Finance Policies

Finance Policy

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A GOVERNANCE

General

1. A list of all Governors and terms of reference thereof is attached at Appendix 1.
2. The Governing Body meets twice a term.
3. The Governing Body agrees, no later than by the end of term, the dates of meetings for at least the next term.

The Governors

4. The Governing Body approves the annual budget and the associated policies, eg charging policy, bad debt and redundant equipment policy
5. 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. It is also responsible for:

   a) Approving budget revisions in time for submission according to the table in item B13

   b) All financial appraisals

   c) Forecasting numbers on roll and future budget shares

   d) Monitoring and adjusting in-year expenditure

   e) Reviewing staff structure and associated budgetary implications

   f) Ensuring accounts are properly closed and reviewing the outturn position

   g) Administering voluntary funds

The Headteacher

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

The Staff

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

13. In line with the school's whistleblowing policy, all staff have a responsibility to alert the Headteacher or Governing Body if areas of concern arise in respect of the school's financial affairs.

Expenditure Limits

14. The inclusion of an item in the approved budget plan gives authority to spend, save that the Headteacher seeks approval from the Chair of Governors for any individual transaction in excess of £5,000.

15. When virements need to be carried out, they will be minuted appropriately and require the following authorisation:

    - Virements up to £30,000 – the Headteacher, reported to the Governing Body
    - Virements in excess of £30,000 – the Governing Body

16. Any expenditure in excess of 5,000 not included in budgets is to be made only after approval from the Governing Body.

Orders

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

Minutes

18. 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 Governing Body and are agreed and signed at its next meeting. The minutes of any sub-committees formed in exceptional circumstances are reported to the Governing Body.

Register of Business Interests

19. The Headteacher maintains a register of business interest for Governors and for Staff who influence financial decisions. Appendix 2 and Appendix 3 of the Financial Procedures Manual support this process and can be found in the Finance Policies Associated Documents folder.

Key Financial Tasks

20. The Governing Body undertakes the key financial tasks each term. Appendix 4 of the Financial Procedures Manual supports this process and can be found in the Finance Policies Associated Documents folder.

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 annually 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 after 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 Governing Body in relation to their costs, benefits and sustainability.

12. The main elements of the budget are fundamentally reviewed within a five year cycle.

13. The budget cycle is as follows:

	PREPARATION	FGB APPROVAL	SUBMIT BY
ORIGINAL	February/March	March	31 March if possible but no later than 1 May
FIRST REVISION	June	July	End of Summer Term
SECOND REVISION	October	November/December	End of Autumn Term
THIRD REVISION	January	January/February	No later than 28 February

C BUDGET MONITORING

1. The Headteacher produces monthly monitoring reports, which include committed expenditure.
2. The Governing Body receives the monitoring report at each meeting together with the Headteacher's written report thereon. The report takes the form of Norfolk's budget monitoring proforma.
3. The Headteacher identifies and recommends to the Governing Body appropriate remedial action for budget variances.
4. The Headteacher recommends to the Governing Body how to vire any in-year underspends in excess of £2,000 (The Headteacher is authorised to vire amounts up to £2,000)
5. The Headteacher monitors expenditure on initiatives in the School Development Plan.
6. No devolved budgets are held in the school.
7. Where appropriate, the Headteacher produces monthly cash flow forecasts to ensure the school does not go overdrawn.

D PURCHASING

1. All orders comply with the LA'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. For budgeted or set financial expenditure, prior approval of the Chair of Governors is obtained for any expenditure in excess of £5,000. Orders are not artificially split to evade this limit. For non-budgeted expenditure, which will impact on final budgets, prior approval of the Governing Body is to be sought.
4. The school will not enter into any "finance lease" and will ensure that any lease entered into is an "operating lease". Leases will be submitted to the Finance and Business Services Team to be checked as to their type before any agreement is entered into.
5. Three written quotations are obtained for any order whose value is estimated between £5,000 and £30,000.
6. If a quotation other than the lowest is accepted it is reported to Governing Body 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, which can be found at Appendix 2.

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. Wherever possible, 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 that the Secretary and Finance Assistant have training in the finance systems and the LA can provide support staff in an emergency.

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 LA's recommendations. Appendix 5 of the Financial Procedures Manual supports this process and can be found in the Finance Policies Associated Documents folder.
6. All records are securely stored and access allowed only to authorised staff; they are locked in the Finance Offices.
7. Computer files are cloud based.
8. Where there is a requirement to account separately for earmarked funding, eg Pupil Premium and the PE Grant, the Headteacher ensures this is done, that money is spent on its intended purpose and reported to governors.

F INCOME

1. The Governing Body approves the school's charging policy and reviews it annually.
2. Proper records of all income due are kept. Lettings are approved by the Headteacher in accordance with the lettings policy and recorded in the Accounts.
3. The responsibility of identifying and recording sums due is separated from the responsibility for collecting and banking income.
4. Official pre-numbered receipts are given for cash if requested or where 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. Receipts for payments made via the school's management information system are generated by the system and emailed to payers where possible, ie correct contact details have been issued.
5. Pending banking, cash and cheques are locked away in a secure place or safe, as per insurance limits.
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. Debts are written off only in accordance with the school's bad debt policy.
10. Any cash transfers between staff are recorded and signed for.

G BANKING

For official funds, the school banks with a suitable commercial bank.

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 the Headteacher.
3. The person completing the reconciliation is not responsible for processing receipts and payments.
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 LA. (This does not apply to loans pre-existing at 1 April 1999)
7. Each cheque is signed by two authorised signatories and supporting vouchers are made available to each signatory to safeguard against inappropriate expenditure. Cheques are not pre-signed. Only manuscript signatures are allowed, ie not electronic or from rubber stamps.
8. All cheques are crossed 'account payee'. Cheque books are stored securely when not in use.

Online Payments Through the bank

9. The Headteacher must ensure the correct members of staff are assigned the access rights within the banking online system that is appropriate (considering separation of duties) and that these are kept up to date, ie staff leavers.
10. Online user ids/cards/Pin numbers are specific to named staff and must not be shared with others.
11. Schools must adhere to the policies laid down by their banker in respect of online payments and ensure that the Data Protection Act is not breached in regards to holding suppliers' bank information.
12. Each BACS (Bank Automated Credit System) payment batch is signed by an authorised signatory and supporting vouchers are made available to the signatory to safeguard against inappropriate expenditure. The BACS creator and BACS authoriser must not be the same person.
13. Each BACS payment will generate a remittance document, which will be sent to the supplier, either by post or by email, to notify them of their payment having been processed.
14. Any BACS batches over £1,000 will be authorised by two authorisers.
15. A copy of the invoice for any individual BACS payment over £10,000 should be emailed to finance.support@norfolk.gov.uk to be checked prior to payment

H PAYROLL

1. Personnel procedures, including appointments, promotions and terminations are supervised by the Governing Body.
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. Only authorised staff are allowed access to personnel records, ie Headteacher, School Support Manager, Secretary or such person as delegated by the Headteacher.
6. Staff who wish to access their records can request this through the Headteacher or the person they have delegated.
7. Payroll transactions are processed only through the payroll system; this includes the payment of all expenses and benefits.
8. The Headteacher maintains an up-to-date list of teachers and other staff employed at the school. This is held on the Management Information System and is amended as necessary.
9. The monthly reports on payroll transactions are checked against the school's budget working papers to ensure they match.

I PETTY CASH

The school no longer holds petty cash.

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 LA 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 LA'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 LA's agreed procedure.

K VOLUNTARY FUNDS

For voluntary funds, the school banks with a suitable commercial bank.

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 fund has been registered with the Charity Commission through the Local Authority.

3. The Governing Body has appointed a treasurer. The treasurer's name and address is

   Jo Moir, c/o Hethersett VC Primary School, 22 Queen's Road, Hethersett, Norwich, Norfolk NR9 3DB.

4. The Governing Body has appointed an independent auditor who is not a member of the Governing Body. The Auditor is determined by the LA from Finance and Business Services, Educator Solutions. It will be ensured that the same person carrying out the central finance function will not audit the voluntary fund.
5. 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.
6. 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.

7. The Headteacher presents the audited accounts together with the auditor's certificate and written report on the accounts to the Governing Body as soon as possible after the end of the accounting year.

8. The Headteacher sends a copy of the audited accounts and auditor's certificate to the LA as soon as the Governing Body accepts them and within 3 months of the end of the accounting year.

9. Each school fund cheque is signed by two authorised officers. The authorised officers are:

   Headteacher, Assistant Headteacher, SENDCO

10. Where no material income has been collected, it should be banked at least weekly.

11. All income will be receipted, unless it is below the agreed minimum.

12. Bank reconciliations are carried out monthly.

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 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. The inventory is signed as evidence of the check having been undertaken. All discrepancies are investigated and any resulting in a loss of £100 or more will be reported to the Governing Body. Any loss exceeding £500 will be referred to the Head of Finance and Business Services Team.

4. Whenever school property is taken off site, either by pupils or staff, e.g. musical instruments/computers, they are signed for and the register noted accordingly. The register is held in the office.

5. Redundant equipment is to be disposed of in accordance with the Redundant Equipment Policy. The Governing Body has approved a policy in relation to redundant equipment.

6. The safe is kept locked and the keys removed and held elsewhere.

7. The school's asset management plan is supervised by the Governing Body.

8. The school maintains a Gift Register of all donations to the school, either in cash or kind.

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 Governing Body considers whether to insure against any uncovered risks.

3. The school will notify the LA/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 LA/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 and multi-factor authentication. Passwords are changed periodically and in the event of staff changes.

2. Any server based 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.
4. Only authorised software is installed on any school computer to safeguard against computer viruses.
5. The Governing Body ensures that the Data Protection Commissioner is notified in accordance with the Data Protection Act 2018, 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.