

RIVERSIDE SCHOOL



Finance Policy

APPROVED BY GOVERNORS

RESPONSIBLE PERSON - HEADTEACHER

1. Background

- 1.1 At Riverside School the Governing Board is committed to ensuring sound financial controls are in place and that all expenditure is in line with best value principles.
- 1.2 Every LA needs a financial framework which provides the necessary control on financial matters whilst at the same time encouraging best value and promoting local accountability for schools and colleges.
- 1.3 All staff and governors are required to comply with this Finance Policy which sets out the framework within which the school conducts its finances.
- 1.4 This Policy should be read in conjunction with the financial regulations for Schools and Colleges issued in April 2010.
- 1.5 This Policy should also be read in conjunction with the schools policy for raising concerns, its data protection policy and publication scheme.

2. Aims

- All procurement arrangements will achieve value for money.
- There are sound procedures in place for administering payroll and personnel matters.
- All income is identified, and all collections received, recorded and banked promptly.
- The school will be adequately insured against exposure to risk.
- The use of petty cash is tightly controlled.
- The school will provide training in financial administration to members of staff.

3. Responsibility and Accountability

3.1 The Governing Board

- has overall responsibility for the management of the school's finances, including setting of the school budget, making sure it is reflective of the school's educational objectives and that it is linked to the School Development Plan
- have responsibility for all financial matters appertaining to the school, but has the power to delegate responsibility, which is delegated in accordance with the attached schedule of delegations attached.(Appendix 1)
- is responsible for developing a financial plan which establishes best value principles and uses performance data to compare attainment across similar schools and against schools nationally.

3.2 The Resources Committee

- has delegated authority to authorise expenditure of up to £50,000.
- has power delegated by the Governing Board to:
 - recommend to the full Governing Board the annual budget
 - contribute towards strategic planning of finances
 - monitor the budget on a regular basis
 - authorise expenditure up to the limits set by the budget
 - sanction an overspend of over 2% on budgeted figures
 - vire money across the budget as long as the overall budget does not exceed its limit and the objectives set by the Governing Board are still met
 - monitor the schools systems for internal financial control on a regular basis

- establish a list of pecuniary interest of the governors, and of the staff should this be necessary.
- consider tendering processes for contract services
- review contracts annually to ensure resources and contracts are secured in the most economic and efficient way
- use financial benchmarking to compare expenditure across similar schools
- manage tenders for major projects commissioned directly by the school
- review a Pay Policy and Appraisal Policy for approval by the Governing Board
- review the school ISR to determine pay range for the Headteacher and SLT.

3.3 The Headteacher

- is responsible to the Governing Board for ensuring that sound systems of internal control are in place
- is responsible to the Governing Board for ensuring that LA and other financial regulations are implemented
- shall have delegated authority to commit up to £10,000 on a single item of expenditure (within the limits of the delegated budget), for items over £10,000 appropriate Governor Board Approval should be sought.
- is responsible for overseeing staff dealing with finances and to ensure procedures are carried out effectively.
- has authority to delegate the administration of financial procedures in line with the schedule of delegations attached to this Policy

3.4 The School Business Manager

- will provide reports on current school accounts to Resources Committee/Governing Board
- shall make sure that orders, invoices and other financial documents are processed according to established procedures.
- be responsible for the office computer system and all financial and personnel papers; ensuring that only authorised staff members have access to personnel files and arrangements to access their own files are in place.
- ensure arrangements are in place to maintain a list of all assets.
- maintain a list of all bank and building society accounts and the signatories for each.
- check monthly bank statements and look into possible errors.
- advise the Headteacher on matters of financial administration

3.5 Other members of staff

- Shall have delegated authority in line with the schedule outlined in this policy
- Members of the teaching and non-teaching staff are encouraged to alert the Headteacher or Governors if areas of concern arise in respect of the school's financial affairs and are aware of the Raising Concerns Policy.

4. Budgets

- 4.1 The budget is prepared with full regard to the School Development Plan. Each Governing Board Committee will review its contributions to the plan each Spring Term and will update its future spending plan.
- 4.2 The Resources Committee will collate this information and will be responsible for the annual budget creation and future budget planning.
- 4.3 The budget shall be set within the available financial allocation.

- 4.4 Once the budget has been agreed the Headteacher shall be responsible for informing the LA of its content.
- 4.5 The Headteacher and Resources Committee shall assess progress against the schools objectives at least once a year.
- 4.6 The Resources Committee shall meet at least once a term. At each meeting one of the agenda items shall be a full consideration of the budget situation.

5. Internal Financial Controls

5.1 Financial Transactions

- Purchases are agreed by the appropriate account holder within the budget allocation set annually by the Governing Board/Headteacher.
- Orders are placed by the Financial Administrator once the order has been approved by the budget holder.
- Goods received on site are checked against the delivery note and orders by the Site Manager/Administrator/other authorised person.
- Payments are made by the Financial Administrator using agreed LA procedures ensuring separation of duties is adhered to (Appendix 2)
- Bank Reconciliation is completed monthly by the Financial Administrator.

5.2 At all stages accurate internal records are kept, all receipts and invoices are filed so as to be able to trace transactions through the system from start to finish.

5.3 Any errors in the system are checked by the Business Manager as they are identified.

5.4 The Business Manager will maintain a monthly check of the accounts and the overall watching brief of the budget.

5.5 The duties of recording and transacting payments should be separate from that of receiving payments.

5.6 Any alterations to written documents should always be made in pen, not using correction fluids.

5.7 Only authorised staff should have access to financial records. Security must be maintained at all times.

Authorised staff: Headteacher
 Business Manager
 Assistant School Business Manager
 Finance Administrator

6. School Procurement Card

6.1 The School operates an RBS business charge card with a limit of up to £20,000 in total. The school cards will only be available to the School Business Manager and Assistant School Business Manager.

6.2 Monthly records are reconciled along with the bank reconciliation and full records of transactions are checked by the Head Teacher.

7. Insurance

7.1 The Headteacher shall liaise with the LA to effect annual insurance arrangements

7.2 The Governing Board shall consider whether to insure risks not covered by the LA (eg staff absence insurance)

- 7.3 The school shall not give any indemnity to any third party without the written consent of the LA. (Specifically, parents working on improvements or repairs on site, equipments borrowed by staff and leaving the premises.)
- 7.4 The school shall immediately inform the LA or its insurers of any accident or loss which may result in an insurance claim.

8. Computer System

- 8.1 The school will ensure that it is registered under the Data Protection Act 1984.
- 8.2 The administrator should ensure that back-up disks are stored separately from the school office/data storage or that there is a remote back up service and disaster recovery plan in place.
- 8.3 Only authorised staff should have access to the hardware and software used for school management.

9. Purchasing

9.1 Value for Money

- The Governing Board shall ensure that the school obtains good value for money from any purchase by testing the market before committing any expenditure. For most small consumable items making comparisons between possible suppliers should be sufficient.
- Three Written quotations should be obtained for new purchases, or services exceeding £5,000, except where valid reason make the securing of three quotes not possible; the Headteacher shall have authority to accept a quote which represents best value where only two quotes have been received subject to approval by the Governing Board.
- Value for money should determine choice. The lowest quotation should be obtained for purchases, unless there is a good reason to ignore this bid. All quotations and any explanations should be filed for inspection.
- The appropriate Committee of the Governing Board should make decisions about quotations. All quotations should be replied to promptly in writing.
- Contracts should be written with the advice of the LA.
- Pre-written numbered orders will always be used. Only official orders forms shall be used.
- Copies of orders shall be retained.
- Orders shall only be authorised by the Headteacher or Business Manager, in line with separation of duties.
- The school shall maintain a system, which enables accurate identification of committed expenditure.

9.2 Payments of Accounts

- Goods on arrival shall be checked by a member of the site team or administrator and recorded on the delivery note.
- Receipt of goods to be cross referenced to order number
- Prices accord to quotations
- The invoice is correctly coded
- Payments shall only be made after receipt of a proper invoice.
- Invoices should be certified by the financial administrator, and either the Headteacher or Business Manager.
- All paid invoices will be stored securely.

10. Personnel

- 10.1 The processing of all documents related to appointments of staff shall be by the Assistant School Business Manager. The Headteacher or Business Manager shall check and endorse all documentation.
- 10.2 Payroll transactions and claims shall be authorised and checked by the Assistant School Business Manager.
- 10.3 Payroll transactions shall only be processed through the payroll system.
- 10.4 The Headteacher or Business Manager shall make monthly checks on payroll files.

11. Security of Stock and Other Property

- 11.1 The Headteacher is responsible to the Governing Board for the safe custody and control of cash and other property belonging to the school.
- 11.2 The Headteacher shall ensure that stocks are maintained at reasonable levels and subject to a regular check.
- 11.3 An asset register shall be maintained of all attractive or portable items over the value of £1,000, with a note of model numbers and serial numbers as appropriate. Such articles should be identified with security markings as belonging to the school.
- 11.4 The Headteacher shall arrange for the asset register to be checked once every year.
- 11.5 Whenever school property is taken off the school premises it should be recorded in a loans book and signed for.
- 11.6 The safe shall be kept locked and the keys kept securely by authorised keyholders only. (Head teacher, Business Manager, Finance Administrator and Assistant School Business Manager).
- 11.7 The Governing Board shall, organise write offs in accordance with LA regulations. Authority shall be delegated to the Headteacher to approve write-off of items with a replacement value below £2500. Such write offs to be recorded in the Asset Register and reported to the Resources Committee annually. Items above this value should be considered by the Resources Committee.

12. Income

- 12.1 The Headteacher shall be responsible for implementing the Governing Board's charging policy.
- 12.2 Invoices should be issued promptly for all transactions.
- 12.3 All income shall be recorded at the point of receipt in a form approved by the Headteacher.
- 12.4 Receipts and records of income shall be securely kept.
- 12.5 All cash and cheques shall be securely locked in the safe until banked. The safe has a cash limit of a maximum of £1,000 which is covered as an insurance risk.
- 12.6 The school shall reconcile sums collected with sums deposited, and with LA records.
- 12.7 Debts shall only be written off in accordance with financial regulations after all attempts to recoup funds have been followed.

13. Banking Arrangements

- 13.1 Use of cheque book:
 - shall not be used for the payment of wages.

- shall require two supporting signatures.
 - shall have a limit of four possible signatories (currently Headteacher, Business Manager, and Finance Administrator.)
 - shall be kept securely when not in use.
- 13.2 The school cannot be overdrawn or negotiate overdraft, credit or finance leasing facilities.
- 13.3 Bank statements shall be required each month. These shall be reconciled with the accounting records. The finance administrator shall sign these records as accurate; and the Headteacher or Business Manager shall countersign.

14 Petty Cash

- 14.1 There will be a maximum of £500 petty cash held at any one time.
- 14.2 The school administrators are authorised to have access to and monitor the petty cash.
- 14.3 Only minor items for which there is authority shall be purchased in this way.
- 14.4 Each school employee authorised to use cash shall be responsible for:
- obtaining accurate VAT receipts for all cash payments
 - submitting regular claims for reimbursement
- 14.5 The Headteacher shall arrange for periodic checks to be made on the completeness of the Petty Cash accounts.

15 Voluntary Funds (School Fund Account)

- 15.1 The Headteacher/Business Manager shall be the treasurer for all voluntary funds. There shall be an annual audit of these funds. The auditor shall be an independent person appointed annually.
- 15.2 There shall be two signatories on each cheque (Headteacher, Business Manager, or Assistant School Business Manager).
- 15.3 The audited accounts shall annually be submitted to the Governing Board.
- 15.4 The voluntary fund accounts shall run completely separately from the school Budget account but shall be subject to the same stringent financial regulations.

16 VAT

- 16.1 The Financial Administrator shall ensure that VAT is identified and correctly accounted for in line with LA Accounting for VAT guidance. A monthly return shall be submitted to the LA.

17. SFVS

- 17.1 The operation, the management and operation of the school's finances shall be in accordance with the aims of SFVS and any subsequent replacement requirements.

1. BUDGET	Governing Board	Resources Committee	Head Teacher	Business Manager	Finance Admin/ASBM	Site Manager	Account Holder
Setting annual budget	X						
Creating Annual budget		X	X	X			
Agree budget share with LA			X	X			
Monthly budget monitoring		X	X	X			
Termly budget monitoring	X						
Creating monthly budget statements				X			
Annual Review of SPD priorities		X	X	X			
Financial Forecast			X	X			
Virement of Budgets	X(Over 50k)	X(£10k- £50k)	X(Up to £10k -)	X(under 5k)			
2. INTERNAL CONTROLS							
Agree purchases			X	X			X
Place Orders					X		
Authorise Orders			X	X			
Receive & check orders					X	X	
Chase outstanding goods					X		
Report/return damaged/faulty goods					X		
Authorise payment orders			X	X			
Make payments					X		
Authorised signatories			X	X	X		
Reconciliation				X	X		
Termly reconciliation				X			
Check correct coding on FMS				X	X		
Ensure regular back up of data					X		
Security of data/data protection				X	X		
3. INSURANCE							
Annual insurance			X	X			
Additional insurance		X					
Notification of losses inc. absence					X	X	
4. PURCHASING							
Ensuring Value for money		X	X	X	X		
Obtaining quotes-Projects(over £5K)				X		X	
Authorising expenditure	X(Over £50k)	X (£10k -- £50k)	X(Up to £10k)	X<£5,000			

5. PERSONNEL	Governing Board	Resources Committee	Head Teacher	Business Manager	School Admin/ASBM	Site Manager	Account Holder
Processing Information					X		
Payments			X	X			
Monthly checks			X	X			
Review salaries		X	X				
DBS Checks				X	X		
6. SECURITY OF STOCK							
Maintenance of Stock						X	X
Inventory of Stock (annual check)			X				
Security Marking					X	X	
Maintenance of Items Off-Site List					X		
Physical Security of Site (and Keys)						X	
Write off obsolete items		X(rep.value> £2.5k)	X(rep.value<£2.5k)				
Disposals in accord with financial regs.	X	X	X				
7. INCOME							
Charging Policy		X					
Charging/accounting				X	X		
Receipt of income					X		
Reconciliation				X	X		
Banking				X	X	X	
Security of income				X	X		
8. BANKING ARRANGEMENTS							
Banking				X	X	X	
Records and reconciliation				X	X		
9. VOLUNTARY FUNDS							
Treasurer/ Arranging Annual Audit				X			
Accounting, monitoring & reconciliation				X	X		
Annual Oversight	X						
Approval/authorising expenditure			X	X			
10. PETTY CASH							
Handling, Accounting, Security					X (£500 max)		
Authorising re-imburement over £10			X	X			

Financial Procedures

In line with SFVS requirements to ensure that there is adequate separation of duties and to ensure that checks are meaningful, the following guidance is issued for order processing:

Three signatories should be involved in the process from initiating orders through to payment.

a) Initiating Officer:

All orders should be requisitioned on a blue form, the responsibility for ensuring that there is budget provision shall lie with the budget holder. There is a duty to ensure that best value is obtained using own knowledge or experience or by seeking advice.

All orders shall be approved by the Head Teacher or School Business Manager who shall be deemed the Initiating Officer.

The order shall be processed by The Finance Officer.

b) Authorising Officer:

Goods received shall be checked on delivery by the Premises staff and checked against the original order for accuracy by the Finance Officer. The delivery note should be signed and dated to confirm checking of the goods and any inaccuracies/shortages recorded and investigated.

The Finance Officer/Assistant/School Business Manager shall be deemed to be the authorising officer.

c) Certifying Officer

Invoices must be certified for payment having checked that all paperwork is in place and that financial regulations have been complied with.

All invoices received for premises related servicing/repairs must be checked and authorised by the Site Manager before payment.

The certifying officer can be the Head Teacher or School Business Manager but should be a different officer to the one who signed as initiating officer.

d) Cheque signatories

The cheque signatories are the Finance Officer, Head Teacher, School Business Manager and Assistant School Business Manager. Any two of which can sign the cheques regardless of who signed in (a) to (c) above.

Employees are not permitted to certify payments to themselves or to another employee who is related.