

# PRESTON C of E PRIMARY SCHOOL, TASBURGH



# Finance Policy

*March 2016*

Agreed by Governing Body:

To be reviewed:

## **A - GOVERNANCE**

### General

1. A list of all governors, their membership of committees and terms of reference thereof, is contained in the School Development and Improvement Plan and reviewed annually.
2. The governing body meets at least twice a term.
3. Committees of the governing body meet at least once a term.
4. The governing body agrees, no later than by the end of the first autumn half-term, the dates of meetings for at least the academic year ahead.

### The Governors

5. The governing body approves the annual budget and the associated policies, e.g. Charging Policy, Bad Debt and Redundant Equipment policy are reviewed and approved by the Finance Committee.
6. The governing body is responsible for the overall direction of the school; it determines the school's spending priorities and evaluates the effectiveness of spending decisions.

### The Headteacher

7. The governors delegate responsibility for the day-to-day management of the school to the Headteacher.
8. The Headteacher ensures compliance with the financial regulations in Norfolk's Scheme for Financing Schools.
9. The Headteacher ensures that sound systems of internal control are in place.
10. The Headteacher compiles draft budgets.
11. The Headteacher monitors the budget monthly and supplies the finance committee with monitoring information. The information for the finance committee takes the form of Norfolk's budget proforma, includes committed expenditure and is accompanied by the Headteacher's written commentary.

### The Staff

12. Staff comply with financial regulations in Norfolk's Scheme for Financing Schools and any school specific requirements.
13. Staff are responsible for any budget whose management is delegated to them.

### The Finance Committee

14. Membership is determined by the governing body and reviewed annually in the Autumn term.

15. The finance committee is responsible for:

- agreeing draft budgets for the governing body's approval in time for submission to the LEA by May each year
- all financial appraisals
- forecasting numbers on roll and future budget shares
- monitoring and adjusting in-year expenditure
- ensuring accounts are properly closed and reviewing the outturn position
- evaluating the effectiveness of financial decisions
- administering voluntary funds

as set out in the terms of reference for the finance committee.

16. Any changes of staffing agreed by the General Purposes committee is first referred to the Finance Committee which assesses the budgetary implications of the recommendations and advises the governing body accordingly.

#### Expenditure limits

17. The inclusion of an item in the approved budget plan gives authority to spend, save that the Headteacher seeks approval from the finance committee for any individual transaction in excess of £2,000.

18. The Headteacher authorises virements up to £500. Above this amount finance committee approval is sought. All virements are minuted.

#### Orders

19. Quotations are obtained or tenders sought for purchases exceeding the limits set out in Norfolk's Scheme for Financing Schools.

#### Minutes

20. Minutes are taken which record the basis for any decisions made and clearly state the decisions themselves. Draft minutes are circulated to members of the committee within one week of its meeting and are agreed and signed at its next meeting. The minutes of all committees are reported to the governing body.

#### Register of Business & Pecuniary Interests

21. The Chair of Governors maintains a register of business and pecuniary interests for governors and for staff who influence financial decisions. The register is kept in the school office.

## **B - FINANCIAL PLANNING**

1. The school development plan includes a statement of its educational priorities to guide the planning process. The school development plan states the priorities in sufficient detail to provide the basis for constructing budget plans.
2. There is a clear, identifiable link between the school's annual budget and the school development plan.
3. For each of the key issues in the school development plan, costs and other inputs are identified and budgets prepared.
4. The school development plan is reviewed in the spring term to ensure that educational priorities are stated for the next three years and shows how the use of resources is linked to achieving the goals.
5. The school budget is revised together with the review of the development plan and resources identified within the budget to deliver the plan's priorities
6. The school budget is maintained for the current financial year and at least two further years.
7. The budget is based on realistic estimates of all income and expenditure so that planned expenditure does not differ materially from the agreed budget.
8. The budget and cash flow forecast are profiled in accordance with likely spending patterns.
9. In the event of a budget surplus this is earmarked for a future specified use.
10. A record is maintained of all ongoing commitments with explanations of any significant year-on-year changes.
11. All new initiatives are appraised by the finance committee in relation to their costs, benefits and sustainability.
12. The main elements of the budget are fundamentally reviewed within a three year cycle. information helps to identify priorities.
13. The budget cycle is as follows:

### Spring Term

If necessary, the Headteacher prepares a revised budget for the current year for the Finance Committee to consider at its meeting.

The budget revision, once approved by the finance committee, is taken to the next meeting of the governing body for governor approval.

The approved budget revision is sent to the LEA by 28 February.

A draft budget plan for the coming financial year, and at least one further year, is prepared by the Headteacher and taken to the finance committee meeting in the second half of the spring term. This will form the basis of the committee's recommendation to the governing body.

The full governing body meeting is arranged to take place after the meeting of the finance committee. The governing body will carefully consider the budget plan and a report from the finance committee before approving the school's budget plan.

The Headteacher submits the approved budget plan to the LEA by 1 May each year.

### Summer Term

The Headteacher prepares a revised budget for the finance committee to consider. The revision takes account of the actual balance in hand or overspending for the previous financial year.

The budget revision is approved by the finance committee, and is reported to the next meeting of the governing body.

The approved budget revision is sent to the LEA by the end of the summer term.

### Autumn Term

The Headteacher prepares a revised budget for the finance committee to consider. The revision takes account of any changes to the school development plan, staffing adjustments and changes to the number of pupils on roll.

The budget revision is approved by the finance committee, and is reported to the next meeting of the governing body.

The approved budget revision is sent to the LEA by the end of the autumn term.

## **C - BUDGET MONITORING**

1. The School Admin Officer produces monthly monitoring reports, which include committed expenditure.
2. The finance committee receives the monitoring report at each meeting together with the Headteacher's written report thereon. The monitoring report takes the form of Norfolk's budget proforma.
3. The Headteacher identifies and recommends to the finance committee appropriate remedial action for budget variances.
4. The Headteacher recommends to the finance committee how to vire any in-year underspends in excess of £1,000. (The Headteacher is authorised to vire amounts up to £500.)
5. The Headteacher monitors expenditure on initiatives in the School Improvement and Development Plan.
6. Holders of devolved departmental budgets are supplied with monthly monitoring reports. The Headteacher monitors devolved budgets and agrees remedial action plans where necessary.

## **D - PURCHASING**

1. All orders comply with the LEA's Standing Orders for Contracts as published in Norfolk's Scheme for Financing Schools.
2. The school demonstrates value for money through competitive tendering when appropriate or by using ESPO or other approved purchasing arrangements.
3. Prior approval of the governors is obtained for any expenditure in excess of £2,000. Orders are not artificially split to evade this limit.
4. The school will not enter into any "finance lease" and will ensure that any lease entered into is an "operating lease".
5. Three written quotations are obtained for any order whose value is estimated between £5,000 and £20,000.
6. If a quotation other than the lowest is accepted it is reported to governors and the reasons minuted.
7. Contract specifications will contain the following:
  - contract duration
  - definitions
  - contract objectives
  - services to be provided
  - service quantity
  - service quality standards
  - contract value and payment arrangements
  - information and monitoring requirements
  - procedure for disputes
  - review and evaluation requirements
8. The official pre-numbered orders are used for all services except utilities, rent, rates, petty cash and any payments due under a loan/lease agreement. Any urgent verbal order is confirmed by a written order.
9. Individuals will not use official orders to obtain goods or services for themselves.
10. All orders are signed by an authorised signatory and the finance office maintains an up-to-date list of signatories. This is attached at Appendix A.
11. The signatory will be satisfied that the goods or services are appropriate and necessary, that competitive tenders have been obtained where necessary and that there is sufficient budgetary provision.
12. Each order placed is entered in the school's financial system as a commitment.

13. The school checks goods received against the delivery note and the delivery note is checked against the invoice. The invoice is also checked against the order. Evidence of this is provided by the use of rubber stamps approved by Norfolk Audit Services. The other checks indicated on the stamps are also carried out. These checks are not done by the person who signed the order.
14. Payment is made within the agreed time limits after certification by an approved signatory.
15. An invoice is not authorised for payment by the person who signed the order nor by the person who checked receipt of goods/services. Payment is only made against the original supplier's invoice and not on a statement.

## **E - FINANCIAL CONTROLS**

1. A written description of all the school's financial systems and procedures is maintained. These are kept up to date and all appropriate staff trained in their use.
2. The Headteacher has secured contingency arrangements to ensure that financial control can be maintained in the absence of key staff. These arrangements are... Processes e.g cheque signatories – two of any three signatures are required. The Assistant secretary is trained in the Finance and Management Information computer programs; computer support is available by telephone.
3. The Headteacher has due regard to separation of duties in organising financial duties. At least two people are involved in the completion of tasks and the work of one acts as a check on the work of the other.
4. The school maintains proper accounting records. All transactions can be traced from accounting records to prime vouchers and all prime vouchers are traceable in the accounting records. The use of correcting fluid is not allowed. Any alterations to original documents are clearly made in ink and initialled to identify the person making the alteration.
5. Documents relating to financial transactions are retained in line with the LEA's recommendations.
6. All records are securely stored and access allowed only to authorised staff.
7. Where there is a requirement to account separately for earmarked funding the Headteacher ensures this is done and that money is spent on its intended purpose.

## **F - INCOME**

1. The Finance Committee approves the school's charging policy and reviews it annually. The charging policy is attached at Appendix B
2. Proper records of all income due are kept. Lettings are approved by the Headteacher in accordance with the governors' policy and recorded in the lettings register. The lettings policy is attached at Appendix C.
3. The responsibility of identifying and recording sums due is, where possible, separated from the responsibility for collecting and banking income.
4. Receipts are given for all cash collected only when requested. Sometimes a collection record card is issued to a pupil for instalment payment for a school trip. Other formal documentation is kept for other income. Receipts are kept securely and in order.
5. Pending banking, cash and cheques are locked away.
6. Income is banked promptly and in full. Paying-in slips show the analysis between cash and cheques and cheques are individually listed. Income is not used for making any payment or for cashing personal cheques.
7. Income recorded in the accounts is reconciled monthly with the bank statement.
8. Where invoices are required, they are issued within 30 days.
9. The school sends a first reminder for any unpaid invoice after 3 weeks, a second reminder after 6 weeks and a final reminder after 9 weeks. Legal action is considered if a further 14 days lapse. Debts are written off only in accordance with the school's bad debt policy (see Appendix D).

## **G - BANKING**

For official funds, the school banks with Barclays Bank. The bank account name is ***NCC Preston C of E Primary School Imprest Account***

1. Bank reconciliations are completed monthly and any discrepancies resolved.
2. The reconciliation statement is signed by the person undertaking the reconciliation and reviewed and countersigned by someone who understands the reconciliation process.
3. Where possible, the person completing the reconciliation is not responsible for processing receipts and payments, however, please refer to point 2.
4. Staff never use their private bank accounts for any receipt or payment due to or from the school budget.
5. The school's banker has been advised that the school is not allowed to go overdrawn or negotiate overdraft facilities.
6. The school is not allowed to enter any loan agreement except with the LEA. (This does not apply to loans pre-existing at 1 April, 1999).
7. Each cheque is signed by one authorised signatory up to £500, and two where the amount exceeds £500 or if the payment is being made to a member of staff. Supporting vouchers are made available to each signatory to safeguard against inappropriate expenditure. Cheques are not pre-signed. Only manuscript signatures are allowed.
8. All cheques are crossed "account payee". Cheque books are stored securely when not in use.

## **H - PAYROLL**

1. Personnel procedures, including appointments, promotions and terminations are supervised by the General Purposes committee.
2. The Headteacher ensures that the duties of authorising any variations to the payroll are separated from the processing of claims.
3. The Headteacher ensures that at least two people are involved in completing, checking and authorising any variations to payroll, whether temporary or permanent, and the payment of expenses.
4. Names and specimen signatures of authorised signatories have been sent to the payroll provider who will be promptly notified of any changes.
5. The only authorised staff allowed access to personnel records are The Headteacher and administration staff.
6. Arrangements have been made for staff to access their own records.
7. Payroll transactions are processed only through the payroll system; this includes the payment of expenses and benefits.
8. The Headteacher maintains an up-to-date list of teachers and other staff employed at the school. This is held in the school office and is amended, as necessary, on a monthly basis.
9. The monthly reports on payroll transactions are checked against the schools' budget working papers to ensure they match.

## **I - PETTY CASH**

The school does not operate a petty cash account.

## **J - TAX**

1. The Headteacher ensures that all relevant staff are aware of relevant provisions concerning VAT, tax and the Construction Industry Scheme (CIS) as the LEA will pass back to the school any penalties imposed on it arising from an error by the school.
2. Proper VAT invoices are obtained for all transactions involving VAT.
3. The LEA's VAT manual for schools gives details of accounting for VAT and is adhered to by the school.
4. All payments falling within CIS are made in accordance with the LEA's agreed procedure.

## **K - VOLUNTARY FUNDS**

For voluntary funds, the school banks with Santander Bank. The bank account name is ***Preston Primary School Fund Account***.

1. The School Fund Account is accounted for separately from the school's delegated budget and is held in a separate bank account.
2. The governors have appointed a treasurer. The treasurer's name and address is Emma Royse, 11 Warrens Way, Tacolneston, Norwich, NR16 1DH.
3. The governors have appointed an independent auditor who is not a member of the Governing body. The Auditor's name and address is John Marjoram, 28, Cavell Close, Swardeston, Norwich NR14 8DH.
4. The same standards that apply to the school's delegated budget apply to the school fund except that it is kept on a receipts and payments basis rather than an income and expenditure basis.
5. Only income unconnected with the delegated budget is credited to the fund. Any income properly belonging to the school's delegated budget is credited to the delegated budget.
6. The Headteacher presents the audited accounts together with the auditor's certificate and written report on the accounts to the governors as soon as possible after the end of the accounting year. They are presented to the governing body in the Autumn term.
7. The Headteacher sends a copy of the audited accounts and auditor's certificate to the LEA as soon as the governors accept them.
8. Each school fund cheque is signed by two authorised officers. The authorised officers are Lesley Payne, Georgina Rich, Jo Ling.
9. Where no material income has been collected, it should be banked fortnightly.
10. All income will be recorded and receipted if requested.
11. Bank reconciliations are carried out at least termly.

## **L - ASSETS**

1. The Headteacher ensures that stocks are maintained at reasonable levels and are checked physically at least once a year.
2. An up-to-date inventory is be maintained of all items of equipment. Those that are portable, valuable and desirable are identified as school property with security marking.
3. The inventory is checked at least once a year, in the autumn Term. The inventory is signed as evidence of the check having been undertaken. All discrepancies are investigated and any resulting in a loss of £500 or more will be reported to the governors. Any loss exceeding £500 will be referred to the Head of Children's Services (Finance & ICT).
4. Whenever school property is taken off site, e.g. musical instruments/computers, they are signed for and the register noted accordingly. The register is held in the school office
5. The governors have approved a policy in relation to redundant equipment (see Appendix E). (Ref: 6A)
6. The safe is kept locked and accessible by a numerical password.
7. The school's asset management plan is supervised by the governors' Finance Committee.

## **M - INSURANCE**

1. The school reviews all risks annually to ensure that the cover available and the sums insured are adequate. Advice is available from NCC's Risk and Insurance Manager.
2. The governors consider whether to insure against any uncovered risks.
3. The school will notify the LEA/its insurers of any new risks or any other alterations affecting existing insurance.
4. The school will not give any indemnity to a third party.
5. The school will immediately advise the LEA/its insurers of any accident, loss or other incident which may give rise to an insurance claim.
6. Insurance will cover the use of school property when off the premises, e.g. musical instruments/computers.

## **N - DATA SECURITY**

1. Computer systems used for school management are protected by password security. Passwords are changed when prompted and more frequently in the event of staff changes.
2. All data is backed up daily and the back-ups stored in a secure fireproof location, preferably off site.
3. The Headteacher has established a contingency plan for recovery from an emergency, a Disaster recovery Plan.
4. Only authorised software is installed on any school computer to safeguard against computer viruses.
5. The governors ensure that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998, and that the school's use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with the legislation.

This policy was agreed by the Finance Committee of the Governing Body.

Chair of Finance Committee \_\_\_\_\_ Date \_\_\_\_\_

## **APPENDIX A**

### **LIST OF AUTHORISED FINANCE SIGNATORIES**

Mrs Lesley Payne – Head Teacher

Miss Georgina Rich – Assistant Head Teacher

Miss Joanne Ling – Teacher

## **APPENDIX B**

### **CHARGING & REMISSION POLICY**

#### Introduction

1. Education during school hours is free. We do not charge for any activity undertaken as part of the National Curriculum.
2. The school does charge for some activities or requests voluntary contributions as detailed in this policy. Parents who have difficulty meeting any charges should discuss the matter in confidence with the headteacher.

#### Voluntary contributions

3. Non-residential school trips or visits enrich the curriculum and educational experience of the children. When organising such trips the school invites parents to contribute to the cost of the trip. All contributions are voluntary. If we do not receive sufficient voluntary contributions, we may cancel a trip. If a trip goes ahead, it may include children whose parents have not paid any contribution. We do not treat these children differently from any others.
4. If a parent wishes their child to take part in a school trip or event, but is unwilling or unable to make a voluntary contribution, we do allow the child to participate fully in the trip or activity. Sometimes the school pays additional costs in order to support the visit.
5. The following are examples of activities organized by the school for which voluntary contributions from parents may be requested:
  - Visits to museums;
  - Sporting activities which require transport or other such expenses;
  - Outdoor adventure activities;
  - Visits to the theatre;
  - Musical events.

#### Residential visits

6. If the school organises a residential visit in school time or mainly school time we will make a charge for the activities undertaken while at the establishment as well as for insurance, staffing, equipment and the cost of board and lodging.
7. Parents who receive some state benefits are eligible for remission of charges for board and lodging only.

8. Residential visits are offered on a voluntary basis and a full education is still provided for those who remain in school.

### Music tuition

9. All children study music as part of the normal school curriculum. We do not charge for this.
10. There is a charge for individual or group music tuition if this is not part of the National Curriculum. Peripatetic music teachers teach individual or small group lessons. We make a charge for these lessons based on the cost of providing them. We give parents information about additional music tuition at the start of each academic year.

### Swimming

11. The school organises swimming lessons for all children in Key Stage 2. These take place in school time and are part of the National Curriculum. We make no charge for this activity but we may ask for a small voluntary contribution towards the cost of travel. We inform parents when these lessons are to take place.

## **APPENDIX C**

### **LETTINGS POLICY**

This school has adopted the Norfolk policy on the hiring of school premises as outlined on the [Norfolk Schools website](#).

For non-subsidised users of school premises, this school charges from the Standard Scale of Letting Charges at the prevailing rate as set by Norfolk County Council.

## APPENDIX D

### **BAD DEBT POLICY**

1. Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. Where this is not possible, an invoice will be raised for immediate payment.
2. All debts will be recorded and non-payment will be followed up by issuing reminders as outlined below. Where a service is being provided, this will cease immediately and the debtor will be informed of this in writing. The service will not be reinstated until the debt is cleared and payment of future services is made in advance.

- 3 weeks from date of invoice - 1st reminder
- 6 weeks from date of invoice - 2nd reminder
- 9 weeks from date of invoice - final reminder

The final reminder will be sent by recorded delivery and threatens legal action if the account is not settled within 14 days.

3. After 14 days, where a debt is still outstanding, legal action will be considered and the debtor will be informed of this in writing. The debt may be referred to the County Legal Services, where appropriate.
4. Legal action will not be taken for debts under £50.
5. If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:
  - those up to the value of £100 to be approved by the headteacher and reported to the next meeting of the governing body
  - those exceeding £100 and up to the value of £500 to be referred to the governing body for approval, either directly or after consideration by the finance committee
  - those exceeding £500 to be referred to the Head of Children's Services (Finance & ICT) (as per the Norfolk Scheme for Financing Schools)
6. The VAT element of any debt must not be written off as this contravenes HM Customs and Excise statutory requirements.
7. A record of bad debt will be kept.

Adopted from Appendix 14 of the Norfolk Finance Manual

## APPENDIX E

### **REDUNDANT EQUIPMENT POLICY**

1. The governing body has the authority to declare equipment, furniture or any other assets or stores surplus to requirements and to arrange for their sale or write off, provided the items concerned were purchased in full or in part from its delegated budget. Land and building are always excluded from this authority.
2. Where the estimated disposal value of surplus or redundant assets (equipment) or stores is less than £100 and sale is to be by public auction or competitive tendering, authority for disposal can be given by the headteacher.
3. The prior approval of the governing body will be required where:
  - The estimated disposal value is between £100 and £500
  - The sale is not to be by public auction or competitive tendering
4. Where the estimated disposal value is above £500, these must be referred to the Head of Children's Services (Finance & ICT), (as per the Norfolk Scheme for Financing Schools).
5. A list of equipment disposed of and worth more than £100 will be presented to the governing body at its next meeting. This list will show, so far as may be known, the item, department, date of manufacture or purchase, values when new and when made redundant (estimated where necessary) and disposal value.
6. The school's inventory will be amended to show disposals and such entries will be endorsed by the headteacher.
7. The net income (i.e. excluding VAT) from the sale of surplus or redundant assets or stores purchased from the school budget will be credited back to the school budget.

Adopted from Appendix 7 of the Norfolk Finance Manual