



*'Learning together through love, friendship, forgiveness and faith.'*

## **ST MICHAELS CE PRIMARY FINANCE POLICY 2022/2023**

### **Pre-amble**

The governing body has a duty to ensure the proper and efficient management of the money at its disposal for the purposes of the school, and that all available finance is targeted appropriately to raise educational standards. In relation to this duty, this policy aims to:

- Define the sources and purposes of income received by the school and any restrictions on its expenditure;
- Identify the functions to be carried out in relation to the LA's scheme of financial management to avoid duplication or omission;
- Clarify the individual roles and responsibilities of those concerned with the management of the school's delegated budget and other finances;
- Define the limits of delegated authority;
- Ensure that governors' statutory responsibility for the monitoring of financial management is carried out effectively;
- Provide a framework for accountability.

This policy statement has been written in conformity with the School Standards and Framework Act 1998 and the LA's published Scheme of Financial Management.

### **Sources of Income**

Income to the school may come from a variety of sources. Although the purpose for which some of these may be used will be pre-determined, the governing body should take an overview of all sources to plan expenditure and ensure that money is used cost-effectively and for the prioritised educational objectives established in the School Development Plan. Possible sources of income will include:

- School's budget share delegated annually by the LA;
- DfE grants- PE Grants and other grants (as available)
- Other grants- teacher's pay and pension grants;
- Income from lettings;
- Donations from parents and other sources;
- Receipts from fund-raising activities;
- Receipts from sale of assets.

This policy statement applies to the use of income from all sources and its related expenditure.

### **Responsibility of the Governing Body**

The governing body is responsible to the LA for the funds allocated for running the school and accountable to the community for the appropriate use of public and private funds within its control. This responsibility and authority are largely delegated to the Finance Committee and Headteacher, however the governing body retains some key functions as part of its overall responsibility. It remains the responsibility of the whole governing body to:-

- Determine the broad priorities for expenditure and ensure that these are clearly identified through a School Development Plan which indicates the intended use of resources to achieve educational goals;
- Ensure that all members of the governing body are aware of the LA's scheme of financial management and that members of the finance committee are familiar with its content;
- Submit an agreed budget plan to the LA each year by the specified date and at other times upon request;
- Establish, maintain and annually review a register of business interests for each member of the governing body, the Headteacher and members of their immediate family;
- Decide after consulting with other staff whether the school should take part in initial teaching training and approve associated financial arrangements;
- Approve the acquisition and policy for use of a school purchasing card taking advice from Bursar Support if appropriate.
- Establish a finance committee to:-
- Direct and supervise the management of finances and
- Ensure compliance with the requirements of the LA's scheme of financial management in consultation with the Headteacher;
- Delegate to an appropriate committee the financial responsibility for planning expenditure on repairs and maintenance and capital projects;
- Establish and monitor criteria for virement and limits of financial delegation and keep these under review;
- Consider recommendations from the finance committee on matters outside of their delegated powers, such as writing off a debt, and take the appropriate action, seeking advice for the LA as required.

The governing body delegates all other duties and financial powers to the Finance Committee and Headteacher. The division of responsibility is set out below and may be subject to amendment in discussion with those involved.

### **Delegation**

#### **Responsibilities of the Finance Committee**

Membership of this committee and terms of reference shall be determined by the governing body at the beginning of each year. The chairman of governors and Headteacher will be amongst its members. The school's Finance Officer shall be invited to be a co-opted member of this committee and will, in any event, be expected to attend meetings in an advisory capacity. Approve the procedures for use of the school purchasing card to ensure control of risks, security of card, safeguarding of public funds and reduction of opportunities for fraud, taking advice from Bursar Support on these issues.

The duties and powers of the finance committee will include, but may not be limited to, the following;

#### **Duties**

To advise the Headteacher and governing body on all financial matters affecting the school.

#### **Planning**

- To review and update when necessary, in conjunction with the Headteacher and School Business Manager, the rolling 3-year business plan ensuring it is linked to the school's rolling 3-year development plan. To recommend to the governing body a rolling business plan which identifies anticipated income and future resource priorities;
- To ensure that the budget plan reflects and supports the governing body's policies and prioritised educational objectives as identified in the School Development Plan, taking account of
- Required and desired staffing levels;

- Curriculum aims for the year;
- Professional development of staff, and
- Plans for development of the physical resources of the school.
- In the Spring term each year to recommend a draft budget, or up to three options for consideration by the governing body;
- To establish, maintain and regularly review the school's policies on
- Letting of school premises and associated charges;
- Charging and remissions for school activities;
- Recovery of cost of making good damage or loss of property by pupils, staff and third parties.

### **Monitoring**

- To monitor effectively throughout the year the progress of all school income and expenditure, review in-year priorities and adjust as necessary within the overall budget provision, calling an emergency meeting of the governing body if necessary;
- To ensure that the school abides by the LA's scheme of financial management and standing orders for purchasing, contracting and tendering matters;
- To monitor bids;
- To ensure that adequate insurance cover exists against theft, loss of cash, possible claims, legal expenses, etc.;
- To ensure that audit certificates are provided on an annual basis in respect of voluntary and private funds held by the school and a copy submitted to the LA.
- To ensure that the school's financial procedures are the subject of an external audit, to receive reports following such audits, agree actions to be taken as a result of any recommendations and ensure timely completion.
- Ensure use of School purchasing card follows approved procedure with appropriate safeguards.

### **Evaluating**

- To ensure that maximum effective use is made of all income, including in-year grants and private funds to raise pupils' standards of attainment.

Acting as an agent of the LA and on behalf of the governing body, in consultation with the Headteacher, the finance committee will:-

- Oversee expenditure of the delegated formula budget received each year in accordance with the rules and procedures laid down in the LA's scheme of financial management;
- Ensure that financial information and financial records are kept and supplied as required by the LA;
- Ensure that the school follows any regulations and procedures established by the LA when making purchases, entering into contracts, paying staff and bills, collecting income, etc.;
- Allow relevant financial transactions to be audited by the LA and/or Audit Commission;
- Review and approve bank mandates, authorised signatories and the register of certifying officers on an annual basis (pro-formas for these are given in the Financial Procedures handbook) and submit these to the Chair of Governors for signature.

### **Responsibilities of the Headteacher**

The governing body delegates the day-to-day management of the school's finances and administration of expenditure to the Headteacher who will act in accordance with the LA's scheme of financial management and any policies agreed by the governing body.

The Headteacher will be responsible to the finance committee for the day-to-day control and disbursement of finances and is expected to:-

### **Planning**

- Ensure that the governing body and in particular members of the finance committee receive the advice and support they require to fulfil their statutory responsibilities;
- Develop a rolling programme of expenditure for large items such as ICT;
- Establish and maintain an inventory of assets and procedures for disposal of assets in accordance with the LA's financial regulations;
- As far as is practicable, ensure the segregation of duties of staff concerned with financial transactions so that at least two people are involved with both receipts and payments.

### **Monitoring**

- Ensure sound internal control systems and financial management procedures are in place to enable reliable and accurate processing of the school's transactions and activities including:-
- The placing of orders, checking deliveries, authorising payments, etc.;
- Purchasing of goods and services, including appropriate use of School purchasing card;
- Protection and control of consumable stock such as stationery;
- Maintenance of equipment;
- Safe custody and control of cash and other property belonging to the school.
- Regularly monitor planned expenditure;
- Ensure reporting formats and procedures comply with any requirements of the LA's scheme of financial management and financial procedures handbook;
- Arrange appropriate security measures such as marking of valuable items;
- Provide reports to the Finance Committee as stipulated within policy and at other times on request.

And that these monitoring and control systems are publicised to governors and staff and kept under review.

### **Evaluation**

- Evaluate strengths and identify shortcomings in the school's financial administration and provide reports on these annually to the finance committee.

The governing body will support the efforts of the Headteacher and staff to implement the policies and may suggest improvements.

### **Responsibilities of the School Business Manager/ Bursar/ Finance Officer (School to identify specific areas for each role with reference to job descriptions for staff).**

The governing body delegates the day-to-day management of the school's finances and administration of expenditure to the Headteacher who will act in accordance with the LA's scheme of financial management and any policies agreed by the governing body.

The Headteacher delegates day to day operational management to the School Business Manager of financial processes, monitoring and reporting. (Including Accounts payable and Accounts receivable as defined in the Controls checklist). The School Business Manager reports to the Headteacher and is responsible for the day-to-day management of the school's finances and administration of expenditure in accordance with the LA's scheme of financial management and any policies agreed by the governing body.

### **Planning**

- Ensure that the governing body and in particular members of the finance committee and Headteacher receive the advice and support they require to fulfil their statutory responsibilities;
- Assist in the development of a three-year budget plan updated during the year to monitor surplus balances and plan expenditure to deliver best value;
- Assist the Finance Committee and Headteacher in developing a three-year rolling programme of expenditure linked to SDP and AMP particularly for large items such as buildings and ICT;

- In conjunction with the Headteacher, establish and maintain an inventory of assets and procedures for disposal of assets in accordance with the LA's financial regulations;
- In conjunction with the Headteacher, as far as is practicable, ensure the segregation of duties of staff concerned with financial transactions so that at least two people are involved with both receipts and payments.

### **Monitoring and control**

- Working with the Headteacher ensure sound internal control systems and financial management procedures are in place to enable reliable and accurate processing of the school's transactions and activities including:-
- Receipt of income
- The placing of orders, checking deliveries, authorising payments, etc.;
- Purchasing of goods and services, including appropriate verification of use of School purchasing card and adherence to policy and procedures for use of the school purchasing card.
- Protection and control of consumable stock such as stationery;
- Maintenance of equipment;
- Safe custody and control of cash and other property belonging to the school.
- Carry out monthly reconciliation of bank account and salary check.
- Carry out any other financial or administrative tasks considered appropriate by the Headteacher
- Regularly monitor planned income and expenditure and report to Headteacher;
- Ensure reporting formats and procedures comply with any requirements of the LA's scheme of financial management and financial procedures handbook;
- Liaise with the Headteacher to arrange appropriate security measures such as marking of valuable items;
- Provide reports to the Headteacher/ Finance Committee as stipulated within policy and at other times on request.
- Produce monthly/ termly monitoring reports for budget holders and report to the Headteacher on any overspend situations.
- With the Headteacher, liaise with external bodies for audit and SFVS purposes.

### **Evaluation**

- Annually review with the Headteacher strengths and shortcomings in the school's financial administration procedures and provide reports on these annually to the finance committee with progress made in addressing weaknesses.

The governing body will support the efforts of the Headteacher and staff to implement the policies and may suggest improvements.

### **Levels of Delegation**

<b>Income Source/expenditure</b>	<b>Finance Committee</b>	<b>Headteacher</b>	<b>SBM</b>
Approved annual budget submitted to LA	X		
Private School Funds (not earmarked for any other specific application)		X	
Lettings		X	
School purchasing card		X	X
ODBE Delegated Capital		X	X

Fund			
ODBE SCA (School Condition Allocation)		X	X

### **Best Value**

The governing body expects that planned expenditure will reflect the principles of best value, taking into account of guidance provided in the LA's scheme of financial management. The annual budget plan submitted to the LA will include a statement setting out how these principles are being followed.

Competitive estimates will be obtained for all expenditure as per Appendix C.

### **Insurance**

All monies held in school will be covered by insurance up to an agreed sum. The Headteacher shall ensure that the insured amount is not exceeded, although governors expect cash to be banked promptly and that it will be rare for this amount of money to be held on the premises.

The Headteacher is expected to liaise annually with the LA and other insurance providers to review insurance arrangements and to make recommendations on appropriate cover to the finance committee.

### **Monitoring and Reporting**

*The Governing Body will:*

- Complete the School Financial Value Standard checklist within the required timescales for onward submission to RBWM.
- Review carefully the minutes from the Finance and Premises Committee and challenge/seek clarification where necessary.

*The Finance Committee will:*

- Ensure that minutes of each meeting are taken and circulated to the full governing body. Additional written or verbal reports deemed necessary by the committee or requested by the governing body may be presented at governors' meetings after consultation with the chairman of governors.

*The Headteacher will:*

- Provide bi-monthly reports to the finance committee;
- Each half term, provide more detailed reports to the finance committee under agreed cost headings for the school's budget share, standards fund, capital and other grants;
- Provide termly budget re-calculations if appropriate;
- Provide any such other information as the committee requires to monitor the budget;
- Ensure that individual budget holders receive such information as they require to monitor their budgets;
- Establish and publicise reporting procedures to monitor all planned expenditure and keep these under annual review;
- Review on an annual basis the internal financial control and reporting procedures and arrangements for promoting cost-effectiveness and provide a report to the finance committee.
- Report on use of School purchasing card.

*The School Business Manager/ Bursar/ Finance Officer (delete as appropriate) will:*

- Provide monthly reports to the Headteacher and reports to budget holders as determined by the Finance Committee and Headteacher.
- Assist the Headteacher to provide more detailed reports to the Finance Committee each half term under agreed cost headings.
  - Discuss with the Headteacher termly budget re-calculations or funding adjustments if appropriate and assist with preparing reports;
  - Recommend with the Headteacher the reallocation of funding to address Plan variance during the year;
  - Provide any such other information as the Headteacher and Finance committee requires to monitor the budget;
  - Ensure that individual budget holders receive such information as they require to monitor their budgets;
  - With the Headteacher, establish and publicise reporting procedures to monitor all planned expenditure and keep these under annual review;
  - Work with the Headteacher to review on an annual basis the internal financial control and reporting procedures and arrangements for promoting cost-effectiveness and provide a report to the finance committee.
  - Control and monitor use of School purchasing card to ensure correct security, usage and authorisation for purchases. Journal expenditure to correct cost centres or account codes as appropriate and report any misuse of the School purchasing card.

#### **Policy Review**

This policy will be subject to review annually in the autumn term and will take account of any changes in legislation or revisions to the LA's scheme of financial management. The finance committee will be responsible for reviewing the policy and making recommendations to the governing body.

APPENDIX A  
Levels of Delegation

<b>Income Source</b>	<b>Finance Committee</b>	<b>Headteacher</b>	<b>Bursar</b>
Approved annual budget submitted to LA	Not to exceed the grand total.  To report to governing body any possibility of an over/under spend.	Expenditure not to exceed £5,000 or 1% annual budget on any one item.  To report to the finance Committee any possibility of an over/under spend.	To report to the Headteacher any possibility of an over/under spend
Private School Funds (not earmarked for any other specific application)	Any available sum on any one item.	Up to £1,500 on any one item.	No authorisation of expenditure. Monitor Private Fund & arrange annual audit.
Lettings	Setting annual charging rates.  Approving discretionary variations to charges in excess of 20%.	Discretionary variation of charges up to a maximum of 20% of fixed rates.	Discuss with Headteacher any variation of charges in specific situations.
School Purchasing cards	Decided limit for use of purchasing card up to the value of £2000. Approve policy and procedures for School purchasing card.	Monitor and report on appropriate use of School purchasing card.	Control, monitor use of School purchasing card and journal expenditure to correct Cost Centre/ account codes.



**Appendix B**

	Full Governing Body	Finance Committee	Pay Panel	Head	Deputy Head	Head of Dept/ Budget Holder	School Business Manager / Finance Officer	Office Manager/ Admin Officer
Approval of Annual Budget/3 Year Plan	?							
Variations to budget heads (Virement) under £1,000.	?	??	?					
Variations to budget heads (Virement) over £1,000.		?						
Authorise expenditure Over £60,000	With the Director of Finance							
Authorise expenditure up to £60,000	With legal advice							
Authorise expenditure up to £25,000	?							
Authorise expenditure up to £10,000		?						
Authorise expenditure up to £5,000				?				
Authorise use of School Purchasing card and procedures		?						
Appointment and salary of all permanent staff	?	?	?	?				
Appointment and salary of temporary staff	?	?		?				
Appointment and salary of supply staff	?	?		?				
Appointment and salary of Head Teacher	?							

Authorisation of Revenue and Leasing Contracts	All revenue and leasing contracts should be tendered and authorised as per the <b>Standing Orders for Contracts Entered into By School Governing Bodies</b> , contained in <b>RBWM</b> Scheme for Financing Schools.
Authorisation of Capital Contracts	All capital contracts should be tendered and authorised as per the <b>Standing Orders for Contracts Entered into By School Governing Bodies</b> , contained in <b>RBWM Contracts Management Handbook</b> for Financing Schools and subject to appropriate authorisation of capital funding.

**Appendix C**

Purchasing requirements including use of School purchasing card.	
Goods valued at over £500	3 quotes which may include telephone or internet quotes
Goods valued at over £1000	3 written quotes
Goods valued at over £10,000	Specification and 3 written quotes

At all times the principles of best value will apply.

Related Policies:

Lettings Policy

Reviewed: October 2022

by The Chair of Governors and Finance Committee

Next Review: October 2023