



## **FINANCE POLICY**

### **Introduction**

The governing body recognises that it is ultimately responsible for the financial management of the school and has produced this policy document to help it fulfil those responsibilities.

### **Organisation**

In view of the importance and complexity of financial management in the school, the governing body has established a Finance and Staffing Committee to enable due consideration to be given to all financial matters (hereinafter referred to as Finance Committee for the purpose of this policy).

The governing body has delegated a number of its powers to the Finance Committee (details of roles and responsibilities are set out later in this policy document).

The Finance Committee members are:

Chair	Geoff Palmer
Member 1	Sue Hasnip
Member 2	Gary Salter
Member 3	Claire Scott
Member 4	Mrs Raechelle May
Member 5	B Lord (Head Teacher)

Ex Officio                      Chris Wesley (Chair of Governors)

The Chair of the Finance Committee is elected by the full Governing Body at the first meeting of the spring term.

The Finance Committee plans to meet five times each year:

April	To agree the budget for the new financial year and to agree the finance plan; to consider the final budget monitoring report for the year.
July	To consider the first budget monitoring report for the year.

October	To consider the second budget monitoring report of the year and to update the school's finance plan in light of the September number on roll.
January	To consider the third budget monitoring report of the year.
March	To consider the draft budget.

The Finance Committee will report, and make recommendations, to the full governing body. Minutes of each Finance Committee meeting will be presented to the next meeting of the full governing body.

Finance Committee members will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

### **Roles and Responsibilities**

The governing body recognises the importance of governors, Finance Committee members, the Headteacher and staff being clear about their respective roles and responsibilities with regard to the financial management of the school. This section sets out those roles and responsibilities.

The governing body will:

- Agree and record in writing, the roles and responsibilities of the Finance Committee and Headteacher.
- Review those roles and responsibilities on an annual basis.
- Elect the Finance Committee members each year.
- Approve the school's budget each year, ensuring that a copy is attached to the minutes of the meeting.
- Submit the approved budget to the Local Authority (LA) within the specified timescale.
- Approve the school's original and revised finance plans each year.
- Take appropriate steps to ensure the school's budget does not overspend.
- Contact the LA and seek approval to overspend where this seems unavoidable.
- Authorise the school's applications for loans from the County Council.
- Satisfy itself that the Finance Committee and Headteacher are fulfilling their responsibilities as set out in this policy document.
- Review detailed budget monitoring reports each term, ensuring that copies are attached to the minutes.
- Record in writing the transaction/process authorisation limits, etc, relating to the school's financial system for relevant members of staff (see Appendix A)
- Agree the school's virement policy (see Appendix C)

The policy should clearly state what financial levels have been delegated to individuals.

- Establish the school's charging policy and review on an annual basis.
- Ensure that the school fund is audited each year.
- Ensure that a signed statement confirming that the school fund has been audited is issued to the County Council within its specified timescale.

- Review the financial training needs of governors, the Headteacher and staff on an annual basis and fund training needs, as appropriate. A programme of free training is available from the Local Authority.
- Ensure that the school's Register of Business Interests and Conflict of Interests are kept up-to-date.
- Ensure that the school complies with the LA's guidance relating to Extended Schools and, in particular, that it does not subsidise extended school activities from the school's main budget share.
- Review this policy document on an annual basis

The Finance Committee will:

- Familiarise themselves with this policy document and their roles and responsibilities.
- Ensure that the school complies with the LA's Scheme for Financing Schools, as approved by the Secretary of State.
- Familiarise themselves with the way in which schools in Lincolnshire are funded.
- Contact the LA for advice in relation to leasing arrangements, as appropriate (Director of Resources Treasury Office).
- Produce a timetable of meetings at the start of the year outlining their key purpose (See Year Plan).
- Consider the draft annual budget papers prepared by the Headteacher/SBM.
- Consider the draft medium term finance plan prepared by the Headteacher/SBM.
- Consider budget monitoring reports produced by the SBM throughout the year.
- Monitor the financial performance of catering and other functions (where applicable) throughout the year (some trading activities within school should not be subsidised by budget share).
- Ensure that the school obtains value for money (refer to Finance Handbook for more information).  
Ensure that the school's Other Government Grants allocations are fully utilised.
- Use management information, particularly that supplied by the County Council, to challenge the way in which the school uses its financial resources. The Consistent Financial Reporting website can also be used to assist with comparisons (refer to Finance Handbook for more information).
- Ensure that the school complies with the County Council's financial regulations.
- Ensure that the school produces a Best Value statement and adheres to it (refer to Finance Handbook for more information).
- Report to the full governing body.
- Ensure that audit recommendations are implemented within a reasonable timescale.
- Ensure that the school has a list of certifying officers for the purpose of signing cheques, certifying employee claims etc, and review this on an annual basis.
- Ensure that assets with a value up to £20,000 are disposed of in accordance with the guidance set out in Section E of the Finance Handbook.

The Headteacher will:

- Familiarise themselves with this policy document and their role and responsibilities.
- Draft budget papers.
- Draft original and revised finance plans.
- Ensure that School Development Plan priorities are properly costed and linked to the school's budget and finance plan.
- Monitor the budget on a monthly basis.

- Oversee the day-to-day running of the school's financial administration and ensure that the County Council's timetable is adhered to (refer to Finance Handbook for more information).
- Ensure that proper checks and controls are in place to cover day-to-day activities. (Advice on internal checks and controls should be sought from the Council's Audit team).
- Authorise transactions/processes within the school's financial system up to limits agreed by the governing body.
- Act as an authorised signatory for certifying employee claims, etc.
- Review reconciliations and returns on a regular basis and initial documents as evidence that such checks have been carried out.
- Monitor that the payroll report is run on a monthly basis, checks have been undertaken to ensure the data is correct, and initial documents as evidence that monitoring has taken place
- Ensure that the school fund records are kept up-to-date.
- Ensure that the school fund's annual accounts are prepared, audited, approved by the full governing body and submitted to the LA in the timescale specified.
- Agree virements up to his/her authorised limit (see Appendix C)
- Ensure VAT is correctly accounted for.
- Ensure CIS is correctly accounted for.
- Ensure an inventory is maintained.
- Ensure that any budgets that are delegated to senior staff or departments operate within a similar control regime, i.e., with regard to budget monitoring and reporting etc.
- Ensure that assets with a value up to £20,000 are disposed of in accordance with the guidance set out in Section E of the Finance Handbook

The School Business Manager will:

- Familiarise themselves with this policy document and their role and responsibilities.
- Draft budget papers.
- Draft original and revised finance plans.
- Monitor the budget on a monthly basis.
- Oversee the day-to-day running of the school's financial administration and ensure that the County Council's timetable is adhered to (refer to Finance Handbook for more information).
- Ensure that proper checks and controls are in place to cover day-to-day activities. (Advice on internal checks and controls should be sought from the Council's Audit team).
- Authorise transactions/processes within the school's financial system up to limits agreed by the governing body.
- Act as an authorised signatory for certifying employee claims, etc.
- Review reconciliations and returns on a regular basis and initial documents as evidence that such checks have been carried out.
- Maintain the accounting records using the school's financial package.
- Carry out transactions/processes within the school's financial system up to limits agreed by the governing body (see Appendix A).
- Monitor and advise any day to day transactions performed by the Administrators.
- Ensure that the LA's timetable for completion of bank, imprest and other reconciliations is adhered to.
- Contact the school's nominated Finance Assistant in the Schools' Finance Team with concerns or queries regarding financial administration.
- Ensure that purchase orders are raised prior to ordering goods/services, wherever possible, to aid effective budget monitoring and management.
- Ensure that payments are made to suppliers within LCC's payment policy, i.e. 28 days of the date of the invoice.

- Ensure that, where appropriate, claims for sickness absence scheme are made promptly and no later than 1 month after the relevant period
- Ensure that the payroll print is run on a monthly basis, as close to 23rd of the month as possible, and that checks are undertaken to ensure the data is correct

Authorisation Limits for Purchase Orders (see Appendix A)

Virement Limits (see Appendix B)

Purchase Card Limits

Name	Credit Limit
B Lord (Head Teacher)	£1,999 (single transaction limit) £1,999 (monthly limit)
T Roscher (Business Manager)	£1,000 (single transaction limit) £1,000 (monthly limit)

## **Training**

The governing body recognises the importance of financial training for governors and staff in helping them to fulfil their responsibilities in relation to the financial management of the school.

The training needs of all governors and staff will be reviewed each year. Appropriate budgetary provision will be made, where necessary, and governors and staff will be actively encouraged to undertake that training.

A programme of free training is available through the Local Authority.

## **Budget Setting**

The governing body recognises the importance of setting a detailed budget at the start of the year.

The Headteacher/SBM will draft a detailed budget for each line of income and expenditure. It is recommended that the budget is re-evaluated each year for the Finance Committee's consideration.

The Headteacher/SBM will include options for increased spending, as set out in the School's Development Plan, and options for cost-cutting measures, where appropriate.

## **Budget Monitoring**

The governing body recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under and overspendings.

The Headteacher/SBM/Chair of Finance will monitor the budget on a monthly basis by reviewing reports from the school's financial system for:

- errors
- miscodings
- large or unusual items
- potential underspendings or overspendings against budget

and act promptly, where appropriate.

### **Financial Administration**

The governing body recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the school. The Headteacher/Chair of Governors will monitor the financial administration functions carried out by the SBM ensuring that:

- accounting systems are kept up-to-date.
- imprest claims, etc are completed in accordance with the LA's published timetable.
- appropriate action is taken where the LA advises the school that its day-to-day administration is not up-to-date.

### **Reporting**

The governing body recognises the importance of receiving detailed, accurate and up-to-date financial information to enable it to oversee and control the financial position of the school.

The Headteacher/SBM will prepare budget-monitoring reports for consideration by the Finance Committee. The reports will include for each line of income and expenditure

- the original budget
- changes to the budget
- current budget
- expenditure and commitments to date
- an outturn projection
- a variance between outturn and current budget
- an explanation for all material variances
- details of virements or proposed virements where required
- details of proposals for additional spending or cost-cutting measures

In addition to the reports in the school's financial system, the Local Authority issues spreadsheet and word-processing documents to schools on an annual basis to provide a framework for the preparation of finance plans and budget monitoring reports to governors.

### **Financial Planning**

The governing body recognises the importance of financial planning beyond the current year. The Headteacher/ SBM will prepare a financial plan covering the next three to four years. The plan will show the projected numbers on roll and the impact this has on the school's budget share, expenditure and carry forward. The level of detail shown in the plan will include, as a minimum, the information set out in the County Council's financial planning spreadsheet, which is available to schools each year, free of charge. The plan will include contingency plans, setting out the school's proposals for dealing with variations including, in particular, changes in the projected number on roll. The governing body will consider the impact that the medium term finance plan may have upon staffing levels and develop outline plans and strategies for avoiding redundancy costs for future years.

### **Audit**

The governing body recognises the importance of the County Council's audit regime in assessing the adequacy of the school's financial controls. The governing body and Headteacher will ensure that auditors are given access to staff, all relevant records and property, as the auditors consider necessary.

The Headteacher/SBM will ensure that audit recommendations are implemented as soon as possible.

The Headteacher/SBM will familiarise themselves with the Financial Procedures and Finance Handbook, which give guidance on best practice, internal controls and statutory requirements.

### **Annual Timetable**

The governing body recognises the importance of planning its financial management work throughout the year.

The Headteacher will draw up an annual timetable of key events and will submit this annually to the full governing body's first meeting in each financial year.

### **Review**

The governing body recognises the importance of keeping its Finance Policy up-to-date and will review the policy on an annual basis.

**Headteacher  
Date**

**Chair of Finance  
Date**

**Ratified by Governors: 7<sup>th</sup> November 2018**

**Review Date: 7<sup>th</sup> November 2019**

## **APPENDIX A**

### **Authorisation Limits for Purchase Orders**

School Business Manager                      £1,000

Headteacher                                      Unlimited but items over £5,000 are notified automatically via PSF to the Chair of Governors by email.

**Virement Policy**

Virements are in year changes between budgets e.g. on PSF £5,000 is moved from contingency to teaching staff.

Virements of over £5,000 should be approved by resolution of the full governing body.

The following virement limits have been agreed:

Finance Committee                      up to £5,000

Headteacher                              up to £1,000