



# Finance Policy

**Reviewed May 2010**

# FINANCE POLICY

## 1. Governance

### General

A list of all governors, their membership of committees and terms of reference is maintained by the Headteacher who keeps the records. Terms of reference for each committee is also on the school website, under the Governors section.

The governing body meets at least once a term.

Committees of the governing body meet at least once a term except the Finance Committee which meets at least twice a term.

The dates of meetings are issued annually and agreed termly.

### The Governors

The governing body has approved the Governing Body Decision planner which shows who is responsible for key tasks. This is reviewed in the Autumn Term. Although decisions may be delegated, the governing body as a whole remains responsible for any decision made under delegation.

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.

### The Headteacher

The governors delegate responsibility for the day-to-day management of the school to the Headteacher according to the decision planner.

The Headteacher/Business Manager ensures that sound systems of internal control are in place.

The Business Manager in consultation with the Senior Leadership Team and the Finance Committee compiles draft budgets.

The Business Manager monitors the budget and supplies the Headteacher and Finance Committee with monitoring information. The information for the Finance Committee takes the form of a budget report produced from the SIMS accounting system with a written budget commentary, as shown on the Record of Financial Responsibility. All of the reports shown in the Record of Financial Responsibility are available at any of the Finance or Whole Governing Body meetings.

## The Staff

Staff comply with financial regulations in Suffolk's Scheme for Financing Schools and any School specific requirements.

Staff are responsible for any budget whose management is delegated to them and are referred to as Budget Holders. They are responsible for completing internal order forms, passing signed paperwork to the Finance Room and monitoring their budgets. A printout is issued half termly, but may be obtained whenever required. Each budget holder is responsible for placing a bid for their capitation allowance at the start of each academic year.

## The Finance Committee

Membership is determined by the governing body and reviewed annually in the Autumn term. Terms of reference are available on the governor website

The finance committee is responsible for:

- In consultation with the Headteacher, to draft and approve the first formal budget plan of the financial year.
- To establish and maintain an up to date 3 year financial plan.
- To consider a budget position statement including virement decisions at least termly and to report significant abnormalities from the anticipated position to the full Governing Body.
- To ensure the School operates within the Financial Regulations of the County Council.
- To annually review charges and remissions policies and expenses policies.
- To make decisions in respect of service agreements.
- To make decisions on expenditure following recommendations from other committees.
- To ensure, as far is practical, that Health and Safety issues are appropriately prioritised.
- To determine whether sufficient funds are available for pay increments as recommended by the Headteacher.
- In the light of the Headteacher Performance Management Group's recommendations, to determine whether sufficient funds are available for increments.
- To receive, open and accept tenders for contracts above £50,000 as set by the governing body.
- To report to the LA on the intended use of surplus balances.
- To report to the LA on the recovery of deficits.

As set out in the terms of reference for the finance committee.

Any review of staffing agreed by the Personnel Committee is first referred to the Finance Committee who assesses the budgetary implications of the recommendations and advises the governing body accordingly.

## Expenditure Limits

The inclusion of an item in the approved budget plan gives authority to spend, save that the Headteacher seeks approval from the finance committee for any individual transaction in excess of £50,000.

The Headteacher and finance committee authorise all virements. All virements are minuted.

## Orders

Quotations are obtained or tenders sought for purchases exceeding the limits set out in Suffolk's Scheme for Financing Schools. (Currently £50,000 Spring Term 07) and cross-referenced with the Best Value Statement.

## Minutes

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 committee within one week of its meeting and are agreed and signed at its next meeting. The minutes of all committees are reported and copied to the governing body.

## Register of Business Interest (Pecuniary Interest)

The Headteacher maintains a register of business interest for governors and for staff. Forms are sent to all staff and governors annually in September which are then filed in the Finance and Business Managers Officer.

## **2. GENERAL**

### Capitation Budgets.

Capitation budgets are allocated on a formula basis at the beginning of every financial year, 6<sup>th</sup> Form capitation is prepared separately by the Consortium Data & Finance Officer. Items of expenditure are linked to the School Development Plan. The capitation budgets are monitored throughout the year. Departments are reminded that capitation spending is essential to them delivering their curriculum.

### Development Grants

Development Grants are submitted on a separate bid from the Capitation. Again items of expenditure identified on the bid must be reflected in the Departmental Development Plan. Priority is given to departments with new Heads, departments with improvement issues, or departments with significant changes to the national curriculum/new courses. Bids for decorations, building works and Health and Safety issues are a separate issue and need to be notified to the Headteacher.

## Rolling Replacement

Each year an allocation will be made in the budget to allow for a rolling replacement of ICT equipment. An allocation will also be met to accommodate a programme of re-decoration.

### **3. FINANCIAL PLANNING**

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 construction budget plans.

There is a clear, identifiable link between the School's annual budget and the School development plan, which is shown on the Budget plan

For each of the key issues in the School development plan, costs and other inputs are identified and budgets prepared.

The School development plan is reviewed in the Spring Term to ensure that educational priorities are stated for the next 3 years and shows how the use of resources is linked to achieving the goals and in line with the three year budget forecast.

The School budget is revised after the review of the development plan and resources identified within the budget to deliver the plan's priorities.

The School budget is maintained for the current financial year and at least 2 further years.

The budget is based on realistic estimates of all income and expenditure so that planned expenditure does not differ materially from the agreed budget. The LA provides the School with a 2 year delegated budget which has been inflated, expenditure is also inflated to offset this.

The budget and cash flow forecast are profiled in accordance with likely spending patterns.

In the event of a budget surplus, this is earmarked for future specified use.

A record is maintained of all ongoing commitments with explanations of any significant year-on-year changes.

All new initiatives are appraised by the Finance Committee in relation to their costs, benefits and sustainability.

The main elements of the budget are fundamentally reviewed within a five year cycle. Benchmarking information helps to identify priorities.

The budget cycle is as follows:-

#### Spring Term:-

- If necessary, the Business Manager prepares a revised budget for the current year to the finance committee to consider at its meeting in the first meeting of the term.
- The budget revision, once approved by the finance committee is taken to the next meeting of the governing body for governor approval.
- The approved budget revision is sent to the LA.
- A draft budget plan for the coming financial year is prepared by the Business Manager in consultation with the Headteacher, Leadership Team and Governors. The plan is approved by the finance committee, at the meeting in the second half of the Spring Term. This will be minuted and reported to the governing body. The plan must be approved by 31<sup>st</sup> March.
- The Business Manager submits the approved budget plan to the LA by 30 April each year.

#### Summer Term:-

- The Business Manager, in consultation with the Headteacher and Leadership Team prepares a revised budget for the finance committee to consider. The revision takes account of the actual balance in hand or overspending for the previous financial year.
- The Finance Committee records in its minutes the approval and report to the whole governing body at the next meeting.
- The approved budget revision is sent to the LA by the end of the summer term.

#### Autumn Term:-

- The Business Manager, in consultation with the Headteacher and Leadership Team prepares a revised budget for the finance committee to consider. The revision takes account of any changes to the School development plan, staffing adjustments and changes to the number of pupils on roll.
- The budget revision, once approved by the finance committee, is reported to the next meeting of the governing body.
- The approved budget revision is sent to the LA by the end of the Autumn Term

## **4. BUDGET MONITORING**

The Business Manager produces monthly monitoring reports, which include committed expenditure.

The finance committee receives a Budget Position Statement at each meeting which includes the Business Managers' Budget Commentary.

All of the reports stated on the Record of Financial Responsibility are available to governors at the Finance Committee or the Whole Governing Body meeting.

The Business Manager identifies and recommends to the finance committee appropriate remedial action for budget variances.

The Business Manager recommends to the finance committee how to vire any in-year under spends.

The Headteacher monitors expenditure initiatives in the School development plan.

Heads of Departments and Budget Holders are supplied with quarterly monitoring reports. The Headteacher/Business Manager monitors devolved budgets and agrees remedial action plans where necessary.

## **5. PURCHASING**

All orders comply with the LA's Standing Orders for contracts as published in Suffolk's Scheme for Financing Schools along with the schools in house purchasing policy.

The School demonstrates value for money through competitive tendering, when appropriate or by using County Stores or other approved purchasing arrangements.

Prior approval of the governors is obtained for any expenditure in excess of £50,000. Orders are not artificially split to evade this limit.

The School will not enter into any 'financial lease' and will ensure that any lease entered into is an 'operating lease'.

A comparative quotation is obtained for any order whose value is estimated between £500 and £4,999 and three quotations for orders valued at £5,000 - £49,000.

If a quotation other than the lowest is accepted it is reported to governors and the reasons minuted (see schools Best Value Statement).

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

The official financial information (SIMS) will be used for all orders. Any urgent verbal order is confirmed by a system order. The County Ordering pad may be used for Capital Allocation Orders

Individuals will not use official orders to obtain goods or services for themselves.

All orders are signed by an authorised signatory. A list of authorised signatories is maintained by the Finance Office. The authorised signatory is not permitted to create and certify any orders.

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.

Each order placed is automatically entered into the School's financial system as a commitment.

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.

Payment is made within the agreed time limits after certification by an approved signatory.

Payment is only made against the original suppliers' invoice and not on a statement.

## **6. TENDERING PROCESS AND CONTRACT SEALING**

Before starting a tender process the Finance Committee will consult with the Purchasing and Supplies Service Customer Liaison Team (01473 584229) to agree how the tender process should operate and the form of the tender and contracts.

Contract sealing extends the period during which a claim can be made under a contract from 6 years to 12 years which is usually relevant to contracts for works where defects may not be apparent until a number of years after the initial work has been completed. Contract sealing is also used to create a legally enforceable contract in the occasional cases where no payments are made under the contract. The sealing and signature process will be carried out by the Solicitor to the Council. This can take place after a quotation or tender has been accepted provided the completion of this requirement is made a condition of acceptance of the quotation or tender by the Council.

## **7. FINANCIAL CONTROLS**

The Headteacher has a secured contingency arrangement in place to ensure that financial control can be maintained in the absence of key staff. These arrangements are:-

Cover for Business Manager – Finance Officer

Cover for Finance Officer – Business Manager and Finance Assistant

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.

The School maintains proper accounting records. An audit trail can be maintained for all financial transactions. Any alterations are made in ink and initialled to identify the person making the alteration.

Documents relating to financial transactions are retained for 6 years plus current

All records are securely stored and accessed by authorised staff.

Where there is a requirement to account separately for earmarked funding the Headteacher ensures this is done and that money is spent on its intended purpose.

## **8. INCOME**

The finance committee reviews the Schools charging and remissions policy and reports its approval to the full governing body annually.

Proper records of all income due are kept. The Schools financial information package SIMS is used to produce a manual invoice/s when appropriate. When this is not appropriate, the County's official 'A' Account pad is used. For transfers of funds between county council departments, a Journal Transfer must be completed.

The responsibility of identifying and recording sums due is separated from the responsibility for collecting and banking income.

Official pre-numbered receipts are given for all cash collected. Income is listed on a daily basis and logged for future reference.

Pending banking, cash and cheques are locked away in a secure safe

Income is banked within one week of receipt. Income is not used for making any payment for cashing personal cheques.

Income recorded in the accounts is reconciled weekly with the bank statement.

Where invoices are required, they are issued with a 30 day payment term.

The School sends a reminder for any unpaid invoice after 3 weeks, a second reminder and a final reminder after 9 weeks. A School invoice will be placed in the hands of the County Council (by issue of official 'A' Account), should the debt remain unpaid. Debts are written off only in accordance with the Schools bad debt policy.

For official funds, the School banks with Lloyds TSB. The bank account name is For SCC The Benjamin Britten High School.

Bank reconciliations are completed weekly and any discrepancies resolved.

The reconciliation statement is initialled by the person undertaking the reconciliation and reviewed and countersigned by an authorised signatory.

The School is not allowed to go overdrawn, and will apply to the LA for a cash advance should there be insufficient funds.

Each cheque written 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.

All cheques are crossed 'account payee' and are secured securely when not in use.

## **9. PAYROLL**

Personnel procedures, including appointments, promotions and terminations are supervised by the personnel committee.

The Headteacher ensures that the duties of authorising any variations to the payroll are separated from the processing of claims.

All staff data is entered onto the Schools personnel information package (SIMS) and is reconciled with the ORACLE download. Only authorised staff are allowed to access personnel records.

Arrangements have been made for staff to access their own records. These are in writing to the Headteacher.

Payments to individuals are processed only through the payroll system; no local payments are made except for expenses to teaching staff via the petty cash system.

## **10. PETTY CASH**

The Headteacher has determined the level of petty cash to be held as £500 with imprest reimbursements up to the amount of £250.

Cash is held securely and access to it is restricted to authorised staff.

Payments from petty cash are limited to £30. Expenses over this amount are reimbursed to employees by means of cheque.

Payments from petty cash are supported by a petty cash claim form and VAT invoices/receipt itemised.

Transactions are entered onto the Schools financial information system (SIMS).

Petty cash is reconciled on a weekly basis. A report of all transactions is run and the reconciliation statement countersigned by an authorizing signatory confirming the report balances with cash.

Personal cheques are not allowed to be cashed with petty cash

## **11. TAX**

The headteacher ensures that all relevant staff are aware of relevant provisions concerning VAT, tax and the construction industry scheme.

Only VAT invoices are paid for transactions involving VAT.

In the case of the reimbursement of expenses, the VAT invoice must be in the name of the School and not an employee, as VAT belonging to the County Council can only be claimed by Suffolk County Council.

The School completes a monthly VAT return on SIMS, which is reimbursed. This is done on the first available day after month end.

The Construction Industry Scheme (CIS) applies to all schools that engage builders or decorators and applies to all construction, installation, repairs, decorating, alterations, site preparation and demolition work. The school will follow the SCC policy as listed in the School Financial Administration manual (Section 8.15)

## **12. ASSETS**

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 stickers that bear the School name and equipment number.

The inventory is reviewed in the Autumn Term and signed as evidence of the check having been undertaken.

A log of School property that is taken off site, by staff or pupils is maintained. This property includes mobile phones and sat nav equipment; laptops for teachers/staff are logged separately. The register is held in the general office, and referred to as the 'Equipment Hire Folder'.

The governors have approved a policy in relation to redundant equipment – it is with the bad debt policy.

The safe is kept locked and the keys are removed.

The School's asset management plan is supervised by the Business Manager.

### **13. INSURANCE**

The School reviews all risks annually to ensure that the cover available and the sums insured are adequate.

The governors consider whether to insure against any uncovered risk at the start of the financial year with the budget process (eg. Staff absence)

The School will notify the LA/insurers of any new risks or any other alterations affecting existing insurance.

The School will not give any indemnity to a third party.

The School will immediately advise the LA/insurers or any accident, loss or other incident which may give rise to an insurance claim.

Insurance will cover the use of School property when off the premises, eg musical instruments/computers.

### **14. DATA SECURITY**

Computer systems used for School management are protected by password security (ie screen savers, logins and passwords etc). Passwords are changed annually and more frequently in the event of staff changes.

All data is backed up daily and the back-ups stored in a secure fireproof location, or preferable off site.

The Headteacher/ICT Technician has established policies (Data Protection and Data Security) for recovery from an emergency.

Only authorised software is installed on any School computer to safeguard against computer viruses, all software has been installed by the ICT Technician.

The governors ensure that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998 and that the Schools use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with the legislation. The following is done on an annual basis:

- All staff complete the acceptable use policy (AUP) for the use of ICT Equipment & Services form
- The Home School Agreement is signed by all parents
- Fair Processing Notice letter sent to all parents

Signed .....

Date: May 2010

Review Date: May 2011

Issue	1	2	3	4	5		
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