



# **Finance Policy**

Date effective from 8 December 2022

Signed, Headteacher Gary Price

Signed, Chair of Governors David Savage

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# 1 Budgets

## 1.1 Budget construction

The School Leadership Team is responsible for the detailed preparation of an annual school budget which addresses the strategic aims and targets established by the Headteacher, together with the Governing Body, as laid out in the School Development Plan. In constructing the budget, the Headteacher must take account of priorities identified in the School Development / Improvement Plan, incorporating specific costs as detailed in the plan. In producing the budget, the Headteacher should consult with other members of staff as appropriate to ascertain detailed requirements and cost pressures for the coming year.

The School's financial Year runs from 01 April to 31 March.

The Finance & Resources Committee should meet in the Autumn term to consider a broad strategy to the budget for the Academic Year, noting the constraints set from April (the beginning of the financial year). In order to determine appropriate expenditure levels, the Finance & Resources Committee should consider the overall level of income expected from local authority budget, grants and school generated income, together with any anticipated balance to be carried forward into the following financial year.

Detailed formulation of the budget should take place in Spring term, and the Finance & Resources Committee should approve the detailed budget plan following receipt of the final local authority budget allocation issued in mid to late March. The full Governing Body must subsequently approve the full budget, and minute this approval. The approved Governors Budget Plan spreadsheet template must then be submitted to the Schools Finance Team, along with a signed statement by the Chair of Governors, by the required mid-May deadline.

Total budgeted expenditure should not exceed the total anticipated in-year income plus or minus any balance brought forward from the previous year. If it appears that a deficit position cannot be avoided, the Headteacher and Chair of Governors must inform the Schools Finance Team immediately as the local authority must approve a Deficit Repayment Agreement (DRA) involving an appropriate recovery plan.

In constructing the detailed budget, factors for consideration include:

- current and previous year's expenditure levels on individual budget headings
- staff pay awards and increments, and known changes
- anticipated price inflation
- changes in the supply of services and contracts (traded services, utilities etc.).
- changing School Development Plan priorities
- any anticipated changes in pupil numbers
- the resulting impact on staffing structures

## 1.2 Budgetary control and monitoring

The Headteacher is responsible for regular, detailed control of the school budget and this role will require appropriate monthly reports from the school's accounting system. The Headteacher may assign budgetary control of individual budget headings to other members of staff, however the Headteacher remains ultimately accountable to the Governing Body for these budget headings.

Financial reports to the Headteacher and other budget holders, where applicable, should include the following information for each agreed budget heading:

- total budget for year
- total expenditure and commitments to date
- projected spend at financial year end
- projected variance

The same reporting shall be provided for the full School budget, using the Chart of Accounts, to the finance and Resources committee at its termly meetings.

Payroll expenditure data, as notified by local authority payroll prints, must be entered promptly on to the school's accounting system each month by the Bursar.

Other, non-pay expenditure, as notified by monthly on-line reports for central schools, must be reconciled promptly to the school's accounting system by the school finance officer.

It may be appropriate to action adjustments to the original budget (virements) during the year, for example as a result of additional income, new costs or changing national priorities etc. The Headteacher should therefore be empowered to respond to changes to address variances by effecting virements between individual budget headings.

Where new or unplanned expenditure is necessary, the following individual virement authorisation limits are recommended:

- |                   |  |    |
|-------------------|--|----|
| • up to £1,000    | - Headteacher (and subsequently reported to full Governing Body) |    |
| • £1,000 - £2,999 | - Chair of Governors   | "" |
| • £3,000 - £4,999 | - Finance & Resources Committee                                  | "" |
| • £5,000 and over | - Full Governing Body  |    |

Virements, once approved, must be promptly recorded in the school's accounting system to keep the approved budget up to date.

The Headteacher should present detailed budget monitoring statements, including forecasts to complete, to the Finance & Resources Committee on at least a termly basis. The Finance & Resources Committee should then consider and challenge these statements as necessary, with the Headteacher providing explanations for any significant variances identified. The Chair of the Finance & Resources Committee should then report termly to the full Governing Body, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

When the accounts for each financial year are closed (31 March), a final statement from the school's accounting system must be presented to the next meeting of the Finance & Resources Committee.

The Headteacher and business manager will undertake a benchmarking exercise in February each year, based on data released by the DfE<sup>1</sup>, to compare the school with other schools with similar criteria on a national and regional basis. A report will be submitted to the Finance & Resources Committee to share any best practice suggestions gained from the benchmarking exercise.

### 1.3 Schools Financial Value Standard

The Governors and Bursar are responsible for completing and returning the self-audit form for the above standard to the local authority annually.

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<sup>1</sup> <https://www.gov.uk/guidance/schools-financial-efficiency-financial-benchmarking>

## 2 Payroll

The schools will use GCC payroll and HR services and will refer to the Business Service Centre schoolsnet pages for general information and guidance.

### 2.1 Starters/variations/leavers

The relevant forms for the following on schoolsnet:

- setting up new employees on the payroll (starters)
- effecting variations to pay
- taking existing employees off the payroll (leavers)

Forms should be completed by the appropriate business manager and authorised by the Headteacher, or, in their absence, the Deputy Headteacher on a timely basis. Completed forms should be sent to relevant pay and conditions contact as directed.

### 2.2 Claim Forms

For relevant staff, submitted claim forms must be checked initially by the school business manager, and then authorised by the Head, or in their absence, the Deputy Head. Authorised time sheets must be submitted directly to the relevant pay and conditions team contact, and never handed back to the employee.

### 2.3 Checking of payroll data

Payroll data received monthly from Shire Hall must be scrutinised by:

- the Headteacher, to ensure all employees are recognised, and pay appears reasonable (no detailed check)
- the school business manager to check accuracy of salary and expense payments.

### 2.4 Pay-related expenses

All pay-related expenses must be processed through the payroll system. Pay-related expenses must never be paid via petty cash, or by the creditor payment system. If any doubt exists about whether an item should be processed via the payroll system, the BSC Financial Administration section should be contacted for advice.

### 2.5 Supply teachers

The Governing Body will decide, on the basis of advice from the Headteacher and business manager, whether supply insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised (signed) by the Headteacher, or in their absence, the Senior Teacher. Reimbursement claims must be submitted on a monthly basis by the school business manager. The business manager must check on a monthly basis that correct amounts have been charged using the monthly expenditure printout.

# 3

## 4 Assets

### 4.1 Inventory

The portable, desirable, attractive assets of the school, as well as any assets of intrinsic value (e.g. antiques) must be recorded in the school's inventory. Full details (make, model, serial number, approximate value) shall be recorded.

The school business manager is responsible for keeping the inventory up to date by adding new items when they are received into school.

Items up to a value of £50 may be sold or written out of the inventory on the authority of the Headteacher. Over this limit, the Governing Body must authorise and details recorded in the minutes. Reasons must be recorded in the inventory, together with the Head's signature (up to £50) or the Governors' minute reference (£50 and over). An official receipt for sales income must be issued to the purchaser.

Inventories shall cover all areas of the school, and be arranged on a room-by-room basis. A separate inventory will be maintained to include items which are not allocated to a specific room.

The inventory shall be checked against the actual assets by the Headteacher on a regular basis. Any discrepancies shall be investigated immediately, and if necessary the Governors, Police and the authority's auditors shall be informed. The check shall be evidenced by the checker signing and dating the inventory. All inventory items should be security marked:

- invisibly with Smartwater, and
- visibly with warning stickers.

### 4.2 Off-site register

Any inventory items taken off-site by members of staff for official purposes must be recorded in a register. The date borrowed, and the signature of the borrower, must be recorded. On the return of the item the date of return will be recorded.

### 4.3 Insurance

The Headteacher is responsible for ensuring that risks against which the school should be protected by insurance are covered.

Current insurance arrangements through the LA include:

- Vandalism all risks (covering all school contents in excess of £5 per item with a £100 excess on each claim and a maximum limit of £50,000 per claim).
- Additional insurance arrangements for computer hardware

The Headteacher is responsible for monitoring levels of insurance, considering whether cover is adequate. The Headteacher makes sure any new risks are covered, such as certain categories of school visit. (Guidance on this is contained in the LA School Visits File in the office). The Headteacher is responsible for informing insurers of all accidents, losses and other incidents which may give rise to an insurance claim.

## 5 Income

### 5.1 Credit income

Where payment for goods/services provided by the school is made after the provision takes place, an official invoice must be raised by the school business manager in all cases and sent to the debtor as soon as possible after the provision of the goods/service, and no later than one week after the provision.

A file of copy invoices will be maintained by the business manager; this will be arranged into 'paid' and 'unpaid' invoices. The copies of unpaid invoices will act as a control record for the sending of reminders and the chasing of unpaid debts.

Reminders will be sent after the following periods if the debt remains outstanding:

- 1st reminder 28 days
- 2nd reminder 56 days

If after 84 days the debt remains unpaid, consideration will be given by the Headteacher and/or Governors to writing the debt off in accordance with the following limits:

- up to £50 – Headteacher may authorise write-off
- up to £100 -Chair of Governors may authorise write-off
- £100 and over - full Governing Body may authorise write-off.

In each case, the possibility of taking legal action to recover the debt must be considered by Headteacher, Chair, and Governors as appropriate.

As well as sending formal reminders, efforts must be made by the school to contact the debtor in order to secure recovery of the debt. If payment has not been received after 28 days of raising the invoice, no further goods or services must be provided until the outstanding debt is settled.

When an invoice is paid, details of the payment must be written on the copy invoice, and this transferred to the 'paid' section of the file. An official receipt should be issued to the debtor and the receipt number written on the copy invoice; a duplicate copy of the receipt must be retained at school.

### 5.2 Cash income

**(i.e. where payment is received at the time goods/services are provided).**

An official receipt must be issued to the payer at the time the payment takes place, and a duplicate copy retained at the school.

### 5.3 Banking

All income received (cash or cheque) must be banked promptly and intact. No payments may be made out of income collected. A record to evidence the banking must be kept (e.g. stamped paying-in slip).



## **5.4 Charging policy**

The full Governing Body will set a charging policy to cover:

- lettings
- school trips
- music tuition
- private photocopying
- private telephone calls

The charging policy will be reviewed every two years by the Governing Body, in readiness for the start of the next Academic Year. Charges levied by the school will be in line with this policy.

## **5.5 Donations**

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact.

## **5.6 Official Capitation and School Fund income**

All income used to offset expenditure incurred on the capitation budget (e.g. lettings, photocopying, telephone calls, music tuition, sales of work) must be paid into the official County Fund and coded to an appropriate income code. Monies received from any sales of school equipment must similarly be paid into the County Fund.

Donations may be paid into the County Fund or the School Fund dependent upon the wishes of the donor which must be ascertained beforehand.

## **5.7 Cash received from pupils**

Cash received from pupils in class is collected and banked through the School office.

A cashless system using Parent Pay operates for school meals and activities at Horsley School. All parents are encouraged to use on-line payments wherever possible and payment is expected to be made in advance for all items.

## 6 Purchasing

### 6.1 Ordering

School procedures for purchasing should ensure that purchases are as required and are for bone-fide purposes.

Orders should be processed by the school business manager after initial approval by budget holders has been sought and given. The official order produced from the computer system must be signed by the budget holder before it is sent to the supplier. If an order has been placed over the telephone an official confirmatory order must be sent.

Official orders must not be used to procure goods for private purposes.

Official order stationery must be held in a secure location.

Copies of all official orders placed must be retained on file at the school by the business manager.

When placing orders it is the responsibility of the initiator to ensure that Gloucestershire County Council Financial Regulations and Standing Orders are adhered to.

### 6.2 Quotations/tenders

Financial Regulations - for orders for goods/services under £50,000:

- £1,000 - £5,000 - at least three prices to be examined and retained, these prices may be taken from suppliers' written or verbal quotations or catalogues/price lists.
- £5,001 - £50,000 - independent written evidence of at least three prices should be obtained and retained.

Independent written evidence means quotations provided on suppliers' headed notepaper.

Standing Orders - for orders for goods/services over £50,000.

Tenders should be invited in one of three ways, and in accordance with specific Standing Orders:

- from at least three contractors included on a standing list - SO49; or where no standing list exists
- from at least three appropriate contractors - SO.50, or
- by open competition by advertisement in local newspaper or appropriate journal - SO.51.

### 6.3 Governor involvement

As well as ensuring that the above have been adhered to, it is the responsibility of the Headteacher to ensure that Governors are consulted in the following circumstances:

- On purchasing decisions when the estimated cost of one item exceeds £1,000
- Review of quotations obtained where estimated costs exceed £5,000.

Review of quotations when the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained. In such circumstances the Governors should formally authorise a waiver of the regulations, either prior to the purchase or retrospectively, if necessary.

## **6.4 Receipt of goods**

Once items ordered have been received, the business manager must ensure that items delivered correspond to details contained in the delivery note. Upon examination of goods the business manager must ensure that both quality and quantity are appropriate.

## **6.5 Invoice check and authorisation**

Invoices received must be checked to both copy orders and delivery notes to ensure that invoices relate to goods ordered and delivered. Invoices should also be checked for arithmetical correctness. All invoices must be certified for payment by the headteacher before being passed for payment.

Invoices passed for payment must be recorded promptly in the school's accounting system by the business manager.

## **6.6 Petty Cash**

Reimbursement for expenses must be claimed monthly. The Headteacher or business manager must certify the reimbursement claim.

All members of staff who wish to purchase items for school use must obtain prior approval from the Headteacher. Receipts, paid invoices etc. to evidence the payment must be presented by members of staff when reclaiming cash from the school bank account. These receipts must be retained by the business manager.

In normal circumstances individual purchases must not exceed £50. In exceptional circumstances payments up to £100 may be made, with the express prior approval of the Headteacher. Such payments should be for emergencies only and should not simply result from a lack of planning.

All cash and cheque books held must be retained securely.

## 7 Register of Pecuniary and Other Interests

It is a requirement for all schools to maintain such a Register.

### 7.1 Persons to be included:

- All Governors
- Headteacher
- All senior staff (e.g. Deputy Head, Assistant Heads, senior administrative staff e.g. Business manager)

### 7.2 Interests to be recorded

The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school.

Examples of such improper influence might be:

- to purchase goods or materials from a company in which a Governor/senior member of staff has a financial interest without going through the correct procedures re. obtaining competitive prices;
- promoting member of staff who has close personal relationship (spouse, partner, son, daughter etc.) with Governor/senior member of staff, without going through correct procedures re. recruitment and selection.

There can never be a definitive, comprehensive list of the interests which should be recorded, but the following is intended to give some guidance:

Having a financial, or other, interest in an organisation which could feasibly be in a position to supply goods/services to the school e.g.

- building contractors, plumbing contractors, electrical contractors, decorating contractors
- catering contractors, grounds maintenance contractors, gardening contractors
- transport contractors (e.g. coaches, taxis etc.)
- holiday/travel operators
- consultants (e.g. legal, financial, training, property)
- audio/visual goods suppliers (e.g. T.V.s, video recorders, hi-fi etc.)
- repair/maintenance of equipment (electrical and other)

Suppliers of e.g.

- computer hardware and software
- stationery, provisions, clothing, building materials, catering equipment, books
- educational equipment (e.g. P.E. equipment)
- furniture, fittings, carpets, curtains etc.
- grounds/garden maintenance equipment
- plants, trees, seeds etc.
- heating equipment, lighting equipment, telecommunications equipment, photographic equipment
- musical instruments
- insurance
- art materials
- security services and supplies
- supply teaching cover

- peripatetic teaching
- banking services
- workshops etc. (e.g. drama, music)

The interest in the above 'supplying organisations' may, for example, be:

- as a director
- as an employee
- as a major shareholder
- as a major investor
- as a major debtor/creditor
- having a close personal relationship (spouse, partner, son, daughter, parent etc.) with a person in the above categories
- being in a position to potentially influence decisions made about the school, e.g. as:-member of local council (County Council, District Council, Parish Council)
- officer of Local Education Authority in a senior capacity
- Member of Parliament
- OFSTED Inspector
- officer of local council (District Council, Parish Council) in a senior capacity
- having a close personal relationship (as described above) with any person falling into the above categories
- having a close personal relationship with a Governor or member of staff (employed on a full-time, part-time, permanent, or temporary basis).

## 8 Monitoring and review

This policy will be monitored and reviewed every three years by the Governing Body, who will always take due note of the guidance provided by the DfE, the Local Authority and the Diocese.