



Finance Policy

**The Governing Body of
Norton Church of England Primary School**

This policy is reviewed annually
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Through our curriculum we teach our Christian values: courage, friendship, peace, forgiveness, thanks and truth so that our children are prepared spiritually, morally and culturally for life in modern Britain.

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1. Budgets

1.1 Budget Construction

The Head is responsible for the detailed preparation of the annual budget. In doing this they should consult with other members of staff to ascertain detailed requirements.

The Resources Committee will determine the overall sum within which the budget must be set, and the amount of any anticipated balance to be carried forward into the following financial year.

In constructing the budget, the Head must take account of priorities identified in the School Development Plan and incorporate the costs of these in the budget. Priorities identified in the Development Plan must always be costed.

The budget total must not exceed the amount of the LA allocation plus or minus any balance brought forward from the previous year. If it appears that this cannot be achieved, the Head Teacher and Chair of Governors must inform the Education Department immediately when this becomes apparent.

The Resources Committee must meet in the Autumn term to consider a broad budget strategy, and again in the Spring term to consider and approve the detailed budget. The full Governing Body must subsequently approve the full budget, and minute this approval. The Local Authority must be informed in writing of the approved budget, in a format determined by the Local Authority. This statement must be signed by the Chair of Governors.

In constructing the detailed budget, factors the Head must take account of include:

- any anticipated changes in pupil numbers
- current and previous year's expenditure levels on individual budget headings
- Development Plan priorities
- staff pay awards and increments
- anticipated cost of inflation
- changes in the staffing complement
- changes in the supply of services, such as, utilities, IT etc.

1.2 Budgetary Control & Monitoring

The Head Teacher is responsible for regular, detailed control of the school budget. To achieve this they will receive monthly reports from the school's accounting system. Such reports shall show, for each budget heading:-

- total budget for year
- total commitment and expenditure to date
- variance between the budget and expenditure.

The Head Teacher is empowered to take remedial action to address variances, by effecting virement between individual budget headings. Individual virements may be authorised as follows:

- up to £5,000 - Head Teacher (and subsequently reported to Resources Committee)
- £5,000 - £9,999 - Chair of Governors (and subsequently reported to full Governing Body)
- £10,000 and over - Full Governing Body.

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

The Head Teacher will present detailed budget monitoring statements to the Finance Committee on a termly basis, such statements shall show for each budget heading:

- total budget for year
- total commitment and expenditure to date
- variances between the budget and expenditure.

The Resources Committee shall consider such statements; the Head Teacher will provide explanations for any significant variances identified. The Chair of the Resources Committee shall report termly to the full Governing Body, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

The Head Teacher may assign budgetary control of individual budget headings to other members of staff. Such members of staff must receive termly budget statements as detailed above. The Head Teacher remains ultimately accountable to the Governing Body for these budget headings.

Payroll expenditure data notified by Local Authority (in printout or electronic format) must be entered promptly each month by the Bursar/School Business Manager on to the school's accounting system.

Other, non-pay, expenditure notified by Local Authority must be reconciled promptly on a monthly basis in the school's accounting system by the Bursar/School Business Manager.

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 Resources Committee.

2. Payroll

2.1 Starters/variations/leavers

All forms for:

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

must be made out by the Bursar/School Business Manager and authorised (signed) by the Head, or, in his/her absence, the Assistant Head. Such forms must then be posted directly and promptly to Shire Hall.

2.2 Time Sheets

All time sheets submitted by a member of staff must be checked initially by the Bursar/School Business Manager, and then authorised (signed) by the Head Teacher, or in their absence, the Assistant Head. Authorised time sheets must be processed electronically by the Bursar/School Business Manager and approved by the Head Teacher. Time sheets must be filed and never handed back to the employee.

2.3 Checking of Payroll Data

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Payroll data received monthly from the Local Authority must be scrutinised by:

- the Head Teacher to ensure all employees are recognised, and pay appears reasonable (no detailed check), and
- the Bursar/School Business Manager, to check accuracy of pay calculations.

2.4 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 Payroll team at the Local Authority must be contacted for advice (Tel: 425888).

2.5 Supply teachers

The Governing Body will decide, on the basis of advice from the Head Teacher, whether supply teacher insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised (signed) by the Head Teacher, or in their absence, the Assistant Head. Reimbursement claims must be submitted on a monthly basis by the Bursar/School Business Manager. The Bursar/School Business Manager must check on a monthly basis that correct amounts have been charged as per the Local Authority expenditure printout.

3. School Fund

3.1 Accounts

The accounts of the School Fund are to be maintained on a day to day basis by the Bursar/School Business Manager. 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 on the bank account:

- Head Teacher
- Assistant Head
- Chair of Governors
- Chair of Resources Committee

There must be two signatures on each cheque.

3.2 Final Accounts and Audit

Final accounts are prepared at the end of the School Fund financial year by the Bursar/School Business Manager. 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 Local Authority's Manual on Unofficial Funds.

The audited accounts should be presented to the full Governing Body for approval. Governors'

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approval must be recorded in the minutes of the meeting. Once approved, the Clerk to the Governing Body will return the requested form to Local Authority in the format required by the Education Department.

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

4. Assets

4.1 Inventory

The portable, desirable, or attractive assets of the school, as well as any assets of intrinsic value will be recorded in the school's inventory. Full details (make, model, serial number, approximate value) shall be recorded.

The Bursar/School Business Manager 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 Head Teacher. 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 Head Teacher on an annual basis. Any discrepancies shall be investigated immediately, and if 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.

4.2 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.

5. Income

5.1 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 Bursar/School Business Manager 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. Pre-School are invoiced every short term and the Before & After School Club are invoiced monthly.

A file of copy invoices will be maintained by the Bursar/School Business Manager.

If an invoice has not been paid by the required date, this is recorded on the debtors list.

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Reminders will be sent after the following periods if the debt remains outstanding:

- 1st reminder 4 weeks
- 2nd reminder 6 weeks
- 3rd reminder 8 weeks.

If after 8 weeks 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 - Head 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 Teacher, Chair of Governors and other 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 the final reminder no further goods or services will be provided until the outstanding debt is settled.

When an invoice is paid, details of the payment must be written on the invoice log, and removed from the debtors list.

All payments received must be recorded on the electronic payment system which is the parents receipt. An official receipt should be issued to the debtor if they are not on the electronic system and the receipt number written on the invoice log

Cash & Cheque Income (i.e. where payment is received at the time goods/services are provided).

All payments received must be recorded on the electronic payment system which is the parents receipt. An official receipt should be issued to the debtor if they are not on the electronic system and the receipt number written on invoice log.

5.2 Banking

All income received (cash or cheque) must be banked promptly and intact ensuring the safe limit does not exceed £1,000. No payments may be made out of income collected. A record to evidence the banking must be kept (e.g. stamped paying-in slip).

5.3 Charging Policy

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

- lettings

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- school trips
- clubs
- pre-school provision
- 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.

5.4 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.

5.5 Official Capitation & School Fund Income

All income used to offset expenditure incurred on the capitation budget (e.g. photocopying, telephone calls, 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.

5.6 Cash received from Pupils

All cash/cheques received in class must be posted in the secure red post box in the reception area immediately. The Admin Assistant will check the red post box on a daily basis and record any payments electronically which is the receipt. If parents are not using the electronic system issue an official receipt for the income which will be handed to the class teacher who will return it to parents.

5.7 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.

6. Purchasing

6.1 Ordering

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

Orders should be processed by the Bursar/School Business Manager after initial approval by budget holders has been sought and given. The official order produced from the computer system must be signed by the budget holder before it is sent to the supplier. If an order has been placed over the telephone an official confirmatory order must be sent.

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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 Bursar/School Business Manager.

When placing orders it is the responsibility of the initiator to ensure that Gloucestershire County Council Financial Regulations and Standing Orders are adhered to, these being -

6.2 Quotations and Tenders

If the Consortium is used for any purchases, or if the LA-approved Term Contractors are used for maintenance work, then the school need not seek competitive quotations to comply with Financial Regulations. However if, for purchases up to £500, the Head Teacher wishes to obtain quotes in competition with the Consortium/Term Contractors, then this may be effected. Above £500, Governors may decide to seek such competitive prices.

Financial Regulations - for orders for goods/services under £15,000:

£500 -£2,500 - at least three prices to be examined and retained, these prices may be taken from suppliers' written or verbal quotations or catalogues/price lists.

£2,501 -£15,000 - independent written evidence of at least three prices should be obtained and retained.

Independent written evidence means quotations provided on suppliers' headed notepaper.

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, or where no standing list exists
- from at least three appropriate contractors, or
- by open competition by advertisement in local newspaper or appropriate journal.

6.2 Governor Involvement

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

On purchasing decisions when the estimated cost of one item exceeds £5000

Review of quotations obtained where estimated costs exceed £5,000.

Review of quotations when the lowest quote is not the most suitable.

6.3 Receipt of Goods

Once items ordered have been received, the Bursar/School Business Manager must ensure that items delivered correspond to details contained in the delivery note. Upon examination of goods the secretary must ensure that both quality and quantity are appropriate.

6.4 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 head teacher before being passed for payment (or in the Head's absence, the Assistant Head).

Invoices passed for payment must be recorded promptly in the school's accounting system by the Bursar/School Business Manager.

6.5 Petty Cash (cheque book only)

Day to day operation of the petty cash account is the responsibility of the Bursar/School Business Manager.

All petty cash expenditure, and reimbursement income, must be promptly recorded in the petty cash record.

Reimbursement must be claimed monthly or when one-half of the imprest advance has been used. The Head (or Assistant Head in the Head Teacher's absence) must certify the reimbursement claim.

Each time a reimbursement claim is submitted, the Bursar/School Business Manager must complete a reconciliation ensuring that cheques expended, plus cash at bank, equals the amount of the advance.

All members of staff who wish to purchase items from the petty cash account must obtain prior approval from the Head. Staff reimbursement slip (receipts, paid invoices etc.) to evidence the payment must be presented to the Bursar/School Business Manager by members of staff when reclaiming cheques from the account. These staff reimbursement slips must be retained by the Bursar/School Business Manager and filed with the reimbursement claim.

In normal circumstances individual purchases from petty cash must not exceed £50. In exceptional circumstances payments up to £75 may be made, with the express prior approval of the Head. Such payments should be for emergencies only and should not simply result from a lack of planning.

All cheque books held must be retained securely.

7. Register of Pecuniary and Other Interests

7.1 The School shall maintain such a Register

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Persons to be included:

- All Governors
- Head Teacher
- All senior staff (e.g. Assistant Head, Heads of Departments, Bursar/School Business Manager and all staff with a financial role)

7.2 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 (e.g. T.V.s, video recorders, etc.)
- repair/maintenance of equipment (electrical and other) suppliers of computer hardware and software suppliers of stationery
- suppliers of educational equipment (e.g. 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 (e.g. legal, financial, training, property)

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- suppliers of security services and supplies suppliers of art materials
- suppliers of telecommunications equipment
- suppliers of transport contractors (e.g. coaches, taxis etc.)
- suppliers of supply teaching cover
- suppliers of banking services
- suppliers of workshops etc. (e.g. 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, e.g. 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).