

Parrett and Axe CE VA Primary School

**FINANCIAL PROCEDURES POLICY
Updated May 2018**

**Reviewed by the Resources Committee
Ratified by the Full Governing Body**

The objectives of this policy are to set guidelines for the establishment of sound and effective financial procedures. By complying with current financial regulations and adopting good working practices such as:

- establishing proper financial management arrangement and accounting procedures, in line with the LA, OFSTED and DfE recommendations;
- maintaining a reliable system of internal controls;
- ensuring that resources are properly allocated and that the principle of value for money is adopted;
- outlining the areas of responsibility within the school;
- ensuring that the requirements of accountability are fulfilled;
- ensuring appropriate training is undertaken by budget holders.

The school aims to operate in a transparent, ethical and accountable way which will promote effective management.

1. Responsibilities

1.1 **Governors** are responsible for ensuring that the school's finances are managed effectively and for approving and monitoring the budget. They should establish the financial limits of delegated authority. They complete an annual review of the schools financial controls (Schools Financial Value Standard-SFVS) which is returned to the LA by 31 March each year.

1.2 **The Headteacher** has overall responsibility for the school's activities and is therefore considered to be the person with overall responsibility to the Governing Body for the financial management of the school. The Headteacher should ensure that:

- the Governing Body is provided with financial advice
- proper and adequate financial systems and controls are in place
- accounts are prepared and maintained as required by the Governing Body and the LA.

1.3 The Headteacher delegates most of the day-to-day financial management to **the Finance Officer** while retaining ultimate responsibility.

1.4 **The Finance Officer** provides support to the Headteacher in the day-to-day operation of the financial systems.

2. Financial Planning & Monitoring

The budget is the financial dimension of the school development plan. By identifying and allocating financial resources, the school prioritises its targets and objectives and facilitates the achievement of its educational aims. By

monitoring progress against budget the school can react promptly to variations against the plan to avoid deficits or excessive surplus balances.

Activity	Detailed task	Responsibility and other supports
Planning the budget	<p>To estimate allowance, income, grants, etc</p> <p>To identify and propose priorities in relation to the SDP</p> <p>To review and propose changes in staffing needs</p> <p>To draft budget options</p> <p>To evaluate budget options</p> <p>To prepare final draft budget</p>	<p>LA, Headteacher, Finance Officer</p> <p>Headteacher, Resources Committee, Finance Officer</p> <p>Headteacher, Resources Committee</p> <p>Finance Officer</p> <p>Headteacher, Resources Committee</p> <p>Finance Officer, Headteacher</p>
Approving the budget	<p>To propose final budget draft</p> <p>To approve & submit to LA by 31st March</p>	<p>Headteacher, Resources Committee</p> <p>FGB</p>
Monitoring and reviewing the budget	<p>To review monthly DES budget monitoring report and local financial system (eg SIMS FMS) and investigate any discrepancies</p> <p>To report about financial matters to the Finance Committee and the FGB</p> <p>To produce a termly forecast of budget outturn and recommend action to maintain a balanced budget</p> <p>To approve the outturn and submit to the LA by 30 June, 30 November and 28 February each</p>	<p>Headteacher and Finance Officer</p> <p>Headteacher, Finance Officer</p> <p>Headteacher, Finance Officer</p> <p>Headteacher, Resources committee</p>

	year.	
Virements	To recommend virements	Headteacher, Finance Officer
	To approve virements	Resources Committee
	To sign virement forms	Headteacher or Chair of Resources Committee

3. Payroll

Payroll is contracted to Dorset County Council.

The school is responsible for:

Activity	Detailed Task	Responsibility
Staff Contracts	Ensuring all forms are completed during recruitment together with any variations of contract are sent to DCC for processing. Once DCC have set up the contract, check that the details are correct.	Headteacher, Finance Officer
Weekly/monthly returns	To approve time and travel claims via the DCC TTE online claim system	Headteacher, Finance Officer,
Sickness Absence Return (SAR)	To complete monthly SAR for sickness or other absence.	Finance Officer,
Notify DCC HR	Inform DCC HR of all joiners and leavers	Finance Officer,
Monthly payroll printout	To check monthly printout for irregularities, including staff that have left or are not employed by the school. If actual payroll expenditure is different from budget, investigate any discrepancies.	Finance Officer
Nominal Roll	To check staff contract details are correct	Headteacher, Finance Officer

4. Purchasing

Purchasing procedures have been put in place to ensure that the school follows the fundamental principles of: probity, accountability and value for money.

Segregation of duties is used wherever possible: requisition orders are placed by the Finance Officer and authorised by the Headteacher. Invoices are processed by the Finance Officer and cheques are signed by the Headteacher. It is not possible, however, to have complete segregation of duties due to the limitation of staffing arrangements.

The school is careful to apply the principles of value for money, the governors conduct an annual review of value for money which includes:

- Annual benchmarking
- Review of contracts

Review of top suppliers
 Review of all orders over £5000

All purchases estimated to be above £50,000 should be put to tender and comply with the Standing orders on contracts and sub contracts. The governors should ensure that at least three contractors are invited to submit tenders.

Three quotations should be sought for estimates of £5,000 and up to £50,000 and a value for money review form completed for the purchase.

Estimates under £5,000 should follow the principles of value for money.

Non-order invoices are discouraged.

E-purchasing and telephone orders should always be authorised beforehand and supported by the issue of an official order. The same controls over purchasing goods and services apply regardless of how the goods are paid for (eg credit card, cheque, invoices settled by DCC).

Budget holders are responsible for the management of their budget account within the limit of their budget and in relation to the School Development Plan.

The Governing Body must update annually a register of business interests for each member of the governing body and the headteacher.

The school abides by the terms and conditions over credit cards for schools.

Activity	Detailed task	Responsibility
Placing orders	Requisition orders	Budget holders and other staff members
	Responsible for agreeing on requisition orders within limit of account budget	Headteacher and Finance Officer
	Responsible for agreeing orders above limit of account budget	Headteacher
	Responsible for agreeing purchase above delegated limit	Headteacher, Resources Committee
	Responsible for obtaining quotes	Budget holder and Finance Officer
	Responsible for seeking tenders	Finance Officer
	Responsible for placing official orders	Finance Officer
	Responsible for signing orders	Headteacher
	Responsible for placing	Finance Officer

	summary orders	
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Contd. Activity	Detailed task	Responsibility
Deliveries	Responsible for checking delivery against order	Finance Officer, Admin Officer
	Responsible for returning and/or exchanging goods	Finance Officer
Invoices and Payments	Processing invoices for payment/produces file for upload to DCC for payment	Finance Officer
	Authorises DCC invoice file for payment	Head teacher
	Authorised signatory of credit card	Headteacher
	Authorised signatures on delegated account (1 signature only)	Headteacher, Finance Officer
	Authorised signatures on Voluntary Fund accounts (2 signatures minimum)	Headteacher, Finance Officer, Admin Officer

5. Cash Handling for Delegated and Voluntary Fund Accounts

Cash handling should be kept to a minimum and whenever possible and practical, transactions should be done by cheques. Monies should be kept in a safe and secure place and promptly paid into the bank accounts.

The introduction of SIMS Agora will enable payments to be received online which will reduce the amount of cash received.

Cash is usually collected for the following purposes:

- class trips
- revision guides
- residential trips
- swimming
- fund raising
- donations
- music lessons
- school council fundraising

Cash received should be promptly counted by the Finance Officer/Admin Officer and put away in the fire proof, lockable filing cabinet.

Audit recommendations on safe limits and transit of money should be adhered to.

Petty cash money should be kept to a minimum. All expenditure should be supported by receipts identifying any VAT paid. Payment from the petty cash fund should be limited to minor items which have been approved in advance by the budget holder. Petty cash expenditure on individual items should not exceed £30.00. During 2018-19 Petty Cash will cease once the balance is spent due to NatWest Bank closing in Crewkerne. Expenses for sundry items will be reimbursed by cheque.

The following guidelines should be followed when handling cash:

- avoid counting cash in public
- avoid leaving cash unsecured in an unattended area or room
- use the fire proof, lockable filing cabinet to store large amounts of cash
- receipts are given for cash received on request

Activity	Detailed task	Responsibility
Collection of money	Collection of curriculum related money	Finance Officer, Admin Officer
	Collection of money for fundraising, donations, and other sources	Finance Officer, Admin Officer
Cash received	Counting and recording of money	Finance Officer, Admin Officer
	Preparing banking	Finance Officer, Admin Officer
	Transporting cash to bank	Finance Officer, Admin Officer
Petty cash management	Access to petty cash fund	Finance Officer
	Payment from petty cash fund	Finance Officer
	Recording of petty cash fund expenditure and receipts	Finance Officer

6. Reconciliation of accounts, financial reporting and collation of information

The school needs to continually monitor its financial progress and report on it to various bodies, such as the governors, LA, OFSTED and DfE.

The school also needs to complete various claims in relation to income and expenditure.

Information gathering is an important factor in the effective management of the school's finances.

The list of reports, claims and returns, and their submission deadlines, is usually defined by the LA or the DfE.

Activity	Detailed task	Responsibility
Reconciliation of bank statements	Monthly reconciliation of bank statements for Delegated and Voluntary Fund accounts. Investigation of discrepancies.	Finance Officer
Reconciliation of credit card statement	Monthly reconciliation of credit card statement to finance system Agreed by	Finance Officer Headteacher
Reconciliation of online payment systems	Monthly reconciliation of online payment systems used by parents against income received to the bank, and payment monitoring records.	Finance Officer
LMS return	Monthly preparation of LMS and VAT return Agreed by	Finance Officer Headteacher
Automatic reconciliation of allowance account (Autorec)	Monthly reconciliation of school's data with DES Agreed by	Finance Officer Headteacher
Travel claims/TTE	Checking travel claims prepared by claimant Agreed by	Finance Officer Headteacher
Threshold Grant claims	Termly preparation of Threshold Grant claims Agreed by	Finance Officer Headteacher

Activity	Detailed task	Responsibility
School Census	Annual pupil census preparation Agreed by	Admin officer/Finance Officer Headteacher
School Workforce Census	Annual workforce census preparation Agreed by	Finance Officer Headteacher
CFR Return	Preparation of annual return Agreed by	Finance Officer Headteacher
Financial Risk & Control Checklist	Prepare annual review of financial control for the Governing body	Finance Officer/Headteacher
SFVS (submitted to LA by 31 March each year)	Completed and submitted	Governing body

7. Voluntary Fund

The school holds a voluntary fund which is used for the collection of money from sources such as:

- fundraising
- trips
- sundry

The fund is managed by the Finance Officer and Admin Officer and is audited once a year. Governors receive an audit report which is minuted.

Note guidance available at:

<https://secure2.sla-online.co.uk/v3/Resources/Page/3920>

8. Asset Register

The Governing Body is responsible for the safe custody and physical control of stores and equipment and is required to monitor the inventory of moveable, non-capital items.

The Headteacher is responsible for ensuring that assets under his/her control are correctly recorded in the Inventory record.

Disposal of assets should follow the procedure set down by Dorset County Council. (see Appendix 1)

A report detailing all assets written off should be presented to the Governing Body annually.

Activity	Detailed task	Responsibility
Updating inventory books	Recording of new asset	Finance Officer
	Physical check of equipment against relevant records	ICT Co-ordinator, Admin Officer
Monitoring	Annual monitoring of inventory books	Headteacher, Admin Officer, Resources Committee
Disposal of assets	Disposal of assets with nil or nominal value	Headteacher
	Disposal of assets with market value	Resources

9. Annexes

9.1 List of people with access to safe

The following people are authorised to access the fire proof safe:

Headteacher
Finance Officer
Admin Officer

9.2 List of people authorised to sign cheques

Headteacher
Finance Officer
Admin Officer

9.3 Reference documents used for the management of school finances

Scheme of Financial Management*
Financial & Administrative Regulations*
Standing Orders on Contracts *
Financial Efficiency Policy*
VAT Reference Manual

* latest copies can be found at:
<https://secure2.sla-online.co.uk/v3/Resources/Page/3920>

Appendix 1

Disposal of assets is part of the Schools Financial and Admin Regs
– see extract below.

PROPERTY, EQUIPMENT AND STORES

1. The Governors shall be responsible for the custody and control of equipment and stores held at the establishments under their control
2. Governors shall maintain an inventory of moveable assets under arrangements agreed by the County Treasurer.
3. All moveable property of the school shall as far as practical be marked as school property.
4. Moveable property surplus to the School's requirements shall not be disposed of except by sale on the authority of the Governors. The sale shall normally be by public auction or competitive tender but, where neither is appropriate, the Governors shall adopt the best method to serve the interests of the School. Where the sale is to a governor or an employee of the School or the Authority, the written authority of the Chief Executive shall first be obtained. Provided that this regulation shall not apply to goods sold generally as a normal day to day School activity.
5. If it appears to the Headteacher that there are deficiencies of equipment or stores a report shall be made immediately to the Governors and the County Treasurer, who may authorise the items to be written off. The Governors must maintain a record of all items written off.