Queensmill School

Finance Policy

Reviewed: Autumn term 2017
To be reviewed: Autumn Term 2018

Chair of Governors signature _____

Date _____

Queensmill School
Finance Policy

To be read in conjunction with the Financial Procedures Manual and the Finance Committee Terms of Reference. The school's Financial Policy describes the processes in respect of:

- **Budget Planning**
- **Budget Monitoring**
- **Responsibilities**
- **Internal Financial Controls**
- **Banking Arrangements**
- **Ordering & Purchasing**
- **Security of stock**
- **School Fund Account**

It serves as a description of the procedures which are in place and acts as guidance to all staff on the procedures which apply to them.

Budget Planning

The school's budget is set at the beginning of the financial year in April.

The Head Teacher, with the support of the School Business Manager, assesses the school's needs. This is based on the core and development objectives as outlined in the School Development Plan in the areas of; ethos, management and curriculum in addition to the day to day running of the school.

The Head will provide costed out Budget Plan options for the Finance Committee to consider. A final budget is prepared, for presentation to the Finance Committee. The committee consider the plan and if this is agreed, this is recommended to the Governing Body for approval.

The process described above includes allocations for all staffing budgets as well as non-staffing budgets. The school will breakdown the budget into smaller budget categories known as cost centres. The school will set up a cost centre for every type of expenditure or income it wishes to monitor.

Budget Monitoring

The school will monitor expenditure against the school's budget on a monthly basis by checking salaries payments and through termly budget monitoring reports. In addition the School Business Officer will ensure that all commitments (orders and personnel contracts) are entered onto SIMS finance packages to ensure that cost centres do not overspend and that monitoring reports show actual expenditure as well as future committed expenditure.

A budget monitoring report will show expenditure to date, projected commitment and projected balance and will be sent to the Chair of the Finance Committee, which will then be discussed by the Committee at their termly meeting.

The Governors shall keep under review the amount of each budget estimate and shall make transfers between budgets (virements) as necessary to cover cost increases, to secure the most effective deployment of resources or otherwise to cover increases in expenditure.

The Head Teacher is authorised to make virements in accordance with agreements made by the Committee and should ensure that the virement does not lead to an overspend in the original budget area.

The SBM will provide the following reports to the Finance Committee

- School expenditure - Annually
- Petty cash claims paid - termly
- Overtime claims paid - Annually

The Finance Committee will then review the reports and challenge the SBM / HT on any large expenditure / areas they are concerned about. The clerk will document the reviews in the minutes.

Responsibilities

The Governing Body is responsible for the school budget, but usually chooses to delegate some of that responsibility to the Finance Committee.

The responsibilities of the Finance Committee are set out in the Terms of Reference (appendix 1) and these include the scheme of delegation to the Head Teacher.

1. The Head Teacher is responsible to the Governing Body for ensuring that sound systems of financial control are established and maintained to ensure that transactions are processed correctly. The Head Teacher is responsible for ensuring that the Local Authority's financial regulations or standing order are implemented.
2. The School Business Manager is responsible for operating the accounts in accordance with the Local Authority's financial procedures and the school's procedures.
3. Curriculum Co-ordinators are responsible for curriculum budgets assigned to them.

Internal Financial Controls

The Governing Body will ensure that there are written descriptions of all the school financial systems and procedures. These should be kept up to date and all relevant staff trained in their use.

The Head Teacher will ensure that appropriate cover is available in the absence of key personnel to ensure that financial control is maintained.

The Head Teacher will ensure that as far as possible the duties of staff relating to financial administration are distributed so that at least two people are involved. The work of one person should act as a check on the work of the other. All checks should be fully documented.

The Head Teacher will ensure that proper accounting records are maintained and held securely. Accounting records will be properly and securely maintained and access to these will only be permitted to authorised staff. The Head Teacher will determine who is authorised to access the records.

An audit trail of all financial transactions will be maintained from original documentation to the accounting records, and vice versa. Alterations to documents will be made clearly in permanent ink, initialled and dated. The use of correction fluids or erasure of information is not permitted.

Banking Arrangements

1. The Head Teacher will ensure on behalf of the Governing Body that the operation of the school bank is in accordance with Local Authority guidance
2. The Head Teacher will ensure that appropriate steps are taken to reduce the risk of bank/cheque fraud occurring or minimise the potential loss if this has already occurred in line with the Local Authority guidance
3. The School Business Manager will ensure that bank statements are obtained on a weekly basis and reconciled against the school financial system and relevant accounting records. Bank reconciliations will be signed as evidence of completion
4. The Head Teacher or nominated person will certify the monthly bank reconciliation and countersign the relevant reports as evidence that the checks have taken place.
5. Where possible, the person responsible for undertaking the bank reconciliation will not be responsible for the processing of receipts or payments.
6. Only manuscript signatures are to be used (i.e. not stamps or facsimile) and cheques should not be pre-signed.
7. Chequebooks will be held securely when not in use

Ordering & Purchasing

All purchases are made by placing a requisition/order stating amount committed. These must be authorised by an authorised signatory before they can be processed.

General

- When arranging the purchase of work, services or goods the best value for money will be achieved and competitive tenders sought where practicable
- This process can be supported by the use of verified contractors used by other schools
- Expenditure for local purchases is to be authorised beforehand by the Head Teacher
- An Expenses Claim Form should be completed with relevant receipts attached, displaying the VAT number. The Claim form must be authorised by the Head Teacher or another authorised signatory
- Expenditure likely to exceed £1000 should only be committed after an estimate, in writing, has been obtained
- Periodic checks will be made to ensure VFM on items costing below £10,000
- Before committing any order for works, goods, or services in excess of £10,000, three written quotations should be obtained. The lowest tender will not necessarily be chosen, value for money will be taken into consideration

Placing Orders

- Either the school's requisition form or that of the firm will be used to place orders. The order request must state from which budget (cost centre) the payment is to be made. As part of their professional development, budget holders will sign off orders for Key Stage and Main Curriculum Budget areas as agreed with Finance Committee.
- The Finance Officer will collate requests for goods and complete a FMS order form. All orders must bear a FMS order number.
- The School Business Manager will check whether there are sufficient funds in the cost centre concerned and orders will be passed to the Head Teacher or Deputy Head to authorise.
- A copy of the FMS order will be held on file in the office.

All deliveries will be received by the office and will only be signed for once they have been checked for damage and accuracy against the original order. A copy of the delivery note will be held on file in the office.

Payment of Invoices

1. On receipt of invoices the Finance Officer will stamp them with the official London Borough of Hammersmith and Fulham authorisation stamp.
2. The person receiving goods will sign the delivery note / stamp to certify payment. **This certification means that:**
    - The goods supplied, work done, or services rendered have been satisfactorily carried out and order complied with
    - The charges are correct and in accordance with quotations or contracts
    - All appropriate discounts have been claimed (every effort should be made to ensure that discounts are not lost) i.e. discounts for early payment
    - The account has not been previously certified for payment (photocopies, faxes or statements should NOT BE certified)
    - Any VAT recoverable on the payment has been identified and expenditure coded accordingly
3. The invoice is then passed to an authorising officer***** who authorises the invoice for payment by signing next to area "Authorised to Pay".
4. All invoices should have the cost centre code, written in the boxes provided on the "official stamp" to which the expenditure should be charged.
5. The Finance Officer will then issue payment.

Authorisation means that:
The invoice has been correctly certified and coded;

- The invoice has not been previously paid (we will not authorise faxes, photocopies or statements, only original invoices);
- The expenditure is covered by an approved budget provision

***NOTE:** The **Certifying Officer** must be different from the **Authorising Officer.**
The school should hold a list of authorised signatories, some authorised signatories maybe only be authorised to sign for certain budget cost centres and up to certain limits. Once the above procedure has been followed payment can be made via FMS. The Local Authority's financial procedure will be followed.
This will include:

- Payments against original invoices only

- Adherence to VAT procedures
- Invoices will be stamped with the appropriate paid by cheque stamp
- Paid invoices will be kept in monthly folders for easy access

The School Business Manager will authorise the cheque run and pass to the authorised bank signatories for signing in accordance with the Local Authority financial regulations.

Security of Stock

Stocks will be periodically checked and where new items need to be ordered the Deputy Head will be informed and an order placed following the procedure for ordering above. The school will maintain appropriate stock records in line with the local authority recommendations. ICT Suite, stock areas and safes will be kept locked when not in use and keys held securely.

School Fund

1. The School Business Manager will ensure that voluntary funds are accounted for separately from the school's delegated budget and are held in a separate bank account.
2. The Head Teacher, on behalf of the Governing Body, will ensure that the accounting procedures for any voluntary funds reflect the same standard as those required for accounting for the school's delegated budget
3. Any voluntary accounts will be subject to an annual audit by an independent auditor. At the recommendation of the finance Auditors, if the account is in excess of £10,000 then the school will commission a qualified auditor. If the account balance is below £10,000 then the school will arrange for the funds to be audited by a School Business Manager from another school. The audit report will be presented to the Governing Body

Appendix 1

FINANCE AND PAY, STAFFING AND PERFORMANCE MANAGEMENT, PREMISES, HEALTH AND SAFETY COMMITTEE		
MEMBERS	Type of Governor / Non-governor	Voting Rights Yes or No
Mr Freddie Adu	Head Teacher	Yes
Mr Michael Walsh	Co-Opted (Chair)	Yes
Mr Ben Coleman	LA	Yes
Ms Julia McDaid	Co-Opted	Yes
Natasha Stroud	Clerk to Govs	No

DELEGATED RESPONSIBILITIES OF THE FINANCE AND PAY COMMITTEE
▪ Plan, and prepare the School Budget Plan, in line with the priorities identified in the School Development Plan (SDP), School Self Evaluation Form (SEF) or Post Ofsted Action Plan, and present to the governing body for approval ▪ Monitor the budget at least once per term and ensure expenditure stays within agreed limits, reporting significant potential variances to the governing body. ▪ Identify and approve the allocation of any surplus funds in line with SDP or SEF priorities. ▪ Monitor compliance with approved financial procedure and consider action required as a result of internal/external audit report ▪ Ensure that an audit of the voluntary school fund is carried out annually ▪ Monitor and ensure the implementation of the Charging Policy and remissions for non-National Curriculum school activities and review if necessary. ▪ Monitor and ensure implementation of the Governors' Allowances Scheme if the governing body has decided to pay allowances ▪ Draft the School Pay Policy and present it to the governing body for approval. ▪ Review and monitor the implementation of the School Pay Policy ▪ Observe all statutory and contractual obligations ▪ Review the salaries and any discretionary allowances of the Headteacher, Deputy Headteacher and other staff in line with the performance reviews and the School Pay Policy. ▪ Consider any pay assessment appeals, in accordance with the School Pay Policy ▪ Monitor and review relevant aspects of the Race Equality Policy

FINANCE: SCHEME OF DELEGATION TO THE HEADTEACHER
▪ To authorise expenditure, in line with the school's financial policy, within the agreed budget plan. ▪ To approve any urgent/emergency expenditure not identified in the agreed budget plan to a limit of £10,000 per term in consultation with the Chair of the Finance Committee and to report said expenditure to the committee. ▪ For any urgent/emergency expenditure over £10,000 the Headteacher must have prior approval from the Finance Committee. ▪ For any urgent/emergency expenditure over £25,000 the Headteacher must have prior approval from the full Governing Body. ▪ To adjust the budget plan (process virements), across budget headings including the allocation of contingency funds, in line with the school development plan, subject to the following limits : o Up to £10,000 o Over £10,000 in consultation with Chair of Finance o Over £15,000 in consultation with Finance Committee o Over £25,000 in consultation with full Governing body