Madley Primary School

Finance Policy

Date established by governing body: Autumn Term 2023

Review date: Autumn Term 2024

Contents

BUDGETS

1. **Budget construction.** The Headteacher is responsible for the detailed preparation of an annual school budget which addresses the strategic aims and targets established by the Governing Body. In constructing the budget, the Head must take account of priorities identified in the School Development Plan, incorporating specific costs as detailed in the plan. In producing the budget, the Head should consult with other members of staff as appropriate to ascertain detailed requirements and cost pressures for the coming the year.

2. The Resource Committee should meet early in the Spring term to consider a broad budget strategy. In order to determine appropriate expenditure levels, the committee should consider the overall level of income expected from local authority budget, grants and school generated income, together with any anticipated balance to be carried forward into the following financial year.

3. Detailed formulation of the budget should take place in Spring term, and the Resource Committee should approve the detailed budget plan following receipt of the final local authority budget allocation. The full Governing Body must subsequently approve the full budget, and minute this approval.

4. Total budgeted expenditure should not exceed the total anticipated in-year income plus or minus any balance brought forward from the previous year. If it appears that a deficit position cannot be avoided, the Head and Chair of Governors must gain approval from the Local Authority.

5. In constructing the detailed budget, factors for consideration include:

- Current and previous year's expenditure levels on individual budget headings
- Staff pay awards and increments, and known changes
- Anticipated price inflation
- Changes in the supply of services and contracts (traded services, utilities etc.).
- Changing School Development Plan priorities
- Any anticipated changes in pupil numbers
- The resulting impact on staffing structures

6. **Budgetary control and monitoring.** The Head is responsible for regular, detailed control of the school budget and this role will require appropriate monthly reports from the school's accounting system. The Head may assign budgetary control of individual budget headings to other members of staff, however the Head remains ultimately accountable to the Governing Body for these budget headings. Financial reports to the Head and other budget holders, where applicable, should include the following information for each agreed budget heading:-

- Total budget for year
- Total expenditure and commitments to date
- Projected variance

7. It may be appropriate to action adjustments to the original budget (virements) during the year, for example as a result of additional income, new costs or changing national priorities etc. The Head should therefore be empowered to respond to changes to address variances by effecting virements between individual budget headings.

8. There is no need to apply virement authorisation limits as should new or unplanned expenditure be necessary, virements will be discussed at the next Resources Committee meeting and approved where appropriate.

9. Virements, once approved, must be promptly recorded in the school's accounting system to keep the approved budget up to date.

10. The Head should present detailed budget monitoring statements to the Resource Committee on at least a termly basis. The Resource Committee should then consider and challenge these statements as necessary, with the Head providing explanations for any significant variances identified. The Chair of the Resource Committee should then report termly to the full Governing Body, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

11. When the accounts for each financial year are closed, a final statement from the school's accounting system must be presented to the next meeting of the Resource Committee and tabled at the next full Governing Body.

PAYROLL

12. **Starters, variations and leavers.** The relevant forms for the following from Hoople Ltd:

- Setting up new employees on the payroll (starters)
- Effecting variations to pay
- Taking existing employees off the payroll (leavers)

13. Forms should be completed by the appropriate administrator and authorised by the Head, or, in their absence, the Deputy Head on a timely basis. Completed forms should be sent to relevant pay and conditions contact as directed.

14. **Claim forms.** For relevant staff, submitted claim forms must be checked initially by the administrator, and then authorised by the Head, or in their absence, the Deputy Head. Authorised time sheets must be submitted directly to the relevant pay and conditions team contact, and never handed back to the employee.

15. **Checking of payroll data.** Payroll data received monthly should be scrutinised by:

- The Head, to ensure all employees are recognised, and pay appears reasonable (no detailed check)
- The administrator, to check accuracy of salary and expense payments.

16. **Pay-related expenses.** All pay-related expenses must be processed through the payroll system. Pay-related expenses must never be paid via petty cash, or by the creditor payment system. If any doubt exists about whether an item should be processed via the payroll system, Hoople Payroll Services should be contacted for advice.

17. **Supply teachers.** The Governing Body will decide, on the basis of advice from the Head, whether supply insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised (signed) by the Head, or in their absence, the Deputy Head. Reimbursement claims must be submitted on a monthly basis

by the administrator. The administrator must check on a monthly basis that correct amounts have been charged using the monthly expenditure printout.

SCHOOL FUND

18. **Accounts.** The accounts of the school Fund are to be maintained on a day to day basis by the school administrator. All income and expenditure will be entered promptly in the accounts. A bank reconciliation will be performed monthly when bank statements are received, between the balance as per the accounting record and the balance as per bank statements.

19. **Signatories.** The following are allowed to sign cheques on the bank account:

- Head
- Deputy Head
- School Administrators

20. There must be two signatures on each cheque and only to include one administrator.

21. **Final accounts and audit.** Final accounts are prepared at the end of the School Fund financial year by the school administrator. The accounts will be audited by an auditor appointed by the full Governing Body. The auditor will not be a member of the Governing Body.

22. The audited accounts should be presented to the full Governing Body for approval. Governors' approval must be recorded in the minutes of the meeting. Once approved, the administrator will return the appropriate form to the Schools Finance Team.

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

ASSETS

24 **Inventory**. Assets worth over £300 and all items of furniture will be recorded in the school's inventory. Full details (make, model, serial number, approximate value) shall be recorded. IT equipment serial numbers (laptops, desktops, iPads etc) are maintained by D&D Technical Services.

25. The school administrator is responsible for keeping the inventory up to date by adding new items (above £300) when they are received into school.

26. Items to be written off or sold will be discussed as an agenda item at every Resource Committee meeting. Reasons for sale or write off must be recorded in the inventory, together with the Head's signature. An official receipt for sales income must be issued to the purchaser.

27. Inventories shall cover all areas of the school, and be arranged on a room-by-room basis. A separate inventory will be maintained to include items which are not allocated to a specific room.

28. The inventory shall be checked against the actual assets by a designated member of staff on an annual basis. Any discrepancies shall be investigated immediately, and if necessary the Governors, Police and the authority's auditors shall be informed. The check shall be evidenced by the checker signing and dating the inventory.

29. All inventory items over £300 should be security marked invisibly with an ultra-violet pen or with warning stickers.

30. **Off-site register.** Any inventory items taken off-site by members of staff for official purposes must be recorded in a register. The date borrowed, and the signature of the borrower, must be recorded. On the return of the item the date of return will be recorded.

INCOME

31. **Credit income.** Where payment for goods/services provided by the school is made after the provision takes place.

32. An official invoice must be raised by the school administrator in all cases and sent to the debtor as soon as possible after the provision of the goods/service.

33. A file of copy invoices will be maintained by the administrator; this will be arranged into 'paid' and 'unpaid' invoices. The copies of unpaid invoices will act as a control record for the sending of reminders and the chasing of unpaid debts.

34. Reminders will be sent after the following periods if the debt remains outstanding:-

- 1st reminder 28 days
- 2nd reminder 56 days

35. If after 84 days the debt remains unpaid, consideration will be given by the Head and/or Governors to writing the debt off in accordance with the following limits:-

- up to £50 - Head may authorise write-off
- up to £100 - Chair of Governors may authorise write-off
- £100 and over - full Governing Body may authorise write-off.

36. In each case, the possibility of taking legal action to recover the debt must be considered by Head, Chair, and Governors as appropriate.

37. As well as sending formal reminders, efforts must be made by the school to contact the debtor in order to secure recovery of the debt. If payment has not been received after 28 days of raising the invoice, no further goods or services must be provided until the outstanding debt is settled.

38. When an invoice is paid, details of the payment must be written on the copy invoice, and this transferred to the 'paid' section of the file. An official receipt should be issued to the debtor and the receipt number written on the copy invoice; a duplicate copy of the receipt must be retained at school.

39. Cash income (i.e. where payment is received at the time goods/services are provided), an official receipt must be issued to the payer at the time the payment takes place, and a duplicate copy retained at the school.

40**.** **Banking.** All income received (cash or cheque) must be banked promptly and intact. No payments may be made out of income collected. A record to evidence the banking must be kept (e.g. stamped paying-in slip).

41. **Charging policy.** The full Governing Body will set a charging policy to cover lettings and curriculum visits. The charging policy will be reviewed annually by the Governing Body. Charges levied by the school will be in line with this policy**.**

42. **Donations.** Donations from any sources must be acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact.

43. **Official capitation and school fund income.** All income used to offset expenditure incurred on the capitation budget (e.g. lettings) must be paid into the official County Fund and coded to an appropriate income code. Monies received from any sales of scho ol equipment must similarly be paid into the County Fund.

44. Donations may be paid into the County Fund or the School Fund dependent upon the wishes of the donor which must be ascertained beforehand.

45. **Cash received from pupils.** Cash received from pupils in class must be recorded by the class teacher. Cash collected must be handed over to the administrator frequently. The administrator will issue an official receipt for the income which will be handed to the class teacher who will retain it with the income record.

46. **Security of receipt books and tickets.** All unused receipts and tickets to be used to acknowledge receipt of income, must be held securely in the school office.

PURCHASING

47. **Ordering.** School procedures for purchasing should ensure that purchases are as required and are for bone-fide purposes.

48. **Green procurement**. When buying products or services we will consider at least one eco alternative. We will consider the environmental impact and costs associated with the life cycle of the product and aim to use products that are less harmful to the environment (land, air and water). We will consider products that are made with less harmful materials when produced, used or consumed. This will include buying local, buying recycled and recyclable, using less chemicals and reducing the school's carbon footprint.

49. Orders should be processed by the school administrator after initial approval by budget holders has been sought and given. The Headteacher can authorise purchases up to £5000 without the authorisation of the Resources Committee. The school will use the Agresso software system appropriately to record purchases, invoices and payments in line with the School Finance Office protocols and procedures.

50. Official orders must not be used to procure goods for private purposes. Official order stationery must be held in a secure location. Copies of all official orders placed must be retained on file at the school by the administrator.

51. **Quotations and tenders.** Financial Regulations - for orders for goods/services under £50,000:

- £1,000 - £5,000 - at least three prices to be examined and retained, these prices may be taken from suppliers' written or verbal quotations or catalogues/price lists.

- £5,001 - £50,000 - independent written evidence of at least three prices should be obtained and retained.

52. Independent written evidence means quotations provided on suppliers' headed notepaper.

53. For orders for goods/services over £50,000, tenders should be invited either from at least three appropriate contractors or by open competition by advertisement in local newspaper.

54. **Governor involvement.** Planned purchasing should form part of the school development plan and be included in the budget. Any purchasing not included in the budget should be discussed with the Resource Committee and quotations sought as above.

55. Review of quotations when the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained. In such circumstances the Governors should formally authorise a waiver of the regulations, either prior to the purchase or retrospectively, if necessary.

56. **Receipt of goods**. Once items ordered have been received, the administrator must ensure that items delivered correspond to details contained in the delivery note. Upon examination of goods the administrator must ensure that both quality and quantity are appropriate.

57. **Invoice check and authorisation.** Invoices received must be checked to both copy orders and delivery notes to ensure that invoices relate to goods ordered and delivered. Invoices should also be checked for arithmetical correctness. All invoices must be certified for payment by the headteacher before being passed for payment (or in the Head's absence, the Deputy Head).

58. Invoices passed for payment must be recorded promptly in the school's accounting system by the administrator.

59. **Petty cash and reimbursement.** Day to day operation of the petty cash account is the responsibility of the administrator**.**

60. All petty cash expenditure, and reimbursement income, must be promptly recorded in the petty cash record.

61. Reimbursement must be completed in a timely manner. Each time a reimbursement claim is submitted, the administrator must complete a reconciliation ensuring that cash expended, plus cash in hand or at bank, plus stamps held, equals the amount of the advance.

62. All members of staff who wish to purchase items from the petty cash account must obtain prior approval from the Head. Vouchers (receipts, paid invoices etc.) to evidence the payment must be presented to the administrator by members of staff when reclaiming cash from the account. These vouchers must be retained by the administrator and returned with the reimbursement claim.

63. In normal circumstances individual purchases from petty cash must not exceed £10. Payments over that amount should be made with prior approval of the Head. Such payments will be reimbursed though the Payments Section (usually by cheque) and should be for appropriate reasons and should not simply result from a lack of planning.

64. All cash and cheque books held must be retained securely.

REGISTER OF PECUNIARY AND OTHER INTERESTS

65. It is a requirement for all schools to maintain such a Register. Persons to be included:

- All Governors
- Headteacher
- All senior staff (e.g. Deputy Head, Assistant Heads, Heads of Departments, senior administrative staff e.g. bursar)

INTERESTS TO BE RECORDED

66. The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school.

67. Examples of such improper influence might be:

- To purchase goods or materials from a company in which a Governor/senior member of staff has a financial interest without going through the correct procedures re. obtaining competitive prices;

- Promoting member of staff who has close personal relationship (spouse, partner, son, daughter etc.) with Governor/senior member of staff, without going through correct procedures re. recruitment and selection.

MONITORING AND REVIEW

68. This policy will be reviewed at any time on a request from the governors, a change in the council guidance or at least once every year.