



Finance Policy and Procedures

1. Introduction

- 1.1 The objectives of this document are to set guidelines for the establishment of sound and effective financial procedures which comply with current financial regulations. Good working practices will be adopted, such as:
- establishing proper financial management arrangement and accounting procedures, in line with guidance from Northamptonshire County Council (NCC), OFSTED and DfE recommendations;
 - maintaining a reliable system of internal controls;
 - ensuring that resources are properly allocated and that the principle of best value 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.
- 1.2 The school aims to operate in a transparent, ethical and accountable way which will promote effective management.

2. Responsibilities

- 2.1 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.
- 2.2 The Executive 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 Executive 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 NCC.
- 2.3 The Executive Headteacher delegates most of the day-to-day financial management to the School Administrator while retaining ultimate responsibility.

3. Financial Planning

- 3.1 The annual notification of budget is received by the Executive Headteacher and School Administrator. The school's budget plan must be prepared with a view to breaking even or creating a surplus at the end of the financial year. If a deficit budget is anticipated, the Director of Schools Finance must be notified immediately.
- 3.2 The budget is the financial dimension of the school development plan.

- 3.3 The budget will be prepared in accordance with the identified priorities of the School as identified in the Self Evaluation Form and School Development Plan. By identifying and allocating financial resources, the school prioritises its targets and objectives and facilitates the achievement of its educational aims.
- 3.4 In the last 6 months of the financial year, contingencies and surplus balances will be examined and vired to other headings following recommendations by the Executive Headteacher and the Finance Committee.
- 3.5 The Executive Headteacher may make provisional virements of up to £1,000 at any one time, subject to reporting these back to the next Finance Committee meeting for formal confirmation.
- 3.6 All other virements are to be approved and minuted by the Finance Committee for the information of the full governing body.
- 3.7 At least three times per year the Finance Committee will report to the full governing body on the progress of the School against its agreed Budget, highlighting any variances of significance. The School Administrator will prepare monitoring reports which include forecasts of the likely outcome for the year to aid in the forward planning process.

| Activity | Detailed task | Responsibility |
|-------------------------------------|--|---|
| Planning the budget | To identify and propose priorities in relation to the SDP To review and propose changes in staffing needs To draft budget options To evaluate budget options To prepare final draft budget | Executive Headteacher, FGB, School Administrator Executive Headteacher, Head of School, Finance Committee School Administrator Executive Headteacher, Finance Committee School Administrator, Head of School, Executive Headteacher |
| Approving the budget | To propose final budget draft To agree final draft | Executive Headteacher FGB |
| Monitoring and reviewing the budget | To review detailed monthly NCC financial reports, reconcile with those held in School, and investigate discrepancies To report about financial matters to the Finance Committee and the FGB | Executive Headteacher, Head of School, School Administrator Executive Headteacher, School Administrator |
| Virements | To recommend virements To approve virements To sign virement forms | Executive Headteacher, School Administrator FGB Executive Headteacher |

4. Balances and Contingencies

The School aims to use the budget allocation for a given year, during that year. It is not policy to hold large balances or contingencies. The exceptions to this general rule will be:

- A reserve of capital money may be retained to cover major but irregular works as identified within the School Development Plan.

- A small general contingency fund (not exceeding 8% of the total annual revenue budget) to cover any unforeseen overspending or changes in external circumstances.

5. Financial reporting and reconciliation of accounts

- 5.1 The school monitors its financial progress continually and reports on it to various bodies, such as the governors, NCC, OFSTED and DfE.
- 5.2 The school also completes various claims in relation to income and expenditure. As a result, information gathering is an important factor in the effective management of the school's finances.
- 5.3 The list of reports, claims and returns, and their submission deadlines, is usually defined by the NCC or the DfE.
- 5.4 Accounting procedures utilise the SIMS computer system and follow the Local Authority's Financial Management Handbook (copies of which are available on the County Council website).
- 5.5 The School accepts responsibility for ensuring that the statutory record of the School's accounts held on the County Council's accounting system accurately reflects income and expenditure incurred by the School. The School will notify the NCC if budget changes and debits are not properly recorded on the NCC account. In practice, the principal procedure is reconciliation between the NCC account and the School's SIMS records.

| Activity | Detailed task | Responsibility |
|-----------------------------------|--|---|
| Reconciliation of bank statements | Monthly reconciliation of bank statements for LMS and School Fund accounts. Investigation of discrepancies. Agreed by | School Administrator Head of School, Executive Headteacher |
| FMS reconciliation | Monthly reconciliation of school's data with information sent by NCC and Quarterly VAT return Agreed by | School Administrator Head of School, Executive Headteacher |
| Absence insurance claims | Monthly preparation of absence claims for personnel on sick leave Agreed by | School Administrator Head of School, Executive Headteacher |
| Threshold Grant claims | Annual preparation of Threshold Grant claims Agreed by | School Administrator Head of School, Executive Headteacher |
| Pupil/School Workforce Census | Pupil/School Workforce census preparation (3 per year) Agreed by | School Administrator Head of School, Executive Headteacher |
| CFR Return | Preparation of annual return | School Administrator |

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6. Purchasing

- 6.1 Purchasing procedures have been put in place to ensure that the school follows the fundamental principles of: probity, accountability and value for money.
- 6.2 Segregation of duties is used wherever possible: Orders are placed by the School Administrator and authorised by the Executive Headteacher. Invoices are processed by the School Administrator or assistant after being checked by the School Administrator and countersigned for payment by the Executive Headteacher. Cheques are signed by the Executive Headteacher and one other signatory or to authorise an alternative method of payment (BACs or other direct payment means such as GPC) for the payment of suppliers etc.
- 6.3 It is not always possible, however, to have complete segregation of duties due to the limitation of staffing arrangements. The school is careful to apply the principles of best value for money by using known suppliers with proven capacity to provide quality, quantity and timely delivery at a competitive price. Regular cross-checks are carried out to confirm that the chosen suppliers continue to offer the best value.
- 6.4 Non-order invoices are used to process claims from cluster schools for Area Improvement Partnership funds.
- 6.5 Internet and telephone orders should always be authorised beforehand and supported by the issue of an official order.
- 6.6 All purchases estimated to be above £20,000 should be put to tender, and at least three contractors invited to submit tenders.
- 6.7 Three quotations should be sought for estimates of £10,000 and up to £20,000.
- 6.8 Estimates under £10,000 should follow the principles of best value for money.
- 6.9 The Governing Body must update annually a register of business interests for each member of the governing body and the Executive Headteacher.

| Activity | Detailed Task | Responsibility |
|-----------------------|--|--|
| Placing orders | Responsible for agreeing orders | Executive Headteacher, Head of School |
| | Responsible for obtaining quotes | Executive Headteacher/ School Administrator |
| | Responsible for seeking tenders | Executive Headteacher |
| | Responsible for placing official orders | School Administrator |
| | Responsible for signing orders | Executive Headteacher, Head of School |
| Deliveries | Responsible for checking delivery against order and returning and/or exchanging goods | School Administrator |
| Invoices and Payments | Responsible for processing and paying invoices | School Administrator, Executive Headteacher, Miss Ibotson, Miss Aldous, Miss Kemp |
| | Authorised signatures on local bank account (2 signatories required for cheques up to £20,000) | Executive Headteacher, Miss Ibotson, Miss Aldous Miss Kemp, Vice Chair of Governors |
| | Three signatures are required on cheques over the value of £20,000 | Executive Headteacher, |

| | | |
|------|--|--|
| | Authorised signatures on School Fund accounts | Head of School, Miss Ibotson |
| BACS | Further checks and controls are required if the school uses on-line banking to pay invoices by BACs. These are available on the NCC Banking for Schools webpage. | Executive Headteacher, Head of School School Administrator |

7. Cash Handling for LMS and School Fund Accounts

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

7.2 Cash is usually collected for the following purposes:

- field trips
- lettings
- fund raising
- donations
- photocopying
- extra curricular activities

7.3 Cash received should be promptly counted by the School Administrator/assistant and put away in the fire proof safe.

7.4 Audit recommendations on safe limits and transit of money should be complied with.

7.5 There is no petty cash money as staff incurring 'petty cash' costs are reimbursed by cheque. Any expenditure should be supported by receipts identifying any VAT paid. Payment from is limited to minor items (under £20) which have been approved in advance by the Executive Headteacher.

7.6 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, lettings, uniform, fundraising, donations and other sources | School Administrator / Assistant |
| Cash received | Counting and recording of money Preparing banking Transporting cash to bank | School Administrator School Administrator School Administrator, Teaching Assistants |
| Petty cash management | Recording of petty cash fund expenditure and receipts | School Administrator |

8. Payroll

8.1 Payroll is contracted to Northants County Council. The school is responsible for:

| Activity | Detailed Task | Responsibility |
|--|--|--|
| Staff Contracts | Ensuring that all forms completed during recruitment together with any variations of contract are sent to NCC for processing. Set up contract details in school's SIMS Personnel module | Executive Headteacher, School Administrator Head of School School Administrator |
| Activity | Detailed Task | Responsibility |
| Monthly returns | Completion of overtime and supply teacher claims and sending to NCC to meet payroll deadlines. Completion of absence return. If applicable to complete absence insurance claims. | School Administrator |
| Monthly payroll printout | To check monthly printout for irregularities, including staff that have left or are not employed by the school. The payments to all staff should be checked, specifically for any change that have been requested e.g. contract changes, additional hours and absence return If actual payroll expenditure is different from budget, investigate any discrepancies. | School Administrator |
| Management Check of the Final Payroll Report | The Headteacher should complete a management check of the final payroll report and this should be evidenced. | Executive Headteacher/Head of School |

9. NCC Procurement Card or Credit Cards

9.1 The Governing Body should agree the use of any credit/business cards within the school and agree the credit limit for the card.

9.2 A member (or members) of staff should be nominated as the card holder(s). When the card(s) is received at the school it should be stored in a secure place such as a safe, to which there is limited access. The nominated card holder(s) should sign a declaration before being issued with a card.

9.3 Each additional cardholder will then sign the back of the credit card in the Executive Headteacher's presence and it should be stored in a secure place except when being used. The cardholder(s) will be given a copy of this guidance when the card is handed over. Personal Identification Numbers (PINs) should only be known to official cardholders. All cards will have a monthly credit limit. All card holders should maintain a record of expenditure incurred. Card holders should ensure that full and official VAT receipts are obtained in all instances where the card is used.

9.4 These should be submitted to the Executive Headteacher. Monthly statements should be checked by the Executive Headteacher at the time that the cheque payment is made. The Executive Headteacher should ensure that all expenditure was properly incurred by the card holder(s) in the course of their official duties, and is fully supported by signed vouchers and receipts. The card holder(s) should also examine and sign the statement, to confirm their agreement to the expenditure stated on it. If the Executive Headteacher is satisfied he/she should sign the statement as evidence of this check.

9.5 Each month the balance on the procurement/ credit card should be cleared to nil by making payment from the local bank account and coding the expenditure to the appropriate codes, including the VAT. If the card is misused it should be immediately withdrawn from the card holder. If the card is lost, the loss must be immediately reported to the Headteacher and the bank. If a card holder leaves the school's employment, the card must be handed in to the Executive Headteacher, cut in half and cancelled at the bank. Value for money should be obtained for all purchases and any annual charge should be taken into account when applying for the card bearing in mind the proposed frequency and value of usage

10. Lettings

- 10.1 At Warmington School income generated by lettings represents a small percentage of the total budget.
- 10.2 The school has a lettings policy which establishes the general conditions for letting the school premises.
- 10.3 The charging policy is the responsibility of governors and lettings fees are reviewed by the full governing body.
- 10.4 Records are kept of bookings, invoices and payment.
- 10.5 A letting contract establishes the condition of let for each individual hirer.

| Activity | Detailed task | Responsibility |
|-----------------------|---|---------------------------------|
| Lettings fees | Establishment of charging policy | Full Governing Body |
| Contracts | Authorisation of lettings | School Administrator |
| | Preparation of individual letting contracts | School Administrator |
| Booking and Invoicing | Preparation of booking forms and invoicing | School Administrator |
| Collection of fees | By Invoice | School Administrator /Assistant |

11. Credit Control

- 11.1 The credit term for debtors' invoices is twenty-one days.
- 11.2 The School Administrator will send a reminder letter to debtors who have not paid their invoices on the due date.
- 11.3 If the debt remains unpaid the School Administrator will send a further reminder letter 14 days from the date of the first reminder letter. In addition, if possible, the debtor will be contacted by telephone.

- 11.4 At this stage the Executive Headteacher will refuse the debtor any further access to the school facilities until the debt is paid. At the point at which a long-standing debt is paid the Executive Headteacher will decide if the debtor is to be permitted to make further use of school facilities.
- 11.5 If the debt remains unpaid for a further 14 days a third letter will be sent informing the debtor that the debt will be referred to the NCC Legal Section.
- 11.6 If debts are outstanding, a report will be presented to the Executive Headteacher detailing outstanding debts by age and value.
- 11.7 Write off of debt will only be considered when the credit control procedures have been exhausted.
- 11.8 Before closure of the financial year a list of debts proposed for write off, will be prepared by the School Administrator and be submitted to the Governing Body for consideration. The submitted list will be supported by details of the debt.
- 11.9 The decision of the Governing Body will be clearly documented in the minutes of the relevant meeting.
- 11.10 At the point the Governing Body approves a debt write-off; the School Administrator will clear the debt from the school's local accounting system. Such write-offs will be cross-referenced to the relevant Governing Body minutes.
- 11.11 In instances where invoices have been incorrectly raised the invoice will be presented to the Executive Headteacher with an explanation of why it is necessary to cancel the invoice by issuing a Credit Note. The Executive Headteacher will mark 'Cancelled' across and sign the invoice and all relevant documents, which will be retained for audit purposes.

12. Controls Assurance

The Finance Committee is responsible for completing the pre-certification checklist required in order that governors can ratify a Statement of Internal Control. This statement sets out the processes that are in place to ensure effective financial management of the school and its resources, whilst making it clear that "absolute" assurance cannot be given as internal control systems cannot prevent or detect all errors or irregularities. This statement should be completed annually after financial year-end processes have been completed.

13. School Fund (Management and Audit)

- 13.1 The school holds a small private fund which is used for the collection of money from sources such as:
- fundraising
 - trips
 - uniform
 - donations
 - sundry
 - photographs
- 13.2 The fund is managed by the School Administrator and is audited once a year. Governors receive an audit report which is minuted.
- 13.3 Money from the School Fund is used to pay for events or resources which will benefit the majority of pupils at the school such as coach hire for a whole school event, the fee for a drama workshop or production attended by the whole school, resources for the library, etc.

14. Data Protection

14.1 The School is registered under the Data Protection Act.

15. Back-up Procedures

15.1 The server backs up the computer system daily to two fixed drives. Two additional portable drives allow a back-up to be held off the premises which is no more than two days old.

16. Asset Register

16.1 An up-to-date inventory of School property should be maintained and updated at least once a year. Serial numbers and identification marks should be recorded where appropriate as well as adequate descriptions for insurable items. The School Administrator has delegated responsibility for this task under direction of the Executive Headteacher.

16.2 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.

16.3 The Executive Headteacher is responsible for ensuring that assets under his/her control are correctly recorded in the Inventory Books.

16.4 Disposal of assets should follow the procedure set down by Northamptonshire County Council.

| Activity | Detailed task | Responsibility |
|--------------------------|---|------------------------------------|
| Lettings fees | Establishment of charging policy | Full Governing Body |
| Updating inventory books | Physical check of equipment against relevant records and recording of new assets. | School Administrator/ Assistant |
| Monitoring | Annual monitoring of inventory books | Executive Headteacher |
| Disposal of assets | Disposal of assets with nil or nominal value | Executive Headteacher |
| | Disposal of assets with market value | Full Governing Body |

17. Policy Approval and Review

17.1 This Policy was adopted by the Governors at their meeting on 2nd February 2017, having been reviewed and updated as necessary by the Finance Committee.

17.2 This policy will be reviewed annually unless circumstances are such that an earlier review is necessary.

Adopted: February 2017 (Date)

Signed.....

18. Annexes

Property, Equipment and Stores

1. The Governors are responsible for the custody and control of equipment and stores held at the establishments under their control.
2. Governors should maintain an inventory of moveable assets.
3. All moveable property of the school should, as far as practical, be marked as school property.
4. Moveable property surplus to the School's requirements should not be disposed of except by sale on the authority of the Governors. Governors should adopt the best method of sale 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 Chairman of Governors should first be obtained. This regulation does not apply to goods sold generally as a normal day to day school activity.

People with access to safe

The following people are authorised to access the fire proof safe:

Executive Headteacher, School Administrator

People authorised to sign cheques

Executive Headteacher, Miss Ibotson, Miss Aldous, Miss Kemp

| DEVELOPMENT PLANNING CYCLE | |
|-----------------------------------|--|
| Autumn Term | Staff formulate plans for the new financial year in discussion with the Executive Headteacher. These plans are presented to the Governing Body in order to formulate a costed School Development Plan |
| Spring Term | Based on the School Development Plan, the Finance Committee will recommend a draft Budget for the coming year to the Governors, within the constraints of the Provisional Budget Allocation from the NCC. The proposed draft budget will be approved by the Governing Body before submission to NCC in May. |
| Summer Term | The monitoring procedures outlined below will commence based on the final approved Budget |

Reference documents used for the management of school finances.

Main source of information is the Schools Finance section of the County website, www.northamptonshire.gov.uk

FSVS

Scheme of Financial Management

Income from Use of Facilities and Services– J6001

Where school accommodation is used by sections of the Learning, Skills & Education Service directorate e.g. LASI Aspire, schools receive additional income from the NCC for this purpose. Payment will be included in the finance top-ups process. This code should be used to account for all income from meals provided to other schools, all other income the school receives from facilities and services (income for consultancy, training courses and examination fees, income from sale of school uniforms, materials, private call/photocopying, publications, books, income from before and after school clubs, income from community activities, income from re-sale of items to pupils (musical instruments, classroom resources, commission on photographs, income from non-catering

vending machines, income from a special facility, rent deducted off the site manager's salary, reimbursement from catering companies for energy expenditure.

Rates – B2101

The amount charged to schools will be the formula budget allocation for rates. LGSS Finance will pay all rate invoices and will recharge the budget amount to individual schools by journal on an

Linked Policies

Whistleblowing

DfE Internal Financial Controls Good Practice Summary

School Internal Control Pre-Certification Checklist

DfE Guide to Control Assurance Statement

School Statement of Internal Control

NCC Financial Handbook

Pupil Premium Policy