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FINANCIAL PROCEDURES POLICY

Date formally approved by the Full Governing Body	Approved - Tuesday 2nd September 2019
Name of Authorisation Signatory	Chair of Governors - Martin Butcher
Signatory and Date	 Tuesday 2nd September 2019
Dorset Model Policy	Yes
Next Review Date	September 2021
Responsible for implementation and monitoring	Gary Spracklen - Headteacher Juliet Troughton - Finance Officer Governing Body
Other relevant policies	N/A

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FINANCIAL PROCEDURES POLICY

Adopted by the Governing Body on Tuesday 2nd September 2019

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

- 1.1 **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. They complete an annual review of the school's financial controls (Schools Financial Value Standard-SFVS) which is returned to the LA by 31st March each year.
- 1.2 **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 advice
 - proper and adequate financial systems and controls are in place
 - accounts are prepared and maintained as required by the Governing Body and the LEA
- 1.3 The Headteacher delegates most of the day-to-day financial management to **the Support Services Manager** while retaining ultimate responsibility.
- 1.4 **The Finance Officer** provides support to the Support Services Manager in the day-to-day operation of the financial systems.

2. Financial Planning & Monitoring

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 (HT), Support Services Manager (SSM) HT, FGB, SLT, SSM

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	<p>To identify and propose priorities in relation to the SDP</p> <p>To review and propose significant changes in staffing needs</p> <p>To draft budget options</p> <p>To evaluate budget options</p> <p>To prepare final draft budget</p>	<p>HT, Finance & Resources Committee (F&R Committee)</p> <p>SSM, HT</p> <p>HT and F&R Committee (GSp, MBI and TEm)</p> <p>SSM, HT</p>
Approving the budget	<p>To propose final budget draft</p> <p>To approve & submit to LA by 1st May</p>	<p>HT</p> <p>FGB / SSM</p>
Monitoring and reviewing the budget	<p>To review monthly DES budget monitoring report and local financial system (eg Premier finance) and investigate any discrepancies</p> <p>To report about financial matters to the Finance Committee and the FGB</p> <p>To produce a termly reforecast of budget outturn and recommend action to maintain a balanced budget</p> <p>To approve the outturn and submit to the LA by 30 June, 30 November and 28 February each year.</p>	<p>SSM</p> <p>SSM, HT</p> <p>SSM, HT</p> <p>SSM, HT, F&R Committee (GSp, MBI and TEm)</p>
Virements	<p>To recommend virements</p> <p>To approve virements</p> <p>To sign virement forms</p>	<p>SSM, HT</p> <p>F&R</p> <p>HT</p>

3. Payroll

Payroll is contracted to Dorset County 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 DCC for processing. Once DCC have set up the contract, check that the details are correct.	SSM, HT
Weekly/monthly returns	To complete overtime claims and supply teacher claims and send to DCC to meet payroll deadlines.	SSM / Headteacher Pre school leader
Sickness Absence Return (SAR)	To complete monthly SAR for sickness or other absence.	SSM
Notify DCC HR	Inform DCC HR of all joiners and leavers	SSM
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.	SSM / Finance Officer
Nominal Roll	To check staff contract details are correct	SSM, HT

4. Purchasing

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 Officer and authorised by the Headteacher/Support Services Manager. Invoices are processed by the Support Services manager and cheques are signed by the Headteacher. It is not possible, however, to have complete segregation of duties due to the limitation of staffing arrangements.

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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 top suppliers
- Review of all orders over £3000

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 £3,000 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 (eg credit card, cheque, invoices settled by DCC).

Budget holders are responsible for the management of their budget account within the limit of their budget and in relation to the School Improvement Plan.

The Governing Body must update annually a register of business interests for each member of the governing body and the Headteacher.

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

Activity	Detailed task	Responsibility
Placing orders	Requisition orders	Budget holders
	Responsible for agreeing on requisition orders within limit of account budget	HT/ SSM
	Responsible for agreeing orders above limit of account budget	HT
	Responsible for agreeing purchase above delegated limit	F&R Committee
	Responsible for obtaining quotes	Budget holder, SSM
	Responsible for seeking tenders	SSM

	Responsible for placing official orders	Finance Officer, SSM
	Responsible for signing orders	HT, SSM
	Responsible for placing summary orders	Finance Officer, SSM

Contd. Activity	Detailed task	Responsibility
Deliveries	Responsible for checking delivery against order	Finance Officer
	Responsible for returning and/or exchanging goods	Finance Officer
Invoices and Payments	Processing invoices for payment/Produces file for upload to DCC for payment	SSM / Finance Officer
	Authorises DCC invoice file for payment	HT
	Authorised signatory of credit card	HT
	Authorised signatures on delegated account (2 signatures)	HT / SSM
	Authorised signatures on Voluntary Fund accounts (2 signatures minimum)	No voluntary fund

4. Cash Handling for Delegated and Voluntary Fund Accounts

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

Cash is usually collected for the following purposes:

- field trips
- revision guides

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- uniform
- lettings
- personal telephone calls
- fund raising
- donations

Cash received should be promptly counted by the Finance Officer/Support Services Manager/ School Clerical Officer (SCO) and put away in the fireproof safe.

Audit recommendations on safe limits and transit of money should be adhered to see word document to be found on right of following web page: <http://staffnet/index.jsp?articleid=263893>

Petty cash money should be kept to a minimum. All expenditure should be supported by receipts identifying any VAT paid. Payment from the petty cash fund should be limited to minor items which have been approved in advance by the budget holder. Petty cash expenditure on individual items should not exceed £25.

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 large amounts of cash
- receipts are given for cash received from lettings or on request

Activity	Detailed task	Responsibility
Collection of money	Collection of curriculum related money	Office Staff
	Collection of money from lettings	Finance Officer
	Collection of money for uniform	Office Staff
	Collection of money for fundraising, donations, private calls and other sources	Office Staff
Cash received	Counting and recording of money	FO / SSM
	Preparing banking	FO
	Transporting cash to bank	FO
Petty cash management	Access to petty cash fund	SSM / HT
	Payment from petty cash fund	SSM / HT

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	Recording of petty cash fund expenditure and receipts	FO
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5. 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 statements for Delegated and Voluntary Fund accounts. Investigation of discrepancies.	FO / SSM
Reconciliation of credit card statement	Monthly reconciliation of credit card statement to finance system Agreed by	FO SSM
Reconciliation of online payment systems ie childcare vouchers	Monthly reconciliation of online payment systems used by parents against income received to the bank, and payment monitoring records.	FO / SSM
LMS return	Monthly preparation of LMS and VAT return Agreed by	FO HT
Automatic reconciliation of allowance account (Autorec)	Monthly reconciliation of school's data with DES Agreed by	FO SSM
Travel claims	Checking travel claims prepared by claimant Agreed by	SSM HT
Threshold Grant claims	Termly preparation of Threshold Grant claims Agreed by	SSM HT

Activity	Detailed task	Responsibility
School Census	Annual pupil census preparation Agreed by	SSM HT
School Workforce Census	Annual workforce census preparation Agreed by	SSM HT
CFR Return	Preparation of annual return Agreed by	SSM HT
Financial Risk & Control Checklist	Prepare annual review of financial control for the Governing body	SSM / HT
SFVS (submitted to LA by 31 March each year)	Completed and submitted	SSM, HT, Governing body

6. 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	F&R Committee
Contracts	Authorisation of lettings Preparation of individual letting contracts	SSM SSM / FO
Booking and Invoicing	Monthly preparation of booking forms and invoicing	FO
Collection of fees	Half termly collection of fees and follow up if necessary	FO

7. Voluntary Fund

The school does not hold a voluntary fund.

8. Asset 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 Headteacher is responsible for ensuring that assets under his/her control are correctly recorded in the Inventory record.

Disposal of assets should follow the procedure set down by Dorset County Council. (see Appendix 1)

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	Site Manager
	Physical check of equipment against relevant records	
Monitoring	Annual monitoring of inventory books	HT, F&R Committee
Disposal of assets	Disposal of assets with nil or nominal value	SSM / Site Manager
	Disposal of assets with market value	HT

9. Annexes

9.1 List of people with access to safe

The following people are authorised to access the fireproof safe:

Preschool to their safe?
Admin Officer
Finance Officer
Support Services Manager

9.2 List of people authorised to sign cheques

HT
SSM

9.3 Reference documents used for the management of school finances

Keeping Your Balance	2000	Ofsted
Getting the Best from Your Budget	2000	Ofsted
Scheme of Financial Management*	2008	LA
Financial & Administrative Regulations*	2008	LA
Standing Orders on Contracts *	2008	LA
Financial Efficiency Policy*	2011	LA

VAT Reference Manual

* latest copies can be found at:

<http://www.dorsetforyou.com/361022>

Appendix 2 - Daily Financial Processes

Appendix 1

Disposal of assets is part of the School's Financial and Admin Regs – see extract below.

PROPERTY, EQUIPMENT AND STORES

1. The Governors shall be responsible for the custody and control of equipment and stores held at the establishments under their control
2. Governors shall maintain an inventory of moveable assets under arrangements agreed by the County Treasurer
3. All moveable property of the school shall as far as practical be marked as school property
4. Moveable property surplus to the School's requirements shall not be disposed of except by sale on the authority of the Governors. The sale shall normally be by public auction or competitive tender but, where neither is appropriate, the Governors shall adopt the best method to serve the interests of the School. Where the sale is to a governor or an employee of the School or the Authority, the written authority of the Chief Executive shall first be obtained. Provided that this regulation shall not apply to goods sold generally as a normal day to day School activity.
5. If it appears to the Headteacher that there are deficiencies of equipment or stores a report shall be made immediately to the Governors and the County Treasurer, who may authorise the items to be written off. The Governors must maintain a record of all items written off.

Daily Financial Processes

Orders:

Staff to use nominated suppliers where possible.

All suppliers to be set up with DCC unless DCC say otherwise.

Staff to raise a purchase order with all the details completed.

This can be sent electronically.

SSM to check cost centre and budget.

Order passed to Headteacher to authorise.

Passed to Finance to order on the next order day (Tuesdays).

FMS purchase order to be filed in outstanding order file.

Petty Cash:

Staff to complete a petty cash request with all the details completed.

Headteacher to authorise Petty Cash docket **before** the money is spent.

Money to be issued to the estimated amount from petty cash tin.

Staff to ensure that they request a VAT invoice from the shop.

Staff to return receipt and any change to Finance.

Petty cash dockets to be processed in that months batch.

Invoices:

Invoices to be matched to purchase orders and delivery notes.

When ready for upload, pass to SSM to check.

SSM to pass to Headteacher to authorise.

Invoices to be filed by the end of the day.

Same process for handwritten cheques.

POWSA:

All POWSA requests to be authorised by Headteacher prior to order.

All invoices for POWSA to be attached to the relevant request.

Please note this is a donation and not a repayment!