



## **Finance Management Policy**

### **1. Introduction and Aims**

The governing body recognises that it is ultimately responsible for the financial management of the school and has produced this policy document to help it fulfil those responsibilities. All finance is dealt with by the Finance Committee and its remit includes finance issues relating to staffing, capital and buildings.

This policy aims to create a framework in which individual members of school staff, governors and the headteacher can exercise sound financial management and stewardship in an economic, efficient and effective way.

### **2. Audit**

The governing body recognises the importance of the Council's audit regime in assessing the adequacy of the school's financial controls.

The governing body and headteacher will ensure that auditors are given access to staff, all relevant records and property, as the auditors consider necessary.

The headteacher will ensure that audit recommendations are known by Finance Committee and implemented as soon as possible.

The head teacher will ensure they are familiar with the LA's Financial Manual of Guidance, which provide guidance on best practice, internal controls and statutory requirements.

### **3. Organisation**

In view of the importance and complexity of financial management in the school, the governing body has established a Finance Committee to enable due consideration to be given to all financial matters.

The governing body has delegated a number of its powers to the Finance Committee (details of roles and responsibilities are set out later in this policy document).

The Finance Committee members are:

Member 1	Rev Alan Wright
Member 2	Mrs R Zaitschenko
Member 3	Mrs A Storer
Member 4	Mrs S Rising
Clerk	Mrs A Morgan

#### **3.1 Annual Timetable**

The governing body recognises the importance of planning its financial management work throughout the year.

The Chair of the Finance Committee is elected by the full Governing Body in September each year. (The Finance Committee may elect to re-appoint the chair during the year if this is necessitated by a change in committee members.)

The Finance Committee plans to meet at least three times each year (once per term):

**April/May**

- Revenue and Capital budget monitoring for period 12 of the old year.
- To consider the budget for the new financial year together with the three year plan and make recommendations to the Full Governors regarding completion of the LMSOE (to be submitted to the LA by 31<sup>st</sup> May).
- Consider and approve Service Level Agreements for the new financial year.
- Update and approve Best Value Statement.

#### **June/July**

- Review final outturn position for old financial year
- Consider use of any carry forward from the old year
- Revenue and Capital budget monitoring for period 2/3
- Consider and approve any budget virements
- Consider annual teacher insurance cover
- Consider and approve the community and lettings policy

#### **September/October**

- Revenue and capital budget monitoring for period 4/5
- Consider and approve the community and lettings policy
- Consider and approve any budget virements
- Review of Governor Competencies – (for FMSIS)

#### **November/December**

- Revenue and capital budget monitoring for period 6/7
- Consider the revised 3 year plan (To be submitted to the LA by 31<sup>st</sup> December)
- To review the Governors expenses policy.
- Consideration and annual signing of the Statement of Internal Control (SIC)

#### **January/February**

- Revenue and capital budget monitoring for period 9/10
- Review of annual Benchmarking data
- Consider and approve any budget virements
- Review any requirements for FMSIS

#### **March/April**

Revenue and capital budget monitoring for period 11/12

- Consider expected yearend financial position
- Review the Finance Policy

The Finance Committee will report, and make recommendations, to the full governing body. Minutes of each Finance Committee meeting will be presented to the next meeting of the full governing body.

Finance Committee members will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them, and to act with integrity and accountability with regard to all matters put before them.

## **4. Roles and Responsibilities**

The governing body recognises the importance of governors, finance committee members, the head teacher and staff being clear about their respective roles and responsibilities with regard to the financial management of the school. This section sets out those roles and responsibilities.

### **4.1 The Governing Body will:**

- agree, and record in writing, the roles and responsibilities of the Finance Committee and headteacher

- review those roles and responsibilities on an annual basis
- elect the Finance Committee members each year
- approve the school's budget each year, ensuring that a copy is attached to the minutes of the meeting
- submit the approved budget to the LA within the specified timescale
- approve the school's original and revised financial plans each year
- take appropriate steps to ensure the school's budget does not overspend
- contact the LA and seek prior approval to overspend
- satisfy itself that the committee and headteacher are fulfilling their responsibilities as set out in this policy document
- review detailed budget monitoring reports each term, ensuring that copies are attached to the minutes
- review in writing the transaction/process, review terms of reference and authorisation limits, etc, relating to the school's financial system for relevant members of staff
- agree the school's virement policy, setting a limit up to which the headteacher can move funds between the currently approved budgets without seeking the governors' prior approval
- establish the school's charging and lettings policies and review this on an annual basis
- ensure that the school fund is audited each year
- ensure that a signed statement confirming that the school fund has been audited is issued to the Council within its specified timescale
- review the financial training needs of governors, the headteacher and staff on annual basis and fund training needs, as appropriate
- ensure that the school's Pecuniary Interests form is a standard agenda item and reviewed each meeting
- ensure that the school complies with the LA's guidance relating to Extended Schools and, in particular, that it does not subsidise extended school activities from the school's main budget share without the approval of the governing body
- ensure the school complies with all aspects of the Scheme for Management of Schools, the LA financial regulations, Internal audit, the audit commission and Ofsted requirements
- review this policy document on an annual basis

#### **4.2. The Finance Committee will:**

- familiarise themselves with this policy document and their roles and responsibilities and complete the Competency Matrix – Financial Management Standards
- ensure that the school complies with the LA's Scheme for Financial Management of schools, as approved by the Secretary of State and renews the status every three years
- familiarise themselves with the way in which schools in North Lincolnshire are funded
- contact the LA for advice in relation to leasing arrangements, as appropriate
- review the timetable of meetings outlining their key purpose as part of the policy
- consider the draft budget papers prepared by the headteacher
- consider the draft Finance plan prepared by the headteacher
- consider budget-monitoring reports produced by the headteacher throughout the year
- ensure that the school obtains value for money
- ensure that the school's Standards Fund allocations are fully utilised

- use management information, particularly that supplied by the Council, to challenge the way in which the school uses its financial resources
- ensure that the school complies with the Council's financial regulations
- ensure that the school produces a Best Value statement and adheres to it
- report to the full governing body
- ensure that audit recommendations are implemented within a reasonable timescale
- ensure that the school has a list of certifying officers for the purpose of signing cheques, certifying employee claims, etc, and review this on an annual basis
- approve virements above £3,000
- authorise transactions within the school's finance system over £1,000 for an individual transaction.

#### **4.3 The Headteacher will:**

- ensure he/she is familiar with this policy document and his/her role and responsibilities
- draft budget papers
- draft original and revised finance plans
- ensure that School Development Plan priorities are properly costed and linked to the school's budget and finance plan
- monitor the budget on a monthly basis
- oversee the day-to-day running of the school's financial administration and ensure that the Council's timetable is adhered to
- ensure that proper checks and controls are in place to cover day-to-day activities.  
(Advice on internal checks and controls should be sought from the Council's Audit team)
- authorise transactions/processes within the school's financial system up to limit of £3,000 for an individual item.
- act as an authorised signatory for the purposes of signing cheques, certifying employee claims, etc
- review reconciliations and returns on a regular basis and initial documents as evidence that such checks have been carried out
- ensure that the school fund records are kept up-to-date
- ensure that school fund's annual accounts are prepared, audited, approved by the full governing body and submitted to the LA in the timescale specified
- agree virements up to the authorised limit of £1,000 and above to require the approval of the finance committee (or the approval of the chair)
- ensure VAT is correctly accounted for
- ensure that the annual Statement of Internal Control (SIC) is completed and signed in conjunction with the Chair of Finance governors
- ensure that any budgets that are delegated to school staff operate within a similar control regime, ie, with regard to budget monitoring and reporting, etc

#### **4.4. The Secretary/Bursar will:**

- maintain the accounting records using the school's financial package
- carry out transactions/processes within the school's financial system up to limits agreed by the governing body.
- ensure that the LA's timetable for completion of bank, imprest and other reconciliations is adhered to

- contact the Schools' Finance Team with concerns or queries regarding financial administration
- ensure that purchase orders are raised prior to ordering goods / services, wherever possible, to aid effective budget monitoring and management
- ensure that payments are made to suppliers within NLC's payment policy, ie 28 days after the date of the invoice
- ensure that, where appropriate, claims for the sickness absence insurance scheme are made promptly and no later than 3 months after the relevant period

## **5. Financial Administration**

The governing body recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the school

The headteacher will monitor the financial administration functions carried out by the secretary/bursar, ensuring that:

- accounting systems are kept up-to-date
- bank reconciliations, imprest claims, etc, are completed in accordance with the LA's timetable
- appropriate action is taken where the LA advises the school that its day-to-day is not up to date

### **5.1 Training**

The governing body recognises the importance of financial training for governors and staff in helping them to fulfil their responsibilities in relation to the financial management of the school.

The training needs of all governors and staff will be reviewed each year. Appropriate budgetary provision will be made, where necessary, and governors and staff will be actively encouraged to undertake that training.

### **5.2 Budget Setting**

The governing body recognises the importance of setting a detailed budget at the start of the year.

The head teacher will draft a detailed budget for each line of income and expenditure, using zero based budgeting techniques as far as possible (as opposed to, say, incremental budgeting) for the finance committee's consideration.

### **5.3 Budget Monitoring**

The governing body recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under and overspendings.

The headteacher will monitor the budget on a monthly basis by reviewing printouts from the school's financial system for:

- errors
- miscoding
- large or unusual items
- potential underspending or overspending against budget
- and act promptly, where appropriate.

## **5.4 Reporting**

The governing body recognises the importance of receiving detailed, accurate and up-to-date financial information to enable it to oversee and control the financial position of the school.

The headteacher will prepare budget-monitoring reports for consideration by the finance committee.

The reports will include for each line of income and expenditure (including standards funds):

the original budget,

changes to the budget,

current budget,

expenditure and commitments to date,

expenditure and commitments to date expressed as a percentage of the current budget

an outturn projection

a variance between outturn and current budget

an explanation for all variances

details of proposed virements

details of proposals for additional spending or cost-cutting measures

## **5.5 Financial Planning**

The governing body recognises the importance of financial planning beyond the current year.

The headteacher will prepare a financial plan covering the next three years.

The plan will show the projected numbers on roll and the impact this has on the school's budget share, expenditure and carry forward.

The plan will include contingency plans, setting out the school's proposals for dealing with variations including, in particular, changes in the projected number on roll.

## **5.6 Payroll**

The governing body formally approves all appointments, terminations and salary levels.

They have established procedures to:-

- ensure through their selection process and ongoing CPD that personnel are competent, suitably qualified and trained to a level consistent with their responsibilities
- provide clear statements of criteria for personnel selection
- provide formal job descriptions and person specifications
- ensure that the cost of all appointments, re-gradings and any other changes in conditions of service of staff can be met within the resources available to the school.

The headteacher maintains a list of staff employed by the school and their current salaries.

The authority's payroll section processes the staff payroll only on the written instructions of the headteacher. They do not process salary changes authorised by any other person. The chair of governors notifies any changes to the headteacher's salary directly by letter supported by the relevant signed sub-committee meeting minutes.

Payments are made as follows:

- net payments to staff by BACS to all employees of the school
- Inland Revenue payments by payroll section directly to the Inland Revenue
- teachers' pensions payments by the LA
- overtime claims as part of net payments to staff through payroll section
- reimbursements through petty cash account

Access to personnel files is restricted to the head teacher. No individual is treated as self-employed without registration with Inland Revenue.

Monthly Procedures:-

- the administrative staff complete monthly returns for all staff relating to absences, overtime claims and supply teacher claims. The admin officer ensures that overtime has been validated and authorised by the head teacher before paperwork is sent to payroll. Checks are made against contracted hours.
- The peri-bursar checks the payroll print out as part of the monthly e-financial reconciliation to ensure that only Wootton Primary school authorised staff or supply teachers have been paid and at the correct rate.
- A Service Level Agreement is arranged with Payroll services

## **6. Management of Banking and Cash**

### **6.1 Bank facilities:**

Only the governing body can decide to have an external bank account into which the schools budget share can be paid. This decision must comply with the requirements of the LA as set out in the Scheme for Financing Schools (section 3) and the school must choose a bank account selected from the LA's approved list for public funds.

In making this decision the governing body will ensure that all transactions on its public fund bank accounts comply with the LA scheme and with the relevant current accounting instructions and procedures issued by the LA as outlined in the Financial Guidance Manual.

The school may not overdraw its bank account or arrange with its bankers for overdrafts, loans or any other form of credit or deferred payment. The bank has been informed that the school is not allowed to borrow funds and that no account should be allowed to become overdrawn. The school does not offer any security to the bank.

The school chooses its own bank for private funds and holds a separate account for the school fund which is audited annually.

All cheque payments from the bank accounts require two authorised signatories. There are three cheque signatories who are all school employees. The headteacher maintains an approved list of signatories. All cheques drawn are crossed "account payee only" All cheque books and other stationery are kept in a locked filing cabinet. All bank statements are filed sequentially.

### **6.2. Bank Reconciliations**

The school fund bank account is reconciled on a monthly basis by the school secretary and the headteacher reviews this each time.

### **6.3. Cash Banking**

Cash and cheques are locked in the school safe, which is held in a secure internal store, prior to banking to safeguard against theft. All cash is banked intact, without delay and recorded on pay-in slips. Bank pay-in slips show the split of cash and cheques and reference cheques to the related debt. Cheques are identifiable by the reference to the receipt numbers and names of the drawers and cash by reference to receipt numbers.

The school secretary banks all cash and cheques. Unbanked receipts are kept in a safe to safeguard against loss or theft. In no circumstances do cash holdings on the school premises exceed the insured limit.

### **6.4. Cashbooks**

Cashbooks/paying in books are kept for each of the accounts.

## **6.5. Petty Cash**

Petty cash is used for the purchase of minor items which have been budgeted for. Payments from petty cash are only made on production of a till receipt or other proof of purchase and are limited to less than £100. Petty cash payments are subject to the same authorisation procedures as purchases from the main bank account. They are cleared for payment by the headteacher and reimbursed by the LA.

## **7. Income**

The governing body has overall responsibility for ensuring that all income due to the school is properly accounted for. Day to day responsibility for this is delegated to the headteacher.

All incoming cheques are paid into the main budget on the authority's income return forms. Cheques are itemised on this form.

Receipts are given for all amounts of non-grant income.

### **7.1. Letting of School Facilities**

All lettings are subject to a letting agreement, setting out the terms and conditions of the school letting, including the agreed charge in accordance with the lettings policy.

The school may retain all the income from lettings of the school premises. The school is permitted to cross-subsidise lettings for community and private use with income from other lettings, providing there is no net cost to the school's budget share.

The governing body, on the recommendation of the finance committee, approves lettings rates. Free use and charges below economic cost are considered if the letting is deemed to enhance the school's relationship with the community.

- All requests for hiring the school facilities are checked for availability and entered into the school diary and the caretaker informed.
- All lettings are brought to the attention of the headteacher for approval
- When a letting is arranged the hirer completes a hire form and receives a copy of the policy agreement.
- The secretary generates and issues sale invoices
- All monies received are paid into the main school budget on an official income return form.

### **7.2. School Visits**

Letters are sent to parents/carers outlining the details of the proposed visit and requesting payment for voluntary contributions. Parents/carers are required to complete a permission slip for their child/ren to attend.

All payments for visits are by ParentPay. Each payment is recorded against the relevant child's name.

All visits payments are banked intact.

The admin officer prepares a final statement showing income, expenditure and final balance. Any refunds due to parents caused by unavoidable non-attendance are also recorded on the statement.

### **7.3. Bad Debts**

The school chases all monies due to it which has not been paid within 30 days of an invoice being issued.

In the case of unpaid dinner money the school policy is as follows:-



- When a child arrives at school without a packed lunch, a parent will be contacted as soon as possible. If a parent is not available, a dinner will be given and a letter sent home (copy kept).
  - Up to two further reminders are sent home showing the accrued amount.
  - If, after two reminders, no payment is received, a further letter is sent home explaining that the parent will have to provide their child with a packed lunch until the arrears are paid.
  - If a debt remains following transfer to another school then the new school is contacted.
- Bad debts are only written off when the school has followed all possible procedures to ensure their recovery. The governing body can authorise the write off of bad debts over £50 in value. The governing body updates debts annually.
- The school reserves the right to pursue bad debts. All possible legal means may be used.

#### **7.4. Leasing**

The governing body is responsible for approving all leasing and hiring arrangements. They only approve leasing transactions when the LA has confirmed that they are operating the leases. The school takes out no hire purchase contracts or financial leases.

No leased item is disposed of without the express permission of the leasing company. This includes sale, part exchange, scrapping, writing-off, donating, re-leasing, subletting or any other form of disposal.

The school may not enter into any lease agreement to dispose of land or property without the approval of the LA.

### **8. Fixed Assets**

#### **8.1. School inventory**

The staff who work in the office maintain the asset register electronically. The school includes all details of assets with a cost greater than £500 and “attractive” items below that limit. The register records:

- The date the item was acquired
- The description including make, model and serial number
- The cost of the item
- The location
- Authorisation of disposal and date
- Reason and method of the disposal or write off.

Items which are leased such as the photocopier are identified as such.

There is an annual check in place for the inventory and any discrepancies are investigated and reported to the head teacher who would inform the governing body of any loss. The insurers would be informed if appropriate.

Any items borrowed by staff and taken off site are recorded. The headteacher is the person to sanction the loan and the secretary checks if the item will be insured before they are removed from the premises.

All items are security marked by the caretaker.

#### **8.2 Disposal of Assets**

All disposals and write off assets are authorised by the head teacher. Items which are no longer required are sold where their residual value exceeds £500.

The following records are kept for disposals

- The item disposed of
- The date of disposal
- The method of disposal
- The proceeds of sale or how disposed of if scrapped
- The person authorising the disposal

No item is sold, leased or hired to a third party without the approval of the head teacher. In cases where the asset was purchased with non-delegated funds the school notifies the LA of the disposal and arranges for other schools in the LA to be advised of availability. The school may retain the proceeds of the sale of assets other than buildings or land which is owned by the LA and any proceeds of which would be retained by them.

### **8.3. Losses**

All losses are reported to the head teacher. The head teacher informs the police if the loss is the result of burglary or theft and the insurance company are informed at the same time. Action is taken immediately to prevent further loss.

The secretary maintains a record of any losses and any insurance monies received.