



# WESTFIELD SCHOOL

## Finance Policy

<b>Date Produced</b>	September 2014
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<b>Reviewed</b>	October 2022
<b>Reviewer</b>	Emma Jenkins
<b>Review Due</b>	September 2023
<b>Ratified by Governors</b>	Ratified by the Resource Committee 15/10/2022

## **Introduction**

One of the keystones of a successful school is sound financial management. The following intends to provide a framework within which resources can be allocated and controlled in a manner, which will provide optimum educational benefit to current and future pupils of the school.

The school must ensure that financial arrangements comply with the current financial regulations, standing orders and schemes of delegation issued by the local authority. The updated scheme of delegation from the LA, will be formally adopted and approved by the Finance Committee.

The policy draws upon the principles and guidance contained in the following documents:

- The Herefordshire Council's Scheme for Financing Maintained Schools or Local Management of schools - [https://www.herefordshire.gov.uk/info/200227/support\\_for\\_schools\\_and\\_settings/460/school\\_finance\\_information/4](https://www.herefordshire.gov.uk/info/200227/support_for_schools_and_settings/460/school_finance_information/4)
- School Resource Management - <https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>

The governing body is responsible for selecting and maintaining appropriate systems for the management and accountability of the delegated budget and the School Fund account. Resources are targeted to maintain and improve the quality of education provided at Westfield School. The governing body will seek to inform all stakeholders about the allocation and use of resources in an appropriate format. The principles of 'Best Value' as stated in the school's Best Value Statement will be applied.

The governing body and head teacher will maintain a school development plan, summarising the school's strategic plans, which will help inform the preparation of annual budgets.

Appropriate systems are maintained to monitor and evaluate financial activity and are reported formally to Governors at least 6 times per year. Monitoring expenditure of the delegated budget is carried out by the Resources Committee at least termly.

'In view of the fact that the governing body of a school is a corporate body, and because of the terms of s.50 (7) of the SSAF Act, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith'.

The Herefordshire Council's Scheme for financing Maintained Schools or Local Management of Schools (LMS)

### **Roles of Governors, Head Teacher and School Business Manager**

The governing body is collectively responsible for the overall direction of the school, and its strategic management. The governing body includes a range of competencies to ensure that the school is not reliant on one individual. The governing body has a strategic role and has responsibility for setting educational and financial priorities, and for ensuring the budget is managed effectively. It is also responsible for ensuring the school meets all its statutory obligations, through the head teacher, and complies with the LA's financial regulations. By defining the responsibilities, allowing the governing body to ensure that adequate systems of financial controls are in place and that it receives the necessary information to fulfil this role. The governing body and head teacher also ensure that the range of competencies for staff is such that the school is not reliant on one individual.

The governing body shall approve the composition of the Resources Committee and the Committee shall appoint its chairperson.

### **Resources Committee**

The Resources Committee shall review, with the head teacher and school business manager, annual budget proposals before they are presented to the Chair of Governors (or his/her deputy) and the rest of the governing body. This will include a longer term forecast to give an indication of the effect of sustaining existing levels of expenditure, allowing for uncertainties such as future levels of funding and pupil funding.

All members of the Committee shall receive at least termly income and expenditure statements. The head teacher and chairperson will meet to discuss and resolve any in-year issues that may arise and decisions/actions reported back to the Resources Committee. A full Committee will meet at least each term. Any recommendations/actions will be reported to the Governing Body.

All governors and staff who influence financial decisions complete a Declaration of Interest form annually, and this is standing agenda item for every meeting. The register is open to examination by governors, staff, parents and the LA.

### Finance Staff

The administration staff comprise of one School Business Manager (working 37 hours per week for 40 weeks of the year) whose main financial duty is to deal with the day-to-day financial processes relating to the delegated budget, overseeing ordering and invoicing, authorisation of orders and invoices up to and including £500, ensuring that financial procedures are in place and to seek value for money. The SBM also deals with the day-to-day processes relating to the school private funds. The SBM is a co-opted member of the Governing Body's Resources Committee. The Admin Assistant (working 16 hours per week for 38 weeks of the year) who's financial duties include the placing of orders and processing invoices for payment, and imprest.

### Delegated Budget Planning

Under the LA's regulations the school is required to prepare a budget expenditure plan, including a costed staffing plan for the financial year in a prescribed form. The budget preparation is conducted by the head teacher and SBM in consultation with governors and staff. The plan follows the format and guidelines issued by the LMS and Finance Section of Herefordshire Council using the Schools Budget Planning Book, formatted to mirror the structures of Consistent Financial Reporting (CFR). A draft budget is analysed by the governors' Finance Committee before submission to the full governing body for approval.

To assist in the preparation of the budget the following information is used:

- LMS detailed formula allocation for income, based on commissioned pupil numbers
- LMS detailed general and ring-fenced grants for the raising of standards (Standards fund grants, dedicated school grants, personalised learning etc)
- LMS detailed teacher costings projected worksheets
- Historical data on income and expenditure trends
- Developments resulting from the School Development Plan

The budget is approved by the full Governing Body in May each year. Details of approved budgets forwarded to the Local Authority by 1st June with any subsequent budget changes

forwarded during the financial year. End of year declarations for specific funding such as Standards Fund are returned to the Local Authority by the given deadline.

### **Budget Monitoring**

Responsible Officers:

Governors' Resources Committee

Head Teacher

School Business Manager

The approved delegated budget is monitored and controlled using the Business World finance software package designed for schools.

Management information is available at all times to confirm current balances on cost centres and account codes, the print out showing cost centre allocation, actual expenditure and /or income, and committed items such as debtors' orders and creditors invoices. The Business World system is also used to operate the imprest/petty cash account.

- Monthly period reports produced by Schools Finance using Business World are analysed by the School Business Manager
- Once analysed these reports are discussed with the head teacher
- Copies of the most current period reports are supplied for the regular meetings of the Resources Committee

### **Purchasing/Tendering**

The school procedure for routine purchasing is to place orders with suppliers applying 'best value' principles.

Requisition orders must be completed and approval sought from the head teacher, the orders are then entered onto the Business World accounting system by the admin assistant as a commitment, once approved this generates an electronic order to the supplier.

**All orders must be approved and signed by either the head teacher or SBM without governor approval up to following value:**

- Headteacher £5,000
- SBM £500

Very rarely, orders are placed as a matter of urgency by the head teacher or SBM and the official order is raised by the SBM once the invoice is received.

Orders for single items require quotes as follows:

<b>Total</b>	<b>Requirements</b>	<b>Short listing</b>
Under £5,000	Best value applied	Head teacher
£5,001 - £20,000	3 written quotes where possible	Head teacher and Chair of Resources Committee and reported back to Finance Committee
Above £20,000	3 written quotes	Head teacher, Chair of Resources and full governing body consideration

In exceptional circumstances (eg urgency or lack of potential suppliers) the short-listing responsibility may be escalated up one level and strict requirements adapted. For values over £20,000, the full governing body as a whole may vary the quotation requirements.

The quotes must be submitted to the SBM for safekeeping.

### **Adjustments to Annual Budgets**

In circumstances where it is apparent that the original allocation will be insufficient to meet necessary expenditure, requests for amendments must be made to the head teacher. If amendments involve viring funds from one section of the budget to another, ie, from buildings to learning resources, a virement request must be completed and sent through to School Finance.

### **Capital Budget**

The process for dealing with projects that are identified as 'capital works' and therefore to be funded from the devolved capital budget is as follows:

- Works are identified by the head teacher and submitted to the Resources Committee for information and approval

- Tenders are invited as follows:
  - For works over £5,001 - £100,000 three contractors asked to quote
  - For capital projects the LA Property Services may be asked to acquire quotes on the school's behalf and arrange the works according to best value
  - Governor approval is sought for capital projects over £5,001

## **Accounting Procedures**

### Segregation of Duties

The Head Teacher approves orders over £500, if the order is below £500 the SBM can approve them. Invoices are processed once delivery of goods or service are received and invoices are passed on the Business World system awaiting approval by the head teacher or SBM. Payment of goods in advance is not usually permitted, although occasionally part payment to secure delivery will be permitted with the approval of the head teacher. The operating system for the LMS Budget is Business World; and manual, computerised records are used for private school funds.

### Expenditure

- Requisition orders authorised by the head teacher or SBM are processed by the admin assistant and charged to the appropriate budget.
- Cheques for payment from the school fund account are hand written, recorded manually and signed in accordance with the bank mandate.
- Cheque, cash, debit and procurement card payments from Imprest account are raised and signed in accordance with the Bank mandate. These are then entered onto the LA's Imprest template to form a claim which is submitted monthly to LA Payment which they upload to Business World and the reimbursement is made.

### Income

Income received is recorded using Business World for the allocated school budget and manual, computerised records are maintained. Methods of cash receipt and banking detailed below.

### Reconciliation of Accounts

Accounts are reconciled to:

- Bank statements – every month – Imprest and School Fund

- Herefordshire Council Business World System – reconciliation is completed on receipt of the detailed period report against our income banking register and the detailed report is checked for anomalies and report to LA's School Finance for investigation and correction.
- CFR (Consistent Financial Reporting) – checked and reported of by the SBM to the head teacher and governors.

### Production of Reports

The budget reports are created by LMS School Finance on a monthly basis. The Resources Committee meets at least once a term and receives the Business World Summary Reports for revenue and capital funds.

Balances for School Fund and PTFA are reported to Governors on the SBM's report at least once a term.

### Petty Cash Imprest accounts

Petty cash is available for small purchases made by members of staff on production of an appropriate receipt. Before submitting the receipt for reimbursement the claimant must attach the 'petty cash reimbursement form' signed by the account/budget holder. The expenditure is then allocated to the appropriate account code and a cheque or cash is raised for the amount being claimed. The cheques require two signatures, as per the signatory mandate.

The Imprest claims are sent every month for reimbursement into school budget via the payments section of the Local Authority. The head teacher signs the claim before it is submitted.

### LMS Budget Imprest

Amount: £8,000

### SFVS

The Schools Financial Value Standard (SFVS) has been available for schools to use from September 2011. The SFVS has been designed in conjunction with schools to assist them in managing their finances and to give assurance that they have secure financial management in



place. Governing bodies have formal responsibility for the financial management of their schools, and so the standard is primarily aimed at governors.

Maintained schools are required to complete the SFVS once a year. The completed SFVS must be submitted to the Local Authority by 31<sup>st</sup> March, each financial year.

#### Procedures for PTFA

Funds are raised through a variety of events run by the PTFA.

These funds are banked as and when necessary.

Cheques being raised by the PTFA require two signatures, the treasurer, and secretary or head teacher. The balance of the PTFA funds is reported to Governors at each meeting and at the PTFA AGM.

### **Banking**

#### Delegated Budget

- Deposits are made at the Post Office as and when required.
- The SBM is responsible for processing receipts and payments.
- The school does not enter into any loan agreements, other than with the Local Authority.
- The SBM makes arrangements for any income to be taken to the bank relating to school private funds.
- Income is banked when necessary, every effort is made to ensure no more than £1,000 in the school safe at any one time and visits to the bank are made at irregular times to help with security.

#### School Private Fund

- One bank account is held for school funds
- Bank statements are reconciled monthly. Any discrepancies are immediately investigated.
- All bank reconciliations are carried out by the SBM
- The SBM is responsible for processing receipts and payments.
- The bank accounts are not to be allowed to go overdrawn nor can an overdraft facility be negotiated.
- All cheques must bear the signatures of two signatories approved by the governing body (signatories are currently the head teacher, deputy head teacher and SBM).

- The SBM with responsibility for School Fund arranges for income to be deposited into the bank account.
- The School Fund is required to be audited annually by an independent auditor.

## **Contracts and Leases**

### Contracts

The school manages all of the contracts for the school, these include:

- Mechanical heating plant inspection, testing and maintenance
- Fire fighting equipment inspection and testing
- PE equipment inspection
- Building Cleaning
- Grounds maintenance
- Telephone system maintenance
- PAT Testing
- Fire alarm and emergency lighting maintenance and servicing
- Intruder alarm maintenance
- ICT

### Leases

A lease agreement including maintenance contract exists for the photocopiers and one of the minibuses.

## **Income**

This section deals with income received by the school into the LMS budget; income relating to School funds is described in the relevant section.

Income received directly from the Local Authority

- (a) Formula based income - The resource allocation formula determined by the Local Authority is calculated according to commissioned pupil numbers.
- (b) (b) Additional payments and grants are made payable to the school for either the raising of standards in education and may be general (e.g. Sports Premium, Year 7 Catch up Funding) or more specific, Free School Meals, Top Up Funding, Pupil Premium, all are

ring fenced income streams. These are credited by the Local Authority directly into the school budget.

(c) Other income

- ❖ School Lettings – Invoice request forms are sent to the hirer who return the form together with a cheque for payment. This cheque is then paid into the main school budget.
- ❖ Grants and donations – sundry grants and donations are paid into school budget and recorded on the Business World system.

## **Insurances**

### Centrally Provided

The school purchases a 3 yearly Service Level Agreement with a pool of schools covering the following insurance provision:

- Public liability – insures against claims for personal injury or damage to third party property
- Employer's liability – insures against claims for personal injury or damage to property brought by a member of staff whilst at their place of employment
- Buildings and contents
- Personal (covers death and serious injury) – staff, governors and volunteers
- Fidelity guarantee – protects LMS budget against loss by any fraud or dishonesty
- School journey - insures pupils and any accompanying adult for personal injury sustained due to an accident whilst engaged in an offsite activity arranged by the school – also includes a full travel policy for UK and overseas.
- Minibus insurance

## **Inventory**

### General Inventory

An inventory of assets with a value of over £500 is maintained. Serial numbers of all computer equipment are recorded. Disposals and write offs are also recorded on the inventory.

## **Orders for Goods and Services**

The purpose of placing orders is to ensure that the acquisition of goods and services is made in accordance with the approved annual budget plan and to reduce the risk of fraud.

## **Requisition Order**

- The member of staff requesting the items completes a standard requisition order form
- Supplier name, catalogue codes and prices are supplied on the form
- The requisition form must be signed by the Head/Deputy and passed to the SBM for entering onto the Business World system
- The Head or Deputy then signs the official order
- One copy of the order is filed into the 'orders' to await delivery

## **Payment of Accounts**

The school aims to process all correctly certified invoices within 30 days of the invoice/tax point date and submit them to the LA's Payment Section for payment.

### Examination and Certification of Invoices

Every invoice must show the school address, full details of goods/services supplied, order number and, where VAT is charged, a correct VAT number. If a copy invoice is to be processed, a check must be made to ensure a duplicate payment is not made – a certification of this fact must be made on the copy invoice. Invoice details must be entered onto Business World. To ensure separation of duties the following process should be used:

- Entry of invoice data onto Business World – admin assistant
- Goods/ services received and prices checked – SBM/Admin Assistant
- Invoice certified correct and approved for payment - SBM

## **Stocks and Stores**

### Deliveries

All deliveries arrive at the main school reception. The SBM/Admin Assistant/Caretaker checks off goods against the order and delivery note. If the order is complete, the delivery note and order are filed ready to be matched to the invoice when received.

### Stocks – administration

General stationery stocks are maintained and replenished regularly by the admin assistant under the guidance of the SBM.

### **Travel and subsistence**

All claims for travel and subsistence consistent with employment at the school are reimbursed via the payroll. Claim forms must be completed with full details of journey, miles or public transport costs claimed and the reason for travel. Receipts should be obtained for all subsistence and public transport claims. Mileage claims will be subject to random verification and where possible and applicable, staff are encouraged to share transport. Claim forms must be passed for payment monthly, signed by the claimant. Completed forms are certified for payment by the Head/Deputy and the information uploaded to the Hoople Portal for payment. Claims being submitted by the Head are certified by the Chair of Governors or Chair of Finance.

### **Security**

The head teacher is responsible for the security of the building and its contents. The responsibility is shared with a number of personnel who act as key holders. The detailed list of key holders is held by the Local Authority.

### **Buildings**

The nominated key holders are the head teacher, deputy head teacher, SBM and caretaker. All have access to the code to activate or deactivate the alarm system. The buildings are normally opened and secured by the caretaker.

### **Cash**

Cash receipts waiting banking and limited petty cash are held in a safe. All cash receipts are banked. The safe is bolted to the floor and the keypad access code is known by the head teacher, SBM and Admin Assistant.

### **School Private Fund**

The purpose of the fund is to manage the processes associated with the donations received for the children as well as extra-curricular events, sundries etc.

Annual accounts are audited.

### **Carry forward of savings/deficit**

The Governors approve an annual budget for the LMS funds based on a balanced budget. There is no formal policy setting out the limits of carry forward balances; the finance committee

regularly monitors the potential under/overspend and adjust the annual plan where necessary and/or possible.

**Retention of Financial Records**

The retention schedule is available from the School Office.

Signed:.....  
(Chair of Governors Resource Committee)

Date:.....

Review Date: October 2022

**Finance Related Policies:**

Pay Policy

Lettings Policy

Best Value Statement

Charging and Remissions Policy

The Herefordshire Council's Scheme for Financing Maintained Schools or LMS