



EAST STOUR PRIMARY SCHOOL

FINANCE POLICY

March 2017

Revise 2018

Previous version: January 2017

1. Introduction

The Governors of East Stour Primary School are committed to providing sound financial controls, to achieving value for money and to being worthy custodians of public money. To achieve these aims the Headteacher and the Governing Body have drawn up this Finance Policy to provide the guiding principles for which all Governors and staff will operate within the **Circle Model of Governance**.

This policy has been drawn up in accordance with the Local Authority's (LA) Scheme for Financing Schools.

2. Principles

East Stour Primary School Finance Policy will adhere to the following principles:

- The responsibilities of the Governing Body, its committees, the Headteacher and staff will be clearly defined and limits of delegated authority established, where applicable.

The **Governing Body** is responsible for taking steps to ensure that expenditure reflects best value principles. This is done by;

- Using both performance data and financial benchmarking to **compare** to similar schools locally and nationally
- Using the information gained to **challenge** performance and set new targets
- Using fair **competition** through quotations and tenders, ensuring resources and contracts for services are secured in the most economic, efficient and effective way
- **Consulting** parents on Policy development and major changes in the use of resources

The school will establish sound internal financial controls, based on the LA's Financial Controls to ensure the reliability and accuracy of its financial transactions.

The budget will reflect the school's prioritised educational objectives through its links to the School Development Plan, which indicates the resource implications of each priority.

The budget will be subject to effective monitoring, allowing the Governors, Headteacher and staff to maintain financial control in line with the Balance Control Mechanism by reviewing the current position and taking any remedial action necessary.

The school will be adequately insured against exposure to risk.

The school will ensure that:

- The Budget Share is spent for the purpose of the school only
- Purchasing arrangements achieve value for money

- There are sound procedures for the administration of personnel matters
- There are sound procedures for the administration of payroll matters
- Stocks, stores and assets are recorded and adequately safeguarded against loss or theft
- All income due is identified and all collections receipted, recorded and banked promptly
- The operation of the bank account and the reconciliation of bank balances with the accounting records are properly controlled
- The use of petty cash is strictly controlled
- The use of a Corporate Card is strictly controlled
- Any non-public funds are administered as rigorously as public funds. The school does not operate a Voluntary Fund.
- Any suspected irregularity will be reported immediately to the LA's Head of Audit and Risk
- The school will adhere to current Data Protection legislation
- Appropriate training in financial administration will be given to enable staff cover at all times

3. Putting Policy into Practice

3.1 Delegated Authority

The Full **Governing Body** of East Stour Primary School has overall responsibility for the management of all of the school's finances covering the revenue budget, other budgets delegated or devolved by the LA and other funds (e.g. the School Voluntary Fund).

The **Full Governing Body** of East Stour Primary School will ensure the annual detailed report of the Schools Financial Value Standard (SFVS) is provided to them and the chair of governors will sign the completed form prior to sending a copy to the Local Authority.

The **Finance Governors** is delegated responsibility by the Governing Body for the following aspects of financial management;

- Evaluate and recommend the three year budget plan, which shows clear links to the School Development Plan, for approval by the Full governing body
- To review the Finance Policy and agree levels of delegation for approval by the Full Governing Body
- To review the Charges and Remissions Policy for approval by the Full Governing Body
- To review a Pay Policy for approval by the Full Governing Body
- To make decisions in respect of service agreements and insurance
- To advise the Full Governing Body of any consultations to change the LA Scheme for Financing Schools, to allow the school to respond to any consultation
- To report monitoring and the outturn position to the Full Governing Body, highlighting any significant variances
- Evaluate any proposed virements (if applicable)
- Evaluate and report on Tenders for Contract Services to the Full Governing Body

- Keeping in-school financial procedures under review
- Benchmark the school's financial performance and report to the Full Governing Body

The **Headteacher** is responsible for implementing the decisions of the Governing Body and for the operational management of the school. The general administration of financial procedures may be delegated to other members of staff at the discretion of the Headteacher and this delegation should be documented in the Finance Policy.

The **Business Manager** is delegated responsibility to:

- Maintain established financial procedures for all school monies, to ensure correct accounting for all funds, to comply with KCC audit procedures
- Analyse the school budget to provide forecasts in order to report to the governors through the Finance Monitoring Governors and Full Governing Body and make recommendations for future trends
- Ensure Financial Controls policy reflects statutory requirements and is adhered to
- Monitor the budget for the current financial year and estimated outturn to ensure senior management is kept fully informed of spending trends
- Implement the budget set by the Governors, ensuring that spending is in accordance with school policies.

3.2 Internal Financial Controls

The internal financial controls operated by East Stour Primary School follow the controls set out in the LA's Scheme for Financing Schools.

3.3 Financial Links to the School Improvement Plan

The **School Development Plan** has sufficient scope and depth of financial implications and it is reflected in the school's three year budget plan.

3.4 Monitoring and Virements

East Stour Primary School recognises that the regular monitoring of income and expenditure against the agreed budget is central to effective financial management. To this end, the Bursar carries out a monthly internal monitoring procedure, which is provided for the Headteacher and Finance Governors to review. A monitoring report is taken to all Finance Governor meetings which reports, as required, to the Full Governing Body. Monitoring reports are submitted to the LA in accordance with its timetable. Governors should ensure their meetings are timed to see all monitoring submitted to the LA either prior to or submission or soon after. This will ensure they have an up-to-date position of the school's finances.

On occasions, virements need to be carried out. Virements to the approved budget are minuted appropriately and require the following authorisation:

Virements up to £8,000 - The Headteacher reported to the Finance Governors

Virements from £8,000 to **£15,000** - The Finance Governors

Virements over **£15,000** – The Full Governing Body.

3.5 Insurance

East Stour Primary School is insured through **the Kent County Council 'Safe Hands' Scheme** with relevant cover, as identified by the schedule received from the LA's Insurance section.

East Stour Primary School insures violins on behalf of pupils through JLT|online. Schedule number: **F161010941**

East Stour Primary School does not purchase Money Cover through Safe Hands scheme and therefore recognises that cash is not insured through the LA's Insurance policy.

3.6 Purchasing

At East Stour Primary School, budgets are delegated to key stage and subject co-ordinators. Budget holders prepare a 'needs budget' for their area of responsibility, which is approved by the Headteacher in line with the priority needs of the school and the School Development Plan.

All staff adhere to the school procedures for purchasing items, as laid down in the School's Staff Handbook, paying regard to value for money at all times. The Headteacher or designated deputy authorises all orders and invoices prior to payment.

Where the school purchases large items, we adhere to the procedure for spending the Council's Money as laid down in the Scheme for Financing Schools (www.kent.gov.uk/publications/business/spending-councils-money.htm), in summary:

- For orders in excess of £8,000, but less than £50,000, three written quotations are obtained and submitted to the **Finance Governors** for evaluation and report to the Full Governing Body
- For orders in excess of £50,000, no fewer than three competitive tenders are sought and submitted to the Full Governing Body for approval

All of the above will be minuted at the appropriate committee/Full Governing Body meeting to ensure that the School is seen to be obtaining value for money at all times.

The school does not enter into any Hire Purchase agreements, Finance agreements or Finance Leases as this constitutes borrowing which is not permitted.

3.7 Personnel Matters

At East Stour Primary School, at the start of every financial year the Headteacher confirms the staffing structure to inform the **Business Manager** who uses the LA financial planning tool to calculate the salary costs of all members of staff, including increments, where applicable. These details are used by the **Finance Governors** for incorporation into the school budget planning process.

The **Performance Management Committee** undertakes an annual review of the Headteacher's salary, and recommends enhancements, if applicable, to the Full Governing Body for approval.

The Headteacher undertakes an annual review of all other staff, in accordance with the Governors' Pay Policy and reports to the Full Governing Body.

Details of all salaries are recorded as a confidential item in the minutes.

3.8 Payroll Matters

The payroll provider at East Stour Primary School is Capita Business Services Ltd, who provides payroll services to the specification laid down by the LA. The Headteacher, or designated deputy, signs off the monthly payroll reports once they have been checked for accuracy.

3.9 Safeguard of Stocks, Stores and Assets

All staff at East Stour Primary School are responsible for the security of school assets. Co-ordinators, subject managers and class teachers safeguard their assets and maintain asset registers, which are checked at least on an annual basis and certified by the IT co-ordinator/Bursar. All school assets are recorded on a general asset register, maintained and updated by the school office.

Items of value are held in a locked cupboard/cabinet, wherever possible and all items are visibly security marked to deter theft.

Where assets are written off and disposed of, the Finance Governors agrees this on behalf of the Full Governing Body and the agreement is minuted.

Where school assets are loaned to staff or pupils, a loans **agreement book** is completed and signed when borrowing the item and again when the item is returned.

3.10 Income

At East Stour Primary School, the Lettings Policy is reviewed and approved on an annual basis by the Governing body.

Where debts are required to be written off, after every effort has been made by the Headteacher and Governors to recoup the monies, the Full Governing Body will approve up to £1,000. Approval to write off debts over £1,000 is required in writing from the Schools Financial Services Manager.

We have agreed a level of cash to be held in school at any one time as **£1,000 (to account for a number of events occurring at one time e.g. Christmas, summer trips)**. Cash will be receipted, recorded and banked promptly at all times.

3.11 The School Bank Account

East Stour Primary School operates its school bank account in accordance with the regulations in the LA's Scheme for Financing Schools. The school operates only one current account for the administration of KCC official funds.

Bank account signatories are updated immediately there is a change in staffing and details are copied to the Statutory Unit, as a matter of course.

Bank statements should be received/printed at least monthly and reconciled to the accounting system each month using a statement no older than seven days, and any discrepancies resolved. The reconciliation statements should be signed as checked and countersigned by the Headteacher or authorised signatory.

3.12 Petty Cash

East Stour Primary School does not hold Petty Cash. Petty Cash is held securely at all times and the limit for petty cash is £150. At East Stour Primary School, petty cash transactions are kept to a minimum and the maximum value of any one transaction is up to £15 when non authorised in advance. All staff obtains proper VAT receipts for petty cash purchases, wherever possible, as this demonstrates value for money in respect of the school budget and satisfies legislative requirements.

3.13 Purchase Cards

East Stour Primary School operates an approved Corporate Card in accordance with the LA guidance. The approved users are the Head Teacher, Deputy Head and Business Manager. The monthly card limit is £1,000, £1,000 and £2,000 respectively.

Personal credit cards will not be used for the purchase of items for the school.

3.14 The Voluntary Fund

East Stour Primary School no longer operates a school Voluntary Fund.

3.15 Irregularities

All staff at East Stour Primary School are aware of the LA's Whistleblowing procedure and to whom they should report concerns. These details are available to staff in their staff handbook.

3.16 Data Protection

Under the terms of the Data Protection Act 1998, the Headteacher and Governing Body are required to notify the Information Commissioner of our processing, storage and disclosure of data procedures, which are covered by this legislation. To this end, we have a password protection procedure, laid down in the staff handbook. Systems are backed up regularly and the backups held securely, virus protection is in place and is updated regularly and the school has a disaster recovery plan for the administration network.

3.17 Financial Administration

At East Stour Primary School, two three members of staff are trained in the use of the finance software and financial administration procedures, in event of staff absence. We also purchase a support contract through the Schools Financial Services, which is reviewed on an annual basis, allowing us the option to purchase additional area support, if required.