



"Where children come first"

Finance Policy

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APPROVAL & ADOPTION

This policy was formally agreed and adopted at a Full Governing Body Meeting held on:

11th July 2018

UPDATE SCHEDULE

Version	Date	Reason for Update
1.00	18/04/17	First Version post de-Federation
1.01	15/05/18	Review and Update

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Finance Policy

1. Introduction

The Governors of Aylesham Primary School are committed to providing sound financial controls, to achieving value for money and to being worthy custodians of public money.

To achieve these aims the Headteacher and the Governing Body have drawn up this Finance Policy to provide the guiding principles for which all Governors and staff will operate within.

This policy has been drawn up in accordance with the Local Authority's (LA) Scheme for Financing Schools.

2. Principles

Aylesham Primary School's Finance Policy will adhere to the following principles:

- a) The responsibilities of the Governing Body, Monitoring Teams, the Headteacher and staff will be clearly defined and limits of delegated authority established, where applicable.
- b) The **Governing Body** is responsible for taking steps to ensure that expenditure reflects value for money (VfM) principles. This is done by:
 - Using both performance data and financial benchmarking to **compare** to similar schools locally and nationally.
 - Using the information gained to **challenge** performance and set new targets.
 - Using fair **competition** through quotations and tenders, ensuring resources and contracts for services are secured in the most economic, efficient and effective way.
 - **Consulting** parents on policy development and major changes in the use of resources.
- c) The school will establish sound internal financial controls, based on the LA's Budget Financial Controls to ensure the reliability and accuracy of its financial transactions.
- d) The budget for the school will reflect the school's prioritised educational objectives through its links to the School Improvement Plan, which indicates the resource implications of each priority.
- e) The budget will be subject to effective monitoring, allowing the Governors, Headteacher and staff to maintain financial control in line with the Balance Control Mechanism by reviewing the current position and taking any remedial action necessary.
- f) Aylesham Primary School will be adequately insured against exposure to risk.

g) The school will ensure that:

- The Budget Share is spent for the purpose of the school only
- Purchasing arrangements achieve value for money (VfM)
- There are sound procedures for the administration of personnel matters
- There are sound procedures for the administration of payroll matters
- Stocks, stores and assets are recorded and adequately safeguarded against loss or theft
- All income due is identified and all collections receipted, recorded and banked promptly
- The operation of the bank account and the reconciliation of bank balances with the accounting records are properly controlled
- The use of petty cash is strictly controlled (if applicable)
- The use of a Corporate Card is strictly controlled (if applicable)
- The School Voluntary Fund and any other non-public funds are administered as rigorously as public funds (if applicable)
- Any suspected irregularity will be reported immediately to the LA's Head of Internal Audit
- The school will adhere to current Data Protection legislation
- Appropriate training in financial administration will be given to enable staff cover at all times

3 Putting Policy into Practice

a) Delegated Authority

The **Full Governing Body** of Aylesham Primary School has overall responsibility for the management of all of the school's finances covering the revenue budget, devolved capital budget, other budgets delegated or devolved by the LA and other funds (e.g. the School Voluntary Fund).

The **Full Governing Body** of Aylesham Primary School will ensure the annual detailed report of the Schools Financial Value Standard (SFVS) is provided to them and the Chair of Governors will sign the completed form prior to sending a copy to the Local Authority.

The **Full Governing Body** will:

- a) Annually review all Terms of Reference for the Finance Team
- b) Review and approve reports/recommendations from the Finance Team with regards to:
 - i. Tenders for contracts
 - ii. Virements

- iii. Benchmarking
- iv. Monthly Monitoring
- v. Annual Out-Turn Position
- vi. 3-Year Budget Plan
- vii. Writing off/Disposal of school assets

The ***Finance Team*** is delegated responsibility by the Full Governing Body for the following aspects of financial management:

- Evaluate and recommend the three year budget plan, which shows clear links to the School Improvement Plan, for approval by the Full Governing Body
- To annually review the Finance Policy and agree levels of delegation for approval by the Full Governing Body
- To review the Charges and Remissions Policy for approval by the Full Governing Body
- To review a Pay Policy for approval by the Full Governing Body
- To make decisions in respect of service agreements and insurance
- To advise the Full Governing Body of any consultations to change the LA Scheme for Financing Schools, to allow the school to respond to any consultation
- To report monitoring and the outturn position to the Full Governing Body, highlighting any significant variances
- Evaluate any proposed virements (if applicable)
- Evaluate and report on Tenders for Contract/Project Services to the Full Governing Body
- Keeping in-school financial procedures under review
- Benchmark the school's financial performance and report to the Full Governing Body

The ***Headteacher*** is responsible for implementing the decisions of the Governing Body and for the operational management of the school.

The general administration of financial procedures may be delegated to other members of staff at the discretion of the headteacher. At Aylesham Primary School some procedures are occasionally delegated to the Deputy Headteacher and the School Business Manager.

b) Internal Financial Controls

The internal financial controls operated by Aylesham Primary School will follow the controls set out in the LA's Scheme for Financing Schools.

Any additional internal financial controls included within the Finance Policy are reviewed by the Finance Team and ratified by the Full Governing Body.

c) Financial Links to the School Improvement Plan

The ***School Improvement Plan*** has sufficient scope and depth of financial implications and it is reflected in the school's three-year budget plan.

d) Monitoring and Virements

Aylesham Primary School recognises that the regular monitoring of income and expenditure against the agreed budget is central to effective financial management. To this end, the **School Business Manager** carries out a monthly internal monitoring procedure that is shared and approved by the **Headteacher** and then copied to the **Governing Body Finance Team**.

A monitoring report is taken to all Full Governing Body meetings. Monitoring reports are submitted to the LA in accordance with its timetable. Governors should ensure their meetings are timed to see all monitoring submitted to the LA either prior to submission or soon after. This will ensure they have an up-to-date position of the school's finances.

On occasions, virements may need to be carried out. Virements to the approved budget are minuted appropriately and require the following authorisation:

Virements up to **£5,000** - The **Headteacher**, report to the **Finance Team** (*cumulative between meetings and reported to the Governing Body Finance Team*)

Virements up to **£10,000** – The **Finance Team**

Virements over **£10,000** – The **Full Governing Body**

e) Insurance

Aylesham Primary School is insured through **the Kent County Council (KCC) 'Safe Hands' Scheme** with relevant cover, as identified by the schedule received from the LA's Insurance section.

Money Cover

Aylesham Primary School purchases Money Cover as an optional extra through the Safe Hands scheme and therefore cash is insured as follows:

Excess: £50 each and every loss	Limit any one Loss
1. Loss of non-negotiable MONEY in the situations specified in items 2(a), 2(b), 2(c)(i) and 2(c)(ii)	£250,000
2. Loss of other MONEY:	
a) In transit in the custody of any GOVERNOR or EMPLOYEE or in transit by registered post, or in a Bank Night Safe	£10,000
b) In the private residence of any GOVERNOR or EMPLOYEE	£250
c) In the PREMISES	
i. In the custody of or under the actual supervision of any GOVERNOR or EMPLOYEE	£10,000
ii. In locked safes or strongrooms	£3,000
iii. In locked receptacles other than safes or strongrooms	£250

Staff Absence Insurance

Where appropriate, Staff Absence Insurance is also in place to cover the cost of supply staff when covering permanent teachers/support staff sickness.

- *For the 2018/19 financial year the school does not have a Staff Absence Insurance policy in place.*

f) Purchasing

At Aylesham Primary School budgets are delegated to Key Stage Leaders and class teachers. Budget holders prepare a 'needs budget' for their area of responsibility, which is approved by the Headteacher in line with the priority needs of the school and the School Improvement Plan.

All members of staff adhere to the school procedures for purchasing items, as laid down in the School's Staff Handbook, paying regard to value for money at all times.

Purchase orders require the following authorisation:

Up to £8,000 - The Headteacher

Up to £2,500 – The Deputy Headteacher

Up to £250 – The School Business Manager

The Headteacher authorises all invoices prior to payment.

Where the school purchases large items, the procedure for Spending the Council's Money as laid down in the Scheme for Financing Schools is adhered to:

(www.kent.gov.uk/publications/business/spending-councils-money.htm), in summary;

- For orders **in excess of £8,000**, but **less than £50,000**, three written quotations are obtained and submitted to the Full Governing Body for approval.
- For orders in **excess of £50,000**, no fewer than three competitive tenders are sought and submitted to the Full Governing Body for approval.

All of the above will be reported and minuted at a Full Governing Body meeting to ensure that the schools are seen to be obtaining value for money at all times.

Aylesham Primary School does not enter into any Hire Purchase agreements, Finance agreements or Finance Leases as this constitutes borrowing which is not permitted.

g) Personnel Matters

At the start of every financial year the **School Business Manager** uses the Budget Planning Software (BPS) to calculate the salary costs of all members of staff, including increments, where applicable. These details are discussed and checked with the **Headteacher** for incorporation into the school budget planning process.

The **Governing Body Team** responsible for the Headteacher Performance Management Reviews also undertakes an annual review of the Headteacher's salary, and recommends enhancements, if applicable, to the Full Governing Body for approval.

The Headteacher undertakes an annual review of all other staff, in accordance with the Pay & Reward Policy and reports to the Full Governing Body.

Details of all salaries are recorded as a confidential item in the minutes.

h) Payroll Matters

The payroll provider for Aylesham Primary School is SPS Intepay who provides payroll services to the specification laid down by the LA.

The Headteacher signs off the monthly 'Payroll Summary Report (PSR)' once it has been checked by the School Business Manager for accuracy. Any issues are reported to SPS Intepay and any payroll errors are corrected in the following months payroll.

i) Safeguard of Stocks, Stores and Assets

All members of staff at Aylesham Primary School are responsible for the security of school assets. Key Stage Leaders, subject co-ordinators and class teachers safeguard their assets.

Other school assets with a value of £50 or more are recorded on a general Asset Register, which is regularly maintained and updated by the Site Manager. The Asset Register is checked annually by the Site Manager in (usually in August/September) and certified as completed by the Headteacher.

All items of value are held in locked cupboards or cabinets, wherever possible and all items are security marked either by acid etching or UV Pen to deter theft.

Where assets are written off and disposed of, the Full Governing Body annually receives a list of disposed assets which are reviewed, approved and the agreement is minuted.

All members of staff are required to sign a Staff Equipment Agreement at the beginning of their employment (or when any equipment is updated) which details the school assets that are on loan to them and the terms and conditions under which they have been loaned.

Where school assets are loaned to pupils (usually musical instruments), a Loan Letter/Slip is completed/and signed by the parents when borrowing the item and again when the item is returned.

j) Income

- a) The Lettings Policy and the Charging & Remissions Policy are reviewed and approved on an annual basis by the Finance Team.
- b) Where there are debts, the Headteacher and Governors make every effort to recoup the monies.

Where it is necessary to write off debts:

- The Full Governing Body will approve **up to £1,000**.
 - Approval to write off debts **over £1,000** is required in writing from the Schools Financial Services Manager.
- c) We have agreed a level of cash to be held in school at any one time (in the school safe) as **£3,000**. Cash will be receipted, recorded and banked promptly at all times.
 - d) The LA 'Monthly Statement of Account' is processed onto the FMS6 Finance System by the Business Manager and checked/approved by the Headteacher.

k) The School Bank Account

Aylesham Primary School operates its school bank account in accordance with the regulations in the LA's Scheme for Financing Schools and the guidance in the Budget Book. The school operates only one current account for the administration of KCC official funds.

Bank account signatories are updated immediately there is a change in staffing and details are copied to Schools Financial Services, as a matter of course.

Bank statements at the school are received (or printed from Bankline) on at least a fortnightly basis and reconciled, in accordance with LA guidelines, on the school's FMS6 system immediately by the School Business Manager. The Headteacher signs and dates the bank statement as soon as possible after the reconciliation has been completed.

l) BACS Payments

Aylesham Primary School pays supplier invoices via online banking BACS transactions ensuring it adheres to all financial controls within the Scheme for Financing Schools.

BACS Payments are prepared and exported from the schools accounting system and uploaded to Bankline by the School Business Manager.

The first authorisation of the BACS payments on Bankline is completed by the School Business Manager and the second authorisation is completed by either the Headteacher or the Deputy Headteacher.

m) Petty Cash

Aylesham Primary School does NOT operate a Petty Cash system.

Where members of staff require reimbursement of expenditure they complete a 'Staff Reimbursement Claim Form' attaching all appropriate VAT Invoices/Receipts. Re-payment is made via a BACS payment.

Staff Reimbursement Claims are expected to be submitted at least monthly and are only permitted for a minimum of £10 and a maximum of £40.

Members of staff are aware that they must not use personal credit/debit cards or reward/loyalty cards for the purchase of items for the school or obtain anything that could be construed as a 'benefit in kind'.

n) Corporate Cards

Aylesham Primary School operates approved Purchase Cards in accordance with the guidance in the LA's Budget Book.

The approved users are:

AYLESHAM PRIMARY SCHOOL			
	NAME	Single Transaction Limit	Monthly Transaction Limit
Headteacher	Mr Ian Rowden	£1,000	£1,000
Deputy Headteacher	Miss Kara Satterley	£1,000	£1,000
School Business Manager	Mrs Tanya Neil	£1,000	£1,500
Site Manager	Mr Stephen Jenkins	£1,000	£1,500

Personal credit/debit cards will not be used for the purchase of items for the school.

Monthly reconciliation of the Purchase Card Statements are processed by the School Business Manager and checked/approved by the Headteacher (Deputy Headteacher for the Headteacher paperwork).

o) Irregularities

All members of staff at both schools are aware of the school's Whistleblowing arrangements and to whom they should report concerns. These Whistleblowing Policy is available to staff in their staff handbook and on the school website.

p) Data Protection

Under the terms of the Data Protection Act 1998, the Headteacher and Governing Body are required to notify the Information Commissioner of the school's processing, storage and disclosure of data procedures, which are covered by this legislation.

To this end, there is a password protection procedure, laid down in the staff handbook. Systems are backed up regularly and the backups held securely, virus protection is in place and is updated regularly and the school has a Disaster Recovery Plan for the administration network.

q) Financial Administration

- At Aylesham Primary School, **two** members of staff are trained in the use of the finance software and financial administration procedures in event of staff absence:
 - The Business Manager
 - Administrator
- The school purchases a financial support contract through Schools Financial Services, which is reviewed on an annual basis, allowing us the option to purchase additional support, if required.