

# Financial Procedure Rules for Schools

Cardiff Council



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# Quick Guide to Financial Procedure Rules for Schools

The Financial Procedure Rules (FPRs) provide a framework for managing public funds in schools under Cardiff Council. They ensure accountability, integrity, and compliance with legal and financial standards.

By understanding and applying these financial controls, staff and governors can protect themselves, safeguard public resources, and ensure the Council meets its financial compliance responsibilities.

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## The Purpose of the Rules

### 1. Protecting Staff and Governors

The Rules are here to protect you. Financial controls are essential to safeguard those involved in school finance by providing clear guidelines to reduce the risk of errors and fraud, and ensure you are not left vulnerable in the event of a financial discrepancy.

**1. Clear Procedures:** Ensure all financial transactions follow established procedures to provide consistent high standards in financial administration, to avoid mistakes and misunderstandings. The core content is provided in the following section.

**2. Segregation of Duties:** Separate responsibilities are in place to prevent conflicts of interest and reduce the risk of fraud or error.

**3. Training and Support:** Regular training on financial procedures helps all involved in school finance to stay informed and confident in their roles.

- School-based training and development should be undertaken on financial processes as necessary to ensure staff have the necessary skills, knowledgeable and capability to effectively manage financial responsibilities.
- Corporate training should also be undertaken, such as Fraud Awareness, as well as VAT, PCI DSS compliance training. These modules are available via Academy eLearning.
- The Governing Body and relevant sub committees require sufficient training, guidance and advice on financial matters to discharge their roles.

## 2. Protecting Public Resources

Financial controls are essential to ensure that public funds are used appropriately, efficiently, and transparently. Mismanagement of public funds can lead to financial losses, legal consequences, and damage to the Council's reputation.

- 1. Buying Responsibly:** Ensure procurements are made in accordance with the procurement legislation, FPRs, school financial regulations and procurement & tendering procedures, and that purchasing cards are well governed and controlled
- 2. Accurate Recording:** Maintain precise records of all financial transactions to ensure accountability and transparency.
- 3. Budget Monitoring:** Regularly review and monitor budgets to prevent overspending and ensure funds are used as intended.
- 4. Fraud Prevention:** Implement measures to detect and prevent fraud, such as regular reviews, audits and effective whistleblowing arrangements.

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## 3. Meeting Financial Compliance Responsibilities

Adhering to financial regulations and standards is crucial for legal compliance and maintaining public trust. Non-compliance with financial regulations can result in legal penalties, financial losses, and reputational damage.

- 1. Regulatory Compliance:** Ensure all financial activities comply with relevant laws, regulations, and standards.
- 2. Checks and Reviews:** Conduct regular checks to identify and address any compliance issues.
- 3. Reporting and Documentation:** Meet Governing Body and other Committee reporting requirements. Maintain thorough documentation and reporting to demonstrate compliance and facilitate audits
- 4. Contractual Obligations:** Ensure governance, training and procedure controls meet contractual commitments made, such as PCI compliance if you decide to take card payments



# Key Responsibilities

The Headteacher has overall responsibility to the Governing Body for the financial management of the school. It must be ensured that the Governing Body is provided with proper training, guidance and advice on financial matters and that accounts are prepared in a proper manner as specified by the Council.

## Governing Body:

- Approve budgets and oversee financial management.
- Ensure compliance with FPRs and internal controls.
- Maintain asset registers, risk management strategies, and declarations of interest.
- Review audit findings and implement recommendations.
- Approve use of purchasing cards and monitor trading activities.



## Headteacher:

- Manage day-to-day financial operations.
- Prepare budgets and financial reports.
- Ensure staff training and compliance.
- Oversee internal controls, asset management, and risk mitigation.
- Maintain clear and effective systems and records for traded services, voluntary / private funds and PCI DSS compliance.



## Corporate Director Resources:

- Issue guidance and monitor compliance.
- Oversee audits, insurance, and financial reporting.
- Advise on taxation, procurement, and capital schemes.

# Recent Updates – Summary

In the most recent iteration, the Financial Procedure Rules for Schools have been updated to reflect the following:

- **PCI DSS Compliance:** Responsibilities for handling card payments securely.
- **Purchasing Cards:** Clear controls and procedures for using purchasing cards.
- **In-Year Deficit Provision:** Guidance for managing and reporting deficits.
- **Insurance and Taxation:** Enhanced requirements for VAT, off-payroll working, and insurance notifications.
- **Role of Headteacher:** Clarified responsibilities in financial oversight and reporting.
- **An Expanded Glossary:** Expanded definitions to support understanding of financial terms

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## The Core Content of the Rules

### 1. Financial Management

#### Key Controls

- Standards for recording, monitoring, and reporting.
- Clear roles and segregation of duties.

**What should we do?** Ensure all financial transactions are recorded accurately and budgets are managed within approved limits.

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### 2. Financial Planning

#### Key Controls

- Budgeting, monitoring, and control.
- Management of surplus balances and virements.
- Use of central funds and capital budgeting.

**What should you do?** Regularly review budgets, follow school financial regulations and deficit budget reporting requirements and protocol, ensure expenditure aligns with school priorities.

### 3. Risk Management & Control of Resources:

#### Key Controls

- Risk identification and mitigation.
- Insurance, internal controls, and fraud prevention.
- Declaration of interests and safeguarding assets.

**What should we do?** Be vigilant in identifying potential risks and implement measures to mitigate them.

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### 4. Financial Systems & Procedures:

#### Key Controls

- Banking, income, and expenditure processes.
- PCI DSS compliance for card payments.
- Ordering and payment protocols.
- Use of purchasing cards and imprest accounts.
- Payroll procedures and authorisation.
- Compliance with HMRC regulations.
- VAT, payroll taxes, construction industry scheme and domestic reverse charge.
- Monthly reporting and compliance.
- Separate accounting for trading activities and regular performance reviews.
- Annual audits of voluntary and private funds, management committee and proper segregation of duties.

**What should you do?** Ensure required training is completed, for necessary compliance and competence. Ensure sound financial recording systems and procedures, with effective monitoring, audit and review arrangements, and report any irregularities or breaches.



# Next Steps: Practical Actions for Staff

## 1. Understand the Rules

- **Read the Financial Procedure Rules:** Familiarise yourself with the Council’s financial procedures and guidelines.
- **Attend Training Sessions:** Participate in mandatory training on Fraud Awareness, VAT, and PCI DSS compliance.
- **Review your contractual obligations:** Be aware of contractual commitments and obligations made that need to be applied within your school.
- **Governors:** Review the Rules and ensure you understand your oversight responsibilities, including budget approval and financial governance.

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## 2. Apply the Rules

- **Follow Procedures:** Ensure all financial procedures are conducted according to established procedures.
- **Use Resources:** Utilise available resources, such as guidance documents and support from the finance team, to clarify any uncertainties.
- **Governors:** Ensure financial decisions are made in accordance with the rules and challenge any inconsistencies or unclear practices.

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## 3. Stay Vigilant

- **Monitor Transactions:** Regularly review financial transactions to ensure accuracy and compliance.
- **Report Concerns:** Immediately report any suspicious activities or potential breaches of financial procedures.
- **Governors:** Monitor financial reports and ensure appropriate scrutiny of financial performance and risks.

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## 4. Collaborate and Communicate

- **Work with Colleagues:** Collaborate with your team to ensure financial procedures are followed consistently.
- **Seek Advice:** Don’t hesitate to seek advice from the finance team or your line manager if you have any questions or concerns.
- **Governors:** Maintain open communication with the headteacher, finance staff and internal audit to support effective financial governance.