



New York Primary School
Federated with
Frithville Primary School

FINANCE POLICY

Policy approved by Governors

Review in Summer 2017

Signed on behalf of the Governing Body _____ Date _____

Presented to the governors for approval.

Introduction

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

The Governing Body is committed to the safeguarding of children and young people across the Federation and the wider community.

Organisation

The Governing Body plans to meet at least four times each year: December, March, May and July.

The Governing Body will receive the updates for the budget and the finance plans at its meeting in December March and July.

At the meeting in May the Governors will agree the budget and the finance plan for the new financial year.

Roles and Responsibilities

The Governing Body recognises the importance of governors, 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:

Strategic-

- agree, and record in writing, the roles and responsibilities of the Governors and Headteacher
- review those roles and responsibilities on an annual basis
- approve the schools' budget each year, ensuring that a copy is attached to the minutes of the meeting
- submit the approved budget to the Local Authority (LA) within the specified timescale
- approve the schools' original and revised finance plans each year
- take appropriate steps to ensure the schools' budget does not overspend
- contact the LA and seek approval to overspend where this seems unavoidable
- authorise the schools' applications for loans from the County Council
- satisfy itself that the Governors and head teacher 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
- ensure that the schools funds are audited each year
- ensure that a signed statement confirming that the schools funds have been audited is issued to the County Council within its specified timescale

- review the financial training needs of governors, the headteacher and staff on annual basis and fund training needs, as appropriate.
- Ensure that the Federation's Register of Business Interests is kept up to date
- ensure that the school complies with the LA's guidance relating to Extended Schools, and, in particular, that it does not subsidise extended school activities from the schools' main budget share
- ensure that a Statement of Internal Control is completed and signed each year (see SFVS website www.education.gov.uk/schools)
- establish the Federation's Charging Policy and review on an annual basis
- review this policy on an annual basis

Operational:

- familiarise themselves with this policy document and their roles and responsibilities
- ensure that the Federation complies with the LA's Scheme for Financing Schools, as approved by the Secretary of State
- familiarise themselves with the way in which schools in Lincolnshire are funded
- contact the LA for advice in relation to leasing arrangements, as appropriate (Director of Resources Treasury Office)
- produce a timetable of meetings at the start of the year outlining their key purpose
- consider the draft annual budget papers prepared by the Headteacher and Senior Administrator
- consider the draft medium term finance plan prepared by the Headteacher and Senior Administrator
- consider budget monitoring reports produced by the Headteacher and Senior Administrator throughout the year
- monitor the financial performance of catering and other functions (where applicable) throughout the year (some trading activities within school should not be subsidised by budget share)
- ensure that the schools obtains value for money
- ensure that the schools' Standards Fund allocations are fully utilised
- use management information, particularly that supplied by the County Council, to challenge the way in which the school uses its financial resources. The Consistent Financial reporting website can also be used to assist with comparisons (refer to the Finance Handbook for more information)
- ensure that the school complies with the County Council's financial regulations (available at www.lincolnshire.gov.uk)
- ensure that the Federation produces a Best Value statement and adheres to it
- ensure that audit recommendations are implemented within a reasonable timescale
- ensure that each school 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)
- record in writing the transaction/process authorisation limits, etc, relating to the schools' financial system for relevant members of staff (see Appendix A)
- agree the Federation virement policy (see Appendix C)
- establish the Federation Charging Policy and review on an annual basis
- ensure that each school fund is audited each year
- review this policy document on an annual basis

The **Headteacher** will:

- be familiar with this policy document and their role and responsibilities
- draft budget papers with the Senior Administrators
- draft original and revised finance plans with the Senior Administrators
- ensure that Federation Improvement Plan priorities are properly costed and linked to each school's budget and finance plan
- ~~monitor the budget on a monthly basis~~

- oversee the day-to-day running of each school'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
- authorise transactions/processes within the schools' financial systems below £5,000 and above £5,000 following Governing Body approval. This will include the release of purchase orders, posting of special payments vouchers, releasing orders that have been blocked for payment, authorising the removal of a credit note billing block and authorisation of master data (see Appendix A)
- act as an authorised signatory for the purposes of signing cheques, certifying employee claims, etc
- monitor that the payroll report is run on a monthly basis, checks have been undertaken to ensure the data is correct, and documents are initialled as evidence that monitoring has taken place
- 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 are kept up-to-date
- ensure that the school fund's annual accounts are prepared, audited, approved by the full Governing Body and submitted to the LA in the timescale specified
- agree virements up to the authorised limit (see Appendix C)
- ensure VAT is correctly accounted for
- ensure CIS is correctly accounted for
- ensure 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 **Senior Administrators** will:

- maintain the accounting records using each school's financial package
- carry out transactions/processes within the schools' financial systems up to limits agreed by the Governing Body (see Appendix A)
- ensure that the LA's timetable for completion of bank, imprest and other reconciliations is adhered to
- contact the schools' nominated Finance Assistant in the Schools' Finance Team at LCC 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. The Governing Body has agreed that payments up to the value of £500 gross may be processed on AGRESSO using transaction FB60, without the need for a purchase order/goods receipt (see Appendix B for variation)
- ensure that payments are made to suppliers within 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
- draft budget papers
- draft original and revised finance plans
- ensure that the payroll print is run on a monthly basis and that checks are undertaken to ensure data is correct

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 both schools.

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 be actively encouraged to undertake that training.

A programme of free training is available through the Local Authority.

Budget setting

The Governing Body recognises the importance of setting a detailed budget at the start of the year.

The Headteacher and Senior Administrators will draft a detailed budget for each line of income and expenditure. It is recommended that the budget is re-evaluated each year (as opposed to, say, incremental budgeting) for the Governing Body's consideration.

The Headteacher will include options for increased spending, as set out in the Federation Improvement 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 Senior Administrators will monitor the budget on a monthly basis by reviewing reports from the school's financial systems for:

- * errors
- * miscoding
- * large or unusual items
- * potential under-spending or overspendings 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 each school.

The Headteacher will monitor the financial administration functions carried out by the Administration Team, ensuring that:

- accounting systems are kept up-to-date
- bank reconciliations, imprest claims, etc are completed in accordance with the LA's published timetable
- appropriate action is taken where the LA advises the school 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 each school.

The Headteacher and Senior Administrators will prepare budget-monitoring reports for consideration by the Governing Body.

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
- an outturn projection
- a variance between outturn and current budget
- an explanation for all material variances
- details of proposed virements
- details of proposals for additional spending or cost-cutting measures

In addition to the reports in the school's financial systems, the Local Authority 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 Headteacher and Senior Administrators will prepare a financial plan covering the next three to four years.

The plans will show the projected numbers on roll and the impact this has on the schools' budget share, 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 available to schools each year, free of charge.

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

The Governing Body will consider the impact that the medium term finance plan may have upon staffing levels and develop outline plans and strategies for avoiding redundancy costs for future years.

Audit

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

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

The Headteacher and Senior Administrators will ensure that audit recommendations are implemented as soon as possible.

The Headteacher and Senior Administrators will ensure they are familiar with the Financial Procedures and Finance Handbook, which provide 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 Headteacher and Senior Administrators 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.

APPENDIX A

Authorisation Limits

The authorisation limits relate to processing and release of purchase orders and invoices. The Finance Policy should clearly state what authorisation levels have been delegated to individuals to process or release purchase orders or invoices.

(On Agresso, the default purchase order release limit for administrators is £1,000. It is possible for this to be increased at the discretion of the Governing Body. For Headteachers the default limit is £500,000).

Authorisation Limits for Purchase Orders

Administrator £1,000
Headteacher £5000

APPENDIX B

FB60 (AGRESSO Schools only)

This process allows administrators to process payments up to the value of £500 without raising an initial order. Every order still must be authorised by the Headteacher using the schools' purchase order request/invoice clearance form in the same way as normal orders. These transactions are monitored by the Headteacher and School Administrators through monthly detailed monitoring reports (Agresso transactions).

The Governing Body has agreed that payments up to the value of £500 gross may be processed using AGRESSO, without the need for a purchase order/goods receipt.

APPENDIX C

Virement policy

Virements are in year changes between budgets, e.g, on AGRESSO £5,000 is moved from contingency to teaching staff.

Virement of standards funds grants will follow the guidelines set out in each grant notification.

The Schools virement policy forms part of the Finance Policy. The virement policy states what financial levels have been delegated to individuals to vire the budget from one budget heading/cost element to another. The

virement policy has a similar principle to budget holders for procuring goods/services; placing orders/goods receipting etc. The recommended limit for delegating responsibility for virements to the headteacher is £5,000. Schools may also choose to allocate virement levels to the Finance Committee and the Administrator

Virement Limits

Virements of £5000 or more should be approved by resolution of the full Governing Body.

The following virement limits have been agreed:

| | |
|----------------|-----------|
| Governing Body | £10000.00 |
| Headteacher | £5000.00 |
| Administrator | £1000.00 |