

1.2 Delegation of responsibilities and authorised signatories - recommended practice

Background

The authorised signatory list and levels should be considered and agreed at a governing body meeting. This would either be the Finance Committee who would make recommendations to the Governing Body for approval or it could be considered and approved by the Governing Body.

Note:

- allow for separation of duties – for example no school should have the same person authorising orders and signing the cheques
- allow for absences – at least two signatories for each area of authorisation.
- ensure that the authorised signatories for cheque signing/BACS authorisation are reflected on the Bank Mandate

Budget and Financial Statements

The school's annual Budget Plan is submitted to LA at the beginning of the financial year. It must be carefully prepared by the Headteacher (HT)/Bursar/Finance Officer and Deputy Headteacher (DHT). The Budget must be ratified by the Governing Body after consideration and recommendation by the Finance Committee. It must be authorised by the Chair of Governors and the Headteacher.

Any changes to the approved budget during the financial year are made by completing 'virements'. These virements have to be authorised. The Governing Body must approve the level up to which they delegate responsibility to the HT for authorising changes to the original budget. Consideration should be given to the level of experience of the HT when setting the agreed level.

The HT would have authority to sign the period end returns, including bank reconciliations and posting summaries. Also Year-end returns including debtors & creditors schedules. The DHT would sign the period end returns in the HT absence.

Purchasing

The point of ordering goods is crucial for control of expenditure. It is at this point that the contractual commitment is made to use the schools funds for the purchase of goods or services. This should be via an authorised Purchase Order.

Schools may need to adopt different practices according to their size and organisation but two examples are given below.

Secondary/large Primary school

All parts of the school's budget should be allocated to an individual member of staff. The budget holder should be the person authorising the order. They will know whether the purchase is necessary and if there are budgeted funds available. In a secondary or large primary school setting all the heads of department would be responsible for authorising expenditure from the budget allocated to them. Orders for office stationery might be authorised by the Office Manager. Orders for maintenance works to the building would be authorised by the Premises Manager etc, etc.

Example given as Appendix 1 on the website

Primary/Nursery School

In a small setting whilst sums may be allocated to various staff for particular purposes the school may not operate a formal system of devolved budgets. In this situation whilst various staff may request purchases, formal authorisation will rest with key personnel. Orders may be prepared and authorised by the school administrator, although the Head or deputy may wish to initial all orders or those over a set amount.

It is not expected that Governors would sign purchase orders as they would not be budget holders and the day to day running of the school is delegated to the Headteacher and other school staff. The exception would be if governors had been involved in the selection of a tender for a contract for example building cleaning or a significant purchase for example. ICT equipment but they would still be unlikely to sign the purchase order as they would not be included on the authorised signatory list with authority to sign purchase orders.

Example given as Appendix 2 on the website

Receipt of Goods

The receipt of goods needs to be carefully managed. The delivery note should be signed and dated to indicate that the goods received were complete and correct. Delivery drivers may not wait for staff to check the goods, if so when signing for them staff should sign the delivery note "received but not checked". All receipts/delivery notes should be attached to the purchase order. This is the evidence needed to enable an invoice to be paid.

Payment

The nominated signatories for cheque signing must be aware of the relevant legal and financial issues around purchasing. This will enable them to have the knowledge to question any cheques for invoices or claims which they feel need more explanation. It should be noted that the person signing the cheque **cannot** be the person who authorised the order to comply with separation of duties and to minimise any risk of fraud. No authorised signatory should sign a cheque or claim which is for themselves.

If all orders are authorised by the budget holder or school administrator then cheques and/or BACS can be authorised by the Head or other nominated member of the senior leadership team, subject to adequate documentation.

Two signatures may be required over an agreed amount. Recommended levels are
Secondary over £1,000
Primary etc over £500

The HT (or DHT where necessary) should always authorise payment for all goods and services where no purchase order has been raised. This should only happen in an emergency or for items such as energy bills and with a valid invoice.

Electronic payments

Schools may use internet banking and make electronic payments. However the authorisation of payments must offer no lesser a degree of safeguard than cheque payments, with full documentation to give an audit trail of each transaction.

Sole authorisation by the person responsible for the accounts represents an unacceptable risk and must not be allowed.

The HT/DHT would also need to sign cheques for reimbursements to staff/petty cash claims. All reimbursements to the HT must be authorised by the Chair of Governors (or Vice Chair in the Chair's absence).

Bank Transfers

Schools whose funding option is A or D are permitted to open a reserve account to hold up to the value of their previous years under spend in order to earn interest. Schools whose funding option is B or C are permitted to open a reserve account to hold any funds beyond their immediate needs in order to earn interest. During the year it may be necessary to move funds from the reserve account back into the current account for cash flow purposes and vice versa to earn maximum interest.

The Bursar/Finance Officer should have authority to move funds to and from these bank accounts to maximise interest earned as long as it is not possible to move funds into any other external bank account. (Confirmation from the bank will be needed to safeguard against this)

Salaries & Wages

All documents requiring authorisation relating to salaries & wages should be authorised by the HT or DHT in the HT absence. These would include overtime claims, mileage claims, honoraria, travel & subsistence claims. The Chair of Governors would sign for salary documentation relating to the HT.

General

The HT and DHT should have authority in all areas.

The DHT would only sign virements and salary/wage claims etc in the HT absence