

# Orchard Community Primary School



## Financial Procedures Policy

This policy was approved by the Governing Body of Orchard Primary School at their meeting on.....

Signed..... Chair of Governors

Version	Date	Author	Reason for Change
0.1	11/2018	FS	New Policy
0.2	1/2021	FS	Reviewed

Review Frequency	Next Review Date
Every 3 years	1/2024

## **1. INTRODUCTION**

1.1. These financial regulations shall govern the financial arrangements relating to all of Orchard Primary School's finances and accounts.

### **FINANCIAL PROCEDURES - DELEGATED AUTHORITY**

2.1 Under Leicestershire's Scheme for Financing Schools, the Governing Body is responsible for the control of expenditure and income in accordance with the delegation of budgets and assisting Leicestershire Council in the discharge of its statutory duties.

2.2 The Governing Body has in turn delegated the governors' financial responsibilities to the Management & Finance Committee as on the list of committee members.

2.3 The Head teacher shall be responsible for implementing agreed policies and maintaining day to day control of the school finances and accounts.

2.4 The Office Manager shall assist the Head teacher in the discharge of financial responsibilities.

2.5. The following staff are designated as authorisers of

(i) Salaries Documentation:

- Head Teacher
- Chair of Governors (in the Headteacher's absence)
- Office Manager (in exceptional circumstances)

(ii) Cheques

- Head Teacher
- Chair of Governors (in the Headteacher's absence)
- Deputy Headteacher (in the Headteacher's absence)
- Office Manager (in exceptional circumstances)

(iii) Orders

- Head Teacher
- Office Manager – pre-authorised by the Headteacher
- Chair of Governors (in the Headteacher's absence)

2.5 However, the Governing Body will remain accountable when governors' financial responsibilities are delegated.

## **3. REVENUE BUDGET PREPARATION**

The Governing Body has delegated full budget responsibility to the Management & Finance Committee.

3.1 The school's budget timetable for the next financial year shall be as follows:

Autumn Term

- Identify commitments and new plans; agree priorities
- Management & Finance Committee to agree Best Value Statement

- Agree staffing requirements and salaries following Performance Management reviews
- Submit Revised Budget Intention if necessary

#### Spring Term

- Outline the budget plan, to be ready by the 31st March
- Adjust the budget to take account of the budget share notified by Leicestershire LA
- Cost first draft of the budget, with the plan covering at least the next three years, and submit to governing body

#### Summer Term

- Submit final approved budget plan to the LA's Schools Finance Team by 31 May.

3.2 The Management & Finance Committee shall decide on the order of priorities from the School Improvement Plan.

3.3 The Head teacher shall prepare the detailed costings and submit them for approval to the Management & Finance Committee.

3.4 All plans and budgets should be regularly reviewed during the year and all significant changes will require the approval of the Management & Finance Committee.

3.5 The Head teacher shall inform the Local Authority of the school's revenue budget. This information should be supplied by the beginning of the financial year and updated for changes as necessary. If the school's revenue spend falls outside the its budget plan submitted to the LA, corrective action must be taken were possible and the Head teacher will formally make the LA aware of the school's financial position as soon as practicable.

### **4. REVENUE BUDGET CONTROL**

4.1 The Management & Finance Committee shall decide how to use the budgets within the cash limit allocated. The Head teacher will be responsible for the control of spending against budgets. A commitment accounting system is in place to monitor current commitments and liabilities (Sims FMS).

4.2 As far as possible a budget monitoring report should be prepared monthly for the Head teacher. A bank reconciliation and VAT analysis should be prepared as soon as the bank statements have been received (at least on a monthly basis) and forwarded to the LA as part of the monthly BA expenditure return. These returns should be prepared by the Office Manager and certified by the Head teacher.

4.3 The Head teacher and Office Manager will review the budget and submit a report to the Management & Finance Committee for consideration at each Committee Meeting.

4.4 The Headteacher will receive a monthly SIMS financial transaction report.

### **5. VIREMENTS**

5.1 Substantial virements shall be approved and minuted by the Management & Finance Committee and should be within the agreed criteria and financial limits.

5.2 The Head teacher is given delegated power to vire from one budget to another and shall seek approval from the Management & Finance Committee retrospectively.

5.3 All virements exceeding £5,000 or 2% of the budget shall require prior approval from the Management & Finance Committee.

## **6. AUTHORITY TO INCUR CAPITAL EXPENDITURE**

6.1 The Head teacher is given delegated power to incur expenditure up to £5,000 on any single item or issue within the financial year.

6.2 All expenditure exceeding £5,000 shall require the prior approval of the Management & Finance Committee.

6.3 All expenditure must be authorised by the designated staff - Head teacher and Office Manager (and Chair of Governors in the Headteacher's absence).

6.4 Payment of invoices should be made through the school local payments system and from the school bank account.

6.5 All central charges/recharges above £1,000 to the school budgets by Leicestershire LA must be authorised by the Head teacher.

6.6 The Governing Body may borrow money only with the written permission from the LA and the Secretary of State (i.e. external loans or bank overdrafts). The Governing Body needs to seek the LA (Education Finance) permission to enter into any arrangement, which commits the school to payments over a period of more than twelve months that exceed £12,000. The school will look at ESPO leases where available, or seek comparable quotes from the Resources Department (Investments Section).

Borrowing will include:

- Finance Leases
- Credit Arrangements
- Hire Purchase

## **7. LOCAL PAYMENTS SYSTEMS**

7.1 The Office Manager shall be responsible for making all payments on behalf of the school. The school will ensure good financial practice and transparency through segregation of duties.

7.2 All invoices passed for payment must be properly certified and evidenced by the relevant designated staff – payments shall be made on original invoices only.

7.3 Before certifying an invoice for payment, designated staff must be satisfied that for the goods and services delivered:

- An official purchase order has been raised for the purchase
- That the delivery note has been checked
- That it is of correct quantity, quality and price
- That it has not been previously paid
- That funds are available in the relevant budget
- That the VAT chargeability on qualifying expenditure is shown

7.4 The Head teacher should carry out selective invoice checking termly to ensure that all sums which the designated staff have certified for payment were legally and properly payable.

7.5 The Governing Body is permitted to use their budget share to meet the cost of capital expenditure on the school premises.

## **8. ORDERS FOR GOODS AND SERVICES**

8.1 Staff may order goods and services from whatever reputable source they see fit; but will be expected to take into account quality and value for money, to ensure Best Value is obtained.

8.2 An official order must be made in writing on the school's official order form for all expenditure on goods and services initiated by the school.

8.3 Orders must be completed in accordance with the following procedures:

- Authorised by designated staff only
- Show estimated prices on the order form
- Sent to the supplier through the Office Manager or Finance Assistant
- If placed by telephone, written copy of order with estimated prices must be given to the Office Manager
- Telephone orders should only be made by authorised staff having sought authorisation from the Headteacher (or Office Manager in her absence).

8.4 Copies of all orders should be retained in file 'Copies of Official Orders' until delivery and payment.

8.5 On receipt of authorised invoice, Official Orders and Delivery Notes should be attached to invoice and filed in the 'Unpaid File'. Once payment has been made, this should be moved to the 'Paid File'.

8.6 Individual budget holders are not permitted to spend in excess of £150 without the prior approval of the Head teacher.

8.7 Where ESPO is used for procurement of goods and services it is not necessary to seek alternative tenders.

8.8 Three written quotes should normally be obtained for all goods and services in excess of £1,000, unless no other equivalent goods or services are available, or where Governors have previously committed themselves to a particular service/supplier, brand/type of goods. (NB: For a Best Value comparison, three quotes will also be sought for all notable orders e.g. laptops, i-pads).

8.9 For building works expected to cost in excess of £10,000, three quotations will be obtained unless the work is undertaken through the Local Authority

8.10 Where tenders have been obtained a tender form will be completed showing those invited to tender, those tendering, the successful tender and the reasons for accepting the tender (in those circumstances where the cheapest tender is not accepted).

8.11 Under the Authority's Constitution, all purchases estimated to exceed £50,000 should be put out to formal tender. The Education Finance Service is able to give more advice to schools on tendering procedures where required.

8.12 Schools entering into high-value contracts should also be aware of procurement regulations.

## **9. CASH ACCOUNTS/CHARGE CARDS**

9.1 The school has a charge card for use by authorised staff (Office Manager) to purchase resources that cannot be obtained through using an official order form.

## **10. TRAVEL AND SUBSISTENCE**

10.1 Payment shall be made in accordance with LA guidelines, as appropriate.

## **11. SALARIES, WAGES AND PENSIONS**

11.1 The Governing Body is responsible for the salary and wages costs of all teaching and support staff employed to work at the school.

11.2 However, the contract of employment is between the employee and Leicestershire County Council.

11.3 The Office Manager must ensure that the school provides the necessary information and returns to its chosen payroll provider to effectively administer the payroll and related staffing procedures.

## **12. CONTRACTS**

12.1 The school will enter into contracts for the provision of goods, services, materials and work within the procedures laid down by Leicestershire County Council's Standing Orders, as amended for schools.

## **13. INCOME**

13.1 Income should be collected in advance wherever possible to improve cashflow.

13.2 The Office Manager must maintain records of all income received/due; acknowledge receipt of income; and bank all monies promptly and intact into the School's bank account. Responsibility for maintaining records may be devolved to admin staff.

13.3 The Governing Body has delegated powers to write off debts up to £250. In the case of larger debts the school must consult with the Head of Education Finance at the Local Authority.

13.4 The Governing Body shall approve a charging policy for all income generation (see Charging and Remissions Policy).

13.5 The school may retain income received from the sale of assets purchased with non-delegated funds. The sale of assets purchased with delegated funds must be decided by the Local Authority, or if the asset concerned is land or buildings forming part of the school premises and is owned by the Local Authority.

## **14. BANK ACCOUNTS**

14.1 The Governing Body shall authorise the opening and closing of all bank accounts.

14.2 New bank accounts may only be opened from the approved list supplied by Leicestershire. New bank arrangements may only be made effective from the beginning of each financial year.

14.3 The following procedures must be followed:

- Cheque signatories are the Head teacher and in her absence, the Chair of Governors and Deputy Headteacher
- Dual signatories are required for all cheque payments over a value of £5,000 (signed by the Chair of Governors)
- The Office Manager shall ensure that bank statements are received weekly and reconciled to accounting records
- The Office Manager shall investigate and resolve all discrepancies
- The Office Manager shall be responsible for cheque ordering and custody of unused cheques

14.4 Under no circumstances shall private cheques, money or postal orders be cashed through the school disbursement account or voluntary funds.

14.5 In no case shall money, cheques, etc. belonging to the school be paid into a private bank account.

14.6 The Office Manager must ensure, where possible, that the total amount of cash, including disbursements and voluntary funds, held on the premises shall not exceed £500.

## **15. CARRY OVER OF SURPLUS/DEFICIT**

15.1 Any surpluses at the end of the year will be carried over to the following year.

15.2 The Governing Body must inform Leicestershire County Council immediately if a deficit is anticipated in the current year.

## **16. TRUST FUNDS AND INVESTMENT**

16.1 The Governing Body shall authorise all investment of money under its control. Investment of Building Society and Bank Deposit Accounts shall be in the name of Leicestershire County Council and the school.

## **17. LEASING**

17.1 The Governing Body must ensure that all leasing agreements involving prescribed capital expenditure are approved by the LA (Education Finance) prior to making any contractual arrangements.

17.2 School staff should be aware that leasing is a complex subject for which specialist LA advice will be sought.

17.3 When looking to procure assets, the School should initially consider “lease or buy” decisions. Often, substantial savings can be obtained through buying equipment outright and this option should be fully appraised beforehand. Where schools do not have the funds to buy assets outright, but where there is logic in doing so from a cost / value-for-money point of view, the LA’s Loan Scheme may provide an alternative to having to lease the assets.

17.4 School staff should seek to benchmark equipment costs against ESPO as a matter of course. ESPO has compiled its contracts / agreements through a process of competitive tendering to obtain value-for-money. However, procurement will always take into account the Best Value principle and therefore purchases may be made from other suppliers, such as TTS and GLS.

17.5 It is not School policy to purchase assets from casual sales personnel without a full option-appraisal having taken place beforehand.

17.6 If the School chooses to lease an asset, approval must be sought from the LA (Resources Department Investment Section) beforehand. The LA will confirm (or otherwise) that the lease doesn’t constitute borrowing (i.e. it is not a finance lease) and, if possible, will offer the School a more competitive option for its finance.

17.7 Only the Head Teacher and the Chair of Governors are authorised to sign lease agreements on behalf of the School once they have been approved by the LA.

17.8 Lease agreements for a period exceeding three years should not be entered into without the prior approval of the governing body (contingent future liabilities) and the LA.

17.9 The School must not look to “pay off” an existing third-party lease agreement by having it factored into a new lease without the express approval of the Local Authority (Resources Department Investment Section). Generally, to have one lease subsumed into a new lease is poor commercial practice and fraught with risk and additional cost.

17.10 Devolved formula capital funding may not be used to fund lease payments in any circumstances but may be used in an outright purchase of an asset.

## **18. INSURANCE**

18.1 Insurance will be required for Governing Body; third party liabilities (if delegation taken), premises and equipment; and school trips.

18.2 The Governing Body must ensure that all insurance cover is adequate.

18.3 The Governing Body will meet the excess from insurance claims or any losses not covered by insurance.

18.4 The Governing Body shall inform the school's insurers of all accidents, losses and incidents that may give rise to an insurance claim. The Office Manager will maintain a register of all accidents, losses and incidents.

## **19. HEALTH AND SAFETY**

19.1 The Governing Body must ensure that all staff comply with the Health and Safety regulations.

19.2 The Head teacher will report significant injuries to all persons, including staff/parents/pupils/visitors.

## **20. PROTECTION OF PRIVATE PROPERTY**

20.1 The Head teacher must inform all persons concerned that all private property taken onto the school premises will be at the owner's risk.

## **21. INVENTORIES AND STOCK**

21.1 The Head teacher is responsible for the management of the school's assets and will maintain a record of stock receipts and issues. The School uses the SIMS Equipment Register to record assets and disposals.

21.2 Budget Holders must maintain an inventory of all non-consumable items purchased priced over £50. The inventory must be regularly updated in respect of purchases and disposals. Attractive, portable items having a value less than £250 but over £100 should also be controlled/monitored.

21.3 The Head teacher should ensure that items that become obsolete or surplus to the school's requirements are disposed of economically. Disposals require Governor approval.

21.4 The Head teacher shall ensure that the inventory is up to date and an Annual Report presented to the Finance Committee at the first meeting in September.

## **22. SECURITY**

22.1 The Head teacher is responsible for the security of the school's premises and equipment.

## **23. UNOFFICIAL FUNDS**

23.1 The Governing Body shall ensure that all unofficial funds are properly controlled and audited annually, and presented to the Governing Body within 6 months of the year-end.

## **24. FINANCIAL IRREGULARITIES**

24.1 The Head teacher shall inform Leicestershire County Council (Head of Education Finance or Head of Internal Audit) of any circumstances where a financial irregularity is suspected.

24.2 The Governing Body accepts that a suspected financial irregularity exists when:

- Leicestershire County Council's Standing Orders, Financial Regulations (as amended for schools) or the Scheme for Financing Schools are not complied with (whether or not the Council suffers a financial loss)
- An employee gains unauthorised financial benefit from his/her association with the Council.

## **25. INTERNAL AUDIT**

25.1 The Governing Body must ensure that the Council's internal auditors and external auditors are allowed access to staff, premises and documents, as necessary.

25.2 The Governing Body shall discuss all audit reports and agree the implementation of audit recommendations with the Head teacher.

## **26. DOCUMENT RETENTION**

26.1 The Head Teacher shall ensure that documents are retained for periods in accordance with the requirements of the District Auditor, the Inland Revenue and Customs and Excise.

## **27. GIFTS AND HOSPITALITY OFFERED BY SUPPLIERS**

27.1 Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 should be reported to the Head teacher in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses.

## **28. REGISTER OF BUSINESS INTERESTS**

28.1 A register of business interests is maintained by the school. The LA advises that this be completed by all Governors and those staff with significant financial responsibilities. It is suggested that this be cheque signatories, finance staff and those members of staff with specific budgetary responsibilities (e.g. Heads of Department, curriculum area leaders). Entries in the register should be kept up-to-date and, in all instances, be reviewed and amended (where relevant) on at least an annual basis. This annual review can be evidenced simply by staff re-signing and dating existing declaration forms, making any amendments as necessary.

## **29. COMPUTER SYSTEMS AND DISASTER RECOVERY PLANS**

29.1 Computer systems used for school management should be protected by password security to ensure that only authorised staff have access. Passwords should be changed regularly and updated for staff changes. Passwords should be changed termly.

29.2 The Head teacher should ensure that data is backed up regularly and that all back-ups are securely held in a fireproof location, preferably off-site. This may include saving data on external drives. The school uses a remote backup system through LEAMIS at the Local Authority.

29.3 The Head teacher should establish a recovery plan to ensure continuity of financial administration in the case of emergency.

29.4 The Head teacher should ensure that systems are in place to safeguard school software and data against computer viruses. To prevent viruses being imported, only authorised software should be used.

29.5 The governing body should ensure that the school has written descriptions of all its financial systems and procedures. These should be kept up to date and all appropriate staff should be trained in their use.

29.6 The Head teacher should ensure that financial control is maintained in the absence of key personnel through use of the Bursar Service, staff training or by arranging job shadowing.

## **30. WHISTLE BLOWING POLICY**

30.1 The school has an up to date Whistleblowing Policy (see Whistleblowing Policy). Governors have approved and staff are aware of the existence of the policy and how to access the procedures.

## **31. FINANCIAL MANAGEMENT STANDARD (SFVS)**

31.1 The school will adhere to the financial Management Standard at all times. This will be presented to the Finance Committee for approval by 31 March each year and submitted to the Local Authority.