

# **Policy for Finance Earl Soham Community Primary School**



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**This policy has been adopted by the governing body and is signed by the chairperson on its behalf.**

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**(chair of governors)**

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# 1 GOVERNANCE

## 1a General

A list of all Governors, their membership of committees and terms of reference is maintained by the Headteacher who keeps the records. Terms of reference for each committee should be reviewed at least every 2 years.

The Governing Body meets at least once a term. Committees of the Governing Body also meet at least once a term.

The Governing Body will aim to agree, no later than by the end of term, the dates of meetings for at least the next term.

## 1b The Governors

The Governing Body has approved the Governing Body Decision planner which shows who is responsible for key tasks. This is reviewed in the Autumn Term. Although decisions may be delegated, the Governing Body as a whole remains responsible for any decision made under delegation.

The Governing Body is responsible for the overall direction of the school; it determines the school's spending priorities through the annual setting of a 3 year budget plan, and evaluates the effectiveness of spending decisions.

## 1c The Headteacher

The Governors delegate responsibility for the day-to-day management of the school to the Headteacher according to the decision planner.

The Headteacher and Office Administrator ensure that sound systems of internal control are in place.

The Headteacher and Office Administrator, after consultation within the School, will bring forward the draft Budget Plan for discussion with the Finance Committee.

The Office Administrator monitors the Budget and Devolved Capital spending and supplies the Headteacher and Finance Committee with monitoring information. The information for the Finance Committee takes the form of a budget report produced from the SIMS accounting system with a written budget commentary, as shown on the Record of Financial Responsibility.

#### 1d The Staff

Staff comply with financial regulations in Suffolk's Scheme for Financing Schools and any School specific requirements.

Staff are responsible for any budget whose management is delegated to them and are referred to as Budget Holders. They are responsible for completing an internal order form (before placing an order or making a purchase), passing signed paperwork to the School Office and monitoring their budgets. A printout is issued termly, but may be obtained whenever required.

#### 1e The Finance Committee

Membership is determined by the Governing Body and reviewed annually in the Autumn term. Terms of reference should be reviewed at least every 2 years.

The Finance Committee is responsible for approving and monitoring the school budget set following meetings and discussions with members of the Enhanced Finance Team of the Local Authority.

Any review of staffing agreed by the Personnel Committee is first referred to the Finance Committee who assesses the budgetary implications of the recommendations and advises the Governing Body accordingly.

#### 1f Expenditure Limits

The inclusion of an item in the approved budget plan gives authority to spend, save that the Headteacher seeks approval from the Finance Committee for any individual transaction in excess of £5,000.

The Headteacher authorises virements up to £2,000. Above this amount the approval of the Finance Committee is sought. All virements are minuted.

#### 1g Orders

Quotations are obtained or tenders sought for purchases exceeding the limits set out in the School's Record of Financial Responsibility which is approved by Governors on an annual basis in the autumn term.

#### 1h Minutes

Minutes are taken which record the basis for any decisions made and clearly state the decisions themselves. Minutes are circulated to members of the Committee of its meeting and are agreed and signed at its next meeting. The minutes of all committees are reported and copied to the Governing Body.

## 1i Register of Business Interest (Pecuniary Interest)

The Headteacher maintains a register of business interest for Governors and for staff with purchasing authority. The register is maintained annually in the Spring Term and is kept in the School office.

## **2 FINANCIAL PLANNING**

The School Development Plan includes a statement of its educational priorities to guide the planning process. The School Development Plan states the priorities in sufficient detail to provide the basis for construction of budget plans.

There is a clear, identifiable link between the School's annual budget and the School Development Plan, which is shown on the Budget plan

For each of the key issues in the School Development Plan, costs and other inputs are identified and budgets prepared.

The School Development Plan is reviewed in the Summer Term to ensure that educational priorities are stated for the next 3 years and shows how the use of resources is linked to achieving the goals.

The School budget is revised after the review of the development plan and resources identified within the budget to deliver the plan's priorities.

The School budget is maintained for the current financial year and at least 2 further years.

The budget is based on realistic estimates of all income and expenditure so that planned expenditure does not differ materially from the agreed budget. The LA provides the School with a 2 year delegated budget which has been inflated, expenditure is also inflated to offset this.

The budget and cash flow forecast are profiled in accordance with likely spending patterns.

In the event of a budget surplus, this is earmarked for future specified use.

A record is maintained of all ongoing commitments with explanations of any significant year-on-year changes.

All new initiatives are appraised by the Finance Committee in relation to their costs, benefits and sustainability.

The main elements of the budget are fundamentally reviewed annually. Benchmarking information helps to identify priorities.

The budget cycle is as follows:-

### Spring Term:-

- The Headteacher and Office Administrator, after consultation within the School, will bring forward the draft Budget Plan for discussion with the Finance Committee. The plan is approved by the Finance Committee at the budget meeting in the Spring Term. This will be minuted and reported to the Governing Body. The plan must be approved by 31<sup>st</sup> March.
- The Office Administrator submits the approved budget plan to the LA by 30<sup>th</sup> April each year.

### Summer Term:-

- The Office Administrator, in consultation with the Headteacher, prepares financial reports for the Finance Committee to consider. The Finance Committee will consider any virements that may be necessary in view of additional income or costs incurred that were not included in the original budget.
- The Finance Committee records in its minutes the approval and report to the whole Governing Body at the next meeting.
- The approved virements are sent to the LA by the end of the summer term.

### Autumn Term:-

- The Office Administrator, in consultation with the Headteacher prepares financial reports for the Finance Committee to consider. The Finance Committee will consider any virements that may be necessary in view of additional income or costs incurred that were not included in the original budget.
- The virements, once approved by the Finance Committee, are sent to the LA by the end of the Autumn Term

## **3 BUDGET MONITORING**

The Office Administrator produces monthly oracle monitoring reports.

The Finance Committee receives a Budget Position Statement at each meeting which includes a Budget Commentary and committed expenditure.

The Office Administrator identifies and recommends to the Finance Committee appropriate remedial action for budget variances.

The Office Administrator recommends to the Finance Committee how to vire any in-year under spends in excess of £2,000.

The Headteacher monitors expenditure initiatives in the School Development Plan.

Budget Holders are supplied with termly monitoring reports. Currently in the financial year 2018/19 each class has a £200 budget for books. The Headteacher/Office Administrator monitors devolved budgets and agrees remedial action plans where necessary.

## **4 PURCHASING**

All orders comply with the LA's Standing Orders for contracts as published in Suffolk's Scheme for Financing Schools.

The School demonstrates value for money through competitive tendering, when appropriate, or by using County Stores or other approved purchasing arrangements.

Prior approval of the Governors is obtained for any expenditure in excess of £5,000. Orders are not artificially split to evade this limit.

The School will not consider entering into any lease or financial agreement without first consulting with the SCC Commercial Division and the Legal Section prior to inviting suppliers to quote or signing any contract. The School will ensure that any lease entered into is an 'operating lease' not a 'financial lease'.

Three written quotations are obtained for any order whose value is estimated between £1,000 and £50,000.

If a quotation other than the lowest is accepted by the School (for expenditure below £5,000) or by Governors (expenditure above £5,000) it must be reported to Governors and the reasons clearly minuted.

For expenditure above £50,000, the School will enter into competitive tendering in line with SCC requirements.

Contract specifications will contain the following:-

- Contract duration
- Definitions
- Contract Objectives
- Services to be provided
- Service quantity
- Service quality standards
- Contract value and payment arrangements
- Information and monitoring requirements
- Procedure for disputes
- Review and evaluation requirements

The official financial information (SIMs) will be used for all orders. All orders (including all urgent verbal orders) will be entered onto the SIMs system within five working days. The County Ordering pad may be used for Capital Allocation Orders

Individuals will not use official orders to obtain goods or services for themselves.

All orders are signed by an authorised signatory. A list of authorised signatories is maintained by the Office Administrator (a copy of which will be sent to the Payments and Payroll Sections at SCC). The authorised signatory is not permitted to create and certify any orders.

The signatory will be satisfied that the goods or services are appropriate and necessary, that competitive tenders have been obtained where necessary and that there is sufficient budgetary provision.

Each order placed is automatically entered into the School's financial system as a commitment.

The School checks goods received against the delivery note and the delivery note is checked against the invoice. The invoice is also checked against the order. These checks are evidenced by the members of staff initialling the relevant document.

Payment is made within the agreed time limits after certification by an approved signatory.

Payment is only made against the original suppliers' invoice and not on a statement.

Invoices are stored securely and in order.

## **5 FINANCIAL CONTROLS**

The Headteacher has a secured contingency arrangement in place to ensure that financial control can be maintained in the absence of key staff. These arrangements are:-

Cover for Office administrator – Enhanced Finance

The Headteacher has due regard to separation of duties in organising financial duties. At least two people are involved in the completion of tasks and the work of one acts as a check on the work of the other.

The School maintains proper accounting records. An audit trail can be maintained for all financial transactions. Any alterations are made in ink and initialled to identify the person making the alteration.

Documents relating to financial transactions are retained for 6 years plus current. Registers are retained for seven years after the child reaches maturity. All documents are stored securely in the annexe to the Headteacher's office or in the roof space above the main corridor and only accessed by authorised staff.

Where there is a requirement to account separately for earmarked funding the Headteacher ensures this is done and that money is spent on its intended purpose.

Members of staff are not allowed to use their own bank account for any payment or receipt connected to the schools budget.

## **6 INCOME**

The Finance Committee reviews the Schools Charging and Remissions policy and reports its approval to the full Governing Body annually.

Proper records of all income due are kept. When this is not appropriate, the County's official 'A' Account pad is used. For transfers of funds between county council departments, a Journal Transfer must be completed.

The responsibility of identifying and recording sums due is separated from the responsibility for collecting and banking income.

Official pre-numbered receipts are given for all cash/cheques received for uniform, music tuition and lettings. Payment cards are issued for residential trips and class lists registers are used for other trips and theatre performances. Income is listed on a daily basis and logged for future reference. Receipt books are stored securely.

Lettings are approved by the Headteacher or an authorised member of staff and diarised to ensure that Personnel are available to secure the School.

Pending banking, cash and cheques are locked away in a secure safe.

Transfers of money between staff are recorded and signed for.

Income is banked within one week of receipt. Bank paying in books show the split of cash and cheques (cheques to have pupil name written on the bank) and list each cheque. Income is not used for making any payment or for cashing personal cheques, although the School may exchange a petty cash cheque for cash.

Income recorded in the accounts is reconciled monthly with the bank statement.

Where invoices are required, they are issued with a 30 day payment term. One off lettings should be paid for in advance.

For official funds, the School banks with Lloyds Bank. The bank account number is 1139105. Bank reconciliations are completed monthly by the Office Administrator

The reconciliation statement is initialled by the person undertaking the reconciliation and reviewed and countersigned by an authorised signatory.

The School is not allowed to go overdrawn, and will apply to the LA for a cash advance should there be insufficient funds.

Each cheque written is signed by two authorised signatories and supporting vouchers are made available to each signatory to safeguard against inappropriate expenditure. Cheques are not pre-signed.

All cheques are crossed 'account payee' and are stored securely when not in use.

## **7 BAD DEBT**

Wherever possible, income due will be collected before or immediately following the time that the relevant sale or service is provided. If this is not possible, an initial telephone call will be made, followed if necessary by a debtor's account.

All debts will be recorded, and non-payment will be followed by issuing reminders as follows:

3 weeks from date of account First reminder  
6 weeks from date of account Second reminder  
8-10 weeks from date of account Final reminder

The final reminder is sent by recorded delivery, and threatens legal action if not settled within 14 days.

After 10 weeks from the date of the account, where the debt is still outstanding, legal action will be considered, and the debtor will be informed of this in writing.

If, after every effort has been made to collect the debt, and legal action is considered impractical or has been unsuccessful, individual bad (i.e. irrecoverable) debts may be written off in accordance with the following procedures:-

- a) Those up to the value of £100 to be approved by the Headteacher and reported to the next meeting of the Governing Body.
- b) Those exceeding £100 to be referred to the Governing Body for approval, either directly, or after consideration by the Finance Committee.

Individual accounts written off which exceed £100 will be reported to the LA as soon as practicable (Suffolk LMS Scheme Annex E.12.) The VAT element of any debt must not be written off, as this contravenes HM Customs and Excise statutory requirements. The School will retain a Bad Debt write off summary.

## **8 SURPLUS EQUIPMENT**

Where the estimated disposal value of surplus or redundant assets (equipment) or stores is less than £100 or sale is to be by public auction or competitive tendering, authority for disposal can be given by the Headteacher.

A Disposal of Equipment form will be completed for all items which are to be disposed of.

Governors' approval will be obtained for the disposal of equipment where:-

- a. the estimated disposal value is between £100 and £500 and the sale is not to be by public auction or competitive tendering;
- b. the estimated disposal value is above £500, or;
- c. the sale is to be to a Governor or employee of the County Council.

A list of equipment disposed of will then be presented to the governing body at its next meeting. This list will show, so far as may be known, the item, department, date of manufacture or purchase, values when new and when made redundant (estimated where necessary) and disposal value.

The school's inventory will be amended to show disposals and these entries will be endorsed by the Headteacher.

The net income (i.e. excluding VAT) from sales of surplus or redundant assets or stores purchased from the school budget will be credited back to the school budget.

## **9 PAYROLL**

Personnel procedures, including appointments, promotions and terminations are supervised by the Personnel Committee.

The Headteacher ensures that the duties of authorising any variations to the payroll are separated from the processing of claims.

All staff data is entered onto the Schools personnel information package (SIMS) and is reconciled with the ORACLE download.

Payments to individuals are processed only through the payroll system, no local payments are made except for expenses to teaching staff via the petty cash system.

Only authorised staff are allowed to access personnel and payroll records. Arrangements have been made for staff to access their own personnel records and such requests are to be made to the Headteacher.

## **10 PETTY CASH**

The Governors have determined the level of petty cash to be held as £50.

Cash is held securely and access to it is restricted to authorised staff.

Payments from petty cash are limited to £25. Expenses over this amount are reimbursed to employees by means of cheque.

Payments from petty cash are supported by a petty cash claim form and VAT invoices/receipt. The form is signed by the recipient.

Transactions are entered onto the Schools financial information system (SIMS).

Petty cash is reconciled on at least a termly basis. A report of all transactions is run and the reconciliation statement countersigned by an authorizing signatory confirming the report balances with cash.

Personal cheques are not allowed to be cashed with petty cash

## **11 TAX**

The Headteacher ensures that all relevant staff are aware of provisions concerning VAT, tax and the construction industry scheme. They are informed that they can find further information in the Purple Folder and VAT Specialist at County on how VAT on business activities and school trips should be accounted for

Only VAT invoices are paid for transactions involving VAT. Payments are only made to contractors and subcontractors in accordance with the Construction Industry Scheme.

In the case of the reimbursement of expenses, the VAT invoice must be in the name of the School and not an employee, as VAT belonging to the County Council can only be claimed by Suffolk County Council.

The School completes a monthly VAT return on SIMS, which is reimbursed. This is done on the first available day after month end.

## **12 ASSETS**

An up to date inventory is maintained of all items of equipment. Those that are portable, valuable and desirable are identified as School property by security marking that bears the School name and postcode.

Stock checks are carried out of levels of stock prior to placing orders to ensure that there is no over-ordering and to monitor usage.

The inventory is reviewed in the Spring Term and signed as evidence of the check having being undertaken.

Any discrepancies found during the inventory check over £100 should be notified to the Governors and action taken (where appropriate) to reduce the risk of discrepancies occurring in the future.

A log of School property that is taken of site, by staff or pupils is maintained. This property includes musical instruments and computers. The register is held in the school office, and referred to as the 'Loan of Equipment Book'. Teachers complete a Laptop Release form which records all the details of their laptops.

The safe is kept locked and the keys are removed. Key are held by the Headteacher and Office Administrator

The School's asset management plan is supervised by the Headteacher.

## **13 INSURANCE**

The School reviews all risks annually to ensure that the cover available and the sums insured are adequate.

The Governors consider whether to insure against any uncovered risk at the start of the financial year with the budget process

The School will notify the LA/insurers of any new risks or any other alterations affecting existing insurance.

The School will not give any indemnity to a third party. The SCC disclaimer on trips consent form (PC07) is included on consent letters sent home to parents.

The School will immediately advise the LA/insurers of any accident, loss or other incident which may give rise to an insurance claim. Incident reports are kept in the School office.

Insurance will cover the use of School property when off the premises, eg musical instruments/computers but not for unattended items.

## **14 DATA SECURITY**

Computer systems used for School management are protected by password security (ie screen savers, logins and passwords etc). Passwords are changed termly and more frequently in the event of staff changes.

All data is backed up daily and the back-ups stored off site. Back-ups are encrypted. The School ICT technician verifies the back up to ensure it has been completed successfully.

Only authorised software is installed on any School computer to safeguard against computer viruses.

School computers are protected against computer viruses.

Third party access to the school's IT network has been approved by the Governing Body and there is a signed "Code of Connections Agreement". In addition a risk assessment has been undertaken and DBS checks have been carried out accordingly.

The school uses the following internet provider: The County's Broadband

The school ensures that all data is cleared from hardware and electronic equipment.

The school obtains parental consent prior to any pupil's photograph is published in any external publication or website.

The Governors ensure that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998 and that the Schools use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with the legislation.

The Headteacher has established an Emergency Recovery Plan which includes the school's Local Procedures file, a list of licences held for all software applications, serial numbers of equipment, procedures for the recovery of data and reinstating financial administration.

## Document History

<b>Version</b>	<b>Date</b>	<b>Author</b>	<b>Comments</b>
Issue 1	September 2016	P Lambillion-Jameson	Amendment
Issue 2	September 2017	P Lambillion-Jameson	Amendment
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