

St Helena's Church of England Primary School, Willoughby

Valuing Community, Compassion, Friendship, Hope, Respect, Thankfulness, Wisdom

FINANCE POLICY

A4.2.1 Introduction

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.

A4.2.2 Organisation

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

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

The Committee members are:

| | |
|----------|--------------------|
| Chair | Kitty Hamilton |
| Member 1 | Jo Askew |
| Member 2 | Sue Belton |
| Member 3 | Ruth Russell-Jones |
| Member 4 | Stephen Eyre |

Associate Members: Karen Rinfret

The Chair is elected by the full Governing Body in September each year.

The Committee plans to meet three times each year to:

To consider the first budget monitoring report for the year and to ratify all finance policies.

To consider the second budget monitoring report of the year and to update the school's finance plan in light of the September number on roll

To agree the budget for the new financial year and to agree the finance plan

The Committee will report, and make recommendations, to the full governing

body. Minutes of each Committee meeting will be presented to the next meeting of the full governing body.

Committee members will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

A4.2.3 Roles and Responsibilities

The governing body recognises the importance of governors, Committee members, the headteacher 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.

A4.2.3.1 The **governing body** will:

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

review those roles and responsibilities on an annual basis

nominate the Fabrics Committee members each year

approve the school's budget each year, ensuring that a copy is attached to the minutes of the meeting

monitor the submission of the approved budget to the Local Authority (LA) within the specified timescale

approve the school's original and revised finance plans each year

take appropriate steps to ensure the school's budget does not overspend

contact the LA and seek approval to overspend where this seems unavoidable

authorise the school's applications for loans from the County Council

satisfy itself that the Fabrics 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

record in writing the transaction/process authorisation limits, etc, relating to the school's financial system for relevant members of staff (see Appendix A)

agree the school's virement policy (see Appendix B)

The policy should clearly state what financial levels have been delegated to individuals:

E.g. budget holders for procuring goods/services; placing orders/goods receipting etc and virements.

establish the school's charging policy and review 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 County 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. A programme of free training is available from the Local Authority

ensure that the school's Register of Business Interests and Conflict of Interests is kept up-to-date

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 (Assimilate, type "extended schools" in the search box)

ensure that a Statement of Internal Control is completed and signed each year

review this policy document on an annual basis

A4.2.3.2 The **Fabrics Committee** will:

familiarise themselves with this policy document and their roles and responsibilities

ensure that the school complies with the LA's Scheme for Financing Schools, as approved by the Secretary of State

familiarise themselves with the way in which schools in Lincolnshire are funded

contact the LA for advice in relation to leasing arrangements, as appropriate (Director of Resources Treasury Office)

produce a timetable of meetings at the start of the year outlining their key purpose

consider the draft annual budget papers prepared by the headteacher/bursar

consider the draft medium term finance plan prepared by the headteacher/bursar

consider budget monitoring reports produced by the headteacher/bursar throughout the year

monitor the financial performance of catering and other functions (where applicable) throughout the year (some trading activities within school should not be subsidised by budget share)

ensure that the school obtains value for money (refer to Finance Handbook for more information)

use management information, particularly that supplied by the County Council, to challenge the way in which the school uses its financial resources. The Consistent Financial Reporting website can also be used to assist with comparisons (refer to Finance Handbook for more information)

ensure that the school complies with the County Council's financial regulations (available at www.lincolnshire.gov.uk, and follow menu path Home>Interested in Local Democracy>How the Council Works>Finances>Financial Controls>Financial Regulations & Procedures.

ensure that the school does not overdraw its bank account (where applicable)

ensure that the school adheres to Best Value practice (refer to Finance Handbook for more information)

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

A42.3.3 The **headteacher** will:

familiarise him/herself 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 County Council's timetable is adhered to (refer to Finance Handbook for more information)

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 limits agreed by the governing body. This could include the release of purchase orders, etc. (see Appendix A)

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 the 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 his/her authorised limit (see Appendix B)

ensure VAT is correctly accounted for

ensure CIS is correctly accounted for

ensure an inventory is maintained

ensure that any budgets that are delegated to senior staff or departments operate within a similar control regime, i.e., with regard to budget monitoring and reporting etc.

A4.2.3.4 The **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, adhering to audit processes to ensure separation of duties with the support of the Administration Team and Headteacher (see Appendix A)

ensure that the LA's timetable for completion of bank, imprest and other reconciliations is adhered to

submit income and expenditure statements, VAT returns, etc to the LA within the specified timescales (Prime Account Schools only)

contact the school's nominated Finance Assistant in 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 – see finance handbook for possible exemptions

ensure that payments are made to suppliers within LCC's payment policy, i.e. 28 days of the date of the invoice

ensure that, where appropriate, claims for sickness absence scheme are made promptly and no later than 1 month after the relevant period

A4.2.4 Authorisation Limits for Purchase Orders (see Appendix A)

| | |
|-------------|----------|
| Bursar | £1,000 |
| Headteacher | £500,000 |

A4.2.5 Virement Limits (see Appendix B)

Virements of £5001 or more should be approved by resolution of the full governing body.

The following virement limits have been agreed:

| | |
|--------------------|-------|
| Headteacher/Bursar | £5000 |
|--------------------|-------|

A4.2.7 Purchase Card Limits

This section should be included if the school has joined the Purchasing Card scheme. Each member of staff should be listed with their Single Transaction Limit and Monthly Credit Limit. The limits are:

| Transaction Limit | Designation |
|-------------------|--------------------|
| Up to £1,000 | Headteacher/Bursar |

| Monthly Credit Limit | Designation |
|----------------------|--------------------|
| Up to £2,000 | Headteacher/Bursar |

A4.2.8 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.

A programme of free training is available through the Local Authority.

A4.2.10 Budget setting

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

The bursar/headteacher will draft a detailed budget for each line of income and expenditure. It is recommended that the budget is re-evaluated each year (as opposed to, say, incremental budgeting) for the Fabrics Committee's consideration.

The bursar/headteacher will include options for increased spending, as set out in the School's Development Plan, and options for cost-cutting measures, where appropriate.

A4.2.11 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 reports from the school's financial system for:

- errors
- miscodings
- large or unusual items

potential underspendings or overspendings against budget

and act promptly, where appropriate.

A4.2.12 Financial administration

The governing body recognises the importance of proper financial administration within the Internal Controls set out in Appendix D to safeguard against inaccuracies, fraud 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 bursar, ensuring that:

accounting systems are kept up-to-date

bank reconciliations, imprest claims, etc are completed in accordance with the LA's published timetable

appropriate action is taken where the LA advises the school that its day-to-day administration is not up-to-date

A4.2.13 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/bursar 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 material variances

details of proposed virements

details of proposals for additional spending or cost-cutting measures

In addition to the reports in the school's financial system, the Local Authority issues spreadsheet and word-processing documents to schools on an annual basis to provide a framework for the preparation of finance plans and budget monitoring reports to governors.

A4.2.14 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 five 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 level of detail shown in the plan will include, as a minimum, the information set out in the County Council's financial planning spreadsheet, which is available to schools each year, free of charge.

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.

The governing body will consider the impact that the medium term finance plan may have upon staffing levels and develop outline plans and strategies for avoiding redundancy costs for future years.

A4.2.16 Audit

The governing body recognises the importance of the County 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 implemented as soon as possible where Governors deem it appropriate.

The headteacher will familiarise him/herself with the Financial Procedures and Finance Handbook, which give guidance on best practice, internal controls and statutory requirements.

A4.2.17 Annual timetable

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

The headteacher will draw up an annual timetable of key events and will submit this annually to the full governing body's last meeting in each financial year.

A4.2.18 Review

The governing body recognises the importance of keeping its Finance Policy up-to-date and will review the policy on an annual basis.

Authorisation Limits

The authorisation limits relate to processing and release of purchase orders and invoices. The Finance Policy should clearly state what authorisation levels have been delegated to individuals to process or release purchase orders or invoices.

On Business World On!, the default purchase order release limit for administrators is £1,000. It is possible for this to be increased at the discretion of the Governing Body. For headteachers the default limit is £500,000.

Virement policy

Virements are in year changes between budgets, e.g, £5,000 is moved from contingency to teaching staff.

The Schools virement policy forms part of their Finance Policy. The virement policy should clearly state what financial levels have been delegated to individuals to vire the budget from one budget heading/cost element to another. The virement policy has a similar principle to budget holders for procuring goods/services; placing orders/goods receipting etc. The recommended limit for delegating responsibility for virements to the headteacher is £5,000, although secondary schools may wish to increase this limit. Schools may also choose to allocate virement levels to the Finance Committee and the Bursar.

APPENDIX C

Authorised signatories/users for the Finance/Administration systems are detailed below:

Business World On!

Mrs S.M. Belton

Mrs K. Rinfret

Mrs L. Storr

IMPREST

| | | |
|-------------------------------|---|---|
| Account Holder | - | Mrs S.M. Belton |
| Account Operator | - | Mrs K. Rinfret |
| Authorised cheque signatories | - | Mrs S.M. Belton Chair of Fabrics Committee Mrs L. Storr |

HR CONTRACTS

Mrs S.M. Belton

Mrs K. Rinfret

Mrs L. Storr

DBS APPLICATION FORM EVIDENCE

Mrs S.M. Belton

Mrs K. Rinfret

Mrs L. Storr

SCHOOL FUND ACCOUNT

Mrs S.M. Belton

Mrs K. Rinfret

Mrs L. Storr

Internal Controls for the Ordering of Goods/Services.

1 Requisition raised by Staff.

2 Requisition approved by Head.

Any order over £1,000 automatically requires an additional authorisation by the Headteacher on the school accounting system, with a senior teacher acting as the substitute in case of long term absence

3 Purchase Order raised or Procurement Card used to order goods on Business World.

Financial orders for goods and services are made by means of purchase orders being produced from the school's accounting computer records, or through the Procurement Card. These are generated by the Bursar from purchase order requisitions that have been duly authorised by the Headteacher.

4 Goods received and checked against order

On receipt of goods, delivery notes are checked to the number ordered for quantity by two people

5 Invoice paid/coded

Supplier invoices are checked to delivery notes for quantity and to purchase order for price and calculation. If there are no discrepancies, the orders are Goods Received on the accounting system by the Bursar and the invoices automatically enter the payment workflow without further authorisation. If there is a discrepancy between the purchase order, goods receipt and invoice, then the accounting system automatically transfers to the workflow of the Headteacher for authorisation.