

**AUDIT COMMITTEE**  
**4 SEPTEMBER 2013**  
**TEMPLE MILL PRIMARY SCHOOL INVESTIGATION**

Report from: Mick Hayward, Chief Finance Officer

Author: Alison Russell, Audit Services Manager

**Summary**

This report relates to the funds misappropriated from Temple Mill Primary School. It appraises Members of the full facts of the investigation and conclusions reached and enables the Committee to review their recommendation to Cabinet regarding the options for the disbursement of recovered funds.

**1. Budget and Policy Framework**

1.1 It is within the remit of the Audit Committee to take decisions regarding accounts and audit issues. However, it is Cabinet that must ultimately approve the disbursement of the recovered funds.

**2. Background**

2.1 The Audit Committee considered a report on 11 July 2013 regarding the investigation into the misappropriation of funds from Temple Mill Primary School by the former school business manager. The Audit Committee considered four options (as set out in section 10 below) regarding the allocation of the recovered monies and recommended to Cabinet the provision of training on governance issues (option 4), this was on the basis that it would reduce the risk of a similar fraud occurring elsewhere in Medway.

2.2 The Cabinet considered this recommendation on 6 August. The Cabinet requested that the Audit Committee re-examines all existing evidence relating to the issues at Temple Mill School and reviews any new information that has become available before making a further recommendation to Cabinet.

2.3 The following sections set out details as to the investigation and conclusions reached.

### **3. Temple Mill Primary School Investigation**

- 3.1 Temple Mill is a Community Primary School and Children's Centre in Strood. In 2012/2013 the school had a roll of 241 children and a budgeted income of £1.1m.
- 3.2 The investigation undertaken by Internal Audit began on 14 January 2011 as a result of an allegation received concerning financial management at the school. The investigation soon identified a number of potentially fraudulent transactions. These were queried with the school business manager, who admitted misuse of school funds and was subsequently suspended. She repaid £41,600 to the school in relation to identified confirmed losses of £47,000. With a further £88,000 of transactions also identified as potentially fraudulent the matter was reported to the police on 26 January 2011. Internal Audit supported the ensuing police investigation, which resulted in suspect transactions totalling £251,000 being investigated.

### **4. Court Action**

- 4.1 In July 2012 the school business manager pleaded guilty to 23 counts of fraud, dating back to 2005, and totalling £212,000.
- 4.2 In court the prosecutor set out how the school business manager spent some of the £212,000 she stole:
- Paid into personal bank accounts - £93,700
  - Mother's care home bills - £74,658
  - Renovation of mother's Herne Bay home - £6,316
  - Husband's credit card bill - £3,985
  - Furniture from Marks and Spencer – £2,487
  - Clothes from the internet - £1,413
  - Age Concern - £1,204
  - Downpayment on a £45,000 Mercedes car - £1,000
  - Groceries - £602
  - BUPA bill for aunt – £593
  - Council tax for an Isle of Wight holiday home - £578
  - Dell computer for her son - £429
  - Skip services - £391
  - Furniture for her home - £259
  - Grave headstone for aunt who died - £214
- 4.3 On 26 October 2012 the school business manager was sentenced to three years imprisonment, up to 18 months of which will be served in custody, the balance on licence. She was also ordered to repay £170,999.73 under a confiscation/compensation order. This represented the balance of amounts owing following the £41,600 that she had already repaid to the school. Failure to repay the ordered sum within the 6 month period stipulated would have added to her term of imprisonment by a further 2.5 years.

## 5. Audit Reports Issued

- 5.1 The Internal Audit investigation identified a number of control issues that were shared with school and council management, and were also presented to Audit Committee. Over the following 12 months Internal Audit undertook two further reviews to provide an update on how the school was addressing the control weaknesses identified.

Audit Report	Date Issued	Recommendations
Investigation Report  (Attached at Appendix 1a)	16 November 2011	Nineteen (19) recommendations for the school Two (2) recommendations for Internal Audit Four (4) recommendations for Education Finance
Probity Audit  (Attached at Appendix 1b)	27 June 2012	Six (6) recommendations for the school (agreed to be implemented by July 2012) One probity issue identified
Follow-up to Probity Audit  (Attached at Appendix 1c)	11 December 2012	Six (6) further recommendations for the school, although not of sufficient importance to require a <u>further</u> follow up

## 6. Investigation Conclusions

- 6.1 It is clear that there was an inappropriate and excessive level of trust placed on the school business manager by school management and the governing body, with a lack of any effective oversight or challenge of her management of the school's finances. She used and manipulated the weak financial management arrangements to commit fraud on a significant scale.
- 6.2 The former school business manager was convicted of defrauding the school out of £212,000. Determination of the proportion of this figure that relates to official school funds as opposed to voluntary funds has not been possible given lack of documentation and the misuse of the voluntary fund bank account by the school business manager. Temple Mill Primary School received £41,600 from the school business manager in January 2011 in recompense of confirmed losses at that time. A further £15,700 was refunded by the bank to the school for cheques with single signatures that had been honoured although they were not in accordance with the bank mandate. The total reimbursed to the school is therefore £57,300. The compensation order from the court, of £170,999.73 has been received by the council.
- 6.3 Subsequent audit reviews of other Medway Schools have identified a number of issues and weaknesses, and the overall audit opinion in 2012/2013 regarding the financial management at Medway schools is that the arrangements are insufficient. However none of the probity reviews

completed to date have identified the scale of failings as was identified at Temple Mill, which led to such significant losses. The school has since been subject to a probity review and follow-up, which confirmed that there have been significant improvements made to the financial management arrangements.

- 6.4 The arrangements for providing council oversight and assurance mechanisms relating to school financial management have been revised to strengthen the provision of support.

## **7. Investigation Details**

### **Roles and Responsibilities**

- 7.1 School *governing bodies* have a strategic role in the financial management of the school. Key responsibilities include setting financial priorities, approving and monitoring the annual budget and ensuring that the school fulfils its statutory obligations.
- 7.2 School *headteachers* have overall executive responsibility for the school's activities. The headteacher is the person directly accountable to the governing body for the financial management of the school. The headteacher should ensure that the governing body is provided with financial advice; that proper financial systems and controls are in place; and that accounts are prepared and maintained.
- 7.3 School *business managers* or equivalent are responsible for the day-to-day management of the schools finances.
- 7.4 The *Education Finance team* undertakes a management accounting role in respect of schools and other education services. The team delivers the Council's statutory responsibilities in relation to school funding and ensures that income and expenditure data submitted by schools is entered into the Council's accounting system accurately. Responsibility for the financial management of schools is delegated to the relevant governing body but the Education Finance team provides advice and support to governors, headteachers and school bursars and equivalent to assist them in maintaining sound financial controls. All schools operate in a devolved accounting environment, maintaining their own bank accounts and accounting system, submitting orders and paying for goods locally, and submit aggregated returns of spending to the Council with a reconciliation to their advances from the Council and, following the recommendations from the Temple investigation, this is now further reconciled to the bank account balance.
- 7.5 *Internal Audit's* role is to provide assurance over control arrangements and provide recommendations and guidance as to how the controls might be strengthened. In terms of fraud resilience Internal Auditors have to be alive to the risk of fraud, review the control arrangements in place in light of this risk, and recommend any improvements required to mitigate the risk. The

management of the risk of fraud, including ensuring there are arrangements in place to identify irregularities, is a management responsibility.

- 7.6 Any funds raised by the school through parental contributions or donations are not subject to Council scrutiny, beyond Education Finance seeking confirmation that the accounts have been suitably signed off by an auditor on an annual basis. Guidance is provided as to how these accounts can be managed, and the school has the option to manage these funds through a separate bank account. Many schools do not operate such funds leaving them in the remit of the PTA.

#### Investigation of School Business Manager

- 7.7 The school business manager at Temple Mill had day-to-day responsibility for the financial processes and management at the school. This included ordering, receipting, and paying for goods and services, and handling all school (and voluntary fund) income, from receipt to banking. Whilst this is a standard suite of responsibilities for school business managers there was no second person involved in most of these processes and therefore no separation of duties to protect the school's assets. Furthermore the school business manager:
- had responsibility for monitoring the school's bank account (delegated from the headteacher) and therefore there was no independent check of the transactions;
  - had unrestricted access to the school's bank account debit-card;
  - was a staff governor on the governing body and no-one else in the school management chain was held accountable for the financial information provided; and
  - was treasurer to the school's voluntary fund.
- 7.8 There is a lack of transparency and documentary evidence available for those processes for which the school business manager had responsibility:
- Poor financial transaction documentation;
  - No documentation such as delivery notes and purchase orders to support many payments;
  - No records on the cheque counterfoils;
  - Lack of documentation supporting internet and debit card transactions;
  - Bill paying arrangements set up in the name of the financial institution rather than the payee;
  - Although a number of cash withdrawals from ATMs using the debit card were attributed to replenishing floats held by the Children's Centre, no records of any petty cash holdings were located. Covering documentation had been raised for a few of these cash withdrawals (seemingly retrospectively) and were supported by a random collection of till receipts/sales vouchers;
  - Lack of appropriate procurement – previous stationery supplier paid about £45,000 per year, but no quotes obtained for the new arrangement; and
  - No asset register.

- 7.9 Furthermore there were positive actions taken by the school business manager to facilitate the fraud and avoid detection. The bank account statements returned to the Council were manipulated to alter the recipients of some of the internet/debit card payments; hand-written cheques were used with the same number sequence as those generated previously through the schools financial management system; and, the school business manager had falsely claimed that the voluntary fund account had been closed.

#### Voluntary Fund

- 7.10 Temple Mill School had a voluntary fund for parent contributions and donations, handled through a separate bank account. The first transaction in the account dates from June 2002. The mandate for the account required only a single authorising signatory for payments, in breach of the Council's voluntary fund guidance and left the funds at risk.
- 7.11 The last return for the voluntary funds found at the school was for year ending 31 August 2007, showing a balance of £6,912.03. Education Finance have a record from 2010 noting that in response to an enquiry the school business manager had confirmed that the school had not run a voluntary fund account for the last two years. We were advised that the school business manager had also informed the headteacher that the voluntary fund account had been closed. The account had in fact remained open.
- 7.12 Virtually all income received into the school was being deposited into this account rather than treated as "official" funds. The school business manager was able to route the income in this way given she was treasurer of the voluntary fund and also the person with sole responsibility for the receipting and banking of school income. Having been informed that the account was closed no-one was looking for bank statements or annual audited accounts, which left the school business manager free to process these official funds through this account, and then use these funds for her own benefit. The cheque books for the voluntary fund account were recovered from the school business manager's home address by the police.
- 7.13 Approximately £94,000 of the confirmed losses were from the school voluntary fund account. Whilst the fund balance at 31 August 2007 was £6,912, our investigation identified that cheques payable to the school business manager, or relating to her personal expenditure, totalling £16,162 had already been paid out of the account at that point. As no other records of the voluntary fund could be located, and bank deposit slips did not indicate the source of the income banked, it has not been possible to determine what proportion of the income deposited into the voluntary fund account related to donations or parental contributions. Statements obtained from the bank indicate that the frequency and value of deposits into the voluntary fund account increased significantly from September 2008 and it is considered unlikely that donations and contributions had increased correspondingly – it should be noted that this roughly coincides with the date the school business manager had claimed the account had been closed. At the point the

fraudulent misuse of the account was identified the balance in the account stood at £3,756.

### School Management

- 7.14 It is the role of the headteacher to ensure that there are appropriate financial procedures in place with full documentation and transparency. The weak arrangements utilised and created by the school business manager at Temple Mill should not have occurred, or gone unchallenged.
- 7.15 We have found in a number of Medway schools that there is too much trust placed in those managing the school's financial affairs, with insufficient oversight or separation of duties. In the case of Temple Mill the level of trust was such that the school business manager had full autonomy over the school's finances, which enabled her to perpetrate large-scale fraud that went undetected for a significant period of time.
- 7.16 The headteacher also contributed to the losses suffered by the school through the following actions:
- Cheques from main bank account required the Headteacher's signature, but the Headteacher evidently did not check that all relevant documentation was attached before authorisation;
  - The Headteacher had signed some blank cheques to allow the school business manager to make urgent payments;
  - The Headteacher did not request evidence that the voluntary account had been closed; and
  - The mandate for the voluntary fund required only one signatory.

### Governing Body

- 7.17 The level of weaknesses in the day-to-day management of the schools finances, and the lack of any effective management oversight of the school business manager's actions, would have made it challenging for the governing body to identify any potential fraud. When the Financial Management Standard in Schools (FMSiS) was introduced, Temple Mill did not opt for a light touch review (as many Medway schools did) but engaged an independent external consultant (accredited by the then Department for Children, Schools and Families) to assess compliance. As a result of this external review we understand that the school was awarded FMSiS accreditation that would have provided a level of assurance to the governing body.
- 7.18 Whilst it is permitted for the school business manager to be a member of the governing body, there is a risk that this can result in a lack of effective challenge regarding financial matters, and it is good practice therefore for the governing body to seek additional assurance from the Headteacher regarding the financial management arrangements.

## School's Bank

- 7.19 The mandate for the "official" school funds bank account required two signatures on all payments. However, a significant number of cheques had not been countersigned by a second person, including ten exceeding £500 payable to the school business manager, totalling £14,521. None of these cheques were rejected by the bank and following a claim from the school to the bank; the bank reimbursed a total of £15,700 to the School in March 2012.

## **Payments to Other Members of Staff**

- 7.20 During the investigation payments were identified which had been made to members of school staff and including family members, by cheque and internet transfer, which should more properly have been processed through payroll. The total value of transactions identified exceeded £50,000. A significant proportion of these payments related to additional work performed by a member of staff, which should more properly have been paid as overtime.
- 7.21 There are potential tax issues relating to these payments, and in a number of cases there was a lack of supporting documentation. These matters were reported in the investigation report and the Council has liaised with HMRC regarding concerns identified.

## **8. Probity Review and Follow Up**

- 8.1 Prior to the issue of the final investigation report in November 2011, school management informed Internal Audit that the vast majority of the agreed management actions to address the control weaknesses identified had been completed. The review and testing of the financial control arrangements during the Probity Review in June 2012 confirmed that improvements had been made since the investigation, but that there were six areas that required further action. An action plan, which management agreed, recorded actions to further strengthen current arrangements. These actions covered better documentation to support transactions e.g. approval or purchases and receipting of goods. Also that income needed to be banked more frequently, the asset register needed to be completed, and declarations of interest completed for all staff involved in the procurement process.
- 8.2 A probity issue was identified where the headteacher had authorised overtime and purchase reimbursement claims for her spouse in his role as caretaker. Whilst the amounts involved were relatively minor (two overtime payments totalling 19.5 hours and purchases of £34.85) and there appeared to be nothing untoward in these payments, this is a breach of good practice and Medway Council's Workplace Relationship Protocol. It was agreed that a third authorised signatory would be identified to ensure that the headteacher did not need to sign her spouse's claims.



- 8.3 The follow up of the probity audit was completed in December 2012. Internal Audit was informed at the opening meeting of this review that the declarations of interest had not been completed due to the absence of the headteacher following the summer break. This absence had also had the effect of delaying progress on the other actions.
- 8.4 The follow-up confirmed that progress had been made on the remaining five actions, and the overall audit view was that arrangements were now sufficient to close the audit. However, an action plan was provided which recorded six recommendations for finalising the revised processes, and the declarations of interest register completed.

## **9. Council Financial Control Issues**

- 9.1 In the original investigation report there were a number of actions for Education Finance Team and Internal Audit for improving the current control environment across Medway's schools.
- 9.2 The report contained four actions for implementation by Education Finance, one of which remains outstanding. This relates to the updating of the schools finance manual to reflect more accurately developments such as Internet banking and the use of credit/debit cards and highlight the additional controls that are required to address the risks these developments present. It is, however, acknowledged that the team has suffered prolonged periods of staff absence in the interim period.
- 9.3 Internal Audit had previously relied on a mixture of school self-assessments and thematic audits to provide assurance over the financial management arrangements in schools. This decision was based on an assessment of the risk posed by each individual school, compared with the resource requirements for undertaking individual school audits. In light of the findings at Temple Mill the decision was taken to allocate Internal Audit resources to a series of school probity reviews. This approach was adopted in 2012/2013 and is built into the audit plan for 2013/2014, and as such addresses the two concerns raised as part of the investigation report.
- 9.4 Internal Audit has also been working alongside Education Finance to provide training to school business managers, headteachers and governing body members. Training has covered governance issues, financial management and fraud resilience.

## **10. Options for disbursement and Chief Finance Officer comment**

- 10.1 As set out in section 4 the former business manager was sentenced in October 2012 to three years imprisonment, up to 18 months of which will be served in custody, the balance on licence. The Judge also made a confiscation order under the Proceeds of Crime Act to the value of £170,999, to be paid within six months, and a compensation order in favour of Medway Council.

- 10.2 The recovered funds were received by the Council on 15 May 2013 and have been held in a balance sheet account since. A decision on how the amount should be treated is now needed. In accordance with the Cabinet decision the Audit Committee has been requested to re-examine the evidence relating to the issues at Temple Mill School, and any new information that has become available, before making a further recommendation to Cabinet.
- 10.3 The options and comments from the Chief Finance Officer, as presented to the Committee on 11 July 2013, are outlined in the following section for Members' consideration.
- 10.4 Option 1: Return the total amount recovered to Temple Mill Primary School
- given the length of time over which the misappropriation occurred the purpose for which the funding was provided (educating pupils during the financial years in question) has now passed so the return of these funds could be seen as providing an excess benefit.
  - This option could also be perceived to be rewarding a school when management failings had allowed the ongoing theft of school funds to remain undetected for so long. There are a number of issues to be considered if this option were to be taken, including:
    - A proportion of the misused funds were "voluntary funds" over which the council has no jurisdiction. However it has not been possible to determine the level of voluntary funds misused as the school business manager was using the voluntary account as a conduit for misappropriation of both voluntary and main school funds.
    - The school voluntary fund has subsequently been closed, so any repayment of voluntary funds would have to go into the school's main bank account;
    - The school has already received the £41,600 returned by the school business manager, and a further refund of £15,700 from the bank (in March 2012) in respect of cheques payable to the business manager that had been cleared despite the lack of a second authorised signatory, as required under the bank account mandate.
- 10.5 Option 2: Medway Council to retain the total amount and transfer it to the general fund. Whilst the funding was provided initially for education purposes it could be deemed that the Council did its duty in distributing the amount initially via schools' delegated budgets. However, taking this option could be perceived as the Council taking money from the dedicated schools funding provided by central government.
- 10.6 Option 3: Return the total amount to the overall schools budget and disburse it across all Medway schools using the standard distribution calculation.
- 10.7 Option 4: Set up a dedicated fund to provide training on governance issues for headteachers and governing bodies of all Medway schools. This would in effect use the funding to reduce the risk of a similar fraud occurring elsewhere within Medway.

## **11. Preferred option**

- 11.1 Options 3 or 4 are considered by the Chief Finance Officer to offer equally appropriate treatment for the £170,999 recovered by the Council, though the latter would require ongoing action to maintain the fund and source and provide suitable training opportunities for schools.
- 11.2 The Audit Committee on 11 July 2013 recommended to Cabinet the provision of training on governance issues (option 4), this was on the basis that it would reduce the risk of a similar fraud occurring elsewhere in Medway.

## **12. Risk Management, Financial and Legal implications**

- 12.1 There are no risk management implications arising directly from this report.
- 12.2 According to the relevant legislation (Schools Standards and Framework Act 1996, Education Act 2002 and the School and Early Years Finance (England) Regulations 2012) these sums would not form part of the non-schools education budget, the schools budget or the individual schools budget.

## **13. Recommendations**

- 13.1 Members of the Audit Committee are asked to re-examine all existing evidence relating to the issues at Temple Mill School and review any new information that has become available before making a further recommendation to Cabinet.

### **Lead officer contact**

Name Mick Hayward  
Job Title Chief Finance Officer  
Telephone: 01634 332220  
Email: [mick.hayward@medway.gov.uk](mailto:mick.hayward@medway.gov.uk)

### **Background papers**

Reports to Audit Committee 29 March 2011, 24 November 2011, 29 March 2012 and 26 September 2012

Report to Audit Committee *Disbursement of Recovered Funds* 11 July 2013  
<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=20696>

### **Appendices**

Appendix 1a	Investigation Report 16 November 2011
Appendix 1b	Probity Audit 27 June 2012
Appendix 1c	Follow-up to Probity Audit 11 December 2012
Appendix 2	Schools Finance Scheme
Appendix 3a	Budget and Outturn 2008/2009
Appendix 3b	Budget and Outturn 2009/2010
Appendix 3c	Budget and Outturn 2010/2011
Appendix 3d	Budget and Outturn 2011/2012
Appendix 3e	Budget and Outturn 2012/2013
Appendix 4	Letter re Confiscation/Compensation Order





# **INTERNAL AUDIT**

## **ISSUES ARISING FROM INVESTIGATION INTO MISAPPROPRIATION OF FUNDS FROM TEMPLE MILL PRIMARY SCHOOL**

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## **REPORT PREPARATION**

Report prepared by:	Graham Matthews Principal Auditor
Telephone:	01634 332475
Date issued:	16 <sup>th</sup> November 2011
Reviewing officer:	Alison Russell Audit Services Manager

## **REPORT DISTRIBUTION**

This final report has been issued to:

### Medway Council

Rose Collinson	Director, Children and Adults
Juliet Sevir	Assistant Director, Inclusion
Mick Hayward	Chief Finance Officer

### Temple Mill Primary School

Jane Bright	Headteacher
Stephen Peachell	Chair of Governors

The assistance of the Headteacher, Chair of Governors and staff at the school, who provided help and information during the course of the audit, is gratefully acknowledged.

## SUMMARY OF FINDINGS

### Introduction

1. During the investigation into misappropriation of school funds by the Business Manager a number of issues impacting on the standard of control over school finances were identified. These related principally to:
  - insufficient independent oversight of budget management;
  - insufficient scrutiny and authorisation of cheque payments;
  - lack of monitoring of internet bill payments and debit card purchases;
  - substantial payments to a member of staff over a protracted period for additional work carried out;
  - payments to staff members for additional hours worked or mileage allowance not made via payroll so PAYE and NI deductions not accounted for correctly;
  - VAT reclaimed on fraudulent payments, payments to staff members and non VAT registered suppliers;
  - insufficient records of cash withdrawals, holdings and expenditure;
  - lack of supporting documentation for apparently excessive payments made to stationery supplier, and no evidence of competitive dialogue before entering into this contract;
  - lack of records to evidence IT equipment purchased by the school;
  - failure to identify the existence of a separate bank account for the school voluntary fund.
2. We acknowledge that identifying any fraudulent activity from budget monitoring would have been virtually impossible, as the Business Manager had evidently made considerable efforts to disguise the fraudulent payments by spreading them across various budget codes and ensuring that no particularly significant variances arose from previous months and years. There is little doubt that the additional early years funding received for the Children's Centre, together with the school acting as a hub for distribution of funds to other schools in the cluster, provided the Business Manager with increased opportunity to manipulate finances.

### Budget management

3. Following the promotion of the school's former finance officer to School Business Manager in 2005, she was given delegated authority to sign-off monthly Local Bank Account (LBA) returns, the Headteacher being presented with only budget monitoring reports for review - this is by no means a unique situation in schools. The Business Manager was a Staff Governor and also presented budget monitoring reports at Governing Body meetings, the Headteacher and Chair of Governors both stating that she was always able to provide apparently rational explanations to any queries that were raised.

### Payments by cheque

4. The standard of filing of financial documentation was a concern, in particular a lack of any documentation whatsoever to support a significant number of cheque payments. In addition, a substantial number of the cheques where documentation was seen had evidently been raised manually, rather than printed via SIMS, and in most cases there was a distinct lack of detail on the counterfoil retained, for example date, payee, amount.
5. A significant number of cheque counterfoils for payments made, particularly those where the cheque had been handwritten, were not supported by documentation such as supplier invoices. In many cases these were supported by a plain sheet of paper instead, the rationale for this being unclear.

6. There was a complete absence of evidence of any check that goods/services paid for had been received. Invoices (where seen) had not been stamped and/or initialled to indicate that checks against purchase order and delivery note (where applicable) had been made. Furthermore, delivery notes and orders (if raised) were not matched with the relevant invoice.
7. Copy cheques obtained from the school's bank indicated that the Headteacher had apparently countersigned a significant number of those made payable to the Business Manager. The Headteacher stated that she was frequently presented with large batches of payments for approval when she had insufficient time to check them thoroughly and that, on occasions, normally immediately before school holidays, she had signed blank cheques to enable the Business Manager to make payments that were apparently needed urgently.
8. It was established that the mandate for the 'official funds' bank account requires two authorising signatures on all payments. However, we identified that a significant number of cheques had not been countersigned by a second person, including ten exceeding £500 payable to the Business Manager, totalling £14,521 – but none of these had been rejected by the bank.

#### Internet bill payments and debit card purchases

9. Although a number of 'Debit Card/Direct Bank payments' documents produced purported to provide authorisation for some of the payments made using these methods, it appeared that these had been produced, signed and countersigned retrospectively, after internal audit had expressed an interest in them (this is evidenced by the payee on some of them being amended after the initial audit visit). These documents were not numbered and, in common with the handwritten cheque counterfoils found, not normally supported by any evidence of what had been purchased.
10. These payment methods evidently circumvent the normal expected requirement for cheques and direct debit instructions to be signed by two authorised signatories, presenting a risk that these may be used, as has been evidenced in this case, to make inappropriate payments.
11. In addition, the majority of bill payment arrangements set up were in the name of the financial institution holding the recipient's account rather than the recipient, for example, Nat West, Halifax and HSBC. This made it difficult to identify the actual recipient of payments made (for example, there were three separate arrangements named 'Nat West'), but it was noted that two of these involved payments to staff members' personal accounts.

#### Payments to staff

12. We identified that five internet bill payments had been made to one of the caretakers, these dated between 14.7.10 and 1.12.10 and totalling £9,650.60. The majority appeared to relate to painting and decorating work carried out (under an arrangement apparently agreed by the Headteacher and Governing Body around 2005, as an alternative to engaging external contractors), though some apparently reimbursed him for purchase of materials. A further 22 cheques exceeding £500 were also identified to be payable to the same employee, these dated between September 2005 and May 2010 and totalling £36,545.89. The Headteacher had countersigned only three of these, including one for £1,299.99 in August 2008 supported by a PC World receipt for purchase of a PC and 22" monitor, which is considered unlikely to have been for school use.
13. The caretaker was interviewed before the full extent of these payments had been identified, when it was thought that he had received a total of £22,977 since July 2008, plus an additional £600 in 2006 – he confirmed he had received these payments. Whilst he claimed that invoices had been provided initially for all the payments received, he stated that the



invoices supporting the four internet bill payments had been created in January 2011 at the Business Manager's request – he could not confirm that these related to the actual work carried out as his original records had been lost when his computer failed. He also advised that work had not necessarily been carried out immediately prior to the payments, as he preferred to issue invoices in instalments over a number of months to avoid compromising his family's entitlement to tax credits. Whilst this work may have been carried out 'in his own time', in the absence of timesheets (or similar) it is not possible to confirm that some of it was not done during normal working hours.

14. A significant number of cheques were noted to be payable to other current or former members of staff, the majority of these not supported by any form of claim or indication of work carried out and not countersigned. These included a single payment of £3,178.56 in October 2009 to a current teacher, which the Headteacher stated was for work carried out prior to her appointment as a member of staff. Other examples suggested that salary enhancements had been paid to the deputy and assistant head teachers by cheque in March/April 2010. In addition, during the interview the caretaker stated that he had received overtime payments by cheque on a couple of occasions when the Business Manager had been too late to meet the Payroll processing deadline.
15. Members of staff are regularly being paid mileage allowance by cheque – as the rate of 65p per mile includes an element for 'wear and tear' and exceeds the HMRC threshold of 40p these payments should properly be routed via payroll to ensure that any tax/NI liability is accounted for correctly. Furthermore, it is assumed that VAT is being recovered on these payments, but fuel receipts are rarely attached. Similarly, other members of staff (including the Headteacher) were seen to be claiming for 'petrol'. Even though supported by receipts, this is not the correct way of reimbursing such expenditure as it will not be possible to prove that all the fuel purchased and reimbursed has been used for business purposes.
16. A number of other payments to staff reimbursed expenses claims that were not supported by supplier receipts, examples including £185.30 and £281.46 in August and November 2010. Other staff members had been reimbursed for items such as ink cartridges, it being unclear whether these were for school or personal use. These payments indicate that the general culture at the school has been for staff to purchase items required, rather than routing these through the official ordering process.
17. Although not strictly payments to staff, £890 paid to one of the Business Manager's sons in December 2008 related to provision of 'food and drink for party' and a further payment of £1,250 in April 2008 was subsequently identified to relate to the previous year's staff party. Although these were apparently legitimate functions, there is no assurance that the cost was accurate as there were no supporting receipts. When we questioned whether this constituted an appropriate use of school funds, the Headteacher advised that staff had actually paid contributions for these events, but no trace can be found of these contributions ever being paid into the school bank accounts.

### Taxation issues

18. As reported above, regular payments to a current employee for 'additional work carried out' have been paid by internet transfer or cheque rather than via payroll. As the caretaker is not registered under the Construction Industry tax Scheme (CIS) and admitted that he has failed to declare any of this additional income (more than £46,000 in just over five years) to HMRC both the school and Council are at risk of being penalised by HMRC. It is possible that similar risks exist as a result of payments to other employees.

19. It has also been identified that all of the payments to members of staff had been recorded on the school's financial records as subject to VAT, with input VAT reclaimed via Medway Council. Given that the 'services provided' were not for the benefit of the school and the suppliers involved are not (in the main) registered for VAT purposes both the School and the Council are at risk of prosecution by HMRC.
20. One payment seen represented a significant disregard of VAT regulations, a cheque in July 2009 reimbursing £76.69 to a member of staff, this being the VAT element of a personal purchase of a PC. It is probable that the school have also then reclaimed VAT on this payment.

#### Petty cash

21. Although a number of cash withdrawals from ATMs using the debit card were attributed to replenishing floats held by the Children's Centre and HSSW for mobile phone top-ups etc, no records of any petty cash holdings were located.
22. Covering documents had been raised for a few of these cash withdrawals (seemingly retrospectively) and were supported by a random collection of till receipts/sales vouchers, which appeared to have been assembled from whatever could be found at the time.

#### Procurement issues

23. Since November 2009 substantial monthly bill payments (typically of £3-4,000) had been made to a company named Simple Stationery. It was not confirmed what these payments relate to as only statements, as opposed to detailed invoices, were seen – it is therefore possible that some of the payments made may not relate to goods received by the school. However, prior to that, monthly bill payments of a similar amount were being made to Farningham Print, their documentation indicating that goods supplied were mostly printer paper and toner cartridges.
24. There was no evidence of any competitive process when switching the supply of paper from Farningham Print. As Simple Stationery were paid over £45K in the twelve months December 2009-November 2010, Medway Council's finance manual for schools requires that at least three written quotations should have been obtained. Indeed, had the arrangement continued its total value would evidently have exceeded £60K so formal written tendering procedures should have been adopted. As the latter company is run by a relative of the former Business Manager, such an informal arrangement, and the failure to comply with Medway's procurement requirements, left the school open to allegations of improper practice.

#### Purchases of IT equipment

25. Examination of payment records for the last five years identified that the school had purchased a considerable quantity of IT equipment during this period. When enquiries were made as to whether these purchases had been entered on the asset register, the Business Manager advised that this was out of date and stored in the attic. An asset register should be a 'working record' that can be used to identify losses and substantiate any insurance claims in the unfortunate event of theft, fire or flood.
26. There is, therefore, a risk that not all the IT equipment purchased has been for the benefit of the school. This concern is compounded by the discovery that one of these purchases was delivered to the Business Manager's son, another related to a pink Sony laptop the Business Manager claimed to be her personal property and a third reimbursed one of the caretakers for the personal purchase of a PC.

### School voluntary fund

27. The Headteacher informed us that the Business Manager had advised her that the school no longer operated a voluntary fund, as this had been taken over by the PTA; similar statements had evidently been made to the external FMSiS assessor and Medway Education Finance. However, it transpired that the account was still in existence and was being used almost exclusively for payments benefitting the Business Manager, key issues arising being:
- The bank mandate apparently required only a single authorising signature on cheques;
  - Virtually all income received into the school (for the Children's Centre and extended services) was being deposited into this account rather than treated as 'official' funds;
  - No-one was looking for bank statements or annual audited accounts as they believed the account did not exist.

### Conclusion

28. These issues, together with recommendations to address them and the responses provided by the Headteacher, are shown in the agreed management action plan, segregated into practices that needed to be amended immediately and actions that could be taken over a longer period. The Headteacher has advised us that appropriate corrective action has already been instigated to address the majority of these issues.
29. Appendix A summarises the wider financial control issues arising from this investigation and identifies improvements that could be made to minimise the risk of similar issues recurring in other Medway schools.

## AGREED MANAGEMENT ACTION PLAN

### 1. Practices that should be amended immediately

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
1	As the Business Manager was given delegated authority to sign-off monthly Local Bank Account (LBA) returns, the Headteacher was presented with only budget monitoring reports for review.	3	Any fraudulent activity was unlikely to be identified.	The Headteacher, who has ultimate responsibility for the school's finances, should review budget monitoring and LBA returns and check a sample of supporting documentation.	The Headteacher has re-familiarised herself with financial procedures and participated in the budget build for 2012/13.  The Headteacher checks LBA returns, prepared by Pink Accountancy, against the financial system and bank statements.	Now in place
2	No documentation whatsoever found for many cheque payments, otherwise cheque counterfoils often handwritten and lacking date, payee details or amount.	5	Inaccurate or inappropriate payments may be made.	<ul style="list-style-type: none"> <li>a) Counterfoils should be retained for all cheques raised, filed in an orderly fashion to facilitate retrieval if required;</li> <li>b) All cheques should be generated via the SIMS financial system, unless it is not possible to do so;</li> <li>c) If it is necessary to raise a handwritten cheque, the date, payee and total should be recorded on the counterfoil.</li> </ul>	<ul style="list-style-type: none"> <li>a) Cheque counterfoils, plus supporting documents, are now filed in numerical sequence.</li> <li>b) All cheques are now produced via SIMS, none are hand-written.</li> <li>c) No longer applicable.</li> </ul>	Now in place

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
3	Where cheque counterfoils were retained, these were frequently not supported by supplier invoice and/or any evidence of goods/services being received.	6-7	Payments may be made for goods or services that have not been received for the benefit of the school.	<ul style="list-style-type: none"> <li>a) Suppliers' invoices and delivery notes (where applicable) should be attached to, or matched to, the relevant cheque counterfoil;</li> <li>b) Delivery notes (where received) should be endorsed to confirm that goods received have been checked, and by whom (this should be someone other than the person placing the order);</li> <li>c) Invoices should be endorsed to indicate that checks have been made to confirm that the goods/services invoiced were ordered, received for the benefit of the school and priced correctly – this might be achieved through use of a rubber stamp showing boxes for these checks to be recorded.</li> </ul>	<ul style="list-style-type: none"> <li>a) Invoices and delivery notes are now matched with cheque counterfoils and filed in numerical sequence.</li> <li>b) Now in place - there is also now segregation of duties between placing orders, receiving goods and processing invoices for payment.</li> <li>c) Invoices are now matched with delivery notes, where appropriate, evidencing receipt of goods. In addition, the Governing Body now request periodically to see all documentation relating to a sample of payments.</li> </ul>	Now in place

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
4	The Headteacher had evidently countersigned cheques without checking supporting documentation thoroughly and, on occasions, signed blank cheques.	8	Improper payments made, apparently with the Headteacher's approval.	<ul style="list-style-type: none"> <li>a) The two people authorising cheques should satisfy themselves that the goods/services invoiced have been received before approving payment, and should both initial the cheque counterfoil.</li> <li>b) Authorised signatories should <u>never</u> sign blank cheques.</li> </ul>	<ul style="list-style-type: none"> <li>a) All cheques are now authorised independent of the finance function, being signed by the Headteacher and Deputy Head. Counterfoils will be initialled by signatories with immediate effect.</li> <li>b) Blank cheques are no longer signed.</li> </ul>	Now in place
5	Lack of supporting documentation and management approval for internet bill payments and debit card payments.	10-11	Inappropriate payments may be made, for goods or services that have not been received for the benefit of the school.	<ul style="list-style-type: none"> <li>a) An internal order requisition should be raised and authorised appropriately before any orders are placed/purchases made;</li> <li>b) A covering document should be raised for all internet bill payments and debit card purchases, numbered sequentially, dated and signed by two authorised bank signatories before the purchase is made;</li> <li>c) Evidence of the purchase (for example retailer's till receipt/</li> </ul>	<ul style="list-style-type: none"> <li>a) Internal requisitions now used and purchase orders raised on SIMS.</li> <li>b) Purchase orders are now raised on SIMS before any internet bill payment or debit card payment is made; only the Headteacher has access to the debit card.</li> <li>c) Evidence of internet order or supplier receipt is now</li> </ul>	Now in place

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
				<p>sales voucher or printed order if ordered online) and receipt (delivery note, if applicable) should be attached to the covering document;</p> <p>d) The Headteacher should review bank statements periodically and confirm that documentation is held for all internet bill payment and debit card transactions.</p>	<p>attached to relevant purchase order.</p> <p>d) Bank statements now reviewed when checking LBA returns.</p>	
6	Internet bill payment arrangements set up in the name of financial institutions rather than actual recipients.	12	Inappropriate payments may be made.	Current bill payment arrangements should either be amended to show the name of the recipient or cancelled and replacement arrangements set up if required.	All arrangements have now been amended to show the name of the actual recipient.	Now in place
7	One of the school caretakers identified to have been carrying out painting and decorating work for five years, having been paid almost £45,000 by cheque/internet transfer, but lack of supporting evidence of work actually carried out.	13-14	<p>The school may have paid for work that has not been completed, or has been carried out in normal working hours.</p> <p>No deductions for PAYE and NI have been made.</p>	<p>If a staff member is to continue carrying out additional work such as painting, the Headteacher should ensure that:</p> <ul style="list-style-type: none"> <li>♦ Evidence of work carried out is obtained;</li> <li>♦ Sufficient records are maintained to confirm</li> </ul>	<p>Only four members of staff now work on flexi-time arrangements, recording the hours they work; hours carried over to next period are approved by the Headteacher.</p> <p>If excessive hours are worked, staff are paid</p>	Now in place

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
				<p>that work is not carried out during normal working hours;</p> <ul style="list-style-type: none"> <li>• Payment is made via payroll to ensure that all deductions are made correctly.</li> </ul>	<p>overtime, via Payroll, to ensure that PAYE and NI is treated properly.</p>	
8	Other staff also being paid by cheque, in some cases substantial amounts, for additional work carried out, salary enhancements or overtime worked.	15	PAYE and NI liability not dealt with correctly.	<p>a) All payments to members of staff that are not simply reimbursement of expenditure incurred for business purposes (for example rail fares to attend courses or purchase of small items for school use) should be routed through payroll;</p> <p>b) Supplier receipts should be retained to support all reimbursements of personal expenses.</p>	<p>a) Cheques are now raised only for 'emergency' payments if claim documents can not be submitted to Payroll in time to meet the monthly cut-off date.</p> <p>b) Receipts are now obtained for all claims – reimbursement will be refused if not provided.</p>	Now in place



Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
9	Staff being paid mileage allowance by cheque, or reimbursed for fuel purchased.	16	VAT liability not dealt with correctly, as mileage allowance includes an element for 'wear and tear' and all fuel purchased may not be used for business purposes.	<ul style="list-style-type: none"> <li>a) All claims for business use of personal vehicles should be on the basis of mileage incurred, calculated at the approved rate per mile, not simply the cost of petrol purchased, and paid through payroll;</li> <li>b) A VAT receipt for fuel purchased should be attached to all claims for mileage allowance.</li> </ul>	<ul style="list-style-type: none"> <li>a) All claims for vehicle use now processed via Payroll – the only fuel now purchased is for use in the lawnmower.</li> <li>b) VAT receipts now being attached to claims for mileage allowance.</li> </ul>	Now in place
10	Staff members regularly reimbursed for purchases with no supplier receipts submitted.	17	Payment may be made for goods that have not been received for the benefit of the school.	<ul style="list-style-type: none"> <li>a) Wherever possible, items required for school use should be purchased using an official order.</li> <li>b) Where staff members purchase goods for school use, reimbursement should be made only on production of supplier receipts.</li> </ul>	<ul style="list-style-type: none"> <li>a) Purchase orders now being raised for all school purchases.</li> <li>b) Now in place (as per 8(b)).</li> </ul>	Now in place

## 2. Actions that need to be taken urgently

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
11	The mandate for the 'official funds' bank account requires two authorising signatures on all payments, but many cheques had not been countersigned by a second person.	9	The bank failed to prevent improper payments being made.	The Governing Body should seek reimbursement from the bank of the £14,521 on cheques payable to the Business Manager that were not countersigned by a second person.	Agreed, though considered prudent to await the outcome of the former Business Manager's prosecution and subsequent recovery under POCA before proceeding (details of payments provided by Internal Audit 18.10.11).	Dependent on outcome of prosecution and subsequent recovery action
12	Staff member paid almost £45,000 by cheque/internet transfer over five years is not registered under the Construction Industry tax Scheme (CIS) and admitted that he has failed to declare any of this additional income to HMRC.	19	The School and the Council are at significant risk of prosecution by HMRC.	Medway Council Payroll should be advised of the total payment made to the individual concerned for additional work carried out, so that arrangements can be made to apply deductions for the PAYE and NI due.	Headteacher to advise Medway Payroll of payments made so that HMRC can be notified and arrangements made to recover PAYE/NI due from employee (details provided by Internal Audit 18.10.11).	by end of November 2011

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
13	All payments to the Business Manager, plus those to the caretaker (who is not VAT registered) for painting etc and to a staff member for VAT incurred on a personal purchase, had been recorded as subject to VAT with input VAT reclaimed via Medway Council.	20-21	The School and the Council are at significant risk of prosecution by HMRC.	<p>a) VAT should be reclaimed only on eligible expenditure, paid to VAT registered suppliers.</p> <p>b) Staff members should not, under any circumstances, be reimbursed with the VAT on personal purchases, even if the item purchased is also used at school.</p> <p>c) The school's VAT return should be adjusted to rectify the VAT overclaimed on:</p> <ul style="list-style-type: none"> <li>• Payments made directly to, and purchases made by, the former Business Manager;</li> <li>• Payments made to the caretaker for painting etc;</li> <li>• The VAT reimbursed to another member of staff for her personal PC purchase, plus the VAT reclaimed on that payment.</li> </ul>	<p>a) VAT is now being indicated correctly on all expenditure.</p> <p>b) Practice of reimbursing staff members with VAT incurred on personal PC purchases has been discontinued.</p> <p>c) Headteacher to seek advice from Pink Accountancy and Medway Financial Support on how best to address this issue.</p>	<p>Now in place</p> <p>Now in place</p> <p>by end of November 2011</p>

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
14	Insufficient supporting documentation for cash withdrawals using ATMs.	22-23	Cash withdrawn may be misused or misappropriated.	<p>a) The Governing Body should decide formally whether cash can be used to reimburse staff for small purchases made, and record this decision in the school's finance policy.</p> <p>b) If cash is to be used:</p> <ul style="list-style-type: none"> <li>• formal records (possibly using SIMS) should be maintained of the approved float(s), the balance held, expenditure and replenishment;</li> <li>• the float(s) should be retained securely, for example in a locked cash box within a locked safe;</li> <li>• the float(s) held should be physically checked against the recorded balance periodically (ideally monthly) by two people.</li> </ul>	<p>a) No cash has been withdrawn from ATMs since the audit investigation. However, if cash income received cannot be used for small purchases a petty cash facility will be introduced.</p> <p>b) Appropriate procedures will be introduced.</p>	by end of November 2011

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
15	Headteacher and Governing Body not aware that school voluntary fund existed.	28	The former Business Manager evidently abused the account for personal gain.	The Governing Body should decide formally whether to continue operating a voluntary fund, and update the school's finance policy if necessary.	Headteacher to recommend closure of voluntary fund account and transfer into main account, using balance held to purchase something appropriate.	January 2012 (next Finance Cttee meeting)
16	No records of voluntary fund transactions located, established that the bank account requires only a single authorising signature on payments and that virtually all income received (for the Children's Centre and extended services) was being deposited into this account rather than treated as 'official' funds.	28	The former Business Manager was able to exploit these issues to abuse the account for personal gain.	If a voluntary fund is to be maintained: a) Appropriate records of transactions on the fund should be maintained (possibly using SIMS); b) The bank mandate should be revised to require two authorising signatures on all payments; c) An annual return of income and expenditure, audited by an appropriate independent person, should be submitted to Medway Education Finance.	Will not be necessary if Governing Body ratifies Headteacher's recommendation to close account.	n/a

### 3. Actions that can be taken over a longer period

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
17	No evidence of any competitive process when switching the stationery contract to a different supplier.	25	Failure to comply with Medway Council's procurement requirements leaves the school open to allegations of improper practice.	<p>a) The contract for provision of printer paper, toner cartridges and stationery should be subject to a formal tendering process as soon as possible;</p> <p>b) Other supply contracts with aggregated values exceeding the thresholds set out in the Medway finance manual for schools should be identified and subject to formal competitive quotations or tendering procedures, as applicable.</p>	<p>a) Stationery is now obtained from Kent County Supplies under the framework agreement.</p> <p>b) Quotations are now obtained for all purchases exceeding the thresholds and these are pinned to the relevant purchase order to provide evidence of the process.</p>	Now in place
18	Considerable quantity of IT equipment purchased by the school during the last five years. The Business Manager advised that the asset register was out of date and stored in the attic.	26-27	Some equipment paid for may not have been for the use of the school. Losses may not be identified and it may not be possible to substantiate any insurance claims in the unfortunate event of theft, fire or flood.	<p>a) A full physical check of all ICT equipment held in the school should be carried out, with the description (including model and serial numbers where applicable) and location of every item recorded (it may be possible to also refer</p>	<p>a) A full physical check has now been carried out and used to produce a revised asset register.</p>	Already completed

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
				<p>to recent equipment inspections carried out by EIS to assist in identifying items);</p> <p>b) the record should be used to create an asset register, which should be held securely so that it is available at any time (suggested that both computer record and hard copy should be retained);</p> <p>c) the purchases identified (details provided by IA) should be checked against the new asset register and additional information (eg date of purchase, supplier, cost) added to the register;</p> <p>d) the whereabouts of any items purchased that cannot be accounted for should be investigated, with the outcome reported to the Governing Body and Medway Council.</p>	<p>b) The revised asset register is retained in both electronic and hard copy format, the latter stored in a metal cupboard.</p> <p>c) Purchases identified have now been checked against the revised asset register. The only item that cannot be accounted for is a Sony laptop purchased in October 2008, which it is recalled the former Business Manager claimed was her personal property.</p> <p>d) Internal Audit reported the laptop issue to Kent Police on 18.10.11, though this was too late for inclusion in the prosecution case. Headteacher to report this to the next Governing Body meeting.</p>	<p>Now in place</p> <p>Now completed</p> <p>January 2012 (next Finance Cttee meeting)</p>

Rec. No	Finding	Para No	Risk	Recommendation	Management Action & Officer Responsible	Target Date
19	Significant payments to a company run by relative of the former Business Manager, some IT equipment identified to have been purchased for/by members of staff and relatives.	24+ 27	Potential use of school funds for the benefit of relatives and members of staff.	<ul style="list-style-type: none"> <li>a) All staff members should be required to formally declare any interests that may compromise their independence when purchasing goods or services, and arrangements made to exclude them from any purchasing decisions.</li> <li>b) No payments should be made for goods/ services that will not be for school use.</li> </ul>	<ul style="list-style-type: none"> <li>a) All Governors and staff involved in purchasing have declared any interests and are excluded from any purchasing decision where their independence might be impaired.</li> <li>b) Appropriate procedures now in place to authorise all orders and payments.</li> </ul>	In place



### Wider Financial Control Issues

Schools' **Governing bodies** have a strategic role in the financial management of the school. Key responsibilities include setting financial priorities, approving and monitoring the annual budget and ensuring that the school fulfils its statutory obligations.

School **Headteachers** have overall executive responsibility for the school's activities, the Headteacher is the person directly accountable to the Governing Body for the financial management of the school. The Headteacher should ensure that the Governing Body is provided with financial advice, that proper financial systems and controls are in place, and that accounts are prepared and maintained.

Although the headteacher retains ultimate responsibility for financial management, they will often delegate much of the financial responsibility to a **School Business Manager**

Medway Council's **Education Finance Team** undertakes a management accounting role in respect of schools and other education services. The team delivers the Council's statutory responsibilities in relation to school funding and ensures that income and expenditure data submitted by schools is entered into the Council's accounting system accurately. Responsibility for the financial management of schools is delegated to the relevant governing body but the Education Finance team provides advice and support to Governors, Headteachers and school bursars to assist them in maintaining sound financial controls.

Financial control and mitigation of fraud risk is a management responsibility. The role of Medway Council's **Internal Audit** is to provide assurance over the effectiveness of those controls that management have put in place. Internal Audit resources are focused on those areas that are perceived as of highest risk to the Authority and where valuable assurance can be provided. Whilst the likelihood of fraud is often highest in areas that are at arms length from the Authority's central management systems, the cost/benefit of performing a full audit of an individual site is poor. For this reason alternative arrangements were identified for obtaining assurance over the financial controls within schools, primarily ongoing Financial Control Self Assessment (FCSA) but supplemented by occasional thematic audits covering aspects such as payroll processes (in schools not using Medway's service), free school meals and procurement.

When Internal Audit visit a school the focus is to confirm the strength of the internal controls in place, inform management of the findings, and provide recommendations and guidance as to how the controls might be strengthened. Where there has been fraudulent activity the internal audit review might identify this through the sample check performed, but it should be noted that the identification of irregularities is not the role of Internal Audit. However, where Internal Audit identify a control weakness and management amend their arrangements, it is likely that fraudulent activity would be uncovered.

The issues noted on the action plan below are due to be shared with Headteachers and Governing Body Members in a series of presentations scheduled for later this month.

Current Control Arrangement	Risk	Improvements Identified
<b>Internal Audit</b>		
<p>Internal Audit rely on schools completing a financial control self-assessment (FCSA) periodically, currently once every three years, and for the last few years (due to reduced resourcing levels) have visited schools only where particular concerns are apparent.</p> <p>Internal Audit have placed reliance on the results of assessments against the Financial Management Standard in Schools (FMSiS), when carried out by external assessors accredited by the DCSF/DfE.</p>	<p>Control weaknesses or fraudulent activity not identified</p>	<p>Reliance on self-assessment and other external assessors does not provide a sufficient level of assurance on the application of financial controls to mitigate the risk of fraud effectively.</p> <p>Internal Audit are currently exploring alternative options for 2012/13 onwards.</p> <p>One option that Internal Audit are considering is the possibility of utilising audit data analysis tools to interrogate information from schools' financial systems on an ongoing basis to enable audit resources to be directed towards any schools where potentially unusual expenditure patterns are identified.</p> <p>In addition, work is ongoing to identify how Audit Services can be more proactive in enhancing fraud resilience within the Authority, exploring the potential for working with management to increase fraud awareness and support management in the development of processes and procedures to mitigate the risk of fraud, for example use of the school forums to raise the internal audit profile, advertise Audit Services role regarding fraud investigations, and providing presentations on key issues at Headteacher, governor and school bursar forums.</p>

Current Control Arrangement	Risk	Improvements Identified
<p>Limited follow up of FCSA returns may result in schools perceiving that IA do not review these, and a feeling within schools that the IA involvement is not particularly rigorous. Internal Audit send reports to Headteachers and Governing Bodies of all schools within the FCSA group outlining the issues arising from the FCSAs completed. Feedback on individual school performance is not provided</p> <p>There is no protocol for escalating issues from Headteacher to Governors if the Headteacher does not respond to IA issues</p>	<p>Lessons not learned from FCSA</p> <p>Control weaknesses may not be addressed</p>	<p>The process for obtaining assurance on the effectiveness of financial management in schools is currently being reviewed in light of the introduction of the Schools Financial Value Standard (SFVS). If self assessment is to continue then mechanisms for reporting outcomes to individual schools will be determined to ensure effective feedback.</p>
<p><b>Education Finance Team</b></p>		
<p>The Schools Finance Manual has not been updated for some time – current version is dated 2003.</p> <p>In particular, the Manual makes only limited reference to the need for dual authorisation of internet banking transfers and no reference at all to the use of credit (as opposed to debit) cards.</p>	<p>Good practice not followed</p> <p>Appropriate financial controls not put in place</p>	<p>The Schools Finance Manual will be reviewed and amendments made as necessary.</p>
<p>The Education Finance function requires schools to submit Local Bank Account (LBA) returns periodically (monthly up to March 2011, quarterly since) supported by evidence of the bank account balance shown. The primary purpose of these returns is to facilitate the recording of schools' income and expenditure onto the Council's main financial system. As such, staff check only that the bank balance recorded on each LBA return is supported by appropriate evidence, existing procedures requiring just the statement page showing the closing balance to be submitted.</p>	<p>Transactional data not subject to review</p>	<p>Education Finance have revised their procedures to require full bank statements to be submitted, rather than just evidence of the closing balance as at present – the impact on this is currently being reviewed.</p> <p>Education Finance is looking into the possibility of gaining read-only access to Schools' bank accounts online.</p> <p>There is then a risk that school management depend on Education Finance to review transactional data, and do not perform their own checks. Education Finance will clarify to schools the extent to which the statements received are scrutinised, and provide a reminder that school management is responsible for maintaining sufficient controls over payments made from schools' account(s).</p>

<b>Current Control Arrangement</b>	<b>Risk</b>	<b>Improvements Identified</b>
<p>The Education Finance team does not employ any SIMS specialists. Advice on the use of SIMS is a traded service. The Education Finance team does not have the capacity to provide this service but schools can obtain specialist advice from KCC, Capita or other providers.</p>	<p>Schools may not purchase appropriate advice, which could lead to inaccuracies in the recording of financial information Lack of coordination between the Education Finance team and service providers could lead to inconsistencies or gaps in the advice given to schools</p>	<p>The Education Finance team will check whether schools have access to appropriate advice. Headteachers will be advised to purchase specialist advice and support if they have not already done so. Education Finance maintains regular contact with KCC as the main service provider and these meetings will continue.</p>
<p>Although Education Finance provides briefing sessions for bursars twice a year, Headteachers do not receive regular updates on financial controls. There is training on financial processes provided to new Headteachers, School Business Managers and Bursars (and Governing Body members). However, there is no training available for staff already in post.</p>	<p>Good practice not shared Appropriate financial controls not put in place</p>	<p>Education Finance will review their processes with the aim of updating Headteachers regularly on issues relating to financial controls.</p>

Current Control Arrangement	Risk	Improvements Identified
<b>General School Issues</b>		
<p>Where a School Business Manager or Bursar completes a self assessment, the return should be reviewed and verified by the Headteacher and Chair of Governors. However, if assessments are submitted by e-mail there is normally no evidence of this review.</p>	<p>The HT and/or CoG may not have reviewed the self assessment submitted</p>	<p>Headteachers and Governing Bodies should assure themselves that the processes operating in their school meet the requirements of the <i>Medway Schools Finance Manual</i>, rather than relying on the word of the School Business Manager or bursar without any additional explanation or verification.</p> <p>Self-assessment returns should reflect the Headteacher and Governing Body view of financial systems and controls. A copy signed by Headteacher and Chair of Governors should be submitted to Internal Audit.</p>
<p>Where there is a level of trust placed in the person undertaking the role of School Business Manager this can result in reduced checks and verification controls in place to ensure financial propriety.</p>	<p>Fraudulent activity not identified</p>	<p>Headteachers should review LBA returns, monitor bank statements and check a random sample of payments. This would deter any misuse of cheques, internet payments and debit cards.</p>
<p>Control Failings:</p> <ul style="list-style-type: none"> <li>• Signing blank cheques;</li> <li>• Insufficient checks made against supporting documents before countersigning cheques. Where only one payment run is processed on the financial system each month, there are larger numbers of cheques and this could mean checks are not sufficiently rigorous;</li> <li>• Extensive use of handwritten cheques;</li> <li>• Insufficient details of cheque payments on counterfoils for handwritten cheques;</li> <li>• Documentation supporting cheque payments not retained, e.g. supplier invoices, evidence that goods/services received;</li> <li>• Internet bill payment arrangements set up in the name of</li> </ul>	<p>Financial loss Fraudulent activity not identified Errors not identified and corrected Individual undertaking financial responsibilities not appropriately protected Value for money not achieved Non compliance with legislative</p>	<p>Potentially the most important lesson to be learned from this incident is to make other schools aware of the factors that allowed the potential fraud to occur, and to remain undetected for so long. In particular, Headteachers and governing bodies of all Medway schools should be warned that, however well they know and trust the integrity of their bursar (or equivalent), a degree of monitoring should be applied to financial records and bank statements. They should also be reminded of the procedures set out in the Schools Finance Manual and advised of the 'warning signs' to look out for, for example:</p> <ul style="list-style-type: none"> <li>• Ensuring they are aware of <u>all</u> bank accounts, investments etc held by the school;</li> <li>• Confirming that two authorised signatures are required</li> </ul>

**APPENDIX A**

<b>Current Control Arrangement</b>	<b>Risk</b>	<b>Improvements Identified</b>
<p>financial institutions rather than the actual recipient;</p> <ul style="list-style-type: none"> <li>• Purchases using the school debit card with no supporting supplier invoice/receipt;</li> <li>• Staff paid by internet transfer/cheque for additional work carried out, salary enhancements, overtime, mileage allowance and claims for petrol;</li> <li>• Reclaiming VAT on payments to staff members and non-VAT registered suppliers;</li> <li>• Cash withdrawals from ATMs using the debit card but no petty cash float or records of any cash holdings;</li> <li>• Income received deposited into the voluntary fund account rather than being treated as 'official' funds;</li> <li>• Asset register out of date.</li> </ul>	<p>requirements</p>	<p>for all payments, whatever the payment method;</p> <ul style="list-style-type: none"> <li>• Ensuring that at least two people are able to use internet banking facilities and that payments are authorised/reviewed by a second person;</li> <li>• Monitoring bank statements to identify any unusual internet or debit card payments, or recurring cheque amounts;</li> <li>• Being extremely cautious of bank statements that are not bona-fide bank documents or direct printouts from the internet banking facility;</li> <li>• Cheques being handwritten as opposed to printed via the finance system;</li> <li>• Being asked to countersign cheques without supporting documentation, or in large batches of cheques at one time;</li> <li>• Being asked to sign blank cheques at any time.</li> </ul>
<p>Under legislation there is nothing to prevent a School Business Manager being elected as a Staff Governor, and sit on the Finance Committee (<i>or equivalent</i>).</p>	<p>Conflict of Interest</p>	<p>A conflict of interest should be declared by any staff member of a Governing Body when there is discussion, and a decision to be made, in relation to an area of the School for which they have management responsibility.</p>



# **INTERNAL AUDIT**

**CHILDREN AND ADULTS - SCHOOLS**

**FINANCIAL PROBITY AUDIT 2011/12  
TEMPLE MILL PRIMARY SCHOOL**

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### **REPORT PREPARATION**

Report prepared by:	Stephanie Fearria Auditor
Telephone:	01634 332476
Date issued:	27 June 2012
Supervising officer:	Graham Matthews Principal Auditor

### **REPORT DISTRIBUTION**

This final report has been issued to:

#### **Temple Mill Primary School**

Jane Bright	Headteacher
Stephen Peachell	Chair of Governing Body

#### **Medway Council**

Rose Collinson	Director, Children and Adults
Juliet Sevier	Assistant Director, Inclusion and Improvement
Mick Hayward	Chief Finance Officer
Phil Watts	Finance Manager
Richard Unsworth	Principal Accountant

The assistance of staff who provided help and information during the course of the audit is gratefully acknowledged.



## **INTRODUCTION**

1. Under Section 151 of the Local Government Act 1972, Medway Council's Chief Finance Officer has a legal responsibility for ensuring the proper administration of the Council's financial affairs, including Medway schools under Local Authority control. A programme of financial probity audits of schools is being undertaken. The output of the review at each School will be provided to the individual School, Senior Management within the Council, and once finalised it will be presented to the Council's Audit Committee.
2. The Guide to the Law, provided by the Department for Children, Schools and Families, defines the required School governance structure for ensuring financial probity. The Governing Body hold the Headteacher to account for ensuring there are appropriate and effective financial management and governance arrangements in place
3. Temple Mill is a Community Primary School and Children's Centre and has a current roll of 241 children and a budgeted income of £1.1M.
4. Our review covered governance, payroll (including CRB disclosure procedures), purchasing and payments, income and cash handling, and asset management, and began with an assessment of the control arrangements as set out in key documents and confirmed through interviews with staff and Chair of Governors. We obtained transaction data and where we identified areas of potential anomalies we undertook targeted testing in order to provide assurance that there were no concerns arising. We also verified the implementation of the management actions agreed in the internal audit report issued on 16.11.11.

## **FINDINGS**

5. Our review and testing of the financial control arrangements confirmed that improvements have been made since the last audit report, but there are some areas that require further action. An action plan, which management have agreed, records five actions to further strengthen current arrangements.
6. The main issues requiring further attention are:
  - Approval of purchases;
  - Evidencing receipt of goods before payment is made;
  - Income received not being banked frequently enough;
  - Asset register incomplete and not protected against loss or damage.
7. During our review we identified instances of the Headteacher authorising overtime and purchase reimbursement claims for her spouse in his role as caretaker. Whilst the amounts involved were relatively minor (two overtime claims totalling 19.5 hours and purchases of £34.85) and there appeared to be nothing untoward in these payments, this is a breach of both good practice and Medway Council's Workplace Relationship Protocol (available on the school forums website - paragraph 5.1 refers). We acknowledge that this situation has arisen following the dismissal of the former School Business Manager (who previously managed the caretakers) in early 2011. This issue has been discussed with the Headteacher and we were advised that the Chair of Governors will be signing these forms for the caretaker in future.

## **CONCLUSION**

8. Given that the issue noted above has now been resolved, we are able to confirm there are no outstanding probity matters. We are also satisfied that processes have been improved to address the most significant weaknesses identified in our report dated 16.11.11, but further action is needed to fully address some of the recommendations made.

### Management Action Plan: Probity Issues

Rec no	Finding	Risk	Management action
1.	Headteacher signing payroll / purchase requisition forms for her spouse, who is employed as a caretaker at the school (two overtime claims totalling 19.5 hrs and reimbursement of purchases totalling £34.85 in the sample selected).	Conflict of interest, potentially placing the Headteacher in a vulnerable position.	The Chair of Governors will sign payroll and purchase requisition forms for the Headteacher's spouse in his role of caretaker.  <b>IMPLEMENTATION DATE: Immediate (June 2012)</b>

### Management Action Plan: Control Issues

Rec no	Finding	Risk	Management Action
2.	<p><u>Purchasing of goods and services</u></p> <p>Some non-service purchases are made without completion of a requisition form and/or authorisation from the Headteacher.</p> <p>There is no evidence of Finance Committee approval for purchases in excess of 2K (limit set in school finance policy).</p>	<p>Budgets may be overspent and/or inappropriate purchases made.</p> <p>Inappropriate expenditure may be incurred. Governing body not able to fulfil its responsibility for the overall management of how school resources are managed.</p>	<p>Requisition forms to be completed and approved before purchases are made.</p> <p><b>IMPLEMENTATION DATE: June 18<sup>th</sup> 2012</b></p> <p>Purchases in excess of £2K to be approved by the Finance Committee and recorded in the minutes of the appropriate meeting. Governor meeting 10<sup>th</sup> July to approve changes to finance policy.</p> <p><b>IMPLEMENTATION DATE: 10<sup>th</sup> July 2012</b></p>

Rec no	Finding	Risk	Management Action
	<p>School's detailed transaction report from SIMS showed that purchase orders are not raised, even when the commitment is known. It also showed a high number of reimbursements continue to be made to school staff via cheque payment for buying resources for the school.</p> <p>Delivery notes are not endorsed to evidence checking of goods. The majority of invoices are not endorsed for accuracy and cheque counterfoils are not initialled by the cheque signatories.</p>	<p>In the absence of commitments in the SIMS system, the financial reporting may not give a true picture of school's finances. The school may not be receiving best value for money if members of staff are individually buying resources for the school.</p> <p>Goods may not be received and/or charged accurately.</p>	<p>Wherever possible purchase orders will be raised on SIMS in advance of purchasing goods and services to show commitments in the budget (HT in the process of obtaining training for finance assistant to be shown how to input orders). Staff expense reimbursement will be kept to a level appropriate for the school to be able to enhance the curriculum by purchasing items not available from the usual suppliers. However, this cannot be avoided if the Children's Centre Manager needs to obtain supplies at times when the school office is not staffed, eg during school holidays.</p> <p><b>IMPLEMENTATION DATE: July 2012</b></p> <p>Delivery notes/invoices (where appropriate) will evidence check of delivered goods to delivery notes. Before authorising payment, the Headteacher will seek assurance that supplied goods/services and invoiced prices agree with approved orders. The two people authorising cheques will both initial the cheque counterfoil.</p> <p><b>IMPLEMENTATION DATE: 18<sup>th</sup> June 2012</b></p>
3.	<p><u>Declarations of Interest</u></p> <p>Declarations of interest are not completed by staff with roles forming part of the procurement process.</p>	<p>Contracts/orders may be placed with companies in which staff have an interest, leaving them open to allegations of improper practice.</p> <p>Unable to demonstrate that best value has been obtained.</p>	<p>Staff with roles forming part of the procurement process will be required to complete a declaration of interest form or declare a nil return.</p> <p><b>IMPLEMENTATION DATE: End of Term 6 &amp; Start of Term 1 2012 (due to staff changes)</b></p>

Rec no	Finding	Risk	Management Action
4.	<p><u>Income/banking</u></p> <p>Invoices raised for services provided are not numbered.</p> <p>From the sample of nine bank paying in slips, banking is carried out approximately monthly with one occurrence taking nearly two months. The school finance policy states that 'the school will not maintain more than £200 cash, in total, on the premises', this was exceeded seven times in the sample with £1,515 the maximum amount of cash banked on a single occasion.</p>	<p>All income due may not be received.</p> <p>Unbanked income is more vulnerable to loss or theft, increased risk of loss/ theft in transit to the bank.</p>	<p>Invoices raised for services provided will be numbered.</p> <p><b>IMPLEMENTATION DATE: July 2012</b></p> <p>Banking will take place at least weekly, or more frequently if necessary. Money awaiting banking will be locked in the safe.</p> <p><b>IMPLEMENTATION DATE: Immediate (June 2012)</b></p>
5.	<p><u>Payroll</u></p> <p>The authorised signatory form for payroll does not include the Chair of Governors, who would be responsible for approving any changes to the Headteacher's salary etc.</p> <p>From the sample, submission of forms to Payroll was delayed on four occasions, leading to the overpayment of salary for one member of staff who had left the school.</p> <p>From the sample of 32 overtime payments (form PMC008), reason for overtime was not given on 16 forms.</p>	<p>Changes to the Headteacher post will not be appropriately approved.</p> <p>Overpayments to leavers may not be recovered.</p> <p>Inappropriate payments may be made.</p>	<p>Chair of Governors to be added to the payroll authorised signatory list.</p> <p><b>IMPLEMENTATION DATE: July 2012 (as soon as forms are received)</b></p> <p>School to ensure that payroll forms are submitted to Medway Payroll on a timely basis.</p> <p><b>IMPLEMENTATION DATE: Immediate (June 2012 - already done)</b></p> <p>As good practice, the school should ensure that reasons for overtime are stated on claim form.</p> <p><b>IMPLEMENTATION DATE: June 2012 (already actioned)</b></p>

Rec no	Finding	Risk	Management Action
6.	<p><u>Asset management</u></p> <p>The asset register is not reliable as some items are not recorded and disposals do not show evidence of approval. The register does not contain details such as cost and is only in hard copy form, which is not stored in a fireproof/waterproof safe. Not all desirable assets such as the recently purchased computers are security marked.</p>	<p>Ownership of assets cannot be proven in the event of an insurance claim arising from theft or fire / flood.</p> <p>In the event of fire, flood or theft any insurance claim may be invalidated due to insufficient information.</p> <p>Assets cannot be identified as belonging to the school.</p>	<p>Guidance given in the school finance policy about recording and security marking assets will be followed.</p> <p><b>IMPLEMENTATION DATE: July 10<sup>th</sup> 2012</b></p> <p>An asset check will take place at least once a year to verify the asset still exists. To ensure a proper segregation of duties this check will not be undertaken by the member of staff responsible for maintaining the asset register.</p> <p><b>IMPLEMENTATION DATE: June 2012</b></p> <p>The asset register will be stored in a fireproof/waterproof cupboard or be supported by an electronic copy that is backed-up remotely.</p> <p><b>IMPLEMENTATION DATE: June 2012</b></p>

**TERMS OF REFERENCE**

<b>AUDIT:</b>	Temple Mill Primary School - probity audit
<b>DIRECTORATE:</b>	Children and Adults

**BACKGROUND INFORMATION**

Under the School Standards and Framework Act 1998, management of Individual Schools Budgets is delegated to schools' governing bodies, but Medway Council's Chief Finance Officer (CFO) retains a statutory duty to ensure the adequacy of financial control over this delegated funding.

Internal Audit undertakes a number of audits to provide independent assurance to the CFO. This review will form part of a series of probity reviews to be undertaken in Medway's Schools over the coming 12 months. An overview report collating the findings of these probity reviews will be presented to Audit Committee in March 2013.

**OBJECTIVE**

The objective of this review is to provide assurance regarding the probity of financial management at Temple Mill Primary School by reviewing key financial processes and transactions, and identifying key actions for management to take in order to mitigate risks.

**SCOPE**

The review will focus on the following areas:

- Governance
- Payroll (including CRB disclosure procedures)
- Purchasing and payments
- Income and cash handling

Through this review we will also review the implementation of the management actions agreed in the internal audit report issued on 16.11.11.





**AUDIT FINDINGS, RECOMMENDATIONS and AGREED MANAGEMENT ACTIONS from report 10039 issued 16.11.11**

**1. Practices that should be amended immediately**

<b>Rec. No</b>	<b>Finding</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Management Action &amp; Officer Responsible</b>	<b>Current Situation – May 2012</b>
1	As the Business Manager was given delegated authority to sign-off monthly Local Bank Account (LBA) returns, the Headteacher was presented with only budget monitoring reports for review.	Any fraudulent activity was unlikely to be identified.	The Headteacher, who has ultimate responsibility for the school's finances, should review budget monitoring and LBA returns and check a sample of supporting documentation.	The Headteacher has re-familiarised herself with financial procedures and participated in the budget build for 2012/13.  The Headteacher checks LBA returns, prepared by Pink Accountancy, against the financial system and bank statements.	Completed
2	No documentation whatsoever found for many cheque payments, otherwise cheque counterfoils often handwritten and lacking date, payee details or amount.	Inaccurate or inappropriate payments may be made.	a) Counterfoils should be retained for all cheques raised, filed in an orderly fashion to facilitate retrieval if required;  b) All cheques should be generated via the SIMS financial system, unless it is not possible to do so;  c) If it is necessary to raise a handwritten cheque, the date, payee and total should be recorded on the counterfoil.	a) Cheque counterfoils, plus supporting documents, are now filed in numerical sequence.  b) All cheques are now produced via SIMS, none are hand-written.  c) No longer applicable.	Completed

Rec. No	Finding	Risk	Recommendation	Management Action & Officer Responsible	Current Situation – May 2012
3	Where cheque counterfoils were retained, these were frequently not supported by supplier invoice and/or any evidence of goods/services being received.	Payments may be made for goods or services that have not been received for the benefit of the school.	<ul style="list-style-type: none"> <li>a) Suppliers' invoices and delivery notes (where applicable) should be attached to, or matched to, the relevant cheque counterfoil;</li> <li>b) Delivery notes (where received) should be endorsed to confirm that goods received have been checked, and by whom (this should be someone other than the person placing the order);</li> <li>c) Invoices should be endorsed to indicate that checks have been made to confirm that the goods/services invoiced were ordered, received for the benefit of the school and priced correctly – this might be achieved through use of a rubber stamp showing boxes for these checks to be recorded.</li> </ul>	<ul style="list-style-type: none"> <li>a) Invoices and delivery notes are now matched with cheque counterfoils and filed in numerical sequence.</li> <li>b) Now in place - there is also now segregation of duties between placing orders, receiving goods and processing invoices for payment.</li> <li>c) Invoices are now matched with delivery notes, where appropriate, evidencing receipt of goods. In addition, the Governing Body now request periodically to see all documentation relating to a sample of payments.</li> </ul>	Partially implemented – new management action plan rec 2 refers

Rec. No	Finding	Risk	Recommendation	Management Action & Officer Responsible	Current Situation – May 2012
4	The Headteacher had evidently countersigned cheques without checking supporting documentation thoroughly and, on occasions, signed blank cheques.	Improper payments made, apparently with the Headteacher's approval.	<ul style="list-style-type: none"> <li>a) The two people authorising cheques should satisfy themselves that the goods/services invoiced have been received before approving payment, and should both initial the cheque counterfoil.</li> <li>b) Authorised signatories should <u>never</u> sign blank cheques.</li> </ul>	<ul style="list-style-type: none"> <li>a) All cheques are now authorised independent of the finance function, being signed by the Headteacher and Deputy Head. Counterfoils will be initialled by signatories with immediate effect.</li> <li>b) Blank cheques are no longer signed.</li> </ul>	Completed
5	Lack of supporting documentation and management approval for internet bill payments and debit card payments.	Inappropriate payments may be made, for goods or services that have not been received for the benefit of the school.	<ul style="list-style-type: none"> <li>a) An internal order requisition should be raised and authorised appropriately before any orders are placed/ purchases made;</li> <li>b) A covering document should be raised for all internet bill payments and debit card purchases, numbered sequentially, dated and signed by two authorised bank signatories before the purchase is made;</li> <li>c) Evidence of the purchase (for example retailer's till receipt/ sales voucher or printed order if ordered online) and receipt (delivery note, if applicable) should be attached to the covering document;</li> </ul>	<ul style="list-style-type: none"> <li>a) Internal requisitions now used and purchase orders raised on SIMS.</li> <li>b) Purchase orders are now raised on SIMS before any internet bill payment or debit card payment is made; only the Headteacher has access to the debit card.</li> <li>c) Evidence of internet order or supplier receipt is now attached to relevant purchase order.</li> </ul>	Partially implemented – new management action plan rec 2 refers

Rec. No	Finding	Risk	Recommendation	Management Action & Officer Responsible	Current Situation – May 2012
			d) The Headteacher should review bank statements periodically and confirm that documentation is held for all internet bill payment and debit card transactions.	d) Bank statements now reviewed when checking LBA returns.	
6	Internet bill payment arrangements set up in the name of financial institutions rather than actual recipients.	Inappropriate payments may be made.	Current bill payment arrangements should either be amended to show the name of the recipient or cancelled and replacement arrangements set up if required.	All arrangements have now been amended to show the name of the actual recipient.	Completed
7	One of the school caretakers identified to have been carrying out painting and decorating work for five years, having been paid almost £45,000 by cheque/internet transfer, but lack of supporting evidence of work actually carried out.	The school may have paid for work that has not been completed, or has been carried out in normal working hours.  No deductions for PAYE and NI have been made.	If a staff member is to continue carrying out additional work such as painting, the Headteacher should ensure that: <ul style="list-style-type: none"> <li>♦ Evidence of work carried out is obtained;</li> <li>♦ Sufficient records are maintained to confirm that work is not carried out during normal working hours;</li> <li>♦ Payment is made via payroll to ensure that all deductions are made correctly.</li> </ul>	Only four members of staff now work on flexi-time arrangements, recording the hours they work; hours carried over to next period are approved by the Headteacher.  If excessive hours are worked, staff are paid overtime, via Payroll, to ensure that PAYE and NI is treated properly.	Completed

Rec. No	Finding	Risk	Recommendation	Management Action & Officer Responsible	Current Situation – May 2012
8	Other staff also being paid by cheque, in some cases substantial amounts, for additional work carried out, salary enhancements or overtime worked.	PAYE and NI liability not dealt with correctly.	<ul style="list-style-type: none"> <li>a) All payments to members of staff that are not simply reimbursement of expenditure incurred for business purposes (for example rail fares to attend courses or purchase of small items for school use) should be routed through payroll;</li> <li>b) Supplier receipts should be retained to support all reimbursements of personal expenses.</li> </ul>	<ul style="list-style-type: none"> <li>a) Cheques are now raised only for 'emergency' payments if claim documents can not be submitted to Payroll in time to meet the monthly cut-off date.</li> <li>b) Receipts are now obtained for all claims – reimbursement will be refused if not provided.</li> </ul>	Completed
9	Staff being paid mileage allowance by cheque, or reimbursed for fuel purchased.	VAT liability not dealt with correctly, as mileage allowance includes an element for 'wear and tear' and all fuel purchased may not be used for business purposes.	<ul style="list-style-type: none"> <li>a) All claims for business use of personal vehicles should be on the basis of mileage incurred, calculated at the approved rate per mile, not simply the cost of petrol purchased, and paid through payroll;</li> <li>b) A VAT receipt for fuel purchased should be attached to all claims for mileage allowance.</li> </ul>	<ul style="list-style-type: none"> <li>a) All claims for vehicle use now processed via Payroll – the only fuel now purchased is for use in the lawnmower.</li> <li>b) VAT receipts now being attached to claims for mileage allowance.</li> </ul>	Completed
10	Staff members regularly reimbursed for purchases with no supplier receipts submitted.	Payment may be made for goods that have not been received for the benefit of the school.	<ul style="list-style-type: none"> <li>a) Wherever possible, items required for school use should be purchased using an official order.</li> <li>b) Where staff members purchase goods for school use, reimbursement should be made only on production of supplier receipts.</li> </ul>	<ul style="list-style-type: none"> <li>a) Purchase orders now being raised for all school purchases.</li> <li>b) Now in place (as per 8(b)).</li> </ul>	Partially implemented – new management action plan rec 2 refers

## 2. Actions that need to be taken urgently

Rec. No	Finding	Risk	Recommendation	Management Action & Officer Responsible	Current Situation – May 2012
11	The mandate for the 'official funds' bank account requires two authorising signatures on all payments, but many cheques had not been countersigned by a second person.	The bank failed to prevent improper payments being made.	The Governing Body should seek reimbursement from the bank of the £14,521 on cheques payable to the Business Manager that were not countersigned by a second person.	Agreed, though considered prudent to await the outcome of the former Business Manager's prosecution and subsequent recovery under POCA before proceeding (details of payments provided by Internal Audit 18.10.11).	Completed
12	Staff member paid almost £45,000 by cheque/internet transfer over five years is not registered under the Construction Industry tax Scheme (CIS) and admitted that he has failed to declare any of this additional income to HMRC.	The School and the Council are at significant risk of prosecution by HMRC.	Medway Council Payroll should be advised of the total payment made to the individual concerned for additional work carried out, so that arrangements can be made to apply deductions for the PAYE and NI due.	Headteacher to advise Medway Payroll of payments made so that HMRC can be notified and arrangements made to recover PAYE/NI due from employee (details provided by Internal Audit 18.10.11).	Completed

Rec. No	Finding	Risk	Recommendation	Management Action & Officer Responsible	Current Situation – May 2012
13	All payments to the Business Manager, plus those to the caretaker (who is not VAT registered) for painting etc and to a staff member for VAT incurred on a personal purchase, had been recorded as subject to VAT with input VAT reclaimed via Medway Council.	The School and the Council are at significant risk of prosecution by HMRC.	<p>a) VAT should be reclaimed only on eligible expenditure, paid to VAT registered suppliers.</p> <p>b) Staff members should not, under any circumstances, be reimbursed with the VAT on personal purchases, even if the item purchased is also used at school.</p> <p>c) The school's VAT return should be adjusted to rectify the VAT overclaimed on:</p> <ul style="list-style-type: none"> <li>♦ Payments made directly to, and purchases made by, the former Business Manager;</li> <li>♦ Payments made to the caretaker for painting etc;</li> <li>♦ The VAT reimbursed to another member of staff for her personal PC purchase, plus the VAT reclaimed on that payment.</li> </ul>	<p>a) VAT is now being indicated correctly on all expenditure.</p> <p>b) Practice of reimbursing staff members with VAT incurred on personal PC purchases has been discontinued.</p> <p>c) Headteacher to seek advice from Pink Accountancy and Medway Financial Support on how best to address this issue.</p>	Completed
14	Insufficient supporting documentation for cash withdrawals using ATMs.	Cash withdrawn may be misused or misappropriated.	a) The Governing Body should decide formally whether cash can be used to reimburse staff for small purchases made, and record this decision in the school's finance policy.	a) No cash has been withdrawn from ATMs since the audit investigation. However, if cash income received cannot be used for small purchases a petty cash facility will be introduced.	Completed

Rec. No	Finding	Risk	Recommendation	Management Action & Officer Responsible	Current Situation – May 2012
			b) If cash is to be used: <ul style="list-style-type: none"> <li>♦ formal records (possibly using SIMS) should be maintained of the approved float(s), the balance held, expenditure and replenishment;</li> <li>♦ the float(s) should be retained securely, for example in a locked cash box within a locked safe;</li> <li>♦ the float(s) held should be physically checked against the recorded balance periodically (ideally monthly) by two people.</li> </ul>	b) Appropriate procedures will be introduced.	
15	Headteacher and Governing Body not aware that school voluntary fund existed.	The former Business Manager evidently abused the account for personal gain.	The Governing Body should decide formally whether to continue operating a voluntary fund, and update the school's finance policy if necessary.	Headteacher to recommend closure of voluntary fund account and transfer into main account, using balance held to purchase something appropriate.	Completed
16	No records of voluntary fund transactions located, established that the bank account requires only a single authorising signature on payments and that virtually all income received (for the Children's Centre and extended services) was being deposited into this account rather than treated as 'official' funds.	The former Business Manager was able to exploit these issues to abuse the account for personal gain.	If a voluntary fund is to be maintained: <ul style="list-style-type: none"> <li>a) Appropriate records of transactions on the fund should be maintained (possibly using SIMS);</li> <li>b) The bank mandate should be revised to require two authorising signatures on all payments;</li> </ul>	Will not be necessary if Governing Body ratifies Headteacher's recommendation to close account.	Completed



Rec. No	Finding	Risk	Recommendation	Management Action & Officer Responsible	Current Situation – May 2012
			c) An annual return of income and expenditure, audited by an appropriate independent person, should be submitted to Medway Education Finance.		

### 3. Actions that can be taken over a longer period

Rec. No	Finding	Risk	Recommendation	Management Action & Officer Responsible	Current Situation – May 2012
17	No evidence of any competitive process when switching the stationery contract to a different supplier.	Failure to comply with Medway Council's procurement requirements leaves the school open to allegations of improper practice.	<p>a) The contract for provision of printer paper, toner cartridges and stationery should be subject to a formal tendering process as soon as possible;</p> <p>b) Other supply contracts with aggregated values exceeding the thresholds set out in the Medway finance manual for schools should be identified and subject to formal competitive quotations or tendering procedures, as applicable.</p>	<p>a) Stationery is now obtained from Kent County Supplies under the framework agreement.</p> <p>b) Quotations are now obtained for all purchases exceeding the thresholds and these are pinned to the relevant purchase order to provide evidence of the process.</p>	Completed

Rec. No	Finding	Risk	Recommendation	Management Action & Officer Responsible	Current Situation – May 2012
18	<p>Considerable quantity of IT equipment purchased by the school during the last five years. The Business Manager advised that the asset register was out of date and stored in the attic.</p>	<p>Some equipment paid for may not have been for the use of the school.</p> <p>Losses may not be identified and it may not be possible to substantiate any insurance claims in the unfortunate event of theft, fire or flood.</p>	<p>a) A full physical check of all ICT equipment held in the school should be carried out, with the description (including model and serial numbers where applicable) and location of every item recorded (it may be possible to also refer to recent equipment inspections carried out by EIS to assist in identifying items);</p> <p>b) the record should be used to create an asset register, which should be held securely so that it is available at any time (suggested that both computer record and hard copy should be retained);</p> <p>c) the purchases identified (details provided by IA) should be checked against the new asset register and additional information (eg date of purchase, supplier, cost) added to the register;</p> <p>d) the whereabouts of any items purchased that cannot be accounted for should be investigated, with the outcome reported to the Governing Body and Medway Council.</p>	<p>a) A full physical check has now been carried out and used to produce a revised asset register.</p> <p>b) The revised asset register is retained in both electronic and hard copy format, the latter stored in a metal cupboard.</p> <p>c) Purchases identified have now been checked against the revised asset register. The only item that cannot be accounted for is a Sony laptop purchased in October 2008, which it is recalled the former Business Manager claimed was her personal property.</p> <p>d) Internal Audit reported the laptop issue to Kent Police on 18.10.11, though this was too late for inclusion in the prosecution case. Headteacher to report this to the next Governing Body meeting.</p>	<p>Partially implemented – new management action plan rec 6 refers</p>

Rec. No	Finding	Risk	Recommendation	Management Action & Officer Responsible	Current Situation – May 2012
19	Significant payments to a company run by relative of the former Business Manager, some IT equipment identified to have been purchased for/by members of staff and relatives.	Potential use of school funds for the benefit of relatives and members of staff.	<p>a) All staff members should be required to formally declare any interests that may compromise their independence when purchasing goods or services, and arrangements made to exclude them from any purchasing decisions.</p> <p>b) No payments should be made for goods/ services that will not be for school use.</p>	<p>a) All Governors and staff involved in purchasing have declared any interests and are excluded from any purchasing decision where their independence might be impaired.</p> <p>b) Appropriate procedures now in place to authorise all orders and payments.</p>	Partially implemented – new management action plan rec 3 refers





# **INTERNAL AUDIT**

**CHILDREN AND ADULTS**

**2012/13 FOLLOW-UP  
TEMPLE MILL PRIMARY SCHOOL**

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### **REPORT PREPARATION**

Report prepared by:	Graham Matthews Principal Auditor
Telephone:	01634 332475
Date issued:	11 December 2012
Supervising officer:	Alison Russell Audit Services Manager

### **REPORT DISTRIBUTION**

This final report has been issued to:

#### **Temple Mill Primary School**

Jane Bright	Headteacher
Stephen Peachell	Chair of Governing Body

#### **Medway Council**

Barbara Peacock	Director, Children and Adults
Juliet Sevier	Assistant Director, Inclusion and Improvement
Mick Hayward	Chief Finance Officer
Phil Watts	Finance Manager
Richard Unsworth	Principal Accountant

The assistance of staff at the school who provided help and information during the course of the audit follow-up is gratefully acknowledged.

## **MANAGEMENT SUMMARY**

1. The financial probity audit for Temple Mill Primary School completed earlier this year (final report issued 27 June 2012) identified that further action was required to address control weaknesses arising from the previous investigation into misappropriation of funds (reported in November 2011) more effectively. Further improvements were recommended in respect of:
  - Approval of purchases;
  - Evidencing receipt of goods before payment is made;
  - Banking income promptly;
  - Recording all assets and protecting the asset register against loss or damage.Six further recommendations were made, all being accepted by school management with an undertaking to implement them by September 2012.
2. The audit process is not complete until an independent follow-up is performed in order to confirm progress in addressing the weaknesses identified, to evaluate the extent to which financial controls have been improved. An initial meeting with the headteacher and Chair of Governors established that implementation of one of the recommendations – declarations of interest by all staff involved in the procurement process – had been delayed as a result of the former's absence following the summer break and we have been advised that this will now be in place by 21 December 2012.
3. We therefore carried out sample checks to confirm implementation of the remaining recommendations, and overall we can confirm that progress has been made in relation to most of the issues identified, and the current arrangements are a significant improvement over the controls in place at the time of the audit investigation in 2011.
4. However, weaknesses remain in the arrangements now in place and therefore further recommendations were made and accepted by the headteacher. These related to:
  - Nominating a third authorised signatory for the bank account so the headteacher does not need to co-sign cheques reimbursing both herself and her spouse for mobile phone charges and purchases made for school use;
  - Discouraging staff from purchasing items required for school use personally then claiming reimbursement, with proper purchasing procedures to be followed instead, ie requisition raised, approved by the headteacher then ordered officially by the school;
  - Banking income received more frequently to ensure that cash holding does not exceed the maximum specified in the school's finance policy;
  - Revising the format of the asset register to include additional information such as dates of purchase and cost, and ensuring that items purchased (such as 'desirable' electrical equipment) are recorded in the asset register promptly.

## **CONCLUSION**

5. The level of issues is now such that we would not consider it necessary to undertake further follow up work - but do encourage headteacher and chair of governors to implement the improvements noted, continue to monitor and review the financial arrangements in place, and to make use of the guidance and support provided by Medway Council.

The issues identified, recommendations arising and the actions taken by management to address them, are shown in the following table.

## MANAGEMENT ACTIONS TAKEN TO ADDRESS AUDIT FINDINGS

Rec no	Finding	Risk	Recommendation	Management action
1.	Now that cheque counterfoils are being initialled by the cheque signatories we identified that the headteacher (one of only two authorised signatories for the bank account) has co-signed cheques reimbursing both herself and her spouse for mobile phone charges and purchases made for school use.	As good practice, the headteacher should not sign cheques payable to herself or members of her family.	The assistant headteacher should be made an authorised signatory to the bank account – this would also provide additional contingency in the event of one of the existing signatories being absent.	This has been requested of the bank.
2.	Very few instances identified of purchase requisitions being raised and authorised by the headteacher before the order is placed, with an official SIMS purchase order generated, most goods needed being purchased by staff and reimbursement claimed from the school.	Impacts on financial management and could result in overspends against budget being incurred.	Staff should be discouraged from purchasing items personally then claiming reimbursement and proper purchasing procedures followed, ie requisition raised, approved by the headteacher then ordered officially by the school.	All staff have been informed that they need to complete an order approval form.
3.	Income received not necessarily banked promptly, with lengthy periods between bankings (eg 14.5.12-19.6.12, 20.7.12-2.10.12) and cash amounts exceeding the maximum overnight holding stipulated in the school's own finance policy (recently increased to £500).	Increased risk of loss or theft of cash.	Income should be banked more frequently to ensure that cash holding does not exceed the maximum specified in the school's finance policy.	New instruction given to bank money before £500 limit is reached.
4.	Overtime claims noted to include shifts of between 6.5 and 9hrs with no break recorded - one claim had been endorsed "Payroll rang to reduce hours because of lunch break". The same person's claim for the following month shows 8:30-16:30 = 8hrs but included a note that "half hour deducted for lunch already".	Breach of working time directives as no evidence that legally required breaks have been taken.  False start and/or finish times may be declared.	Daily claims should be split to show actual morning and afternoon start/finish times, so that lunch break is clear.	We have tried to implement this but Payroll need audit advice as they are unaware of this recommendation to schools.  <i>Audit comment: We have clarified with the Operations Manager that there is no problem in adopting this recommendation.</i>



Rec no	Finding	Risk	Recommendation	Management action
5.	The revised asset register still does not indicate all key information required, for example model numbers are not always shown where applicable and the date recorded is evidently the date checked rather than date of purchase (even where this known) – registers have also been split between electrical and non-electrical items, but we found instances where IT equipment was shown on the latter and not the former.	Insufficient evidence to support an insurance claim in the event of loss or theft of school equipment.	The format of the asset register should be revised to include additional columns so that further details can be recorded (example provided as Appendix 1 to Section 12 of the Medway Finance Manual for Schools).	To be revised January 2012
6.	A number of items purchased since July using the school debit card had not been added to the asset register. These included a fridge, washing machine, projector, all-in-one printer and shredder.	Although only two of these items cost more than £200 this type of electrical equipment could be regarded as desirable and therefore more vulnerable to theft.  Loss or theft may not be identified if equipment is not recorded.	Items exceeding a certain value (to be determined by the governing body), or regarded as desirable, should be recorded in the asset register promptly after purchase.	These items have been entered into the asset register 12.12.12



# MEDWAY SCHEME FOR FINANCING SCHOOLS

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*Contacts for further information:*

Brian Daniels  
Education and Leisure Finance Manager  
Tel: 01634 331193  
Email: [brian.daniels@medway.gov.uk](mailto:brian.daniels@medway.gov.uk)

Richard Unsworth  
Principal Accountant  
Tel: 01634 331079  
Email: [richard.unsworth@medway.gov.uk](mailto:richard.unsworth@medway.gov.uk)

Medway Council  
Education and Leisure Department  
Civic Centre,  
Strood,  
Rochester,  
Kent  
ME2 4AU

Fax: 01634 332848

## 1.1 **The Funding Framework**

- 1.1.1 The funding framework, which replaces Local Management of Schools, is based on the legislative provisions in sections 45-53 of the School Standards and Framework (SSAF) Act 1998.
- 1.1.2 Medway Council determines the size of its Schools Budget and LEA Budget under this legislation - although the Secretary of State has power to require an LEA to increase its Schools Budget to a prescribed level. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on maintained schools in Medway.
- 1.1.3 The Authority can retain funding centrally in the Schools Budget for purposes defined in regulations made by the Secretary of State under section 45A of the Act. The Authority decides the amounts to be retained centrally, subject to any limits or conditions prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the LEA budget must be retained centrally (although earmarked allocations may be made to schools).
- 1.1.4 The Authority may retain an unallocated reserve within the ISB, but otherwise distributes amounts from the ISB amongst the maintained schools using a formula which accords with regulations made by the Secretary of State and which enables the calculation of a budget share for each maintained school.
- 1.1.5 The budget share for each school is delegated to the governing body, unless the school is a new school, which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with section 51 of the Act. The financial controls within which delegation works are set out in the Medway Scheme for Financing Schools.
- 1.1.6 The Medway Scheme for Financing Schools is in accordance with section 48 of the Act and has the approval of the Secretary of State. All revisions to the Scheme must be approved by the Secretary of State who has the power to modify or oppose the Scheme.
- 1.1.7 Subject to provisions of the Scheme, governing bodies of schools may spend budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under section 50.
- 1.1.8 The Authority can suspend a school's right to a delegated budget if the provisions of the Scheme (or rules applied by the Scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State. A school's right to a delegated budget share may also be suspended for other reasons (section 17 of the SSAF Act 1998) but in that case there is no right of appeal.

- 1.1.9 The Authority publishes a statement annually setting out details of its planned Schools Budget and LEA Budget, showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate these budget shares, and the detailed calculation for each school. After each financial year the Authority publishes a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.
- 1.1.10 The Medway Scheme for Financing Schools and financial statements adhere to the detailed publication requirements in accordance with regulations. Every school is to receive a copy of the Scheme and any amendment, and annual budget and out-turn statements so far as they relate to the school or central expenditure.

## 1.2 **The role of the Scheme**

The Scheme sets out the financial relationship between the Authority and the maintained schools that it funds. It contains requirements relating to financial management and associated issues, which are binding on both the Authority and on schools. It also requires schools to comply with rules and requirements set out in separate documents: these rules and requirements are, however, binding on schools only to the extent that they are compatible with the terms of this Scheme (SSAF Act 1998 section 48 paragraph 3).

### 1.2.1 **Application of the Scheme to the Authority and maintained schools**

The scheme applies to all community, voluntary, community special and foundation schools maintained by the Authority. The schools are listed in Annex A.

## 1.3 **Publication of the Scheme**

A copy of the Scheme is supplied to the headteacher and to the governing body of every school in Medway. Schools will be notified of any subsequent approved revisions.

## 1.4 **Revision of the Scheme**

Any proposed revisions to the Scheme will be the subject of consultation with schools and require approval by the Secretary of State.

## 1.5 **Delegation of powers to the headteacher**

The governing body of each school is required to consider the extent to which it wishes to delegate its financial powers to the headteacher, and to record its decision (and any revisions) in the minutes of the governing body. The Medway Schools' Finance Manual gives a possible model for this. The first formal budget plan of each financial year must be approved by the governing body. The arrangements made by governing bodies for delegation must in any event be consistent with regulations made by the Secretary of State under section 38 and Schedule 11 of the SSAF Act 1998.

## 1.6 **Maintenance of Schools**



The Authority is responsible for maintaining the schools covered by the Scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary aided school where some of the expenses are, by statute, payable by the governing body). Part of the way the Authority maintains schools is through the funding system in place under Sections 45 to 53 of the SSAF Act 1998.

## **SECTION 2      FINANCIAL CONTROLS**

### **2.1      Financial requirements**

#### **2.1.1      Application of financial controls to schools**

Schools must abide in the management of their delegated budgets by the Authority's requirements on financial controls and monitoring. This applies not only to those in the Scheme but also to those requirements contained in more detailed publications referred to in the Scheme but outside and compatible with it.

#### **2.1.2      Provision of financial information and reports**

Schools are required to provide the Authority with details of anticipated and actual expenditure and income, normally on a quarterly basis, in a form and at times determined by the Authority as set out in the Medway Schools' Finance Manual. Submissions relating to tax and bank reconciliation will be required on a more frequent basis. More frequent submissions may also be required where the Authority has notified the school in writing that, in its view, the school's financial position requires more frequent submission, or the school is in its first year of operation.

#### **2.1.3      Payment of salaries; payment of bills**

Schools must exercise strict control over payment of salaries and invoices and must comply with the administrative procedures issued by the Authority as set out in the Medway Schools' Finance Manual.

#### **2.1.4      Payment of General Teaching Council fees**

Schools are reminded that the General Teaching Council for England (Deduction of Fees) Regulations 2001 apply to teachers at maintained schools registered with the GTC, or required to be so registered by the Teachers Compulsory Registration (England) Regulations 2001. The Regulations place a duty on the employer of such teachers to deduct and remit the GTC fee in respect of a teacher who has not already paid the fee to the GTC where the GTC has notified the employer to deduct and remit the fee of that teacher. This includes teachers who have indicated to the GTC that they wish to pay the fee by a salary deduction as well as teachers who have not indicated how they wish to pay the fee.

In order to ensure the performance of the duties to deduct and remit the fee imposed on employers by the Regulations, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares:

a) By virtue of section 46 of the Schools Standards and Framework Act 1998 and the Regulations made under that section, the costs of payroll administration for teachers in the Authority's maintained schools fall to be met from the budget shares which are allocated to the governing bodies pursuant to section 47 to the Act, and which are delegated to them pursuant to sections 49-50. Accordingly, by virtue of Chapter IV of Part II of that Act and this Scheme, governing bodies are therefore responsible for making suitable arrangements (or ensuring that such arrangements are made) for the administration of payroll services in respect of their teachers.

b) A governing body of a community school, community special school or a voluntary controlled school, though not the employer of the teachers at such a school, shall:

- where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of fees by the Authority to the GTC. The governing body shall meet any consequential costs from the school's budget share;
- where the governing body has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of fees by that person to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share; and
- where the governing body directly administers the payroll, deduct and remit the fees to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share.

c) A governing body of a foundation school or a voluntary aided school, as the employer of its teachers, is by virtue of the Regulations under a duty to deduct (or arrange for the deduction of) the fee and to remit the fee to the GTC. Accordingly, a governing body shall:

- where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by the Authority to the GTC on the governing body's behalf. The Authority shall agree to any such amendment. The governing body shall meet any consequential costs from the school's budget share;
- where the governing body has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by that person to the GTC or to the governing body for onward transmission to GTC. The governing body shall meet any consequential costs from the school's budget share; and

- where the governing body directly administers the payroll, deduct and remit the fees to the GTC. The governing body shall meet any consequential costs from the school's budget share.

d) All this must be done whether the funding for the salary payments is paid to the Authority by the school from budget share instalments, which have been held by the school in an independent bank account, or the salary costs are directly charged by the Authority to the school's budget share account.

#### 2.1.5 **Control of assets**

All schools must maintain an asset register, which contains details of significant equipment and capital items. For items worth less than £1,000 schools can determine their own arrangements. For items above the £1,000 threshold the purchase of assets should follow the procedures for all purchases with regard to limits, authorisations and tender policies, as set out in the Medway Schools' Finance Manual. All assets purchased must be entered in the asset register if the cost is over the specified value. The disposal of assets must be appropriately authorised and where significant should be sold following competitive tender.

#### 2.1.6 **Accounting Policies (including year-end procedures)**

Schools are required to abide by procedures both in relation to general accounting policies, as set out in the Medway Schools' Finance Manual, and also to the annual closing of accounts process, as set out in the Authority's "Closing of Accounts" booklet.

#### 2.1.7 **Writing off of debts**

Governing bodies are authorised to write off debts up to the level stipulated in the Medway Schools' Finance Manual. Above this level schools must comply with the financial regulations of the Authority.

#### 2.2 **Basis of accounting**

All reports and accounts that are required by the Authority from schools must be on an accruals basis.

#### 2.3 **Submission of budget plans**

Each school is required to submit a budget plan each year in a specified format to the Authority by the third Friday in May. The plan should show the intentions for the expenditure in the current financial year and the assumptions underpinning the budget plan. Schools are also required to submit revised plans throughout the year if requested by the Authority. Schools are permitted to take full account of estimated deficits/surpluses at the previous 31 March in their budget plan.

The Authority undertakes to supply schools with all income and expenditure data that it holds in order to assist the efficient planning by schools and an annual statement showing when this information will be available at times through the year.

## 2.4 **Best value**

When submitting the annual budget plan, the governing body of each school is required also to submit a statement setting out what steps they 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 'best value'. Schools should refer to these principles, attached at Annex B, and to further guidance given in the Medway Schools' Finance Manual.

## 2.5 **Virement**

Schools can vire freely between budget heads in the expenditure of their budget shares in accordance with parameters set by governing bodies.

## 2.6 **Audit: General**

All schools are subject to audit both from the Authority's internal audit section and the Authority's external auditors. Schools must co-operate and provide access to their records for both internal and external auditors. The Authority, however, will not seek access to examine accounts for schools' voluntary and private funds.

## 2.7 **Separate external audits**

A governing body is allowed to spend funds from its budget share specifically to obtain external audit certification of its accounts, separate from the Authority's internal or external audit process.

## 2.8 **Audit of voluntary and private funds**

Schools are required to provide audit certificates in respect of voluntary and private funds held by them and of the accounts of any trading organisations that they control.

## 2.9 **Register of business interests**

The governing body of each school is required to maintain a register which lists for each member of the governing body and the headteacher, any business interests they, or any member of their immediate family, have. The governing body must keep the register up to date with notification of changes and through annual review of entries, and must make the register available for inspection by governors, staff, parents and the Authority.

## 2.10 **Purchasing, tendering and contracting requirements**

Schools are required to abide by the Authority's financial regulations and standing orders in purchasing, tendering and contracting matters. Schools are required to assess in advance, where relevant, the health and safety competence of contractors, taking account of the Authority's policies and procedures. However, schools cannot be required to comply with any section of the financial regulations or standing orders that would contravene any of the four following points:

- a) schools cannot be required to do anything that would be incompatible with any of the provisions of the Scheme, or any statutory provision, or any EU Procurement Directive;
- b) schools cannot be required to seek Authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
- c) schools cannot be required to select suppliers only from an approved list;
- d) schools cannot be required to seek fewer than three quotes in respect of any contract with a value exceeding £10K in any one year.

## 2.11 **Applications of contracts to schools**

Schools have the right to opt out of LEA-arranged contracts except in respect of:

- a) contracts which schools have agreed to be covered by in respect of services for which funding was delegated by the LEA prior to 1 April 1999;
- b) contracts which schools agree to be covered by in respect of services for which funding is or was delegated by the LEA after 1 April 1999; and
- c) any contracts listed in the scheme as approved by the Secretary of State for services for which funding has been delegated after 1 April 1999, irrespective of the agreement of schools.

Although governing bodies are empowered under paragraph 3 of schedule 10 to the SSAF Act 1998 to enter into contracts, in most cases they do so on behalf of the Authority as maintainer of the school and the owner of the funds in the budget share.

Other contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

## 2.12 **Central funds and earmarking**

The Authority may make sums available to schools from central funds in the form of allocations, which are additional to, and separate from, the schools' budget shares e.g. devolved Standards Fund allocations. The sums are subject to the conditions setting out the purpose, or purposes, for which the funds may be used. Whereas virement is not necessarily precluded these sums cannot be added to the school's budget share. Schools will be required to demonstrate that these requirements have been complied with.

Earmarked funds must be returned to the Authority if not spent in-year, or within the period, which schools are allowed to use the funding if different.

The Authority is not permitted to make any deduction, in respect of interest costs to the Authority, from payments to schools of devolved specific or special grant.

## 2.13 **Spending for the purposes of the school**

Section 50 paragraph 3 of the SSAF Act 1998 allows governing bodies to spend budget shares for the purposes of the school, subject to any provisions of the Scheme. The Secretary of State has power to prescribe additional purposes for which expenditure of the budget share may occur.

#### 2.14 **Capital spending from budget shares**

Governing bodies are specifically allowed to use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work, which is their responsibility under paragraph 3 of schedule 3 of the SSAF Act 1998. If the capital expenditure from the budget share in any one year is expected to exceed £15,000, the governing body must notify the Authority and take into account any advice from the Director of Education as to the merits of the proposed expenditure. If the premises are owned by the Authority, or the school has voluntary controlled status, then the governing body must seek the Authority's consent to the proposed works, but such consent can be withheld only on health and safety grounds.

## **SECTION 3 LOCAL BANK ACCOUNT SCHEME**

### 3.1 **Frequency of instalments**

3.1.1 Budget shares are made available to governing bodies monthly.

### 3.2 **Proportion of budget share payable at each instalment**

3.2.1 Budget share advances paid on a monthly basis are in equal instalments of the total budget share.

### 3.3 **Interest clawback**

There is no clawback of interest from schools.

### 3.3.1 **Interest on late budget share payments**

The Authority will add interest to late payments of budget share instalments, where such late payment is the result of LEA error. In the absence of an interest rate for clawback purposes the rate of interest to be applied will be at least the current Bank of England base rate. No payment will be made where the sum of interest involved in any one case is less than £25.

### 3.4 **Budget shares for closing schools**

Budget shares for schools for which approval for discontinuation has been secured will be made available until closure on a monthly basis net of estimated pay costs, even where some different basis was previously used.

### 3.5 **Bank and building society accounts**

All maintained schools have external bank accounts into which their budget share instalments (as determined by other provisions) are paid. Such schools are allowed to retain all interest payable on the account unless they choose to have an account within a contract with the Authority that makes other provision.

#### 3.5.1 **Restrictions on accounts**

Accounts for the purpose of receiving budget share payments, may only be held in the banks or building societies specified below. All former grant-maintained schools use banks or building societies contained on the approved list.

<b>LIST OF PERMITTED BANKS AND BUILDING SOCIETIES</b>	
Abbey National plc	Lloyds – TSB Group
Alliance and Leicester plc	National Westminster Bank plc
Bank of Scotland	Nationwide Building Society
Barclays Bank plc	Northern Rock plc
Bradford and Bingley Building Society	Portman Building Society
Britannia Building Society	The Royal Bank of Scotland plc
Halifax plc	Woolwich plc
HSBC	Yorkshire Building Society

Schools are allowed to have accounts for budget share purposes that are in the name of the school rather than the Authority. However, if a school has such an account the account mandate should provide that the Authority is the owner of the funds in the account; that it is entitled to receive statements; and that the Authority can take control of the account if the school's right to a delegated budget is suspended by the Authority. However, schools may wish to take advantage of arrangements negotiated by Medway Council with banks whereby the accounts are in the name of the Authority but specific to each school.

Signatories on school bank accounts must be LEA employees or, in the case of aided and foundation schools, employees of the governing body.

### 3.6 **Borrowing by schools**

Governing bodies may borrow money only with the written permission of the Secretary of State.

### 3.7 **Other provisions**

Separate detailed rules and guidance in respect of other aspects of banking arrangements to be applied are given in the Medway Schools' Finance Manual. In the event of conflict between the Manual and the Scheme, however, the Scheme provisions take precedence.

## **SECTION 4 THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES**

### 4.1 **The right to carry forward surplus balances**

Schools are allowed to carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus or minus any balance brought forward from the previous year.

### 4.2 **Three-Year Budgets and Controls on School Reserves**

#### 4.2.1 **Three-Year Budgets**

Prior to the start of the financial year, the LEA will issue schools with final budget allocations for that financial year and will also issue indicative budget allocations for each of the following two financial years.

#### 4.2.2 **Control on School Reserves**

The LEA will calculate by 31 May each year the school balances as at the previous 31 March.

The LEA will deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent standards fund allocation for the previous financial year. **For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework.**

The LEA will then deduct sums that the governing body of the school declares it is holding in anticipation of falling rolls, where this is consistent with the data available. This amount must not be retained beyond the period stipulated without the consent of the LEA.



If the amount of the school reserve is greater than 5% of the current year's budget (after the above-mentioned deductions), then the LEA will deduct from the school's current year budget an amount equal to the excess.

Any sum deducted from school budgets will be re-cycled within the total Schools Budget.

#### 4.3 **Interest on surplus balances**

Surplus balances held by the Authority on behalf of schools will attract interest at a rate as set out in the Medway Schools' Finance Manual.

#### 4.4 **Obligation to carry forward deficit balances**

Deficit balances are carried forward and the amount of the deficit treated as a first charge against the following year's budget share.

The repayments of deficits that exist on 31 March at schools maintained by the Authority continue as in the deficit plan schedule agreed by the Director of Education and Leisure.

#### 4.5 **Planning for deficit balances**

Schools are not ordinarily allowed to plan for a deficit that extends beyond the end of the current financial year. However a school can seek the Authority's approval for an authorised deficit that may extend beyond the end of the financial year under the following circumstances:

- The school is planning to incur major expenditure on equipment or building maintenance.
- The school is in a rising roll situation and, because of the lag in funding, needs to spend some of the next year's budget in advance.
- The school has suffered a temporary fall in roll and needs to protect its staffing in the short term.

A school can apply for an authorised deficit in other exceptional circumstances but must first seek the approval of both the Director of Education and Leisure and the Director of Finance and Corporate Services.

In all cases the school must submit a deficit plan to the Director of Education and Leisure for approval (see paragraphs 4.6 and 4.9).

#### 4.6 **Charging of interest on deficit balances**

The Authority will charge interest on deficit balances, at a rate that reflects the average cost of borrowing for the Authority. The rate will be calculated prior to the start of each quarter.

#### 4.7 **Writing off deficits**

The Authority cannot write off the deficit balance of any school.

#### 4.8 **Balances of closing and replacement schools**

When a school closes, any balance (whether surplus or deficit) reverts to the Authority. It cannot be transferred as a balance to any other school, even when the school is a successor to the closing school.

#### 4.9 **Authorised deficits**

Schools can apply to the Authority for an authorised deficit as in paragraph 4.5 by completing, in advance, a deficit application form. Where an authorised deficit is approved the following conditions apply:

- The purpose(s) of the deficit arrangement must be agreed with the Authority;
- The maximum size of a deficit that will be agreed is £50,000;
- No more than 40% of the collective balances held by the Authority is to be used to support such arrangements;
- The period over which the school is to bring itself back into balance must be agreed, normally the maximum period being 3 years. In exceptional circumstances a period of 5 years would be considered;
- Interest will be charged at the rate set out in paragraph 4.6 above;
- The deficit plan must be agreed by the Director of Education and Leisure.

Where a school has an authorised deficit and the school proposes to spend amounts received by it in respect of School Standards Grant on purposes other than reducing the licensed deficit, the Authority must agree to such a proposal unless in its view the proposed expenditure is unreasonable in the school's financial circumstances.

#### 4.10 **Unauthorised deficits**

In the event that a school incurs a deficit for reasons other than as set out in paragraph 4.5 above or without the prior approval of the Director of Education and Leisure, the Authority will regard such a deficit as being unauthorised. A deficit plan will need to be submitted and agreed immediately. A rate of interest at 2% above the rate referred to in paragraph 4.6 may be charged on the deficit balance.

#### 4.11 **GM schools' balances**

See section 12.

## 5.1 **Income from lettings**

Schools are allowed to retain income from lettings of the school premises, which would otherwise accrue to the Authority, subject to alternative provisions arising from any joint use or private finance initiative agreements. Schools can cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share. However, schools are required to have regard to directions issued by the Authority as to the use of school premises as permitted under the SSAF Act 1998 for various categories of schools.

## 5.2 **Income from fees and charges**

Schools are allowed to retain income from fees and charges except where a service is provided by the Authority from centrally retained funds. However, schools are required to have regard to any policy statements on charging produced by the Authority.

## 5.3 **Income from fund-raising activities**

Schools are allowed to retain income from fund-raising activities.

## 5.4 **Income from the sale of assets**

Schools are allowed to retain the proceeds of sale of assets. However where the asset was purchased with non-delegated funds it is for the Authority to decide whether the school should retain the proceeds. When the asset is land or buildings forming part of the school premises and is owned by the Authority, the income belongs to the Authority.

## 5.5 **Administrative procedures for the collection of income**

The administrative procedures for the collection of income are set out in the Medway Schools' Finance Manual including advice on collecting and accounting for VAT.

## 5.6 **Purposes for which income may be used**

Income from the sale of assets purchased with delegated funds may only be spent for the purposes of the school.

# **SECTION 6 THE CHARGING OF SCHOOL BUDGET SHARES**

## 6.1 **General provision**

- 6.1.1 The Authority is permitted to charge the budget share of a school without the consent of the governing body only in circumstances set out in paragraph 6.2 below. In such cases, the Authority is required to consult the school as to the intention to so charge and to notify the school when it has done so.
- 6.1.2 The Authority will charge salaries of school-based staff to school budget shares at actual cost.

## 6.2 **Circumstances in which charges may be made**

- 6.2.1 Where premature retirement costs have been incurred without the prior written agreement of the Authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the Authority);
- 6.2.2 Other expenditure incurred to secure resignations where the school had not followed the Authority's advice;
- 6.2.3 Awards by courts and industrial tribunals against the Authority, or out of court settlements, arising from action or inaction by the governing body contrary to the Authority's advice;
- 6.2.4 Expenditure by the Authority in carrying out health and safety work or capital expenditure for which the Authority is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work;
- 6.2.5 Expenditure by the Authority incurred in making good defects in building work funded by capital spending from budget shares where the premises are owned by the Authority or the school has voluntary controlled status;
- 6.2.6 Expenditure incurred by the Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Authority;
- 6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the Authority;
- 6.2.8 Recovery of penalties imposed on the Authority by the Board of Inland Revenue, the Contributions Agency, HM Customs and Excise, Teachers Pensions or regulatory authorities as a result of school negligence;
- 6.2.9 Correction of Authority errors in calculating charges to a budget share (e.g. pension deductions);

- 6.2.10 Additional transport costs incurred by the Authority arising from decisions by the governing body on the length of the school day, and failure to notify the Authority of non-pupil days resulting in unnecessary transport costs;
- 6.2.11 Legal costs, which are incurred by the Authority because the governing body did not accept the advice of the Authority (see also section 11);
- 6.2.12 Costs of necessary health and safety training for staff employed by the Authority, where funding for training has been delegated but the necessary training not carried out;
- 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect;
- 6.2.14 Cost of work done in respect of teacher pension remittance and records for schools using non-LEA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;
- 6.2.15 Costs incurred by the authority in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of that statement;
- 6.2.16 Costs incurred by the Authority due to submission by the school of incorrect data;
- 6.2.17 Recovery of amounts spent from specific grants on ineligible purposes;
- 6.2.18 Costs incurred by the Authority as a result of the governing body being in breach of the terms of a contract.

## **SECTION 7      TAXATION**

### **7.1      Value added tax**

The procedure schools should follow in order to be able to utilise the Authority's ability to reclaim VAT on expenditure relating to non-business activity is given in the Medway Schools' Finance Manual.

The net amount of VAT incurred will be reimbursed into schools bank accounts on a monthly basis on submission of the appropriate claim forms to the Authority.

### **7.2      Construction Industry Taxation Scheme**

School are required to abide by procedures issued by the Authority in connection with the Construction Industry Taxation Scheme.

## **SECTION 8 THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY**

### **8.1 Provision of services from centrally retained budgets**

The Authority determines on what basis services will be provided to schools from centrally retained funds, including funding for premature retirement compensation and redundancy payments. In determining whether funding for premature retirement costs, redundancy or dismissal costs should be funded centrally, the Authority must, however, comply with section 57 of the SSAF Act 1998.

The Authority cannot discriminate in its provision of services on the basis of categories of schools except where

- a) funding has been delegated to some schools only or
- b) such discrimination is justified by differences in statutory duties.

### **8.2 Time-scales for the provision of services bought back from the Authority using delegated budgets**

The term of any arrangement with a school starting on or after 1 April 1999 to buy services or facilities from the Authority is limited. This limit is a maximum of three years from the date of the agreement, and periods not exceeding five years for any subsequent agreement relating to the same services.

When a service is provided for which expenditure is not retainable centrally by the Authority under the Regulations made under Section 46 of the SSAF Act 1998, it must be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

#### **8.2.1 Packaging**

Any service that the Authority is providing on a buy-back basis must be offered in a way that does not unreasonably restrict schools' freedom of choice among the services available. Where practicable, this will include provision on a service-by-service basis as well as in packages of services.

### **8.3 Service level agreements**

Service level agreements must be in place by 31 March to be effective for the next financial year and schools must have at least a month to consider the terms of the agreements.

- 8.3.1 If services or facilities are provided under a service level agreement (whether free or on a buyback basis) the terms of any such agreement, starting on or after the inception of the Scheme, will be reviewed at least every three years if the agreement lasts longer than that.

- 8.3.2 Services available from the Authority, which are offered on the basis of an extended agreement (e.g. 3 years), will also be available to schools to buy as and when required.

## **SECTION 9 PRIVATE FINANCE INITIATIVE / PUBLIC PRIVATE PARTNERSHIP**

- 9.1 The Authority is investigating the potential of Private Finance Initiative and Public Private Partnership schemes.

## **SECTION 10 INSURANCE**

### 10.1 **Insurance cover**

Medway has delegated funding in respect of insurance and schools will be required by the Authority to demonstrate that cover under the policy arranged by the governing body is at least as good as the relevant minimum cover arranged by the Authority, where relevant to the Authority's insurable interests.

The Authority will have regard to the actual risks, which might reasonably be expected to arise at the school in question in operating such a requirement, rather than applying an arbitrary minimum level of cover for all schools.

## **SECTION 11 MISCELLANEOUS**

### 11.1 **Right to access to information**

In addition to specific requirements listed above, governing bodies are required to supply all financial and other information which might reasonably be required to enable the Authority to satisfy itself as to the school's management of its delegated budget share, and the use made of any central expenditure by the Authority (e.g. earmarked funds) on the school.

### 11.2 **Supply of information to Teachers Pensions**

- 11.2.1 A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement

with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required.

A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

- 11.2.2 A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required from each school.

A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

### 11.3 **Liability of governors**

Since the governing body is a corporate body and because of the terms of section 50 paragraph 7 of the SSAF Act 1998, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith, under the terms of section 50 paragraph 7 of the SSAF Act 1998.

### 11.4 **Governors' expenses**

The Authority can delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses.

Under schedule 11 of the SSAF Act 1998, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. Payment of any other allowances is forbidden. Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

### 11.5 **Responsibility for legal costs**

Legal costs incurred by the governing body, although the responsibility of the Authority as part of the cost of maintaining the school (unless they relate to the statutory responsibility of aided school governors for buildings), may be charged to the school's budget share unless the governing body acts in accordance with the advice of the Authority.



Where there is a conflict of interest between the Authority and a governing body, the governing body is advised to seek independent legal advice outside of Medway Council's Legal Department.

#### 11.6 **Health and Safety**

Governing bodies, in expending the school's budget share, must have due regard to duties placed on the Authority in relation to health and safety, and the Authority's policy on health and safety matters in the management of the budget share. In foundation and voluntary aided schools, governing bodies must have due regard to duties placed on them in relation to health and safety in expending the school's budget share.

#### 11.7 **Right of attendance for the Chief Finance Officer**

Governing bodies are required to permit the Director of Finance and Corporate Services, as the Authority's Chief Finance Officer (CFO), or any officer of the Authority nominated by the CFO, to attend meetings of the governing body at which any agenda items are relevant to the exercise of his/her responsibilities. The CFO's attendance would be limited to items that relate to issues of probity or overall financial management.

#### 11.8 **Delegation to new schools**

The Authority can delegate selectively and optionally to the governing bodies of schools that have yet to receive delegated budgets and can delegate spending powers to new schools without delegated budgets. It is for the Authority to decide whether and to what extent to exercise the power in each individual case.

#### 11.9 **Optional delegated funding**

Where a school exercises an option to receive delegated funding for an item, that option must be exercised by 31 December for funding in the next financial year.

#### 11.10 **Special Educational Needs**

Schools should use their best endeavours in spending the budget share, to secure the special educational needs of their pupils

#### 11.11 **Interest on late payments**

Schools are reminded that interest may be charged regarding late payment to suppliers and every effort should be made to ensure that invoices are paid by the due date. Further details are set out in Medway Schools' Finance Manual.

#### 11.12 **"Whistleblowing"**

School staff and school governors who wish to complain about financial management or financial propriety at the school, are required to comply with the "whistleblowing" procedure as contained in the Personnel Manual for Schools.

### 11.13 **Child Protection**

Schools need to make arrangements to release staff to attend child protection case conferences and other related events. However, the Authority has no centrally retained funds to make any payments to schools to help meet the costs incurred.

### 11.14 **School Meals**

The Authority has not produced a school meals policy document or equivalent guidance to governing bodies.

## **SECTION 12 FORMER GM SCHOOLS**

### 12.1 **Former GM schools' balances**

Former GM schools are allowed to spend any surplus balances that they hold from the period funded by the FAS. A deficit balance at the end of the FAS funding must be carried forward. Any schedule for eliminating the deficit agreed with the FAS will continue to be adhered to.

### 12.2 **Loans**

Where a former GM School has a loan from the FAS and repayments of the loan are not made to the Secretary of State, the Authority can charge the amount due for repayment of the loan against the school's budget share.

## **SECTION 13 RESPONSIBILITY FOR REPAIRS AND MAINTENANCE**

### 13.1 **Responsibility of governing bodies**

The categories of work which governing bodies of all Medway schools have responsibility for financing from their budgets are given in Annex C.

All funding for repairs and maintenance is delegated to schools. Only capital expenditure is retained by the Authority.

### 13.2 **Definition of capital expenditure**

Expenditure is treated as capital if it is for work which would enhance the value, life or use (or range of use) of a building as opposed to merely maintaining it. The exception to this is where the cost of the enhancement is less than the *de minimis* limit of £10,000 in which case, in accordance with the Authority's financial regulations, it is treated as revenue.

### 13.3 **Responsibility of governing bodies of Voluntary Aided schools**

For voluntary aided schools, the liability of the Authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the *de minimis* limit applied by DfES to categorise such work, not the *de minimis* limit used by the Authority.

## **SECTION 14 PROVISION OF COMMUNITY FACILITIES**

### 14.1 **Introduction**

14.1.1 Community facilities are defined in the Education Act 2002 as “any facilities or services whose provision furthers any charitable purpose for the benefit of (a) pupils at the school or their families, or (b) people who live or work in the locality in which the school is situated”.

14.1.2 Under Section 28(1) of the Education Act 2002, the main limitations and restrictions on the power are those contained in:

- schools' own instruments of government, if any; and
- Medway's Scheme for Financing Schools made under section 48 of the School Standards and Framework Act 1998. The Education Act 2002 (paragraph 2 of schedule 3) extends the coverage of schemes to the powers of governing bodies to provide community facilities.

Regulations made under Section 28(2) of the Act may specify activities that cannot be undertaken at all under the main enabling power.

14.1.3 Schools wishing to develop services or facilities for the community are encouraged to discuss proposals with the Authority in the first instance. Indeed Section 28(4) of the Act requires that before exercising the community facilities power, governing bodies must consult the LEA and have regard to any advice given to them by the Authority.

14.1.4 Schools that choose to exercise the power conferred by Section 27(1) of the Act to provide community facilities or services will be subject to a range of controls. These are set out in the following paragraphs. Schools must also have regard to guidance issued by the Secretary of State to governing bodies about a range of issues connected with exercise of the power.

14.1.5 This section of the Scheme does not extend to joint-use agreements, transfer of control agreements, or agreements between the Authority and schools to secure the provision of adult and community learning.

14.1.6 The budget share (or any accumulated surplus on the budget share) of a school may not be used to fund community facilities – either start-up costs or ongoing expenditure - or to meet deficits arising from such activities.

## 14.2 **Consultation with the LEA**

14.2.1 Schools should give notice to the LEA of their intent to exercise the power well in advance of the formal consultation and are likely to benefit from informal contacts and advice from officers with the relevant professional expertise at this stage.

14.2.2 Formal consultation with Medway Council will commence when the full consultation material has been submitted in writing and the response period will begin from receipt of the full material. Major uses of the power (i.e. where services have an annual turnover in excess of £100K or capital schemes costing more than £100K are involved) will lead to the LEA providing formal advice in writing within eight weeks. For more minor uses, advice will be provided within six weeks.

Subsequently the governing body should inform the council of the action taken in response to this advice.

14.2.3 The school should provide the following information in the formal consultation document:

- a full business plan for the provision of the proposed community facilities or services covering the first three years of operation;
- in the case of capital projects affecting the existing buildings on the school site and/or the construction of new buildings, then the full plans and costing of the works proposed;
- details of any planning and environmental considerations and evidence of discussions with relevant regulatory agencies;
- expressions of support from potential user groups, parish councils, local community groups, neighbouring schools, business representatives, as appropriate;
- details as to how the facility will be managed and how this relates to the management of the school;
- a statement that the proposed activities will not interfere with the overriding purpose of the school in achieving higher standards for pupils (section 26(3) of the Act);
- details of any proposed funding agreements with third parties;
- the insurance arrangements proposed.

14.2.4 The consultation document should be sent to the Planning and Policy Manager, Medway Council Education and Leisure, Civic Centre, Strood, Kent ME2 4AU.

## 14.3 **Consultation with other bodies**

14.3.1 Governing bodies should consult all relevant planning and service provision bodies in their neighbourhoods. These bodies could have plans that affect the activities proposed and may be interested in becoming a partner in the particular project.

14.3.2 All bodies that may have plans covering the community to be served by the facility or services should also be consulted, and the degree of fit with the relevant planning frameworks and policies assessed. In particular the following should be consulted if their work could be affected: the Early Years and Child Care Partnership, parish councils, agencies such as Sport England, and the Arts Council, the Learning and Skills Council and all neighbouring schools.

#### 14.4 **Funding agreements**

14.4.1 Where a school is already carrying out any of the activities covered by this power under the terms of an existing funding or management agreement with the Authority then the terms of that agreement continue to apply.

14.4.2 The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking on part of the provision.

14.4.3 Any funding agreements with third parties (as opposed to funding agreements with Medway Council) should be submitted to the LEA for its comments and advice and schools must have regard to that advice. The Authority may wish to set conditions upon access, egress and use of other facilities on the site.

14.4.4 Funding agreements with third parties should contain adequate provision for access by the Authority to the records and other property of those parties which are held on the school premises in order for the LEA to satisfy itself as to the propriety of expenditure on the facilities in question.

14.4.5 Schools are reminded that if an agreement has been, or is to be, concluded against the wishes of the Authority or has been concluded without informing the Authority and is judged to be seriously prejudicial to the interests of the school or the LEA, that may constitute grounds for suspension of the right to a delegated budget.

#### 14.5 **Other prohibitions, restrictions and limitations**

14.5.1 If the Authority believes in a specific instance of use of the community facilities power by a governing body, that the proposed project carries significant financial risks, it may require that, the governing body make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the LEA.

#### 14.6 **Supply of financial information**

14.6.1 Best practice in respect of these community facilities, is to use the same accounting and reporting systems as are used for the school's main budget share but with the activities separately identified on a full cost basis. However where this is not practical then schools that exercise the community facilities power must provide a summary statement every six months, showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months. The form of these

statements will be notified to schools and the forms will be returned to the Education and Leisure Finance Service.

14.6.2 If the Authority believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power then it may, after giving notice to the school, require financial statements to be supplied every three months. The Authority may also require the submission of a recovery plan for the activity in question.

14.6.3 Financial information relating to community facilities also has to be included in returns made by schools under the Consistent Financial Reporting Framework.

#### 14.7 **Audit**

14.7.1 Schools are required to grant access to their records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

14.7.2 In concluding funding agreements with other persons pursuant to the exercise of the community facilities power, schools must ensure that such agreements contain adequate provision for access by the Authority to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

#### 14.8 **Treatment of income and surpluses**

14.8.1 Schools may retain all net income derived from community facilities except where otherwise agreed with a funding provider.

14.8.2 Schools may carry such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the Authority at the end of each financial year, transfer all or part of it to the budget share balance. In the latter case it would need to be separately identified in case it is required to offset any subsequent deficit in the operation of the community facility.

14.8.3 If a community or community special school ceases to be maintained by the Authority, any accumulated retained income obtained from exercise of the community facilities power reverts to the Authority unless otherwise agreed with a funding provider.

14.8.4 Liabilities to third parties incurred in the exercise of this power are a charge on all the income retained by the school from these activities.

#### 14.9 **Health and safety matters**

14.9.1 The health and safety provisions of the main scheme apply also to the community facilities power (see paragraph 11.5 of the Scheme).

14.9.2 Governing bodies are responsible for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during

the school day. Governing bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

#### 14.10 **Insurance**

14.10.1 It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. Schools are required to seek the Authority's advice before finalising any insurance arrangement for community facilities.

14.10.2 The LEA may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities and, if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs cannot be charged to the school's budget share.

#### 14.11 **Taxation**

14.11.1 As with existing community activities schools may only reclaim VAT for expenditure on community facilities where this is funded from local authority funds. Expenditure from funds obtained direct by schools from private (or indeed, central government) sources is not covered by the VAT reclaim procedures.

14.11.2 Schools are advised to seek the advice of the LEA and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the local authority VAT reclaim facility.

14.11.3 If any member of staff employed by the school or LEA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see 14.12 below), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

14.11.4 Schools must follow LEA advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

#### 14.12 **Banking**

14.12.1 A school must either maintain separate bank accounts for budget share and community facilities, or have one account but with adequate internal accounting controls to maintain separation of funds.

14.12.2 The provisions set out in Section 3 of Medway's Scheme for Financing Schools also apply to the use of the community facilities power. However in the case of a bank account which is used by the school in connection with community facilities (whether or not the account also contains funds from the school's budget share), the account mandate should not show the LEA as the owner of the community facilities funds in the account except insofar as these funds have been provided by the LEA itself.

14.12.3 Schools may not borrow money without the written consent of the Secretary of State, except where this has been lent to a school by Medway Council.

**SCHOOLS MAINTAINED BY MEDWAY LEA as at 1<sup>st</sup> April 2005**

**ANNEX A**

**PRIMARY SCHOOLS**



		<i>DfES no</i>
1	All Saints CE Primary	3093
2	Allhallows Primary	2570
3	Arden Junior	2392
4	Balfour Infant	2215
5	Balfour Junior	2214
6	Barnsole Infant	2396
7	Barnsole Junior	2394
8	Bligh Infant	2537
9	Bligh Junior	2492
10	Borstal Manor Community Junior (closing 31 August 2005)	2526
11	Brompton Westbrook Primary	2646
12	Byron Primary	2644
13	Chattenden Primary	2209
14	Cliffe Woods Primary	2588
15	Cuxton Community Infant	2208
16	Cuxton Community Junior	2540
17	Deanwood Prim.Ed.Technology	2684
18	Delce Infant	2216
19	Delce Junior	2413
20	Elaine Primary	2671
21	English Martyrs' Catholic Primary	3729
22	Fair View Community Infant (closing 31 August 2005)	2437
23	Fair View Community Junior (Closing 31 August 2005)	2426
24	Fair View Community Primary (opening 1 September 2005)	3759
25	Featherby Infant and Nursery	2401
26	Featherby Junior	2400
27	Greenvale Infant	2198
28	Glencoe Junior	2196
29	Gordon Infant	2220
30	Gordon Junior	2218
31	Halling Primary	2211
32	Hempstead Infant	2638
33	Hempstead Junior	2403
34	High Halstow Primary	2421
35	Hilltop Primary	2499
36	Hoo St Werburgh Primary	2213
37	Horsted Infant	2439
38	Horsted Junior	2506
39	Kingfisher Community Primary	2652
40	Lordswood Infant	2448
41	Lordswood Junior	2502
42	Luton Infant	2201
43	Luton Junior	2199
44	Maundene Primary	2580
45	Miers Court Primary	2623

		<i>DfES no</i>
47	New Road Primary and Nursery	2202
48	Oaklands Infant	2204
49	Oaklands Junior	2433
50	Parkwood Infant	2494
51	Parkwood Junior	2493
52	Pilgrim Primary (opening 1 September 2005)	3758
53	Richmond Infant	2407
54	Ridge Meadow Primary	2669
55	Riverside Primary	3757
56	Saxon Way Primary	2686
57	Sherwin Knight Infant	2469
58	Sherwin Knight Junior	2450
59	Skinner Street Primary	2408
60	Spinnens Acre Junior	2630
61	St Augustine of Canterbury Catholic Primary	3752
62	St Benedict's RCP	3753
63	St Helen's CEP Cliffe	3096
64	St James' CEVA Primary	3327
65	St John's CEVC Infant	3095
66	St Margaret's Infant	2479
67	St Margaret's CEVC Junior	3195
68	St Margaret's at Troy Town CEVC Primary	3293
69	St Mary's Primary (Strood)	2600
70	St Mary's Island CE Primary	3756
71	St Mary's Catholic Primary	3755
72	St Matthew's CE Infant (closing 31 August 2005)	3099
73	St Michael's RCP	3712
74	St Nicholas' CEVC Infant	3102
75	St Peter's Infant	2665
76	St Thomas More RCP	3736
77	St Thomas of Canterbury RCP	3732
78	St William of Perth RCP	3746
79	Stoke Community Primary	2194
80	Swingate Infant	2549
81	Temple Mill Primary	2685
82	Thames View Infant	2592
83	Thames View Junior	2508
84	Twydall Infant	2410
85	Twydall Junior	2409
86	Wainscott Primary	2210
87	Walderslade Primary	2203
88	Warren Wood Community Primary	2640
89	Wayfield Community Primary	2668
90	Woodlands Primary	2412

46	Napier Community Primary	2406
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## SECONDARY SCHOOLS

*DfES no.*

91	Chapter School	4076
92	Chatham Grammar School for Boys	4068
93	Chatham Grammar School for Girls	5429
94	Chatham South School	4215
95	Fort Pitt Grammar School	4069
96	Greenacre School	4174
97	The Hundred of Hoo Comprehensive School	4075
98	Medway Community College	4248
99	New Brompton College (formerly Upbury Arts College, formerly Upbury Manor School)	5454
100	Rainham Mark Grammar School	5420
101	Rainham School for Girls	4199
102	The Rochester Grammar School for Girls	5445
103	Sir Joseph Williamson's Mathematical School	4530
104	St John Fisher Catholic Comprehensive School	5436
105	Temple School	4077
106	The Howard School	5457
107	The Robert Napier School	5423
108	The Thomas Aveling School	5451
109	Walderslade Girls' School	4167

## SPECIAL SCHOOLS

110	Abbey Court Community School	7053
111	Bradfields School	7042
112	Danecourt Community School	7031

## HOSPITAL & MEDICAL SCHOOL

113	Rivermead Hospital School	7016
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## ANNEX B

## PRINCIPLES OF BEST VALUE FOR SCHOOLS

1. This statement is intended to assist schools in considering the relevance of "best value" principles to the expenditure of funds from their delegated budget share. **Schools should also refer to the more detailed guidance given in Medway Schools' Finance Manual.** When submitting annual budget plans, schools are required to say how best value principles are being followed.
2. Best value will be a statutory duty to deliver services to clear standards, covering both cost and quality, by the most effective, economic and efficient means available. The Authority must secure best value in respect of the way in which it exercises its functions. This duty is not intended to apply to those functions which are exercised by the governing bodies of LEA maintained schools. However, schools will be encouraged to adopt the best value performance management framework.
3. In relation to schools and expenditure from delegated budgets, the main features of best value can be summarised as a need for the governing body of a school to ensure:
  - a. the existence of a programme of performance review which will aim for continual improvement. Existing mechanisms such as school development plans and post-Ofsted inspection plans can be developed to satisfy the requirements for review.

The reviews should include:

    - challenging how and why a service is provided (including consideration of alternative providers);
    - comparison of performance against other schools taking into account the views of parents and pupils;
    - mechanisms to consult stakeholders, especially parents and pupils;
    - embracing competition as a means of securing efficient and effective services;
  - b. the development of a framework of performance indicators and targets which will provide a clear practical expression of a school's performance, taking national requirements into account;
  - c. that the following are included in school development plans:
    - a summary of objectives and strategy for the future;
    - forward targets on an annual and longer term basis;
    - description of the means by which performance targets will be achieved;
    - a report on current performance;
  - d. that internal and external audit take place ensuring that performance information is scrutinised. The Authority's oversight of school finances provides external review.
4. The independent inspection and intervention elements of the best value framework will be the responsibility of other bodies and therefore the governing body will not need to demonstrate adherence to best value principles.

**RESPONSIBILITY FOR BUILDING MAINTENANCE**

This statement shows the category of work for which governing bodies of all Medway schools have responsibility for financing from their budgets.

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**A. BUILDING ELEMENTS**

Foundations - All structural work to walls or wall supports below and including damp proof courses, underpinning, propping, piles, ground beams, piers, bases and brick or concrete footings.

Frames - All structural members in steel, timber, or concrete frame including tiles, bracings, bolts, base plates and wedgings.

Floors - Floor structures and ducting together with their screeds, clay and ceramic finishes, wood block and quarry tiles.

Floor Coverings and Finishes (including skirtings) - carpets, lino, PVC sheeting or tiles, cover and expansion strips.

Roofs - Roof structures, finishes and including top floor ceiling timbers, eaves and verge finishings and catwalks, chimneys. Roof trusses, insulation, and access hatches.

Skylights and Roof Lights and Verandas - Roof lights, skylights, laylights with frames, casings, kerbs. Minor repairs, ironmongery and glazing

Rainwater Goods - including rainwater tanks, butts, parapet outlets, perimeter gutters, and downpipes. Repair and replacement of mains drainage including traps, gullies and manholes. Cleaning out gutters, downpipes and drainage systems, including unblocking and individual section replacement associated with cleaning out or repair.

Drainage Systems - to school playing fields

Staircases - and landing structures and their screeds including balustrades, handrails and including all domestic communal fire escapes internal and external. Repair of finishes and coverings including stair nosings.

External Walls - Load bearing, structural, framed, panelled and curtain wall, chimney stacks and flues, including refractories in boiler house masonry stonework, heads, cills, strings, steps, insulation. Repair of exposed internal finishes.

External Surfaces - Applied surface finishes, i.e., renderings, tile pointing, balcony rails or fronts.

Internal Wall Finishes - Plaster, tiles or sheet wall finishes including welding or grouting of joints and glazing.

Windows and Fittings - Windows (complete renewal of frame), borrowed lights with frame castings, architraves. Ease and adjust windows, replace sash cords and fittings, glazing, ironmongery and minor timber repairs.

Doors - New/replacement doors. Minor repairs, adjustments to door closers, locks, furniture and key cutting.

Ceilings - Including suspended ceiling framework. Ceiling tiles/finishes and minor repairs.

Glazing - To include all glazing throughout (i.e., windows, doors, borrowed lights, rooflights, verandas, window walls etc.).

Insulation - Structural insulation to roofs, walls etc.

Timber Preservation - All work associated with the prevention or eradication of wood rot or beetle.

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## **B. DECORATION**

External Decoration - Cleaning down, preparing and decorating including stopping and filling.

Internal Decoration - Cleaning down, preparing and decorating to walls, ceiling and all internal wood and metal work usually painted including stopping and filling done by the decorator.

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## **C. WATER SERVICES AND DRAINAGE**

Internal Water Supply, Distribution. Taps and valves - Cold water service piping and cocks, booster pumps. Hot water secondary service piping and cocks (i.e., between hot water storage and taps). Hot and cold water storage cocks, cylinders and cisterns (including WC cisterns) and overflows to same. Insulation to the foregoing items and duct casings.

Replacement of Water Supply (internal) - including sanitary equipment and major refurbishment and repair:

Replacement of Water Supply (external) - Minor repair and adjustments to above.

Drinking Fountains - replacement, repair

Waste Pipework - Cleansing of traps, waste pipes, soil and termination pipes, anti-siphonage pipes, wire balloon guards, sleeves and flashings to pipes. Renewal of these.

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## **D. GENERAL ELECTRICAL INSTALLATION**

Servicing, repair and replacement of all switchgear and interconnecting cables, protective conduits and trunking and fixings, including labels and circuit lists. Fixed sub-circuit wiring and conduit, trunking or other means of mechanical protection including fixings, wiring accessories and conduit boxes, luminaries including those inaccessible to caretakers.

External services cables, all external lighting including columns, floodlights, road lighting, interconnecting wiring and control equipment, time switches, photo-electric cells.

Replacing lamps, tubes and plugs.

### Alarm, Emergency and Time Systems

All battery units including batteries, interconnections, cabinets and control equipment used for emergency lighting, fire detection and alarm systems, intruder alarm systems (except resulting after activating), master clock systems and call bell systems. All wiring systems associated with these systems including low voltage types. All emergency lighting luminaries including self-contained types, operating relays and associated controls. All fire detection and alarm system automatic detectors, (heat or smoke), break glass pushes, sounders, control and indicator panels, electromagnetic door holders (but excluding door closers). All clocks and connectors connected to a master clock system including controllers and master clocks. All lesson change sounders and programmers. All call bell systems including pushes, reset units, meter and indicator boards, sounders, relays, hand sets. All intruder alarm systems detectors, sounders, alarm lights, control panels, electric over-ride switches and wiring, including closed circuit television installations, cameras, monitors. All door access systems including pushes, card readers, power supply, electric door releases and wiring.

Reset of intruder alarms, fire detection or other similar systems including time controls and time clocks. Maintenance of systems purchased at school cost.

### Fan Convectors and Other Fixed Space and Water Heating/Ventilating Units

All internal wiring, external flexes and connections, isolators and switches, and controls, filter elements, fans and motors and cleaning of heat emitting batteries and casing of heater units.

Fixed wiring supplying heaters including wall mounted remote thermostats and external controls, isolators and time switches (excluding resetting).

Electric storage and instantaneous water heating units and shower units, wall or floor mounted including immersion heaters in cylinders. Elements, thermostats, controls, time switches, isolators and final flexible connection to heater.

Off-peak heating units, including Electricaire type units, elements, thermostats, cut-out controls, internal fans, wiring, refractory blocks, internal thermal insulation, grilles, casings, external controls, thermostats, time-switches, and final connection to heater units. Fixed wire guards protecting heaters.

Electric on-peak heating equipment - wall fixed convector heaters, infra-red heaters, blower heaters, panel heaters, tubular heaters including isolators, control switches, thermostats and final connections.

Underfloor heating cables, ceiling heating systems including all elements, wiring, controls, isolators, and thermostats. External ducts on covers for heating.

Electric incinerators and macerators, including elements, combustion lining, controls, casing switches and isolator.

Extract fans wall and roof mounted including impellers, motors, capacitors, mountings, covers, controllers, isolators, wiring, flexible connections (excluding cleaning surfaces of canopies and fan apertures).

Portable heating equipment. Cleaning of equipment generally. Maintenance and replacement of fittings on all items.

#### Kitchen Equipment

Repair and replacement of fixed cooking equipment, ovens, ranges, fryers, boilers, boiling pans, steamers, roasting ovens, grilles and mixers.

Portable heated trolleys, complete. refrigerators, freezers, walk-in cold rooms complete. Fixed water boilers, sterilising sink heaters and controls.

The above equipment in teaching kitchens.

#### Laundry Equipment

Repair and replacement of fixed washing machines, tumble driers, spin driers, hydro extractors, rotary irons, (excluding drainage systems).

Above items in special schools used for the hygiene/care of pupils.

#### Lifts. Hoists. Barriers, Lifting Aids

The whole of the passenger or goods lift installation including wiring, controls, doors, guides, motor, gearbox, pulleys, cables, safety equipment, and lift car finishes. Electrically operated doors including motors, controls, wiring. Window cleaning cradles, beams, cables and winches.

Glazing to doors, floor coverings, and track clearing

#### Specialist External Equipment

Structure, earthing and lightning protection of aerial masts for communication aerials (excluding aerial array and coaxial cabling). Lightning conductors and external earthing systems complete.

#### Specialist Internal Equipment

Internal computer cabling.

#### Standby Generators

Complete installation including wiring, control panel, motor, batteries, alternator, exhaust system, acoustic enclosures.

#### Temporary Accommodation

The whole of the installation within the temporary building including switchgear, wiring, lighting, power, heating.

The supply cable including catenary and poles from the permanent building to the classroom.

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## **E. ENGINEERING AND MECHANICAL SERVICES**

Installation and maintenance of external ducts and covers on all external gas services.

Servicing - all work of testing, adjustment and repair including cyclical maintenance service contracts of all mechanical plant and equipment as defined below:

### Forced Draught and Atmospheric Gas Fired Burners/Boilers

Forced draught and Atmospheric Gas Fired heating and hot water system burners including burner train, flame failure controls, thermostats, gas booster sets and refractories.

### Pressure Jet Oil Fired Burners

Pressure jet oil fired heating and HWS burners including burner train, flame failure controls, thermostats and refractories.

### Automatic Coal Fired Stoking Equipment

Automatic coal fired heating and HWS stoking plant.

### Automatic Controls and Boiler House Electrics

Heating and HWS heating controls, including zone controls, optimum start controls, energy management controls, control panels, detectors, motorised valves and actuators.

Smoke density alarms, including sensors and control panels. Gas detectors, including sensors, control panels, thermal safety devices, thermal links, emergency stop switches and solenoid valves. Mains signalling systems controlling heating and HWS systems. General mains power, low voltage and lighting in boiler house.

### Boiler House Ancillary Equipment

Heating circulating pumps, HWS primary and secondary pumps and sump pumps. HWS storage cylinders and calorifiers, isolating valves, pipework and fittings, thermal insulation, temperature/altitude and oil tank contents gauges. Oil storage tanks, including emergency shut-off devices and associated electrical wiring, heating elements, control panel, thermostats and detectors. (Include oil storage tanks for electrical generators.)

### Boilers

Boilers including cleaning access doors, door seals, hinges, fasteners, boiler casing and flue clean brushes. Boiler house steel flues including dampers, explosion relief doors, draught diverters, flue stabilisers and annual cleaning.

### Steel Chimneys

Main steel chimney structure, including bases, guy ropes, holding down bolts, flanges, webbs and gussets, cladding and insulation, trims and cowls, cleaning access doors and condense drain points and external protective finishes.

### Heating, HWS and General Service Distribution Systems

Heating, hot and cold water and gas distribution services, pipework, stop valves and fittings at appliance or service point. Feed expansion tanks, cold water storage tanks, remote HWS storage cylinders and calorifiers, thermal insulation, cylinders, natural convector emitters, pipe heated towel rails. All external main distribution services (gas, water, etc.). Minor repairs to radiators and radiator valves.

### Shower Mixing Valves

Manual and thermostatically controlled shower mixing valves and blenders including strainers, check

valves, shower heads and their isolating valves. Cleansing and descaling of these.

#### Direct Gas Fired Hot Water Units

Direct gas fired hot water heating units including flues where appropriate.

#### Special Pump Sets

Including water booster pump sets, fixed pump lifting gear. Sewage pumps and cleaning or emptying of sewage chambers.

#### Air Conditioning and Ventilation Equipment

Air handling units including cabinets heating/cooling coils, heat recovery units, fans, motors, filters, dampers, quadrants, damper motors and linkages, ductwork and thermal insulation and acoustic materials. Condensing units, compressors, pipework and fittings. Control panels and associated automatic controls. Ventilation fans, controllers, controls, grilles, louvres, dampers, and ductwork, grease filters.

Cleaning of ventilation fans, grilles, louvres and grease filters

#### Direct Oil and Gas Fired Room Heaters

Direct oil fired heater units including guards, flues, controls, thermostats, dedicated oil storage tanks, oil contents gauges, oil pipework services and fittings

#### Fan Convecter Heaters (fixed)

Casings, grilles, heat exchangers, isolating valves and fittings, remote thermostats.

#### Dry Risers

#### Kitchen Equipment

Dishwashers - repair and replacement of equipment including shelving, racks, ventilation equipment and ductwork where appropriate, all associated internal controls, heating elements, pumps and motors etc. (other than equipment installed in Domestic Science, etc. teaching areas).

The above equipment in teaching kitchens.

Water Softeners including automatic controls, storage and regeneration vessels, inline filters, strainers, check valves, water pressure regulators (other than equipment installed in Domestic Science, etc., teaching areas).

Regeneration salts and other water treatment chemicals.

Maintenance, cleaning and minor repairs to sinks and ancillary equipment.

#### Gas Cooking Equipment

Including controls, burners, thermostats and all fittings, motors, fans, ignition systems, water level control devices.

The above equipment in teaching kitchens

#### Swimming and Hydrotherapy Pools

Maintenance only of filtration plant, circulation pumps and controls, water treatment chemical dosing equipment, all distribution pipework including vacuum lines and skimmers pots.

Maintenance only of dedicated heating boilers and burners including their fuel storage tanks and associated fittings heat exchangers, all dedicated heating, humidity and ventilation controls, ventilation fans, heat recovery units and their associated controls. Solar heating plant and equipment.

Replacement of above items provided from voluntary funds.

Chemical dosing, cleaning and minor maintenance.

Filling and emptying of pools



### Fire Fighting Equipment

Portable gas, water and foam extinguishers, fire blankets and their containers

Fixed hose reels, auto rewind mechanisms and nozzles.

Fume Cupboards – fixed and portable

Dust Extractors – fixed and portable

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## **F. FURNITURE AND FITTINGS**

Internal Joinery Fixtures - Kitchen units, cupboards, shelving, picture rails, coat rails, notice or display board, fixed benches.

Fixed Seating - All permanent internal fixed seating together with its coverings.

Gymnasium Equipment - Maintenance and repair of all fixed sports and gym equipment including court markings in Sports Halls etc.

Blinds, Nameplates, Curtains, etc. - Supply and the fixing of all internal signs, blinds, curtain track, etc.

Cleaning and maintenance of blinds, curtains and nameplates, including fire-proofing of curtains.

Solid Fuel Enclosed Fires and Fireplaces - Includes fire grating, cheeks and hearth.

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## **G. EXTERNAL WORKS**

Demolition - Taking down, removal and clearance of sites or buildings, including sealing off all drains and engineering services.

Roads, Playgrounds, Car parks and Paths - Access paths, courts, patios, drying areas, steps, fire appliance hard standings, car standings, playgrounds, garage approaches, roads.

Minor repairs. Sweeping of loose surfaces.

External Perimeter Walls, Piers, Gates and Retaining Walls - Major repairs to perimeter or boundary walls, piers, gates, retaining walls, and other external features, including mature trees.

Minor repairs.

Fencing - All fencings and their gates including perimeter fences and those enclosing gardens and private areas etc., or as screens to bin or kitchen areas etc.

Minor repairs to above.

External Joinery Fixtures - Sign boards, notices, nameplates, flag poles and other external joinery fixtures.

Ancillary Buildings

Existing Plantings - major refurbishment works.

Grounds. Maintenance of grounds, playing fields, amenities land, landscaped areas and boundary hedges (except mature trees).

Refuse Containers and Bins

## **H. MISCELLANEOUS**

Asbestos Removal and Treatment

Pest Control (all animals)

Removal and Disposal of Rainwater and Debris from Oil Tank Bunds

## Budget 2008/09

DCSF number: 2685

School: Temple Mill Primary

CFR Code	Cost Centre	Account Code	Project Code	Description	Budget Allocation £	Outturn (as per School returns to LA) £
<b>Revenue Income</b>						
I01	01153	99004	000000	Funds delegated by the LEA	621,889	622,085
I02	01153	99005	000000	Sixth form students	0	0
I03	01153	99006	000000	Special educational needs	69,392	69,392
I04	01153	99007	000000	Minority ethnic pupils	1,254	1,254
I05	01153	99008	000000	Standards Fund	24,682	37,725
I06	01153	89100	000000	Other government grants	0	0
I07	01153	89200	000000	Other grants and payments	3,000	11,975
I08	01153	95000	000000	Income from facilities and services	2,000	14,540
I09	01153	92100	000000	Income from catering	0	0
I10	01153	95701	000000	Receipts from supply teacher insurance	0	0
I11	01153	95700	000000	Receipts from other insurance claims	0	0
I12	01153	93200	000000	Contributions to visits	0	0
I13	01153	85500	000000	Donations and/or private funds	1,000	4,389
I14	01153	89300	000000	SSG - pupil focused	43,683	43,683
I15	01153	89401	000000	Pupil focused extended school funding/grants	0	0
I16	01153	89402	000000	Community focused extended school funding/grants	71,482	221,584
I17	01153	96300	000000	Community focused extended school facilities income	107,562	0
<b>Line A: Total Income (revenue)</b>					<b>945,944</b>	<b>1,026,627</b>
<b>Revenue Expenditure</b>						
E01	01153	00100	000000	Teaching staff	439,765	443,156
E02	01153	00300	000000	Supply staff	5,000	6,130
E03	01153	05100	000000	Education support staff	142,758	150,369
E04	01153	03200	000000	Premises staff	44,806	42,852
E05	01153	04800	000000	Administrative and clerical staff	67,698	70,212
E06	01153	03300	000000	Catering staff	0	60
E07	01153	05700	000000	Cost of other staff	41,255	44,594
E08	01153	09800	000000	Indirect employee expenses	0	879
E09	01153	09600	000000	Staff development and training	9,000	6,257
E10	01153	09501	000000	Supply teacher insurance	0	0
E11	01153	09505	000000	Staff related insurance	2,474	2,639
E12	01153	11002	000000	Building maintenance	10,000	14,603
E13	01153	11502	000000	Grounds maintenance	2,500	3,713
E14	01153	16202	000000	Cleaning and caretaking	5,000	2,850
E15	01153	14100	000000	Water and sewerage	2,500	2,527
E16	01153	12400	000000	Energy	6,000	13,743
E17	01153	13500	000000	Rates	18,711	18,711
E18	01153	18700	000000	Other occupation costs	5,000	6,910
E19	01153	31114	000000	Learning resources (not ICT)	30,000	32,346
E20	01153	36400	000000	ICT learning resources	15,000	21,688
E21	01153	35100	000000	Examination fees	0	0
E22	01153	31115	000000	Administrative supplies	2,000	1,209
E23	01153	39100	000000	Other insurance premiums	2,278	3,303
E24	01153	38400	000000	Special facilities	0	0
E25	01153	31700	000000	Catering supplies	7,000	7,182
E26	01153	35211	000000	Agency supply staff	12,000	10,045
E27	01153	35213	000000	Professional services - curriculum	4,000	12,217
E28	01153	35214	000000	Professional services - other	30,000	66,249
E29	01153	39500	000000	Loan interest	0	0
E30	01153	74000	000000	Direct revenue financing	0	0
E31	01153	06000	000000	Community focused extended school staff	23,747	24,377
E32	01153	36500	000000	Community focused extended school costs	30,000	27,003
<b>Line B: Total Expenditure (revenue)</b>					<b>958,492</b>	<b>1,035,827</b>
<b>Revenue Summary</b>						
Line A: Total Income (revenue)					945,944	1,026,627
<b>plus</b> Estimated Rollover from 2007/08 (revenue)					46,525	46,525
<b>less</b> Line B: Total Expenditure (revenue)					958,492	1,035,827
<b>=</b> Unallocated Budget (revenue)/roll-over to future years					<b>33,977</b>	<b>37,325</b>

## Budget 2009/10

DCSF number: 2685

School: Temple Mill Primary

CFR Code	Cost Centre	Account Code	Project Code	Description	Budget Allocation £	Outturn (as per School returns to LA) £
<b>Revenue Income</b>						
I01	01153	99004	000000	Funds delegated by the LEA	689,116	689,116
I02	01153	99005	000000	Sixth form students	0	0
I03	01153	99006	000000	Special educational needs	90,731	90,731
I04	01153	99007	000000	Minority ethnic pupils	1,618	1,618
I05	01153	99008	000000	Standards Fund	29,559	45,116
I06	01153	89100	000000	Other government grants	0	0
I07	01153	89200	000000	Other grants and payments	0	670
I08	01153	95000	000000	Income from facilities and services	0	56,656
I09	01153	92100	000000	Income from catering	0	0
I10	01153	95701	000000	Receipts from supply teacher insurance	0	0
I11	01153	95700	000000	Receipts from other insurance claims	0	0
I12	01153	93200	000000	Contributions to visits	0	0
I13	01153	85500	000000	Donations and/or private funds	0	0
I14	01153	89300	000000	SSG - pupil focused	49,395	49,566
I15	01153	89401	000000	Pupil focused extended school funding/grants	0	0
I16	01153	89402	000000	Community focused extended school funding/grants	170,000	146,921
I17	01153	96300	000000	Community focused extended school facilities income	0	0
<b>Line A: Total Income (revenue)</b>					<b>1,030,419</b>	<b>1,080,394</b>
<b>Revenue Expenditure</b>						
E01	01153	00100	000000	Teaching staff	448,734	444,115
E02	01153	00300	000000	Supply staff	5,000	20,220
E03	01153	05100	000000	Education support staff	160,824	171,451
E04	01153	03200	000000	Premises staff	44,597	45,033
E05	01153	04800	000000	Administrative and clerical staff	80,263	79,634
E06	01153	03300	000000	Catering staff	0	0
E07	01153	05700	000000	Cost of other staff	54,262	38,200
E08	01153	09800	000000	Indirect employee expenses	0	0
E09	01153	09600	000000	Staff development and training	4,000	8,923
E10	01153	09501	000000	Supply teacher insurance	0	3,283
E11	01153	09505	000000	Staff related insurance	3,297	4,450
E12	01153	11002	000000	Building maintenance	10,000	9,618
E13	01153	11502	000000	Grounds maintenance	3,500	2,487
E14	01153	16202	000000	Cleaning and caretaking	2,500	2,685
E15	01153	14100	000000	Water and sewerage	3,000	1,934
E16	01153	12400	000000	Energy	10,000	12,902
E17	01153	13500	000000	Rates	19,643	19,643
E18	01153	18700	000000	Other occupation costs	4,000	6,919
E19	01153	31114	000000	Learning resources (not ICT)	25,000	34,374
E20	01153	36400	000000	ICT learning resources	10,000	8,741
E21	01153	35100	000000	Examination fees	0	0
E22	01153	31115	000000	Administrative supplies	2,000	6,190
E23	01153	39100	000000	Other insurance premiums	3,738	3,115
E24	01153	38400	000000	Special facilities	0	0
E25	01153	31700	000000	Catering supplies	7,500	7,198
E26	01153	35211	000000	Agency supply staff	10,000	13,445
E27	01153	35213	000000	Professional services - curriculum	5,000	6,446
E28	01153	35214	000000	Professional services - other	30,000	59,045
E29	01153	39500	000000	Loan interest	0	0
E30	01153	74000	000000	Direct revenue financing	0	0
E31	01153	06000	000000	Community focused extended school staff	72,542	50,781
E32	01153	36500	000000	Community focused extended school costs	20,000	47,720
<b>Line B: Total Expenditure (revenue)</b>					<b>1,039,400</b>	<b>1,108,550</b>
<b>Revenue Summary</b>						
Line A: Total Income (revenue)					1,030,419	1,080,394
<b>plus</b> Estimated Rollover from 2007/08 (revenue)					37,325	37,325
<b>less</b> Line B: Total Expenditure (revenue)					1,039,400	1,108,550
<b>=</b> Unallocated Budget (revenue)/roll-over to future years					<b>28,344</b>	<b>9,169</b>

## Budget 2010/11

## Appendix 3c

DCSF number: **2685**

School: **Temple Mill Primary**

CFR Code	Cost Centre	Account Code	Project Code	Description	Budget Allocation £	Outturn (as per School returns to LA) £
<b>Revenue Income</b>						
I01	01153	99004	000000	Funds delegated by the LEA	711,748	717,357
I02	01153	99005	000000	Sixth form students	0	0
I03	01153	99006	000000	Special educational needs	76,846	76,846
I04	01153	99007	000000	Minority ethnic pupils	925	925
I05	01153	99008	000000	Standards Fund	30,270	47,706
I06	01153	89100	000000	Other government grants	0	0
I07	01153	89200	000000	Other grants and payments	5,000	78,506
I08	01153	95000	000000	Income from facilities and services	10,000	14,256
I09	01153	92100	000000	Income from catering	0	0
I10	01153	95701	000000	Receipts from supply teacher insurance	0	0
I11	01153	95700	000000	Receipts from other insurance claims	0	0
I12	01153	93200	000000	Contributions to visits	0	2,396
I13	01153	85500	000000	Donations and/or private funds	2,000	47,372
I14	01153	89300	000000	SSG - pupil focused	49,419	49,419
I15	01153	89401	000000	Pupil focused extended school funding/grants	0	0
I16	01153	89402	000000	Community focused extended school funding/grants	171,600	184,600
I17	01153	96300	000000	Community focused extended school facilities income	0	341
<b>Line A: Total Income (revenue)</b>					<b>1,057,808</b>	<b>1,219,724</b>
<b>Revenue Expenditure</b>						
E01	01153	00100	000000	Teaching staff	449,939	435,784
E02	01153	00300	000000	Supply staff	5,000	12,177
E03	01153	05100	000000	Education support staff	169,750	181,236
E04	01153	03200	000000	Premises staff	46,188	47,458
E05	01153	04800	000000	Administrative and clerical staff	89,048	82,534
E06	01153	03300	000000	Catering staff	0	0
E07	01153	05700	000000	Cost of other staff	32,563	29,999
E08	01153	09800	000000	Indirect employee expenses	0	0
E09	01153	09600	000000	Staff development and training	5,000	7,662
E10	01153	09501	000000	Supply teacher insurance	4,047	4,047
E11	01153	09505	000000	Staff related insurance	3,843	3,843
E12	01153	11002	000000	Building maintenance	10,000	13,437
E13	01153	11502	000000	Grounds maintenance	3,500	4,455
E14	01153	16202	000000	Cleaning and caretaking	2,500	1,830
E15	01153	14100	000000	Water and sewerage	3,000	1,993
E16	01153	12400	000000	Energy	10,000	10,657
E17	01153	13500	000000	Rates	22,022	22,022
E18	01153	18700	000000	Other occupation costs	4,000	732
E19	01153	31114	000000	Learning resources (not ICT)	25,000	51,838
E20	01153	36400	000000	ICT learning resources	10,000	15,132
E21	01153	35100	000000	Examination fees	0	0
E22	01153	31115	000000	Administrative supplies	5,000	8,081
E23	01153	39100	000000	Other insurance premiums	4,119	4,119
E24	01153	38400	000000	Special facilities	0	15,594
E25	01153	31700	000000	Catering supplies	7,500	9,259
E26	01153	35211	000000	Agency supply staff	10,000	14,757
E27	01153	35213	000000	Professional services - curriculum	5,000	15,664
E28	01153	35214	000000	Professional services - other	30,000	40,105
E29	01153	39500	000000	Loan interest	0	0
E30	01153	74000	000000	Direct revenue financing	0	0
E31	01153	06000	000000	Community focused extended school staff	63,259	74,691
E32	01153	36500	000000	Community focused extended school costs	30,000	51,659
<b>Line B: Total Expenditure (revenue)</b>					<b>1,050,278</b>	<b>1,160,763</b>
<b>Revenue Summary</b>						
Line A: Total Income (revenue)					1,057,808	1,219,724
<b>plus</b> Estimated Rollover from 2007/08 (revenue)					9,169	9,169
<b>less</b> Line B: Total Expenditure (revenue)					1,050,278	1,160,763
<b>=</b> Unallocated Budget (revenue)/roll-over to future years					<b>16,699</b>	<b>68,130</b>

## Budget 2011/12

Appendix 3d

DCSF number: **2685**

School: **Temple Mill Primary**

CFR Code	Cost Centre	Account Code	Project Code	Description	Budget Allocation £	Outturn (as per School returns to LA) £
<b>Revenue Income</b>						
I01	01153	99004	000000	Funds delegated by the LEA	831,920	825,577
I02	01153	99005	000000	Sixth form students	0	0
I03	01153	99006	000000	Special educational needs	84,157	84,157
I04	01153	99007	000000	Minority ethnic pupils	1,969	1,969
I05	01153	99008	000000	Standards Fund	10,750	12,814
I06	01153	89100	000000	Other government grants	0	0
I07	01153	89200	000000	Other grants and payments	0	14,132
I08	01153	95000	000000	Income from facilities and services	2,000	13,209
I09	01153	92100	000000	Income from catering	0	0
I10	01153	95701	000000	Receipts from supply teacher insurance	0	338
I11	01153	95700	000000	Receipts from other insurance claims	0	0
I12	01153	93200	000000	Contributions to visits	0	6,757
I13	01153	85500	000000	Donations and/or private funds	0	5,771
I14	01153	89300	000000	SSG - pupil focused	0	0
I15	01153	89401	000000	Pupil focused extended school funding/grants	0	0
I16	01153	89402	000000	Community focused extended school funding/grants	171,600	176,406
I17	01153	96300	000000	Community focused extended school facilities income	0	5,278
<b>Line A: Total Income (revenue)</b>					<b>1,102,396</b>	<b>1,146,407</b>
<b>Revenue Expenditure</b>						
E01	01153	00100	000000	Teaching staff	435,156	458,862
E02	01153	00300	000000	Supply staff	15,960	3,469
E03	01153	05100	000000	Education support staff	189,895	186,473
E04	01153	03200	000000	Premises staff	42,517	43,479
E05	01153	04800	000000	Administrative and clerical staff	55,424	38,339
E06	01153	03300	000000	Catering staff	0	0
E07	01153	05700	000000	Cost of other staff	32,314	37,740
E08	01153	09800	000000	Indirect employee expenses	0	1,684
E09	01153	09600	000000	Staff development and training	5,000	8,125
E10	01153	09501	000000	Supply teacher insurance	0	0
E11	01153	09505	000000	Staff related insurance	3,587	3,228
E12	01153	11002	000000	Building maintenance	5,400	5,182
E13	01153	11502	000000	Grounds maintenance	3,600	4,210
E14	01153	16202	000000	Cleaning and caretaking	1,800	2,949
E15	01153	14100	000000	Water and sewerage	1,800	2,138
E16	01153	12400	000000	Energy	10,800	10,197
E17	01153	13500	000000	Rates	25,547	25,547
E18	01153	18700	000000	Other occupation costs	3,600	3,122
E19	01153	31114	000000	Learning resources (not ICT)	25,000	25,287
E20	01153	36400	000000	ICT learning resources	10,000	10,762
E21	01153	35100	000000	Examination fees	0	0
E22	01153	31115	000000	Administrative supplies	5,000	9,294
E23	01153	39100	000000	Other insurance premiums	4,225	3,802
E24	01153	38400	000000	Special facilities	5,000	6,319
E25	01153	31700	000000	Catering supplies	10,000	8,450
E26	01153	35211	000000	Agency supply staff	14,440	31,302
E27	01153	35213	000000	Professional services - curriculum	19,631	15,740
E28	01153	35214	000000	Professional services - other	20,815	15,312
E29	01153	39500	000000	Loan interest	0	0
E30	01153	74000	000000	Direct revenue financing	0	0
E31	01153	06000	000000	Community focused extended school staff	110,162	114,637
E32	01153	36500	000000	Community focused extended school costs	61,438	53,614
<b>Line B: Total Expenditure (revenue)</b>					<b>1,118,111</b>	<b>1,129,262</b>
<b>Revenue Summary</b>						
Line A: Total Income (revenue)					1,102,396	1,146,407
<b>plus</b> Estimated Rollover from 2007/08 (revenue)					68,130	68,130
<b>less</b> Line B: Total Expenditure (revenue)					1,118,111	1,129,262
<b>=</b> Unallocated Budget (revenue)/roll-over to future years					<b>52,415</b>	<b>85,275</b>

## Budget 2012/13

## Appendix 3e

DCSF number: **2685**

School: **Temple Mill Primary**

CFR Code	Cost Centre	Account Code	Project Code	Description	Budget Allocation £	Outturn (as per School returns to LA) £
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Revenue Income						
I01	01153	99004	000000	Funds delegated by the LEA	791,535	798,651
I02	01153	99005	000000	Sixth form students	0	0
I03	01153	99006	000000	Special educational needs	79,532	79,532
I04	01153	99007	000000	Minority ethnic pupils	1,552	1,552
I05	01153	99008	000000	Standards Fund	32,400	31,971
I06	01153	89100	000000	Other government grants	0	0
I07	01153	89200	000000	Other grants and payments	0	52,418
I08	01153	95000	000000	Income from facilities and services	12,000	8,110
I09	01153	92100	000000	Income from catering	0	0
I10	01153	95701	000000	Receipts from supply teacher insurance	7,000	0
I11	01153	95700	000000	Receipts from other insurance claims	0	11,870
I12	01153	93200	000000	Contributions to visits	5,000	12,496
I13	01153	85500	000000	Donations and/or private funds	0	430
I14	01153	89300	000000	SSG - pupil focused	0	0
I15	01153	89401	000000	Pupil focused extended school funding/grants	0	0
I16	01153	89402	000000	Community focused extended school funding/grants	171,600	172,600
I17	01153	96300	000000	Community focused extended school facilities income	0	0
I18	01153	89500	000000	Additional grant for schools	0	2,548
<b>Line A: Total Income (revenue)</b>					<b>1,100,619</b>	<b>1,172,179</b>

Revenue Expenditure						
E01	01153	00100	000000	Teaching staff	420,086	441,243
E02	01153	00300	000000	Supply staff	4,000	3,818
E03	01153	05100	000000	Education support staff	195,880	198,149
E04	01153	03200	000000	Premises staff	45,890	25,485
E05	01153	04800	000000	Administrative and clerical staff	45,395	45,803
E06	01153	03300	000000	Catering staff	0	0
E07	01153	05700	000000	Cost of other staff	44,214	46,684
E08	01153	09800	000000	Indirect employee expenses	1,000	2,524
E09	01153	09600	000000	Staff development and training	5,000	12,472
E10	01153	09501	000000	Supply teacher insurance	6,006	6,006
E11	01153	09505	000000	Staff related insurance	3,587	0
E12	01153	11002	000000	Building maintenance	5,600	2,189
E13	01153	11502	000000	Grounds maintenance	4,000	2,312
E14	01153	16202	000000	Cleaning and caretaking	2,800	1,973
E15	01153	14100	000000	Water and sewerage	2,300	2,068
E16	01153	12400	000000	Energy	10,800	12,356
E17	01153	13500	000000	Rates	27,022	27,022
E18	01153	18700	000000	Other occupation costs	3,000	4,064
E19	01153	31114	000000	Learning resources (not ICT)	26,000	35,577
E20	01153	36400	000000	ICT learning resources	10,000	10,540
E21	01153	35100	000000	Examination fees	0	0
E22	01153	31115	000000	Administrative supplies	7,500	11,508
E23	01153	39100	000000	Other insurance premiums	4,365	347
E24	01153	38400	000000	Special facilities	0	2,840
E25	01153	31700	000000	Catering supplies	8,200	11,348
E26	01153	35211	000000	Agency supply staff	41,010	46,921
E27	01153	35213	000000	Professional services - curriculum	15,000	15,211
E28	01153	35214	000000	Professional services - other	25,000	15,746
E29	01153	39500	000000	Loan interest	0	0
E30	01153	74000	000000	Direct revenue financing	0	0
E31	01153	06000	000000	Community focused extended school staff	108,843	125,901
E32	01153	36500	000000	Community focused extended school costs	76,491	53,238
<b>Line B: Total Expenditure (revenue)</b>					<b>1,148,989</b>	<b>1,163,343</b>

Revenue Summary		
Line A: Total Income (revenue)	1,100,619	1,172,179
<b>plus</b> Estimated Rollover from 2007/08 (revenue)	85,275	85,275
<b>less</b> Line B: Total Expenditure (revenue)	1,148,989	1,163,343
<b>=</b> Unallocated Budget (revenue)/roll-over to future years	<b>36,905</b>	<b>94,111</b>







# HM Courts & Tribunals Service

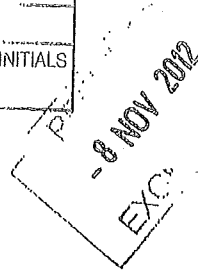
South East Regional Confiscation Unit  
Her Majesty's Courts and Tribunals  
Service  
The Magistrates' Court  
Pencester Road  
Dover  
Kent  
CT16 1BS

T: 01304 218639/ 01304218610  
F: 0870 761 7737

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Medway Council  
Gunwharf  
Dock Road  
Chatham  
Kent

MEDWAY COUNCIL	
FILE REF	
08 NOV 2012	
TO	
ACTION:	INITIALS



Our ref:

6<sup>th</sup> November 2012

## Compensation

Dear Sir/Madam,

**Re: Sandra Joan Ross Confiscation/ Compensation Order for £170,999.73 dated 26<sup>th</sup> October 2012**

A confiscation/ compensation order for the sum of £170,999.73 was made against the above named, which is due to be paid to this office by 26<sup>th</sup> April 2013.

Compensation is only paid to you when the money has been paid into court. It may be paid in instalments or in a lump sum. The court will send on to you at least monthly any money paid in.

Although compensation is paid before any other penalty, there may be other people who could be paid before you.

Default in payment will result in further enforcement action being taken against the defendant.

If you have any enquiries please contact this office and quote account number

Yours faithfully

South East Regional Confiscation Unit

