Theale C of E Primary School

Financial Management Policy

At Theale CE Primary School the children come first. They are central to every decision made in school. We will ensure that our children are happy and successful. They will grow to be ambitious and resilient and their talents will be nurtured so they become highly skilled. Our children will be courageous and always behave with integrity.

"And you shall love the LORD your God with all your heart, with all your soul, with all your mind, and with all your strength.' This *is* the first commandment. And the second, like *it, is* this: 'You shall love your neighbour as yourself.' There is no other commandment greater than these."
Mark 12: v 30-31

"I have come that they may have life and that they may have it more abundantly."
John 10:10

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Links to related policies and procedures	All finance related policies
Author	School Business Manager
Approved by	Governing Body
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Responsibility for next review	SBM and Finance Committee

Purpose and background

The school receives on an annual basis a financial allocation from West Berkshire Council ("WBC"), together with additional monies available through Standards Funds and direct government grants. This policy and procedures determine the framework within which the school conducts its finances, the delegation of responsibility and the methods of operation, so that all parties concerned are aware of their duties and responsibilities and that sound internal and financial controls are maintained. The implementation of appropriate practice and procedures will ensure the best use of funds available to enhance the education of the school's pupils.

The operation of the school's private fund is the subject of a separate document.

Policy objectives

The school adopts and will comply with, ensuring that staff are made aware of as required, regulations and guidelines as published by the Local Authority, including: the WBC Financial Rules of Procedure*; the WBC Contract Rules of Procedure*; the WBC Anti Fraud and Corruption Policy* and Confidential Reporting Code* (Whistleblowing); and the WBC Scheme for Financing Schools*, to the extent that such regulations and guidelines apply to schools. The school will also comply with DfE and Audit Commission regulations and guidelines for budget management, including 'Keeping your Balance' and the spending and receipt of monies, including Standards Funds and direct government grants. It will operate in accordance within the requirements and standards laid down in any current DfE Financial Management Standards scheme and WBC Audit and Accountancy Departments. These documents are available in the School Business Manager’s office.

The Governing Board will delegate to their Finance Committee the preparation of an annual budget for income and expenditure and take this preparation into account in setting an annual budget for income and expenditure. It will publish, as required, annual statements relating to the quality of the school's internal controls.

Delegation

The governing board has delegated certain functions and the making of certain decisions to its Finance Committee, in accordance with the terms of reference of that committee. It has also delegated to the Headteacher the management of the budget and the virement of funds and will take due account of the advice given by the Headteacher in respect of financial matters. The signing of cheques and other bank instructions is delegated to school staff. The Finance Committee will note and approve the Headteacher's allocation of financial duties to staff. It will monitor the competencies of school finance staff and governors and make recommendations to the Headteacher as appropriate.

Budget Management

When setting the budget, the Governing Board shall consider the aims and objectives of the school and School Development Plan and ensure that the budget and financial processes of the school support and reflect these as far as possible.

In setting the budget governors will take due account of the need to resource the management and administration of the school's finances and to ensure, through regular review, that staff resource and competence is sufficient, and is supported through appropriate development and training

All material budgetary decisions will be communicated between all relevant and interested school staff and the governing body on a regular and timely basis, to ensure that the financial context of the school is understood and that necessary actions are implemented, as required by the School Financial Value Standard, this financial management policy is available to staff and parents through the school website.

The school has in place rules for the procurement of goods and services to obtain best value from the resources available. ***See appendix below.***

Finance staff are given clear guidance to ensure that effective and robust financial and accounting procedures are adhered to. ***See appendix below.***

Inventory and assets statement

The school has in place procedures for the recording of assets. The Finance Committee will receive, review and sign off an inventory report on an annual basis. All portable and desirable items with a value of £250.00 or more are recorded on the inventory.

Pecuniary and business interests statement

All governors and those staff with financial responsibilities will declare any pecuniary or personal interest annually through the Register of Business interests maintained by the school. Governors and other attendees will be required to declare any such interest relating to any governing board or committee meeting agenda item at the start of that meeting.

Indemnity Statement

No indemnity of any sort may be given to the benefit of a third party.

Insurance

The Headteacher will review the insurance needs of the school annually and liaise with the relevant body to ensure that specific arrangements remain appropriate. Following the approval by the Governing Body, the Headteacher will ensure that agreed arrangements are in place and, if these are outside those placed by the LA, then full evidence of sums insured, limits and cover will be supplied for approval.

The Headteacher will be responsible for ensuring that Governors are made aware of all new risks, and all incidents which may give rise to an insurance claim (e.g. accident, theft etc). These should be reported immediately to the relevant insurer. Any delay could prejudice the claim and lead to the Insurers refusing cover.

Personnel and payroll

The Headteacher will, where possible, allocate duties to ensure that an appropriate division of duties exists in the area of completing/checking and authorising of all documents and claims relating to appointment and termination of employment and expenses/reimbursements.

Payroll transactions will be processed only through the payroll system. Payment for employment will not be made to staff or visiting teachers etc. through any other mechanism. Payroll transactions relating to school employed staff will be processed against a fund provided by the LA and not a voluntary unofficial fund

De Minimis level for capitalisation

Items of a capital nature (as defined by WBC) must be charged to the appropriate Capital Fund [generally Fund 76]. The Governing Body has set its own de minimis of £500.

Management of policy

School: This policy is implemented and managed by the Headteacher and Finance Officer.

Governing Body: The Governors' Finance Committee reviews this policy on a regular basis and recommends amendments to the Governing Body for final decision.

Associated policies, documents and remits

- Terms of reference of Governors Finance Committee
- School Development Plan
- School Fund Policy
- Governor Allowances Policy
- Charging and remission policy

APPENDIX 1

DELEGATION AND THE MANAGEMENT AND VIREMENT OF FUNDS

The Governing Body has delegated certain functions and the making of certain decisions to its Finance Committee, in accordance with the terms of reference of that committee, set out in a separate document; document kept in the School Business Manager's (SBM) office and annually reviewed.

It has also delegated to the Headteacher the management of the budget and the virement of funds and will take due account of the advice given by the Headteacher in respect of financial matters.

The signing of cheques and other bank instructions is delegated to school staff as detailed in this policy.

The Governing Body will note and approve the Headteacher's allocation of financial duties to staff so as best to achieve separation to ensure probity and that shadowing of financial duties occur to provide continuity in the event of absence.

It will monitor the competencies of school finance staff and its own members and make recommendations to the Headteacher as appropriate. The skills matrices of the finance committee and staff with financial responsibilities is reviewed annually and copies held in the SBM's office.

The Governor Body's Finance Committee will review the school budget at least three times a year, in line with its remit, and agree any action where appropriate in relation to (a) budget variances, anticipated expenditure and income, and (b) any significant virements made or anticipated where, in both cases, the amount above £1,000. Below this level, the Headteacher has full authority to agree budget variances and virements without reference to governors. Virement will be subject to any 'ring-fencing' restrictions.

Authorisation is given by the Headteacher for the SBM, Heads PA and Finance Officer to process BACs payments, cheques and other instructions to the back against the school's local authority bank account. Two signatories will always be required.

APPENDIX 2

THE PROCUREMENT OF GOODS AND SERVICES

1. Placement of orders

A formal order on paper shall be sent to procure significant supplies and services in each case except in certain specific circumstances.

2. Choice of supplier

a) In all cases any purchase or service contract must comply with current Legislation, including Health & Safety and EC regulations where applicable.

b) The principles of obtaining 'best value' will apply. The School will operate within the limits defined by the Local Authority's Contract Rules of Procedure and in particular:

i. For supplies and services with a total contractual value below £5,000 (net of VAT) the school may select one supplier without obtaining competitive quotations. Where a sequence of small orders is likely to be placed with one supplier [i.e. a preferred supplier] a check of their pricing against competitors should be made and will be monitored by the SBM/Finance Officer. Schools should also be careful that repeat orders for a product or service from the same supplier may take the total over the figure at which three quotations should be obtained. In these circumstances, the clauses below should apply.

ii. For supplies and services with a total contractual value between £5,000 (net of VAT) and £10,000 a minimum of three quotations shall be obtained, except where the nature of the purchase and/or the range of suppliers and/or the timescale precludes this, in which case this will be brought to the attention of the Finance Committee for consideration and approval and the reason for this shall be documented. Quotations will be reviewed by and a decision to order made by the Headteacher or a member of staff with her delegated authority. Quotes with a value over £5,000 should be referred for approval from the Finance Committee. Approval may be made by email. Internet and catalogue quotations should be suitably documented for future reference.

iii. Subject to iv) below, for supplies and services with a total contractual value between £10,000 and £50,000, the nature of the contract may require additional procedures, including the receiving of quotations from more than three suppliers and a formal tender mechanism. A procurement mechanism will be approved in advance in each case by the Finance Committee, with appropriate specialist professional advice sought as necessary before commitment to any purchase.

iv. For supplies and services where the total contractual value is £50,000 or above a formal tender process of five tenders and FC approval is required in line with the Local Authority's Contract Rules of Procedure. The school will seek appropriate advice from the Local Authority regarding this and relevant EU and UK legislation. The Governing Board will be advised in each case and have oversight of the procurement process.

v. The most cost beneficial quotation will normally be accepted and if not, best value reasons for accepting a more expensive quote will be documented with the order.

INSTRUCTIONS TO OFFICE STAFF ON FINANCIAL PROCEDURES

Table of responsibilities and short/longer term cover arrangements. Refer to register of authorising **officers where applicable.**

Member of Staff	**BACs/ Cheques**	**Orders**	**Payments**	**Inventory**
Headteacher	Authorising and signing	Authorising and signing	Authorising	Authorising write-offs
Deputy Headteacher / Assistant Headteacher	Authorising and signing	Authorising and signing in Headteacher's absence	Authorising and signing	
School Business Manager	Preparing Signing	Processing Authorising	Preparing Processing	Administration and annual report

Head's PA	Preparing Signing	Processing Authoring	Preparing Processing	
Finance Administrator	Preparing Signing	Processing	Preparing Processing	

Recording of transactions and accounting

All financial transactions, journals and virements must be properly recorded without undue delay on the school's FMS computer system.

Budget management and monitoring

The SBM will monitor the budget and on a monthly basis reconcile Agresso printouts from West Berkshire Council with the school's FMS system and annually closedown FMS on a timely basis ensuring that carry forward figures correctly match Agresso. They will produce reports as required by the Headteacher and governors' Finance Committee including the latest Agresso report and FMS printouts', summary of main issues together with the basis on which the figures are presented, explanation of significant variances. Meetings to review the budget position will take place with the Headteacher on a monthly basis.

Reports for the Finance Committee should be prepared, to be sent with each meeting's agenda, where possible, at least a week in advance – refer to the Finance Committee Terms of Reference. The Committee will need to be informed of the expectation of the school's outturn positions for the financial year, robustly based on information held to date, in order to make any necessary consequent strategic budget management decisions and report to the full Governing Board.

Orders for goods and services

Requests to order goods and services must be given to the Senior Finance Administrator and a purchase order produced for authorisation by the Headteacher or the SBM/Deputy Headteacher in her absence. In the case of any more complex transaction the advice of suitably qualified persons must be obtained in order that all considerations regarding pricing, specification, health and safety, etc can be taken into account.

Copies of all orders and supporting documentation shall be kept and recorded promptly in the school's accounts. A monthly check of outstanding orders shall be made and any erroneously outstanding orders removed.

A formal computer-generated order on paper signed by an authorised signatory as defined in the attached Register of Authorising Officers will be sent to procure supplies and services in each case and a signed copy of this retained in the school office with the original request form and copies of relevant documentation, including quotations. The only exceptions are when:

1. The payment for supplies or services represents one of a sequence of transactions as a result of an agreed contractual obligation.

2. Telephone orders are generally prohibited but, if necessary, the school's computer accounting system should be updated as soon as possible to ensure that the value of the commitment is properly shown.

3. For amounts up to £100, minor expenditure claims may be made by staff with prior authority from the Headteacher. They should be limited to those occasions when direct staff purchase is the only practical option. Related staff expenses claims must be signed by the budget holder and will normally be reimbursed by BACs payment and be presented for payment and dealt with within 10 working days of receipt. All expenses claims must have full appropriate invoices

or receipts attached evidencing purchase so that VAT can be reclaimed whenever possible. Staff or pupil personal purchases cannot be processed through the school's accounts nor can personal cheques be encashed.

4. In cases of emergency a supplier may be called to the school to undertake work. The commitment must then be ascertained and recorded as soon as possible. All order requests for individual items of £5,000 or more require at least three quotations appended or a written statement on the order as to why this was not possible. Refer to the Spending Limits Procedure for Purchasing table.

Invoices and payment

a) Invoices for payment must be originals or certified copies and fulfil VAT requirements. FMS reports will be used to monitor.

b) Invoices should be checked for arithmetic accuracy. No invoice should be paid whose value exceeds 10% more than the original order price without reference to the initial order requestor. Service, contract and utility invoices should be checked against preceding payments to ensure periodic continuity without overlap.

c) Paid invoices must all be filed in alphabetical sequence with Imprest claims and a check made that all invoices are present before the file is completed.

d) The payment of invoices will be made within the payment terms and Imprest returns to reclaim the principle sum (less any income received) and net VAT paid/received made accurately and promptly in line with WBC requirements. The Imprest account should not be allowed to overdraw and its level reviewed regularly to ensure that it meets the school's cash flow needs. Any exceptional overdraft request and WBC confirmation must be properly recorded.

e) For money due to the school not received after 30 days, a letter should be sent to chase payment.

Security

i. No cash shall be held on the school site without approval of the Headteacher.

ii. All banking devices, cheque books and secure boxes must be stored in a safe or a cabinet, which must be kept, locked except when in immediate use. Hard copy financial records and vouchers should be kept in the school office and be clearly identifiable, the office being fully secured when not in use.

iii. Secure cabinet key is kept in a locked room at all times and accessed by the Office personnel.

iv. All cash received must be counted and confirmed by two people.

v. All portable and valuable items over the value of £250 must be security coded using the 'smart water' system (expensive) or permanent marker pen.

Bank Accounts, authorisations, income and banking

a) Copies of all bank mandates and Local Authority lists of authorising officers will be held in the school office but to allow easy access for reference.

b) Bank accounts will be reconciled once a month. Reconciliation will be approved by the Headteacher.

c) All collections of income by cheque or otherwise shall be recorded electronically by the member of staff paying in and annotated on bank pay in slips and be immediately receipted if £5 or over. Parents will not be issued with a receipt for money collected under this value unless they request one.

d) Invoices and other claims for funding will be issued/raised promptly and payment chased effectively until received.

e) All cheques and cash must be banked within one month. Banking should always be complete before school holidays, where possible but within the SBM's working weeks. No monies due to the main school budget may be banked into staff or other third party bank accounts under any circumstances.

f) BACs and cheque payments and other instructions to the bank must be signed by 2 signatories. Signatories will scrutinise and confirm relevant paper work before approving. Only manuscript signatures are allowed.

g) The writing off of any amounts under £200 due to the school and unpaid shall only be made with the formal consent of the Headteacher. Above this amount shall only be made with the formal consent of the Finance Committee and in line with WBC regulations.

Procurement Card

1. The Headteacher and SBM are authorised to have a procurement card. Purchases by the internet/telephone using the procurement card should only be made to secure best value.

2. Requests can be made by completing the Procurement Card Requisition for purchases and must be signed by the Headteacher.

3. The overall card limit for the school will be set at £2,000 for any single transaction and £4,000 as an overall monthly limit.

4. Copies of all transactions must be kept and noted in the school's accounts.

5. No cash withdrawals will be permitted.

6. Access to the card will be restricted.

7. Purchases must relate to official funds for school activities only and must be supplied and delivered to the school unless prior approval given. e.g. over summer break/holiday periods. This is on an exception basis. Personal items must not be purchased using this card.

8. A valid invoice/receipt from each supplier with VAT details is required for each purchase and must be attached to the requisition order.

9. Upon receipt of the monthly card statement, it must be checked and reconciled. There is a period of 7 days before the payment date to raise any queries with the bank (and to notify of any fraudulent activity).

10. The full outstanding balance will be paid by direct debit on or before 20th of each month and the cashbook journal will be posted on FMS on or before the monthly payment date to ensure it is included in that month's Imprest claim.

Inventories- the recording of assets

An inventory check is completed annually and a report made for the governing body. Any unaccounted items will be referred to them for appropriate action. The taking of any school property recorded on inventories off site must be approved by the Headteacher and noted, along with its return, on the inventory. Laptop computers/iPad's on loan to teaching staff will be appropriately recorded and supported by a loan agreement letter signed by the member of staff. The disposal of any assets must be authorised by the Headteacher in accordance with Local Authority regulations. (The format of the inventory should enable evidence that such authorisation was given). The inventory should be updated with the acquisition of new items and will comprise all portable and desirable items of value over £250. All IT equipment will be security marked using the Smart water System or permanent marker pen and details recorded in the inventory. The full Governing Board will note the inventory annually having been checked and signed off by the Headteacher.

Spending Limits Procedure for Purchasing

Supplies and Services below £5,000	One supplier may be selected without competitive quotations.	To be approved by Headteacher and pricing check made annually by SBM.
Supplies and Services between £5,000 and £10,000	Minimum of three quotations to be obtained. These could be prices from catalogues or the internet depending on the nature of the proposed purchase.	Quotations to be reviewed. If the value of the quote exceeds £5,000 then it should be referred to the Finance Committee for approval. Decision to order for under £5,000 made by Headteacher or authorised member of staff.
Supplies and Services over £10,000	Minimum of three or more quotations and formal tender mechanism.	Procurement mechanism approved in advance by Finance Committee with appropriate specialist advice as necessary.
Supplies and Services to the total value of £50,000 or above	Formal tender process required and appropriate advice from the local authority.	The Governing Board will be advised and have oversight of the procurement process.