



FINANCIAL REGULATIONS

September 2018

**OAKHAM SCHOOL,
OAKHAM SCHOOL FOUNDATION and
OAKHAM SCHOOL ENTERPRISES LIMITED**

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FINANCIAL REGULATIONS

1. INTRODUCTION

Clear financial procedures are needed if the Trustees are to discharge their fiduciary responsibilities as Directors of Oakham School for ensuring the control of resources and sound financial management of the school. The Director of Operations & Strategic Planning (DOSP), especially as the role is also Clerk to the Trustees, has a critical role in ensuring the flow of relevant and appropriate information reaches both the Trustees, especially the Chairman and the Chairman of the Finance Committee (FinCom), as well the Headmaster, who is tasked with day to day responsibility for the financial well-being of the school and ultimately has responsibility as Chief Executive for delivering the agreed budget. The responsibilities of the DOSP for the financial management of the school are described in detail in the ISBA Bursar's Guide, which also stresses the importance of the quality of the relationship with all of the individuals concerned.

Oakham School's financial procedures need to cover all aspects of its activities and those of any trading company or linked enterprise. They need to be endorsed by the FinCom and/or the main Board and reviewed from time to time. The procedures need to be clear and concise – and available to all the members of staff, both teaching and non-teaching, who exercise any financial responsibilities.

The policy below sets out the financial regulations that apply to Oakham School, Oakham School Foundation and Oakham School Enterprises Limited. Unless specifically stated, these are referred to as 'the School' throughout this document.

To conduct its business effectively, the School needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations which set out the financial policies of the School.

The regulations are supported by detailed procedural guides, attached as Appendices to this document, giving additional instructions on their implementation and application. It is the responsibility of individual budget holders to ensure that their members of staff are made aware of the existence and content of the School's financial regulations. The regulations are also available in electronic form on the staff section of the School intranet. Staff are expected to interpret the regulations reasonably with due regard to the interests of the School, but they will inevitably not cover every possible situation and it is important that in cases of doubt advice is sought from the DOSP or the Finance Bursar.

The purpose of these financial regulations is to provide a framework that will provide the School's Board of Trustees with assurances that resources are being properly applied for the achievement of the School's business objectives:

- ensuring financial viability and sustainability;
- achieving value for money;
- providing effective financial controls over the use of charitable funds and preventing fraud, including cyber-crime;
- ensuring that the School complies with all relevant legislation;
- safeguarding the assets of the School.

Compliance with the financial regulations is compulsory for all School staff.

A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the School's disciplinary policy. Any significant breach will be notified to the Board of Trustees through the FinCom.

The FinCom is responsible for maintaining a continuous review of the financial regulations, through the DOSP, and advising Trustees of any additions or changes necessary. In exceptional circumstances, this committee may authorise a departure from the regulations and this shall be reported to Trustees at the earliest opportunity.

2. CORPORATE GOVERNANCE

The DOSP is responsible for the financial administration of the School's affairs and reports financial matters to the Trustees. The Trustees are ultimately responsible for:

- Ensuring the solvency of the School;
- Safeguarding the School's assets;
- Ensuring the effective and efficient use of resources;
- Ensuring that financial control systems are in place and are working effectively;
- Approving the School's strategic plan;
- Approving annual estimates of income and expenditure and approving the annual financial statements;
- Termly financial management accounts and yearly forecasts;
- Termly cash flow statements;
- The School's 3 year financial plans, cash flow projections and sensitivity analysis;
- The annual Statutory Accounts, the Trustees' Annual Report;
- Terms and conditions of service for teaching and non-teaching staff;
- Policy for fee remissions, covering means-tested bursaries, scholarships, staff, sibling and service personnel discounts;
- Tenders and contracts for insourcing or outsourcing (eg of Catering operations);
- Approving contracts and purchase orders over £100,000 in value;
- The School's banking and insurance arrangements, including loan and overdraft facilities;
- Appointing the School's external auditors as advised by the FinCom and the DOSP;
- Ensuring there is a risk management strategy, a risk register and a common approach to the management of risk in the School and that the risk register is regularly reviewed;
- The Asset Register;
- Depreciation policies;
- Disposal of any land or buildings;
- Acquisition of any land or buildings.

Every Trustee receives training in his/her financial responsibilities as Trustee. All new Trustees are encouraged to undertake the AGBIS e-learning course and to participate in the AGBIS seminar for new Trustees.

The FinCom undertakes the monitoring of the School's financial position. With the assistance of the Finance Bursar, the DOSP will ensure that periodic and annual estimates of the income and expenditure and cash flow position of the School are prepared for consideration by the Committee. The Committee will examine these and recommend their approval to Trustees. The Committee will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to Trustees' financial decisions and make recommendations accordingly. The Committee will also ensure that Trustees obtain adequate information to enable them to discharge their financial responsibilities.

3. RESPONSIBILITIES OF STAFF

3.1 The Headmaster

- Preparing the School Improvement Plan in conjunction with the Senior Leadership Team (SLT) and after it has been costed by the Finance Bursar, presenting it to the Board
- Implementing the endorsed Improvement Plan within the School
- Recruiting pupils against agreed targets
- Marketing the School to prospective parents and feeder schools
- Participating in the process of:
 - Allocating budgets to academic departments
 - Prioritising bids for expenditure
- Supporting the School's policy on the collection of fees and be involved in chasing parental debtors; the Headmaster is also ultimately responsible for decisions around pupil exclusion in the light of financial debt on the part of parents
- Supporting the implementation of the School's policy and procedures for awarding means-tested bursaries, scholarships and Headmaster's Awards
- Budgeting and control of teaching and teaching support staff costs, including fellows, Directors of Sport, chaplain, modern foreign language assistants, graduate students; music staff on permanent (non Visiting Music Teacher) contracts

3.2 The DOSP

Financial administration is ultimately controlled by the DOSP who is responsible inter alia to Trustees for:

- Preparing annual capital and revenue budget and financial plans;
- Preparing accounts, financial management information, monitoring and control of expenditure against budgets and all financial operations;
- Ensuring that the School maintains satisfactory financial systems and that staff are sufficiently trained on IT systems, notably WCBS PASS and Filemaker;
- Providing professional advice on all matters relating to financial policies and procedures;
- Monitoring and maintaining the liquidity of the School;
- Liaison with external auditors in order to achieve efficient processes;
- Supervision and approval of financial systems, including the form of financial records kept.

3.3 The Finance Bursar

Day to day responsibility for any or all aspects of administration of Finance may be delegated to the Finance Bursar who is likely to be a professionally qualified chartered accountant.

3.4 Budget Holders

Budget holders will be notified of their authorised 3rd party opex budgets, and where appropriate, capital budgets, after the Trustee AGM, usually held in mid-June but before the end of the summer term. It is the responsibility of budget holders to ensure they control their purchases, and commitments to purchase, so that aggregate expenditure remains or is forecast to remain within the allocated budget for the year. If at any point, a budget holder identifies that he or she may exceed the allocated budget for whatever reason, the DOSP and/or the Finance Bursar should be notified immediately.

3.5 All Members of Staff

3.5.1. Financial probity

All members of staff should be aware of, and have a general responsibility for, the security of the School's property, for avoiding loss and for due economy in the use of resources.

They are to notify the DOSP immediately whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the School. The DOSP shall take such steps as are considered necessary.

If any member of staff has a pecuniary, family, or other personal interest, whether direct or indirect, in any financial transaction, contract or proposed contract they are, as soon as practicable, to disclose this interest to the DOSP. The DOSP is responsible for keeping an up to date register of any such interests.

It is an offence under the Bribery Act 2010 1906 for members of staff to accept any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff are:

- Staff must act in accordance with the School's anti-bribery policy. In particular gifts, whether accepted or rejected, over £100 should be declared and written into a book held by the Bursary.
- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest;
- the action of individuals acting in an official capacity should not give the impression to any member of the public, to any organisation with whom they deal or to their colleagues that they have been, or may have been, influenced by a benefit to show favour or disfavour to any person or organisation.

When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer is to be declined or advice sought from the DOSP.

3.5.2. Delegated Authorities

Appendix 1 sets out a Schedule of Delegated Authorities which have been approved by the Trustees. These delegated Authorities set out authorities for

1. Executing contracts
2. Issuing Purchase Orders
3. Approving invoices
4. Approving payroll, BACS and HMRC payments
5. Signing cheques
6. Borrowing
7. Buying or selling land or entering into long term leases
8. Approving an opex budget, a capex budget and a 3 year financial plan
9. Transferring funds from the Foundation

4. RISK MANAGEMENT

The School acknowledges the risks inherent in its business and is committed to managing those risks through its risk management framework and system of internal control.

Trustees have overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the School through the development, implementation and embedding within the organisation of a formal, structured risk management process. Trustees are also responsible for ensuring there is a comprehensive risk register which is to be reviewed regularly. This falls under the Terms of Reference of the Policy & Compliance Committee which meets twice per year. A large number of these risks relate to Finance and the Committee may ask FinCom to review some of the financial and technical risks in details with its experts.

In line with this, Trustees require that the risk management strategy and supporting procedures include:

- The adoption of common terminology in relation to the definition of risk and risk management;
- The establishment of School-wide criteria for the measurement of risk, quantifying their potential impact and the likelihood of their occurrence;
- A decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes;
- A decision on the level of risk to be covered by insurance;
- Detailed regular review at Senior Management level to identify significant risks associated with the achievement of key objectives and other relevant areas;
- Development of risk management and contingency plans for all significant risks, to include a designated “risk owner” who will be responsible and accountable for managing the risk in question;
- Regular reporting to Trustees on all risks above established tolerance levels;
- A review at least annually of the implementation of risk management arrangements.

5. WHISTLE BLOWING

Whistle blowing in the context of the Public Interest Disclosure Act is the disclosure by an employee or other party, about malpractice in the workplace. A whistle blower can blow the whistle about crime, civil offences (including negligence, breach of contract etc.), miscarriage of justice, danger to health and safety or the environment and the cover up of any of these. It does not matter whether or not the information is confidential and the whistle blowing can extend to malpractice occurring in the UK and any other country or territory.

Normally, any concern about a workplace matter in the School should be raised with the relevant member of staff's immediate line manager or Head of Department. However, the School recognises that because of the seriousness or sensitivity of some issues, together with concerns about staff who may be involved, this may be difficult or impossible.

A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, either the Headmaster or the DOSP. If the member of staff does not wish to raise the matter with the designated staff, it may be raised with the Chairman of Trustees.

The full procedure for whistle blowing is set out in the School's separate Whistle Blowing Policy, which is available from the Headmaster's Office or on the policy section of the School intranet.

6. FRAUD AND CORRUPTION

It is the duty of all members of staff, management and Trustees to notify the DOSP immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption, cyber-attack, data breach or any other impropriety.

The DOSP shall undertake an initial investigation to establish the nature and materiality of the suspected fraud. Where the fraud is considered to be material the fraud response plan which incorporates the following key elements will be invoked:

- the Chairman of Trustees and the FinCom (through its Chair) will be notified of the suspected irregularity and the FinCom shall take such steps as it considers necessary by way of investigation and report;
- the Chairman shall inform the police if a criminal offence is suspected of having been committed;
- The DOSP, or others commissioned to carry out an investigation, shall prepare a report for the FinCom on the suspected irregularity and it will include advice on preventative measures.

If the suspected fraud is thought to involve the DOSP and/or any Trustees, the member of staff shall notify the Chairman of Trustees direct.

7. FINANCIAL PLANNING

Income and expenditure are controlled by reference to short and medium-term financial plans/budgets. These are drawn up as follows:

- Creation of financial plan objectives by the School's Strategy Group Team (Headmaster, DOSP, Senior Deputy Head and two other Deputy Heads) and the relevant Trustees' committees;

- Creation of a simple 3 year financial model. Key input projections comprise:
 - pupil numbers and pupil mix
 - Level of fee increases
 - Level of general inflation and cost lines specific inflation (eg food & beverage and energy)

This projects the I&E statement, reflecting any major changes (eg saving 1 teacher per year; the introduction of a new role; the introduction of charging for Learning Support; the termination of private medical health insurance for all staff etc). The surplus is taken as a proxy for cash generation available for capex and debt servicing. The model does not try and project lumpy movements in working capital (debtors and creditors) or movements in Fees in Advance;

- Approval of financial plan objectives by Trustees;
- Translation of financial plan objectives into budgets;
- Recommendation of budgets by the FinCom and approval by the full Board of Trustees;
- Monitoring of annual budgets by comparison of termly on-going actual versus budgeted results by Senior Management, FinCom and Trustees.

Capital property and remedial maintenance priorities are determined through use of a five-year rolling plan, which allows for medium-term progress and needs to be highlighted and monitored.

8. PREPARING THE BUDGET

The School's aim is to integrate financial planning with the wider organisational planning and management, so that funds can be used to maximum benefit and ensure long-term financial stability. Achieving this necessitates the production of high quality financial analysis and reporting, together with robust controls and procedures.

The annual budget covers all of the School's activities. Specifically, it costs:

- The annual fee rise and projected pupil numbers, which it considers alongside sensitivity modelling of the impact of variations in:
 - Pupil numbers, by category (full boarder, up to 5 night flexi boarder, day pupil)
 - size of fee rise
- The annual fee rises of extras such as music lessons, learning support and English as an additional language (EAL)
- Additional sources of income (investments, bank interest, lettings etc.)
- Staff pay rise, showing the impact of incremental pay on staff costs, including without limitation Teaching Staff, Teaching Support Staff, Support Staff, Casual zero-hour staff (lifeguards, minibus drivers, invigilators etc), Visiting Music Teachers and Visiting Sports Coaches; Fellows, Graduate Students, Modern Foreign Language Assistants
- Establishment of new, or reduction in existing, posts in the school
- Bursaries, Scholarships Headmaster's Awards, Staff Fee Remission and other concessions
- Provision for bad debts

- Purchases for educational and support materials
- Costs of services including utilities
- Costs of catering
- Repairs and maintenance
- Planned capital expenditure

At Oakham, the annual budgeting process for the next academic (and financial) year begins in late January. The process starts with the Budget Holders being invited to submit zero-based, bottom up bids for their operating activities in the coming year and, where appropriate, bids for work from Estates, bids for furniture, fixtures, fittings and floor coverings from Domestic Operations and bids for ICT equipment and software from IT. Bids from the academic departments and houses will reflect changing priorities in the School's Improvement Plan, and are reviewed by the Deputy Head Academic and Deputy Head Pastoral and Co-Curricular together with the DOSP and Support HOD.

The bids produced by the Budget Holders who report to the DOSP (for example Estates, Domestic Operations, Catering, IT) will be prepared on a similar basis. Plans for refurbishing and upgrading buildings and their infrastructure, reflecting professional advice from Surveyors and/or Health and Safety Consultants, cover a rather longer time span – 5 years – and are incorporated into a long-term capital and maintenance plan that is updated annually. The Head's plans for the capital development of the Schools will be costed and incorporated into the budget, together with proposals for funding capital development, through sources such as cash surpluses, bank borrowing, disposal of assets or investments and fund raising.

The School aims to have a first draft budget by February, by which time it will have a reasonably accurate (albeit incomplete) idea of pupil numbers for the coming September and of required staffing levels. Senior Management will also incorporate the first recommendation for a staff cost of living allowance increases.

Increases to goods and services are generally taken from the prevailing rate of RPI. Because some of the key data cannot be finalised by the time of the Trustees' FinCom in February and the General Meeting in March, the presentation to both bodies includes certain sensitivity analysis of the impact on the operating surplus, investment surplus (operating surplus before depreciation, a proxy for cash generation) and gross fee income of different fee increases, pupil numbers and different increases in staff costs. Benchmarking against the School's own key performance indicators forms an important part of this process, and termly management accounts, cash flow projections and capital plan all assist Trustees in the decision-making process.

The draft budget, including the fee increase and the possible Cost of Living Allowance (COLA) pay rise for the ensuing year, is agreed in the March Trustees' meeting. Parents are notified of the new fee rise in a letter from the Chair of Trustees prior to the start of the summer term, giving them a full term's advance notice.

A final School budget with firmer pupil numbers and any changes to operating expenses or capital spend is presented to the May FinCom and then to the Annual General Meeting later in June for final approval. *There is the expectation that the level of surplus approved in March is unchanged in June even if certain income and cost lines have varied.* The final Cost of Living Allowance is also approved at this meeting.

A revised forecast will be presented to the Board meeting in late September / early October which will be based on actual pupil numbers and final levels of teacher recruitment, including part-time teachers and various categories of academic support staff such as Fellows and Resident Tutors, which can happen through July and August.

9. INCOME GENERATION AND COLLECTION OF DEBT

The Finance Bursar is responsible for ensuring the following:

- sales invoices are raised promptly, on official invoices, in respect of all income due to the School;
- invoices are prepared, recorded in the general ledger, show the correct amount due, and are credited to the appropriate income account;
- any credits granted are valid, properly authorised and completely recorded;
- monies received are posted to the correct debtors account;
- the prompt collection, security and banking of all income received;
- swift and effective action in collecting overdue debts;
- outstanding debts are monitored, and reports prepared for management and Trustees.

All monies received shall be paid into the School's current account promptly. The custody and transit of all monies received shall comply with the requirements of the School's insurers.

All sums received shall be paid in and accounted for in full, and shall not be used to meet miscellaneous expenses or be paid into the petty cash float. This also assists in ensuring the most efficient use of credit cash balances held by Oakham School at any point in time, thus maximising the income potential for the School as a whole.

10. EXPENDITURE

10.1. Purchases made on behalf of the School

Please refer also to Appendices 1 and 2. All requests to pay for a purchase made on behalf of the School require an appropriate financial authorisation.

Delegated control shall be exercised over the creation of financial authorities and under procedures agreed by the DOSP, approved by the Trustees. Financial authorisation demonstrates that the purchase has received appropriate budgetary authority and complies with the current budget period's financial plan and objectives.

All Budget Holders are required to demonstrate value for money in the purchase of supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. Care is to be taken by the Budget Holder to ensure that discounts receivable are obtained.

Major purchasing contracts are to be re-tendered at least once every three years, as determined by the DOSP and the FinCom if applicable. For any major building work or other major one-off purchases, a minimum of three tenders should be obtained, unless decided otherwise by the FinCom or another appropriate Trustees' sub-committee.

The Finance Bursar is responsible for payment of suppliers. Payments to UK suppliers will be made by BACS or cheque in accordance with the payment terms agreed with suppliers;

normally, 30 days. In exceptional circumstances the Bursary will make next day or immediate payments by electronic transfer.

10.2. Expenses Reimbursement

The School's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. Where this is not practicable, staff may incur expenses and are entitled to reimbursement. Detailed expense reimbursement procedures are outlined in Appendix 3.

Consideration is to be given to value for money in choosing the mode of transport used for School activities/business and School-owned vehicles should be used where appropriate and available.

Claims for subsistence and other non-mileage expenditure must be supported by valid receipts. Subsistence payments will be made for an evening meal and breakfast (if not included in the accommodation cost) where an overnight stay is necessary. For day trips in term-time, lunch will be reimbursed.

Reimbursement rates and limits will be set from time to time by the Bursary.

10.3. Credit cards (issued to specific budget holders)

Where appropriate, the Finance Bursar may approve the issuing of School credit cards to members of staff. Current guidance from the School's external auditors is to minimise the number of cards in circulation, due to concerns over their day to day administration and record-keeping. Any request for a new School credit card must therefore be supported by submitting a detailed business case and full justification. A central School credit card is also held by the Finance Bursar, which may be used for purchases eg online. The budget holder will attend the Bursary to place the order.

School credit cards are to be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. As an alternative to the provision of cash, a pre-paid credit card may be issued for use on a specific trip. Cards are available in both sterling and euros and enable cash to be withdrawn from ATMs in addition to making payment for specific purchases.

The Finance Bursar is responsible for setting in place a system to monitor the use of School credit cards and to account for expenses charged through them. Detailed School credit card procedures are outlined in Appendix 4.

10.4. Cash Advances, Petty Cash and Pre-Paid Credit Cards

Cash advances and petty cash may, on occasion, be used for sundry expenditure but its use should be kept to a minimum.

The Finance Bursar makes available a cash float for cases in which cash reimbursements are necessary. However, it is important for security and insurance purposes that this float is kept to a minimum.

Requests for reimbursements are to be submitted to the Bursary, together with appropriate receipts or vouchers. Please refer to Appendix 5 for more details.

11. FINANCIAL REPORTING

Directors' Report and Statutory Accounts

The Trustees' Annual Report and Statutory Accounts are prepared on an accruals basis in accordance with legal and best practice requirements. Oakham School has adopted the recommended Statement of Recommended Practice (SORP) format for independent schools as endorsed by the Charities Commission and the Independent Schools Bursars' Association. Recommended SORP format conveys a full description of the performance of the Schools and their assets over the past year, compared with the preceding year's performance. Performance is measured in the Income and Expenditure accounts, and the Balance Sheet contains a snapshot on the last day of the financial year. Assets are depreciated in accordance with agreed policy.

The Trustees' Annual Report is a useful forum in which to highlight Oakham School's achievements and results and to give an overview of its many and varied public benefit activities, including its bursary policy. Contributions to the Report are made by the Chairman of Trustees, Chairman of the FinCom, the Headmaster, the DOSP and the Senior Deputy Head (Public Benefit Audit). The Audit Partner from the School's Auditors attends the Winter Term FinCom meeting in order to present these accounts to the Trustees. The accounts are approved at the Trustees' General Meeting at the end of the Winter term, and are then signed by the Chairman and the Auditors and filed with the Charities Commission and Companies House by the DOSP. These filings must be made no later than 10 months after year end. However, the School will target submitting these filings within 6 months after year end.

Management Accounts

Summary Management Accounts in the form of a Management Information Pack (MIP) based on full management accounts and Revised Forecasts for the Full Year are produced in order to help Trustees and the Head and DOSP to run the School on a day to day basis, to plan ahead and to make good decisions. They are generally produced in October, February and May, reflecting the cycle of FinCom meetings, and show:

- Actual income and expenditure against budget, highlighting and explaining variations and in-year changes against the budget and previous year's outturn
- Forecast end-year income and expenditure against budget and previous year's outturn
- Fee debtors
- Balance Sheet
- Cash Flow Forecast
- Performance of major capital projects against agreed targets
- Management Accounts are valuable tools for enabling schools to control and vary expenditure to cope with the unexpected. In addition, there are eight core Key Performance Indicators (KPIs) which management and Trustees have chosen to monitor the financial performance of the School:
 - Group Investment Surplus, absolute and as a % of Net Fee Income
 - School Operating Surplus, absolute and as a % of Net Fee Income
 - Qualified Teacher Cost per Pupil
 - School Investment Surplus – Capex
 - Qualified Teacher Cost as % of Net Fee Income

- Fee income as a percentage of net income
- Net concessions as a percentage of gross fee income
- Number of pupils
- Classroom teaching minutes per pupil per week

Other important KPIs include:

- Pupil : Teacher Ratio (PTR)
- Debt as a percentage of gross/net income
- Pupil Mix
- Total staff FTE
- Method of fee payment
- Banking covenants
- Gross and net fee debtors
- Fee debtor write-offs

12. FEE INCOME

Fee income is by far the largest source of income for any independent school. The maintenance of an accurate fees ledger, which draws upon information from the Schools' pupil database, is a major task for the Bursary which can be complicated by the tendency for several members of one family (and firms) to pay elements of one pupil's bill or to change pupil status during an academic year.

The Finance Office checks the bills before their dispatch and carries out checks on the fees ledger. The fees ledger is cross-checked to the school roll at the start of every academic year, with a higher level reconciliation at the start of the Spring and Summer Terms.

12.1. Collections of Fees

The Parent Contract makes clear that fees should be paid in full on the first day of term, unless the parents have arranged beforehand to pay by the monthly direct debit scheme, for which the School is not required to hold a Consumer Credit Licence because of the way the payments are structured.

The School operates a Fees in Advance scheme. Separate records are maintained of advance fees and acceptance deposits.

The School does not accept cash payment and complies fully with the Money Laundering Regulations 2007.

The Headmaster and DOSP receive a schedule of fee debtors on a regular basis with a more detailed breakdown as required.

12.2. Credit Control

Under the terms and conditions for debt recovery set out in the Parent Contract (for non- direct debit payers), a reminder letter is sent by email to parents within three weeks after the start of term. Thereafter, the Finance Office, Finance Bursar and Head, makes contact with late payers by letter, email and phone until full payment is made, or an arrangement made for payment by instalments.

The Finance Bursar will meet with/inform the parents who have not made any contact just before the start of the half/end of term that their child will be excluded if the outstanding fees are not paid. If a pupil is excluded, the parents will be advised that the school's policy is to start recovery action as soon as the child leaves using legal action.

The Finance Bursar produces a termly list of fees outstanding for the Head/DOSP. Fee debt is reported in certain categories.

12.3. Concessions

The School advertises the availability of means-tested bursaries and scholarships which it is able to offer annually. Initially the Finance Bursar, with support from Bursary Administration Ltd., will make preliminary assessments of the financial means using the standard ISBA Financial Circumstances and advise the Awards Committee accordingly.

12.4. Leavers' Bills

Form 7 parents are sent a Leaver's Bill in August.

12.5. Other Income

Income from catering and OSEL (essentially, the school shop, the Sports Centre including Swim School, the letting of sports facilities and residential and room lettings) should be tracked and reconciled on a termly basis by the HOD responsible, with spot checks made by the Finance Bursar to ensure correct control of income and expenditure. Regular banking of and recording of cash takings is important and cash/cheques received should be banked at least once a week. Spot checks of the systems should be carried out at least once a term. Costs of running the school shop are shown separately.

12.6. Fund-Raising Income (Foundation)

Separate records are kept of fund-raising events and gift aided donations. Fund-raising income shall have a separate bank account. Gross takings are banked so that they can be verified against paying-in slips. Gift aid is reclaimed at regular intervals. The costs of the fund-raising are shown separately and not deducted from gross receipts. Separate accounts are produced for the Foundation.

12.7. Advanced Fees

As already mentioned the School operates a Fees in Advance Scheme. This offers a discount of 2% per annum, equivalent to a risk free rate of 3.33% for a 40% tax payer or 3.64% for a 45% tax payer.

These rates may be varied with approval from FinCom from time to time. Fees in Advance are a form of debt and experience has shown the amount of Fees in Advance is fairly sensitive to the attractiveness of the discount rate.

13. EXPENDITURE: STAFF COSTS

Expenditure on salaries and other staff related costs is the largest item of any school's expenditure, representing three quarters of all operational expenditure excluding capital expenditure at Oakham School for the year ending 31st August 2018. All staff at the School are paid monthly on the last day of each month or the nearest working day before the last day of the month.

The Finance Bursar checks the monthly payroll name by name prepared by the Payroll Manager and the DOSP carries out an additional check looking at month on month variations and year on year variations by Department. Both signatories are required for a payment to be made.

Amendments to monthly payroll (including sick and maternity related adjustments) are submitted to the Bursary by the 15th of each month and then incorporated into the monthly schedule of salaries, tax, National Insurance and pension payments. The Finance Bursar sends the BACS payment electronically to the bank once authorised by the DOSP. The DOSP authorises the Finance Bursar's pay and vice versa.

By default, part-time and occasional staff will be paid through the payroll unless they evidence that they have self-employed status with HMRC.

A check between HR records and the payroll will be made at least once per year to ensure that there are no phantom employees on the payroll.

14. APPENDICES: DETAILED FINANCIAL PROCEDURES

The following financial procedures are designed to assist those members of School staff who are involved in any aspect of the School's work that involves handling money. The procedures are designed to assist staff in following correct systems; however, they cannot foresee every eventuality and it is therefore important that they are seen as offering general guidance and advice. Members of staff are encouraged to seek clarification of any unusual queries or problems from the DOSP or the Finance Bursar.

APPENDIX 1: ORDERING OF GOODS

It is vital that the School effectively procures goods, services and works. For effective procurement, five conditions apply:

1. Procure the right **Goods, Services or Works** – the most critical element of any procurement is ensuring that Oakham School buys the right goods or services. For higher value items, it is often helpful to draw up a specification of exactly what is needed. The School should not rely on specifications from suppliers. It is important that users or customers of the goods or service are consulted widely as to their requirements. Generally, it is more difficult to specify a service which is to be purchased compared to a good. The specification of a service is often referred to as the Service Level Agreement or SLA.
2. Buy the right **Quantity**. Volume discounts can be attractive, and aggregating demand can lead to better pricing from suppliers. However, the School should not over-order just to chase a better price as there are costs associated with holding excess inventory.
3. Purchase items of the right **Quality** – a cheap item may not offer best value for money if it breaks down regularly and an expensive item may be over-specified for the job it is intended to do.
4. Purchase at the right **Price**, weighing up initial up-front price versus whole life costs, which includes other costs that may be incurred in owning and running the item.

5. Ensure Goods or Services are delivered to or at the right **Location**. The School does not yet have a central delivery point with many goods going to the Barraclough. A supplier should be given information to make it clear who is the Addressee, where the goods should be delivered
6. Ensure the **Invoice** is sent to the correct person for authorising – normally the Budget Holder who has placed the order.

Health & Safety in the context of building works must never be compromised in pursuit of lower prices.

Purchase Orders

Purchases on behalf of the School may only be undertaken by Budget Holders or their designated nominee. Use of a Purchase Order with a unique number is encouraged on all purchases over £500. If a Purchase Order is raised by an individual other than the Budget Holder, the Budget Holder must approve it with a counter-signature or with an approval email. A Budget Holder does not require an approval for the Purchase Order provided they are within their Delegated Authority limit. These limits are set out at the end of this document in the Schedule of Delegated Authorities in the column entitled “Authority to Issue a Purchase Order”. The individual ordering must also include the cost code to which the order will be charged. The School must avoid the situation of an individual ordering goods or services and then uncertainty on whose budget the invoice should be charged.

Any order placed by the School is a legal agreement that, in return for the supply of properly requested goods and services the School will pay the supplier an agreed sum. Orders placed by individuals acting outside the guidelines detailed below will not be considered as being formal School orders and may leave individuals open to legal action being taken against them by suppliers. They may also lead, in exceptional circumstances or in the case of repeated breaches of School procedures, to disciplinary action being taken against the member of staff concerned.

Whenever possible, members of staff should not pay for goods by cash, cheque and personal credit card and then seek subsequent reimbursement. (Separate rules apply to travel claims). However, it is acknowledged that in a school of Oakham’s size and complexity, it may be impossible or impractical to avoid a system of retrospective reimbursement. When this is the case, the Bursary aims to reimburse any costs incurred as soon as possible, on receipt of a claim form and full supporting documentation.

School orders must not be used for making private purchases. Similarly, if private goods are ordered to be delivered to the School, the School accepts no liability for any private (personal) goods which are lost, damaged or returned to the supplier.

Payment at the time of ordering is an increasing trend, due to the rising numbers of orders via the Internet. However, the School encourages the use of the internet for purchases where the value for money gained may be greater than that offered by making use of traditional procurement methods, or where a specific product may exclusively or more easily be available on the Internet compared to other procurement channels.

Despite the potential benefits that are associated with internet purchasing, members of staff are reminded that it might carry associated risks, such as:

- The School may not actually receive the goods or services;
- Disputes are more difficult to resolve if payment has already been made, for example:
 - If the wrong type or quantity of a product is delivered;

- If the goods are delivered in damaged condition;
- In the case of internet purchases, it may be difficult to seek legal redress through the lack of information on the trader, i.e. address or telephone number;
- There may be insufficient paperwork to support the purchase transaction, i.e. invoice, receipt etc.

Therefore, members of staff should reassure themselves that Internet purchasing provides better value for money than other suppliers.

Quotations

The following table sets out the minimum number of written quotations which are required for goods, services and works at different levels of materiality²:

Type of Purchase	<£1k	£1k -£5k	£5k-£10	>£10k	>£20k
Goods & Services	1 verbal quotation	2 written quotations	2 written quotations	3 written quotations	
Works	1 verbal quotations	1 written quotation ¹	2 written quotations	2 written quotations	3 written quotations

1. To be carefully scrutinised by the Estates Manager for value
2. Single sourcing (ie only soliciting a quotation from one supplier) and levels may only be varied with authority of the DOSP or Headmaster

Support HODs who generally hold large third party opex budgets are encouraged to use a formal Request For Quotation / Proposal (RFQ/RFP) form when soliciting quotations.

Exceptions which should be discussed in advance with the DOSP may include:

- Purchases of proprietary articles that can only be obtained from one source
- The execution of work of a specialised nature that can only be carried out by one contractor
- The purchase of goods or materials that are sold at a fixed price
- The execution of work which must be carried out as a matter of urgency
- Purchases made at auctions

All Budget Holders are responsible for:

- Ensuring value for money is obtained, e.g. by tendering, using purchase groups, through a process of requesting best and final prices after initial quotations, negotiation, if appropriate
- Placing their orders using numbered and signed purchase orders (more details below)
- Keeping records of orders
- Ensuring that VAT where appropriate is included within their budget calculations
- Not exceeding their budgets without prior agreement of the DOSP or the Head
- Keeping records of expenditure, receipts and goods received notes including receipts from credit card and pre-paid cards
- Checking that the goods received match the order and are undamaged before authorising payment

- Authorising and coding invoices as per the respective purchase order for which that Budget Holder is solely responsible and passing to the Bursary for payment.

Budget Holders will be sent monthly statements by the Bursary.

Budget Holders may not commit the school to on-going annual payments (e.g. leases of equipment or contracts extending beyond one year) without the approval of the Finance Bursar or DOSP.

APPENDIX 2: AUTHORISATION OF INVOICES

Suppliers need to be instructed to invoice either 'Oakham School' or 'Oakham School Enterprises Ltd' as appropriate. In a few instances both entities deal with the same supplier and in such cases two distinct accounts should be maintained.

Suppliers must be provided with details of the individual and department placing the order and this information should be included on the invoice. Invoices are to be sent by the supplier to the individual/department named.

On receipt, the person ordering the goods should:

- Check that the invoice has not previously been authorised for payment;
- Verify that the ordered goods have been received;
- Match the invoice with a delivery note, where possible;
- Ensure that the goods delivered are the correct ones, the quantity corresponds to that stated on the invoice, and the goods are not faulty;
- Append the appropriate budget code to the invoice;
- Authorise the invoice for payment, if he/she is also the budget holder. If not, the invoice is to be passed to the budget holder for approval. For teachers, the budget holder will normally be the Head of Department;
- Pass the authorised invoice and delivery note (if applicable) to the Accounts Payable Administrator for payment.
- Invoices should be provided to the Accounts Payable Administrator within one week of receipt.

APPENDIX 3: REIMBURSEMENT OF EXPENSES

Claims for expenses incurred by School staff carrying out their official duties will be reimbursed. Subsistence payments will be made for an evening meal and breakfast (if not included in the accommodation cost) where an overnight stay is necessary. All claims must be authorised, and should normally be claimed in the month to which they relate. All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the DOSP. Blank copies of the Oakham School expenses claim form are available from the Bursary and the intranet.

Claims for all non-mileage expenditure must be supported by valid receipts. An original receipt is requested and must be fully broken down into constituent elements of the expenditure. A credit card voucher will not suffice, and claims that are not supported by a full receipt will not be reimbursed. Claims can only be made up to the value of the receipt.

All travel must be justified and approved by the budget holder in advance of the journey taking place. Claims must then be authorised by the budget holder and submitted to the Purchase Ledger Administrator. Expenses will normally be reimbursed by BACS or cheque. Cash reimbursements will only be made in exceptional circumstances and only after approval by the Finance Bursar.

All journeys must be considered against the following criteria:

- That the most economic and effective travel and accommodation arrangements have been made;
- That the journey is for official Oakham School business.

Claims for car mileage will be reimbursed at a rate of currently, 40 pence per mile for the first 100 miles of any round trip journey, and 25 pence per mile thereafter. Whenever available, School-owned vehicles should be used for travel on School business.

Reasonable entertaining costs for staff and guests may be claimed on production of receipts where a visitor is present for a professional purpose and attendance judged beneficial to the School. Wherever possible the School catering facilities should be used.

Claims for reimbursement of entertaining expenditure should include the following details:

- Purpose of entertaining;
- Break down of costs;
- Names of those attending and who/what they represent.

The School endeavours to provide an annual Christmas party for all staff which is free of charge. In accordance with the HMRC guidance on annual functions, there is no income tax liability for employees. The School does not make any other provision for staff entertainment.

A fraudulent claim for travel expenses, the falsification of the accounting documents or records of the payment of School funds into a private bank account are all regarded as gross acts of misconduct in accordance with the School's disciplinary procedure.

APPENDIX 4: SCHOOL CREDIT CARDS (Issued to specific budget holders)

Certain budget holders may find it useful to have the use of a School credit card. The issuing of any School credit card will be at the discretion of the Finance Bursar, who will also determine an appropriate credit limit applicable to each card.

The Bursary Accounts Administrator circulates credit card statements to card holders on a monthly basis, and card holders are then required to:

- Provide a written explanation of each transaction shown on the statement (this can be done by writing on the statement);
- Provide a nominal ledger (expense) code for each of the transactions;
- Attach supporting receipts for each transaction. Please note that credit card slips are insufficient and will not be accepted;
- Return the statement and supporting documents to the Accounts Administrator on a timely basis.
- Statements and supporting documentation should be returned to the Accounts Administrator within one week of receipt.

The Finance Bursar will withdraw credit cards if the procedure above is not followed.

Credit card holders should still follow the usual purchase process (purchase order and payment on receipt of invoice) wherever possible. The credit card should only be used in circumstances where ordering on account is not possible or impractical.

School credit cards must not be used to pay for any purchases other than those that constitute genuine School purchases. Under no circumstances must members of staff use them for their own private purposes. If a School credit card is accidentally used for private purposes, then reimbursement of the full amount must take place immediately on discovery of the accidental use. Inappropriate use of the School credit card will result in the card being stopped, and disciplinary action may be taken.

Credit card holders are required to ensure the safety of their School credit card at all times, and to inform the Bursary immediately in the event of loss, theft or suspected mis-use of their card.

A central School credit card is held by the Finance Bursar, who may use this on occasions where a member of staff who does not hold a School credit card has no other option but to pay by credit card (for example, an internet flight booking for a group of pupils).

APPENDIX 5: CASH ADVANCES

Any requests for petty cash must be received in writing by the Bursary at least 1 week in advance and include what the cash is for, amount required, any specific denominations and when the cash is to be collected. Requests must also include approval from the budget holder.

Requests for prepaid credit cards/foreign currency must be received in writing by the Bursary at least 2 weeks in advance and also include the above information.

Receipts for cash spent and /or spend incurred on the prepaid credit card must be returned to the Bursary along with any unspent cash within a week of the trip/event taking place.

Expenditure not covered by receipts should be minimal and some indication of the reason for no receipt and description of expense should be provided. Under HMRC regulations, cash advances that remain unsupported by receipts may need to be declared as a taxable benefit to the member of staff.

Receipts must provide appropriate detail of goods/service purchased, i.e. not just a card/cash transaction receipt.

If staff have used their own personal cash/card, reimbursement must be via an expense claim form, NOT using the cash provided by the Bursary.

APPENDIX 6: TELEPHONE USAGE

School telephones should be used for work-related purposes only. In exceptional circumstances, staff may use a School telephone to make emergency calls.

Residential staff in boarding houses will be given a telephone landline as part of their accommodation package, on the grounds that they need to be able to contact, and be contactable by, pupils, parents and work colleagues at all times due to the nature of their employment. Resident staff should be prudent in their private use of School landline telephones.

A very limited number of school mobile telephones are issued to certain members of staff, at the discretion of the DOSP. All School mobile telephone numbers are published on the School telephone list, which is circulated to all members of staff. School mobile telephone holders must be prepared to expect telephone calls at all times. School mobile telephone holders should regularly check for voicemail messages.

The School Receptionist holds several School mobile telephones, which can be made available to members of staff for one-off events, such as trips abroad, away matches etc.

Costs of calls from personal landline and mobile telephones are not reimbursed, unless there are specific exceptional circumstances. The DOSP will decide if the circumstances merit repayment.



APPENDIX 7: SCHEDULE OF DELEGATED AUTHORITY

	Authority to contract (execute contracts) ^{1,2}	Authority to issue a Purchase Order and commit the	Authority to approve invoices for payments ³	Authority to approve Payrolls, BACS Purchase Ledger, HMRC	Authority to sign cheques or effect electronic transfers of funds	Authority to borrow	Authority to buy or sell land and buildings or enter into long term lease	Authority to approve an Opex and Capex budget, 3 year financial plan	Foundation transfers
<i>Financial limits</i>									
Full Board of Trustees By Resolution						Unlimited, but requires qualified advice regarding ability to repay	Unlimited, but requires qualified surveyor's report	Unlimited	
Full F&GP Committee by Resolution								Recommends an opex and capex budget to the	
Full Buildings Committee by Resolution								Recommends a capital plan to F&GP Committee	
Full Foundation Board by Resolution									Unlimited
Chairman of Trustees	Unlimited with Chairman of F&GP Committee	Unlimited with Chairman of F&GP Committee	Unlimited with Chairman of F&GP Committee						
Chairman of F&GP	Unlimited with Chairman of Trustees	Unlimited with Chairman of Trustees	Unlimited with Chairman of Trustees						
Chairman of Buildings Committee	Unlimited with Chairman of Trustees when related to Property and Buildings (including disposals)	Unlimited with Chairman of Trustees when related to Property and	Unlimited with Chairman of Trustees when related to Property and Buildings						
Chairman of Foundation									£10k for directed funds
Head ⁵	£100k with DOSP; £50k alone	£1m with DOSP; £50k alone	£Unlimited with DOSP; £50k alone	£1m, jointly with DOSP or Finance Bursar	£1m, jointly with DOSP or Finance Manager				£10k for directed funds with Foundation Director
Director of Operations and Strategic Planning (DOSP) ⁵	£100k with Head; £50k alone	£1m with DOSP; £50k alone	£Unlimited with DOSP; £50k alone	£1m, jointly with Head or Finance Manager	£1m, jointly with Head or Finance Manager				
Finance Bursar	£25k	£25k	£25k	£1m, jointly with Bursar or Principal	£1m, jointly with Head or DOSP; £1k together with Deputy Accountant				
Deputy Head (including Deputy Head Academic and Deputy Head Pastoral and Co-Curricular)	£20k	£20k	£20k						
Estates Manager, Head of IT & Digital Strategy ⁶	£25k	£25k	£25k						
Head of Grounds & Gardens, Deputy Estates	£10k	£10k	£10k						
Registrar / Deputy Registrar	All agency contracts								
Catering Manager, Domestic Operations Manager, Transport Manager	£15k	£15k	£15k						
Medical Centre Manager, HR Manager	£5k	£5k	£5k						
Academic Head of Department	£5k	£5k	£5k						
Any other budget holder	£3k	£3k	£3k						

Notes

- Oakham School legal advisor to review contracts in excess of £100k
- Contracts with tour companies for trips, particularly if overseas and long-haul, can be very material. Delegated Authority for entering such contracts to be determined
- DOSP's and Estates Bursar's authority to approve invoices for works supported by Architect's Certificate is £250,000
- Any long term contract which commits the School for longer than 12 months (eg lease agreements) must be reviewed by DOSP or Finance Bursar and executed by the DOSP
- Only the Head and the DOSP, respectively, have authority to recruit or amend hours of Teaching Staff and Support Staff
- Any software purchase must be reviewed approved, including Terms and Conditions, by the Head of Information Systems
- This draft has been reviewed by the Headmaster and Finance Bursar but not other members of SLT
- The Deputy Head's authorities are increased to those of the Head in the absence of the Head with his or her authority
- The Deputy Estates Manager's authorities are increase to those of the Estates Manager in the absence of the Estates Manager with his or her authority

APPENDIX 8: BURSARY CONTACT DETAILS

Director of Operations & Strategic Planning:

Mr Simon Piggott MA MBA scp@oakham.rutland.sch.uk

DOSP's P.A.:

Renie Reynolds rpr@oakham.rutland.sch.uk

Finance Bursar:

Mr Andrew West BSc ACA aw@oakham.rutland.sch.uk

Assistant Accountant:

Mrs Yolandi du Preez CIMA bc@oakham.rutland.sch.uk

Pupil Accounts Administrator:

Mrs Andrina Day MAAT add@oakham.rutland.sch.uk

Accounts Payable Administrator:

Mrs Vanessa Smith MAAT vvs@oakham.rutland.sch.uk

Accounts Assistant (part-time):

Miss Sharon Clark sc@oakham.rutland.sch.uk

Administration Assistant (part-time):

Mrs Kate Pickering kmp@oakham.rutland.sch.uk

Payroll Manager & HR Officer:

Mrs Lesley Bradley ljb@oakham.rutland.sch.uk

The Bursary, Oakham School, 15 Station Road, Oakham, Rutland LE15 6QT

Telephone 01572 758600

APPENDIX 9: VERSION CONTROL

Version	Date	Reviewers
16-08-02 Financial Regulations Version 5 Clean	August 2016	Simon Piggott, Andrew West
18-07-23 Financial Regulations Version 5 tracked from Version 6	August 2018	Simon Piggott, Andrew West, Vanessa Smith,
18-10-23 Financial Regulations Version 7, 8 and 9	October 2018	Reformat by Renie Reynolds Simon Piggott

Next review date: August 2020