

**SOUTHERN EDUCATION AND LIBRARY BOARD**

**GUIDANCE ON FINANCIAL AND MANAGEMENT  
ARRANGEMENTS FOR CONTROLLED AND  
MAINTAINED SCHOOLS FUNDED UNDER  
THE COMMON FUNDING SCHEME**

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## **1. GENERAL**

- 1.1 Each Funding Authority is required to set out the conditions under which the Board of Governors of a school is given delegated authority and its delegated budget.
- 1.2 This document sets out the conditions to apply to schools served by the common formula and funded by the Southern Education and Library Board, taking account of the requirements and obligations set out in the Board's financial memorandum and the common funding scheme.
- 1.3 Voluntary Grammar Schools and Grant Maintained Integrated Schools have direct control of their finances and thus the conditions applied to those schools are subject to separate arrangements.
- 1.4 In the guidance that follows "the Board" means the Southern Education and Library Board.

## **2. CONDITIONS APPLIED BY EDUCATION AND LIBRARY BOARDS**

- 2.1 The Financial Memorandum issued by the Department of Education and applicable to each Education and Library Board defines the Chief Executive's responsibility for all the financial matters of the ELB including ensuring that public funds for which he/she is responsible are properly managed and safeguarded. The scope of the Chief Executive's responsibility extends to all aspects of the Local Management of Schools undertaken by Boards of Governors.
- 2.2 It is important that any arrangements put in place establish an appropriate balance between giving schools the freedom necessary to exercise their delegated authority, and maintaining due regard for the proper accountability for, and control over, the use of public funds. Arrangements must provide for the Chief Executive, or a member of Board staff acting on his/her behalf, to have access to all relevant documentation in addition to the right to attend meetings of Boards of Governors of all schools to give advice or report on major financial matters related to that responsibility.

## **3. ROLES AND RESPONSIBILITIES**

### ***The Department of Education***

- 3.1 The Permanent Secretary of the Department of Education is the Accounting Officer and as such is responsible to the Minister of Education and Parliament (the NI Assembly if in place) for the propriety and regularity of use of all resources made available to the Department. In particular he/she is responsible for:
  - a) ensuring value for money in the utilisation of these resources;
  - b) ensuring that any conditions applied by the Parliament to the issue of the resources are adhered to;
  - c) ensuring that the framework of financial and management controls are appropriate and safeguard public funds.

- 3.2 In the exercise of these powers the Permanent Secretary has made the Chief Executive of each Education and Library Board personally accountable for the resources expended by the Board, including those delegated to controlled and maintained schools in its area. Boards and schools are therefore expected to work closely with the Department in ensuring that the overall policy of Local Management of Schools adheres to the highest standards of financial control and management and that public funds are used wisely, properly and effectively. Whilst 'Best Value' does not currently apply to schools, schools need to be able to demonstrate that they are following the broad principles in their expenditure.

### ***The Southern Education and Library Board***

- 3.3 The Southern Education and Library Board retains responsibility for handling funds and for ensuring the maintenance of appropriate records for accounting and audit purposes. The Chief Executive of the Board has the responsibility of ensuring that adequate systems and procedures exist to account for all income due and expenditure incurred on behalf of the Board, including those in respect of schools funded by the Board and that controls are in operation to protect assets from loss, waste, fraud or impropriety.
- 3.4 The Board continues to be accountable for the public resources delegated to individual schools for which it is the funding authority. In particular it will:
- a. confirm the reliability of the source data used in the calculation of the budget share for each school under the LMS formula and inform schools accordingly;
  - b. establish and keep under review the conditions within which Boards of Governors must operate;
  - c. monitor the operation of LMS in schools, providing management information to schools and, generally, giving advice;
  - d. undertake specific responsibilities as the employing authority for teaching and non-teaching staff in controlled schools and non-teaching staff in maintained schools, and issuing guidelines to Boards of Governors of schools on appropriate procedures and practice to be followed in cases of discipline, dismissal etc of such staff. This does not include the determination of the teaching and non-teaching staff complements in schools with fully delegated budgets;
  - e. establish and operate procedures in relation to the appointment of teaching staff in controlled schools and of non-teaching staff in controlled and maintained schools;
  - f. make available to individual schools (and to the CCMS, in the case of Catholic maintained schools) statements, as agreed, showing financial allocations and actual school expenditure;

- g. establish and operate a system of audit to provide the necessary and appropriate level of assurance that proper controls are in place to safeguard public funds; and
- h. apply sanctions, where appropriate, including suspension of delegation.

In addition to the requirements imposed by the legislation, the Board will bear in mind the importance of making information available to, and, where appropriate, consult, schools, statutory bodies and other interests affected in matters of relevance to them.

3.5 The Board will also:

- a. determine the total resources to be made available for meeting expenditure on excepted items in respect of all controlled and maintained schools in its area, covered by the Common Funding Scheme and manage the excepted items within the general schools budget; and
- b. provide support and training for Boards of Governors and teaching and non-teaching staff, as appropriate, in all schools;

3.6 The Board may, by agreement with the school, provide any services for which funding and responsibility has been delegated and charge schools accordingly. The terms of any such arrangement shall not exceed 5 years (renewable) and in packaging such services the Board will do so in a way that does not unreasonably restrict schools' freedom of choice. Any arrangement will be provided under a service level agreement specifying, inter alia, the service being provided, the measures by which quality will be assessed, the cost basis and the arrangements for termination.

### ***Council for Catholic Maintained Schools (CCMS)***

3.7 In addition to its general responsibility for the promotion and co-ordination of the planning of the effective provision of Catholic maintained schools, the CCMS has a number of roles which are directly relevant to the operation of LMS in Catholic maintained schools:-

- a. undertaking specific responsibilities as the employing authority for teachers (but not including the determination of teaching staff complements for schools with fully delegated budgets);
- b. establishing and operating of procedures in relation to the appointment of teachers; and
- c. advising Boards of Governors of schools with delegated budgets on procedures and practice to be followed in cases of discipline, dismissal, etc of teachers.

### ***Boards of Governors***

- 3.8 The delegation of financial and managerial responsibilities to Boards of Governors remains at the heart of LMS. The central objective is to enable schools to plan and control their use of resources, and to help them to be more responsive to those they seek to serve, namely pupils, parents, the local community and employers.
- 3.9 Each Board of Governors is responsible for the proper financial management of the resources allocated to the school. This includes the security, custody and management of assets including plant, equipment, buildings, materials, cash and stores in accordance with procedures set down by the Board. Boards of Governors will also have certain responsibilities with regard to staffing issues and should ensure that any procedures set down by the Board (and CCMS as appropriate) are followed, especially those relating to appointment, discipline and dismissal.
- 3.10 The Board of Governors of each school should pay particular attention to the following principles of good financial management:
- a) the financial business of the school should be conducted in accordance with any arrangements established by the Board or the Department of Education;
  - b) expenditure should be contained within the approved budget unless otherwise agreed by the Board (see also Section 5);
  - c) proper attention must be paid to the efficient and effective management of all the school's resources and expenditure, capital assets, equipment and staff so that public funds are not put at risk and that value for money and other financial considerations are taken into account in reaching decisions and in their execution;
  - d) office procedures within each school should contain appropriate safeguards against fraud and theft.
- 3.11 Within the framework of legislation and the financial accounting and other provisions of the Common Funding Scheme, the Board of Governors of each school controls the running of the school within that budget. The Board of Governors should have the freedom to deploy resources within the school's budget for the benefit of pupils according to its own assessment of educational needs and priorities. The Board of Governors will have specific responsibility for:
- a. approval of the financial plan and monitoring expenditure against that plan;
  - b. determination of teaching and non-teaching staff complements for the school;
  - c. Principal's and Vice Principal's pay flexibilities;
  - d. taking decisions on the purchase of specified goods and services;
  - e. selection of non-teaching staff and, subject to a teacher appointment scheme (in the case of controlled and Catholic maintained schools), selection/participation in the selection of teaching staff, for appointment to the school;
  - f. regulation of the conduct and discipline of staff;

- g. suspension of staff; and
  - h. determining that any person employed to work at the school under a particular contract should cease work there under that contract and notifying the employing authority in writing of its determination.
- 3.12 The Board of Governors has no management responsibility for persons employed by the Board but not assigned to the school e.g. staff employed to work solely in connection with the provision of a school meals service, grounds maintenance staff etc.
- 3.13 In exercising its overriding financial and managerial responsibilities within the school, each Board of Governors should ensure that:
- a. detailed estimates are drawn up which reflect the school's priorities, in particular those set out in the school development plan;
  - b. actual, committed and projected expenditure is regularly monitored (at least quarterly) by the Board of Governors and decisions taken on the management of the budget in light of this information; and
  - c. arrangements are in place to meet any requirements of the Common Funding Scheme.
- 3.14 Boards of Governors may wish to delegate responsibility for the day-to-day financial management of the school to the Principal and it is recommended that a Finance Committee be appointed to deal with certain aspects of finance within the school. It is vital that, in delegating these responsibilities, the Board of Governors:
- a) ensures that all involved have an appropriate terms of reference and are fully aware of the extent of their delegated authority and that these are clearly set out, minuted and agreed at a meeting of the full Board of Governors; and
  - b) that arrangements are put in place which ensures that the full Board of Governors is kept informed, on a regular basis, of significant issues affecting finance and financial management in the school.
- 3.15 To discharge their LMS responsibilities effectively, Boards of Governors will require advice and support from other bodies on a range of issues. The Board and, for certain matters in Catholic maintained schools, the Council for Catholic Maintained Schools will provide this support. The Board can require representatives of individual Boards of Governors to meet with them as required.
- 3.16 Each Board of Governors is responsible for reporting on the discharge of its responsibilities in relation to its school, including its responsibilities under LMS. The annual report containing financial and other information, will play an important part in this regard and it is important that each Board of Governors should be aware of the need for a positive and ongoing partnership involving governors, teachers, parents and other interested parties in school matters.

### ***The Principal***

- 3.17 The development of an effective working relationship between the Board of Governors and the Principal is vital if the school is to operate successfully. The Principal is a non-voting member of the Board of Governors and is entitled to attend and take part in meetings unless an aspect of his/her performance or salary is being discussed. The Principal's experience, knowledge and management expertise should be a major asset to the school in operating under LMS.
- 3.18 While overall statutory responsibilities cannot be delegated, it is envisaged that each Board of Governors will delegate to the Principal specific authority in relation to the management of all or part of the school's delegated budget within the conditions of the scheme. This should be done in writing and should normally include:
- a) the development and maintenance of a proper system of controls within the school to ensure that resources are properly utilised and in accordance with the school's policies and priorities as agreed by the Board of Governors;
  - b) ensuring that adequate records are kept not only to support all financial transactions but also those relating to pupils etc;
  - c) drawing up financial plans which take account of the School Development Plan and submitting these for consideration by the Board of Governors and reporting on progress against the plan at subsequent meetings;
  - d) ensuring that the school's assets, including buildings, land, stores and equipment are adequately protected and maintained and any losses and shortcomings drawn to the attention of the Board of Governors;
  - e) assisting the Board of Governors in ensuring that issues of propriety, value for money and regularity are fully considered where appropriate and, in particular, advising the Board of Governors should any action or policy under consideration by the Board of Governors appear to be incompatible with the arrangements under which delegated authority has been granted.
- 3.19 Where specific powers are delegated, the Board of Governors should ensure that the role of the Principal and the extent of his/her decision-making authority are clear to all concerned and that there are appropriate mechanisms in place for governors to be kept informed. Principals are also encouraged to establish appropriate structures to involve staff in the decision-taking and budgetary control processes. Where this involves delegated authority, for example, to make orders within prescribed limits, this must be set out in writing and approved by the Board of Governors.

### ***Restrictions on Delegation***

- 3.20 The Common Funding Scheme empowers an Education and Library Board to restrict the authority delegated to individual Boards of Governors where it believes that the school cannot operate within the level of resources that it has at its disposal. Such restrictions will be as the Board deems appropriate and necessary to ensure that

planned and actual expenditure is brought to a position acceptable to the Board (see also paragraphs 5.19 – 5.22).

### ***Suspension of Delegation***

- 3.21 The legislation (Article 55 of the 1998 Order as amended) empowers an Education and Library Board to suspend a Board of Governors' right to a delegated budget where it appears that the Board of Governors:
- a) has been guilty of substantial or persistent failure to comply with any requirement or conditions applicable under the scheme; or
  - b) has not managed the appropriation or expenditure of the resources put at its disposal for the purposes of the school in a satisfactory manner.
- 3.22 Where a Board of Governors fails to carry out its duty in relation to the implementation of the Northern Ireland Curriculum the Department may take such remedial action as it thinks necessary. However, should substantial or persistent failure to comply with the NI Curriculum continue there may be grounds for suspension of delegation.

### ***Procedure for Restricting or Suspending Delegated Authority***

- 3.23 Where there is a proposal to restrict or suspend delegation the Board must give at least one month's notice to the Board of Governors and, at the same time, specify the grounds for the action proposed. At the same time a copy of the notice must be given to the Principal of the school, to the Department of Education and, in the case of a Catholic maintained school, to the Council for Catholic Maintained Schools.
- 3.24 In emergency situations the Board may restrict or suspend delegation before the expiry of the period of notice but must at the same time provide the Board of Governors, the Principal of the school, the Department of Education and, in the case of Catholic maintained schools, the Council for Catholic Maintained Schools, with written notification of its actions and its reasons for it.
- 3.25 Where the Board withdraws a notice of restriction or suspension of delegation at any time before the expiry of the period of notice then the Board must, at the same time, give written notification of the withdrawal to the Board of Governors, the Principal of the school, the Department of Education and, in the case of a Catholic maintained school, to the Council for Catholic Maintained Schools.
- 3.26 A Board of Governors will have the right to appeal to the Department of Education against the restriction or suspension of delegation. The restriction or suspension of delegation will not affect the budget share of the school as arrived at by the Common Funding formula. However where a school's right to a delegated budget is suspended, it will no longer exercise delegated responsibility for the staffing of the school, including the staffing complement - in such cases the power to determine staffing complement reverts to the Board. In exercising this function in Catholic maintained

schools the Department would expect decisions to be made only after consultation with Council for Catholic Maintained Schools.

- 3.27 The Board will review annually any restriction or suspension of delegation with a view to restoring such authority as early as possible with effect from the beginning of a financial year, provided that the ELB is satisfied that there are effective measures in place to ensure that appropriate standards of financial management are in place.

#### **4. GOVERNANCE ISSUES**

##### ***Board of Governors – Training***

- 4.1 In addition to the training that is available to them on LMS matters, Boards of Governors will continue to have recourse to the advice of the Chief Executive and officers of the Board. Over the whole range of education and management issues arising at any school, governors can benefit from making full use of the professional advice which Board officers and advisers can provide. The Board will ensure that up-to-date guidance continues to issue to Boards of Governors in relation to relevant statutory provisions and other matters of importance to the discharge of governor responsibilities, such as property management, budget management, purchasing, governance, internal control, risk management and the preparation of all school development plans e.g. curriculum and financial plans etc.

##### ***Personal Liability of Governors***

- 4.2 Boards of Governors of all schools have extensive freedom to spend their delegated budgets as they see fit. (see also 3.11) Article 6(5) of the Education & Libraries (NI) Order 2003 makes it clear that the governors of a school will not incur any personal liability in respect of any action taken in good faith in the exercise or purported exercise of their delegated powers under a scheme. There is no definition on what constitutes good faith but, broadly speaking, it may be regarded as any act that was undertaken honestly and with no ulterior motive in the light of the information available at the time of the act. Article 6(5) does not, however, cover any negligence by a Board of Governors in exercise of powers other than that of spending their delegated budget under Article 6(4).
- 4.3 Any contractual liability, for example, resulting from the cancellation of a contract for supplies, will be met in accordance with the agreed classification of expenditure as set out in the Common Funding Scheme. The Common Funding Scheme includes provision in specified circumstances for the charging of certain expenses normally met by the Board to a school's budget.
- 4.4 Article 88(6) of the 1986 Order, as amended in Schedule 9 to the 1989 Order, provides that functions exercised by the Board of Governors of a controlled or maintained school under Article 88 (as amended) in relation to the appointment of non-teaching staff are carried out on behalf of, and in the name of, the Education and Library Board. Under Article 10(5) of the 1986 Order, as substituted in Schedule 9 to the 1989 Order, the same applies to functions exercised by the Board

of Governors of a controlled school in relation to appointments under a teacher appointments scheme.

4.5 The Board will provide an indemnity to Boards of Governors in connection with the exercise of their statutory functions and responsibilities under the Education Orders, provided such functions are exercised in accordance with the conditions of the indemnity. The indemnity will also extend to the liabilities of Boards of Governors acting as such under the headings of:

- a) Professional indemnity
- b) Libel and slander
- c) Wrongful acts
- d) Legal expenses

- provided that their actions were taken in good faith and without reckless disregard for the Board's policies, procedures and guidelines and other directives issued by statutory agencies.

4.6 There is no provision against theft or accidental damage to Governors' personal property or against personal accident. Similarly there is no provision to cover the use of Governors' cars on school activities.

### ***Personal Liability of School Employees***

4.7 The common law duties of Principals and other school employees are in substance unchanged by local management. They are individually liable for any negligent acts; but if they have acted in the course of their employment, their employer will also be liable.

### ***Insurance***

4.8 Under current arrangements the Board carries its own risk for public and employer's liability claims. Under this arrangement, there is an indemnity passed on to Boards of Governors of controlled schools in respect of any liabilities they may incur in these areas. Schools which are not in the controlled sector are commercially insured.

4.9 The Board will provide schools with details of the cover provided whether through commercial insurance or otherwise.

## **5. RECURRENT FUNDING**

### ***Use of LMS Resources***

5.1 The Board of Governors must consult and obtain the Board's agreement before incurring any expenditure which:

- a) is not in accordance with the Common Funding Scheme;
  - b) may be of doubtful legality; or
  - c) may result in exceeding the agreed level of resources available to the school.
- 5.2 The Board of Governors of controlled schools are not permitted to enter into any agreement connected with the buying, selling or granting of interests in land and buildings. In the case of maintained schools these activities are the responsibility of trustees. Schools cannot use resources to subsidise, preparatory departments or other parts of a school not accorded grant-funded status e.g. independent Nursery or other independent Units.
- 5.3 The Board of Governors is responsible for the observance of any financial regulations prescribed by the Board and should bring them to the attention of all staff. If a Board of Governors fails to observe the financial regulations the Board may restrict or suspend its right to a delegated budget.
- 5.4 Financial limits may be varied periodically by the Board.

### ***Budgets and Budgetary Control***

- 5.5 To ensure that resources are deployed effectively, the Board of Governors of each school should agree a financial plan for its school and submit it to the Board for approval in accordance with the specified timetable and in such form as prescribed by the Board. The plan, which should align with the School Development Plan, should cover the incoming financial year in detail and the following two years at a level prescribed by the Board. It should be consistent with the financial resources available to the school and based on realistic assumptions as regards pupil numbers and income together with estimates of expenditure on key items of expenditure. The Board will have adequate arrangements in place to ensure that it is informed on a regular basis of the extent to which actual and committed expenditure accords with the financial plan. Delegated funding (each year) is calculated on the basis of the funding requirements for the school in that year and expenditure should be contained within the approved budget unless otherwise approved by the Board. Large surpluses or deficits must be avoided and schools should aim to remain within budget, thereby ensuring that financial resources are appropriately managed for the existing and future needs of pupils in the school. Schools must ensure that public funds provided through the LMS formula allocation, along with income from any other source – such as fund-raising - are appropriately managed.
- 5.6 Where a plan is presented which is not either within the approved budget or the criteria for overspends as laid out in section 5.22, or the criteria for savings as laid out in section 5.13, and the Chief Executive or Chief Finance Officer is unable to obtain appropriate changes to the plan, the Board of Governors (or its nominated representatives) should be required to discuss the matter with an appropriate committee of the Board, with the aim of producing an acceptable plan to be put to the Board (or appropriate committee) for formal approval.

- 5.7 The Board is responsible for notifying the Board of Governors of the formula allocation, adjusted for carry forward, for the period 1 April to 31 March. The notification of the formula allocation should be issued before the commencement of the financial year and should be in accordance with the Common Funding Scheme. Any adjustments required in respect of Carry Forward should be made as early as possible in a financial year.
- 5.8 Control of the budget must be the responsibility of the Board of Governors who may delegate the preparation and management to a committee of the Board of Governors or to the Principal. In effecting any such delegation, the Board of Governors should be required to make this in writing so that there is a clear understanding of respective responsibilities particularly with regard to any limits to the delegated authority (see section 3.14).

### ***Virement***

- 5.9 To ensure the effective management of the budget it is essential that the Board of Governors, in drawing up its financial plan, prepares detailed plans for the allocation of the budget to specific expenditure headings. However, schools may adjust these initial cost projections and vire between the headings as the year progresses. While the Board of Governors will retain responsibility for the management of the budget, it will find it more efficient to delegate responsibility for virement, within specified limits, to the Principal. Where such a delegation is made this should be clearly recorded and reporting arrangements agreed.
- 5.10 The Board will not charge schools for services for which provision has been excepted (held centrally) but if a school wishes, it may deploy resources on a non-delegated item, as defined in the Common Funding Scheme, e.g. to provide additional in-service training.
- 5.11 The transfer of resources from recurrent expenditure to capital may only take place in certain circumstances and these together with any other conditions will be set by the Board. Further information on transferring recurrent funding to capital is set out in the next section.

### ***Savings***

- 5.12 Schools may accumulate savings over a period of several years and the ability to make such savings will in no way affect their formula funding in subsequent years. However, the application of savings must be limited to items of expenditure that would otherwise be permitted under the Common Funding Scheme.
- 5.13 The Department does not wish to see excessive surpluses of public funds being accumulated by schools without good reason and schools should therefore not build up significant levels of savings unless there is a specific purpose in mind. The reasons for any build-up of surpluses and the purposes for which these funds will be used must be clearly communicated to the Board. The expectation is that any significant savings would be utilised within the timeframe of the 3-year plan. In general, schools should not have accumulated surpluses in excess of 5% or £75,000,

whichever is the lesser, of their delegated budget unless they are being accumulated for specific purposes and these are detailed in their plans.

5.14 A school's savings may be used to fund minor works such as the partitioning of rooms. In controlled schools where structural additions or alterations to existing premises are involved, the Board may approve some or all of the costs being met by the school but the nature of the work will be subject to the approval of the Board. In the case of Catholic maintained schools, the permission of the Trustees should also be sought. The use of savings on minor works should be subject to the following arrangements:

- a) Savings may be used to provide additional small temporary accommodation but teaching accommodation is excluded. Approval should be subject to the Board of Governors giving a written undertaking that such additional accommodation will not be used to support any request for increased enrolment/admission numbers
- b) Where the cost of any capital works exceeds £15,000, the written approval of the Board must be obtained before any expenditure is incurred. In the case of controlled schools proposing to use savings for small minor works the written approval of the Board may prescribe the general arrangements, including a timetable for submission of requests.
- c) Schools must comply with the normal Board tender procedures on matters such as selection of contractors, tendering, insurances etc and with the relevant planning, fire authority, building control and health and safety obligations together with technical requirements as specified by the Board.

5.16 In imposing the above conditions in relation to building work, it is not the intention to be overly restrictive but rather that such work be completed to a satisfactory standard, that it represents best value for money and that it complies with the appropriate health and safety regulations. Board officers will offer advice and assistance but the Board reserves the right to charge schools for professional services where appropriate. All schools within their delegated authority may use savings to purchase equipment subject to compliance with Board purchasing procedures and standing orders for the purchase and disposal of such equipment.

5.17 Schools may use savings to purchase vehicles. Where savings are to be used for this purpose:

- a) Vehicles will be the property of the Southern Education and Library Board but schools will be responsible for all ongoing costs i.e. taxation, fuel, maintenance and insurance. The Board of Governors must ensure that such vehicles are adequately insured and that any requirements of the insurance policy are complied with e.g. restrictions on the number of passengers, categories of use etc. In addition, the school has a duty under its Health and Safety responsibilities to ensure that such vehicles are road-worthy and well maintained.
- b) The Board's arrangements for the disposal of assets will apply to such vehicles and any income will be credited to the school's budget.

- c) Where a school purchases a vehicle through the Board purchasing service but using school funds (as opposed to funds provided by the Board) the vehicle will be the property of the Board unless otherwise agreed.
- 5.18 Savings should not be deployed on the purchase of land or buildings, the provision of temporary accommodation, major or minor capital works other than those outlined above and furniture and initial equipment associated with building works.

### ***Overspends***

- 5.19 Schools must adhere to their allocation except in circumstances otherwise permitted. Any school with a deficit will have its budget share debited by the appropriate amount in the succeeding financial year.
- 5.20 No school may plan for a deficit without the consent of the Board's Chief Finance Officer, Chief Executive, or the Finance and General Purposes Committee. The level at which approval is required will depend on the size of the proposed deficit and the percentage this represents of the resources available to the school. Any school in deficit or planning a deficit may be required to attend a meeting of the appropriate committee of the Board to explain the circumstances.
- 5.21 Immediately a potential deficit becomes apparent, i.e. where planned expenditure is likely to exceed the level of resources available to the school, the Chairman of the Board of Governors and the Principal must ensure that the LMS Unit of the Board is informed. Where the likely deficit arises as a result of unplanned circumstances and is of sufficient magnitude that it cannot be fully corrected within the following financial year, the Board of Governors should submit a plan to the Board for approval. The plan will set out how and over what period finances are to be brought back into balance and detail the arrangements for monitoring progress in implementation.
- 5.22 Schools wishing to incur a deficit for whatever reason must make application, annually, to the Board for permission to do so. Such requests must include the various reasons for the requested deficit and must be closely scrutinised by the Board. Permission to overspend will be subject to:
- a) The Southern Education and Library Board not exceeding its recurrent budget
  - b) An upper limit of 5% of a schools budget share or £75,000, whichever is the lesser.
  - c) A budget plan submitted by the school's Board of Governors demonstrating that the planned deficit can be cleared or substantially reduced during the period of the 3 year budget plan.

### ***Spending on Hospitality, Gifts etc***

- 5.23 The Board's Model Hospitality Policy for Schools – Allowable Expenses and Occasions sets out its requirements in relation to spending on hospitality, gifts, etc. This includes its general policy for hospitality including any limits that it wishes to impose in any related areas e.g. floral tributes, small gifts and other tokens of appreciation. In all cases, expenditure on hospitality and related areas must be directly related to, or associated with, the active conduct of official school business. When the school spends public money on hospitality or related areas, the occasion must, in the best judgement of the Board of Governors, produce a clear benefit for the school with no personal benefit for staff or Governors. As with all financial records, schools should ensure that proper records are kept.
- 5.24 Public funds should not be used for the purchase of meals for staff, excluding those directly associated with school activities (e.g. training); or for any other purpose not covered by the Board policy for hospitality, or for charitable donations.

### ***Annual Outturn Statement***

- 5.25 The Common Funding Scheme requires each Education and Library Board to prepare an LMS Outturn statement for each school covered by the Scheme in a format prescribed by DE.

## **6. FINANCIAL MANAGEMENT**

### ***Financial Systems***

- 6.1 Schools must adopt the financial systems determined by the Board. The Board will issue and periodically review, as necessary, administrative and accounting procedures.
- 6.2 The following principles shall be observed in the allocation of accounting duties:-
- a) where responsibilities are delegated, whether to a sub-committee, the Principal or an individual, such delegation should be clearly set out in writing in the form of an appropriate terms of reference and arrangements made for the Board of Governor to be kept informed (see section 3.14);
  - b) the duties of providing information regarding sums due to or from the Board and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
  - c) staff charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

### ***Purchasing and Contract Procedures***

- 6.3 The Board of Governors shall comply with the Board's contracting/purchasing procedures (a framework setting out key procedures is set out in Annex 1). Purchases that individual schools may make directly with local suppliers, under approved arrangements, are made on behalf of the Board by the school and remain the property of the Board. Invoices for such purchases should be forwarded by the school to the Board which, if satisfied that they come within the approved arrangements, will make the payment, including VAT, direct to the supplier and claim the VAT refund in the normal way. When expenditure has been incurred, the Board will debit the school's budget share by the net amount, i.e. exclusive of VAT.
- 6.4 Under Prompt Payment, now better known as the 'New Better Payment Practice Code', the Board is required, unless otherwise stated in the contract, to pay undisputed invoices for goods and services within 30 days of receipt of those goods or services or presentation of a valid invoice, whichever is the latter. Under the Late Payment of Commercial Debts (Interest) Act 1998 as amended by the Late Payment of Commercial Debts Regulations 2002, where a properly matured invoice is not paid within the 30-day period all suppliers have a statutory right to claim interest at a rate of 8% plus the base rate (4.75% at March 2005). In addition they are entitled to compensation for reasonable debt recovery costs. The Board is required to report their performance in this area.
- 6.5 The Board has set out its procedures with regard to the payment of invoices received by schools. These include arrangements for recording the date of receipt of the invoice, the time limit for submission to the Board for payment and arrangements to apply during periods when schools are closed but invoices may be received. The Board may consider reclaiming debt recovery costs, where a school is persistently late in submitting invoices for payment.
- 6.6 No governor or member of staff of a school may authorise the purchase of goods or services from themselves, their relatives or any organisation in which they have a significant interest. The Board of Governors is required to maintain a Register of Interests in which members of the Board of Governors should list any business interests they have involving individuals or organisations with which the school is likely to engage in a business arrangement (See also 6.19 and 6.20).
- 6.7 Each school should document the names of those members of staff empowered to authorise orders and any financial limits set.

### ***Payment of Accounts***

- 6.8 Apart from petty cash payments through an Imprest Account the Board shall pay all accounts properly incurred in respect of agreed budgets. Petty cash payments will be reimbursed by the Board.

### ***Payment of Salaries and Wages***

- 6.9 The payment of teachers' salaries and pensions shall be made by the Department of Education on behalf of the Board and Council for Catholic Maintained Schools. The payment of all salaries, wages and other emoluments to non-teaching staff shall be made by the Board. All timesheets, overtime claims and other documents relating to pay should be thoroughly checked by someone other than the person the document applies to before being authorised by the Principal.

### ***Receipts***

- 6.10 All receipts should be paid into a bank account opened and maintained in accordance with any requirements set by the Board. The standards of cash handling determined by the Board must also be maintained.

### ***Banking Arrangements***

- 6.11 All banking arrangements should be subject to the approval of the Board.

### ***Control and Security of Assets***

- 6.12 Each school must maintain an inventory of plant, vehicles, equipment and furniture in accordance with any requirements set by the Board and the appropriate security marking of such assets should also be considered. These requirements include not only items beyond a certain value but also items that are moveable and attractive e.g. video recorders. The inventory should include:

Date of acquisition  
Description (inc. serial numbers)  
Cost  
Source of Funding  
Location

- 6.13 Inventories should be checked annually and the Board informed of any discrepancies. Proposals to dispose of furniture and equipment shall be in accordance with arrangements approved by the Board.

### ***Audit***

- 6.14 LMS expenditure and related issues will be subject to internal audit examination by the Board. Other school funds may be included in this examination and schools must therefore take appropriate measures to ensure that these are properly managed. It is not envisaged that Board accounts for each school should be externally audited on an individual basis, or that they should be published as part of the Board's formal report and accounts.

6.15 The accounts, books and other relevant records of the Board of Governors of each school must be open to inspection on request by:

- a) any officer of the Board or person appointed by the Chief Executive or Chief Finance Officer;
- b) the Comptroller and Auditor General for Northern Ireland (C&AG) or a member of his staff at all reasonable times;
- c) the Department of Education.

The Department and/or C&AG may also carry out examinations into the economy, efficiency and effectiveness of the operation of LMS at Board and school level.

6.16 The persons specified in paragraph 6.15 above shall have authority to:

- a) enter at all reasonable times on school premises or land;
- b) have access to all records, documents and correspondence relating to any financial and related transactions;
- c) require and receive such explanations as are necessary concerning any matter under examination; or
- d) require any employee of a school to produce cash, stores or any other ELB property under his/her control.

6.17 The Chief Executive is accountable for the accounting, financial and related operations of schools. The Board of Governors shall have the responsibility to review, appraise and report on:

- a) the soundness, adequacy and application of financial and other related management controls;
- b) the extent of compliance with, and financial effect of, established policies, plans and procedures;
- c) the extent to which the Board's assets and interests are accounted for and safe-guarded from losses of all kinds arising from fraud and other offences, waste, extravagance, poor value for money or other cause;
- d) the suitability and reliability of financial and other related management data developed within the school.

6.18 Whenever any matter arises which involves or is thought to involve irregularities concerning cash, stores, property or other assets of the Board, the Board of Governors or Principal shall forthwith notify the Chief Executive who shall take such steps as are considered necessary by way of investigation and report.

### ***Disclosure of Interest***

(See also 6.6)

- 6.19 The Board of Governors shall have a Code of Conduct which includes the requirement to maintain a register of interests in which each member of the Board of Governors shall list any business interests they or any member of their immediate family have and with whom the school could have a business arrangement. The register should be reviewed annually by the Board of Governors and recorded in the minutes.
- 6.20 Any Governor, the Principal or other member of staff of the school with a material personal interest in any contract with the school shall declare that interest to the Board of Governors or relevant committee of the Board of Governors and shall not take part in any debate or vote on the issue. Any such declaration shall be noted in the Board of Governors' minutes.

### ***Data Protection***

- 6.21 The responsibility for maintaining proper security and privacy of information and for ensuring that all other requirements of Data Protection legislation are being met shall rest with the Board of Governors in respect of computer equipment and related systems. The Chief Executive, or an authorised representative, shall have access to all computer systems and records and may require and receive such explanations as are necessary or required under Data Protection legislation (see also 7.1).

### ***Charging***

- 6.22 Each school is required to set out its charging policy in relation to pupils. This should include a reference to parental voluntary subscriptions if sought in respect of school trips etc. and it should also be made explicit, both in the title of any such fund and in the written requests for such subscriptions, that these are voluntary contributions. The decision as to whether and how much to charge will be determined by:
- a) the Board of Governors where the cost of the activity is paid from funds at its disposal; and
  - b) the Southern Education and Library Board in any other case.
- 6.23 "Educational facilities" means the equipment, premises or other school property while "educational services" includes services provided by teachers. Boards of Governors of all schools may charge for educational facilities and services made available by it to any other school, institution, body or person. The facility to make charges is subject to any regulations or conditions which the Department of Education may make regarding maximum rates of charge and any circumstances in which charges may not be made.

### ***Other Income***

- 6.24 School premises, when not in use for school purposes, are a valuable facility for community use, and indeed in many instances are so used. Article 140 of the 1989 Order provides for all schools to have regard to the desirability of use of their premises by the local community, and more specifically, Circular 1990/5 issued by the Department sets out arrangements whereby schools may be used for child care provision out of school hours. Schools are encouraged to consider making their premises available as a community facility, where possible.
- 6.25 Any income generating activities should be authorised by the Board of Governors and be in accordance with guidelines issued by the Board. Subject to any conditions relating to charging for educational facilities and services, schools should be free to engage in fund-raising activities and any funds so raised shall be additional to its formula allocation.
- 6.26 Where a school derives income from the sale of an asset for which responsibility is delegated (e.g. small items of equipment), or which was purchased by virement from its budget share, the income should be credited to the school. Such income may be subject to VAT liability and, in view of this and other accounting considerations, where a school decides to sell an asset, its arrangements for its disposal should be in accordance with procedures specified by the Board. Income from the sale of items purchased from funds retained centrally by the Board, such as large items of equipment, goes to the Board.

### ***Non Board Funds***

- 6.27 While voluntary funds are not owned by the Board it is unreasonable to expect contributors to these funds to distinguish between them and official monies and it follows therefore that standards of accounting and propriety should be those applicable to public funds.
- 6.28 The Board of Governors of a school shall ensure that there is a safe and efficient system for the custody and control of such funds, including the preparation and audit of an annual account for approval by the Board of Governors. As outlined at 6.15, such accounts must be open to inspection on request.

### ***Re-classification of Costs***

- 6.29 Under the terms of the Common Funding Scheme an Education and Library Board may in certain circumstances make a charge against a school's delegated budget without the consent of the Board of Governors - in such circumstances, the school will be informed of the charge and the reasons for it. This will mainly be for the correction of an error previously made by the Board but costs which would otherwise be met by the Board may be levied against a school where a Board of Governors:

- a) has caused premature retirement costs or costs associated with dismissal, retirement or resignation to be incurred without the prior written agreement of the Board or has committed the Board to a compensation payment. The Board will only fund compensation where the recommended level is in line with the current regulations governing such payments; or
- b) makes a decision as a result of which additional costs are incurred by the Board (e.g. if additional transport or school meals costs arise as a result of the Board of Governors deciding to close the school or vary the hours of attendance on a day and fail to inform the Board); or
- c) fail to produce information required by the funding authority for the purposes of this scheme and arrangements have to be made to obtain the information; or
- d) has failed to undertake its delegated responsibilities in respect of maintenance or health and safety regulations thus involving the Board in the initiation or completion of the necessary work; or
- e) has incurred costs, including legal costs and/or awards by a Tribunal or Court, by action or inaction contrary to the advice of the Board; or
- f) has incurred a penalty imposed on the Board by a statutory authority and this is as a result of action or inaction by the school; or
- g) is in breach of contract for supplies or in relation to contracts for cleaning, maintenance or catering; or
- h) has not made arrangements for staff to be provided with health and safety training; or
- i) has failed to resource certain defined curricular needs e.g. statemented children (for which resources were delegated).

6.30 Where the Board takes such an action, the school may, if it wishes, appeal to the Chief Executive or, if necessary, the appropriate committee of the Board and may have the right to present their appeal in person, if so desired.

## **7. PROVISION OF INFORMATION**

7.1 The Board of Governors shall provide the Southern Education and Library Board, or where appropriate CCMS or the Department, with any information which is requested for the purpose of the exercise of its functions, duties or responsibilities. Information should be provided in such form and in accordance with such timescale as requested by the commissioning organisation. It should be noted that the Freedom of Information (FOI) Act, which came into force in January 2005 –places a statutory duty on public bodies covered by the Act to make certain information publicly available on request. Schools are public authorities in their own right and

must conform to the requirements of the FOI Act. Boards provide support to schools in handling FOI requests and procedures. Any queries should be referred to the designated officer in the Board

- 7.2 The Department, the Board and, where appropriate CCMS, will act reasonably in making requests for information, paying due regard to the ongoing work of the school, the cost of providing information and, where appropriate, confidentiality.
- 7.3 If a school fails to return information by the specified deadline, or if the information is not of a satisfactory quality, the following action may be taken:
- a. the Board, or an agent appointed by the Board, may carry out such investigations as it deems necessary to collect the data. The cost of such investigations may, in whole or in part, be deducted from the school's delegated budget;
  - b. the Board may use its own estimates of the requested data.
- 7.4 If the school receives a financial allocation in excess to what it is entitled because of either of these actions or because of the submission of incorrect data by the school the school's budget will be adjusted accordingly. However the Board is not bound to adjust the budget should an allocation be below that to which the school was otherwise entitled.

## **8. STAFFING ISSUES**

### ***General***

- 8.1 Decisions on staffing complements are a matter for each Board of Governors. In determining staff complements, including teaching and non-teaching staff the Board of Governors has a number of key issues to consider including, in particular, the effective delivery of the curriculum and affordability. These are critical considerations and the Board of Governors needs to give very careful consideration to any proposals in this area and provide opportunities for the Principal to offer advice. This should include information on the implications of the proposal for pupil/teacher ratios, class sizes, teacher contact time and the organisational structure.

### ***Employment Matters***

- 8.2 The Southern Education and Library Board continues to be the employer of teaching and non-teaching staff in controlled schools and non-teaching staff in Catholic maintained and other maintained schools, and the Council for Catholic Maintained Schools is still the employer of teachers in the Catholic maintained sector. In the case of maintained schools other than those in the Catholic maintained sector, the Board of Governors of the school will be the employer of teachers in the school.

### ***Pay and Conditions of Teaching Staff***

- 8.3 The pay and conditions of teachers remain subject to the provisions, determinations and regulations made under the 1986 Order, as amended.
- 8.4 The pay and conditions of non-teaching staff will continue to be for Education and Library Boards to determine following consultation with the relevant negotiating bodies.
- 8.5 Each school should have a School Salary policy and procedures covering all teaching staff and keep these under review. Current arrangements provide Boards of Governors with the flexibility to award a salary increase for Principals and Vice-Principals, provided there has been a review of performance in the light of performance objectives. In assessing any proposed increase under these arrangements, Boards of Governors must ensure that they comply with any guidance or advice issued by the Department, the Board or, where appropriate, the Council for Catholic Maintained Schools.

### ***Discipline, Grievance and Suspension***

- 8.6 Legislation provides for responsibility for disciplinary and grievance procedures in schools to rest with the Board of Governors of each school. The Board of Governors is responsible for the application of the agreed disciplinary rules and procedures, and procedures for giving members of the staff opportunities for seeking redress of grievances relating to their employment, and making them known to staff at the school. The legislation requires that, before establishing such rules and procedures, Boards of Governors must consult the employing authority of the staff concerned.
- 8.7 In view of the importance of this area of industrial relations, employing authorities should continue to issue and maintain guidance to schools on good practice in the establishment and operation of rules and procedures. It is the duty of the employing authority to comply with requests from the Board of Governors for action arising out of the Board of Governors' control over the conduct and discipline of staff where such action lies within the employing authority's power.
- 8.8 Either the Board of Governors or the Principal may suspend on full pay anyone who works at the school where his or her exclusion is deemed necessary, in which case they must inform the other party and the employing authority. Only the Board of Governors may end a suspension, and must inform the employing authority and Principal immediately on doing so.
- 8.9 The above provisions do not apply in relation to: -
- a. teaching staff in non-Catholic maintained schools, as Boards of Governors are the employing authorities of teachers in these schools and are therefore responsible for making the relevant arrangements; or to

- b. staff employed to work solely in connection with the school meals service, where meals service expenditure is not a delegated item.

### ***Dismissals***

- 8.10 The Board of Governors (where it is not the employing authority) is responsible for deciding that a person employed to work at the school (excluding a person employed solely in connection with the school meals service, where meals service expenditure is not a delegated item) should cease to work at the school. If a person is employed to work at a school under more than one contract of employment - for example for cleaning and for lunch-time duties - the Board of Governors must consider work under each contract separately.
- 8.11 Different arrangements apply depending on whether a person is employed solely at the school or is employed at other locations:
- a. where a Board of Governors takes a decision in relation to a person employed under the contract in question to work **solely** at the school, it must notify the relevant employing authority of its decision and the reasons for it, and the employing authority must, within one month from the date of the notification, give the person notice of termination of his or her contract (or terminate the contract without notice if the circumstances are such that it is entitled to do so by reason of his or her conduct).
  - b. where the person is **not** employed under the contract in question solely to work at the school, the employing authority must withdraw the person from work at the school.
- 8.12 In either case, the Board of Governors is required under Schedule 2 of the Education (NI) Order 1998 to make arrangements to afford the person an opportunity to make representations, including oral representations, to whichever person or persons the Board of Governors appoints for the purpose, before finalising a decision on his or her employment in the school. The Board of Governors must also give the person an opportunity to appeal that decision before it is notified to the employing authority. The Disciplinary Procedure for Teachers and the Disciplinary Procedure for Non-Teaching Staff in Grant-Aided Schools with Fully Delegated Budgets both provide for appeals against dismissal to be heard by an independent appeal panel set up under the auspices of the Labour Relations Agency.
- 8.13 The legislation provides that an officer of the relevant employing authority is entitled to attend, for the purpose of giving advice, all proceedings of the Board of Governors relating to a dismissal, and that the Board of Governors must consider any advice given before taking a decision.
- 8.14 Where a Board of Governors decides that a person NOT employed to work solely at the school should cease to work there, the school will not be responsible for any salary etc costs of the person under the contract in question after the end of a period equivalent to the period of notice that would have been required under the contract if notice had been given on the date the Board of Governors notified the employing authority of the decision.

### ***Payments/Costs In Respect of Dismissals, Resignations etc.***

- 8.15 Costs incurred by the Board arising from the dismissal, resignation, or premature retirement of any member of the staff of a school with a fully delegated budget must be met outside the school's budget share. The Board of Governors may determine the size of any payment to the departing member of staff in excess of statutory or contractual obligations. However, if the Board has good reason, it may deduct, from a school's budget share, the whole or part of the costs incurred in relation to a dismissal, resignation or premature retirement. The fact that the employing authority has a no-redundancy policy will not in itself be good reason to deduct the costs of dismissal from a school's budget share. With this exception, it will be for the Board to determine what is a good reason and to consider the issue of appropriate guidance to Boards of Governors. Examples might be where the Board considers that a dismissal is likely to be found unfair before an Industrial Tribunal, or that payments which the Board of Governors has decided should be made are excessive in relation to the Board's practice.
- 8.16 Where there is a contract with a private contractor under terms which give the Board of Governors the right to require the removal from work at the school of individual workers employed by the contractor, that right should be exercised at the discretion of the Board of Governors rather than the employing authority.
- 8.17 Costs arising from Industrial Tribunal or other tribunals not involving dismissal, resignation or premature retirement are to be treated in the same way as the costs of dismissals etc, i.e. they should be borne by the Board unless there is good reason for charging the school (e.g. if the Board of Governors, through action or inaction, disregarded advice received from the Board).

## **9. PROPERTY MANAGEMENT**

### ***Structural Repairs and Maintenance***

- 9.1 The Board of Governors of each school is expected to ensure that the school fulfils its obligations for promoting safe and healthy premises and for keeping the premises in a good state of repair. They will be supported in this regard by the Board.
- 9.2 Under the LMS arrangements controlled and maintained schools will meet the costs of maintenance known as "tenant maintenance" from their delegated budgets with the Board meeting the costs of the other element "landlord maintenance" from resources held centrally. The categorisation of various items is set out in the Common Funding Scheme. Principals and Boards of Governors must comply with procedures operated/issued by the Board in respect of public liability insurance, and health & safety legislation when using LMS funds to pay for work around the school. These should advise against the use of inappropriate paint, materials, glass etc. on school premises which will incur a greater cost if remedial work is required to repair this damage. The issue of additional costs, incurred being charged to the school budget should also be considered.

9.3 Board responsibilities are described by overall headings for each item, with school responsibilities described in more detail. In instances where any of the items are deemed to be capital expenditure the normal funding arrangements apply, with Board being responsible for building capital and capital equipment in controlled schools and capital equipment provision in maintained schools, and the Department being responsible for grant-aiding approved expenditure on building capital in maintained schools.

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

9.4 In controlled and Catholic maintained schools the Board and, where relevant, the CCMS retain the primary responsibility as the employer under Articles 4 and 5 of the Health and Safety at Work (Northern Ireland) Order 1978, and continue to have power to issue directions on health and safety provision. Pupils and students attending schools and members of the public visiting them are persons for whom the employer has a similar statutory responsibility to that for employees.

9.5 Under the terms of various legislation:

- the Board remains the employing authority in its area for teaching and non-teaching staff in controlled schools, and non-teaching staff in maintained schools;
- the Board of Governors of each maintained school which is not a Catholic maintained school remains the employing authority for teaching staff in its school; and
- the Council for Catholic Maintained Schools is the employing authority for teaching staff in Catholic maintained schools.

9.6 The categories of health and safety provision which Boards of Governors will be required to meet from their delegated budgets are:

- (a) purchase and maintenance of equipment (including some fire fighting equipment);
- (b) non structural repairs; and
- (c) all cleaning.

9.7 Where a Board of Governors fails to comply with the Board's policy, the Board may itself arrange for the work to be carried out and charge the school accordingly.

9.8 Boards of Governors will, as now, have a statutory duty to ensure health and safety on premises under their control, and this will include, in practice, compliance with the directions of the Board or any other body/person responsible for the school premises. (Article 6(2) of the Health & Safety at Work (Northern Ireland) Order 1978). Individual staff will be liable for any breaches of the board's duty caused by them. (Article 34(1) of the Order)

## **10. MONITORING AND EVALUATION**

- 10.1 While authority for day-to-day spending decisions is delegated to schools, the Board retains responsibility for overall financial management, and for ensuring that adequate budgetary control and accounting arrangements are in place and are operating properly. It is, therefore, essential for the Board to establish effective arrangements for monitoring schools' budget management during the year and means of evaluating how the LMS procedures as a whole are operating.
- 10.2 These arrangements include: -
- a. compliance by schools with the requirements and conditions of the scheme;
  - b. the effectiveness of financial monitoring arrangements at school and Board level;
  - c. the extent and nature of schools' use of the facility to carry over unspent funds to the next financial year;
  - d. the extent and nature of overspending (if any) by schools;
  - e. the linkages between budgeting and the school development plan (including forecasting of enrolments, the use of resources, etc)
  - f. the effectiveness of management information systems at school and Board level; and
  - g. the nature and quality of budget management at school level.
- 10.3 These arrangements will continue to help the Board to identify and tackle problems before they become serious, and will serve to inform Board decisions on the provision of advice, support and training to schools. The Department will continue to draw on the information available in order to monitor and evaluate the operation of the Common Funding Scheme.

## **Annex 1 Purchasing Procedures**

### **1. Statutory Provisions**

1.1 Every contract made by the Board of Governors of a school on behalf of the Board or by a governors or member of staff of a school acting on their behalf shall comply with:

- a) any EU directives relating to contracts and which are in force in the UK;
- b) any relevant provisions of the law relating to the letting of contracts; and
- c) any requirements set out by the Board in Standing Orders

1.2 In relation to the Standing Orders of the Board an exception may be made, where permitted within the Standing Orders, by:

- a) direction by the Board;
- b) by a committee or sub-committee of the Board providing the committee had previously been authorised by the Board to make such exceptions; or
- c) in an emergency, by the Chief Executive of the Board, providing that details, including the reasons for the exception are reported at the next meeting of the Board.

### **2. Value for Money**

2.1 The school shall have regard to value for money considerations in all purchases of works, equipment, goods and services. Except where there is good reason to the contrary, contracts should be placed on a competitive basis. Where this is not the case, the reason or reasons for this decision should be carefully recorded. All contracts should be reviewed and renegotiated at regular intervals.

### **3. Tendering Arrangements**

3.1 Procurement of any works, equipment, goods or services by the school should use such guidance and procedures as set out by the Board - including any arrangements for call-off contracts, tender lists, numbers for written quotations against defined limits, publishing requirements and all applicable legislation including EU directives.

### **4. Purchasing Arrangements**

4.1 The Board of Governors should approve a document setting out the purchasing procedures to operate within the school. In particular this should include:

- a) the names of those with delegated authority to authorise purchases and the financial limits set by the Board of Governors;

- b) arrangements for the processing of orders and the receipt of goods ensuring, as far as is possible, that there is proper segregation of duties and no single individual has an involvement in all stages of the process; and
- c) the process by which the Board of Governors is to be informed of purchasing activity.