



Finance Policy

Statement of Intent

This policy and attached procedures are intended to identify and clarify the responsibilities of different groups of individuals, who deal with or work with the finances of the school. The basis for this policy is the Ealing Finance Handbook.

The practices outlined in the policy or in the attached procedures should not be interpreted as implying lack of trust, as this is most definitely not the case. They should be seen as a safeguard, against misunderstandings and duplication of roles.

Objectives

1. To raise orders from requisitions and to obtain goods required by the school
2. To ensure continuity of supplies and to obtain these from approved suppliers, selected to provide quality, quantity timely delivery, price competitiveness and value for money
3. To provide secure procedures to record all transactions and maintain integrity of financial information
4. To set levels of virement within the budgetary procedures and associated responsibilities
5. To record income

Personnel involved

Headteacher, Acting Assistant Head Teachers, School Business Manager, Budget holders, Approved Cheque signatories, Teaching Assistants/Admin Assistant/ICT Technician, Key Stage/Phase Leaders, Resources Committee and Governing Board.

Evaluation and Review

This policy and its implementation will be reviewed annually by the Governing Board.

Financial Administration – Procedures

A. ROLES AND RESPONSIBILITIES

A1. The responsibilities of the Governing Board:-

1. To set and agree a balanced budget at the beginning of each financial year which supports the school's development plan and school aims
2. To keep a list of the pecuniary interests of members
3. To set limits on the use of any surpluses and virements
4. To read the reports from the Governing Board Resources Committee which are included in the mailings before each full Governing Board meeting, and ask questions at the meeting about anything which they are unsure of
5. To monitor expenditure via the Headteacher's termly reports discussed at full Governing Board meetings
6. To set a charging policy

A2. The responsibilities of the Governing Board advised by the Resources Committee:-

1. To plan and review long term financial policy in light of school aims and the development plan
2. To prioritise conflicting demands on the budget
3. To ensure value for money is achieved for expenditure – The schools financial handbook states:
Schools will want to achieve value for money (VfM) from all of their purchases. This means getting what is needed in the correct quality, quantity and time at the best price possible. Although price is not always the overriding factor in deciding which supplier to use, it is an important one. Obtaining value for money means comparing "like for like" for the complete package with all the associated costs and benefits from acquisition to disposal. There are various ways of establishing whether the prices being obtained are competitive. Consulting the Strategic Procurement Unit, checking trade journals and catalogues and seeking quotations or formal tenders are all examples of good practice.
4. To make representations to the LA as and when necessary
5. To consider a draft budget
6. To meet at least once a term to monitor the school budget
7. To prioritise use of any annual underspend
8. To make available Resources Committee minutes, in advance, for Governors to discuss at the termly Governing Board meetings
9. To consider and authorise requests for funding priorities from the other Governing Board Committees
10. To delegate the day to day management and organisation of the budget to the Headteacher
11. To review the finance policy and procedures annually to ensure best value
12. To monitor virements (see limits listed below)

Headteacher	Up to £10,000* orders, invoices, virements
Resources Committee	Up to £25,000 – orders, invoices, virements
Full Governing Board	£25,000 (plus) - orders, invoices, virements

*The exception being payment of invoices to Alec Reed Academy
(Governing Board Meeting 24 .4.13)

Organisation of the Governing Board Resources Committee:-

1. Membership will consist of not less than 5 governors including the Headteacher and should have co-opted members appointed by the Governing Board
2. Meetings will be chaired by the Chair of the Committee, if not available another non staff governor must volunteer, as the Headteacher or school staff are unable to chair Governing Board meetings
Meetings will be quorate if half of the existing membership +1 is present.

The Financial Responsibilities of the Governing Board Resources Committee:-

1. To discuss matters relating to the management of all funding received from DfE and LA
2. Formally review the budget, cost effectiveness and value for money
3. Formally review the budget at every meeting and agree actions
4. Set a limit that the Headteacher can authorise before seeking Governor authorisation
5. Set policies to ensure all appropriate financial practices are in place to meet reporting and audit requirements
6. Ensure all staff who hold responsibility for financial administration receive appropriate training
7. Set a balanced budget to meet the needs of the school
8. Pay & Salaries Committee

This committee comprises of the Chair of Governors and the Chairs of the Resources Committee and the Pupils, Teaching & Learning Committee. It forms the Headteacher's Performance Management Group (HTPMG). The committee is advised by the Headteacher (except for matters relating to the pay of the Headteacher). It considers recommendations on teacher's pay alongside the principles within the school's policy.

A3. The Responsibilities of the Headteacher:-

1. To manage the budget within the guidelines set by the Governing Board at the annual budget setting meeting. A record of which will be filed with the minutes from the meeting
2. To be accountable to the Governing Board for the management and administration of the school's finances
3. To ensure that appropriate records are made available to the LA when required
4. To vire monies from one area to another within guidelines set by the Governing Board at the annual budget setting meeting
5. To ensure purchasing arrangements achieve the best value for money
6. To use one staff meeting, after the budget has been agreed each year, to explain the budget to staff
7. To ensure financial procedures are correct and secure
8. To implement the charging policy
9. The control of expenditure and income, should be in agreement with the Governing Board

It is not expected that the Headteacher would have 'hands on' experience of using the school's finance package, but the Headteacher would be expected to have a general knowledge in order to be able to manage and monitor the procedures.

A4. Financial Responsibilities of the Administrative Staff:-

1. To manage the practical financial arrangements on behalf of the Headteacher
2. To participate in relevant training related to financial procedures
3. To be accountable to the Headteacher
4. To raise orders, check delivery notes against goods, enter invoice details onto the computer, arrange payment, reconcile bank statements, keep accurate records of financial transactions in line with council procedures
5. To enter all equipment worth more than £100 onto the inventory
6. To ensure the school's registration in regard to the Data Protection Act is up to date
7. To ensure cheque books and other relevant bank books are stored in the safe
8. To attend Governing Board Resource Committee meetings as requested
9. To meet with Governors to discuss routines and procedures during normal work hours.

Where possible there will always be two people capable of carrying out financial procedures, so internal cover will be available during staff absence.

B. Process for Budget Setting

1. During the Spring term the Headteacher will draft a costed budget on a prioritised needs basis, not on un-researched historical expenditure taking into account relevant recommendations from any outside review (e.g. OFSTED)
2. Options will be presented by the Headteacher to the Resources Committee Meeting. The Headteacher will explain how the different options support the school's improvement plan and school aims and provide Governors with any other information which they require.
3. Governing Board members will receive a revised draft budget, circulated in advance for ratification at the full Governing Board meeting.
4. Following agreement at a Full Governors' Meeting a copy of the agreed budget will be sent to the LA by the agreed deadline
5. Once the budget has been agreed, the Headteacher will present the budget to teaching and support staff during a staff meeting so that all will become aware of the limitations of the budget and their responsibilities in using both human and other resources to give good value for money
6. The budget will be monitored throughout the year as described

C. Virements

1. The Headteacher will be authorised to vire up to £10,000 on her own initiative. All such virements will be reported to the Resources Committee and Governing Board at their next meeting.
2. Limits on virements will be agreed at the annual Governing Board budget setting meeting, and copies forwarded to the LA
3. Amendments to the budget will be passed to the LA via the school's service support officer and to the Resources Committee via the Headteacher.

D. Leasing

1. Where possible equipment will be purchased outright
2. For equipment which dates quickly or which requires a great deal of maintenance (e.g. classroom computers and office photocopiers), operating leasing terms will be considered. Finance leases will not be considered.
3. If equipment is leased, the Resources Committee will need to be sure that the budget will support the expenditure in the long term
4. All leasing equipment will have to be covered for insurance purposes before contracts are exchanged i.e. with the London Borough of Ealing or by another insurance arrangement

E. Handling Cash

1. School journey money will be checked by the school office and recorded by the School's Administrative Assistant. All money received will be acknowledged by a receipt.
2. School photograph money will be handled directly by the photographers; staff will only sign to acknowledge receipt of the paying-in envelope
3. Any other cash collections will be checked by two people
4. The school has one safe and one secure fire cabinet. There will never be more than the recommended LA cash limit held at any one time in the safe. The safe has two copies of keys; one person will not hold both keys for the safe. Any loss of key will be reported to the Headteacher and the LA insurance department.

F. Cash Limits for Authorisation by Different Signatories

1. The Headteacher, and two acting assistant head teachers will be the school's signatories
2. Cheques for Petty Cash should be signed by the designated account signatories – the current petty cash limit is £200

G. Petty Cash System

1. Petty cash will only be paid up to a value of £75
2. All petty cash expenditure must be signed and presented to the Headteacher with the relevant receipts and claim form

H. System for Ordering

1. Headteacher, Assistant Heads, Key stage/Phase leaders and curriculum leaders all have an annual budget allocated to cost centres, agreed by the Governing Board when budget setting
2. Orders will be placed via reputable firms, after comparisons for value for money have been made
3. A school internal requisition order form will be completed and given to the Headteacher for checking once the order has been placed so that one person has an over view of all the school's resources.
4. The Headteacher will then authorise the order and give it to the administration assistant for processing.

5. Orders will not be processed which take cost centres into the 'red'. The SBM will bring these situations to the attention of the Headteacher who may authorise a virement or ask the budget holder to prioritise the order
6. The administration assistant will arrange to stocktake; all orders placed will be authorised by the Headteacher.
7. Bulk ordering will be done when savings are obvious and the turnover of stock will be at least annual. Storing stock which will not be used up annually will be organised to make best use of space and quality
8. Any telephone or faxed orders will be supported by an official order form although this process will only be used in an emergency.
9. When received, stock will be checked off by the administrative assistant and passed to the person who originally ordered the stock or stored appropriately. Stock cupboards for staff to use on a day to day basis will be kept unlocked to enable them to work effectively. The cupboards are situated in such a position that unauthorised entry is likely to be noticed

I. School Purchase Card Policy

The school's purchase card procedures are included as part of the school's Finance Policy as detailed in the attached appendix A.

J. Inventory

1. All items over £100 will be entered in the inventory by the SBM/Admin staff who will also be responsible for informing the insurance department
2. The SBM will be responsible for ensuring that leased equipment is insured and serial numbers are entered on the inventory
3. Staff taking any piece of school equipment off site, other than consumable stock, must seek the permission of the Headteacher and sign the item 'out and in' in a log book, held in the school
4. Appropriate staff will be allocated a school lap top computer, which can be taken off site once the member of staff has insured it whilst it is off the school site
5. An inventory check will be carried out during each academic year
6. The Headteacher will be able to 'write off' equipment by signing the inventory.

K. Security of Expensive Equipment

When not in use, such equipment will be locked away, except computers which will be kept in classrooms. The school has 24 hour security managed through Alec Reed Academy. All ICT equipment is security marked.

L. Security of Data

1. Computer passwords are to be changed termly
2. A full back up is made daily under the supervision of the ICT technician. And financial records will be kept for a minimum of seven six years.
3. Only relevant staff – SBM/admin assistant and the Headteacher will be able to access finance data directly from the ICT systems.

M. Equipment Write-off

No item of permanent, major or minor equipment must be thrown away without the permission of the Headteacher.

Only equipment which:-

1. is broken or damaged beyond economic repair
or
2. no longer meets the demands of the curriculum/current provision
or
3. has been superseded by more modern equipment and cannot be stored due to a shortage of space will be declared obsolete.

Consideration will be given as to whether the obsolete item could be sold on for school funds.

All electrical items which are declared obsolete will have the serial number and model number taken so that a cross-reference can be made against the inventory. Once this list has been completed, an administrator will find the relevant items in the inventory so that the Headteacher can sign the items off.

All other items will be written off by the Headteacher in the relevant log or inventory.

Items not found during the annual stocktaking will be reported to the Headteacher so that appropriate action can be taken.

Agreed by Governors on~~30 April 2018~~ 11 May
2020.....

1.PCard Issue

The Head Teacher/Chair of Governors may authorise any two of the following to be a cardholder. Head Teacher, Assistant Head Teacher, senior teacher, School Business Manager & Administrator responsible for placing orders (maximum 2 per school)

The PCard shall be issued by RBS, the council's bankers.

2.Credit Limit

The PCard shall have a spending limit. These limits are inclusive of any VAT, carriage charges etc.

Cardholder	Single Transaction limit	Monthly limit
High School	£	£
Head teacher	1,000	5,000
Designated 2 nd	500	2,500

~~Primary, Nurseries, Special etc.~~

Head teacher	£500 500	
	2,500 2500	
Designated 2 nd	£500 500	
	1,000 2500	

3.Use of PCard

The primary method of payment remains invoicing and this should generally be used in preference to card purchases where the supplier offers such. The PCard is intended for use on an exceptional basis only e.g. booking courses, purchases via the Internet.

The Head Teacher will ensure that there is budgetary provision for all purchases and that there is sufficient balance available in the bank to cover expenditure.

PCards must only be used after the correct authorisation to purchase has been obtained and must be for items that can be justified in all respects.

The PCard must not be used for personal expenditure/cash withdrawal under any circumstances; failure to observe this will lead to the card being withdrawn and possible disciplinary action.

All authorised PCard Holders must sign to accept that they have personal responsibility for transactions on "their" PCard, and PCards must not be loaned to any other person in any circumstance.

If any unauthorised purchases are made, then the school has the authority to recover the cost of these transactions, either by personal payment from the PCard holder or by salary deduction for the unauthorised amount.

4.Security

The PIN number for each PCard shall be known only by the cardholder and not disclosed to anyone else or written down. No PCard Holders within the school are allowed to change their PIN to anything obvious e.g. DOB / School telephone number or the same PIN as other PCard Holders within the school. In the event of loss of the PIN number the bank will be able to provide the PCard Holders only with the information.

Should the PCard be lost or stolen the cardholder must report the loss immediately to RBS, the police, the SBM and the Head Teacher.

Should fraud or misuse be suspected, the bank and LBE Schools' Finance Section should be informed immediately so that the appropriate action can be taken.

Expired cards must be cut up into pieces and disposed of. The PCard Holder and office staff should witness this.

5. Procedure for purchasing supplies including Internet

The cardholder makes the Card transaction via the telephone, internet, fax or on a face-to-face basis.

A Procurement Card Transaction Form must be completed and authorised by an official signatory, before the order is placed.

Cardholders must get the total price including p&p and delivery charges, check availability and confirm the delivery date. Supplier's terms and conditions should be read carefully prior to undertaking a purchase to ensure they are acceptable to the school. For example ensure you are clear on the delivery and returns policy, that you can return any unsatisfactory items and whether you will get a refund or merchant credit before completing an online transaction.

PCard Holders must not split transactions (where the cost of goods or services exceed this limit) to avoid the transaction limit control.

Problems with supplies

The PCard Holder should advise discrepancies or other problems with the goods supplied immediately to the supplier, and problems must be resolved by them directly to enable the PCard Holder to retain control of the

transaction. If there are any items under dispute with the supplier they should be clearly marked as such in the log.

Receipt of Goods

PCard Holders should notify other staff when delivery is expected so that the delivery can be checked against what was ordered and signed for.

Internet Purchases

Purchases over the Internet must only be used where the good or services cannot be effectively or economically obtained via traditional methods, and the school considers that best value is being achieved.

RBS will refund losses occurring as a direct result of fraud, but only if the cardholder has not been negligent. Therefore PCard Holders must never buy from a company whose trading address is not featured on its web site.

The PCard Holder must only purchase from secure sites (those displaying "https" at the start and displaying a padlock symbol).

Internet orders must only be processed on a school computer that is linked to the Internet through the school firewall.

PCard/ payment information must not be sent to a merchant via email or instant messenger (MSN Messenger etc.). If payment cannot be sent via a secured web page, then cardholders should telephone the supplier instead.

PCard Holders must never give personal details that are commonly used for identification (e.g. mother's maiden name) over an insecure Internet connection.

Individuals ordering goods and services should make it clear that these are being ordered on behalf of the school e.g. electrical warranties will not be valid otherwise.

When orders are placed with the supplier an order confirmation will usually be displayed or an email received. This must be printed off and kept with the authorisation to purchase (along with all transaction documentation and associated emails).

The school must also consider the risks when using the Internet to look at their PCard balances etc. and ensure that the account is password protected.

Schools must not click on links to on-line shops in emails, as they may link to fraudulent sites, and addresses should be typed manually.

6. Record keeping, Payment of the bill & Reconciliation

There must be clear segregation of duties between the PCard Holder incurring expenditure and the officer reconciling and authorising the monthly statement.

Statements must be addressed and sent to the Headteacher at the school.

The PCard balance must be settled in full automatically each month by direct debit thereby avoiding PCard interest charges.

Schools need to ensure that any supplier refunds are re-credited to the PCard account correctly.

Reconciliation

On receiving the monthly statement, PCard Holders must ensure that they have had the goods or services for all the transactions charged and that charges are accurate and match the receipts and transaction log.

7. VAT issues

VAT rules still apply to purchases made using the PCard therefore VAT receipts must be obtained. Please inform suppliers that they should be sending Vat invoices/receipts to the school and not to LBE Central Accounts Payable.

8. Potential transaction issues

Card declined – check you have not exceeded the transaction/monthly card limit or are using a supplier that is in the Blocked Merchant category.

Agreed by Governors May 2020