

# Down Ampney C of E Primary School Finance Policy

Date policy last reviewed: 7 February 2023

Signed by:

  
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Headteacher

Date: 7 February 2023

  
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Chair of governors

Date: 7 February 2023

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## **Statement of Intent**

At Down Ampney Primary School, we are dedicated to good practice and ensuring equality through school processes.

This policy sets out the roles and responsibilities of school management and staff in relation to the Financial Arrangements within the school. The Finance Policy abides with financial standards as set by the DfE and Gloucestershire County Council. The Governing Body controls this Finance Policy.

## **1. Roles and Responsibilities**

### **Headteacher**

The Headteacher (HT) is responsible for ensuring regularity and propriety for and on behalf of the school and governing body, ensuring prudent and economical administration, avoidance of waste and extravagance. Incorporate efficient and effective use of available resources and to carry out the day-to-day organisation, staffing and management of the school.

### **School Business Manager**

The School Business Manager (SBM) is responsible for the day-to-day management of financial issues and provision of routine management information to the HT and Governors. The maintenance of the school budget and the school fund account and their financial positions. To maintain an effective system of internal control ensuring that the annual accounts are properly presented and adequately supported by records and ensuring prudent and economical administration, avoidance of waste and extravagance. Incorporate efficient and effective use of available resources along with the HT.

### **Governing Body**

The Governing Bodies role is to provide an independent oversight of the school's financial affairs with regular monitoring of the monthly budget, being involved in contracts, staffing and any other financial issues relating to the school.

### **Best Value Principles**

The Governing body, HT and SBM will apply the principles of best value when making decisions regarding resources for allocation, standards and quality of provisions and resource best to support various educational need for the pupils.

### **Accountancy Packages**

The chosen system should incorporate control features for authorisation and supervisory controls to ensure transactions are properly recorded or that errors can be identified. All records should be stored appropriately. Only authorised staff should be permitted access to the accounting records which should be securely retained when not in use. Accounting records should be maintained and held securely, vouchers or other documents relating to financial transactions should be stored for 7 years in accordance to the guidelines set out in the RGS below will also ensure you are compliant with the Data Protection Act 1998 and the Freedom of Information Act 2000. All transactions should be traceable from the original documentation to the accounting records and vice versa.

## **2. Budgets**

### **Budget Construction**

The SBM is responsible for the detailed preparation of an annual school budget along with the PAA from Area Finance which addresses the strategic aims and targets established by the Governing Body. In constructing the budget, the SBM must take account of priorities identified in the School Development / Improvement Plan, incorporating specific costs as

detailed in the plan. In producing the budget, the SBM should consult with the HT to ascertain detailed requirements and cost pressures for the coming year.

Nominated Governors should meet in the Autumn term to consider a broad budget strategy. In order to determine appropriate expenditure levels, they should consider the overall level of income expected from local authority budget, grants and school generated income, together with any anticipated balance to be carried forward into the following financial year.

Detailed formulation of the budget should take place in Spring term, and the nominated governors should approve the detailed budget plan following receipt of the final local authority budget allocation issued in mid to late March. The full Governing Body must subsequently approve the full budget, and minute this approval. The approved Governors' Budget Plan spreadsheet template must then be submitted to the Schools' Finance Team, along with a signed statement by the Chair of Governors, by the required mid- May/June deadline.

Total budgeted expenditure should not exceed the total anticipated in-year income plus or minus any balance brought forward from the previous year. If it appears that a deficit position cannot be avoided, the Head and Chair of Governors must inform the Schools' Finance Team immediately as the local authority must approve a Deficit Repayment Agreement (DRA) involving an appropriate recovery plan.

In constructing the detailed budget, factors for consideration include:

- current and previous year's expenditure levels on individual budget headings
- staff pay awards and increments, and known changes
- anticipated price inflation
- changes in the supply of services and contracts (traded services, utilities etc.)
- changing School Development Plan priorities
- any anticipated changes in pupil numbers
- the resulting impact on staffing structures

### **Budgetary Control and Monitoring**

The HT is responsible for regular, detailed control of the school budget and this role will require appropriate monthly reports from the school's accounting system. The HT may assign budgetary control of individual budget headings to other members of staff. However, the HT remains ultimately accountable to the Governing Body for these budget headings. Financial reports should include the following information for each agreed budget heading:

- total budget for year
- total expenditure and commitments to date
- projected variance

Payroll expenditure data, as notified by local authority payroll prints, must be monitored on the school's accounting system (FMS) each month by the SBM.

Other, non-pay expenditure, as notified by monthly on-line reports for central schools, must be reconciled promptly to the FMS by the SBM.

It may be appropriate to action adjustments to the original budget (virements) during the year, for example as a result of additional income, new costs or changing national priorities etc. The HT should therefore be empowered to respond to changes to address variances by effecting virements between individual budget headings.

Where new or unplanned expenditure is necessary, the following individual virement authorisation limits are recommended:

- up to £1,000 - HT & SBM (and subsequently reported to full Governing Body)
- £1,000 - £2,999- Chair of Governors ""
- £3,000 - £4,999 – Nominated Governors ""
- £5,000 and over - Full Governing Body

Virements, once approved, must be promptly recorded in the school's accounting system to keep the approved budget up to date.

The SBM should present detailed Chart of Accounts (COA) to the nominated governors on at least a termly basis. The nominated Governors should then consider and challenge these statements as necessary, with the SBM providing explanations for any significant variances identified. The Chair of Governors should then report termly to the full Governing Body, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

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 FGB.

### **3. Payroll**

#### **Starters/Variations/Leavers**

The relevant forms for the following are found on GCC Schoolsnet:

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

Forms should be completed by the SBM and authorised by the HT, on a timely basis. Completed forms should be sent to GCC via E-forms.

#### **Claim Forms**

For relevant staff, submitted claim forms must be checked initially by SBM, and then authorised by the HT. Authorised time sheets must be submitted to GCC via E-forms.

#### **Checking of Payroll Data**

Payroll data received monthly from GCC must be scrutinised by:

- the HT, to ensure all employees are recognised, and pay appears reasonable (no detailed check)
- SBM, to check accuracy of salary and expense payments

## **Pay-Related Expenses**

All pay-related expenses 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 BSC Financial Administration section should be contacted for advice.

## **Supply Teachers**

The Governing Body will decide, on the basis of advice from the SBM whether supply insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised (signed) by the HT if in-house. If external Agency cover is required then the school will require an invoice. Reimbursement claims must be submitted on a monthly basis by the SBM via E-forms. The SBM must check on a monthly basis that correct amounts have been charged using the monthly expenditure printout.

## **4. School Fund Account**

### **Accounts**

The accounts of the School Fund are to be maintained on a day-to-day basis by the SBM. 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.

### **Signatories**

The following are allowed to sign cheques or authorise online payments on the bank account:

- HT
- SBM

There must be two signatures on each cheque or online authorisation.

### **Final Accounts and Audit**

Final accounts are prepared at the end of the School Fund financial year by the SBM. 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, SBM will return the requested FN12 form to the Schools Finance Team.

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

## **5. Assets**

### **Inventory**

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. Full details (make, model, serial number, approximate value) shall be recorded.

The SBM is responsible for keeping the inventory 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 on the authority of the Headteacher. Over this limit, the Governing Body must authorise and details 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.

Inventories shall cover all areas of the school, and be arranged on a room-by-room basis. A separate inventory will be maintained to include items which are not allocated to a specific room.

The inventory shall be checked against the actual assets by the HT on an annual basis. Any discrepancies shall be investigated immediately, and where 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.

All inventory items should be security marked:

- Invisibly with Smart Water or any other Security marking product
- Visibly with warning stickers.

### **Off-Site Register**

Any inventory 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.

## **6. Income**

### **Credit Income**

Where payment for goods/services provided by the school is made after the provision takes place:

- An official invoice must be raised by the SBM 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 SBM; 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 £50 - HT may authorise write-off
- up to £100 - Chair of Governors 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.

#### **Cash Income (ie 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.

#### **Banking**

All income received (cash or cheque) must be banked promptly and intact. No payments may be made out of income collected. A record to evidence the banking must be kept (e.g. stamped paying-in slip).

#### **Charging policy**

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

- lettings
- school trips
- music tuition
- private photocopying
- private telephone calls

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

#### **Donations**

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact.

#### **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

County Fund and coded to an appropriate income code. Monies received from any sales of school equipment must similarly be paid into the County Fund.

Donations may be paid into the County Fund or the School Fund dependent upon the wishes of the donor which must be ascertained beforehand.

### **Cash Received from Pupils**

Cash received from pupils must be recorded by the SBM. Cash collected in class must be handed over to the SBM immediately.

### **Security of Receipt Books and Tickets**

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

## **7. Purchasing**

### **Ordering**

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

Purchase order request forms needs to be completed and handed to the SBM to be authorised by SBM and HT, only when the orders request has been authorised can the SBM process. The official order produced from the computer system must be signed by the HT or SBM before it is sent to the supplier. If an order has been placed over the telephone an official confirmatory order must be sent.

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

Official order stationery must be held in a secure location.

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

When placing orders the SBM is the responsible for ensuring that Gloucestershire County Council Financial Regulations and Standing Orders are adhered to.

### **Quotations/Tenders**

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

- £1,000 - £5,000 - at least three prices to be examined and retained, these prices may be taken from suppliers' written or verbal quotations or catalogues/price lists.
- £5,001 - £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 - SO50, or
- by open competition by advertisement in local newspaper or appropriate journal - SO51.

### **Governor Involvement**

As well as ensuring that the above have been adhered to, it is the responsibility of the HT to ensure that Governors are consulted in the following circumstances:

- On purchasing decisions when the estimated cost of one item exceeds £1,000
- Review of quotations obtained where estimated costs exceed £5,000.
- Review of quotations when the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained. In such circumstances the Governors should formally authorise a waiver of the regulations, either prior to the purchase or retrospectively, if necessary.

### **Receipt of goods**

Once items ordered have been received, the SBM 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.

### **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 HT before being passed for payment.

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

### **Minor Purchases**

All members of staff who wish to purchase items for their subject or for their classroom must obtain prior approval from the HT. Receipts, paid invoices to evidence the purchase must be presented to the SBM by members of staff when reclaiming costs. These vouchers must be retained by the SBM and returned with the reimbursement claim.

Reimbursing would be authorised and then a payment made via BACS. Receipts are stapled to a school fund claims form and will be signed and dated by the SBM and the claimant, for payment out of the school funds account. The SBM will then invoice GCC to claim that money back so that it goes through on the correct cost code on the budget.

## **8. Register of Pecuniary and Other Interests**

It is a requirement for all schools to maintain such a Register.

### **Persons to be included:**

- All Governors

- HT
- SBM

### **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
  - plumbing contractors
  - electrical contractors
  - audio/visual goods suppliers
  - repair/maintenance of equipment (electrical and other)
  - suppliers of computer hardware and software
  - suppliers of stationery
  - suppliers of educational equipment (eg P.E. equipment)
  - suppliers of furniture, fittings, carpets, curtains etc.
  - decorating contractors
  - catering contractors
  - suppliers of provisions
  - suppliers of clothing
  - suppliers of building materials
  - suppliers of catering equipment
  - suppliers of fuel
  - suppliers of vehicles
  - suppliers of books
  - grounds maintenance contractors
  - gardening contractors
  - suppliers of grounds/garden maintenance equipment
  - suppliers of plants, trees, seeds etc.
  - suppliers of heating equipment
  - suppliers of lighting equipment
  - suppliers of musical instruments
  - suppliers of insurance
  - consultants (eg legal, financial, training, property)

- suppliers of security services and supplies
  - suppliers of art materials
  - suppliers of telecommunications equipment
  - suppliers of photographic equipment
  - transport contractors eg coaches, taxis etc.)
  - holiday/travel operators
  - suppliers of supply teaching cover
  - suppliers of peripatetic teaching
  - suppliers of banking services
  - suppliers of workshops etc. (eg drama, music)
- 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, eg 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).

## **9. Monitoring and review**

This policy is reviewed every two years by the governing board.

The scheduled review date for this policy is March 2025.