

SECTION A4 SCHOOL FINANCE POLICY

2015-2016 Kelsey Primary School

A4.1.1 Introduction

Schools are currently expected to have a whole series of plans and policies covering all aspects of their work.

The Schools Finance Team has put together a draft finance policy that can be adopted and amended to suit school's individual needs. A draft is attached. It is intended to bring together the key aspects of finance under one policy document. It deals with roles and responsibilities, budget setting, budget monitoring, financial planning and many other important financial issues.

The LA recommends that all schools produce a finance policy. To assist schools, the draft policy attached will be placed on GEORGE.

Queries should be addressed to the school's nominated Finance Technician, in the first instance.

More detailed information and guidance relating to this policy can be found throughout the School Finance Handbook. George pathway:

[Handbooks and Guidance - George Intranet](#)

SAP School Finance Handbook or Prime Account School Finance Handbook.

School staff and governors should also be familiar with the Scheme for Financing Schools. George pathway:

[Handbooks and Guidance - George Intranet](#)

Scheme for Financing Schools

Link to GEORGE: <http://george.lincs.schools/>

A4.2.1 Introduction

The governing body recognises that it is ultimately responsible for the financial management of the school and has produced this policy document to help it fulfil those responsibilities.

A4.2.2 Organisation

In view of the importance and complexity of financial management in the school, the governing body has established a Finance Committee to enable due consideration to be given to all financial matters.

The governing body has delegated a number of its powers to the Finance Committee (details of roles and responsibilities are set out later in this policy document).

The Finance Committee members are:

Chair	Richard Eddy
Vice Chair	Mark Reece
Member 1	Jean Grey
Member 2	Lu Coultas
Member 3	Penny Crosby
Member 4	Hannah Rhymer-Newbould

The Chair and Vice Chair of the Finance Committee are elected by the full Governing Body in September each year.

The Finance Committee plans to meet five times each year:

April

(to agree the budget for the new financial year and to agree the finance plan)

July

(to consider the first budget monitoring report for the year)

October

(to consider the second budget monitoring report of the year and to update the school's finance plan in light of the September number on roll)

December

(to consider the third budget monitoring report for the year)

February

(to consider the final budget monitoring report for the year and a revised finance plan)

The Finance Committee will report, and make recommendations, to the full governing body. Minutes of each Finance Committee meeting will be presented to the next meeting of the full governing body.

Finance Committee members will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

A4.2.3 Roles and Responsibilities

The governing body recognises the importance of governors, Finance Committee members, the headteacher and staff being clear about their respective roles and responsibilities with regard to the financial management of the school. This section sets out those roles and responsibilities.

A4.2.3.1 The **governing body** will:

agree, and record in writing, the roles and responsibilities of the Finance Committee and headteacher (**the terms of reference**)

review those roles and responsibilities on an annual basis

elect the Finance Committee members each year

approve the school's budget each year, ensuring that a copy is attached to the minutes of the meeting

submit the approved budget to the Local Authority (LA) within the specified timescale

approve the school's original and revised finance plans each year

take appropriate steps to ensure the school's budget does not overspend

contact the LA and seek approval to overspend where this seems unavoidable

authorise the school's applications for loans from the County Council

satisfy itself that the Finance Committee and headteacher are fulfilling their responsibilities as set out in this policy document

review detailed budget monitoring reports each term, ensuring that copies are attached to the minutes

record in writing the transaction/process authorisation limits, etc, relating to the school's financial system for relevant members of staff (see Appendix A)

agree the school's virement policy (see Appendix C)

The policy should clearly state what financial levels have been delegated to individuals:

E.g. budget holders for procuring goods/services; placing orders/goods receipting etc and virements.

establish the school's charging policy and review on an annual basis

ensure that the school fund is audited each year

ensure that a signed statement confirming that the school fund has been audited is issued to the County Council within its specified timescale

review the financial training needs of governors, the headteacher and staff on annual basis and fund training needs, as appropriate. A programme of free training is available from the Local Authority

ensure that the school's Register of Business Interests and Conflict of Interests is kept up-to-date

ensure that the school complies with the LA's guidance relating to Extended Schools and, in particular, that it does not subsidise extended school activities from the school's main budget share. Further information can be found on GEORGE (type "extended schools" in the search box)

ensure that a Statement of Internal Control is completed and signed each year (see guidance on the SFVS website www.education.gov.uk/schools/)

review this policy document on an annual basis

A4.2.3.2 The **Finance Committee** will:

familiarise themselves with this policy document and their roles and responsibilities

ensure that the school complies with the LA's Scheme for Financing Schools, as approved by the Secretary of State

familiarise themselves with the way in which schools in Lincolnshire are funded

contact the LA for advice in relation to leasing arrangements, as appropriate (Director of Resources Treasury Office)

produce a timetable of meetings at the start of the year outlining their key purpose

consider the draft annual budget papers prepared by the headteacher

consider the draft medium term finance plan prepared by the headteacher

consider budget monitoring reports produced by the headteacher throughout the year

monitor the financial performance of catering and other functions (where applicable) throughout the year (some trading activities within school should not be subsidised by budget share)

ensure that the school obtains value for money (refer to Finance Handbook for more information)

ensure that the school's Other Government Grants allocations are fully utilised

use management information, particularly that supplied by the County Council, to challenge the way in which the school uses its financial resources. The Consistent Financial Reporting website can also be used to assist with comparisons (refer to Finance Handbook for more information)

ensure that the school complies with the County Council's financial regulations (available at www.lincolnshire.gov.uk, and follow menu path Home>Interested in Local Democracy>How the Council Works>Finances>Financial Controls>Financial Regulations & Procedures.

ensure that the school does not overdraw its bank account

ensure that the school produces a Best Value statement and adheres to it (refer to Finance Handbook for more information)

report to the full governing body

ensure that audit recommendations are implemented within a reasonable timescale

ensure that the school has a list of certifying officers for the purpose of signing cheques, certifying employee claims etc, and review this on an annual basis

ensure that assets with a value up to £20,000 are disposed of in accordance with the guidance set out in Section E of the Finance Handbook

A42.3.3 The **headteacher** will:

familiarise him/herself with this policy document and his/her role and responsibilities

draft budget papers

draft original and revised finance plans

ensure that School Development Plan priorities are properly costed and linked to the school's budget and finance plan

monitor the budget on a monthly basis

oversee the day-to-day running of the school's financial administration and ensure that the County Council's timetable is adhered to (refer to Finance Handbook for more information)

ensure that proper checks and controls are in place to cover day-to-day activities. (Advice on internal checks and controls should be sought from the Council's Corporate Audit and Risk Management Team)

authorise transactions/processes within the school's financial system up to limits agreed by the governing body. This **will** include the release of purchase orders, etc. (see Appendix A)

act as an authorised signatory for the purposes of signing cheques, certifying employee claims, etc

review reconciliations and returns on a regular basis and initial documents as evidence that such checks have been carried out

monitor that the payroll report is run on a monthly basis, checks have been undertaken to ensure the data is correct, and initial documents as evidence that monitoring has taken place

ensure that the school fund records are kept up-to-date

ensure that the school fund's annual accounts are prepared, audited, approved by the full governing body and submitted to the LA in the timescale specified

agree virements up to his/her authorised limit (see Appendix C)

ensure VAT is correctly accounted for

ensure CIS is correctly accounted for

ensure an inventory is maintained

ensure that any budgets that are delegated to senior staff or departments operate within a similar control regime, i.e., with regard to budget monitoring and reporting etc.

ensure that assets with a value up to £20,000 are disposed of in accordance with the guidance set out in Section E of the Finance Handbook

A4.2.3.4 The **administrator** will:

maintain the accounting records using the school's financial package.

carry out transactions/processes within the school's financial system up to limits agreed by the governing body (see Appendix A)

ensure that the LA's timetable for completion of bank, imprest and other reconciliations is adhered to

submit income and expenditure statements, VAT returns, etc to the LA within the specified timescales (Prime Account Schools only)

contact the school's nominated Finance Technician in the Schools' Finance Team with concerns or queries regarding financial administration

ensure that purchase orders are raised prior to ordering goods/services, wherever possible, to aid effective budget monitoring and management – see finance handbook for possible exemptions

ensure that payments are made to suppliers within LCC's payment policy, i.e. 28 days of the date of the invoice

ensure that, where appropriate, claims for sickness absence scheme are made promptly and no later than 1 month after the relevant period

ensure that the payroll print is run on a monthly basis, as close to 23rd of the month as possible, and that checks are undertaken to ensure the data is correct

A4.2.4 Authorisation Limits for Purchase Orders (see Appendix A)

Administrator **£0** (default £1,000)

Headteacher **£3000** (default £500,000)

A4.2.5 FB60 SAP Schools only (see Appendix B)

This section should be included if the school has adopted the FB60 method of processing payments up to £500 gross without purchase orders/goods receipts.

The governing body has agreed that payments up to the value of £500 gross may be processed on SAP using transaction FB60, without the need for a purchase order/goods receipt.

A4.2.6 Virement Limits (see Appendix C)

Virements of **£1001** or more should be approved by resolution of the full governing body.

The following virement limits have been agreed:

Finance Committee	£501 - £1000
Headteacher	£500
Administrator	£0

A4.2.7 Purchase Card Limits

This section should be included if the school has joined the Purchasing Card scheme. Each member of staff should be listed with their Single Transaction Limit and Monthly Credit Limit. The limits are:

Transaction Limit	Designation
Up to £500	Budget Operator (Administrator)
Up to £1,000	Budget Holder/manager (Headteacher)

Monthly Credit Limit	Designation
Up to £2,000	Budget Operator (Administrator)
Up to £4,000	Budget Holder/manager (Headteacher)

Name	Single Transaction Limit	Monthly Credit Limit
None.....	£.....	£.....
.....	£.....	£.....

A4.2.8 Credit Cards (Prime and Bank Account Schools only)

*This section should be included if the school is prime or bank account and holds a credit card. Each member of staff should be listed with their credit limit. **Not Applicable to KPS.***

Name	Credit Limit
.....	£.....

Further guidance is available in Section F of the Finance Handbook.

A4.2.9 Training

The governing body recognises the importance of financial training for governors and staff in helping them to fulfil their responsibilities in relation to the financial management of the school.

The training needs of all governors and staff will be reviewed each year. Appropriate budgetary provision will be made, where necessary, and governors and staff will be actively encouraged to undertake that training.

A programme of free training is available through the Local Authority.

A4.2.10 Budget setting

The governing body recognises the importance of setting a detailed budget at the start of the year.

The headteacher will draft a detailed budget for each line of income and expenditure. It is recommended that the budget is re-evaluated each year (as opposed to, say, incremental budgeting) for the Finance Committee's consideration.

The headteacher will include options for increased spending, as set out in the School's Development Plan, and options for cost-cutting measures, where appropriate.

A4.2.11 Budget monitoring

The governing body recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under and overspendings.

The headteacher will monitor the budget on a monthly basis by reviewing reports from the school's financial system for:

- errors
- miscoding
- large or unusual items
- potential under-spending or over-spending against budget

and act promptly, where appropriate. Recommended reports can be found in the Finance Handbook and SAP Blue Book.

A4.2.12 Financial administration

The governing body recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the school.

The headteacher will monitor the financial administration functions carried out by the secretary / bursar, ensuring that:

accounting systems are kept up-to-date

bank reconciliations, imprest claims, etc are completed in accordance with the LA's published timetable

appropriate action is taken where the LA advises the school that its day-to-day administration is not up-to-date

A4.2.13 Reporting

The governing body recognises the importance of receiving detailed, accurate and up-to-date financial information to enable it to oversee and control the financial position of the school.

The headteacher will prepare budget-monitoring reports for consideration by the Finance Committee.

The reports will include for each line of income and expenditure (including Other Government Grants):

- the original budget,
- changes to the budget,
- current budget,
- expenditure and commitments to date,
- expenditure and commitments to date expressed as a percentage of the current budget
- an outturn projection
- a variance between outturn and current budget
- an explanation for all material variances
- details of proposed virements
- details of proposals for additional spending or cost-cutting measures

In addition to the reports in the school's financial system, the Local Authority issues spreadsheet and word-processing documents to schools on an annual basis to provide a framework for the preparation of finance plans and budget monitoring reports to governors. Further guidance can be found on George at the following path:

[Finance Plans - George Intranet](http://george.lincs.schools/) [Link to GEORGE: http://george.lincs.schools/](http://george.lincs.schools/)

A4.2.14 Financial planning

The governing body recognises the importance of financial planning beyond the current year.

The headteacher will prepare a financial plan covering the next three to four years.

The plan will show the projected numbers on roll and the impact this has on the school's budget share, expenditure and carry forward.

The level of detail shown in the plan will include, as a minimum, the information set out in the County Council's financial planning spreadsheet, which is available to schools each year, free of charge.

The plan will include contingency plans, setting out the school's proposals for dealing with variations including, in particular, changes in the projected number on roll.

The governing body will consider the impact that the medium term finance plan may have upon staffing levels and develop outline plans and strategies for avoiding redundancy costs for future years.

A4.2.15 Cash flow management (for schools with local bank accounts only)

The governing body recognises the importance of cash flow management in helping the school to avoid overdrawing its bank account.

The headteacher will produce a cash flow report at the beginning of the financial year and monitor and update it on a regular basis.

The governing body will notify the County Council of its decision to withdraw from the bank account scheme where it becomes clear that, due to financial pressures, the school is no longer able to keep the bank account in credit.

The governing body of non-prime account schools will review, on an annual basis, the advantages and disadvantages of holding a bank account. **(This is our school fund account).**

A4.2.16 Audit

The governing body recognises the importance of the County Council's audit regime in assessing the adequacy of the school's financial controls.

The governing body and headteacher will ensure that auditors are given access to staff, all relevant records and property, as the auditors consider necessary.

The headteacher will ensure that audit recommendations are implemented as soon as possible.

The headteacher will familiarise him/herself with the Financial Procedures and Finance Handbook, which give guidance on best practice, internal controls and statutory requirements.

A4.2.17 Annual timetable

The governing body recognises the importance of planning its financial management work throughout the year.

The headteacher will draw up an annual timetable of key events and will submit this annually to the full governing body's last meeting in each financial year.

A4.2.18 Review

The governing body recognises the importance of keeping its Finance Policy up-to-date and will review the policy on an annual basis.

Adopted: October 2015

Review: July 2016 and each July subsequently.

The school notes earlier changes may be needed as Lincolnshire County Council Moves to the new AGRESSO finance system.

Authorisation Limits

The authorisation limits relate to processing and release of purchase orders and invoices. The Finance Policy should clearly state what authorisation levels have been delegated to individuals to process or release purchase orders or invoices.

On SAP, the default purchase order release limit for administrators is £1,000 (request £0). It is possible for this to be increased at the discretion of the Governing Body. For headteachers the default limit is £500,000 (request £3000).

FB60 (SAP Schools only)

SAP transaction FB60 can be used to pay invoices without the purchase order/goods receipt process. The limit for such payments is £500 gross. The Finance Policy must include authorisation for the administrator to adopt this process.

This process allows administrators to process payments up to the value of £500 without authorisation by the Headteacher. It is therefore important that the Headteacher receives monthly detailed monitoring reports (SAP transaction KOB1).

Virement policy

Virements are in year changes between budgets, e.g, on SAP £5,000 is moved from contingency to teaching staff.

The Schools virement policy forms part of their Finance Policy. The virement policy should clearly state what financial levels have been delegated to individuals to vire the budget from one budget heading/cost element to another. The virement policy has a similar principle to budget holders for procuring goods/services; placing orders/goods receipting etc. The recommended limit for delegating responsibility for virements to the headteacher is £5,000, although secondary schools may wish to increase this limit. Schools may also choose to allocate virement levels to the Finance Committee and the Administrator.

Copied from policy:

A4.2.6 Virement Limits (see Appendix C)

Virements of £1001 or more should be approved by resolution of the full governing body.

The following virement limits have been agreed:

Finance Committee	£501 - £1000
Headteacher	£500
Administrator	£0