Finance Policy

"I have come in order that you might have life – life in all its fullness."
John 10:10
Christ taught us that his purpose was to give life in all its fullness. Through our Christ like attitude we seek to do the same.
This is at the heart of all we do.

Drawn up using the guidance contained within the Gloucestershire Scheme for Financing Maintained Schools

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Policy reference material, guidance or link policies	Gloucestershire Scheme for Financing Maintained Schools
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Next review date	September 2026

Organisation of responsibility and accountability
Governors have freedom to deploy their school budget as they see fit, but in exercising their delegated powers they are required to comply with certain conditions:

- Schools are required to stay within their budget limits. Any overspending will be deducted from the following year's budget share.
- Schools should report to the Group Director, Children and Young Peoples Directorate, if they intend to take on any major financial commitments or undertake a large project.
- Schools are not allowed to borrow money.
- Schools may make savings to carry forward and are strongly recommended by the LA to carry a contingency allowance. The Governors have accepted the LA proposal to retain 2.5% of the gross budget in contingency, if it is practical.
- The Headteacher is the 'accounting officer' for the school and is responsible for ensuring that the correct financial practices and procedures are followed.
- The Headteacher has delegated the administration of the Schools' Financial affairs to the Business & Operations Manager whose duties and responsibilities are defined in her job description.
- Governors and Headteacher must work within the LA's Standing Orders and Financial Regulations for LMS schools.
- School shall maintain a register of pecuniary interest for Governors, Headteacher and Business & Operations Manager. 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.

The delegation of responsibility for managing school budgets is to the Governors, who must act in consultation and with the advice of the Headteacher. The responsibility for the preparation of the school budget rests with the Headteacher. The day-to-day management of the school is delegated to the Headteacher as decision making often needs to be made at short notice.

The Budget

- The planned budget will not exceed the available budget.
  "The budget should reflect the school's prioritised educational objectives, seek to achieve best value for money and be subject to regular, effective monitoring." from "Keeping Your Balance" OFSTED

The Resources Committee will meet in the Autumn Term to consider a broad budget strategy. The budget will be planned taking into consideration the School Development Plan and strategic aims and targets established by the Governing Body. The Headteacher and Business & Operations Manager shall look into probable budget allocations. In constructing the detailed budget, factors for consideration include:-

- current and previous year's expenditure levels on individual budget headings
- staff pay awards and increments, and known changes
- anticipated price inflation
- changes in the supply of services and contracts (traded services, utilities etc).
- changing School Development Plan priorities
- any anticipated changes in pupil numbers
- the resulting impact on staffing structures
- overall level of income expected from local authority budget, grants and school generated income, together with any anticipated balance to be carried forward into the following financial year.

This will be done with the assistance of the Principal Accounting Advisor if necessary, in order to provide the Resources Committee with as much information as possible to assist in planning the budget.

- Information will also be provided about the School Plan with special details for the year to include areas of curricular development, staff training, special needs, etc.
- The Resources Committee will approve the Annual Budget following the receipt of the final local authority budget allocation issued in mid to late March, and Minute this approval. The budget will then be presented to the Full Governing Body for ratification. The approved Governors Budget Plan spreadsheet template must then be submitted to the Schools Finance Team, along with a signed statement by the Chair of Governors, by the required mid-May deadline.

Budgetary Control and Monitoring

- The Headteacher will be responsible for the day-to-day management of the budget and the Business & Operations Manager will prepare and present detailed budget monitoring statements for review by the Resources Committee at least termly. The Resources Committee should then consider and challenge these statements as necessary, with the Business & Operations Manager and Headteacher providing explanations for any significant variances identified. Budget monitoring reports should include:
    - Total budget for the year
    - Total expenditure and commitments to date
    - Projected variance
- The Headteacher may assign budgetary control of individual budget headings to other members of staff, however will remain ultimately accountable to the Governing Body for these budget headings.
- The amount of each budget allocation will be monitored in the light of known activity and virement may be used to transfer funds from one area to another. Approval from the Chair or the Resources Committee will be sought for virement of all amounts over the LA recommended figure of £10000.
- Virements, once approved, must be promptly recorded in the school's accounting system to keep the
  approved budget up to date.
- The delegated budget is subjected to regular internal audit and is available as necessary for inspection by the LA's external auditors.
- When the accounts for each year are closed, a final statement from the school's accounting system will be presented to the Resources Committee.
- Minutes of all Resources Committee meetings will be distributed to the Full Governing Body.

Internal Financial Control

- The Principal Accounting Advisor will monitor all LMS work carried out on the school IT System by the Business & Operations Manager regularly and will inform the Headteacher.
- All duties concerned with financial transactions are distributed so that the work of the Headteacher and Business & Operations Manager act as a check on the work of the other, i.e. authorisation of invoices for payment, placing orders, etc.
- The school will properly maintain accounting records and hold them securely. Only authorised staff will be permitted access to accounting records which will be securely retained when not in use.

Purchasing Policy

- The school will ensure best value for money from any purchases by testing the market before the school is committed to any expenditure.
- In purchasing the school follows the guidelines published by the LA and by the DfE.
- If advice is needed the school can contact the Purchasing Office of the LA.
- Care is taken when purchasing items, to obtain Best Value
- When ordering repairs to school, approved contractors are used where possible (registered with the LA)
- Governors will be required to make decisions on spending for individual items over £10000.

- Price comparisons for all goods/services in the region of £2,000 to £10,000 will be examined and retained.
- The school procedure for purchasing is to buy from the best value authorised supplier, if the quality is acceptable.
- A major spending decision includes any item over £10000. The following guidelines then apply:
  The school should request quotations from 3 suppliers;
  These quotes are discussed with the Resources Committee;
  The best quotation accepted.
- In circumstances where the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained, the Governors should formally advise a waiver of these regulations, either prior to the purchase or retrospectively, if necessary.
- Specific success criteria must be identified for all items over £10000 so that items can be evaluated at a later date for cost effectiveness. The criteria each time may be slightly different but will ensure the expenditure:
  Is identified in the School Plan
  Meets the identified need
  Leads to raised standards
  Leads to school improvement
- Orders for goods/services over £50,000 will follow the protocols outlined in the LA Scheme for Financing Schools.
- Printed computer generated and number allocated orders should be used for all items after initial approval by budget holders has been sought and given. The official order produced from the computer system must be signed by the budget holder before it is sent to the supplier. Where urgency requires a verbal order this should be followed up by a written confirmatory order before the end of the next working day.
- Only official order forms should be used. They should be securely retained when not in use.
- Orders should be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their private use.
- Order forms should be properly completed. This is done through the FMS programme on the IT System. Copy orders should be securely retained in order.
- Only staff approved by the Governing Body should certify orders.
- All purchases will be recorded on the school IT Systems which enables identification of expenditure already committed.
- All goods and services will be checked on receipt to ensure that they are in accordance with the order.
- Payment will not be authorised unless a proper invoice has been received, checked, coded and certified for payment. There must be two authorised signatories for each cheque or BACS payment.

Personnel

- The Governing Body follows procedures laid down in the LA Employment handbook for the appointment and termination of contracts and of promotions.
- Relevant staff will have received training in and follow the protocols of Safer Recruitment.
- The Headteacher shall ensure that the processes of completing, checking and authorising all contract documents are not the sole responsibility of one person.
- The school will retain personnel records securely and administer those records held on IT Systems files in accordance with the provisions of the General Data Protection Regulation. Payroll transactions will only be processed through the payroll system.
- Payroll data received monthly from the LA payroll team will be scrutinised by the Headteacher to ensure that all employees are recognised and pay appears reasonable. The Business & Operations Manager will check the accuracy of salary and expense payments.

- Submitted claim forms will be checked initially by the Business & Operations Manager then authorised by the Headteacher. Authorised time sheets will then be submitted directly to payroll.
- All pay-related expenses will be processed through the payroll system. Pay-related expenses will never be paid via petty cash.
- Reimbursement claims for Supply Insurance will be submitted as the eligible claims arise by the Business & Operations Manager.

Security of Stocks

- The Headteacher will be responsible to the Governing Body for the safe custody and control of cash and other property belonging to the school. No cash over £1000 should be kept in the school, to comply with the insurance regulations.
- The Headteacher should ensure that stocks are maintained at reasonable levels and subject to a regular, independent physical check.
- Inventories should be maintained by the Business & Operations Manager of all attractive and portable items, with a note of make, model number and serial number where appropriate. Such items should be identified with security marking as belonging to the school if possible.
- The Site Manager should check inventories at least once per year against physical items. Any discrepancies should be investigated and pursued to a satisfactory conclusion. The Headteacher should report discrepancies involving major items of equipment or amounts of money to the Governing Body.
- The Governing Body must agree any item identified to be written off which has a value of over £300.
- Whenever school property, e.g. musical instruments, or a part of the IT System, is taken off the school premises it should be signed for and the register noted accordingly.
- Safes and similar receptacles should be kept locked and the keys removed. Keys should not be left in the vicinity of the secure area. The loss of any keys should be reported immediately to the Headteacher and in the case of a LA maintained school, to the LA.
- All keys are held by the Site manager. The main internal and external keys are held by the Business & Operations Manager.

Insurance

- The Headteacher will liaise with the LA or its agent to effect and review insurance arrangements. All risks will be reviewed annually to ensure that sums insured are adequate.
- The school will notify its insurers of all new risks which require insurance or alteration to existing insurance's, and will immediately inform it's insurers of all accidents, losses and other incidents which may give rise to an insurance claim.

Income

- The school has an established charging and remissions policy in line with the LA Charging & Remissions policy.
- All invoices for such things as lettings will be issued promptly and when payment is made a receipt will be given.
- Receipts will be issued for all income paid into the budget.
- All income due to the school budget will be paid into the school account promptly to Lloyds Bank.
- Cash and cheques will be locked away securely until paid into the account. School Budget income will not be used for encashment of personal cheques or other payments.
- All sums paid into the budget will be reconciled correctly against the bank statement.
- The Headteacher can write off Bad Debts up to a value of £100. The Resources Committee will be responsible for writing off any bad debt over £100.

Petty Cash

- The day to day operation of the petty cash account is the responsibility of the Business & Operations Manager.
- The level of petty cash held is £150.
- The cash is kept locked away safely.
- Only authorised staff shall have access to petty cash. Payment is limited to minor items for which there is proper authority and provision in the budget.
- Vouchers and receipts will be obtained for all cash payments made and VAT will be identified where necessary.
- Records are to be kept of all transactions.
- Personal cheques should not be encashed from petty cash.

The Headteacher shall arrange for periodic checks on the completeness of funds.

School Fund (Voluntary Funds)

The accounts of the School Fund are maintained on a day to day basis by the Business & Operations Manager. All income and expenditure is entered promptly in the accounts. A bank reconciliation will be performed monthly when bank statements are received, between the balance as per the accounting record and the balance as per bank statements. The school shall ensure that there is a safe and efficient system for the custody and control of voluntary funds under the control of the Governing Body, including:

- accounting procedures which reflect the standards for accounting for public money;
- two of three approved signatures on cheques
- the immediate reporting of any suspected irregularities to the LA auditor;
- establishing adequate insurance arrangements;

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

- Final Accounts will be prepared at the end of the School Fund financial year by the Business & Operations Manager. These accounts will be audited by an independent auditor.
- The audited accounts will be presented to the Resources Committee for approval, which will be recorded in the Minutes of the meeting. Once approved, the Clerk to the Governing Body will return the requested FN12 form to the Schools Finance Team.

Also refer to:
Appendix 1 - Office Procedures for Handling, Recording and Receipting Income
Appendix 2 - Protocol for the use of Procurement (credit) Card
Appendix 3 – Protocol for processing BACS payments

To be read in conjunction with the Debt Policy and the Charging and Remissions Policy

APPENDIX 1

Office Procedures for Handling, Recording and Receipting Income

The range of payments sent to the school office is very diverse. With effect from September 2020, payments will only be accepted via the online payments system ParentPay.

Range of events for which payment is received:

Self funding services
- Cool Kids Club
- Breakfast Club
- School Dinners

Services where parents are asked for a voluntary contribution
- Trips
- Visiting entertainers/speakers, theatre groups
- Other sporting events

Fund raising events for school
- Tickets for school productions
- Class events

Items managed through School Fund
- Fund raising events for other charities

Residential Trips

Payment Methods

ParentPay
In September 2012 the school adopted ParentPay on-line payment service for collecting payment for all services as a means of standardising payment collection, recording attendance and managing debt. Each pupil has an individual account on the system to pay for services at the time that they use them. Even if they choose not to use the on-line payment method they can access their account to see the details of payments or items purchased. With effect from September 2020 all payments are made via ParentPay.

Breakfast Club Fees are paid on ParentPay.

Trips Once each trip is completed and all contributions received, income for each trip is totalled and recorded on the trips and events spreadsheet along with the expenditure for the trip. The spreadsheet also shows any shortfall for the trip.

School Fund
Generally School Fund income relates to donations and is recorded on a specific spreadsheet to show income, expenditure and profit.

Residential
A non-returnable deposit is requested with a signed permission slip to secure a place on the trip. The remaining payment is asked for by a certain date. The payment of this for each child is recorded on ParentPay

Appendix 2

Protocol for the use of Procurement charge Card

- The Headteacher and Business & Operations Manager are the sole signatory
- The limit of spend for each month cannot exceed £1500
- All purchases are authorised by the card holders, Headteacher and Business & Operations Manager
- The card is kept securely on the school premises unless the Headteacher or Business & Operations Manager has taken it to purchase an item
- Printed proof (VAT invoices/receipts) of all transactions is given to the Business & Operations Manager
- The monthly statement is checked by the Business & Operations Manager and reconciled against the relevant payment documents for that period
- The details of spend are recorded on FMS
- The total value of spend during each month is paid off by direct debit during the first week of the following month

Appendix 3

Authorisation Process for BACS payments to suppliers

- Obtain authorisation for the budget holder for the payment of invoices
- Record and authorise the invoices/credit notes in FMS
- Undertake a BACS run. This will export an electronic file containing details of the payments to be paid ready to upload to the bank
- Print the BACS run report
- Attach the relevant invoices to the report
- Present these to the members of staff who will be approving the payments online for signing
- Upload the BACS run and sign and date the report. (SBM)
- **The person that authorises the BACS file online must not be the same person that created it in FMS** (2 signatories Headteacher, Deputy HT, Business & Operations Manager, Enrichment Manager, PA to Headteacher)
- Email the remittance advice notes to suppliers
- File the signed/authorised BACS run report and invoices
- Login to LloydsLink online and import file from SIMS. (Payments from LloydLink will only be made via batches imported from FMS)
- 2 signatories to approve and submit BACS file for payment
- Account level batch limit for approval by Governors

1. Individual payments - £50,000
2. Total batch limit - £50,000

N.B. Lloyds Bank keep BACS batch records for 7yrs