

# Policy

## Bradfield CE Primary School

### Financial Management and procedures (including Governors' allowances)



At Bradfield we are

**LEARNING TO LIVE, inspired by Christ.**

**With Jesus as our model, we are LEARNING TO LIVE with COURAGE, COMPASSION, RESILIENCE and JOY.**

(I have set an example for you, so that you will do just what I have done for you. John 13:15)

<b>Policy Name</b>	Financial Management and Procedures
<b>Brief Description:</b>	This document provides a framework of how the school conducts it's finances
<b>Status: Statutory/non-statutory</b>	Statutory Policy
<b>Other related policies and procedures:</b>	School Private Fund
<b>Approval level: HT/Governors/FGB</b>	Headteacher
<b>Approved by the Governing Board on:</b>	Nov 2020
<b>Frequency to be reviewed</b>	Annually
<b>Latest Date for Next Review:</b>	Nov 2021
<b>Version + Schedule of Amendments:</b>	
<b>Signed:</b>	
<b>Position:</b>	
<b>Date of Signature:</b>	

### **Purpose and background**

The school receives on, an annual basis, a financial allocation from West Berkshire Council (“WBC”), together with additional monies available through School Formula Funding and direct government grants. This policy and procedures determine the framework within which the school conducts its finances, the delegation of responsibility and the methods of operation, so that all parties concerned are aware of their duties and responsibilities and that sound internal and financial controls are maintained.

The operation of the school’s private fund is the subject of a separate policy.

### **OVERALL MANAGEMENT RESPONSIBILITIES**

The school adopts and will comply with, ensuring that staff are made aware of as required, regulations and guidelines as published by the Local Authority, including: the WBC Financial Rules of Procedure\*; the WBC Contract Rules of Procedure\*; the WBC Anti Fraud and Corruption Policy\*; the WBC Scheme for Financing Schools\* and Confidential Reporting Code (Whistleblowing) Policy to the extent that such regulations and guidelines apply to schools. The school will also comply with Department of Education (DfE) and Audit Commission regulations and guidelines for budget management, including ‘Keeping your Balance’ and Schools Financial Value Standard, and the spending and receipt of monies, including School Formula Funding and direct government grants. It will operate in accordance within the requirements and standards laid down by both the DfE and WBC Audit and Accountancy Departments.

### **Delegation**

The Full Governing Board (“FGB”) has delegated certain functions and the making certain decisions to its Finance Committee, in accordance with the terms of reference of that committee set out in a separate document.

The FGB has delegated to the Headteacher the management of the budget and the virement of funds as outlined in this policy and will take due account of the advice given by the Headteacher in respect of financial matters. The signing of cheques and other bank instructions are delegated to school staff in line with this policy. The FGB will note and approve the Headteacher’s allocation of financial duties to staff so as best to achieve separation to ensure probity, and that shadowing of duties occurs to provide continuity in the event of absence, as far as is practicable in our small school where risks are naturally reduced through our working in close collaboration. It will monitor the competencies of School finance staff and make recommendations to the Headteacher as appropriate.

### **Budget management**

The Finance Committee will prepare an annual budget for income and expenditure for the FGB to approve.

When setting the budget the Finance Committee shall consider the aims and objectives of the School and the School Development Plan and ensure that the budget and financial processes of the School support and reflect these as far as possible.

In setting the budget, the Finance Committee will take due account of the need to resource the management and administration of the School’s finances and to ensure, through regular review, that staff resource and competence is sufficient, and is supported through appropriate development and training.

All material budgetary decisions will be communicated between all relevant and interested School staff and the FGB on a regular and timely basis, to ensure that the financial context of the School is understood and that necessary actions are implemented. This policy is available to staff and parents in the file in the School office.

### **Purchasing**

The School has in place rules for the procurement of goods and services to obtain best value from the resources available.

Included in this document is clear guidance for Finance staff to ensure that effective and robust financial and accounting procedures are adhered to.

### **Governor reimbursements**

The payment of any allowance or reimbursement of costs incurred by the Chair of the FGB requires the approval of the FGB members before payment. The payment of any allowance or reimbursement of costs incurred by any other FGB member requires the approval of the Chair of the FGB before payment. Payments of allowances or costs to any FGB member shall be reported to the FGB on an annual basis.

The FGB will receive and review an inventory report on an annual basis, to be signed off once approved by the Chair of the FGB

### **Pecuniary and business interests statements**

All members of the FGB and those staff with financial responsibilities will declare any pecuniary or personal interest annually through the Register of Business Interests maintained by the School. FGB members and other attendees will be required to declare any such interest relating to any FGB meeting agenda item at the start of that meeting.

### **Indemnity statement**

No indemnity of any sort may be given to the benefit of a third party.

### **Insurance**

The Headteacher will review the insurance needs of the school annually and liaise with the LA to ensure that specific arrangements remain appropriate. Following the approval by the FGB, the Headteacher will ensure that agreed arrangements are in place and, if these are outside those placed by the LA, then full evidence of sums insured, limits and cover will be supplied for approval.

The Headteacher will be responsible for ensuring that the FGB are made aware of all new risks, and all incidents which may give rise to an insurance claim (e.g. accident, theft etc). These should be reported immediately to the LA. Any delay could prejudice the claim and lead to the Insurers refusing cover.

### **Computer Systems**

The FGB recognise the importance of protecting the computerised financial management systems and the data therein. The Headteacher will ensure that the School and FGB are compliant with data protection legislation and controlling access to all data covered by such legislation.

The Headteacher will ensure that effective backup procedures are in place. Access to school management computer systems will be limited to authorised staff. These staff will use passwords which should not be disclosed and should be changed regularly. Only authorised software will be used to prevent the import of computer viruses. Staff will only have access to those modules appropriate to their duties.

### **Personnel and payroll**

The Headteacher will, where possible, allocate duties to ensure that an appropriate division of duties exists in the area of completing/checking and authorising of all documents and claims relating to appointment and termination of employment and expenses/reimbursements.

Payroll transactions will be processed only through the payroll system. Payment for employment will not be made to staff or visiting teachers etc. through any other mechanism. Payroll transactions relating to school employed staff will be processed against a fund provided by the LA and not a voluntary unofficial fund.

### **School fund**

The Governing Board is responsible for the school's voluntary unofficial fund. Although the voluntary unofficial fund is not public money, the principles of sound financial management outlined in this policy apply equally. This requires the proper minuting of all decisions taken by the Governing Board.

The objectives of the school fund are to enable the school to function financially with funds not normally allocated by the LA. This includes income received from a variety of proper sources and payments made for the purchase of educational goods etc and the provision of services outside the scope of the budget share.

### **Petty Cash**

The school is not currently using petty cash.

### **De minimis level for capitalisation**

Items of a capital nature (as defined by WBC) must be charged to the appropriate Capital Fund (Fund 76). The Governing Board adopts the Oxford Diocese de minimis level of £2,000.

## **MANAGEMENT OF POLICY**

**School:** This policy is implemented and managed by the Headteacher and School Business Manager with reference to the senior leadership team as necessary. It will be circulated to all staff with financial responsibility on an annual basis who will sign a check list to confirm that they have read and understood the document and its appendices.

- FGB:** The Finance Committee reviews this policy on an annual basis and recommends amendments to the FGB for final decision.
- Approval:** Approved by the Governing Board in November 2019
- Next review due:** November 2020

**Associated policies, documents and remits**

Terms of reference of the Governors' Finance Committee

School Development Plan

Private Fund Policy

School Financial Value Standard

Confidential Reporting Code (Whistleblowing) Policy

Charging and Remissions Policy

Lettings Policy

This Policy is to be read in conjunction with the Remit of the Governing Board's Finance Committee and the attached appendices.

**Documents supporting the compliance statement**

West Berkshire Council Financial Rules of Procedure (copy available from school office)

West Berkshire Council Contract Rules of Procedure (copy available from school office)

West Berkshire Council Anti Fraud and Corruption Policy (copy available from school office)

West Berkshire Council Scheme for Financing Schools (copy available from school office)

Audit Commission - Keeping Your Balance

**PRACTICE AND PROCEDURES**

**Delegation and the management and virement of funds**

Subject to the terms of this policy and its appendices, the FGB delegates to the Headteacher (or in his/her absence a nominated representative) authority to make purchases, decide upon quotations received and enter into financial commitments, income-generating activity and to vire monies within the set annual budget. In doing so it will authorise as necessary the lists of authorising school staff and their appropriate limits of authority, to be provided to the Local Authority. The Headteacher may delegate aspects of day-to-day administration to the School Business Manager.

The Finance Committee will review the school budget and longer term forecasts monthly, in line with its remit, and agree any action where appropriate in relation to (a) budget variances, anticipated expenditure and income, and (b) any significant virements made or anticipated where the amount is greater than either 10% of a budget line or £2,000. Below this level the Headteacher has full authority to agree budget variances and virements without reference to the FGB. Virement will be subject to any 'ring-fencing' restrictions.

Authorisation is given for the Headteacher, School Business Manager, Assistant Headteacher and an additional member of SLT to sign cheques and other instructions to the Bank against the School's Local Authority bank account. Two signatories shall always be required.

## **The procurement of goods and services**

### **1. Procurement Card**

- 1.1. Requests can be made to the SBM by completing the Procurement Card Requisition for purchases in excess of £15 up to £1,000 and must be signed by Head Teacher.
- 1.2 Purchases by the internet/telephone using the procurement card should only be made to secure best value
- 1.3 The order must be placed by the SBM only.
- 1.4 Copies of all transactions must be kept and noted in the school's accounts via a requisitions spreadsheet.
- 1.5 Every request must be counter signed by the Head Teacher:
- 1.6 This method is for purchases in excess of £15. Requests below this limit only if deemed appropriate by SBM.
- 1.7 The overall card limit for the school will be set at £1,000 for any single purchase and a monthly limit of £4,000.
- 1.8 Individual cardholders overall and single purchase limits will be agreed by the Head Teacher and SBM on a business basis.
- 1.9 No cash withdrawals will be permitted.
- 1.10 Access to the cards will be restricted and PIN(s) will be kept secure.
- 1.11 Only the main contact SBM has access to information on the account via the use of passwords.
- 1.12 Purchases must relate to official funds for school activities only and must be supplied and delivered to the school. Personal items must not be purchased using this card.
- 1.13 A valid invoice/receipt from each supplier with VAT details is required for each purchase and must be attached to the requisition order.
- 1.14 Upon receipt of the monthly card statement it must be checked and reconciled against the requisition/goods received spreadsheet by the SBM. There is a period of 7 days before the payment date to raise any queries with the bank (and to notify of any fraudulent activity).
- 1.15 The full outstanding balance will be paid by direct debit on or before 20<sup>th</sup> of each month and the cashbook journal will be posted on FMS on or before the monthly payment date to ensure it is included in that month's Imprest claim.

### **2. Placement of orders**

A formal order on paper shall be sent to procure all supplies and services in each case except in certain specific circumstances. These are stated below.

### **3 Choice of Supplier**

- a) In all cases any purchase or service contract must comply with Health & Safety and EC regulations where applicable.
- b) The principles of obtaining 'best value' will apply and in particular:
  - i) For supplies and services with a total contractual value below £1,000, the School may select one supplier without obtaining competitive quotations. Where a sequence of

small orders is likely to be placed with one supplier a check of their pricing against competitors should be made annually.

- ii) For supplies and services with a total contractual value between £1,000 and £5,000 a minimum of three quotations shall be obtained, except where the nature of the purchase and/or the range of suppliers and/or the timescale precludes this, in which case this will be brought to the attention of the Finance Committee for consideration and approval and the reason for this shall be documented with the order. Exceptions include emergency and specialist product purchases and buy backs. Quotations will be reviewed by and a decision to order made by the Headteacher or a member of staff with his delegated authority. Internet and catalogue quotations should be suitably documented (e.g. photocopies, screen print-offs) for future reference.
- iii) Subject to iv) below, for supplies and services with a total contractual value of over £5,000 the nature of the contract may require additional procedures, including the receiving of quotations from more than three suppliers and a formal tender mechanism. A procurement mechanism will be approved in advance in each case by the Finance Committee, with appropriate specialist professional advice sought as necessary before commitment.
- iv) For supplies and services where the total contract sum exceeds £50,000 the school will comply specifically with the Local Authority's Contract Rules of Procedure (12.8.7) in seeking appropriate advice regarding EU and UK legislation.
- v) The most cost beneficial quotation will normally be accepted and if not, best value reasons for accepting a more expensive quote will be documented with the order.

### Instructions to office staff on financial procedures

**Table of responsibilities and short/longer term cover arrangements**

Member of staff	Signing cheques	Processing orders	Processing payments	Inventory	Payroll
Chair of FGB	No	Unlimited	Unlimited	Sign Off	Unlimited
Chair of the FC	No	Unlimited (in the absence of the Chair of the FGB)	Unlimited (in the absence of the Chair of the FGB)	Sign Off (in the absence of the Chair of the FGB)	Unlimited (in the absence of the Chair of the FGB)
Head Teacher	Yes, up to £10,000	Signs for over £100 & up to £10,000	£10,000	Referred to re write-offs.	Signs up to £10,000
Assistant Head Teacher	Yes, up to £5,000	Absence cover up to £5,000	Absence Cover up to £5,000	Absence Cover	Absence cover up to £5,000
School Business Manager	Yes	Yes. Signs up to £100	Up to £100	Administration and annual report	Yes
Administrative Officer	No	Absence cover up to £100	Absence cover	Yes – administration and annual report.	Absence cover

### **Recording of transactions and accounting**

All financial transactions, journals and virements must be properly recorded without undue delay on the School's SIMS FMS computer system.

There is a daily remote backup.

### **Budget management and monitoring**

The School Business Manager will monitor the budget and on a monthly basis reconcile Agresso printouts from West Berkshire Council with the School's FMS computerised accounting system and annually closedown FMS on a timely basis ensuring that carry forward figures correctly match Agresso. The SBM will produce reports as required by the Headteacher, Finance Committee and FGB including the latest Agresso report and FMS printouts, together with explanation of variances. Monthly meetings to review the budget position will take place with the Headteacher. Reports for the FGB/FC should be prepared to be sent with each meeting's agenda in advance. The FGB will need to be informed of the expectation of the school's outturn positions for the financial year, robustly based on information held to date, in order to make any necessary strategic budget management decisions. The School Business Manager will attend meetings of the School's Senior Leadership Team when financial considerations are relevant, and summary notes of financial discussions will be taken and passed to the SBM as soon as possible following such meetings. School budget holders should receive up-to-date printouts from FMS of their budget position as appropriate. Instruction in budget management and report interpretation will be the responsibility of the School Business Manager.

### **Orders for goods and services**

Requests to order goods and services must be made using the standard form and signed by the Headteacher. In the case of any more complex transaction, the advice of suitably qualified persons must be obtained in order that all considerations regarding pricing, specification, health and safety, etc can be taken into account.

Copies of all orders and supporting documentation shall be kept and recorded promptly in the school's accounts. A monthly check of outstanding orders shall be made and any erroneously outstanding orders removed.

A formal computer generated purchase order (marked 'confirmation of order' if appropriate) on paper, signed by an authorised signatory (School Business Manager limit £100, Headteacher limit £10,000, Chair of FGB over £10,000) and reflected in the WBC list of authorising officers will always be sent to procure supplies and services and a signed copy of this retained in the School office with the original request form and copies of relevant documentation, including quotations. The only exceptions are when:

1. The payment for supplies or services represents one of a sequence of transactions as a result of an agreed contractual obligation.
2. For online orders from certain websites (mainly educational supplies) a paper purchase orders are not accepted. A purchase order number is input as the order is checked out. In this case, the paper purchase order will be kept in school and the delivery notes and invoice will be matched to it.
3. Generally, telephoned orders for goods over £25 are prohibited. However, with the permission of the Headteacher exceptions are allowed, in which case confirmation sent must be clearly marked 'Confirmation of telephone order.'
4. For amounts up to £100, expenditure claims may be made by staff with prior authority from the Headteacher. A requisition form should be completed by the staff member and signed by the Headteacher before the purchase is made. They should be limited to those occasions when direct staff purchase is the only

practical option. Related staff expenses claims must be presented for payment and dealt with within one month of receipt. All expenses claims must have full appropriate invoices or receipts attached evidencing purchase so that VAT can be reclaimed whenever possible. Staff or pupil personal purchases cannot be processed through the School's accounts nor can personal cheques be cashed.

5. In cases of emergency a supplier may be called to the school to undertake work. The commitment must then be ascertained and recorded as soon as possible.

All order requests for individual items of £1,000 or more require at least three quotations appended or a written statement on the order as to why this was not possible.

### **Invoices and payment**

- a) Invoices for payment must be originals or certified copies and fulfil VAT requirements. A stamp is used to authorise invoices showing them as paid and to avoid the possibility of duplicates or faulty goods being paid for.
- b) Invoices should be checked for arithmetic accuracy. No invoice should be paid whose value exceeds 5% the original order price without reference to the budget holder. Service, contract and utility invoices should be checked against preceding payments to ensure periodic continuity without overlap.
- c) Paid invoices must be filed in the 'Paid Invoices' file for the relevant financial year in alphabetical order.
- d) Direct debit invoice records are filed in the 'Paid Invoices' file for the relevant year in alphabetical order.
- e) The payment of invoices will be made fortnightly and imprest returns to reclaim the principle sum (less any income received) and net VAT paid/received made accurately and promptly in line with WBC requirements. The imprest account should not be allowed to overdraw and its level reviewed regularly to ensure that it meets the School's cash flow needs. Any exceptional overdraft request and WBC confirmation must be properly recorded and supporting paperwork filed in the Imprest File.

### **BACS**

- a) The Governing Body is required to authorise the Approval to Apply for Bankline access which is submitted to WBC Head of Finance for final approval. WBC Schools Accountancy will progress the application with NatWest/RBS and the school will complete the registration forms when required. The Governing Body, via its financial policy and procedures, is responsible for ensuring that adequate controls are in place over the use of Bankline.
- b) Only Bankline roles defined by the WBC Schools Accountancy Bankline administrator may be used by the school. Allocation of individual Bankline roles should be approved by the Governing Body and recorded in the table of responsibilities in Section 5.1 above. These approvals may relate to posts or to named individuals.
- c) A paper record will be kept of all suppliers' bank details. These details should be taken from an earlier invoice which has been paid by cheque and verified by a phone call to the supplier (using original phone numbers) as this is a recognised fraud risk. Once checked the details can be entered into FMS. These should be entered by one member of staff and verified by another member of staff, each will initial and date the document after entering the details. These details will then be used to pay the supplier.
- d) Any changes to suppliers BACS details should be received on an official letterhead from the supplier but will also be verified by a phone call to the supplier (using original phone numbers) as this is a recognised fraud risk. When these changes have been made in FMS, the document will be initialled and dated together with a record of the steps taken to verify the change.

- e) School staff requiring reimbursement by BACS for non-payroll expenditure will complete a bank details form and submit to the school's Bankline administrator.
- f) Only payments which have been generated through FMS can be made on Bankline.
- g) An authorised signatory will compare the FMS payment schedule (BACS Run Report printed from FMS) and the Bankline payment schedule (BACS Bulk List Payment pdf printed from Bankline screen) for each payment run and will sign both documents to confirm that the schedules agree, prior to authorising the payments on Bankline.
- h) Bankline payments will be subject to dual authorisation which means that BACS payments will only be released when the second Authoriser has authorised. This is the equivalent of a second signature on a cheque.
- i) All Bankline payments reflected on the bank statements will be reconciled to the invoices received and any receipts obtained.
- j) School staff may only log into Bankline from within the school and not from remote locations (e.g. home) and this access must be made using school owned PCs or laptops.
- k) Bankline users will not share user names or PIN numbers to ensure the separation of duties and that no one individual can both make a payment and approve a payment in the Bankline system.
- l) All Bankline cards will be kept securely locked away except when in immediate use.
- m) Any member of staff who leaves the employment of the school will have their Bankline access removed immediately and must return all cards to the school for destroying prior to their last day on site.

### **Security**

- a) No more than a total of £250 public funds and private funds petty cash shall be held on site without approval of the Headteacher.
- b) All cheque books and secure boxes must be kept locked away in the office when in immediate use. Hard copy financial records and vouchers are kept in a locked cupboard/cabinet and are clearly identifiable.
- c) Key holders are the Headteacher, School Business Manager, cleaning staff, members of the teaching staff and the School Handyman.
- d) All portable and valuable items must be security coded using the 'smart water' system.
- e) All cash received must be counted and confirmed by two people.

### **Bank Accounts, authorisations, income and banking**

- a) Copies of all bank mandates and Local Authority lists of authorising officers will be held in the locked cupboard in the office to allow easy access for reference.
- b) Bank accounts will be reconciled once a month. Reconciliation will be approved by the Headteacher.

- c) All collections of income by cheque or otherwise shall be evidenced by a suitable voucher signed by the member of staff paying in, properly and individually annotated on bank pay in slips and be immediately receipted and locked away.
- d) Invoices, and other claims for funding will be raised within a week for one off services or termly for ongoing services. Payment terms are 30 days, chased effectively until received.
- e) All cheques and cash must be banked within two weeks, as soon as possible if it exceeds the maximum of £250 and in any case before the end of a term. No monies due to the main school budget (including lettings income) may be banked into staff or other third party (including school fund) bank accounts under any circumstances.
- f) Cheque payments and other instructions to the Bank must be signed by two of the authorised signatories. Cheque signatories will scrutinise and confirm relevant voucher documentation before signing cheques. Only manuscript signatures are allowed.
- g) The writing off of any amounts due to the school and unpaid shall only be made with the formal consent of the FGB and in line with WBC regulations.
- h) A copy of each contract relating to lettings income should be attached to paying in slips.

### **Overspends**

The approval of overspends by a budget holder can only be given by the Headteacher.

### **Inventories - the recording of assets**

An inventory check is completed annually in October and a report made for the FGB. Any unaccounted items will be referred to them for appropriate action. The taking of any school property recorded on inventories off site must be approved by the Headteacher and noted, along with its return, in the appropriate register. Laptop computers on loan to teaching staff will be appropriately recorded and supported by a loan agreement letter signed by the member of staff. The disposal of any assets must be authorised by the Headteacher in accordance with Local Authority regulations. The inventory, which should be updated with the acquisition of new items, will comprise all portable, desirable items of value over £100 and will contain the following data: make, model, serial number, date acquired, date disposed of, purchase cost, location, security marking as required by West Berkshire Council.

The inventory is maintained by the School Business Manager, checked annually and signed off by the Chair of the FGB. The school maintains a register of items taken off site and returned by staff, e.g. cameras. Staff loan laptops are covered by the loan agreement.

## Appendix 1

# Paying Governor Allowances

1. Governors may claim reasonable allowances in respect of actual expenditure incurred whilst undertaking governor development or training and otherwise acting on behalf of the Governing Board.
2. Governors may not claim for actual or potential loss of earnings or income.
3. All governors and associate members are eligible to claim allowances in accordance with this scheme.

### **Eligible Expenses**

4. Categories of eligible expenditure are as follows:
  - Care arrangements: Child care or baby-sitting expenses, where these are not provided by a relative or partner;
  - Care arrangements for an elderly or dependent relative, where these are not provided by a relative or partner;
  - Telephone calls and postage
  - Travel for training and development
  - Subsistence

### **Allowance Rates**

5. Rates at which allowances are payable are as follows:
  - Care Arrangements - Actual costs incurred, up to a maximum of £8.00 per hour
  - Telephone Calls/Postage - Actual costs incurred.
  - Travel Rates - In accordance with the current Inland Revenue Authorised Mileage Rate. For public transport, actual costs incurred. However, where more than one class of fare is available, the rate shall be limited to second-class fares. For travel by taxi the cost must not exceed £25 per journey.
  - Subsistence - If additional expenses are incurred because work as a governor requires taking meals (i.e. breakfast, lunch or dinner) away from your school area, reimbursement will be made for the food/drink items bought on the day claimed.

### **Criteria for Claims**

6. All claims must be submitted to the Chair of Governors for approval on the attached form within one month of the expenditure being incurred (except for telephone calls). Any claim by the Chair of Governors must be approved by the Headteacher.
7. Receipts must be supplied to support claims for reimbursement, e.g. bus ticket, phone bill, taxi receipt, till receipt.
8. In the case of telephone calls, an itemised phone bill should be provided, identifying the relevant calls.

**Financial Systems**

9. The school's normal systems for monitoring and processing payments will apply to claims made under this scheme.

**Reviewed by the Finance Committee:**

**Approved By the Governing Board: November 2020**

**Date of next review: November 2021**

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EXPENSES CLAIM FORM (for Governors)

**Name of Governor:** .....

Date	Details of expenditure	Claim(£)
Total Claim		£