



Gedney Church End and Lutton St Nicholas Federated Primary Schools

Finance Policy

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Gedney Church End and Lutton St. Nicholas Federated Primary Schools

Introduction

The Governing Body recognises that it is ultimately responsible for the financial management of the Federation and has produced this policy document to help it fulfil those responsibilities.

Organisation

In view of the importance and complexity of financial management in the Federation, the Governing Body will establish a Finance Committee to enable due consideration to be given to all financial matters.

The Governing Body will delegate a number of its powers to the Finance Committee. Details of roles and responsibilities are set out later in this policy document.

The Finance Committee members are:

- Chair: Mrs D Howard
- Vice Chair: Dr S Bowen
- Member 1: Mr J Tolliday
- Member 2: Mr L Day
- Member 3: Mrs J Speed
- Head Teacher: Mr L Whitney

The Chair and Vice Chair of the Finance Committee will be elected by the full Governing Body in September each year.

The Finance Committee will meet five times each year, as follows:

- April: to agree the budgets for the new financial year;
- July: to consider the first budget monitoring reports for the year;
- October: to consider the second budget monitoring reports of the year and to update each school's finance plan in light of the September numbers on roll;
- December: to consider the third budget monitoring reports for the year and revised financial plans;
- February/March: to consider the final budget monitoring reports for the year and draft budgets for the next financial year.

The Finance Committee will report and make recommendations to the full Governing Body. Minutes of each Finance Committee meeting will be presented to the next meeting of the full Governing Body.

Finance Committee members will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

Policy

The policy will:

- clearly state what financial levels have been delegated to individuals, e.g. budget holders, for procuring goods/services; placing orders/goods receipting etc and virements;
- establish the Federation's Charging Policy and review on an annual basis;
- ensure that each School Fund is audited every year;
- ensure that a signed statement confirming that each School Fund has been audited is issued to the County Council within its specified timescale;
- review the financial training needs of governors, the Head Teacher and staff on an annual basis and fund training needs, as appropriate;
- ensure that the Federation's Register of Business Interests and Conflict of Interests is kept up-to-date;
- ensure that the Federation complies with the Local Authority's guidance relating to Extended Schools and, in particular, that it does not subsidise extended school activities from the Federation's main budget shares;
- ensure that a Statement of Internal Control is completed and signed each year;
- review this policy document on an annual basis.

Roles and Responsibilities

The Governing Body recognises the importance of governors, Finance Committee members, the Head Teacher and staff being clear about their respective roles and responsibilities with regard to the financial management of the school. This section sets out those roles and responsibilities.

The Governing Body will:

- agree, and record in writing, the roles and responsibilities of the Finance Committee and Head Teacher;
- review those roles and responsibilities on an annual basis;
- elect the Finance Committee members each year;
- approve the Federation's budgets each year, ensuring that copies are attached to the minutes of the meeting;
- submit the approved budgets to the Local Authority within the specified timescale;
- approve the Federation's original and revised financial plans each year;
- take appropriate steps to ensure that the Federation's budgets do not overspend;
- contact the Local Authority and seek approval to overspend where this seems unavoidable;
- authorise the Federation's applications for loans from the County Council;
- satisfy itself that the Finance Committee, Head Teacher and Bursar are fulfilling their responsibilities as set out in this policy document;
- review detailed budget monitoring reports each term, ensuring that copies are attached to the minutes;
- record in writing the transaction/process authorisation limits, etc, relating to

- the Federation's financial systems for relevant members of staff;
- agree the schools' virement policy.

The Finance Committee will:

- familiarise themselves with this policy document and their roles and responsibilities;
- ensure that the Federation complies with the Local Authority's Scheme for Financial Management, as approved by the Secretary of State;
- familiarise themselves with the way in which schools in Lincolnshire are funded;
- contact the Local Authority for advice in relation to leasing arrangements, as appropriate;
- produce a timetable of meetings at the start of the year outlining the key purpose for each meeting;
- consider the draft budget papers prepared by the Head Teacher and Bursar;
- consider the draft finance plan prepared by the Head Teacher and Bursar;
- consider budget-monitoring reports produced by the Head Teacher and Bursar throughout the year;
- monitor the financial performance of catering and other functions (where applicable) throughout the year;
- ensure that the Federation obtains value for money;
- ensure that the Federation's other Government Grants allocations are fully utilised;
- use management information, particularly that supplied by the County Council, to challenge the way in which the Federation uses its financial resources;
- ensure that the Federation complies with the County Council's financial regulations;
- ensure that the Federation produces a Best Value statement and adheres to it;
- report to the full Governing Body;
- ensure that audit recommendations are implemented within a reasonable timescale;
- ensure that the Federation has a list of certifying officers for the purpose of signing cheques, certifying employee claims etc, and review this on an annual basis;
- ensure that assets with a value up to £20,000 are disposed of in accordance with the guidance set out in Section E of the Finance Handbook;
- agree virements above the authorisation limit of the Head Teacher.

The Head Teacher will:

- familiarise her/himself with this policy document and her/his role and responsibilities;
- work with the Bursar to draft budget papers;
- work with the Bursar to draft original and revised finance plans;
- ensure that Federation Development Plan priorities are properly costed and linked to the Federation's budget and finance plan;
- monitor the budget on a monthly basis;

- oversee the day-to-day running of the Federation's financial administration and ensure that the County Council's timetable is adhered to;
- ensure that proper checks and controls are in place to cover day-to-day activities. Advice on internal checks and controls should be sought from the Council's Audit team;
- authorise transactions/processes within the Federation's financial system up to limits agreed by the Governing Body. This could include the release of purchase orders, etc;
- act as an authorised signatory for the purposes of signing cheques, certifying employee claims, etc;
- review reconciliations and returns on a regular basis and initial documents as evidence that such checks have been carried out;
- ensure that the School Fund records for each school are kept up-to-date;
- ensure that School Fund's annual accounts for each school are prepared, audited, approved by the full Governing Body and submitted to the Local Authority in the timescale specified;
- agree virements up to her/his authorised limit;
- ensure that VAT is correctly accounted for;
- ensure that CIS is correctly accounted for;
- ensure that an inventory is maintained;
- ensure that any budgets that are delegated to senior staff or departments operate within a similar control regime, i.e., with regard to budget monitoring and reporting etc.
- ensure that assets with a value up to £20,000 are disposed of in accordance with the guidance set out in Section E of the Finance Handbook.

The Bursar will:

- maintain the accounting records using the Federation's financial package;
- carry out transactions/processes within the Federation's financial system up to limits agreed by the Governing Body;
- ensure that the Local Authority's timetable for completion of bank, imprest and other reconciliations is adhered to;
- contact the each school's nominated Financial Assistant in the School Finance Team with concerns or queries regarding financial administration;
- ensure that purchase orders are raised prior to ordering goods/services, wherever possible, to aid effective budget monitoring and management – see the Finance Handbook for possible exemptions;
- ensure that payments are made to suppliers within the LCC's payment policy, i.e. 28 days of the date of the invoice;
- ensure that, where appropriate, claims for sickness absence scheme are made promptly and no later than 1 month after the relevant period;
- ensure that the payroll print is run on a monthly basis, as close to 23rd of the month as possible, and that checks are undertaken to ensure the data is correct;
- work with the Head Teacher to draft budget papers;
- work with the Head Teacher to draft original and revised finance plans.

Training

The Governing Body recognises the importance of financial training for governors and staff in helping them to fulfil their responsibilities in relation to the financial management of the Federation.

The training needs of all governors and staff will be reviewed each year. Appropriate budgetary provision will be made, where necessary, and governors and staff will actively be encouraged to undertake that training.

Budget Setting

The Governing Body recognises the importance of setting a detailed budget for each school at the start of the financial year.

The Bursar, in consultation with the Head Teacher, will draft a detailed budget for each line of income and expenditure, using zero-based budgeting techniques (as opposed to, say, incremental budgeting) for the Finance Committee's consideration.

The Bursar will include options for increased spending, as set out in the Federation's Development Plan, and options for cost-cutting measures, where appropriate.

Budget Monitoring

The Governing Body recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under and overspendings.

The Head Teacher will monitor the budget on a monthly basis by reviewing printouts from the Federation's financial system for:

- errors;
- miscodings;
- large or unusual items;
- potential underspends or overspends against budget;

and act promptly, where appropriate.

Financial Administration

The Governing Body recognises the importance of proper financial administration to safeguard against inaccuracies and out-of-date information being used to make erroneous financial decisions in the Federation.

The Head Teacher will monitor the financial administration functions carried out by the Bursar ensuring that:

- accounting systems are kept up-to-date;
- bank reconciliations, imprest claims, etc are completed in accordance with the Local Authority's published timetable;

- appropriate action is taken where the Local Authority advises the Federation that its day-to-day administration is not up-to-date.

Reporting

The Governing Body recognises the importance of receiving detailed, accurate and up-to-date financial information to enable it to oversee and control the financial position of the Federation.

The Bursar will prepare budget-monitoring reports for consideration by the Finance Committee. The reports will include for each line of income and expenditure (including Standards Funds):

- the original budget;
- changes to the budget;
- current budget;
- expenditure and commitments to date;
- expenditure and commitments to date expressed as a percentage of the current budget;
- an outturn projection;
- a variance between outturn and current budget;
- an explanation for all variances exceeding £1,000 in value;
- details of proposed virements;
- details of proposals for additional spending or cost-cutting measures.

In addition to the reports in the Federation's financial system, the County Council issues spreadsheet and word-processing documents to schools on an annual basis to provide a framework for the preparation of finance plans and budget monitoring reports to governors.

Financial Planning

The Governing Body recognises the importance of financial planning beyond the current year.

The Bursar, in consultation with the Head Teacher, will prepare a financial plan for each school covering the next three to four years.

The plans will show the projected numbers on roll and the impact this has on the budget share for each school, expenditure and carry forward.

The level of detail shown in the plan will include, as a minimum, the information set out in the County Council's financial planning spreadsheet, which is issued to schools each year.

The plan will include contingency plans, setting out the School's proposals for dealing with variations including, in particular, changes in the projected numbers on roll.

Audit

The Governing Body recognises the importance of the County Council's audit regime in assessing the adequacy of the Federation's financial controls.

The Bursar, Governing Body and Head Teacher will ensure that auditors are given access to staff, and all relevant records and property, as the auditors consider necessary.

The Head Teacher will ensure that audit recommendations are implemented as soon as possible.

The Head Teacher will familiarise her/himself with the Financial Procedures and Finance Handbook, which give guidance on best practice, internal controls and statutory requirements.

Annual Timetable

The Governing Body recognises the importance of planning its financial management work throughout the year.

The Head Teacher will draw up an annual timetable of key events and will submit this annually to the full Governing Body's last meeting in each financial year.

Review

The Governing Body recognises the importance of keeping its Finance Policy up-to-date and will review the policy on an annual basis.

Signed by the Head Teacher:

Ratified by the Governing Body:

Appendix 1

Authorisation limits agreed by the Governing Body for Head Teacher:

- approval of Purchase Orders up to the value of £2000;
- authorisation of changes to vendor master data;
- authorisation of virements to budget up to the value of £2000.

Processing limits agreed by the Governing Body for the Bursar:

- raise and release Purchase Orders up to the value of £1000, subject to authorisation by the Head Teacher;

Purchasing Cards:

- The Head Teacher and the Bursar from Gedney Church End and Luton St Nicholas Primary Schools are each authorised to hold a Purchasing Card with an item limit of £500 and a monthly spending limit of £1000.
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Agresso Substitute for Approver:

- The Head Teacher must have a substitute approver in school. It cannot be the inputter/Bursar.