



## *St John's Catholic Primary School* *BATH*

Email: [stjohnsbath\\_pri@bathnes.gov.uk](mailto:stjohnsbath_pri@bathnes.gov.uk)  
Website: [www.stjohnscatholicprimary.org.uk](http://www.stjohnscatholicprimary.org.uk)  
Head Teacher: Mrs A Bennett

### **Finance Policy 2017/19**

*I am unique,  
In the eyes of God.  
All seeing, all knowing, all loving,  
He embraces our family,  
Parish, parent, child,  
All one with you.  
I am of the world,  
With the seeds of excellence within me,  
Encouraged to grow and flourish,  
To a spiritual fulfilment.  
I am unique,  
And with you beside me,  
All is possible*

# FINANCE POLICY 2017/2019

## Finance Policy Contents

- 1 Governance
- 2 Financial Planning
- 3 Budget Monitoring
- 4 Purchasing
- 5 Financial Controls
- 6 Income
- 7 Banking
- 8 Payroll
- 9 Petty Cash
- 10 Tax
- 11 Unofficial Funds
- 12 Assets
- 13 Insurance
- 14 Data Security

## Appendices

- 1 Terms of Reference
- 2 Purchasing Policy
- 3 Best Value Policy
- 4 Register of Business Interests
- 5 Responsible officer

- 6 Retention of records
- 7 Purchasing Cards Procedure
- 8 Inventory Yearly sign-off
- 9 Charging Policy

# 1 Governance

The governing body is responsible for ensuring that the school meets all obligations placed upon it by the Secretary of State for Education. It is collectively responsible for the overall direction of the school and its strategic management – it is responsible for setting educational and financial priorities, and for ensuring the budget is managed effectively.

The roles and responsibilities (including any limits of delegated authority) of the governing body, its committees, the headteacher and other staff in relation to financial decision making and administration are set out in:

Appendix 1 - Terms of Reference, and  
Appendix 2 – Purchasing Policy

The governing body reviews all the appendices of the finance policy on an annual basis. In order to fulfil these obligations, the governing body is divided into a number of committees.

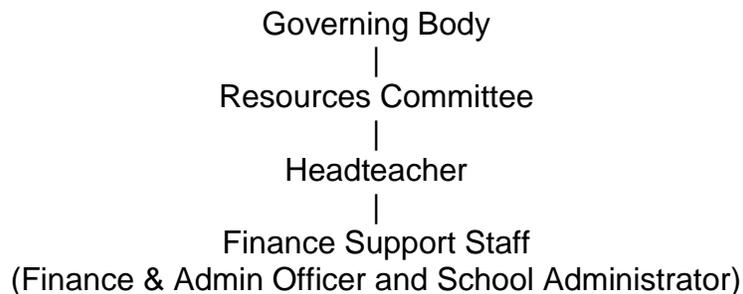
The full governing body meets a minimum of three times a year. All meetings will be minuted and all finance reports presented at the meeting attached.

The resources committee meets three times a year. All meetings will be minuted, with all finance reports presented at the meeting attached.

The governing body will agree with the headteacher the minimum frequency, level of detail and general format of the financial information to be provided to it, especially in relation to budget monitoring reports.

The governing body will maintain a register of business interests of governors, the headteacher and the senior management team. They shall each complete a return on an annual basis at the very minimum, unless personal circumstances change within that twelve month period. A proforma of this can be found at Appendix 4 – Register of Business Interests. The most up-to-date register of business interests will be open to examination by governors, staff, parents and the Council.

The finance and administration staff are organised as follows:



## 2 Financial Planning

Good financial management will provide the school with a clear view of how it intends to use its resources. It has two interrelated elements: the School Development Plan (SDP) and the budget.

A formal timetable and procedures will be drawn up for constructing the SDP and budget to ensure that governors have enough time to consider all relevant factors.

The School Development Plan (SDP) will:

- include a statement of educational goals to guide the planning process
- outline the educational priorities and budget plans for at least the next three years, showing how the use of resources is linked to the achievement of the school's goals
- detail the school's educational priorities to provide the basis for constructing budget plans
- state intended expenditure on continuing commitments, including a short commentary on any significant changes from the previous year
- be approved by the full governing body after careful consideration and before the beginning of the relevant financial year

The school's budget will:

- provide a clear, identifiable link to the SDP
- be based on realistic estimates of all expenditure and income, including grant income, so that planned expenditure does not exceed the available budget
- include details of all budgeted surpluses that have been earmarked for specific future needs, thus ensuring that pupils benefit from a planned approach to spending that does not deprive them of resources in any given year
- be approved in principle by the resources committee and Headteacher, after careful consideration and before the beginning of the relevant financial year
- be formally ratified by the full governing body and Headteacher by the 31<sup>st</sup> May
- be submitted promptly to the Council, once it has been finally agreed and ratified
- be input and fixed on the school's accounting system as the Original Budget

### **3 Budget Monitoring**

The Headteacher will produce and monitor monthly budget monitoring reports, including sums committed but not yet paid and outturn forecasts, against the approved budget. These reports will be reconciled to the school's accounting records.

The Headteacher will provide budget monitoring reports to the resources committee three times a year. Again these should include summary reports direct from the schools accounting system. These will show any significant variances against the budget with explanatory notes and where necessary, remedial action plans including virements (budget movements).

The Headteacher will monitor expenditure on the initiatives set out in the SDP.

The Headteacher will monitor overall expenditure throughout the year, to ensure that the school's bank account does not go overdrawn.

### **4 Purchasing**

All purchases will be made in line with the current Purchasing Policy, Appendix 2.

All decisions on expenditure will be made using the Best Value principles, whether these are for goods or services, i.e. in accordance with the School's Best Value Statement – see Appendix 3

All contracts entered into will have detailed specifications defining the service to be provided in terms of its nature, quality standards, information & monitoring requirements and contract review procedures.

Official, pre-numbered orders will be used for all goods and services except utilities and rates. Where urgency requires an oral order, this should be confirmed by an official order.

School staff and Governors will not use official orders to obtain goods or services for their private use.

All orders will be signed by a member of staff as approved in the Terms of Reference, Appendix 1.

Invoices will be paid with the time limits specified in law for the payment of debts, and only once a proper invoice has been received, checked, coded and certified for payment.

All invoices will be signed by a member of staff approved in the Terms of Reference, Appendix 1..

## **5 Financial Controls**

The Governing Body will ensure that all written Finance Procedures are kept up to date and all appropriate staff will be trained in their use.

The Headteacher will ensure where possible, that duties relating to financial administration are distributed so at least two people are involved. All checks/reviews carried out will be fully documented.

The Governing Body will ensure that proper accounting records are maintained and that all documents relating to financial transactions are retained for six financial years plus the current one.

The Headteacher will ensure that all expenditure from sources of earmarked grants is accounted for separately and that the funding is used for its intended purpose.

The Headteacher will ensure that all accounting records are securely retained when not in use and only accessed by authorised staff.

## **6 Income**

The Governing Body will establish a charging policy for the supply of goods and services and review this on an annual basis, Appendix 9

Official, pre-numbered receipts or other formal documentation will be issued for all income received.

Cash and cheques will, at all times, be securely locked away to safeguard against loss or theft.

Income will be paid into the appropriate bank account promptly and in full. Income records will show clearly the split between cash and cheques and list each cheque individually.

Income collections will not be used for the encashment of personal cheques or for other payments.

### Music Purchase Scheme

Pupils who receive music tuition lessons will be made aware of the Music Purchase Scheme. This scheme allows for pupils musical instruments to be purchased from official Council funds, with the instrument cost, net of VAT, due for recovery from pupil.

### Lettings & Music Tuition Fees

One-off lettings should be paid in advance of, or on the day of the respective letting. Music tuition fees & longer term lettings should be paid before, or at the start of each respective term.

### Recovery of Supply Teachers Costs

Where possible, supply teachers costs will be recovered from outside agencies. Details will be passed to the Finance Support Staff, who will issue an invoice.

Where supply teachers are employed to cover lessons for teachers who are taking part in optional extra activities, the full cost should be included in the overall cost of the activity and recovered as part of the contribution from parents.

### Voluntary Contributions from Parents

Requests for voluntary contributions will be made to all parents whose children take part in any optional extra activity. All parents will be made aware of the purpose of each request and will be warned that insufficient contributions will result in the cancellation of the said activity.

### Bad Debts

When income is overdue, a letter will be sent to the debtor requesting payment within 7 days.

If the debt is outstanding after this 7 day period, the request for payment will be made to the debtor in person.

If the debt is still outstanding 7 days after the face to face request for payment, the matter will be passed onto the Bath & North East Somerset Council's Legal Services Team.

## **7 Banking**

The school will receive bank statements on a monthly basis and reconcile these with their accounting records. Any discrepancies will be investigated.

All bank reconciliations will be signed, named and dated by the person performing the reconciliation and then reviewed and countersigned, named and dated by the Headteacher.

The Finance Support Staff will ensure that all supporting vouchers are always made available to cheque signatories to safeguard against inappropriate expenditure.

The Headteacher will ensure that every cheque drawn against the delegated budget bank account bears the signatures of two signatories authorised by the Governing Body.

The Headteacher will ensure that all chequebooks (manual and pre-printed) will be held in a secure place at all times.

The Governing Body will ensure that school does not enter into any loan agreements, other than with the Council, without the prior approval of the Secretary of State for Education and Skills.

The Headteacher will maintain a list of all bank and building society accounts held. Copies of both the bank mandates and authorised signatory forms will be held for each bank account.

## **8 Payroll**

The Governing Body will maintain up-to-date procedures for the administration of personnel activities, including appointments, terminations and promotions.

The Headteacher will ensure that at least two people are involved in the processes of completing, checking and authorising all documents and claims relating to appointments and terminations of employment.

All personnel documents will be signed by a member of staff approved by the Governing Body.

The Headteacher will ensure that only authorised staff have access to the personnel files and that arrangements are in place for staff to gain access to their own records.

The Headteacher will maintain a list of current staff employed, which will be updated promptly to reflect new starters and leavers.

The Headteacher, in conjunction with the Finance Support Staff, will review the payroll transactions for errors and/or omissions. The monthly payroll costs will be reconciled to the estimated commitments projected by the school's accounting system. Any discrepancies will be investigated.

## **9 Petty Cash**

The Governing Body has agreed to hold a petty cash float of £100. This amount is intended to represent the balance between convenience and the risk of holding cash on the premises. The Governing Body may review the petty cash float in order to maintain this balance as and when required.

The Headteacher will ensure that the petty cash fund is held securely at all times and that only authorised staff may have access to it.

The Headteacher will ensure that payments from the petty cash fund are limited to minor items which have been approved in advance by the relevant budget holder.

The Headteacher, in conjunction with the Finance Support Staff, will ensure that all expenditure from the petty cash fund is supported by receipts, identifying any VAT paid. It must be signed for by the recipient and countersigned by a relevant budget holder.

The Finance Support Staff will reconcile the petty cash fund to the “cash in hand” balance shown in the accounting records on a monthly basis. This will be reviewed and evidenced by the Headteacher.

Personal cheques will not be encashed from the petty cash fund.

## **10 Tax**

The Headteacher will ensure that the school complies with Value Added Tax (VAT) and other tax regulations.

The Headteacher will ensure that all relevant finance and administrative staff are aware of VAT and Income Tax regulations.

The Headteacher will ensure that only proper VAT invoices are paid.

The Headteacher will maintain up-to-date procedures setting out how VAT on business activities, school trips and other taxable activities should be accounted for, both within the delegated budget and in voluntary funds.

The Headteacher will ensure that all employee type payments (including expenses) are paid via the payroll system so that all income tax and national insurance deductions are properly made and accounted for. The Headteacher will ensure that payments made to anyone regarding themselves as self employed are fully in accordance with Council guidelines.

The Headteacher will ensure that employee expenses are not made via petty cash.

## **11 Unofficial Funds**

The Headteacher will ensure that unofficial funds are accounted for, or identified, separately from the school’s delegated budget.

The Governing Body will ensure that unofficial funds will be registered with the Charity Commission, if and/or when relevant. (Note – advice from the Council is that this is not necessary for the School’s Unofficial Fund but will be for other funds including PTA).

The Governing Body will appoint a suitable member of staff as treasurer to oversee the unofficial funds and will appoint an auditor who is independent of the school.

The Headteacher will ensure that the same standards of financial accounting which apply to income and expenditure for the school’s delegated budget are applied to the unofficial funds.

The Headteacher will ensure, in conjunction with the Finance Support Staff, that any income relating to the school’s delegated budget will not be credited to the unofficial funds bank or building society accounts.

The Headteacher will present the audited accounts, the auditor's certificate and a written report on the accounts to the Governing Body as soon as possible after the end of the accounting year.

**NOTE – From 2014 Schools no longer have to send a copy of the auditor's certificate to the Audit and Risk Team as was formerly the case. This places additional responsibility on the Governing Body to review the annual accounts of the Unofficial Fund.**

The Headteacher will ensure that every cheque drawn against the unofficial fund bank account bears the signatures of two signatories authorised by the Governing Body.

The Headteacher will maintain a list of all bank and building society accounts held. Copies of both the bank mandates and authorised signatory forms will be held for each bank account.

The Headteacher, in conjunction with the Finance Support Staff, will ensure that receipts (or a form of receipt) are issued for all donations and income entering the unofficial funds bank account.

The Headteacher will ensure that regular reconciliations between the unofficial funds accounting records and bank statements are undertaken and independently reviewed. The Governing Body will ensure that the unofficial funds are covered by insurance, including fidelity guarantee insurance.

## 12 Assets

The Headteacher should ensure that stocks of materials and other usable resources are maintained at reasonable levels and subject to a physical check once a year. This will help to ensure that educational work is not delayed because of unavailable resources and to guard against waste and loss.

The Headteacher will ensure that up-to-date inventories are maintained of all items of equipment. These items will be identified as school property with a visible security marking.

The Headteacher will arrange for inventories to be checked at least once a year against the physical items. All discrepancies will be investigated and any over the predetermined sum will be reported to the Governing Body.

The Governing Body will authorise all write-offs and disposals of surplus stocks and equipment in accordance with the Council's financial regulations for schools.

The Headteacher, in conjunction with the Finance & Admin Support Staff, will ensure that register is maintained to record when items of school property (i.e. laptops) are taken off the school site. A declaration detailing the property, terms & conditions of

use and the person taking the property, should be signed by the person taking the property and the Headteacher. A copy should be retained by both the staff member and the Headteacher.

The Headteacher will ensure that all safes are kept locked, and the keys removed and held in a different location.

The Governing Body will maintain an on-going plan for the use, maintenance and development of the school's buildings.

### **13 Insurance**

The Governing Body will review all risks annually, in conjunction with the Council where appropriate, to ensure that the sums insured are commensurate with the risks.

The Governing Body will notify their insurers, the Council or other agent as appropriate of all new risks, property, equipment and vehicles which require insurance, or of any other alteration affecting existing insurance.

The school will not give any indemnity to a third party without written consent of its insurers, the Council or other agent as appropriate.

The school will immediately inform its insurers, the Council or their agent of all accidents, losses and other incidents that may give rise to an insurance claim.

The Governing Body will ensure that insurance arrangements cover the use of school property (i.e. laptops or musical instruments) when off the premises.

### **14 Data Security**

The Headteacher and Governing Body will ensure that computer systems used for school management are protected by password security and only accessed by authorised staff.

The Headteacher will ensure that data is backed up regularly and that all back-ups are securely held in a fireproof location, or ideally off-site.

The Headteacher will establish and maintain a recovery plan to ensure continuity of financial administration in the event of an emergency.

The Headteacher will ensure that systems are in place to safeguard school software and data against computer viruses. To prevent viruses being imported, only authorised software will be used.

The Governing Body will ensure that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998 and that the school's use of any

electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with this legislation.

Signed: \_\_\_\_\_  
Chair of Governors

Reviewed: 5<sup>th</sup> December 2017  
Due Review: 5<sup>th</sup> December 2019

**Terms of Reference**

**Appendix 1**

Main Activity	Detailed Tasks	Responsibility of:
Planning the budget	Identifying priorities with reference to the School Development Plan (SDP)	FGB, after input from committees, following proposals from staff
	Making recommendations and proposals	Headteacher –FGB
	Examining projections of spending	Headteacher – FGB
	Examining recommendations and proposals	Headteacher – FGB
Approving the budget	Deciding upon the annual allocations	Full Governing Body (FGB)
Monitoring the budget	Regular reviews each month	Head – Finance Officer
	Collating information and presenting reports to the Full Governing Body or resources committee	Head – Finance Officer
	Reviews of financial reports three times a year	Head – FGB
Budget virements	Deciding upon major virements in connection with annual allocations and in response to in-year budget variations	Approval of FGB for virements over £10,000
	Deciding upon minor virements in response to need during the course of the year	Head may approve virements up to £5,000. Resources committee to approve virements between £5,000 and £10,000. FGB above this limit.
	All approved virements will be signed off by the relevant party, and held on file for evidence	
Reconciliation of the accounts	Checking the completeness and accuracy of the accounts as shown on the budgetary control sheets and the computerised accounting system	Head – Finance Officer
	Seeking clarification and initiating enquiries	Head – Finance Officer

Carry-forwards: policy on and use of retained balances	Monitoring and identifying areas of overspend/ underspend in the course of, and at the end of, the financial year	Head – Finance Officer
	Considering the implications of overspends/ underspends for budget planning	Head – Finance Officer

Purchasing	Approving expenditure, including long term and lease contracts. Obtaining and receiving quotations and tenders. Ensuring the Council's Standing Orders relating to contracts for schools with delegated budgets are followed	As per purchasing policy – Appendix 2
------------	---	--

Income Generation	Planning and initiating activities	Head – FGB
	Incorporating projected income into budget planning	

Agreed: ..... Chair of Governors  
..... Chair of Resources Committee  
..... Headteacher

Dated: .....

**PURCHASING POLICY**  
**Mechanism for Authorisation of Spending.**

The following proposals are intended to cover all spending on equipment, materials, and services for the School. However, particular care should be taken where items of expenditure have not been budgeted for, and are not included in the School Development Plan.

**1) Authorisation of Expenditure**

- a) Decisions on expenditure of up to £10,000 should be authorised by the Headteacher without the need for further consultation. However, if the purchases will result overspend in the respective budget area, this should be discussed and agreed with the Chair of the Resources Committee.
- b) Proposals for expenditure of between £10,000 and £15,000 should be referred by the Headteacher to the Resources Committee for approval.
- c) Proposals for items of expenditure in excess of £15,000 should be referred by the Resources Committee to the Full Governing Body for approval.

Supporting Guidance Notes:

- I. The Governing Body will be responsible for setting the "Authorisation of Expenditure" levels referred to above.
- II. Any item of expenditure must adhere to the requirements regarding quotations or tenders specified in Section 2 below. These limits are set periodically by the Council and are detailed in the Contract Standing Orders for Schools.

**2) Tenders/Quotations for Contracts and Equipment (including Leases)**

**Note - Quotation and tender financial limits are based on the whole life cost of a contract or lease.**

- a) If the anticipated value of a contract or purchase is below £5K, you do not need to obtain a set number of bids or quotes but you must demonstrate value of money. Suppliers/contractors can be contacted directly either in person, over the phone or internet.
- b) If the anticipated value of a contract or purchase is between £5K and £25K, you need to invite at least 2 written bids/quotations (consider obtaining 3 quotes if difference between 2 quotes is greater than 100% of the lowest cost).

- c) If the anticipated value of a contract or purchase is between £25K and £75K, you need to invite at least 3 written bids/quotations.
- d) Contracts with a value of over £75K must be subject to at least three competitive sealed tenders, the administration of which will follow the requirements in the Council's Standing Orders relating to Contracts for Schools.

Supporting Guidance Notes:

- i. Quotation and tender financial limits are based on the whole life cost of a contract or lease. Therefore if a lease is entered into for 5 years at £750 per quarter the whole life cost is £15,000 and would require a minimum of 2 quotes (see 2b above) and would need to be approved by the Governing Body (see 1c above).
- ii. Records Retention 1 – the School must retain on a Contracts & Leases file details (e.g. agreements or specific contracts) of all contracts and leases in operation including those with specific Council services. The appropriate approval details should also be retained with each agreement i.e. the specific minute of a Governors meeting where this was approved.
- iii. Records Retention 2 – unsuccessful quotations and tenders should be retained for at least 2 years plus the current year.

Purchasing Policy Agreed: ..... Chair of Governors  
 ..... Chair of Resources Committee  
 ..... Headteacher

Dated: .....

## **BEST VALUE STATEMENT**

### **Introduction**

The Governing Body is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plans. Governors need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services

### **What Is Best Value?**

Governors will apply the four principles of *best value*:

- **Challenge** - Is the school's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do parents want?
- **Compare** - How does the school's pupil performance and financial performance compare with all schools? How does it compare with LA schools? How does it compare with similar schools?
- **Consult** - How does the school seek the views of stakeholders about the services the school provides?
- **Compete** - How does the school secure efficient and effective services? Are services of appropriate quality, economic?

### **The Governors' Approach**

The Governors and school managers will apply the principles of *best value* when making decisions about:

- the allocation of resources to best promote the aims and values of the school.
- the targeting of resources to best improve standards and the quality of provision.
- the use of resources to best support the various educational needs of all pupils.

Governors, and the school managers, will:

- make comparisons with other/similar schools using data provided by the LA and the Government, e.g. RAISE, quality of teaching & learning, levels of expenditure
- challenge proposals, examining them for effectiveness, efficiency, and cost
- require suppliers to compete on grounds of cost, and quality/suitability of services/products/backup, e.g. provision of computer suite, redecoration
- consult individuals and organisations on quality/suitability of service we provide to parents and pupils, and services we receive from providers, e.g. Sex and Relationships Education, pupil reports, assigned inspector, Ofsted, maintenance consultant, Borough Energy Group.

This will apply in particular to:

- staffing
- use of premises
- use of resources
- quality of teaching
- quality of learning
- purchasing
- pupils' welfare
- health and safety.

Governors and school managers:

- will not waste time and resources on investigating minor areas where few improvements can be achieved
- will not waste time and resources to make minor savings in costs
- will not waste time and resources by seeking tenders for minor supplies and services.

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas.

### ***Staffing***

Governors and school managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management.

### ***Use of Premises***

Governors and school managers will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching & learning, for support services, and for communal access to central resources, e.g. the library.

### ***Use of Resources***

Governors and school managers will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality of learning.

### ***Teaching***

Governors and school managers will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with:

- a curriculum which meets the requirements of the National Curriculum, National Literacy Strategy Primary National Strategy, Key Stage 3 Strategy, the LA Agreed RE Syllabus, and the needs of pupils
- teaching which builds on previous learning and has high expectations of children's achievement.

### ***Learning***

Governors and school managers will review the quality of children's learning, by cohort, class and group, to provide teaching which enables children to achieve nationally expected progress, e.g. setting of annual pupil achievement targets, 2 national curriculum levels between Years 3 and 6.

### ***Purchasing***

Governors and school managers will develop procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time, and cost. Measures already in place include:

- competitive tendering procedures (e.g. for goods and services above £75,000)
- procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship)
- procedures which minimise office time by the purchase of goods or services under £5000 direct from known, reliable suppliers (e.g. stationery, small equipment).

### ***Pupils' Welfare***

Governors and school managers will review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation.

### ***Health & Safety***

Governors and school managers will review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

## **MONITORING**

Best Value principles are embedded across the school and will be monitored as part of the normal monitoring processes at Governors meetings, School Management Team and at departmental and school level.

**Name of Governor or Member of Staff:** \_\_\_\_\_

<b>Name of Business</b>	<b>Nature of Business</b>	<b>Nature of Interest Direct or Indirect</b> (Indirect - if you know someone with an interest in a business please state whether they are a family relation, friend or a business associate)	<b>Direct Interest</b>  <b>Date of appointment or acquisition</b>	<b>Direct Interest</b>  <b>Date of Cessation of Interest</b>

I certify that I have declared all beneficial interests which I, or any person closely connected with me, have with businesses or other organisations which may have dealings with the school.

Signed: .....

Date: .....

