

Finance Policy

March 2017

INTRODUCTION

All funds made available to the school either through delegation from the LA or derived from other sources must be used to pursue the school aims of providing the best possible quality of education for the pupils. All money coming into school should be accounted for and systems set in place to ensure it is safely and carefully stored and used strictly according to the rules and to the benefit of pupils.

SECTION 1: BUDGETS

Budget construction

The Headteacher and School Business Manager (SBM) are responsible for the detailed preparation of the annual budget. In doing this, they should consult with other members of staff to ascertain detailed requirements. In constructing the budget, priorities should be taken from the School Development Plan.

The draft devolved budget considers four main areas:

- Historical data for those services which are vital for the management of the school (e.g. Gas/Telephone/Water/Electricity)
- Supplies needed to promote the curriculum (e.g. Staffing/Training/Educational Supplies)
- Areas identified for improvement in the School Development Plan
- Use of money received from Pupil Premium and other external sources.

The budget total must not exceed the amount of the LA allocation plus or minus any balance brought forward from the previous year. If it appears that this cannot be achieved, the Headteacher and Chair of Governors must inform the Schools Finance Team immediately this becomes apparent as the local authority must approve a Deficit Repayment Agreement (DRA) involving an appropriate recovery plan.

The Finance, Premises & Leadership Committee (FPLC) meet regularly, at least 3 times/year, to consider budget strategy and expenditure.

The terms of reference for the FPLC are written down and agreed annually.

The Headteacher is responsible for ensuring that the Local Authority's Financial Regulations and Standing Orders are implemented.

Minutes are made of all governors meetings and are appropriately stored for reference.

In the Spring term the FPLC will meet to consider and approve the detailed budget, keeping the Governing Body fully informed. The approved Governors Budget Plan must be submitted to the LA, along with a signed statement by the Chair of Governors by the deadline date supplied.

In constructing the detailed budget, factors to take account of include:-

- any anticipated changes in pupil numbers
- current and previous year's expenditure levels on individual budget headings
- School Development Plan priorities
- staff pay awards and increments
- anticipated price inflation
- changes in staffing
- changes in the supply of services and contracts (traded services and utilities, etc.)
- Best Value principles
- SFVS

Although consideration to overall budget planning over a period of 3 years would be advantageous, it is difficult to achieve an accurate plan due to the manner in which our financing and pupil numbers are determined via the SEN budget setting system.

Once the budget is agreed and approved at both the FPLC meeting and Full Governors Body meeting, it is entered onto FMS (the school's accounting system).

The school must not set a deficit budget except for an agreed deficit with the LA.

Budgetary control and monitoring

The Headteacher is responsible for detailed control of the school budget. To achieve this, the Headteacher will receive regular reports from the school's accounting system. Such reports shall show, for each budget heading:

- total budget for year
- total commitment and expenditure to date
- balances/variances

Budget monitoring statements are provided by the SBM to the Headteacher and to the FPLC at their meetings. The FPLC shall consider these statements and the Head or SBM will provide explanations for any significant variances identified. The minutes from the FPLC are provided to the Full Governing Body, identifying any significant budgetary issues and any remedial action taken or needed together with any policy decisions needed.

The Headteacher may assign budgetary control of individual budget headings to other members of staff and appropriate budget statements provided as required. The Headteacher remains ultimately accountable to the Governing Body for these budget headings.

The following personnel are authorised to have access to the school accounts:

- Chair of Governors or the Chair of the Finance, Premises and Leadership Committee
- Headteacher
- School Business Manager
- Finance Administrator
- LA Area Finance staff – PAA & FSO
- County Auditor

Every effort is made to ensure the prompt payment of invoices and the reconciliation of monthly accounts so that financial records are as up to date as possible. The Finance Assistant is responsible on a day-to-day basis for the maintenance of efficient financial records and liaises regularly with the SBM. Computer records are backed up on a daily basis and tapes retained off-site. The school is registered under the Data Protection Act, 1984.

In the interests of good financial management, the accountancy principal of separation of duties is followed as far as possible.

The Governing Body has delegated authority to the Headteacher and SBM to vire money between individual budget headings should the need arise. Individual virements may be authorised as follows:-

- up to £5,000 – Headteacher/SBM
- £5,001 - £30,000 – Headteacher/SBM (and subsequently reported to the FPLC)
- Over £30,000 – FPLC or Full Governing Body

Virements must be promptly recorded in FMS, with agreed reason for auditing purposes, to keep the approved budget up to date.

Payroll expenditure data notified by the LA must be entered promptly each month by the Finance Assistant and reconciled on a monthly basis onto FMS.

When the accounts for each financial year are closed, a CFR (Consistent Financial Report) return will be completed and submitted to the LA by the deadline date supplied.

Responsibility and Accountability

The responsibility for financial management rests with the Governing Body. This body has established a Finance, Premises & Leadership Committee (FPLC) to consider all financial matters and to make recommendations where necessary to the full Governing Body.

The Governing Body has delegated the day-to-day management of finances to the Headteacher, who is accountable to the FPLC and Governing Body. This accords with the Headteacher's job description and recommendations of the LA.

Aspects of financial management may be carried out by other staff in accordance with their responsibilities in school.

The Governing Body is accountable to the LA audit office in respect of its financial management. This aspect of its work is also subject to scrutiny as part of the OFSTED inspection process. Governors keep a register of pecuniary interest and undertake not to gain any personal benefit from financial decisions. Full details are available from the Clerk to Governors.

SECTION 2: PAYROLL

Starters/variations/leavers

Setting up new employees on the payroll, effecting variations to pay and taking staff leavers off the payroll are carried out on the LA SAP system by the Finance Assistant. These are electronically authorised by the SBM, however, printed copies are signed by the Headteacher, or, in their absence, the Deputy Headteacher and filed in the relevant personnel folder.

Personnel records on the SIMS software are subject to data protection procedures. It is essential that these are kept up to date to enable efficient processing of financial information and appropriate budget monitoring.

Additional hours, expenses and supply staff claims

Records of additional hours, expenses and supply claims are completed by the individual making the claim, signed and dated and passed to the Finance Assistant for checking. These are then entered onto SAP by the Finance Assistant and electronically authorised by the SBM, however, printed copies are signed by the Headteacher, or, in their absence, the Deputy Headteacher and filed in the relevant claims folder.

The Finance Assistant checks on a monthly basis that correct amounts have been paid as per the LA Payroll prints, keeping the SBM informed of any queries or concerns.

Checking of payroll data

Payroll data received monthly from the LA is reconciled by the Finance Assistant and checked for accuracy by the SBM. The Headteacher and SBM must sign and date the payroll printout each month as evidence of their checks.

SECTION 3: SCHOOL FUND

Accounts

The accounts of the Unofficial School Fund are to be maintained on a day to day basis by the Finance Assistant in liaison with the SBM. All income and expenditure will be entered promptly and a bank reconciliation performed on a monthly basis on receipt of the relevant statement.

Whilst the school fund will be held and managed separately from the main capitation monies, the same financial controls will apply to the management of the school fund.

Signatories

The following are authorised to sign cheques on the School Fund bank accounts:

- Headteacher
- School Business Manager
- Deputy Headteacher

There must be two signatures on each cheque.

Petty Cash

Day to day operation of the petty cash account is the responsibility of the Finance Assistant. The amount of the Petty Cash Imprest is £400.

Auditing of Accounts

Final accounts are prepared at the end of the School Fund financial year and are sent to an external Accountancy company to be audited. In appointing an auditor and operating the Fund, the Governors will follow the instructions laid down in the LA's guidance on Unofficial Funds.

The audited accounts will be presented to the full Governing Body for approval. Governors' approval must be recorded in the minutes of the meeting. Once approved, the Clerk to the Governing Body will return the requested form to the SBM together with a copy of the minutes for return to the LA and a copy filed in the relevant folder for that financial year.

School Fund monies must be kept, and recorded, separately from the school's capitation monies and securely held.

SECTION 4: ASSETS

Inventory

The Headteacher is responsible to the Governing Body for ensuring safe procedures are in place to protect school property. All members of staff are required to handle and store school equipment with care. Equipment should only be used for the purpose for which it is intended.

Items recorded on the Parago Asset Management system will have a value at time of purchase of approximately £50 plus. In addition the portable, desirable, attractive assets of the school, as well as any assets of intrinsic value (e.g. antiques) will also be recorded in the school's inventory. Full details (make, model, serial number, date of purchase, location and approximate value) are recorded and each item is given an individual bar code label.

The Operations Manager is responsible for the Parago system which is delegated to an Admin Assistant to keep this up to date by adding new items when they are received into school and requesting disposal when items are to be written off, ensuring a reason is recorded. When an item is disposed of, final approval is made on the Parago system by the SBM. Any items that are disposed of due to being faulty or obsolete must be passed to the Operations Manager for disposal.

In order to ensure 'separation of duties', Reception staff are responsible for signing for items on delivery and passing to the relevant Admin Assistant to update the inventory prior to the item being given to the member of staff who ordered it.

The annual audit of items is undertaken by the Operations Manager and Admin Assistant.

Where a member of staff borrows an item of school equipment for use at home this must be cleared in the first instance with the Headteacher and then recorded by the Operations Manager.

SECTION 5: INCOME

Credit income

Where payment for goods/services provided by the school is made after the provision takes place, an official invoice will be raised by the Finance Assistant and sent to the debtor as soon as possible after the provision of the goods/service. A file of copy invoices will be maintained and arranged into 'paid' and 'unpaid' invoices. The copies of unpaid invoices will act as a control record for the sending of reminders and the chasing of unpaid debts.

Every effort is made to ensure that money owed to the school is paid. This is pursued in the first instance by the Finance Assistant and thereafter by the Business Manager. Should a situation arise that the school is unable to recover a debt through its own resources, advice should be sought from the LA and the issue reported through the FPLC. This committee has the authority to write off a debt if all reasonable strategies for recovering the money have been exhausted. Such action should then be reported through the full Governing Body meeting. In each case, the possibility of taking legal action to recover the debt must be considered by the Headteacher, Chair and Governors as appropriate.

When an invoice is paid, details of the payment must be written on the copy invoice, and this transferred to the 'paid' section of the file.

Banking

All income received (cash or cheque) must be banked promptly and intact. No payments may be made out of income collected. A record to evidence the banking must be kept (e.g. stamped paying-in slip).

Charging policy

The Full Governing Body will set a Charging & Remissions policy to cover lettings and school trips. Charges levied by the school will be in line with this policy.

Donations

Donations from any sources must be acknowledged in writing to the payer. All donations must be banked promptly and intact.

Income

All income must be paid into the school bank account, coded to an appropriate income code and if applicable, VAT appropriately accounted for.

Security of cash and cheque stationery

Recommended LA cash limits are adhered to, with cash banked on a timely basis. All cash and cheque stationery is kept securely within a locked safe.

Only the Business Manager and Finance Assistant have access to the safe.

ParentPay (Pupil school lunches)

Parents pay for school lunches through the ParentPay system. Regular text and paper reminders are sent to parents who owe money for school lunches. If they are still not paid for, a formal letter is sent asking them to send in packed lunches until the debt is paid, however, if a packed lunch is not sent into school, we do not refuse a lunch to a pupil whose parents owe money. There are occasions when a pupil has moved to free school meals and under exceptional circumstances a pre-existing debt can be written off which school will pay for out of the school budget – this can only be on the approval of a member of the LT. A small budget is set to cover any school meal debts at the beginning of the financial year.

SECTION 6: PURCHASING

Ordering

School procedures for purchasing should ensure that purchases are as required and are for bone-fide purposes. Orders must be submitted to the Finance Assistant either on the internal order form or an official quote on a supplier's headed paper. All purchase requests must have signed approval by the budget holder or a member of the LT. These are then checked and signed as from the correct budget by the Business Manager before being processed. The order will then be raised on FMS and placed either via phone, email, online or by written official order and the Purchase Order No provided to the supplier. The official order raised on FMS must be signed by either the Headteacher or Business Manager.

Copies of all official orders placed must be retained on file at the school by the Finance Assistant.

When placing orders it is the responsibility of the Finance Assistant to ensure that GCC Financial Regulations and Standing Orders are adhered to.

Quotations/tenders

Financial Regulations – for orders for goods/services under £50,000:

- £2,500 - £5,000 – at least three prices to be examined and retained, these prices may be taken from suppliers' written or verbal quotations or catalogues/price lists.
- 5,001 - £50,000 – independent written evidence of at least three quotes should be obtained and retained with the order paperwork. Independent written evidence means quotations provided on suppliers' headed notepaper.

Standing Orders – for orders for goods/services over £50,000. Tenders should be invited in one of three ways, and in accordance with specific Standing Orders:

- from at least three contractors included on the GCC standing list; or where no standing list exists,
- from at least three appropriate contractors, or
- by open competition by advertisement in local newspaper or appropriate journal

Governor involvement

As well as ensuring that the above have been adhered to, it is the responsibility of the Headteacher to ensure that the FPLC are informed and/or consulted in the following circumstances:

- On purchasing decisions when the estimated cost of one item exceeds £20,000
- Review of quotations in the point above when the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained. In such circumstances the FPLC should formally authorise a waiver of the regulations prior to the purchase.

Receipt of goods

Once items ordered have been received, the Receptionist must ensure that items delivered correspond to details contained in the delivery note and any discrepancies queried immediately. Once checked, the Receptionist must sign and date the delivery note as correct and file it in the Finance Office. Upon examination of goods, staff must ensure that both quality and quantity are appropriate.

Invoice check and authorisation

Invoices received are initialled by the Business Manager, however, this is only an overview and approval to pay based on full checks being undertaken by the Finance Assistant. The Finance Assistant must check invoices to both orders and delivery notes or the premises log book to ensure that invoices relate to goods ordered and delivered. Invoices should also be checked for arithmetical correctness. On processing invoices, the Finance Assistant will stamp them with the school finance authorisation stamp, sign and date to indicate they have been checked against goods received and for accuracy. They are then passed to the Headteacher for final signature.

Petty Cash

Day to day operation of the petty cash account is the responsibility of the Finance Assistant. The amount of the Petty Cash Imprest is £400. All petty cash expenditure and reimbursement must be promptly recorded in the petty cash receipt book.

The Finance Assistant must periodically complete a reconciliation ensuring that cash expended, plus cash in hand equals the amount of petty cash held. Bank statements must be checked on receipt to ensure petty cash claims to the LA have been reimbursed and cheques for obtaining cash are correct.

All members of staff who wish to purchase items from the petty cash account must obtain prior approval from the relevant budget holder by completing the 'Petty Cash' request form available from the Finance Office. Receipts, paid invoices, etc. must be provided as evidence of the payment and presented to the Finance Assistant together with the approved request form by members of staff when reclaiming cash spent. Staff must sign for any reimbursements made. This paperwork must be retained by the Finance Assistant.

In normal circumstances, individual purchases from petty cash must not exceed £30. In exceptional circumstances, payments up to £100 may be made, with the express prior approval of the Headteacher or Business Manager. Such payments should be for specific reasons, i.e. the item is either unavailable through a supplier that will invoice or for emergencies and should not simply result from a lack of planning.

The use of personal loyalty cards is discouraged as individuals derive a benefit from the use of public funds.

No personal cheques are cashed under any circumstances.

The following are authorised to sign cheques on the petty cash bank account:

- Mandy Roberts, Headteacher
- Karen Zikking, Business Manager
- Jackie Hatton, Deputy Headteacher

There must be two signatures on each cheque.

SECTION 7: REGISTER OF PECUNIARY AND OTHER INTERESTS

The school shall maintain such a Register; persons to be included:

- All Governors
- Headteacher
- All members of the Leadership Team

A register of pecuniary interests has been established and is available for inspection, if necessary. This register is updated annually at the first Autumn termly meeting of Governors and is a standing agenda item on all future meetings.

The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school. It is accepted that on occasion, at short notice, casual labour is employed and if this is a member of staff's family or a close personal friend then a Declaration of Interest must be made.

SECTION 8: GIFTS AND HOSPITALITY

Please refer to the 'Code of Conduct and Confidential Reporting Procedure (Whistle Blowing) for School Employees in Maintained Schools' for detailed guidance.