

**Rannán na Scoileanna –
Airgeadas
An Roinn Oideachais agus
Scileanna
Cor na Madadh
Baile Átha Luain
Co. na hIarmhí**



**Schools Division - Financial
Department of Education
and Skills
Cornamaddy
Athlone
Co. Westmeath**

Circular Letter No: 0005/2012

To the Management Authorities and School Principals of Voluntary Secondary Schools

The attention of management authorities and school principals of voluntary secondary schools is drawn to the following good practice guidelines which relate to the evaluation of business proposals from third parties, procurement procedures and borrowing/ leasing.

1. Evaluation of proposals from third parties

Before entering into a contract/agreement, any proposal must be evaluated in detail in order to establish:

- That the proposal is of clear benefit to the school;
- That expenditure on the proposal will represent value for money;
- That the proposal does not expose the school to any undue financial or other risk
- That the third party has the capacity to provide the goods and/or services concerned. In this regard, thorough and robust due diligence must be undertaken in relation to the third party prior to entering into a contract.

2. Procurement

Competitive tendering should be standard procedure in the procurement process of schools. School management should ensure that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with procurement policy and guidelines.

It is the responsibility of school management to satisfy itself that the requirements for public procurement are adhered to and to be fully conversant with the current value thresholds for the application of EU and national procurement rules.

In this regard, EU Directives and national regulations impose legal obligations in regard to advertising and the use of objective tendering procedures for awarding contracts above certain value thresholds.

Information on procurement policy and general guidance on procurement matters is published by the National Public Procurement Policy Unit. This can be viewed or downloaded from the national public procurement website www.etenders.gov.ie. School management should also be familiar with, and apply where appropriate, the relevant procedures set out in the Guidelines for Financial Management in Voluntary Secondary Schools (FSSU, 2006) and in Financial Guideline 04/2011-12 “Tendering Procedures” available on www.jmb.ie/fssu

3. Cash flow difficulties

Where cash flow difficulties arise a school should review its spending plans as a matter of urgency with a view to ensuring that the school does not go into an overdrawn position with its bank. The Trustees/Patron should also be informed.

4. Borrowing

The Board of Management must not incur overdrafts or other borrowing (including lease purchase, hire purchase or other similar financing arrangements) except with the prior written approval of the Trustees/Patron. Interest on such borrowing may not be charged to school funds except where the borrowing has been approved by the Trustees/Patron. (See Guidelines for Financial Management in Voluntary Secondary Schools, page 31 and Appendix 1 - Articles of Management for Catholic Voluntary Secondary Schools, Art. 27 and 28)

No legal agreement should be entered in relation to the rental or leasing of school property before the legal documentation has been examined and sanctioned by the Board of Management and the school Trustees/Patron. (See Guidelines for Financial Management in Voluntary Secondary Schools, pages 38 - 39)

Monies must not be borrowed, or leasing arrangements entered into, by a school in order to fund a third party.

Any queries regarding the implementation of this Circular Letter should be addressed to the School Division – Financial Section in Athlone (Tel: 090-6483954 or Fax 090-6484058).

Matthew Ryan
Schools Division Financial
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