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P. FINANCIAL ISSUES

P.1 COMHAIRLE NAN EILEAN SIAR FINANCIAL REGULATIONS

The Comhairle’s Financial Regulations are on the Comhairle’s Internet site under **Departments/lonhmas/policies**.

P.2 CASH HANDLING

The Education Department’s Cash Handling Procedures for Schools are set out at Appendix P1.

P.3 PETTY CASH PROCEDURES

The Education Department’s Petty Cash Procedures for Schools are set out at Appendix P2.

P.4 SCHOOL FUNDS

Accountability

P.4.1 Head Teachers carry overall responsibility for the management and administration of their school’s School Fund. While the Education Department does not seek to involve itself with the management of School Funds on a day to day basis, the Comhairle does have a duty to ensure the adequate administration of such monies. The notes set out below form the basis on which schools are therefore expected to operate School Funds. Appendix P 3 includes basic guidance on record keeping which may be of assistance to smaller schools and a spreadsheet to assist all schools is available from school support officers. Larger schools will already be operating more elaborate accounting records.

P.4.2 Schools should be aware that although, as above, School Funds are under the day to day control of the Head Teacher, the school has a duty to ensure that all funds are raised and expenditure incurred properly, openly and in line with the general principal that School Funds are for the benefit of the school and in particular its pupils. It is recommended that schools discuss the position of their School Funds with School Boards and parents on a regular basis. It is also recommended that Schools include a summary of their School Fund’s accounts (ie excluding details which might breach Data Protection legislation) in the annual School Information Handbook which is published in December each year.

Administration of school funds

P.4.3 Schools should ensure that:

- (a) the name of the School Fund distinguishes it from official Comhairle funds eg :
“Comhairle nan Eilean Siar School Fund “;
- (b) no official Comhairle funds are involved. School Fund monies should be clearly distinguished from other monies;

- (c) there are at least two signatories to the account (ie. any two signatures from three/four - the Head Teacher, the Depute, member of teaching staff, School Clerical Assistant, Parent etc).

Schools should ensure that there are sufficient signatories to enable the authorisation of payments and signing of school fund cheques during the absence of any signatories. Under no circumstances should cheques be presigned by any authorised signatory.

- (d) signatories to School Fund cheques and auditors of School Fund accounts are not involved in ordering or signing for goods and services;
- (e) the account is audited annually eg by a parent for a small school, by another teacher, eg Business Studies, in a larger school, or by a professional accounting firm.
- (e) the Head Teacher has provided the Education Department with the name, address and occupation of the auditor of the school fund; and
- (f) each auditor provides to the Director of Education, by the end of October each year, the School Fund accounts and a statement to the Director of Education to the effect that he/she has examined the school fund accounts and considers them to be in order.

P.4.4 Schools should also note that School Fund transactions should be in line with standing Departmental financial and Cash Handling Procedures, eg schools should:

- (a) retain all relevant documentation eg letters, receipts, lists etc to do with the School Fund under Income and/or Expenditure files;
- (b) record all transfers of funds eg monies received for school trips/uniforms etc;
- (e) as far as possible, meet expenses with a cheque to avoid the need for excess cash to be held;
- (f) bank income as often as possible, and in line with the Department's Cash Handling procedures; and
- (g) ensure that all spoilt or cancelled cheques are retained in the cheque book.

Audit of School Funds

P.4.5 It is important, both to maintain good financial practice and to ensure that any financial issues or problems are identified at the earliest possible stage, to ensure that the person auditing the School Fund is not directly involved in the day to day running of the Fund and has the appropriate degree of financial expertise. While it is not essential that the auditor has a formal accounting qualification, Head Teachers will wish to satisfy themselves that the auditor has a good understanding of financial matters. Some schools, particularly those with a larger turnover, may also wish to consider whether the complexity of their Funds would actually merit employing an accounting firm to assist the completion of their accounts.

P.4.6 Schools who are uncertain about the appropriateness or otherwise of auditors should discuss the matter with their School Support Officer or with the Education Department's Educational Resources Section.

P.4.7 Auditors will be expected to satisfy themselves that:

- (a) the School Fund is being administered in accordance with the above guidance notes and in line with the Comhairle's Financial Regulations;

- (b) the School Fund being correctly and timeously accounted on a day to day basis;
- (c) expenditure is planned and in balance having regard to the size and income generating capacity of the school; and
- (d) expenditure is being incurred which reflects the general purpose of benefiting the school and in particular its pupils.

P.4.8 The Department of Education will write to all auditors on appointment indicating the above and advising them of contact points within the Department. In most circumstances, auditors are expected to discuss their findings in the first instance with the Head Teacher of the schools. Auditors are, however, free to contact their school's School Support Officer or the Education Department's Educational Resources section for additional advice or guidance.

P.5 DSM FINANCIAL AND OTHER PROCEDURES

DSM Scheme

P.5.1 The 2005 DSM Scheme is set out at Appendix P.4.

Devolved supply procedures

P.5.2 The authority's devolved supply procedures are set out at Appendix P.5.

P.6 OTHER FINANCIAL AND ADMINISTRATIVE MATTERS

P.6.1 Other financial and administrative matters are dealt within Appendix P.6.