should maintain a list of such staff.
D3	Three written quotations should be obtained for all expenditure above £5000 unless it is impracticable to do so. In such circumstances, the reasons for not doing so should be reported to the governing body.	D11	The signatory of the order should be satisfied that the goods or services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary.
D4	Where a quotation other than the lowest is accepted, the reasons for this decision must be reported to the Finance Committee and included in the minutes of the relevant meeting.	D12	Where an order is placed, the estimated cost should be committed against the appropriate budget allocation so that it features in subsequent budget monitoring.
D5	All purchases estimated to exceed EU tendering thresholds should follow EU tendering procedures.	D13	The school should check goods and services on receipt to ensure they match the order and the order should be marked accordingly. This should not be done by the person who signed the order.
D6	Contract specifications should define the service to be provided in terms of its nature, quality standards,	D14	Payment should be made within time limits specified in law for the payment of debts and only when a

	information and monitoring requirements and contract review procedures.		proper invoice has been received, checked, coded and certified for payment.
D7	The school should not enter into any financial agreement with capital implications without the approval of the Governing Body.	D15	A member of staff approved by the governing body should certify invoices for payment.
D8	Official, pre-numbered orders should be used for all goods and services except utilities, rent, rates and petty cash payments. Where urgency requires an oral order this should be confirmed by a written order.	D16	The school should maintain a list of staff authorised to certify invoices for payment.

**Notes**

- D3 This amount is usually above the limit set in D2. 'Quotation' means asking several suppliers to provide a written quotation of how much they would charge for the goods or services required.
- D5 This amount is usually above the limit set in D3. 'Tender' means a formal written offer, in a form common to all tenderers, on the basis of a detailed description or specification of the goods or services required.
- D7 This could, for example, include the purchase of a photocopier through leasing arrangements.

## Financial Controls

### Why is this area important?

The school has two systems for processing and recording financial transactions. They are important for two reasons. Firstly, they serve to protect the school's resources from loss or fraud. Secondly, they provide information to staff and governors about how the budget is being spent. Accuracy is, therefore, important. Governors are then able to make use of this information to guide their decision-making.

By building internal financial controls into systems, governors and staff can be confident that transactions will be properly processed and that any errors or fraud will be detected quickly.

Examples of internal controls are:

- internal checks - one person checking another person's work
- separation of duties - distributing the work so that key tasks are assigned to separate members of staff – See Appendix 1
- systems manuals – clear, readable descriptions of how systems work and who does what
- a system of authorisations – each transaction is authorised before passing on to the next stage of the process
- an audit trail – this tracks all stages of a transaction, for example from copy order to invoice, to accounts, to cheque, and in reverse.

These controls are there to safeguard staff and governors alike. They ensure that:

- payments are made only to bona-fide employers and suppliers
- payments are made only for goods and services actually received
- cash transactions, whether income or petty cash expenditure, are secure in all respects.

This means that clear and well-organised records are needed. Documents and computer files should be kept for seven years.

### The standards

- |  |  |
|--|--|
| E1 The governing body should ensure that the school has written descriptions of all its financial systems and procedures. These should be kept up to date and all appropriate staff should be trained in their use.                                  | E5 All financial transactions must be traceable from original documentation to accounting records, and vice versa.   |
| E2 The Headteacher should ensure that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing.  | E6 Any alterations to original documents such as cheques, invoices and orders should be clearly made in ink or other permanent form, and initialled.                       |
| E3 The Headteacher should ensure that duties related to financial administration are distributed so that at least two people are involved. The work of one should act as a check on the work of the other and all checks should be fully documented. | E7 All accounting records should be securely retained when not in use and only authorised staff should be permitted access.  |
| E4 The school should maintain proper accounting records and retain all documents relating to financial transactions for seven years.   | E8 The Headteacher should ensure that all expenditure from sources of earmarked funding is accounted for separately and that the funding is used for its intended purpose. |

## Income

### Why is this area important?

Income is a valuable asset and is, therefore, vulnerable to fraud. It is vital that appropriate controls are in place to ensure its security. It is also important that the school does not exceed its insurance or LA limits on holding cash on school premises. Income can come from a variety of sources, including grant funding, school dinner money and lettings. The governing body should establish a charging policy and review it every year. The Headteacher is responsible to the governing body for accounting for all income due and cash collected, and accurate records are needed for this.

This section covers general income controls. These include establishing procedures that ensure that income is banked regularly and that the amount banked is reconciled with the amount receipted in the cashbook. Frequent and regular checking against bank records is important to ensure that all income is secure.

### The standards

- |   |   |
|---|---|
| F1 The governing body should establish a charging policy for the supply of goods or services. This policy should be reviewed annually by the full governing body.               | F8 Collections should be paid into the appropriate bank account promptly and in full. Bank paying-in slips must show clearly the split between cash and cheques and list each cheque individually. Most payments are now BACs           |
| F2 Proper records should be kept of all income due.   | F9 Income collections should not be used for the encashment of personal cheques or for other payments.  |
| F3 All are managed by a Third Party company Bookings Guru. The school will receives all letting payments and pay 20% Commission to Bookings Guru                                | F10 The Headteacher should reconcile monthly the sums collected with the sums deposited at the bank.  |
| F4 The responsibility for identifying sums due to the school should be separate from the responsibility for collecting and banking such sums.                                   | F11 The school should have procedures for chasing any invoices which have not been paid within 30 days. Debts should be written off only in agreement with the Governing Body and schools should keep a record of all sums written off. |
| F5 Where invoices are required, they should be issued within 30 days.   |   |
| F6 The school should always issue official, pre-numbered receipts or maintain other formal documentation for all income collected. Receipts should be securely stored in order. | F12 The Headteacher should ensure that transfers of school money between staff are recorded and signed for.   |
| F7 Cash and cheques should be locked away to safeguard against loss or theft. Most payments are now BACs  |   |

## Banking

### Why is this area important?

The proper administration of bank accounts is at the heart of financial control. In particular, regular bank reconciliations are essential. They prove that the balances shown in the accounting records are correct and provide assurance that the underlying accounts are accurate. The standards in this section cover bank account and cheque controls. Failure to keep to these standards leaves areas of the school's finances open to potential error or fraud, and indicates a possible breakdown in the school's internal control system.

### The standards

- |   |  |
|---|--|
| G1 The school should obtain bank statements at least monthly and these should be reconciled with their accounting records. Any discrepancies should be investigated.                            | G7 School procedures should stipulate that all cheques must bear the signatures of two signatories approved by the governing body.   |
| G2 All bank reconciliations should be signed by the person performing the reconciliation. They should also be reviewed and countersigned by someone who understands the reconciliation process. | G8 School procedures should ensure that supporting vouchers are made available to cheque signatories to safeguard against inappropriate expenditure.                             |
| G3 All funds surplus to immediate requirements should be invested to optimal effect.  | G9 School procedures should stipulate that all cheques drawn on the account(s) are crossed 'account payee only' to avoid the possibility of improper negotiation of the cheques. |
| G4 Individuals should not use their private bank accounts for any payment or receipt related to the school's budget.  | G10 School procedures should stipulate that manuscript signatures only are used and cheques should not be pre-signed.  |
| G5 The school's bankers should be advised that schools should not be allowed to go overdrawn or negotiate overdraft facilities.   | G11 Chequebooks should be held securely when not in use.   |
| G6 The school should not enter into any loan agreements without the prior approval of the Secretary of State for Education and Employment.  | G12 The Headteacher should maintain a list of all bank and building society accounts held and the signatories for each.  |

## Payroll

### Why is this area important?

In most schools, staff costs make up around two thirds of the entire budget. From 1 April 2000, schools have been able to buy their payroll, personnel and other services from an external provider. However, contracting another organisation to administer payroll and personnel does not relieve the governing body and the Headteacher of the responsibility for ensuring that payroll and personnel controls are in place.

Schools need to be aware of a number of areas where Inland Revenue regulations may affect or determine the way payments are made. For example, there are strict rules about payments to individuals who are self-employed.

### The standards

H1 The governing body should establish procedures for the administration of personnel activities, including appointments, terminations and promotions.	H5 The Headteacher should ensure that only authorised staff have access to personnel files and that arrangements for staff to gain access to their own records are in place.
H2 The Headteacher should ensure that, where practicable, the duties of authorising appointments, making changes to individuals' conditions or terminating the employment of staff are separated from the duties of processing claims.	H6 Payroll transactions should be processed only through the payroll system.
H3 The Headteacher should ensure that at least two people are involved in the processes of completing, checking and authorising all documents and claims relating to appointments, terminations of employment and expenses.	H7 The Headteacher should maintain a list of staff employed. School procedures should ensure that this list is updated promptly to reflect new starters and leavers.
H4 Where the payroll is administered by the LA or a bureau, the school should send in the names and specimen signatures of certifying officers.	H8 The Headteacher should obtain regular reports on payroll transactions and check them against the school's documentation on staffing and pay to ensure that they match.

### Note

H6 This includes taxable benefits, for example.

## Petty Cash

### Why is this area important?

Petty cash is useful for making small purchases with a minimum of fuss. However since cash is portable and desirable, it is important that proper controls are in place to prevent its abuse or loss. These standards contain petty cash controls covering authorisation, documentation and secure storage of cash. The school no longer holds cash on site – cash would only be on site for a particular event or specific requirement in which case the following standards would apply

### The standards

- |  |  |
|--|--|
| J1 The governing body should set out in writing appropriate level for the amount of petty cash to be held. This amount should represent a balance between convenience and the risk of holding cash on the premises, currently set at £500. | J5 Proper records should be kept of amounts paid into and taken out of the fund.   |
| J2 The Headteacher should ensure that the petty cash fund is held securely and that only authorised staff have access to it.   | J6 The amount in the petty cash fund should periodically be checked against the accounting records and reviewed by an independent member of staff.         |
| J3 Payments from the petty cash fund should be limited to minor items which have been approved in advance by an authorised member of staff.  | J7 Personal cheques should not be encashed from the petty cash fund.   |
| J4 All expenditure from the fund must be supported by receipts, identifying any VAT paid.  | J8 Petty Cash reimbursements should be paid by Cheque or Bank Transfer in preference to Cash to reduce risk and ensure an audit trail on all transactions. |

## Tax

### Why is this area important?

The headteacher is responsible for ensuring that the school complies with Value Added Tax (VAT) and other tax regulations. VAT is a complicated area and the following controls merely set out the minimum framework. HMRC (Her Majesty's Revenue & Customs) guidance on VAT should be consulted for a detailed interpretation. Similarly, schools should follow the guidance given on the Construction Industry Scheme (CIS), which is available from the Inland Revenue orderline.

### The standards

K1 The headteacher should ensure that all relevant finance and administrative staff are aware of VAT, Income Tax and the CIS regulations.	K3 School procedures should set out how VAT on business activities, school trips and other taxable activities should be accounted for, both within the delegated budget and in voluntary funds. VAT is not payable on expenses incurred for the purpose of educating our students. However, VAT is paid and then reclaimed via our monthly VAT return. As an Academy, the school is not registered for VAT and therefore not required to levy VAT on income.
K2 School procedures should stipulate that only proper VAT invoices are paid, as the school will not be reimbursed in the absence of such documentation.	K4 The school should make payments to contractors and subcontractors only in accordance with the Construction Industry Scheme (CIS).

## Voluntary Funds

### Why is this area important?

Voluntary funds often provide schools with a substantial additional source of income. Although such funds are not public money, the standards for the guardianship of these need to be as rigorous as those for the administration of the school's delegated budget. Parents, students and other benefactors are entitled to receive the same standards of stewardship for the funds to which they have contributed.

Voluntary fund accounts must be certified by an auditor who is completely independent of the school. Schools will also need to ensure that any voluntary funds with income or expenditure over £1,000 are registered with the Charity Commission.

This section applies to voluntary funds which belong to the school and not, for example, to funds held by other organisations, such as PTAs, which have a connection with the school.

### The standards

- |   |   |
|---|---|
| L1 The Headteacher should ensure that voluntary funds are accounted for separately from the school's delegated budget and are held in a separate bank account.                                    | L8 The Headteacher should ensure that the audited accounts and appropriate returns are made to the Charities Commission.                                      |
| L2 The governing body should ensure that relevant voluntary funds are registered with the Charity Commission.   | L9 The Headteacher should ensure that every cheque drawn against a voluntary fund bank account is signed by two signatories authorised by the governing body. |
| L3 The governing body should ensure that a treasurer has been appointed to oversee the funds.   | L10 Any voluntary fund income should be paid into the relevant bank account at least once a month.  |
| L4 The governing body should appoint an auditor who is independent of the school. The auditor should not be a member of the governing body.   | L11 Receipts should always be issued for any donations or income entering voluntary funds.  |
| L5 The headteacher should ensure that the same standards of financial accounting which apply to income and expenditure for the school's delegated budget are applied to the voluntary funds.      | L12 The Headteacher should ensure that regular reconciliations between the accounting records and bank statements are undertaken and independently reviewed.  |
| L6 Any income which properly relates to the school's delegated budget should not be credited to a voluntary fund.   | L13 The governing body should ensure that voluntary funds are covered by insurance.   |
| L7 The headteacher should present the audited accounts, the auditor's certificate and a written report on the accounts to the governing body as soon as possible after the end of the accounting. |   |

## Assets

### Why is this area important?

The school has attractive and portable items of material and equipment ranging from library books to computers, video recorders and televisions. These assets need to be kept securely and recorded in an inventory. It is not necessary for items worth less than £500 to be recorded. Headteachers should make the necessary arrangements to identify such items as school property, to record where they are located and to insure them for on-site and off-site use, as appropriate. It is equally important to maintain records of stocks of materials and other useable resources to ensure that educational work is not delayed because of their unavailability and to guard against waste and loss.

It is important that schools plan how they intend to use, maintain and develop their buildings since they are leased to the Governing Body from the LA for 125 years.

### The standards

- |    |   |    |   |
|----|---|----|---|
| M1 | The Headteacher should ensure that stocks are maintained at reasonable levels and subject to a physical check at least once a year.   | M5 | The governing body or Headteacher (up to £2,000) should authorise all write-offs and disposals of surplus stocks and equipment in accordance with the LA's regulations. |
| M2 | Up-to-date inventories should be maintained of all items of equipment. Such items should be identified as school property with a security marking.  | M6 | Safes and similar deposits should be kept locked and the keys removed and held in a different location.   |
| M3 | The Headteacher should arrange for inventories to be checked at least once a year against physical items. All discrepancies should be investigated and any over a predetermined sum reported to the governing body. | M7 | The governing body should have a plan for the use, maintenance and development of the school's buildings.   |
| M4 | Whenever school property, for example musical instruments or computers, is taken off the school site it should be signed for and a register noted accordingly.  | M8 | The school's Assets will be reported as part of the annual accounting process.  |

## Insurance

### Why is this area important?

All schools have risks against which they should be protected by insurance. Such risks may include third party liability, property, money, personal accident, motor vehicles and fidelity guarantee insurance (to cover the loss of assets due to fraud or dishonesty on the part of employees). It is important that schools review their exposure to such risks to ensure that cover remains adequate.

### The Standards

N1 The school should review all risks annually, to ensure that the sums insured are commensurate with the risks.	N3 The school should not give any indemnity to a third party without the written consent of its insurers.
N2 The school should notify its insurers, or other agent as appropriate of all new risks, property, equipment and vehicles which require insurance or of any other alteration affecting existing insurance.	N4 The school should immediately inform its insurers of all accidents, losses and other incidents that may give rise to an insurance claim.
	N5 Insurance arrangements should cover the use of school property, for example musical instruments or computers, when off the premises.

### Note

N1 Where the governing body is the employer, this will include employers' liability cover

## **Data Security**

### **Why is this area important?**

Most schools are now fully reliant on computers to process and record personal, financial and other management data. Most of the controls in this section cover access to data held on computers. It is important that such information is properly protected from unauthorised access and that it is backed-up regularly. It is also important that the school has a recovery plan to ensure continuity of financial management in the case of an emergency.

The Data Protection Act 1998 and GDPR 2016 are designed to protect the rights of individuals in relation to the personal data that is held about them. It sets out requirements about the processing, storage and disclosure of that data and extends the coverage of the previous legislation from data handled electronically to certain manual record systems. The Act requires governing bodies and Headteachers to notify the Data Protection Commissioner where the activities they are engaged in are covered by this legislation. It is highly probable that pupils' paper records will fall wholly or partly under the requirements of the Data Protection Act 1998/GDPR 2016 and be subject to notification.

Headteachers and governing bodies will need to satisfy themselves that they are meeting the requirements of the 1998 Act and GDPR 2016 and any subsequent regulations and amendments. They will need to consider the security of electronically and manually held data, how it is processed and rights of access by data subjects.

### **The standards**

- |  |  |
|--|--|
| <p>P1 Computer systems used for school management should be protected by password security to ensure that only authorised staff have access. Passwords should be changed regularly and updated for staff changes.</p> <p>P2 The Headteacher should ensure that data is backed up regularly and that all back-ups are securely held in a fireproof location, preferably off-site.</p> <p>P3 The Headteacher should establish a recovery plan to ensure continuity of financial administration in the case of emergency.</p> | <p>P4 The Headteacher should ensure that systems are in place to safeguard school software and data against computer viruses. To prevent viruses being imported, only authorised software should be used.</p> <p>P5 The governing body should ensure that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998/GDPR 2016 and that the school's use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with this legislation.</p> |
|--|--|

### **Note**

Transitional arrangements apply in the case of schools already registered under the Data Protection Act 1998/GDPR 2016 and in relation to certain classes of manual data. For further information, refer to the guidance published by the Data Protection Commissioner.

Reviewed by the Governing Body on 2 December 2020  
To be reviewed: December 2022