



# **Thistly Meadow Primary School FINANCE POLICY 2017-18**

**Approved by Governors (date) .....**

**Signed on behalf of the Governing Body .....**

**Chair of Governors**



## 1. INTRODUCTION

- 1.1. These financial regulations shall govern the financial arrangements relating to all of Thistly Meadow Primary School's finances and accounts and were approved by the full Governing Body as dated on this policy document.

## 2. DELEGATED AUTHORITY

- 2.1 Under Leicestershire's Scheme for Financing Schools, the Governing Body is responsible for the control of expenditure and income in accordance with the delegation of budgets and assisting Leicestershire Council in the discharge of its statutory duties.

- 2.2 The Governing Body has in turn delegated the governors' financial responsibilities to the Business Committee comprising:

- Mr Mike Edwards, Chair of Governors
- Mr Colin Bowpitt, Head teacher
- Mr Neil Parry
- Mr Jon Hunt
- Mrs Kirsty Smith, Assistant Head teacher

- 2.3 The Head teacher shall be responsible for implementing agreed policies and maintaining day to day control of the school finances and accounts.

- 2.4 The School Business Manager shall assist the Head teacher in the discharge of financial responsibilities.

- 2.5. The following staff are designated as authorisers of:

(i) Salaries Documentation:

- Head teacher
- A nominated member of the senior leadership team as named on the bank mandate held by the School Business Manager

(ii) Cheques

- Chair of Governors, Mr Mike Edwards (mandatory to counter sign for cheques over the value of £5,000)<sup>1</sup>
- A member of the senior leadership team as named on the bank mandate held by the School Business Manager

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<sup>1</sup> This is a requirement of the LA's Local Cheque Account Scheme.

(iii) Orders

- Head teacher
- A member of the senior leadership team as named on the bank mandate held by the School Business Manager
- School Business Manager (up to a value of £200)

(iv) Local purchase claims for reimbursement

- Head teacher
- A member of the senior leadership team as named on the bank mandate held by the School Business Manager
- School Business Manager (up to a value of £200)

However, the Governing Body will remain accountable when governors' financial responsibilities are delegated.

**3. REVENUE BUDGET PREPARATION**

3.1 The school's budget timetable for the next financial year shall be as follows:

Spring Term

- Identify commitments and new plans; agree priorities
- Agree staffing requirements
- Cost first draft of the budget, with the plan covering at least the next three years, and submit to governing body
- Outline the budget plan, to be ready by the 31st March
- Adjust the budget to take account of the budget share notified by Leicestershire LA
- Submit to Governing Body for final approval
- Submit final approved budget plan to the LA's Schools Finance Team by the 31<sup>st</sup> May

3.2 The Finance Committee shall decide on the order of priorities from the School Development Plan.

3.3 The Head teacher shall prepare the detailed costings and submit them for approval to the Business Committee.

3.4 All plans and budgets should be regularly reviewed during the year and all significant changes will require the approval of the Business Committee.

3.5 The Head teacher shall inform the Local Authority of the school's revenue budget. This information should be supplied by the beginning of the financial

year and updated for changes as necessary. If the school's revenue spend falls outside the budget plan submitted to the LA, corrective action must be taken where possible and the Head teacher will formally make the LA aware of the school's financial position as soon as practicable.

#### **4. REVENUE BUDGET CONTROL**

- 4.1 The Governing Body shall decide how to use the budgets within the cash limit allocated. The Head teacher will be responsible for the control of spending against budgets. A commitment accounting system is in place to monitor current commitments and liabilities.
- 4.2 A budget monitoring report should be prepared monthly for the Head teacher. A bank reconciliation and VAT analysis should be prepared as soon as the bank statements have been received (at least on a monthly basis) and forwarded to the LEA as part of the monthly BA expenditure return. These returns should be prepared by the School Business Manager/Group Bursar and certified by the Head teacher.
- 4.3 The Head teacher shall prepare a termly review of the budgets and submit them to the Governing Body for consideration.
- 4.4 Budget holders will receive a termly SIMS financial transaction report.

#### **5. VIREMENTS**

- 5.1 Substantial virements shall be approved and minuted by the Governing Body and should be within the agreed criteria and financial limits.
- 5.2 The Head teacher is given delegated power to vire from one budget to another and shall seek approval from the Governing body retrospectively.
- 5.3 All virements exceeding £5,000 or 2% of the budget shall require prior approval from the Governing Body.

#### **6. AUTHORITY TO INCUR EXPENDITURE**

- 6.1 The Head teacher is given delegated power to incur expenditure up to £5,000 on any single item or issue within the financial year.
- 6.2 All expenditure exceeding £5,000 shall require the prior approval of the Governing body.
- 6.3 All expenditure must be authorised by the designated staff.

- 6.4 Payment of invoices should be made through the school local payments system and from the school bank account.
- 6.5 All central charges/recharges above £1,000 to the school budgets by Leicestershire LA must be authorised by the Head teacher.

## **7. LOCAL PAYMENTS SYSTEMS**

- 7.1 The School Business Manager shall be responsible for making all payments on behalf of the school.
- 7.2 All invoices passed for payment must be properly certified and evidenced by the relevant designated staff – payments shall be made on original invoices only.
- 7.3 Before certifying an invoice for payment, designated staff must be satisfied that for the goods and services delivered:
- An official purchase order has been raised for the purchase
  - That the delivery note has been checked
  - That it is of correct quantity, quality and price
  - That it has not been previously paid
  - That funds are available in the relevant budget
  - That the VAT chargeability on qualifying expenditure is shown
- 7.4 The Head teacher should carry out selective invoice checking termly to ensure that all sums which the designated staff have certified for payment were legally and properly payable.
- 7.5 The Governing Body is permitted to use their budget share to meet the cost of capital expenditure on the school premises. If the expected capital expenditure from the budget share exceeds £15,000 within one year, the Governing Body will notify the Local Authority and take advice from the Chief Officer on proposed expenditure.

## **8. ORDERS FOR GOODS AND SERVICES**

- 8.1 Staff may order goods and services from whatever reputable source they see fit; but will be expected to take into account quality and value for money.
- 8.2 An official order must be made in writing on the school's official order form for all expenditure on goods and services initiated by the school.
- 8.3 Orders must be completed in accordance with the following procedures:
- Authorised by designated staff only

- Show estimated prices on the order form
  - Sent to the supplier through the School Business Manager
  - If placed by telephone, written copy of order with estimated prices must be given to the School Business Manager
  - Telephone orders should be followed up by a confirmation order by the next working day if possible
- 8.4 Copies of all orders should be retained in file 'Copies of Official Orders' until delivery and payment.
- 8.5 On receipt of authorised invoice, Official Orders and Delivery Notes should be attached to the invoice and paid.
- 8.6 Individual budget holders are not permitted to spend in excess of £100 without the prior approval of the Head teacher.
- 8.7 Where ESPO is used for procurement of goods and services it is not necessary to seek alternative tenders.
- 8.8 Three written quotes should normally be obtained for all goods and services in excess of £5,000, unless no other equivalent goods or services are available, or where Governors have previously committed themselves to a particular service/supplier, brand/type of goods.
- 8.9 For building works expected to cost in excess of £10,000, three tenders will normally be obtained.
- 8.10 Where tenders have been obtained a tender form will be completed showing those invited to tender, those tendering, the successful tender and the reasons for accepting the tender (in those circumstances where the cheapest tender is not accepted).
- 8.11 Under the Authority's Constitution, all purchases estimated to exceed £50,000 should be put out to formal tender. The Education Finance Service is able to give more advice to schools on tendering procedures where required. Any proposal not to put a contract of over £50,000 out to formal tender should be authorised by the Governing Body. (Advice should be sought from the Clerk to the Governors in relation to reporting requirements, to ensure commercial confidentiality.)
- 8.12 Schools entering into high-value contracts should also be aware of EC procurement regulations.

## **9. CASH ACCOUNTS**

- 9.1 Small items of expenditure not exceeding £50 will be made from the petty cash account (if used).
- 9.2 The School Business Manager shall ensure that all petty cash payments are properly recorded and authorised and supported by receipts.

## **10. TRAVEL AND SUBSISTENCE**

- 10.1 Payment shall be made in accordance with the National Scheme/school rate, as appropriate.
- 10.2 Car user allowances, both casual and essential, if allocated, will be paid centrally through the private payroll provider who, in turn, will make a return to the Inland Revenue. (Home to office is taxable)

## **11. SALARIES, WAGES AND PENSIONS**

- 11.1 The Governing Body is responsible for the salary and wages costs of all teaching and support staff employed to work at the school.
- 11.2 However, the contract of employment is between the employee and Leicestershire County Council (applies to Community Schools).
- 11.3 The School Business Manager must ensure that the school provides the necessary information and returns to its chosen payroll provider to effectively administer the payroll and related staffing procedures.

## **12. CONTRACTS**

- 12.1 The school will enter into contracts for the provision of goods, services, materials and work within the procedures laid down by Leicestershire County Council's Standing Orders, as amended for schools.

## **13. INCOME**

- 13.1 Income should be collected in advance wherever possible to improve cash flow.
- 13.2 The School Business Manager must maintain records of all income received/due; acknowledge receipt of income; and bank all monies promptly and intact into the School's bank account.
- 13.3 The Governing Body has delegated powers to write off debts up to £250. In the case of larger debts the school must consult with the Head of Education Finance at the Local Authority.



- 13.4 The Governing Body shall approve a charging policy for all income generation.
- 13.5 The school may retain income received from the sale of assets purchased with non-delegated funds. The sale of assets purchased with delegated funds must be decided by the Local Authority, or if the asset concerned is land or buildings forming part of the school premises and is owned by the Local Authority.

#### **14. BANK ACCOUNTS**

- 14.1 The Governing Body shall authorise the opening and closing of all bank accounts.
- 14.2 New Bank accounts may only be opened from the approved list supplied by Leicestershire County Council. New bank arrangements may only be made effective from the beginning of each financial year.
- 14.3 The following procedures must be followed:
- Dual signatories for all cheque payments
  - Cheque signatories are the Head teacher, Assistant Head teacher, Chair of Governor and School Business Manager
  - The School Business Manager shall ensure that bank statements are received monthly and reconciled to accounting records
  - The School Business Manager shall investigate and resolve all discrepancies
  - The School Business Manager shall be responsible for cheque ordering and custody of unused cheques
- 14.4 Under no circumstances shall private cheques, money or postal orders be cashed through the school disbursement account or voluntary funds.
- 14.5 In no case shall money, cheques, etc. belonging to the school be paid into a private bank account.
- 14.6 The School Business Manager must ensure, where possible, that the total amount of cash, including disbursements and voluntary funds, held on the premises shall not exceed the current insurance limit.
- 14.7 Cash is collected once per week, and the value of cash held on the premises should not exceed the current insurance limit.
- 14.8 The school will follow the County Council recommended procedures if using BACS or a payment card.

**15. CARRY OVER OF DEFICIT**

- 15.1 The Governing Body must inform Leicestershire County Council immediately if a deficit is anticipated in the current year.

**16. TRUST FUNDS AND INVESTMENT**

- 16.1 The Governing Body shall authorise all investment of money under its control. Investment of Building Society and Bank Deposit Accounts shall be in the name of Leicestershire County Council and the school.

**17. LEASING**

- 17.1 Under the LA Scheme for the Financing of Schools, LA-maintained schools are prohibited from entering into any finance leases without the express approval of the Secretary of State for Education. This means that finance leases are not permitted as this constitutes borrowing.
- 17.2 School staff are aware that leasing is a complex subject for which specialist LA advice will be sought.
- 17.3 When looking to procure assets, the School will initially consider “lease or buy” decisions. Where the School does not have the funds to buy assets outright, but where there is logic in doing so from a cost / value-for-money point of view, the School will consider the LA’s Loan Scheme as an alternative to having to lease the assets.
- 17.4 School staff will seek to benchmark equipment costs against ESPO as a matter of course. ESPO has compiled its contracts and agreements through a process of competitive tendering to obtain value-for-money.
- 17.5 It is not School policy to purchase assets from casual sales personnel without a full option-appraisal having taken place beforehand.
- 17.6 If the School chooses to lease an asset, approval must be sought from the LA (Resources Department Investment Section) beforehand. The LA will confirm (or otherwise) that the lease does not constitute borrowing (i.e. it is not a finance lease) and, if possible, will offer the School a more competitive option for its finance.
- 17.7 Only the Head teacher or Chair of Governors is authorised to sign lease agreements on behalf of the School once they have been approved by the LA.

- 17.8 Lease agreements for a period exceeding three years should not be entered into without the prior approval of the governing body (contingent future liabilities) and the LA.
- 17.9 The School will not look to “pay off” an existing third-party lease agreement by having it factored into a new lease without the express approval of the Local Authority (Resources Department Investment Section). Generally, to have one lease subsumed into a new lease is poor commercial practice and fraught with risk and additional cost.
- 17.10 Devolved formula capital funding may not be used to fund lease payments in any circumstances but may be used in an outright purchase of an asset.

## **18. INSURANCE**

- 18.1 Insurance will be required for premises and equipment, school trips, plus Governing Body and third party liabilities (if delegation taken).
- 18.2 The Governing Body must ensure that all insurance cover is adequate.
- 18.3 The School Budget will meet the excess from insurance claims or any losses not covered by insurance.
- 18.4 The Governing Body shall inform the school’s insurers of all accidents, losses and incidents that may give rise to an insurance claim. The School Business Manager will maintain a register of all accidents, losses and incidents.

## **19. HEALTH AND SAFETY**

- 19.1 The Governing Body must ensure that all staff comply with the Health and Safety regulations.
- 19.2 The Head teacher will report significant injuries to all persons, including staff/parents/pupils/visitors.

## **20. PROTECTION OF PRIVATE PROPERTY**

- 20.1 The Head teacher must inform all persons concerned that all private property taken onto the school premises will be at the owner’s risk.

## **21. INVENTORIES AND STOCK**

- 21.1 The Head teacher is responsible for the management of the school’s assets and will maintain a record of stock receipts and issues.
- 21.2 The School must maintain an inventory of all non-consumable items purchased priced over £250. The inventory must be regularly updated in

respect of purchases and disposals. Attractive, portable items having a value less than £250 but over £50 should also be controlled/monitored.

21.3 The Head teacher should ensure that items that become obsolete or surplus to the school's requirements are disposed of economically.

21.4 The Head teacher shall ensure that stock takes of inventories and stores are undertaken annually in July and certified by him. This will be presented to Governors at the Autumn meeting each year.

## **22. SECURITY**

22.1 The Head teacher is responsible for the security of the school's premises and equipment.

## **23. UNOFFICIAL FUNDS**

23.1 The Governing Body shall ensure that all unofficial funds are properly controlled and audited annually, and presented to the Governing Body within 6 months of the year-end.

## **24. FINANCIAL IRREGULARITIES**

24.1 The Head teacher shall inform Leicestershire County Council (Head of Education Finance or Head of Internal Audit) of any circumstances where a financial irregularity is suspected.

24.2 The Governing Body accepts that a suspected financial irregularity exists when:

- Leicestershire County Council's Standing Orders, Financial Regulations (as amended for schools) or the Scheme for Financing Schools are not complied with (whether or not the Council suffers a financial loss)
- An employee gains unauthorised financial benefit from his/her association with the Council

## **25. INTERNAL AUDIT**

25.1 The Governing Body must ensure that the Council's internal auditors and external auditors are allowed access to staff, premises and documents, as necessary.

25.2 The Governing Body shall discuss all audit reports and agree the implementation of audit recommendations with the Head teacher.

## **26. DOCUMENT RETENTION**

- 26.1 The Head teacher shall ensure that documents are retained for periods in accordance with the requirements of the District Auditor, the Inland Revenue and Customs and Excise.

## **27. GIFTS AND HOSPITALITY OFFERED BY SUPPLIERS**

- 27.1 Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 should be reported to the Head teacher in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the college for items other than travel expenses.

## **28. REGISTER OF BUSINESS INTERESTS**

- 28.1 A register of business interests is maintained by the school. The LA advises that this be completed by all Governors and those staff with significant financial responsibilities. It is suggested that this be cheque signatories, finance staff and those members of staff with specific budgetary responsibilities (e.g. Heads of Department, curriculum area leaders). Entries in the register should be kept up-to-date and, in all instances, be reviewed and amended (where relevant) on at least an annual basis. This annual review can be evidenced simply by staff re-signing and dating existing declaration forms, making any amendments as necessary.

## **29. COMPUTER SYSTEMS AND DISASTER RECOVERY PLANS**

- 29.1 Computer systems used for school management should be protected by password security to ensure that only authorised staff have access. Passwords should be changed regularly and updated for staff changes. SIMS.net and FMS passwords should be changed termly.
- 29.2 The Head teacher should ensure that data is backed up regularly and that all back-ups are securely held in a fireproof location, preferably off-site.
- 29.3 The Head teacher should establish a recovery plan to ensure continuity of financial administration in the case of emergency.
- 29.4 The Head teacher should ensure that systems are in place to safeguard school software and data against computer viruses. To prevent viruses being imported, only authorised software should be used.

29.5 The governing body should ensure that the school has written descriptions of all its financial systems and procedures. These should be kept up to date and all appropriate staff should be trained in their use.

29.6 The Head teacher should ensure that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing.

**30. WHISTLE BLOWING POLICY**

30.1 The school follows the County Council Whistle blowing Policy. Governors and staff are aware of the existence of the policy and how to access the procedures.

**31. SCHOOLS FINANCIAL VALUE STANDARD**

31.1 The school will adhere to the Schools Financial Value Standard at all times, and ensure that the school has secure financial management in place.

31.2 The Governors will discuss the standard annually, with the Head teacher and staff and complete the SVFS self-assessment questionnaire, providing a summary and outlining any remedial action(s) to be taken. The Chair of Governors should sign the standard and a copy should be sent to the LA's finance department before the 31 March each year.

Version	Date	Comment
V4 (LCC)	Date created: 28/10/17 Review date: Sept 2018	A Gordon