

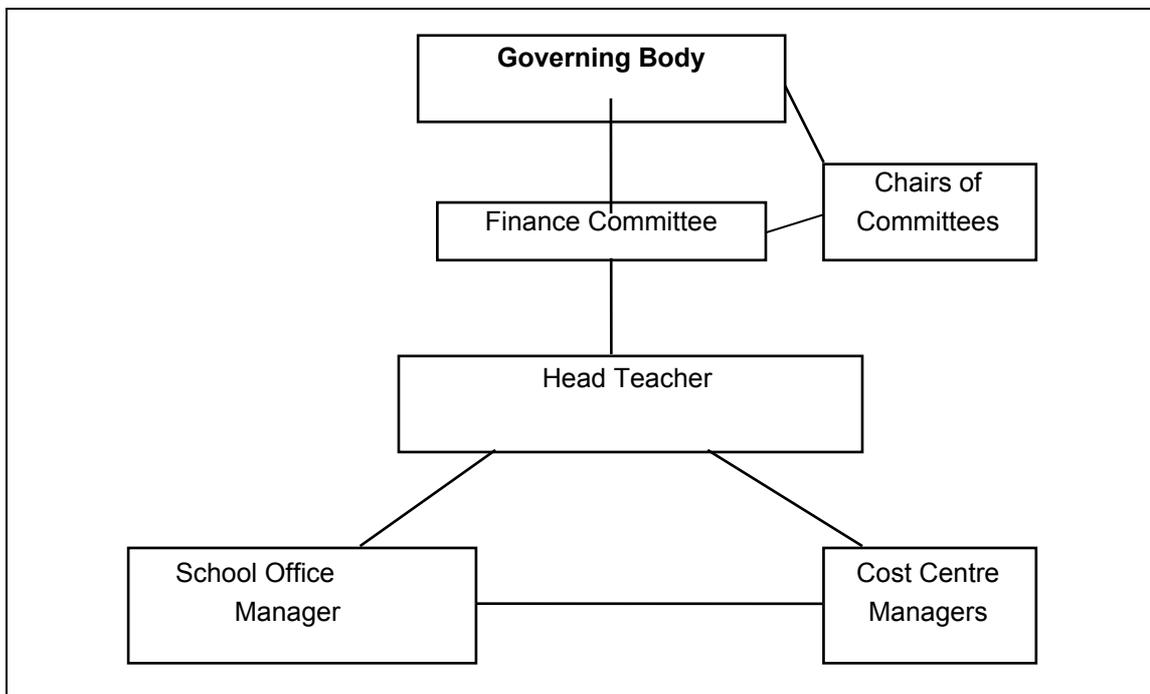


Barningham CEVC Primary School

**FINANCIAL MANAGEMENT AND ADMINISTRATION
POLICIES**

INTRODUCTION

THE SCHOOL'S FINANCIAL ORGANISATION CHART



COMMITTEE STRUCTURE

The Finance and Premises Committee structure is found in the "Recommendations on Committee Structure and Terms of Reference" document. See Schools Financial Value Standard (SFVS) file. The composition of committees is reviewed termly at the Full Governing Body (FGB) meetings.

The Finance and Premises Committee also considers any recommendations with financial implications from other Committees, prior to them being presented to the FGB.

All reports to the Governing Body will include a section on the financial implications of any recommendations contained in the report.

The Full Governing Body will meet termly or more frequently as required.

Organisation of Financial Responsibility and Accountability

FULL GOVERNING BODY

Composition as at September 2019:

| | |
|------------------------|---------------------|
| Mrs F Parr | Head Teacher |
| Mrs J SurrIDGE (Chair) | Parent Governor |
| Rev C Blayden | Foundation Governor |
| Mr N Shearer | Parent Governor |
| Mr K Saggars | Parent Governor |
| Mrs S Harrington | Parent Governor |
| Mrs J SurrIDGE | Parent Governor |
| Mrs S Atwell | LEA Governor |
| Mrs M Norris | Foundation Governor |
| Vacancy | Co-opted Governor |
| Mrs C Walker | Co-opted Governor |
| Vacancy | Staff Governor |
| Mrs D Pipe | Associate Governor |

Role:

To provide a strategic view of how the school will effectively use the financial resources under its control to raise standards of achievement and promote effective teaching and learning.

To oversee that procedures are in place which ensure accountability for and the proper stewardship of the public money delegated to the school.

Responsibilities:

- ◆ To discharge statutory responsibility for the oversight of financial management in the school;
- ◆ To monitor and evaluate the effectiveness of the school's financial management procedures and ensure that the school's financial arrangements comply with the Suffolk County Council and Schools Financial Value Standard (SFVS) guidelines;
- ◆ To require all governors and members of staff to declare any links they have with firms from which the school might wish to buy goods or services. To ensure that a register of such interests is maintained by the Head Teacher on behalf of the Governing Body and is open to inspection and reviewed on an annual basis;
- ◆ To ensure the school has a written statement of its aims and objectives (School Development Plan) in sufficient detail to provide the basis for constructing budget plans.
- ◆ To ensure the school has a medium term educational and budget plan (covering 3 - 5 years) indicating the intended use of resources in achieving its educational goals;
- ◆ To ensure that the school has a statement setting out the steps it will take to ensure expenditure reflects the principles of best value;
- ◆ To approve the school's annual spending plans.

Delegated Authority:

The Full Governing Body has elected to delegate responsibility for the financial administration of the school budget including the overseeing of its preparation, monitoring its implementation and controlling expenditure against it to the Finance Committee.

The statutory responsibility for the oversight of financial management in the school will remain with the Full Governing Body.

Reporting Arrangements:

The Finance Committee will report back to the Full Governing Body who will consider the minutes of the Committee and endorse their recommendations where appropriate. The decisions made by the Full Governing Body and the Finance Committee under its delegated powers are binding on all governors. All reports from Committees should include a section on the financial implications of any decisions or recommendations.

FINANCE AND PREMISES COMMITTEE**Composition as at September 2019**

Chairperson: Julie Surridge

Committee Members: Frances Parr, Sandy Atwell

Associate Governor: Dawn Pipe (Office Manager)

Role:

To ensure proper financial administration arrangements are in place that enable the Governing Body to fulfil its statutory responsibilities for financial management and also demonstrate the achievement of key financial administration standards required by Ofsted and as outlined in the SFVS. To oversee the management of the school's finances within the framework established by the Suffolk County Council.

Responsibilities:

- ◆ To ensure the budget reflects the school's prioritised educational objectives as detailed in the School Development Plan, seeks to achieve best value and is subject to regular effective monitoring;
- ◆ To establish formal documented procedures and a timetable for planning the budget to ensure that all relevant factors are considered;
- ◆ To ensure that planned expenditure for each year does not exceed the available resources;
- ◆ To monitor the amount of each budget allocation in the light of known activity and to take decisions on the virement of funds between budget heads, subject to the advice of the Head Teacher and in the interests of the school achieving its overall aims and objectives;
- ◆ To ensure that the school has sound internal financial controls in place which safeguard the probity of its financial transactions and the reliability and accuracy of its financial records;

- ◆ The Finance Committee will ensure that there are written descriptions of financial systems and procedures which are kept up to date and that all appropriate staff are trained in their use. Where necessary, the Finance Committee will ensure that the school obtains satisfactory support services;
- ◆ To formally approve in year revisions to the Spending Plan (where delegated authority has been granted).

Reporting Arrangements:

The Committee will receive:

- ◆ An annual report on the school's long term financial plans;
- ◆ Reports on the annual school budget process and proposed spending plan;
- ◆ Monthly monitoring reports showing spending and receipts, including sums committed but not yet paid for against the school's approved budget; explanation of major variances; details of corrective action taken; and a forecast of the expected year end position, discussion of which should be formally minuted;
- ◆ Final year-end report including a review of the school's performance and an assessment of progress against objectives in the school improvement / action plan;
- ◆ Monthly monitoring reports showing departmental/ cost centre spending against approved allocations;
- ◆ Annual Cash flow reports.

Delegated Authority:

The Finance and Premises Committee has authority to make decisions on behalf of the full Governing Body to enable it to fulfil the responsibilities shown above. Decisions or recommendations will be reported to the full Governing Body for ratification.

THE HEAD TEACHER AND SCHOOL OFFICE MANAGER

Head Teacher: Frances Parr

School Office Manager: Dawn Pipe

Role:

The Head Teacher and School Office Manager are responsible to the Governing Body for:

- ◆ ensuring that sound systems of internal control and financial administration are in place that enable the proper processing of the school's transactions and activities;
- ◆ ensuring that the school properly discharges its responsibilities as set down by Suffolk County Council and the SFVS .

Responsibilities:

- ◆ To prepare estimates of expenditure and income sufficiently in advance of each financial year to allow for consideration and approval by the Governing Body;
- ◆ To forward details of the approved budget and any subsequent budget changes to the LA as required;
- ◆ To profile the budget and forecast cash flow to take account of likely spending patterns;
- ◆ To provide termly written reports to the Governing Body on spending compared with the approved budget and other monitoring information as requested by the Governing Body, including documented explanations of major variances and details of management action or recommendations;
- ◆ To ensure that where parts of the budget are delegated to a cost centre / departmental level the responsibility for controlling these budgets is matched by the level of accountability (i.e. budget managers are accountable only for items they can directly control.);
- ◆ To consult periodically with the Governing Body and staff to ensure that the financial and management information they receive is timely, reliable and meaningful;
- ◆ To report to the Governing Body any proposals for policy changes which significantly affect the school's expenditure or income budgets;
- ◆ To ensure that sound systems of financial control are in place and arrangements made to maintain control in the absence of key staff;
- ◆ To maintain and update on an annual basis a register of pecuniary interests for both governors and members of staff on behalf of the Governing Body.

Reporting Arrangements:

The Head Teacher and School Office Manager will report regularly to the Finance Committee and full Governing Body.

The Head Teacher and School Office Manager will monitor expenditure so that the overall budget position and those funds delegated to members of staff can be controlled.

Delegated Authority:

The Head Teacher has full discretion in the use of funds allocated for supply staffing and for all non-staffing headings up to a value of £5000. Sums in excess of this will require the sanction of the Finance and Premises Committee

The Head Teacher may nominate members of staff as budget managers for curriculum areas of the budget and may allow them to spend funds in these areas as sanctioned by the Head Teacher.

THE SCHOOL OFFICE MANAGER

School Office Manager: Dawn Pipe

Role:

To maintain and develop the school's systems of internal control and financial administration in order to enable the proper processing of the school's transactions and activities.

To assist the Head Teacher in ensuring that the Suffolk County Council and SFVS information requirements are complied with.

Responsibilities:

- ◆ To assist the Head Teacher prepare estimates of expenditure and income and to maintain relevant budget working papers and records;
- ◆ To monitor the cash flow position of the school and report to the Head Teacher on a regular basis;
- ◆ To assist the Head Teacher in providing quarterly reports of actual income and expenditure as compared to the approved budget and other monitoring information as requested by the Governing Body;
- ◆ To provide monthly monitoring information to the Head Teacher and cost centre budget holders;
- ◆ To prepare and maintain the financial accounts, reports and records of the school in accordance with the Suffolk County Council and SFVS and the financial standards and procedures required by the Governing Body;
- ◆ To review the effectiveness of internal control procedures and where necessary make proposals to the Head Teacher and Finance Committee for improvements.

COST CENTRE MANAGERS/BUDGET HOLDERS

Role: subject coordinators and class teachers

To manage efficiently and effectively, and to be accountable for the resources delegated to them by the Head Teacher.

Responsibilities:

- ◆ The day-to-day monitoring and control of delegated budgets;
- ◆ To ensure goods/services purchased from the delegated budget are in accordance with the schools aims and objectives;
- ◆ To ensure goods/services purchased are done so in line with SFVS and giving due consideration to Best Value.

Financial Systems and Processes

FINANCIAL PLANNING AND THE BUDGET

The Head Teacher will prepare a draft financial plan for the School during the autumn term for discussion and approval by the Finance Committee. The plan will cover the forthcoming financial year and at least the following two financial years. The plan should demonstrate in financial terms how the school intends to use its resources to achieve the aims and objectives stated in the School Development Plan.

The draft financial plan will be an integral part of the budget process and forms the link between the School Development Plan and the school budget; the medium term financial plan will be reviewed annually.

The plan will incorporate the financial details set down in the asset management plans and the work done by the Planning Section for developing repairs and maintenance programmes.

A draft budget will be presented to the Finance Committee in March. The Head Teacher will be responsible for the preparation of the draft budget costed out using zero based budgeting principles where applicable. The principles and calculations used in preparing the budget should be documented and retained for future use. The budget will reflect

the first year of the school's financial plan, subject to the level of resources available to the school. It may be necessary to review the financial plan and the improvement plan objectives to reflect final budget decisions that are made in light of the known resources.

The Governing Body will consider the draft budget and either approve it or return it to the Finance Committee for amendment. The Head Teacher will forward an approved budget to the Local Education Authority after the summer term meeting or by the 21st May (whichever is the earlier).

Spending plans will be broken down sufficiently into appropriate cost centres to promote effective financial control.

Each month the Head Teacher will receive financial statements from the school's accounting system so that the overall budget and school bank account position can be monitored and reported to the Head Teacher monthly and to the Finance Committee on a half-termly basis. The Head Teacher will ensure that financial statements are provided to members of staff who have been designated as budget managers so that delegated funds are also monitored.

In the summer term governors will undertake a documented review of progress in implementing the provisions of the current improvement plan and review the management of the previous year's budget. The Head Teacher will indicate where any proposal or policy change would significantly affect costs in the future.

Records will be kept showing how budgets have been built up enabling officers responsible for the allocation of expenditure or income to identify from which areas expenditure is to be funded.

Expenditure will only be made against available budget resources.

The school will not incur costs of a capital nature without the approval of the Local Authority if in excess of £10,000.

BUDGET MONITORING AND CONTROL

The Head Teacher will ensure that the process of monitoring actual expenditure against the budget is continuous. The Head Teacher will nominate members of staff as budget holders for specific curriculum and non-curriculum cost centres.

A note detailing the responsibilities of budget holders, the method used to allocate curriculum budgets and the rules to be applied to the carry forward of any under or overspends will be prepared by the Head Teacher and circulated to each budget holder and the Finance Committee.

The Head Teacher may vire amounts up to £5000 in line with paragraph 1-3 between budget heads without reference to the Finance Committee; virements in excess of £5000 must have the prior approval of the Finance Committee. The Head Teacher is responsible for ensuring that the school's budget and finance systems are updated to reflect all virements and changes to the budget.

Day to day responsibility for monitoring and control lies with each budget holder who must obtain the prior written approval of the Head Teacher if they wish to exceed their budget allocation.

The School Office Manager will be responsible for co-ordinating the day-to-day monitoring process; the Head Teacher will review the monitoring position monthly.

The School Office Manager will issue monthly reports to each budget holder detailing budgeted and committed and actual expenditure for their area of responsibility. The Head Teacher will be provided with monthly reports detailing the overall monitoring position and a summary of spending by cost centre.

The Head Teacher or School Office Manager will present to the Finance Committee half-termly, the schools' actual and committed spending compared with the budget, with written explanations of any significant variances and a forecast of the school's expected year end position. A report showing the school's current and forecast cash flow position will also be reported to the Finance Committee on a quarterly basis.

The Head Teacher or responsible officer will ensure that proper commitment accounting records are maintained.

Internal Control Procedures

In order to ensure that transactions will be properly processed or that errors will be detected promptly, as far as possible the duties of staff concerned with financial transactions will be distributed so that at least two people are involved in processing receipts and payments. The work of one person should act as a check on the work of the other and any such checks will be documented as being carried out. There should be a written summary of financial procedures that is kept up to date.

Alterations to documents will be made in ink; correcting fluid or erasure will not be used. Signatures on documents must be original and in ink and will be sufficient to identify the signatory concerned (i.e. ticks, rubber stamps or scanned signatures are not acceptable)

Accounting records will be properly maintained and held securely. Financial documents will be retained in accordance with the arrangements laid by Suffolk County Council. The Head Teacher will specify who is authorised to access the records and documentation.

Insurance

The Head Teacher will liaise with the LA to effect insurance arrangements.

The Finance Committee will review insurance arrangements annually to ensure they are commensurate with risks and to determine whether to insure risks not covered by the LEA. Arrangements will cover the use of school property e.g. musical instruments, computers, when off the premises.

The Head Teacher will ensure where lettings of School Premises are undertaken that the lettee has sufficient public liability cover. Where this is not the case further advice will be sought from the LA.

Computer systems

The school maintains accounting records and information on computerised systems, the Head Teacher will ensure that the school is registered in accordance with the Data Protection Act 1998.

The Head Teacher will ensure that there are effective back-up procedures in place for the financial data held by the school.

The Head Teacher will also ensure that only authorised staff have access to computer hardware and software used for school management. Passwords will not be disclosed and will be changed regularly. Only authorised software will be used in order to prevent viruses being imported.

Wherever possible access levels will be restricted to re-enforce the principles of internal control set out in Section 3 above.

Purchasing Procedures

Before placing an order the person responsible for making it will ensure that the school is obtaining best value for money and that the remaining budget is sufficient to meet the proposed order value.

If the estimated cost of an item is more than £500 but less than £5,000, two quotations will be obtained and recorded in writing. In the case of contracts with a value £5000 and above there will be three written quotations.

Where it is not practical to obtain the minimum number of quotations or if the lowest price is not accepted, the Head Teacher will document the reasons and formally report this to Governors in case such action is ever questioned.

In the case of contracts with a value over £5000 the decision on which quotation to accept will be referred to the Finance Committee.

Where the proposed works would fall within the Construction Industry Taxation Scheme (CITS) the Head Teacher will obtain the appropriate CIS documentation from contractors at the quotation stage; contractors not compiling with CITS regulations will be not contacted to do work.

If the estimated cost of a contract exceeds £10,000, then the tendering procedures laid down in the County Council's Financial Framework will be followed and the full Governing Body will decide which tender to accept. Details of the full tendering procedures are shown in the Purchasing Chapter of the LA's Schools Financial Procedures Manual, the Head Teacher will also seek the advice of the appropriate officers of the LA in handling the matter of tenders.

All orders for goods and services will be printed on official stationery.

Documents supporting purchases/contracts (i.e. specifications, quotes, tenders and correspondence) will be retained with the copy order and where the chosen quote is not the cheapest, approval will be obtained from Governors prior to ordering.

The ordering of goods and services by telephone will not be undertaken except in emergencies and will be followed by the issue of an official confirmation order as soon as possible.

Orders will be issued for all goods and services, except for utilities (energy costs, telephone bills, rates etc.), agency staff and petty cash purchases, and purchases for which a written contract is signed.

As well as showing details of the goods or service required, the order will also show the estimated or agreed price, net of VAT.

The order will be authorised by the Head Teacher or by persons to whom this function has been delegated by the Head Teacher with the approval of the Finance Committee. All such persons will be budget holders, and all names will be maintained on a list held by the school's finance staff.

Orders will be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their private use. Only staff approved by the Governing Body or Head Teacher will authorise orders.

The names and signatures of staff authorised to sign orders, certify invoices, sign cheques, etc, are recorded in the Record of Financial Responsibilities.

The person receiving the goods or services must make careful checks, to ensure that they are in accordance with the order; the check will be recorded on the delivery note and/or invoice and include the initials of the checking officer, and passed to the member of staff responsible for maintaining the school's financial records. Payments will not be authorised until all necessary checks have been made, including prices, discounts and the VAT accounting checks. Payment will only be made against an official invoice.

Officers authorising/certifying invoices for payment must be satisfied that those payments comply with the appropriate tax regulations. (Guidance on VAT & CITS can be found in the Taxation Section of the Finance Manual)

Blank order sheets will be held securely, with access to them restricted. Similarly, access to cheque books/stock of blank cheques will be controlled. The holding of excessive stocks of order sheets or cheques will be avoided.

Personnel

The Head Teacher, under the delegation of duties in the Decision Planner, may appoint non-teaching staff. Teaching staff appointments are made by the Personnel Committee. All appointments, terminations and salary levels will be formally approved by the Governing Body and notified to the Personnel section of the LA.

Appointments and amendments to payroll will only be authorised by the Head Teacher (or a nominated deputy in his/her absence) unless the amendment affects the Head Teacher in which case the Chair of Governors will certify the documents.

The Head Teacher will ensure that all the financial and administrative processes concerning employment in the school are checked, and that the school records agree with those of the LEA, which administers the payroll.

Payroll and personnel records will be retained in a secure place.

Payroll transactions will be processed through the payroll system; any payments to individuals who have worked for the school on a "one off " or casual basis will always be made through the payroll system. The same applies to additional payments to staff such as honoraria, or travel and subsistence payments. Such payments will never be made from petty cash or the school private fund.

Any contractor claiming to be self-employed will automatically be paid through the payroll as a temporary employee, unless proof of official tax status is provided. (Guidance on self-employed and CITS requirements can be found in the Taxation Section of the Finance Manual)

Security of Stock and Other Property

The Head Teacher is responsible to the Governing Body for the safe custody and control of cash and property belonging to the school.

An inventory will be maintained of all attractive and portable items, with details of make, model, serial number and purchase value. A documented check of the inventory will be undertaken annually against actual items.

Items with a purchase value of over £100 that are missing will be reported to the Finance Committee who will include it in its reports to the full Governing Body.

Items with a purchase value of over £100 will be recorded in the inventory promptly (i.e. at the point of purchase). The inventory will have sufficient detail to identify individual assets (i.e. make, model, serial no., location etc). The record will be on sequentially numbered sheets and held in a fireproof location.

A register will be maintained of items taken off the school premises. All such loans of equipment should be authorised by the Head Teacher and entered in the register, the register being noted upon return of each item with details of dates and signatures. The return of loan items will be countersigned by a second person.

Obsolete items to be written off or items to be sold will be reported to the Finance Committee for approval and then clearly recorded in the inventory records.

Safes and secure cupboards will be kept locked, the keys removed and held securely by the person designated by the Head Teacher. The loss of any keys will be reported immediately to the Head Teacher.

Income

The Governing Body through its Premises Committee and subject to the recommendations of the Head Teacher will establish a charging policy for the supply of goods and services by the school.

The Head Teacher is responsible to the Governing Body for accounting for all income due and cash collected as set out in the charging policy.

The charging policy will be reviewed annually by the Governing Body to ensure that levels of charges fall in line with school policy and at least cover the cost of the service provision.

Where invoices are required they will be issued promptly by the School Office Manager. Where possible the school will obtain money in advance of supplying goods or services to improve the school's cash flow and avoid the time and cost of administering debts.

Receipts and banking will be cross-referenced to debtors by the administrative staff.

Bad debts under £100 can be written off by the Head Teacher. Bad Debts over £100 up to £500 will only be written off with the formal minuted approval of the full Governing Body and must be notified to the Director of Finance. In the case of larger debts procedures laid down in Suffolk County Council Financial Framework should be followed.

The administrative staff will issue pre-numbered receipts for income collected above £25 except where formal records (e.g. class sales book) are maintained. Where a receipt is not given there will be a signature of discharge whenever cash changes hands. All receipts, vouchers and other income records will be securely retained. Personal cheques will not be cashed.

The accounting and debtor records will be properly and promptly updated and all income and VAT due to the school identified. Cash collected will be receipted and banked as soon as possible. Cash held on school premises will be kept to a minimum and in a lockable receptacle in a locked safe or cabinet.

The responsibility for identifying money due to the school will, as far as is practicable, be kept separate from the responsibility for collecting and banking the money. Cash income will be kept separate from petty cash and school private fund money.

Staff and governors will not use their personal bank accounts or the school private fund account for any payment or receipt relating to the school's budget.

Banking Arrangements

The Head Teacher is responsible on behalf of the Governing Body for ensuring that the school complies with the requirements of the Suffolk scheme for school bank accounts.

Cheques will not be signed unless all details are fully completed.

A bank reconciliation will be completed by the School Office Manager on a monthly basis to prove that balances are correct and to provide assurance that the underlying accounts of the school have been properly compiled and are accurate. The Head Teacher will certify the monthly bank reconciliations having checked these to the supporting documentation. Bank statements and FMS6 bank reconciliation reports will be initialled by the Head Teacher to demonstrate such checks have been undertaken.

Where practicable, staff responsible for undertaking bank reconciliations will not be responsible for the processing of payments or receipts.

The Governing Body will review its banking arrangements annually and document as such to ensure they provide the best value for money. They will also review the authorised signatories annually.

The school's cash flow will be monitored regularly by the School Office Manager to ensure that the school's account does not go overdrawn; the cash flow information will also be used to identify funds surplus to immediate requirements that can be invested to optimal effect.

Petty Cash

The Head Teacher is authorised to decide what amounts of petty cash are held in the school and by whom. The person holding the cash must sign to accept responsibility for it, the Head Teacher will be responsible for the total amount in the school. The Head Teacher will ensure that the cash sums held are covered by insurance and for security reasons do not exceed £250.

Petty cash floats will be reconciled on a monthly basis by the administrative staff.

Staff authorised to hold petty cash are responsible for:

- ◆ Obtaining proper vouchers and receipts for all cash payments made;
- ◆ Obtaining receipts that identify any VAT paid to support the reclaiming of VAT;
- ◆ Ensuring the safe custody of the cash;
- ◆ Producing on demand to the Head Teacher, auditor or other authorised person, cash and vouchers/receipts equal to the total amount held.

The petty cash amounts will only be reimbursed from lunch money receipts, in accordance with County guidelines. Cash income from other sources will not be used to reimburse petty cash.

The use of petty cash will be limited to minor items for which there is proper authority and provision in the budget. Petty cash will not be used for paying regular suppliers, mileage claims by staff or for the purchase of items in excess of £25. Where items exceed £25 and it is not practicable to issue an official order, then any payment in excess of £25 from petty cash will require the prior documented approval of the Head Teacher.

School and other Private Funds

The Governing Body requires that there is an annual audit of the private funds by those appointed by the Governing Body. Annual accounts will be submitted to the Governing Body together with the certificate of audit required by the LA.

Accounting procedures for the School Fund will reflect the standards required for accounting for public money. There will be a proper separation of the voluntary funds and related accounting records from those for the school's budget.

This policy is reviewed annually by the **Finance and Premises Committee**.

Frances Parr
Head Teacher

Julie SurrIDGE
Chair of Governors & Chair of Finance and Premises