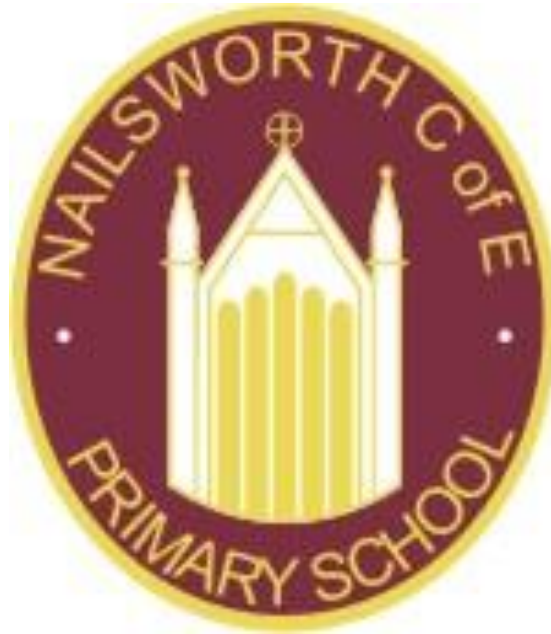


## Policy Statement for

# Finance



Updated by **Sarah Edwards**

Date **04/11/19**

Reviewed by Governors on **05/11/19**

<b>Change History</b>	<b>Summary of Key Changes</b>
<b>Dec 2014</b>	Updated to new format
<b>April 2016</b>	No changes required
<b>Feb 2019</b>	Changed the small building work limit from £5,000 to £10,000 Review by Governors of quotations obtained where estimated costs exceed £10,000. Added wavering three quotes for projects under £10,000 for established value for money contractors with an excellent track record of delivery where work needs to be done as soon as possible.
<b>Nov 2019</b>	Updated following governor review

Contents

	<u>Page</u>
1. Budgets	3
1.1 Budget construction	3
1.2 Budgetary control and monitoring	4
2. Payroll	5
2.1 Starters/variations/leavers	6
2.2 Claim Forms	6
2.3 Checking of payroll data	6
2.4 Pay-related expenses	7
2.5 Supply teachers	7
3. School Fund	7
3.1 Accounts	7
3.2 Signatories	7
3.3 Final accounts and audit	8
4. Assets	8
4.1 Inventory	8
4.2 Off site register	9
5. Income	9
5.1 Income	9
5.2 Cash income	10
5.3 BACS Income	10
5.4 Banking	10
5.5 Charging policy	11
5.6 Donations	11
5.7 Official capitation and School Fund income	11
5.8 Cash and Cheques received from pupils	11
5.0 Security of receipt books and tickets	11
6. Purchasing	12

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

6.1	Ordering	12
6.2	Quotations/tenders	13
6.3	Governor involvement	13
6.4	Receipt of goods	13
6.5	Invoice check and authorisation	13
6.6	Petty cash	14
7.	Register of Interests	14
7.1	Persons to be included	14
7.2	Interests to be recorded	15

## 1. **Budgets**

### 1.1 **Budget construction**

The Head Teacher is responsible for the detailed preparation of an annual school budget which addresses the strategic aims and targets established by the Governing Body. In constructing the budget, the Head must take account of priorities identified in the School Development / Improvement Plan, incorporating specific costs as detailed in the plan. In producing the budget, the Head should consult with other members of staff as appropriate to ascertain detailed requirements and cost pressures for the coming the year.

The Resources Committee should meet in the Autumn term to consider a broad budget strategy. In order to determine appropriate expenditure levels, the committee should consider the overall level of income expected from local authority budget, grants and school generated income, together with any anticipated balance to be carried forward into the following financial year.

Detailed formulation of the budget should take place in Spring term, and the Resources Committee should approve the detailed budget plan following receipt of the final local authority budget allocation issued in February. The full Governing Body must subsequently approve the full budget and minute this approval. The approved Governors Budget Plan spreadsheet template must then be submitted to the Schools Finance Team, along with a signed statement by the Chair of Governors, by the required mid-May deadline.

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

Total budgeted expenditure should not exceed the total anticipated in-year income plus or minus any balance brought forward from the previous year. If it appears that a deficit position cannot be avoided, the Head and Chair of Governors must inform the Schools Finance Team immediately as the local authority must approve a Deficit Repayment Agreement (DRA) involving an appropriate recovery plan. Please refer to the Scheme for Financing Schools for further information on DRAs:

<http://www.gloucestershire.gov.uk/schoolsnet/index.cfm?articleid=19626>

In constructing the detailed budget, factors for consideration include:-

- current and previous year's expenditure levels on individual budget headings
- staff pay awards and increments, and known changes
- anticipated price inflation
- changes in the supply of services and contracts (traded services, utilities etc.).
- changing School Development Plan priorities
- any anticipated changes in pupil numbers
- the resulting impact on staffing structures

## 1.2 Budgetary control and monitoring

The Head is responsible for regular, detailed control of the school budget and this role will require appropriate monthly reports from the school's accounting system. The Head may assign budgetary control of individual budget headings to other members of staff, however the Head remains ultimately accountable to the Governing Body for these budget headings. Financial reports to the Head and other budget holders, where applicable, should include the following information for each agreed budget heading:-

- total budget for year
- total expenditure and commitments to date
- projected variance

Payroll expenditure data, as notified by local authority payroll prints, must be entered promptly on to the school's accounting system (FMS) each month by the Business Manager

Other, non-pay expenditure, as notified by monthly on-line reports for central schools, must be reconciled promptly to FMS by the Business Manager.

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

It may be appropriate to action adjustments to the original budget (virements) during the year, for example as a result of additional income, new costs or changing national priorities etc. The Head is empowered to respond to changes to address variances by effecting virements between individual budget headings.

Where new or unplanned expenditure is necessary, the following individual virement authorisation limits are:-

- up to £1,000 - Head (and subsequently reported to full Governing Body)
- £1,000 - £14,999 - Resources Committee ""
- £15,000 and over - Full Governing Body

Virements, once approved, must be promptly recorded in FMS to keep the approved budget up to date.

The Head should present detailed budget monitoring statements to the Resources Committee on at least a termly basis. The Resources Committee should then consider and challenge these statements as necessary, with the Head will providing explanations for any significant variances identified. The Chair of the Resources Committee should then report termly to the full Governing Body, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

When the accounts for each financial year are closed, a final statement from FMS must be presented to the next meeting of the Finance Committee.

For further guidance on school's roles and responsibilities please refer to the SFVS with supporting notes.

[Gloucestershire Schoolsnet - SFVS](#)

## 2. **Payroll**

The School uses the Council's payroll service. Schools using GCC payroll and HR services should refer to the Business Service Centre Schoolsnet pages for general information and guidance (please note you will require your school's assigned log-in and password to access some of the information on Schoolsnet):

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

<http://www.gloucestershire.gov.uk/schoolsnet/index.cfm?articleid=20450>

The school uses the Eforms service to inform GCC's payroll (SAP system) of the staff changes required ie Starters, leavers, variations, claims etc.

### 2.1 Starters/variations/leavers

The relevant forms for the following are on on Schoolsnet:

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

<http://www.gloucestershire.gov.uk/schoolsnet/index.cfm?articleid=96385>

They must be checked and actioned on SAP by the Business Manager and authorised on SAP by the Head. Completed forms must be filed in staff personnel folders. Any forms that relate to the Business Manager must be signed by the Head, and forms that relate to the Head must be signed by the Chair of Governors.

Any of the above changes must be promptly recorded into the SIMS Personnel system to ensure that staff commitments feed correctly into FMS.

### 2.2 Claim Forms for Supply hours, additional Support staff hours etc

The relevant forms for the following are found on Schoolsnet:

- Teaching Supply hours / Additional Teacher hours
- Additional Support Staff hours

One form per calendar month should be used and all forms should be completed and signed by the member of staff.

All relevant claim forms submitted must be checked initially by the Business Manager and actioned on SAP, and then authorised by the Head on the SAP system by the monthly GCC pay deadline. Authorised claim forms must be filed in staff personnel folders.

### 2.3 Checking of payroll data

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

Payroll data (PY14) is received monthly from Shire Hall (via secure website) and must be scrutinised by:

- the Head, to ensure all employees are recognised, and pay appears reasonable (no detailed check)
- the Business Manager, to check accuracy of salary and expense payments, and action monthly reconciliation.

#### 2.4 Pay-related expenses

All pay-related expenses must be processed through the payroll system (SAP). Pay-related expenses must never be paid via petty cash, or by the creditor payment system. If any doubt exists about whether an item should be processed via the payroll system, the Financial Administration section at the Business Service Centre must be contacted for advice (Tel: 01452 425888).

<http://www.gloucestershire.gov.uk/schoolsnet/index.cfm?articleid=96383>

#### 2.5 Supply teachers

The Governing Body will decide, on the basis of advice from the Head, whether supply teacher insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised (signed) by the Head, or in his absence, the Deputy Head. Reimbursement claims must be submitted on a monthly basis by the Business Manager through the payroll system (SAP). The Business Manager must check on a monthly basis that correct amounts have been charged as per the PY14 and Autorec expenditure printouts.

### 3. School Fund

#### 3.1 Accounts

The income of the school Fund is to be maintained on a day to day basis by the School Secretary, who lists all income in the School Fund Day Book. All income and expenditure will be entered promptly in the accounts by the Business Manager. A bank reconciliation will be performed monthly when bank statements are received, between the balance as per the accounting record and the balance as per bank statements.

#### 3.2 Signatories

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

The following are allowed to sign cheques on the bank account:-

- Head
- Deputy Head
- Chair of Governors
- Chair of Resources Committee

There must be two signatures on each cheque.

### 3.3 Final accounts and audit

Final accounts are prepared at the end of the School Fund financial year by the Business Manager. The accounts will be audited by an auditor appointed by the full Governing Body. The auditor will not be a member of the Governing Body. In appointing an auditor and operating the Fund, the Governors will follow the instructions laid down in the County Council's Manual on Unofficial Funds.

<http://www.gloucestershire.gov.uk/schoolsnet/index.cfm?articleid=19607>

The audited accounts should be presented to the full Governing Body for approval. Governors' approval must be recorded in the minutes of the meeting. Once approved, the Clerk to the Governing Body will return the requested FN12 form the Schools Finance Team.

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

## 4. Assets

### 4.1 Inventory

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

The School Secretary is responsible for keeping the inventory up to date by adding new items when they are received into school.

Items up to a value of £50 may be sold or written out of the inventory on the authority of the Head. Over this limit, the Governing Body must authorise and details recorded

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020



in the minutes. Reasons must be recorded in the inventory, together with the Head's signature (up to £50) or the Governors' minute reference (£50 and over). An official receipt for sales income must be issued to the purchaser.

Inventories shall cover all areas of the school, and be arranged on a room-by-room basis. A separate inventory will be maintained to include items which are not allocated to a specific room.

The inventory shall be checked against the actual assets by the Head on an annual basis. Any discrepancies shall be investigated immediately, and if necessary the Governors, Police and the authority's auditors shall be informed. The check shall be evidenced by the checker signing and dating the inventory.

All inventory items should be security marked:

- invisibly with Smart Water, and
- visibly with warning stickers.

#### 4.2 Off-site register

Any inventory items taken off-site by members of staff for official purposes must be recorded in a register. The date borrowed, and the signature of the borrower, must be recorded. On the return of the item the date of return will be recorded.

The off-site register does not include the teacher's laptops; these are listed in the inventory and are the responsibility of the teacher named. It is assumed that, due to their nature, they are regularly taken off-site.

## 5. Income

5.1 Income (i.e. Where payment for goods/services provided by the school is made after the provision takes place).

An official invoice must be raised by the Business Manager in all cases and sent to the debtor as soon as possible after the provision of the goods/service, and no later than one week after the provision.

Records must be kept of paid and unpaid invoices, and debts must be chased.

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

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

1st reminder 28 days

2nd reminder 56 days

If after 84 days the debt remains unpaid, consideration will be given by the Head and/or Governors to writing the debt off in accordance with the following limits:-

- up to £50      - Head may authorise write-off
- up to £100    - Chair of Governors may authorise write-off
- £100 and over - full Governing Body may authorise write-off.

In each case, the possibility of taking legal action to recover the debt must be considered by Head, Chairman, and Governors as appropriate.

As well as sending formal reminders, efforts must be made by the school to contact the debtor in order to secure recovery of the debt. If payment has not been received after 28 days of raising the invoice, no further goods or services must be provided until the outstanding debt is settled.

5.2 Cash income (i.e. where payment is received at the time goods/services are provided).

An official receipt must be automatically issued to the payer for all cash payments of £20 and over at the time the payment takes place. Official receipts may also be issued upon request for cheque payments and cash receipts of less than £20. A duplicate copy of issued receipts is retained at the school.

5.3 BACS income

Parents are able to pay by BACS to the Central Account (GCC) for any amounts over £20 ie Jigsaw, Residential, Music Tuition etc

No official receipt is automatically issued to the payer, although can be issued upon request.

5.4 Banking

All income received (cash or cheque) must be banked promptly and intact. No payments may be made out of income collected. A record to evidence the banking must be kept (e.g. stamped paying-in slip).

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

### 5.5 Charging policy

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

- lettings
- school trips
- music tuition
- Swimming lessons

The charging policy will be reviewed annually by the Governing Body. Charges levied by the school will be in line with this policy.

### 5.6 Donations

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact.

### 5.7 Official Capitation and School Fund income

All income used to offset expenditure incurred on the capitation budget (e.g. lettings, school trips, music tuition) must be paid into the official Central Account (GCC) and coded to an appropriate income code. Monies received from any sales of school equipment must similarly be paid into the County Fund.

Donations may be paid into the Central Account or the School Fund dependent upon the wishes of the donor which must be ascertained beforehand.

### 5.8 Cash and cheques received from pupils

All income received from pupils in class must be handed over to the School Secretary each morning and recorded in the relevant Income Control Sheet. The School Secretary will issue an official receipt for any income exceeding £20, and the Income Control sheet will be kept in the office. No pots of cash should be kept in the classrooms.

### 5.9 Security of receipt books and tickets

All unused receipts to be used to acknowledge receipt of income, must be held securely in the school office.

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

## 6. Purchasing

### 6.1 Ordering

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

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

Official orders must not be used to procure goods for private purposes.

Official order stationery must be held in a secure location.

Copies of all official orders placed must be retained on file at the school by the Business Manager.

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

(Please note, further information on Gloucestershire County Council Contract Standing Orders can be found in Annex D of the Schools Financing Scheme:

<http://www.gloucestershire.gov.uk/schoolsnet/index.cfm?articleid=19626> )

### 6.2 Quotations/tenders

Financial Regulations - for orders for goods/services under £50,000:

- £1,000 - £10,000 - at least three prices to be examined and retained, these prices may be taken from suppliers' written or verbal quotations or catalogues/price list. Where an existing contractor has shown previous value for money and excellent track record within school with a quote under £10,000 then three prices may be waived to expedite the work. A written agreement from the Headteacher will be obtained and reported to the Governors Resources Committee.
- £10,001 - £50,000 - independent written evidence of at least three prices should be obtained and retained.

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

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

Standing Orders - for orders for goods/services over £50,000.

Tenders should be invited in one of three ways, and in accordance with specific Standing Orders.

- from at least three contractors included on a standing list - SO49, or where no standing list exists
- from at least three appropriate contractors - SO.50, or
- by open competition by advertisement in local newspaper or appropriate journal - SO.51.

These types of purchases are usually related to the school buildings and the Local Authority will invite the tenders and decide on the final contractor.

### 6.3 Governor involvement

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

- On purchasing decisions when the estimated cost of one item exceeds £1,000
- Review of quotations obtained where estimated costs exceed £10,000.
- Review of quotations when the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained. In such circumstances the Governors should formally authorise a waiver of the regulations, either prior to the purchase or retrospectively, if necessary.

### 6.4 Receipt of goods

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

### 6.5 Invoice check and authorisation

Invoices received must be checked to both copy orders and delivery notes to ensure that invoices relate to goods ordered and delivered. Invoices should also be checked

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

for arithmetical correctness. All invoices authorised for payment by the headteacher on FMS before being sent to GCC for payment.

Invoices received must be recorded in FMS within 30 days of the invoice date by the Business Manager (to align with GCC's T&C).

## 6.6 Petty Cash

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

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

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

Each time a reimbursement claim is submitted, the Business Manager must complete a reconciliation ensuring that cash expended, plus cash in hand or at bank, equals the amount of the advance.

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

In normal circumstances individual purchases from petty cash must not exceed £60. In exceptional circumstances payments up to £100 may be made, with the express prior approval of the Head. Such payments should be for emergencies only and should not simply result from a lack of planning.

All cash and cheque books held must be retained securely.

## 7. Register of Pecuniary and Other Interests

It is a requirement for all schools to maintain such a Register.

### 7.1 Persons to be included:-

#### 1. All Governors

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

2. Headteacher
3. All senior staff (e.g. Deputy Head, Business Manager)

## 7.2 Interests to be recorded

The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school.

Examples of such improper influence might be:-

- to purchase goods or materials from a company in which a Governor/senior member of staff has a financial interest without going through the correct procedure of obtaining competitive prices;
- promoting member of staff who has close personal relationship (spouse, partner, son, daughter etc.) with Governor/senior member of staff, without going through correct procedure of recruitment and selection.

There can never be a definitive, comprehensive list of the interests which should be recorded, but the following is intended to give some guidance:

- having a financial, or other, interest in an organisation which could feasibly be in a position to supply goods/services to the school e.g.
- building contractors
- plumbing contractors
- electrical contractors
- audio/visual goods suppliers (e.g. T.V.s, video recorders, hi-fi etc.)
- repair/maintenance of equipment (electrical and other)
- suppliers of computer hardware and software
- suppliers of stationery
- suppliers of educational equipment (e.g. P.E. equipment)
- suppliers of furniture, fittings, carpets, curtains etc.

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020

- decorating contractors
- catering contractors
- suppliers of provisions
- suppliers of clothing
- suppliers of building materials
- suppliers of catering equipment
- suppliers of fuel
- suppliers of vehicles
- suppliers of books
- grounds maintenance contractors
- gardening contractors
- suppliers of grounds/garden maintenance equipment
- suppliers of plants, trees, seeds etc.
- suppliers of heating equipment
- suppliers of lighting equipment
- suppliers of musical instruments
- suppliers of insurance
- consultants (e.g. legal, financial, training, property)
- suppliers of security services and supplies
- suppliers of art materials
- suppliers of telecommunications equipment
- suppliers of photographic equipment
- transport contractors (e.g. coaches, taxis etc.)

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020



- holiday/travel operators
- suppliers of supply teaching cover
- suppliers of peripatetic teaching
- suppliers of banking services
- suppliers of workshops etc. (e.g. drama, music)

The interest in the above 'supplying organisations' may, for example, be:-

- as a director
- as an employee
- as a major shareholder
- as a major investor
- as a major debtor/creditor
- having a close personal relationship (spouse, partner, son, daughter, parent etc.) with a person in the above categories
- being in a position to potentially influence decisions made about the school, e.g. as:-
  - member of local council (County Council, District Council, Parish Council)
  - officer of Local Education Authority in a senior capacity
  - Member of Parliament
  - OFSTED Inspector
  - officer of local council (District Council, Parish Council) in a senior capacity
  - having a close personal relationship (as described above) with any person falling into the above categories
  - having a close personal relationship with a Governor or member of staff (employed on a full-time, part-time, permanent, or temporary basis).

Owner:	Resources Committee	Delegated To	Business Manager
Review Frequency	Three Years	Updated	Nov 2019
Version`	1.0	Next Review	Nov 2022
Review Author	Sarah Edwards & Peter Holmes	Published on Website	Jan 2020