Mudeford Community Infants School

FINANCIAL PROCEDURES POLICY

The objectives of this policy are to set guidelines for the establishment of sound and effective financial procedures.

By complying with current financial regulations and adopting good working practices such as:

- establishing proper financial management arrangement and accounting procedures, in line with the LA, OFSTED and DfE recommendations;
- maintaining a reliable system of internal controls
- ensuring that resources are properly allocated and that the principle of value for money is adopted
- outlining the areas of responsibility within the school;
- ensuring that the requirements of accountability are fulfilled;
- ensuring appropriate training is undertaken by budget holders.

The school aims to operate in a transparent, ethical and accountable way which will promote effective management.

1. **Responsibilities (scheme of delegation)**

- **Governors** are responsible for ensuring that the school's finances are managed effectively and for approving and monitoring the budget. They should establish the financial limits of delegated authority which is reviewed annually. This includes an overall purchasing maximum order of £10,000 for the headteacher. They complete an annual review of the school's financial controls (Schools Financial Value Standard-SFVS) which is returned to the LA by 31 March each year.

- **The Headteacher** has overall responsibility for the school's activities and is therefore considered to be the person with overall responsibility to the Governing Body for the financial management of the school. The Headteacher should ensure that:
    - the Governing Body is provided with financial information
    - proper and adequate financial systems and controls are in place
    - accounts are prepared and maintained as required by the Governing Body and the LEA.

- **Refer to later Scheme of Delegation for individual limits.**

2. Budgetary Management

The budget is the financial dimension of the school development plan. By identifying and allocating financial resources, the school prioritises its targets and objectives and facilitates the achievement of its educational aims. By monitoring progress against budget the school can react promptly to variations against the plan to avoid deficits or excessive surplus balances.

Activity	Detailed task	Responsibility and other supports
Planning the budget	To estimate allowance, income, grants, etc	LA, Headteacher, Finance/Office Manager, Resources committee, FGB,
	To identify and propose priorities in relation to the SDP	SLT, Headteacher
	To review and propose changes in staffing needs	Headteacher, Resource Committee
	To draft budget options	Headteacher, Finance/Office Manager
	To evaluate budget options	Headteacher, Resource Committee
	To prepare final draft budget	Headteacher, Finance/Office Manager
Approving the budget	To propose final budget draft	Headteacher, Resource Committee

	To approve & submit to LA by **1 May**	FGB
Monitoring and reviewing the budget	To review monthly finance reports & reconciliation in order to ensure accuracy and for budget monitoring To report about financial matters to the Resource Committee and the FGB To produce an Outturn 3 times a year and recommend action to maintain a balanced budget To produce the quarterly return and submit to the LA To approve the quarterly return	Headteacher,Finance/Office Manager Headteacher,Finance/Office Manager Headteacher,Finance/Office Manager Finance/Office Manager Headteacher, FGB
Virements	To recommend virements To approve virements	Headteacher,Finance/Office Manager FGB

3. **Payroll** - Payroll is contracted to Dorset Council.

The school is responsible for:

Activity	Detailed Task	Responsibility
Staff Contracts	Ensuring all forms are completed during recruitment together with any variations of contract are sent to Dorset Council (DC) for processing. Once DC have set up the contract, check that the details are correct.	Headteacher, Finance/Office Manager
Weekly/monthly returns	To check and authorise overtime claims and supply teacher claims	Headteacher, Finance/Office Manager
Sickness Absence Return (SAR)	To complete monthly SAR for sickness or other absence.	Admin Officers
Notify DC HR	Inform DC HR of all joiners and leavers	Finance/Office Manager
Monthly payroll printout	To check monthly printout for irregularities, including staff that have left or are not employed by the school. If actual payroll expenditure is different from budget, investigate any discrepancies.	Finance/Office Manager

4. Purchasing Systems

Purchasing procedures have been put in place to ensure that the school follows the fundamental principles of: probity, accountability and value for money.

Segregation of duties is used wherever possible: requisition orders are placed by the Finance/Office Manager and authorised by the Headteacher. Invoices are processed by the Finance/Office Manager and payments are signed by the Headteacher as a way of confirming authorisation. Counter-signing for goods received (including services) takes place a member of staff other than the person who placed the order or the headteacher for every transaction that uses school funds.

The school is careful to apply the principles of value for money; the governors conduct an annual review of value for money which includes:

- Annual benchmarking
- Review of contracts
- Review of suppliers for significant expenditure (eg: above £50000 per annum)
- Review of all orders over £5000

All purchases estimated to be above £50,000 should be put to tender and comply with the Standing orders on contracts and sub contracts. The governors should ensure that at least three contractors are invited to submit tenders.

- Three quotations should be sought for estimates of £5,000 and up to £50,000 and a value for money review form completed for the purchase.

- Estimates under £5,000 should follow the principles of value for money.

- Non-order invoices are discouraged.

- E-purchasing and telephone orders should always be authorised beforehand and supported by the issue of an official order. The same controls over purchasing goods and services apply regardless of how the goods are paid for (e.g. credit card, cheque, invoice).

- The Governing Body must update annually a register of business interests for each member of the governing body and all staff members.

- The school abides by the terms and conditions over credit cards for schools.

Activity	Detailed task	Responsibility
Placing orders	Responsible for agreeing on requisition orders within limit of account budget	Headteacher
	Responsible for agreeing orders above limit of account budget	Headteacher
	Responsible for agreeing purchase above delegated limit	Resource Committee
	Responsible for obtaining quotes	Appropriate member of staff
	Responsible for seeking tenders	Headteacher
	Responsible for placing official orders	Finance/Office Manager
	Responsible for signing orders	Headteacher
Deliveries	Responsible for checking delivery against order	Admin officers, Finance/Office Manager, site manager (who is inventory holder)
	Responsible for returning and/or exchanging goods	Admin officers, Finance/Office Manager
Invoices and Payments	Processing invoices for payment	Finance/Office Manager
	Authorised signatory of BCP purchase card	Finance/Office Manager (pre approval required by Headteacher)
	Authorised signatures on delegated account (2 signatures)	Headteacher/ Deputy Head

5. **Cash Handling for Delegated Account / income systems**

Cash handling should be kept to a minimum and whenever possible and practical, transactions should be done by BACS. Monies should be kept in a safe and secure place and promptly paid into the bank accounts.

Cash may occasionally be collected for the following purposes:

- fund raising
- donations

Cash received should be promptly counted by the Admin Officers and signed for by the Finance/Office Manager and put away in the fire proof safe.

The following guidelines should be followed when handling cash:

- avoid counting cash in public
- avoid leaving cash unsecured in an unattended area or room
- use the fire proof safe to store cash

No petty cash is used in school. Staff reimbursements are approved in advance by the budget holder, authorised by the Headteacher and reimbursed by bank transfer. Any reimbursements to Headteacher will be authorised by the Deputy Headteacher. All expenditure should be supported by receipts identifying any VAT paid.

Activity	Detailed task	Responsibility
Collection of money	Collection of money for fundraising, donations and other sources	Admin Officers Countersigned Finance/Officer Manager
Cash received	Counting and recording of money	Admin Officers Countersigned Finance/Officer Manager
	Preparing banking	Admin Officers/Finance/ Office Manager
	Transporting cash to bank	Admin Officers/Finance/ Office Manager

6. **Reconciliation of accounts, financial reporting and collation of information**

The school needs to continually monitor its financial progress and report on it to various bodies, such as the governors, LA, OFSTED and DfE. The school also needs to complete various claims in relation to income and expenditure.Information gathering is an important factor in the effective management of the school's finances. The list of reports, claims and returns, and their submission deadlines, is usually defined by the LA or the DfE.

Activity	Detailed task	Responsibility
Reconciliation of bank statements	Monthly reconciliation of bank statement Agreed by	Finance/Office Manager Head teacher

Activity	Detailed task	Responsibility
Reconciliation of purchase card statement	Monthly reconciliation of purchase card statement to finance system Agreed by	Finance/Office Manager Headteacher
Reconciliation of online payment systems	Monthly reconciliation of online payment systems used by parents against income received to the bank, and payment monitoring records.	Finance/Office Manager
Payroll report	Monthly comparison of budgeted payroll on Access Budgeting to actual payroll on Access Finance Agreed by	Finance/Office Manager Headteacher
Travel claims	Checking travel claims prepared by claimant Agreed by	Finance/Office Manager Headteacher

School Census	Annual pupil census preparation Agreed by	Admin Officer Headteacher
School Workforce Census	Annual workforce census preparation Agreed by	Finance/Office Manager Headteacher
CFR Return	Preparation of annual return Agreed by	Finance/Office Manager Headteacher
Financial Risk & Control Checklist	Prepare annual review of financial control for the Governing body	Finance/Office Manager /Headteacher
SFVS (submitted to LA by 31 March each year)	Completed and submitted	Governing body

7. **Lettings**

The school has a lettings policy which establishes the general conditions for letting the school premises.

The charging policy is the responsibility of governors and lettings fees are regularly reviewed by the full governing body.

Records are kept of bookings and invoices.

A letting contract establishes the condition of let for each individual hirer.

Activity	Detailed task	Responsibility
Lettings fees	Establishment of charging policy	Full Governing Body
Contracts	Authorisation of lettings Preparation of individual letting contracts	Head teacher Admin Officer/ Finance/Office Manager
Booking and Invoicing	Monthly preparation of booking forms and invoicing	Admin Officer Finance/Office Manager Refer to Lettings Policy
Collection of fees	Collection of fees and follow up if necessary	Refer to Lettings Policy

8. **Management of assets (inventory register)**

The Governing Body is responsible for the safe custody and physical control of stores and equipment and is required to monitor the inventory of moveable, non-capital items.

The Head teacher is responsible for ensuring that assets under his/her control are correctly recorded in the Inventory record.

A report detailing all assets written off should be presented to the Governing Body annually.

Activity	Detailed task	Responsibility
Updating inventory books	Recording of new asset of above £100 Physical check of equipment against relevant records	Finance/Office Manager Site Manager/Office team
Monitoring	Annual monitoring of inventory	Headteacher, Resources committee
Disposal of assets	Disposal of assets with nil or nominal value of £100 or less Disposal of assets with market value	Headteacher Resources committee

9. Annexes

List of people with access to safe

The following people are authorised to access the fire proof safe:

Headteacher (& SLT in HT's absence)

Finance/Office Manager

Admin Officers

List of people authorised to make payments

Headteacher

Deputy Headteacher

Policy Review

This policy, together with the other finance policies and the BCP standing orders on contracts in the finance section of the master record index (MRI) have been adopted by the governors and are approved annually by the full governing body at its first routine meeting of each academic year (usually in September). In the meantime, they are reviewed as necessary by the owner of the policy and the head teacher, and any resultant changes other than minor clarifications or those of a typographical nature are brought to the attention of the governing body. The policies MRI is updated to reflect the dates of the last and next review, and the owner of the policy.

Reviewed Approved and Adopted as detailed in the current MRI.

Appendix

Value for Money Procedure and Guidelines

Introduction

The Governing Body is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plans. Governors need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost to ensure the school achieves value for money with the funds it has been delegated to manage. This will lead to continuous improvement in the school's achievements and services.

Value for money means delivering the best outcomes from a given set of resources. It comprises three elements:

Economy – securing goods, services and personnel at the best price for a given level of quality and at the lowest cost (e.g. procurement, HR & recruitment, leasing, use of premises i.e. extended schools).

Efficiency – the best deployment of those goods, services and personnel to achieve a set of outputs, (use of ICT, use of teaching staff/support staff/business managers/bursars).

Effectiveness – the right mixture of outputs to achieve a particular set of outcomes; it is up to each school to determine what constitutes the right mixture of outputs (this could be timetabling, use of specialist teachers, staff development and deployment).

Governors and school leaders / managers should ensure:

- Procurement is in line with the LA procurement policy and regulatory requirements (including EU requirements) as set out in the Standing Orders on Contracts.
- Sharing or collaborating with other schools is considered as a procurement option, where appropriate.
- Three quotes are obtained for all purchases over £5000 and a Value for Money Checklist is completed to record the basis of the selection of the supplier. (This amount will include **all costs** necessitated by a purchase e.g. one off costs, delivery, any required follow up work, maintenance contracts - for up to 3 years)
- Time and resources are not wasted investigating minor areas where few improvements can be achieved or minor savings made. The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. It can also distract management from more important or valuable areas.
- Any procurement includes a review of expenditure with potential suppliers to ensure that cumulative spend with one supplier does not/will not exceed £50,000 over a 3 year period.

EACH YEAR the Governing Body should:

- review the schools CFR benchmarking data (autumn term recommended)
- review how the use of resources has improved over the last year, and target an area for improvement in the next year
- Consider opportunities to collaborate with other schools in purchasing and/or sharing resources
- Conduct a review of Value for Money
- review all contracts both those with the LA and with external suppliers
- Contract Review Schedule

A list of all contracts the school has should be compiled. This should be reviewed annually by Governors to determine whether they still provide value for money for the school.

When reviewing the contracts, the following should be considered**:**

- When is the contract due for renewal? If within the next year, consider:
- Do we still require (all aspects of) this service?

- Are there any changes (at our school) which will impact on the level of support/ period of support we require? For example:
  - change of status: to an academy, from first school to a primary school, federation, closure of the school, move to new buildings/site
  - change in expertise in school requiring more/less support
- Are we satisfied with the service we have received from this supplier? Seek feedback from those people who have direct contact with the service supplied.
- Could the service be provided by an alternative supplier? If so when did we last, consider alternative quotes for this service? Should we seek alternative quotes before renewing the contract?

- review all purchases over £5,000 made in the last financial year to ensure value for money checks were observed

- review all suppliers where total expenditure in the last 3 years cumulatively exceeded £50,000 to consider whether value for money was achieved

- review the top 10 suppliers by value over the past 3 years including consideration of future purchases with these suppliers to ensure appropriate contract procedures are followed

Conduct a review of Value for Money - questions for governors to consider

Vision

Is the schools vision clearly understood by Governors? Staff? Pupils? Parents?
Does the Schools' Development Plan include costs?
Does the School Development Plan cover at least 18 months? Is it regularly reviewed and updated?
Can costs in the development plan be clearly identified in the School's budget?

Staff costs

What percentage of the schools in year revenue funding* is total staff costs? If this is greater than 80% do you have plans to address this?
How well does your school understand the long term financial consequences of creating a new post?
How does a proposed new post support the schools vision & SDP?

Procurement Process

Basic procurement good practice procedures include:

- clear designated roles to ensure separation of duties between staff responsible for making buying decisions and making payments
- a basic decision tree or procedural manual, setting out what needs to happen at each stage of procurement.

Maintenance Plan

Does your school have a maintenance plan that includes?

- service contracts in place for building service installations and plant (the mechanical and electrical equipment);
- a programme of planned maintenance projects; and
- a system of managing day to day repairs.

The maintenance programme should look forward e.g. for five years and should be updated regularly, at least annually.

* in year revenue funding = total revenue funding for this year (total of current budget column on outturn report) minus balance brought forward from last year.

Value for Money Checklist

(To be completed and attached to all orders placed over £5,000)

Pre quote checklist (*delete as appropriate*)

- There are/are not any existing contracts in place within the LA for the goods, services or works that are required
- Where there is a potentially appropriate LA contract a quote is included below
- The quotes are for total value and include delivery, installation and ongoing maintenance /support (include up to 3 years)
- This is (1) a one-off purchase or (2) Is something that will be required again either this year or on a repeat basis next year
- If (2) the repeat requirement costs are included in the quote.
- Collaboration/sharing with another school(s) has been considered
- Orders with this supplier do not or will not exceed £50,000 over a 3-year period.

Project	
Budget Heading	

Quotations received:

1		**£**
2		**£**
3		**£**

Agreed Supplier		**Cost**	**£**

Best Value Review

(Please clarify the rationale used when placing this order if the lowest price has not been selected)

Approved: (Head teacher) **Date:**
Orders will not be processed without this form being completed, attached and approved

MUDEFORD COMMUNITY INFANTS SCHOOL GOVERNING BODY SCHEME OF DELEGATION

THIS SHOWS TO WHICH LEVEL THE GOVERNING BODY MAY LEGALLY DELEGATE FUNCTIONS

KEY
Level 1: Full governing body
Level 2: Resources Committee
Level 3: Headteacher
Level 4: Assistant Headteacher
Level 5: Finance/Office Manager
Level 6: Site Manager

Governors must remember that although decisions may be delegated, the governing body as a whole remains responsible for any decision made under delegation

In the absence of the Headteacher, the Governing Body will automatically invoke all delegated functions and signing powers to the Assistant Head

In the absence of the Chair of Governors, the Governing Body will automatically invoke all delegated functions and signing powers to the Vice-Chair of Governors

			Decision Level					
Key Function	No	Tasks	1	2	3	4	5	6
Budgets	1	To approve the first formal budget plan each financial year	X					
Budget monitoring	2	To monitor monthly expenditure		X				
Charging Policy	3	To establish a Lettings, charging and remissions policy	X					
Expenditure & contracts	4	All expenditure for the school up to £10,000 (all expenditure over £5,000 need to obtain 3 quotes)			X			
Expenditure & contracts	5	All expenditure for the school £10,000 - £50,000 3 quotes must be obtained	X					
Expenditure & contracts	6	All expenditure over £50,000 Must be put to tender – invite minimum of 3	X					
School BCP Purchase Card expenditure	7	Card in Finance/Office Managers name Make purchases on school purchase card up to £500 (must obtain authorisation from Headteacher before transaction)					X	
School BCP Purchase Card expenditure	8	Authorise all purchases made by Finance/Office Manager on BCP Barclaycard system			X			
School Trade UK account card	9	Site Manager authorised to make purchases upto £200 without preauthorisation. All purchases over £200 require authorisation from Headteacher before transaction.						X
School Howdens account	10	Site Manager authorised to make purchases upto £200 without preauthorisation. All purchases over £200 require authorisation from Headteacher before transaction.						X
Banking – cheques	11	2 signatories required			X	X		
Banking – online payments	12	Set up individual payment on Barclays online banking system (up to £10,000)					X	
Banking – online payments	13	Authorise individual payment on Barclays online banking system (up to £10,000)_			X			

Asset disposal	14	Disposal of asset with nil or nominal value £100 or less			X			
Asset disposal	15	Disposal of assets with market value		X				