



EASTINGTON PRIMARY SCHOOL



FINANCE POLICY

Reviewed September 2023
Next Governor Reviewed Jan 2024

Contents

	<u>Page</u>
1. Budgets	
1.1 Budget construction & strategy	3
1.2 Budgetary control and monitoring	3
2. Payroll	
2.1 Starters/variations/leavers	5
2.2 Time sheets	5
2.3 Checking of payroll data	5
2.4 Pay-related expenses	5
2.5 Supply teachers	5
3. School Fund	
3.1 Accounts	6
3.2 Signatories	6
3.3 Final accounts and audit	6
4. Assets	
4.1 Inventory	7
4.2 Off site register	7
5. Income	
5.1 Credit income	8
5.2 Cash income	8
5.3 Banking	9
5.4 Charging policy	9
5.5 Donations	9
5.6 Official capitation and School Fund income	9
5.7 Cash received from pupils	9
5.8 Security of receipt books and tickets	9
6. Purchasing	
6.1 Ordering	10
6.2 Quotations/tenders	10
6.3 Governor involvement	10
6.4 Receipt goods	10
6.5 Invoice check and authorisation	11
6.6 Petty cash	11
6.7 Use of Consortium, and Term Contractors	12
7. Register of Interests	
7.1 Persons to be included	12
7.2 Interests to be recorded	12

1. Budgets

1.1 Budget construction & strategy

The Head is responsible for the detailed preparation of the annual budget with support (at present from the Principle Account Advisor from the LA). In doing this s/he should consult with SLT so budget is linked to school priorities to raise standards and attainment, offer a broad and balanced curriculum and ensure pupils are safe.

The budget total must not exceed the amount of the LA allocation plus any balance brought forward from the previous year. If it appears that this cannot be achieved, the Head and Chair of Governors must inform the Local Authority immediately.

The Finance Committee should meet in the Autumn term to consider the priorities for a broad budget strategy, and again in the Spring term to consider and approve the detailed budget. The full Governing Body must subsequently approve the full budget, and minute this approval. The Local Authority must be informed in writing of the approved budget, in a format determined by the Local Authority. This statement must be signed by the Chair of Governors.

Financial Strategy

A detailed one year budget and a three year overview plan is constructed in Spring. In the construction these detailed budget, factors the Head must take account of include:-

- any anticipated changes in pupil numbers
- current and previous year's expenditure levels on individual budget headings
- Development Plan, curriculum & premises priorities
- staff pay awards and increments
- anticipated price inflation
- changes in the staffing complement
- changes in the supply of services (electricity, oil, water etc.).

Part of our strategy is to move forward with a contingency of 8% (unless saving for a specific project) to ensure the school has sufficient funds for unexpected events such as staff illness, responding to cyber threats and unknown premises remedial work.

1.2 Budgetary control and monitoring

The Head is responsible for regular, detailed control of the school budget. To achieve this s/he will receive reports from the school's accounting system, typically monthly, from the Administrator. Such reports shall show, for each budget heading:-

- total budget for year
- total commitment and expenditure to date
- variance.

The Head is empowered to take remedial action to address variances, by effecting virement (transfer) between individual budget headings. Individual virements may be authorised as follows:-

- up to £2,999 - Head
- £3,000 - £4999 - Finance Committee or full Governing Body
- £5,000 and over - Full Governing Body.

Virements, once approved, must be promptly actioned/recorded in the school's accounting system (Chart of Accounts) to keep approved budget up to date.

The Head will present the Chart of Accounts to the Finance Committee, such statements shall show for each budget heading:-

- total budget for year
- total commitment and expenditure to date
- variances.

The Finance Committee shall consider such statements; the Head will provide explanations for any significant variances identified. The Chair of the Finance Committee shall report to the full Governing Body, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

The Head may assign budgetary control of individual budget headings to other members of staff. Such members of staff may receive monthly budget statements as detailed above. The Head remains ultimately accountable to the Governing Body for these budget headings.

Payroll expenditure data notified by Shire Hall must be entered promptly each month by the school administrator on to the school's accounting system.

Other, non-pay, expenditure notified by Shire Hall must be reconciled promptly on a monthly basis to the school's accounting system by the school administrator.

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 Finance Committee.

2. Payroll

2.1 Starters/variations/leavers

All forms for:-

- setting up new employees on the payroll (starters)
- effecting variations to pay
- taking existing employees off the payroll (leavers)

All forms completed by the school administrator and authorised (signed) by the Head. Such forms must then be sent promptly to Shire Hall via the e-forms.

2.2 Time sheets

All time sheets submitted by a member of staff must be checked initially by the school administrator, and then authorised (signed) by the Head. Authorised time sheets are then submitted electronically via e-forms to GCC. Paper copies kept on file.

2.3 Checking of payroll data

Payroll data received from Shire Hall must be scrutinised by:

- the Head, to ensure all employees are recognised, and pay appears reasonable (no detailed check)
- the school administrator, to check accuracy of pay calculations.

2.4 Pay-related expenses

All pay-related expenses (for example if a mileage claim was submitted) 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, the Creditor Control section in Shire Hall must be contacted for advice.

2.5 Supply teachers

The Governing Body will decide, on the basis of advice from the Head, whether supply teacher 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. Reimbursement claims must be submitted on a monthly basis by the school administrator via e-forms. The school administrator must check on a monthly basis that correct amounts have been charged as per the Shire Hall expenditure printout.

3. School Fund

3.1 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.

3.2 Signatories

The following are allowed to sign cheques on the bank account:-

- Head
- School Administrator/Administrator
- Designated named teacher/s

There must be two signatories on each cheque.

The following are allowed to use the debit card for the account:-

- Head
- School Administrator

When the card is used the Head /Admin, they will notify each other before use. The order details are printed and logged in an excel spreadsheet and recorded in the Account Ledger. The bank statement will be reconciled with the Account Ledger. This is undertaken by the admin officer. The bank statement is shown to the HT to check.

3.3 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. In appointing an auditor and operating the Fund, the Governors will follow the instructions laid down in the County Council's Manual on Unofficial Funds.

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 Clerk to the Governing Body will return the requested form to Shire Hall in the format required by the Local Authority.

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

4. Assets

4.1 Inventory File

The portable, desirable, attractive assets of the school, as well as any assets of intrinsic value (e.g. antiques) will be recorded in the school's inventory/inventory file. Full details (make, model, serial number, approximate value) shall be recorded.

The school administrator is responsible for keeping the inventory file up to date by adding new items when they are received into school.

Items up to a value of £100 may be sold or written out of the inventory file on the authority of the Head. Over this limit, the Governing Body must authorise and details be recorded in the minutes. Reasons must be recorded in the inventory, together with the Head's signature (up to £100) or the Governors' minute reference (£100 and over). An official receipt for sales income must be issued to the purchaser.

The inventory file shall be checked against the actual assets by the Head 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.

Inventory items may be security marked:

- invisibly with an ultra-violet pen and/or

- visible warning stickers.

4.2 Off-site register

Staff will ask the HT if they want/need to take any inventory items off site. Any inventory of 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. The exception to this is staff laptops which are regularly taken home by staff for work purposes. The exception to this will be the laptops teachers use for school work.

5. Income

- 5.1 Credit income (for example letting of the field to football club) where payment for goods/services provided by the school is made after the provision takes place.

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, and no later than one week after the provision.

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.

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

1st reminder 28 days
2nd reminder 56 days

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 £100 - Head may authorise write-off
- £100 and over - full Governing Body may authorise write-off.

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

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.

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.

5.2 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.

5.3 Banking

All income received (cash or cheque) must be banked as soon as practical. No payments may be made out of income collected. A record to evidence the banking must be kept (bank statement reconciliation).

5.4 Charging & Remissions policy

The full Governing Body will set a charging and remissions policy to cover:-

- lettings
- school trips

The charging policy will be reviewed by the Governing Body. Charges levied by the school will be in line with this policy.

5.5 Donations

Donations from any sources must be acknowledged. All donations must be banked as soon as practical.

Donations may be paid into the GCC Fund or the School Fund.

5.6 Official Capitation and School Fund income

All income used to offset expenditure incurred on the capitation budget (e.g. lettings, photocopying, telephone calls, music tuition, sales of work) must be paid into the official GCC Fund and coded to an appropriate income code. Monies received from any sales of school equipment must similarly be paid into the GCC Fund / School Fund.

5.7 Cash received from pupils

Cash collected must be handed over to the administrator frequently. The administrator will issue an official receipt for income. The school has moved to using Parent Pay so cash is used less frequently.

5.8 Security of receipt books

All unused receipts to be used to acknowledge receipt of income, must be held securely in the school office.

6. Purchasing

6.1 Ordering

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

Orders are processed by the school administrator after initial approval by budget holders has been sought and given. Orders placed via the internet/telephone receive confirmation of order from supplier.

Suppliers are mainly internet based and school account numbers are confidential to admin and Headteacher.

Official orders must not be used to procure goods for private purposes.

Copies of all official orders placed must be retained on file at the school by the administrator.

When placing orders it is the responsibility of the initiator to ensure that Gloucestershire County Council Financial Regulations and Standing Orders are adhered to, these being -

6.2 Quotations/tenders

Financial Regulations - for orders for goods/services under £50,000:

- £4,000 - £15,000 - at least three prices to be examined and retained, these prices may be taken from suppliers' written or verbal quotations or catalogues/price lists.
- £15,000 - £50,000 - independent written evidence of at least three prices should be obtained and retained.

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

Standing Orders - for orders for goods/services over £50,000.

Tenders should be invited in one of three ways, and in accordance with specific Standing Orders.

- from at least three contractors included on a standing list - SO49; or where no standing list exists
- from at least three appropriate contractors - SO.50, or
- by open competition by advertisement in local newspaper or appropriate journal - SO.51.

6.3 Governor involvement

As well as ensuring that the above have been adhered to, it is the responsibility of the Headteacher to ensure that Governors (this could be a sub-committee/working group such as Premises or Finance) are consulted in the following circumstances:-

On purchasing decisions when the estimated cost of one item exceeds £4000

Review of quotations obtained where estimated costs exceed £15,000.

Review of quotations when the lowest quote is not the most suitable.

6.4 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.

6.5 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 Head and stamped with the LA official stamp before being passed for payment (or in the Head's absence, the Dept HT, or SLT).

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

6.6 Petty Cash

Day to day operation of the petty cash account is the responsibility of the administrator.

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

Reimbursement must be claimed monthly or when one-half of the imprest advance has been used. The Head must certify the reimbursement claim.

All members of staff who wish to purchase items from the petty cash account must obtain prior approval from the Head/Administrator. 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.

In normal circumstances individual purchases from petty cash must not exceed £80. In exceptional circumstances payments up to £100 may be made, with the express prior approval of the Head. Such payments should be a response to a difficulty in procurement and should not simply result from a lack of planning.

All cash and cheque books held must be retained securely.

6.7 Use of Consortium, and Term Contractors (Maintenance Work)

If the Consortium is used for any purchases, or if the LA-approved Term Contractors are used for maintenance work, then the school need not seek competitive quotations to comply with Financial Regulations (as this has been undertaken as part of the LA approval process). If the Head wishes to obtain quotes in competition with the Consortium/Term Contractors, then this may be effected.

7. Register of Pecuniary and Other Interests

The school shall maintain such a Register.

7.1 Persons to be included:-

1. All Governors
2. Headteacher
3. All senior staff

7.2 Interests to be recorded

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.

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.

There can never be a definitive, comprehensive list of the interests which should be recorded, but the following is intended to give some guidance:

- having a financial, or other, interest in an organisation which could feasibly be in a position to supply goods/services to the school e.g. building contractors / suppliers of stationery / suppliers of furniture and fittings / suppliers of supply teaching cover / curriculum workshops.
- the interest in the above 'supplying organisations' may, for example, be:-
 - as a director
 - as an employee

- as a major shareholder
 - as a major investor
 - as a major debtor/creditor
 - having a close personal relationship (spouse, partner, son, daughter, parent etc.) with a person in the above categories
- being in a position to potentially influence decisions made about the school, e.g. as:-
 - member of local council (County Council, District Council, Parish Council)
 - officer of Local Education Authority in a senior capacity
 - Member of Parliament
 - OFSTED Inspector
 - officer of local council (District Council, Parish Council) in a senior capacity
 - having a close personal relationship (as described above) with any person falling into the above categories
- having a close personal relationship with a Governor or member of staff (employed on a full-time, part-time, permanent, or temporary basis).