

# Finance Policy

## The Bythams Primary School



**Reviewed and updated:**

**Next review:**

Signed: .....

(Chair of Governors)

Date: .....

Signed: .....

(Headteacher)

Date: .....

# Finance Policy

## Introduction

The governing body recognises that it is ultimately responsible for the financial management of the school and has produced this policy document to help it fulfil those responsibilities.

## Organisation

In view of the importance and complexity of financial management in the school, the governing body has established a Resource Management Committee to enable due consideration to be given to all financial matters.

The governing body has delegated a number of its powers to the Resource Management Committee (details of roles and responsibilities are set out later in this policy document).

The Resource Management Committee members are:

Chair	Mrs Jackie Gauntley	Member 3	Mr Richard Clarke
Member 1	Mr John Ireland	Member 4	Mrs Jane King
Member 2	Fiona Allett		

The Chair and members of the Resource Management Committee are elected by the full Governing Body in September each year.

The Resource Management Committee plan to meet a minimum of 3 times each year:

<b>April</b>	To agree the budget for the new financial year and to agree the finance plan.
<b>November</b>	To consider the second budget monitoring report of the year and to update the school's finance plan in light of the September number on roll.
<b>February</b>	To consider the final budget monitoring report for the year and a revised financial plan.

The Resource Management Committee will report, and make recommendations, to the full governing body. Minutes of each Finance Budget meeting will be presented to the next meeting of the full governing body.

Resource Management Committee members will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

### **Roles and Responsibilities**

The governing body recognises the importance of governors, Resource Management Committee members, the Headteacher and staff being clear about their respective roles and responsibilities with regard to the financial management of the school. This section sets out those roles and responsibilities.

#### **The governing body will:**

- Agree, and record in writing, the roles and responsibilities of the Resource Management Committee and Headteacher and Bursar.
- Review those roles and responsibilities on an annual basis.
- Elect the Resource Management Committee members each year.
- Approve the school's budget each year, ensuring that a copy is attached to the minutes of the meeting.
- Submit the approved budget to the Local Authority (LEA) within the specified timescales
- Approve the school's original and revised financial plans each year
- Take appropriate steps to ensure the school's budget does not overspend
- Contact the LEA and seek approval to overspend where this seems unavoidable
- Authorise the school's applications for loans from the County Council
- Satisfy itself that the Resource Management Committee and Headteacher are fulfilling their responsibilities as set out in this policy document
- Review detailed budget monitoring reports each term and minute any changes or comments
- Record in writing the transaction / process authorisation limits, etc relating to the school's financial system for relevant members of staff
- Agree the school's virement policy
- Establish the school's charging policy and review this on an annual basis
- Ensure that the school fund is audited each year
- Ensure that a signed statement confirming that the school fund has been audited is issued to the County Council within its specified timescale

- Review the financial training needs of governors, the Headteacher and staff on an annual basis and fund training needs, as appropriate
- Ensure that the school's Register of Business Interests and Conflict of Interests is kept up-to-date
- Review this policy document on an annual basis

**The Resource Management Committee will:**

- Familiarise themselves with this policy document and their roles and responsibilities
- Ensure that the school complies with the LEA's Scheme for Financing Schools, as approved by the Secretary of State
- Familiarise themselves with the way in which schools in Lincolnshire are funded
- Contact the LEA for advice in relation to leasing arrangements, as appropriate
- Produce a timetable of meetings at the start of the year outlining their key purpose
- Consider the draft finance plan prepared by the Headteacher and bursar
- Consider budget monitoring reports produced by the Headteacher and bursar throughout the year
- Monitor the finance performance of catering and other function (where applicable) throughout the year (some trading activities within school should not be subsidised by budget share)
- Ensure that the school obtains value for money
- Use management information, particularly that supplied by the County Council, to challenge the way in which the school uses its financial resources
- Ensure that the school complies with the County Council's financial regulations
- Report to the full governing body
- Ensure that audit recommendations are implemented within a reasonable timescale
- Ensure that the school has a list of certifying officers for the purpose of signing cheques, certifying employee claims etc, and review this on an annual basis

**The Headteacher will:**

- Ensure they are familiar with this policy document and their role and responsibilities
- Draft original and revised finance plans
- Ensure that School Development Plan priorities are properly costed and linked to the school's budget and finance plan
- Monitor the budget with the school bursar on a monthly basis
- Ensure the proper checks and controls are in place to cover day-to-day activities. (Advice on internal checks and controls should be sought from the Council's Audit team)
- Authorise transactions/processes within the school's finance system up to limits agreed by the governing body. This could include the release to purchase orders, etc
- Act as an authorised signatory for the purpose of signing cheques, certifying employee claims, etc
- Review reconciliations and returns on a regular basis and initial documents as evidence that such checks have been carried out
- Ensure that the school fund records are kept up-to-date
- Ensure that school fund's annual accounts are prepared, audited, approved by the full governing body and submitted to the LEA in the timescale specified
- Agree virements up to their authorised limit of less than £2000
- Ensure VAT is correctly accounted for
- Ensure CIS is correctly accounted for
- Ensure an inventory is maintained

**The School Administrator / Bursar will:**

- Maintain the accounting records using Agresso
- Carry out transactions/processes within the school's financial system up to limits agreed by the governing body
- Ensure that the LEA's timetable for completion of bank, Imprest and other reconciliations is adhered to
- Contact the school's nominated Finance Assistant in the Schools' Finance Team with concerns or queries regarding financial administration

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- Ensure that purchase orders are raised prior to ordering goods, services, whenever possible to aid effective budget monitoring and management
- Ensure that payments are made to suppliers within LCC's payment policy, i.e. 28 days of the date of the invoice
- Ensure that, where appropriate, claims for sickness absence scheme are made promptly and no later than 1 month after the relevant period

#### **Authorisation Limits for Purchase Orders**

Administrator / Bursar      £500

Headteacher      £1000

#### **Purchasing Card Limit**

Transaction Limit      Designation

Up to £500      Budget Operator

Up to £1,000      Budget Holder

#### **Virement Limits**

Virements of £2000 or more should be approved by resolution of the Resource Management committee.

The following virement limits have been agreed:

Resource Management Committee      £2000

Headteacher      £1999

## **Quotations**

A minimum of 3 quotes will be obtained for any purchases of £5000 or more.

## **Training**

The governing body recognises the importance of financial training for governors and staff in helping them to fulfil their responsibilities in relation to the financial management of the school.

The training needs of all governors and staff will be reviewed each year. Appropriate budgetary provision will be made, where necessary.

## **Budget setting**

The governing body recognises the importance of setting a detailed budget at the start of the year.

The Headteacher will draft a detailed budget for each line of income and expenditure. It is recommended that the budget is re-evaluated each year (as opposed to, say, incremental budgeting) for the Resource Management Committee's consideration.

The Headteacher will include options for increased spending, as set out in the School's Development Plan, and options for cost-cutting measures, where appropriate.

## **Budget Monitoring**

The governing body recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under and overspendings.

The Headteacher / busar will monitor the budget on a monthly basis by reviewing printouts from the School's Agresso system for:

- errors
- miscodings
- large or unusual items
- potential underspendings or overspendings against budget and act promptly, where appropriate.

## **Financial Administration**

The governing body recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the school.

The Headteacher will monitor the financial administration functions carried out by the school administrator ensuring that:

- Accounting systems are kept up-to-date
- Bank reconciliations, Imprest claims, etc are completed in accordance with the LEA's published timetable
- Appropriate action is taken where the LEA advises the school that its day-to-day administration is not up-to-date

## **Authorised Signatures**

All cheques must be signed by two of the following:-

Mr Richard Clarke

Mrs Jane King

All payroll claims must be authorised by the Headteacher.

## **Reporting**

The governing body recognises the importance of receiving detailed, accurate and up-to-date financial information to enable it to oversee and control the financial position of the school.

The Headteacher will work with the Resource Management Committee chair and bursar to prepare budget monitoring reports for consideration by the Resource Management Committee.

The reports will include for each line of income and expenditure:-

- The original budget
- Changes to the budget
- Current budget
- Expenditure and commitments to date
- An outturn projection
- An explanation for all variances exceeding £1,000 in value
- Details of proposed virements



- Details of proposals for additional spending or cost-cutting measures

### **Financial Planning**

The governing body recognises the importance of financial planning beyond the current year.

The Headteacher/bursar will prepare a financial plan covering the next 5 years.

The plan will show the projected numbers on roll and the impact this has on the school's budget share, expenditure and carry forward.

The level of detail shown in the plan will include, as a minimum, the information set out in the County Council's financial planning spreadsheet, which is issued to schools each year.

The governing body will consider the impact that the medium term finance plan may have upon staffing levels and develop outline plans and strategies for avoiding redundancy costs for future years.

### **Audit**

The governing body recognises the importance of having an audit regime in assessing the adequacy of the school's financial controls.

The governing body and Headteacher will ensure that an audit takes place every 5 years and that auditors are given access to staff, all relevant records and property as the auditors consider necessary (the next audit to have taken place by May 2018).

The Headteacher will ensure that audit recommendations are implemented as soon as possible.

The Headteacher will ensure they are familiar with the Financial Procedures and Finance Handbook, which provide guidance on best practice, internal controls and statutory requirements.