



PEASEDOWN ST JOHN PRIMARY SCHOOL (Achieving Excellence for Ourselves and Others)

FINANCE POLICY

INTRODUCTION

The aim of this Finance Policy is to set down the monetary procedures employed by Peasedown St. John Primary School in order to ensure the safe, efficient and effective management of the school's financial resources.

Governors pledge to spend all monies within the school's allocated budgets in order to support and enhance the quality of pupils' learning.

This document will include sections on the following:

1. The budgets
2. Roles and responsibilities of personnel
3. Internal financial control

This document gives the governors and staff of the school a structure through which all are aware of their responsibilities. This will enable them to match resources to needs and work towards the aims and educational objectives of the school through to the School Development Plan.

BUDGETS

Each April amounts are devolved from the Local Authority (LA) to finance the school for the next year. These amounts are encompassed in the LA/School budget, the Standards Fund budget and the Matrix budget. The purpose of each budget is as follows:

LA/School Budget

An amount is allocated by the LA for the running costs of the school. This includes all staff salaries, premises maintenance and the provision of learning resources.

The Standards Fund

Additional monies are provided by the Government in the form of grants for identified projects i.e. Literacy, Numeracy and School Improvement. Firm guidelines govern how these monies can be spent.

The Matrix Budget

The LA allocates central funds to resource children identified with special educational needs in mainstream schools. This money is used to ensure that children receive additional support as described in their Statements of Educational Need.

ROLES AND RESPONSIBILITIES OF PERSONNEL

The Role of the Governing Body

- To spend any sums of money made available to them by the LA in respect of the school's budget share for any financial year, prudently, as they think fit, to the benefit of pupils in the school.
- To delegate to the Headteacher the responsibility to ensure that adequate financial procedures and controls exist to minimise risk of loss, wastage or misappropriation and also to satisfy official requirements relating to VAT, Income Tax, National Insurance (NI), Construction Industry Tax (CIT) etc.

- To appoint and delegate responsibilities to the Finance and Premises Committee.
- To meet at least three times a year and to receive reports on the state and progress of the Annual Budgets.
- To approve virements between budget headings of over £10,000.
- To approve expenditure over £10,000.
- To produce an agenda and recorded minutes for each meeting.

The Role of the Finance and Premises Committee

- The committee shall consist of four governors plus the Headteacher.
- Teaching staff may attend as appropriate
- The quorum is three voting members
- The committee shall meet at least three times a year.
- Planning the budget - identifying priorities with reference to the School Development Plan. Examining - making recommendations and proposals. Examining projections of spending.
- To submit to the whole governing body after deciding upon the annual allocations, for the approval of the budget.
- Monitoring the budget by regular reviews. Review of the Bursar's report three times per year.
- Deciding upon major virements in connection with annual allocations and response to in-year budget variations. Prior 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 £3000. Finance Committee to approve virements between £3000 and £10,000.
- Checking the completeness and accuracy of accounts as shown on the budgetary control sheets/monthly income and expenditure summaries/and the computerised accounting system. Seeking clarification and initiating queries.
- Monitoring and identifying areas of overspend/underspend in course of, and at the end of, the financial year. Considering implications of overspends/underspends for budget planning.
- Approving expenditure, including long term and lease contracts. To be dealt with by Head up to the value of £5000, Chair of governors/Chair of Finance Committee between £5000 and £10000 on any one item if in SDP or annual budget. FGB to approve expenditure over £10000. To obtain two quotes for purchases between £5000 and £25000. To obtain three quotes for purchases between £25000 and £75000. To obtain three tenders for purchases/projects from £75000 to EU limits.
- Planning and initiating activities. Incorporating projected income into budget planning.
- To attend governor training courses on finance and building matters
- Minutes to be taken and circulated to full governors
- The committee shall have delegated powers as indicated above except where mentioned to full governing body
- Decisions on committee structures and delegation of powers and responsibilities
- The duty to ensure good value for money, and satisfy statutory requirements

The Role of the Headteacher

- To set a provisional annual budget in March/April each year for presentation to and the agreement of the Finance and Premises Committee
- To ensure the LA approved systems of internal control are in place enabling the proper processing of the school's financial transactions
- To ensure that adequate financial procedures and controls exist to minimise risk of loss, wastage or misappropriation and also to satisfy official requirements relating to VAT, Income Tax, NI, CIT, etc.
- To delegate the day to day activities associated with financial procedures and the monitoring of

the school budgets to the school's bursar, whilst maintaining overall financial responsibility

- To report three times a year to the Finance and Premises Committee
- To authorise the virement of funds up to £5000 in order to rectify identified over/under spend in each budget heading and to bring such virements to the notice of the Finance & Premises committee.
- To seek approval from the Chair of Finance for virements from £5000 to £10000
- To seek approval from the Full Governing Body for virements over £10000
- To authorise expenditure up to £5000
- To seek approval from the Chair of Finance for expenditure from £5000 up to £10000
- To seek approval from the Full Governing Body for expenditure over £10000
- To submit the LA/school budget, signed by the Headteacher and the Chair of Governors, to the LA

The Role of the Deputy Headteacher

- To deputise in the absence of the Headteacher and to carry out all the functions as stated above.

The Role of the School Business Manager

- To set a provisional annual budget in March/April each year for presentation to the Headteacher.
- To ensure the LA approved systems of internal control are in place enabling the proper processing of the school's financial transactions
- To ensure that adequate financial procedures and controls exist to minimise risk of loss, wastage or misappropriation and also to satisfy official requirements relating to VAT, Income Tax, NI, CIT, etc.
- To monitor and reconcile school budgets within approved LA systems on a day to day basis
- To reconcile the school's finance system and the LA payroll system on a monthly basis and send relevant reports to the LA's finance team
- To undertake any financial procedure covering other school accounts in accordance with LA systems
- To provide financial advice and information to the Headteacher, governors and staff as appropriate.
- To oversee the prompt collection and banking of income relating to all school accounts
- To provide regular monitoring reports to the Headteacher
- To produce regular budget reports for the Finance and Premises Committee for monitoring purposes (at least three times a year and more often as requested)
- To oversee the administration of the School Fund Account
- To carry out any financial duties as set out within the terms of the Business job description.
- To delegate to the administrative staff such financial duties as are deemed appropriate.

The Role of the Administrative Staff/Secretaries

- To administer the school fund account
- To ensure the prompt collection and banking of income relating to all school accounts
- To ensure the administration of dinner money including recording of meals, income, banking and reporting etc.

The Role of the CPD Co-ordinator

- To have control of the CPD budget and to spend any monies relating to this as appropriate
- To stay within budget

The Role of the Team Leaders

- To spend any monies designated for team development and classroom consumables.

The Role of the Teaching Staff

- To spend any monies designated for curriculum development
- To stay within budget

For further clarification of Roles and Responsibilities see also: Appendix 1
Terms of Reference - Finance and Premises Committee Appendix 2 Terms
of Reference - Financial Responsibilities Appendix 3 Division of
Duties/Responsibilities

INTERNAL FINANCIAL CONTROL

Introduction

The Headteacher and Business Manager are jointly responsible for financial transactions on a day to day basis. Accounting records are kept by the bursar and reviewed on a regular basis by the Headteacher.

All transactions are easily traceable through the LA Finance System (FMS) and through paper copies held in the school office, to which the Headteacher and bursar have full access.

The authorised signatories for both the school (FMS) account and the School Fund account are the Headteacher, Deputy, and Business Manager, each account requiring the signatories of two of the three signatories.

Purchasing Policy Statement

The school takes every precaution to obtain best value for money and adheres to the following procedures.

- Records are retained in accordance with the LA guidelines.
- For lettings, invoices are issued as required, with the relevant reference number.

Debts

- Every effort is made to collect monies owing e.g. dinner monies
- Any school trip cost that is not wholly covered by donation from parents will have the amount made up from a donation from the school fund. Proformas are in place (staff handbook) to ensure that trips and events are planned and costed effectively and wholly covered by donations. Should any be in credit it would go to school fund. Credits over the equivalent of £1 per pupil would be returned.
- Governors have authority to write off any debts up to £1000.
- A written report must be sent to LA finance detailing the value of debts at the end of the year, the total amount must not exceed 1% of the school's budget.

Banking

- Monies are held as follows:
All school budgets held with National Westminster Bank
The School Fund account held with National Westminster Bank
- The school received fortnightly bank statements and these are reconciled with the school's accounting records. Any discrepancies are investigated
- National Westminster Bank has been advised by the LA that the school should not be allowed to go overdrawn or be able to negotiate overdraft facilities.
- The school cannot enter into any loan agreements, other than with the LA, without prior approval of the Secretary of State for Education and Employment.
- Cheque books are held securely when not in use.

Payroll

- Any changes to individuals' contracts and claims for expenses/overtime/supply are authorised by the Headteacher (or Deputy in his absence) and are sent to the Payroll Provider (Wiltshire County Council) for processing.
- The Payroll Provider has a list of authorised names and signatories.
- Payroll transactions are only processed through the payroll system.
- The Headteacher ensures that only authorised staff have access to personnel files but individual staff are able to gain access to their own records on request.
- Monthly reports on payroll transactions are received from the Payroll Provider. These are checked against the school's documentation on staffing and pay to ensure they match.

Personnel

- Payroll/absence forms are completed by the Business Manager and submitted to the payroll provider as necessary.
- A record for staff absence and supply cover is kept in the school.
- Staff salaries are checked each month at the time of carrying out the reconciliation and any discrepancies investigated.
- Payroll forms for supply are checked against the reconciliation file and again any discrepancies investigated.

1. Authorisation for Spending

- Decisions on expenditure of up to £5000 are authorised by the Headteacher without the need for further consultation. However, if the purchases will result in an overspend in the respective budget areas, this is discussed and agreed with the Finance Committee.
- Proposals for expenditure of between £5000 and £10000 are authorised by the Chair of Governors.
- Proposals of items of expenditure in excess of £10000 is referred to the Full Governing Body for approval.

2. Tendering for Contracts and Equipment

- If the anticipated value of a contract or purchase is above £5000 and less than £25000, at least two competitive quotations are obtained from suitable suppliers and recorded. From £25000 to £75000 three quotes are obtained and from £75000 then 3 tenders are sought.
- The Property Services list of Contractors is referred to in all cases, where applicable.
- Leases and long-term contracts having duration in excess of twelve months require the prior approval of the Director of Resources.

Ordering

- All ordering is done through the FMS computer system (excepting charge card orders for which procedures are noted separately).
- Budget holders raise orders on school requisition forms, which are retained for stock taking purposes
- The Secretary/Sims Co-ordinator then places the orders through the FMS system
- The orders are then processed on official LA stationery for all orders except where formal agreements have been executed or a statutory duty exists (e.g. Utilities). LA stationery is strictly controlled and all mistakes, spoilt copies etc. are retained for audit purposes.
- The Headteacher or the Deputy authorises and signs all orders
- Copy orders are retained for 3 years plus the current year.

Charge Card Orders

- These are used for on-line purchases when they are cheaper than from other suppliers or there is an advantage to ordering online.
- As above, budget holders raise orders on school requisition forms which are then authorised by Headteacher or Deputy.
- They are then passed to Secretary/Sims Co-ordinator who processes them using the school's charge card using the secure pin number. When goods are received the delivery is checked against the charge card order file to ensure accuracy.
- The Business Manager inputs details into the FMS system after checking authorisations. The computer print-out from FMS is then reconciled to the statement and signed as agreed by the Headteacher

Delivery

- Any member of staff is able to sign for goods delivered.
- The budget holder/office is responsible for unpacking the goods and distributing them as necessary signing and dating the packing note and advising the Bursar of any discrepancies.
- The budget holder/office is responsible for contacting the firm regarding any queries and informing the Business Manager of any relevant details so that correct payment on receipt of the invoices can be made.

Payment of Invoices

- Invoices are checked against packing notes prior to payment.
- All invoices are stamped with the school's stamp which gives the following information:
 1. Amounts checked - initialled by the secretary/sims coordinator
 2. Not already paid - initialled by the Business Manager
 3. Authorised to pay - initialled by the Head or Deputy
 4. Cost centre and ledger code entered
 5. Order number entered
 6. Cheque number
 7. Date cheque sent out
- Invoices for all official school orders are passed for payment through the FMS system. Non-order invoices for items such as utilities are authorised on screen as they are passed for payment.
- Payment terms are strictly adhered to so that no penalty clauses are incurred.
- Invoices are retained within the school and are filed in alphabetical/date order in the invoice files.
- The batch header sheet which identifies the number of invoices, amounts and creditors is checked by the Headteacher, who signs this sheet indicating that they are correct. It is then filed separately.
- At the same time the Headteacher signs the cheques confirming details are correct.
- All financial transactions are traceable from original documentation to accounting records and vice-versa.

Income

The school complies with the Education Reform Act 1988 in so far as education will be provided wholly or mainly during school hours free of charge - see appendix 4: Charging and Remissions Policy. Appropriate controls are in place to ensure that income is secure. The school does not exceed its insurance or LA limits on holding cash on school premises. The school procedure on receipt of income is:

- School visit forms are used for the collection of donations for trips.
- Money is collected by teachers, then checked by the Secretaries.
- Money received is entered on FMS or School Fund Ledger Book.
- Cash/cheques are kept in the safe until they can be banked.
- Money is banked at the earliest opportunity.
- A receipt is issued immediately on request e.g. To parents or the PTA
- The bank paying-in book number is entered on the FMS or School Fund Ledger so that transactions may be cross-checked.
- VAT implications are adhered to.
- Payments to all staff are checked monthly by the Business Manager as part of the reconciliation process.
- No payments to personnel are made by any other means.
- Personnel finance records are stored securely.

Petty Cash

- Petty cash is a convenient way of making small payments e.g. cooking ingredients, seeds, small fixtures and fittings etc.
- The school has a petty cash amount of £200.
- Petty cash reimbursements are actioned when the account has spent 75% or more.
- The Headteacher, Business Manager, Sims Co-ordinator and Secretary has access to petty cash.
- Staff are asked to obtain a receipt (showing VAT details if possible) and they also complete a petty cash voucher form to which the receipt is attached.
- The school adheres to Customs and Excise requirements for a valid VAT receipt, which enables the school to reclaim VAT.
- The Sims Co-ordinator/Secretary administers a spreadsheet showing all petty cash repayments and an up-to-date position of petty cash at any one time.
- When the account has spent 75% or more the Business Manager records the expenditure and reimbursements on the FMS system. Reconciliation takes place at this time also, checking figures with the Sims Co-ordinator/Secretary's spreadsheet.
- The Headteacher checks and certifies the claims and carries out spot checks on cash in hand.
- Personal cheques cannot be cashed from the petty cash fund.

Tax

- Only proper VAT invoices are paid, as the school will not be reimbursed in the absence of such documentation.
- The school makes payments to contractors and sub-contractors only in accordance with the CIT.

The School Fund Account/Voluntary Funds

- Although these funds are not public money the same standards as above still apply.
- Parents and other contributors are entitled to the same standards of stewardship of these funds.
- Voluntary funds are accounted for separately from the school's delegated budget and are held in a separate bank account with the National Westminster Bank.
- Any income which relates to the school's delegated budget is not credited to this voluntary fund.
- The funds are reconciled against bank statements and are audited annually by an individual who is independent of the school.
- The Headteacher ensures that audited accounts are copied promptly to the LA after the governing body has accepted them.
- The Peasedown St. John Primary School Association (Friends) appoints its own treasurer whilst the Secretary is the treasurer of the School Fund.

- The funds are used to purchase items for the benefit of the children which are not covered under the National Curriculum.
- Expenditure and income is recorded in an accounts book, which is kept in a secure place, together with relevant invoices.

Assets

All cash is kept in a secure place. Amounts are kept to the bare minimum for the shortest time feasible.

Inventory

- Governors are responsible for ensuring an inventory of assets is kept.
- All details of school property exceeding £250 plus small desirable portable items are kept in the Inventory Log Book which is set up on the computer and updated regularly.
- The inventory is checked annually and countersigned by the Headteacher.
- An inventory is also kept of all electrical goods for an annual check by the LA safety officer.
- The procedure for writing off school equipment is in accordance with LA regulations. Governors must give permission for any writing off. If an item disposed of is worth £1000 or more, this counts as a capital transaction and is reported to LA Finance and Resources.
- All relevant school equipment is security marked with permanent markers, B&NES labels or school logo.
- Equipment borrowed by staff is entered in a book kept in the school office.
- The authorised key holders for the school are the Headteacher, Deputy, the Chair of Premises Committee, and the site manager and his assistant. Any loss of keys is reported immediately and if not recovered, locks are changed. Keys loaned to teachers for holidays or after hours working are recorded and held by the office. (The school issues advice about safe working and security after normal hours.)

Insurance

The following Insurance arrangements exist:

- LA Staff Sickness Insurance to cover payments for supply staff during long term illness.
- LA Insurance covering support for Finance, Personnel, Payroll, Health and Safety, and Legal Services.
- LA Insurance for damage to buildings, repair and external maintenance (flood, storm, fire, aircraft strike, public liability).
- LA Insurance for internal damage.
- Insurance covering the use of school property e.g. musical instruments or computers, when off the premises.

Procedures

- The school immediately informs it's insurers and the LA as appropriate of all new risks, property and equipment which requires insurance or of any alteration affecting existing insurance.
- The Headteacher and the Finance and Premises Committee are responsible for obtaining and reviewing the school's insurance arrangements.
- The risks and insurances are reviewed annually.
- The Headteacher reports in writing to the chair of governors and the LA using the LA format, when reporting accidents, losses or incidents.
- There is an online reporting facility for accidents/incidents to parents.

Computer System

- The Governing Body is registered under the Data Protection Act 1998. Registration is renewed annually.
- The Headteacher, Deputy, and Administration staff has individual and private password access to

the school administration computer systems. These passwords allow access to FMS and SIMS depending on the access rights.

- All passwords are secret and are changed on a regular basis.
- A copy of passwords is kept securely by the SIMS Manager in case of long term sickness.
- Backups are provided by an online system monitored by the LA's IT department.
- The school has virus protection for the computer system.
- Only discs approved by the LA are permitted to be installed or used on the school's administrative system.

Audit

All school budgets are audited at regular intervals by the LA Internal Audit Department. The school also holds the SFVS (Schools Financial Value Standard) which superceded FMSIS (Financial Management of Standards in Schools) certificate which is an approved accreditation from the Government. Annually at the first Governors' meeting of the new school year, governors audit expertise and training needs. Governors allocate themselves to committees and roles within the governing body to make best use of expertise.

Appendices

1. Terms of Reference for Finance and Premises Committee (including Purchasing Policy)
2. Terms of Reference - Financial Responsibilities Table
3. Division of Duties/Responsibilities
4. Charging and Remissions Policy

TERMS OF REFERENCE FOR FINANCE AND PREMISES COMMITTEE

(this includes Purchasing Policy)

Membership: The committee shall consist of five or more Governors plus the Head.
The committee shall elect a Chairperson at the first meeting in the academic year.

Attendance: Teaching staff may attend as appropriate.

Quorum: The quorum is three voting members.

Meetings: The committee shall meet at least three times in each school year.
Minutes will be taken and made available to all governors.

Terms of Reference:

- Approve the budget based on priorities with reference to the School Development Plan, making recommendations and proposals. Examining projections of spending;
- to submit to the whole Governing Body after deciding upon the annual allocations, for the approval of the Budget;
- Review of financial reports at least three times a year.
- Approving major virements in connection with annual allocations and 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. Finance Committee to approve virements between £5,000 and £10,000;
- Checking the completeness and accuracy of accounts as shown on the budgetary control sheets taken from the computerised accounting system. Seeking clarification and initiating queries;
- Monitoring and identifying areas of overspend/underspend in the course of, and at the end of, the financial year. Considering implications of overspends/underspends for budget planning;

- Approving expenditure, including long term and lease contracts. To be dealt with by the Head up to the value of £5,000 on any one item if in SDP or annual budget. Chair of Governors/Chair of Finance between £5000 and £10,000 on any one item if in SDP or annual budget. FGB over £10,000.
- Two quotes to be obtained for purchases between £5000 and £25000
- Three quotes to be obtained for purchases between £25000 and £75000
- Competitive "tendering" for all projects over £75000 - obtain at least three formal written offers in a form common to all tenderers, on the basis of a detailed description or specification of the goods or services required .
- The school will not enter into any financial agreement with capital implications or long term contracts without approval of the LEA or appropriate body.
- Planning and initiating activities. Incorporating projected income into budget planning;
- To attend Governor training courses on finance and building matters;
- Minutes to be taken and circulated to all Governors prior to the full Governors' meeting.

Powers:

The Committee shall have delegated powers as indicated above except where mentioned to full Governing Body.

Decisions on committee structures and delegation of powers and responsibilities.

Duty to ensure good value for money and satisfy statutory requirements.

(to adopt the standards of the Purchasing Section of " Keeping Your Balance")

TERMS OF REFERENCE FINANCIAL RESPONSIBILITIES

Main Activity	Detailed Tasks	Responsibility of:
Planning the budget	Identifying priorities with reference to the School Development Plan	FGB, after input from subcommittees following proposals from staff and Advisers
	Making recommendations and proposals	Head, FPC, FGB
	Examining projections of spending	Head, FPC, FGB
	Examining recommendations and proposals	FPC, FGB
Approving the budget	Deciding upon the annual allocations	Whole Governing Body
Monitoring the budget	Regular reviews each month	Head & Bursar
	Collating information and presenting reports to the FSB or FSC	Head & Bursar
	Reviews of financial reports at least	FPC, FGB
Virements	Deciding upon major virements in connection with annual allocations and in response to in-year budget variations	Approval of FGB for virements over £10000
	Deciding upon virements in response to requests during the year	Approval of Finance Committee for virements from £5000 to £10000
	Deciding upon minor virements in response to need during the course of the year	Head may approve virements up to £5000.
Reconciliation of accounts	Checking the completeness and accuracy of the accounts as shown on the budgetary control sheets / monthly income and expenditure summaries / and the computerised accounting system	Head & Business Manager
	Seeking clarification and initiating queries	Business Manager / Office
policy on use of retained balances	Monitoring and identifying areas of overspend / underspend in the course of, and at the end of, the financial year	Head, Business Manager
	Considering the implications of overspends / underspends for budget planning	Head, FPC, FGC
Purchasing	Approving expenditure, including long term lease and contracts	As per purchasing policy
	Obtaining two quotes for purchases over £5000, three quotes for purchases over £25000 and tenders over £75000	Head, Business Manager, Site Manager
Income Generation	Planning and initiating activities	FPC & FGB
	Incorporating projected income into budget planning	FPC

Abbreviations: FPC = Finance & Premises Committee FGB = Full Governing Body SDP = School Development Plan

DIVISION OF DUTIES / RESPONSIBILITIES

Task	LEA	Full Governing Body	Finance Sub-Committee	Head Teacher	Deputy Head	Business Manager	Budget Holder
Authorise / sign petty cash reimbursement claims				*	*		
Authorise virement up to £5000				*			
Authorise virement over £5000		Chair	*	*			
Authorise virement over £10000		*					
Action virements following approval						*	
Prepare financial reports						*	
Complete monthly reconciliation						*	
Administer School Fund				*		*	
Collection of Income						*	*
Recording of income on FMS						*	
Banking of income						*	
Monitor Budgets:				*			
Curriculum / class budgets							*
Cleaning materials				*			
Provide adequate and effective internal audit	*						
Ensure that adequate financial procedures and controls exist		*	*				
Looking after staff, buildings and other resources		*		*			
Authorisation of expenditure up to £5000				*			
Authorisation of expenditure up to £10000		Chair		*			
Authorisation of expenditure over £10000		*					

DIVISION OF DUTIES / RESPONSIBILITIES

Task	LEA	Full Govern - ing Body	Finance & Premise s Committee	Head Teacher	Deputy Head	Business Manager	Budget Holder/ Office
Publishing Budget Share	*						
Prepare initial budget			*	*	*	*	
Approve budgets		*	*				
Requisition orders:							
Curriculum materials							*
Cleaning materials							*
Furniture/Fixtures & Fittings				*			*
Ensuring that an up-to-date and accurate inventory' is maintained			*	*			*
Process orders on FMS						*	*
Authorise orders				*	*		
Check delivery note to order & sign						*	*
Process invoices against batch header & sign				*	*	*	
Signatories on petty cash cheques (2 of 3)				*	*	*	
Record petty cash on FMS						*	
Authorise petty cash expenditure				*	*	*	
Process petty cash reimbursement claims						*	