

Finance Policy

Reviewed: **February 2016**

Review period: **Annually**

Review date: **Spring 2017**



The Governors of Portesbery School have responsibility for the overview of financial management of the delegated school budget.

Under section 21 of the Education Act 2002, governors are required to:-

- Manage the school budget, consider the annual budget plan, approve the budget, consider and approve any proposed revisions to the budget plan based on the aims, objectives and priorities of the school, the financial position of the school and the levels of projected reserve;
- Set financial priorities through the School Development Plan
- set the terms of reference for the Resources Committee;
- Decide on how to spend the delegated budget depending on any conditions set out in the local authority scheme for financing schools within the financial year;
- Decide whether to delegate their powers to spend the delegated budget to the head teacher. If so they should establish the financial limits of delegated authority;
- Be consulted by the local authority (LA) on significant changes to the LA's funding;
- Make sure accurate records are kept;
- Determine the staff complement and a pay policy for the school (in accordance with School Teachers Pay and Conditions); and
- Ensure that the definition of roles and responsibilities is regularly reviewed and that governors and staff are aware of it.

Governors' Committee Responsible: Resources Committee

The Purpose of the Policy:

- to define the responsibilities within the school
- to provide guidance on the application of regulations
- to identify procedures to ensure integrity of internal controls
- to set out guidelines to ensure effectiveness of resources

The role of the Resources Committee is to:

- Prepare the annual budget for approval by the Governing Body
- Authorisation of the 3 year budget plan
- Adopt the Local Authority Scheme of Delegation
- Approve financial regulations and procedures and review on an annual basis
- Review and maintain finance policies, including Lettings and Charging & Remissions and Best Value Statement
- Review systems of internal financial control
- Appointment and salary of the Head Teacher
- Determination of the staff complement and pay policy for the school
- Monitor the annual budget and make recommendations to the Governing

Body

- Authorisation of non-budgeted expenditure and virements (subject to limits set in section 2)
- Set levels of authority for spending and virement
- Advise the Governing Body on the affordability of the School Development Plan
- Receive and respond to audit reports
- Act as a critical friend to the school on all financial matters.
- Report any serious concerns to the appropriate authorities

The role of the Head Teacher is to:

- Take responsibility for the overall supervision of the day-to-day running of the financial affairs of the school
- Delegate specific responsibilities to members of staff as appropriate to their job descriptions, ensuring adequate separation of duties in both manual tasks and financial systems
- Regularly monitor the financial position of the school
- Initiate consultations with the Chair of Governors and Chair of Resources committee on any significant and exceptional financial circumstances or any financial matter giving cause for concern.
- Limits to the levels of expenditure and virement that the Head Teacher can authorise are shown in section 2.

The role of the Deputy/Assistant Head is to:

- The Assistant Heads will have the authority of the Head Teacher to continue the day to day running of the schools financial affairs when the Head Teacher is unable to do so
- Monitor departmental budget expenditure
- Levels of authority shown in section 2. In exceptional circumstances or an emergency situation additional authority may be sought from the Chair of Governors and the Chair of the Resources Committee acting jointly.

The role of the School Business Manager is to:

- Monitor all day-to-day financial records and reconcile them with the records of the local authority as appropriate
- Prepare and present to the Resources Committee reports on the schools finances in accordance with the committee's work schedule as well as on an ad hoc basis as required
- Prepare and present monthly monitoring reports to the Head Teacher
- Ensure that all financial procedures as set out in this document and following guidance as set out by the LA are followed by all who may be involved in the schools finances
- Report to the Head Teacher any failures in compliance with the above requirement, any circumstances or causes for concern which could adversely affect the schools finances

- Management of staff appointed to undertake duties involving any aspect of the schools finances
- Levels of authority shown in section 2
- Duties commensurate with current job description

Other procedures / administration

- Levels of virement are set by the Resources Committee, approved by the Head or Governing Body in accordance with section 2, to maintain effective use of resources.
- The timetable for preparation, presentation and approval of the Annual Budget and School Development Plan is identified in the resources committee work schedule.
- Keys to the safe are held by the Head Teacher and the School Business Manager and removed from the premises each evening.
- Cheque and BACS signatories are as per the bank mandate which is held securely.
- Petty Cash imprest level is authorised at £350.00.

Authority to incur expenditure

a) Subject to b) the Headteacher has authority to incur individual items of expenditure and make payments which are consistent with the Revenue budget up to a value of **£25,000**, and up to **£30,000** in respect of capital.

b) The Resources Committee has authority to approve all capital purchases and building projects costing more than **£30,000** but less than **£50,000** for which provision has been made in the budget.

Purchasing

The Governing Body shall maintain a policy of Best Value for all purchases. All purchases will be made in accordance with the School's Best Value Statement.

Internal Controls

	Initiator	Authorisor
Orders	Budget holders / SBM / senior school assistant	HT / AHTs / Budget Holders
Delivery Notes	Site manager / senior school assistant	Finance asst/ senior school asst
Invoices	SBM / finance assistant	HT / AHTs / Budget Holder HT / AHTs / Budget Holder
Payroll - tabulations	Checked by SBM	HT
Payroll - appointments	Checked by SBM	HT
Payroll - Supply and overtime claims	Checked by SBM	HT
Payroll - absence and variation returns	Checked by SBM	HT
Expenses forms	Checked by SBM / finance assistant	HT / AHTs / Budget Holder
Cheque signatories	One signature required up to the value of £250, thereafter two signatures	HT / AHTs/ SMT members EXCEPT SBM
BACS payments	Two signatures required for All BACS runs irrespective of value	HT / AHTs/ SMT members EXCEPT SBM

Financial reporting:

Timing	Report	Presented to:
Monthly or for committee meetings	Financial monitoring report plus commentary - produced by SBM	HT / Finance committee and FGB meetings
Monthly - Payroll reports	Checked by SBM	HT for signature
Cost centre reports as required	Checked by SBM	To budget holders / SLT
Annually	Out-turn statement - produced and checked by SBM CFR - produced and checked by SBM Unofficial Funds Audited Accounts - prepared by SBM and checked externally Budget Plan - prepared by SBM in conjunction with HT	To HT then Governing Body To HT then Governing Body To HT then Governing Body To HT then Governing Body

SECTION 2

	Full Governing Body	Finance Committee	Chair of Finance Committee and Head	Head Teacher	Deputy/ Asst Head	School Business Manager
Approval of Annual Budget/3 Year Plan	X 4th	X 3rd	X main	X 2nd		
Variations to budget <u>within same section</u> e.g. staffing (Virement) up to £10,000		X 3rd		X main		X 2 nd addtn
Variations to budget <u>between sections</u> e.g. from staffing to supplies (Virement) under £5,000.		X 3rd		X main		X 2 nd addtn
Authorise expenditure Over £50,000	In agreement with LA	In agreement with LA				
Authorise expenditure up to £50,000	In agreement with LA	In agreement with LA				
Authorise expenditure up to £25,000				X main		
Authorise expenditure up to £10,000				X main		
Authorise expenditure up to £3,000				X main		
Authorise expenditure up to £1,000				X main	X 3rd	X 2 nd addtn
Authorise expenditure up to £500				X main	X 3rd	X 2 nd addtn
Authorise Petty Cash up to £150				X main		X 2 nd addtn
Appointment and salary of all permanent staff		X 4th		X main	X 3rd	X 2 nd addtn
Appointment and salary of supply staff		X 4th		X main	X 3rd	X 2 nd addtn
Appointment and salary of Head Teacher	X 2nd	X main				
Authorisation of Revenue and Leasing Contracts	All revenue and leasing contracts should be tendered and authorised as per section E of the Schools Finance Manual (Procurement Standing Orders for Schools) plus Annexe A					
Authorisation of Capital Contracts	All capital contracts should be tendered and authorised as per section E of the Schools Finance Manual (Procurement Standing Orders for Schools) and current CDM regulations.					

Financial Regulations

All financial procedures within the school are conducted in accordance with the SFVS regulations and Surrey Schools Finance Manual with particular reference to:-

Section B – Expenditure control – including guidance on:-

Financial Regulations relating to Budgetary Control, Budget Accountabilities and Virement

Administrative procedures including General Principles of Monitoring, Control of Staffing Costs, Control of Non-payroll Costs, Control of Expenditure on Non-delegated Funds, Reporting Procedures, Spreadsheets/Reports, Possible Miscoding of Expenditure and Supply Cover/Claims Paid Staff.

Section E- Purchasing Arrangements – including guidance on:-

Procurement, Value for money, sourcing supplies and services, tendering process, award of contracts and leasing.

Annexes

Keeping Your Balance

Guidance for schools on leases of equipment (including ICT and photocopiers), vehicles & plant

Leasing

Procurement Standing Orders for Schools (revised January 2015)

Section F – Payment of Accounts – including guidance on:-

Financial Security, Budgetary Authority, Financial Coding plus Detailed Procedures for :-

1. Receipt of goods/services
2. Receipt of Invoices
3. Certification of Invoices
4. Coding of Invoices
5. VAT
6. Credit notes
7. Copy invoices
8. Payments via Bankers Automated Clearing Service (BACS)
9. Making Payments
10. Gas, Electricity, Fuel Oil, and Water Charges (metered)
11. Telephones
12. Payments without an invoice
13. Payments to staff
14. Petty cash procedures

Section G - Local School Bank Accounts, Income and Banking – including guidance on:-

Bank account options, Types of account, Bank mandate, Opening accounts, Changes to accounts, Advances, Accounting for receipts, Procedures for the receipt and banking of income, Payments made from the local bank account and petty cash, Transfers between bank accounts and cheques drawn for cash, Use of purchase cards, Payment over the internet, Payment via Bankers Automated Clearing Service (BACS) and Period end and year end procedures.

Section U – Security of Assets and Data – including guidance on:-

Inventory, Stocks and Stores, Records Management and Data Security.

And Section X – Management of School Funds

This list is not exhaustive – the finance manual covers all aspects of financial management for schools.

Reference should also be made to the School’s Charging and Remissions policy and Lettings and Community Use policy for further guidance.