

THE PRIORY SCHOOL

Finance Policy (incorporating the Priory School Fund)

Adopted by the Governing Body on:	November 2017
Review cycle:	Annually
Review date:	October 2018
Governors Committee:	Resources
Staff Responsible:	BGN

FINANCE POLICY

The Purpose of the Policy:

- ◆ to define the responsibilities within the school and set limits of authorisation
- ◆ to provide guidance on the application of regulations
- ◆ to identify procedures to ensure integrity of internal controls
- ◆ to set out guidelines to achieve efficiencies and value for money taking into account the authority's purchasing, tendering and contracting requirements

This policy covers all funds Delegated and Devolved allocated by the local authority and the School Fund.

1. Rationale and Accountability

Governors have statutory responsibility for overseeing the financial management in all maintained schools with delegated budgets.

The regulations setting out the financial management of schools are laid down in the Education Reform Act 1988, the School Standards and Framework Act 1998 and the Local Government Act 1972: s151. Detailed guidelines are contained within the Surrey Scheme for Financing Schools and the Surrey LMS Finance Manual, which can be found on the Babcock website. The Priory C of E School follows the guidelines in the Surrey Scheme for Financing Schools.

The role of the Governing Body is to:

- Set the financial priorities of the school through the School Development, 3 Year Financial and Annual Budget plans
- Approve and monitor the annual budget
- Ensure the school meets its statutory obligations and complies with the Authority's Scheme for Financing schools and Standing Orders
- Set the terms of reference for the Resources Committee
- Agree limits of authorisation for the Resources Committee and Headteacher

The financial roles of the Resources Committee:

- Review the proposed annual budget as prepared by the School Business Manager for approval by the Governing Body
- Adopt the Local Authority Scheme of Delegation (within the Surrey Scheme for Financing Schools)
- Review and maintain finance policies, including Lettings and Charging & Remissions.
- Review systems of internal financial control and complete the Schools Financial Value Standard return on an annual basis
- Monitor the annual budget and make recommendations to the Governing Body
- Set levels of authority for spending and virement
- Advise the Governing Body on the affordability of the School Development Plan
- Consider the impact of student numbers on the budget over short, medium and long terms
- Receive and respond to audit reports and make recommendations to the Full Governing Body
- Maintain policies for 'Unofficial Funds'.
- Monitor unofficial funds and make appropriate recommendations to the Full Governing body

2. Budgets and authority levels:

The governors shall plan the school finances through:

- The approval and implementation of an annual budget based on the aims, objectives and priorities of the school, the financial position of the school and the levels of projected reserves.
- Preparation of a medium term Financial Plan of at least 3 years updated annually.

3. Expenditure and Virement Limits

- a) The Headteacher has the delegated authority from the Governing Body to authorise expenditure and make payments in accordance with this policy which are consistent with the Revenue budget up to a value of £15,000.

In making the decision to spend, the Headteacher must give due consideration to individual items specifically approved by the Resources Committee when approving the budget and must ensure that sufficient funds remain for these items.

- b) The Resources Committee has authority to approve all capital purchases and building projects costing more than £2,000. Projects costing £10,000 or above require Full Governing Body approval.

Levels of Virement are set by the Resources Committee and are, approved by the Governing Body, to maintain effective use of resources.

Headteacher up to £9,999 may be vired between budget categories.

Resources Committee: £10,000 and over may be vired between budget categories

The full Governing Body must agree any expenditure above these limits of for which there is no budget currently allocated.

4. Purchasing

The Governing Body shall follow the principles of Best Value for all purchases. Most purchases will be made through the school's ordering system. The Finance Manager shall keep records of all purchases made including quotations received but not accepted, together with the reasons.

The principles of Best Value are:

- Challenging how a service or supply is provided and why it is required
- Comparing performance with other schools
- Consulting with relevant stakeholders
- Competing as a means of securing efficient and effective services and supplies

On occasions the school's ordering system is not used e.g. When discounts are being negotiated on the telephone or made via the internet and an instant order is placed, or when telephone orders are made with regular suppliers for items such as paper and toner for delivery the next day. In such instances, the Finance Manager ensures that commitments are noted on the FMR to ensure overspending on a budget line does not occur.

Due to the nature of some purchases, it is noted that it is sometimes necessary to use personal cards for purchases. In these cases, staff are expected to obtain a VAT receipt in the name of the school and complete an internal purchase order request prior to purchasing items.

5. Internal Controls

Internal delegation, subject to the limits above, will be as follows:

Duty	Certifying officers
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Order requisitions, deliveries, invoices, & expenses	Budget Holder
Approval of orders, invoices, & expenses	Finance Manager
VAT (reclaim via FINU81A)	Finance Manager
Approval of petty cash expenditure (A Budget Holder may authorise self-payment from own budget up to £10)	Budget Holder
Issue of petty cash	Finance Assistant
Cheque printing	Finance Manager
Cheque/BACS signatories (Delegated Budget & School Fund) (Cheque signatory cannot sign cheque payable to himself)	Assistant Heads, Deputy Heads, and Head
Authorisation of payments to Headteacher (over petty cash limit of £10)	Governor.
Preparation of Service Return	Business Manager
Authorisation of Service Return	Head

Cheques require one signature up to value £250, thereafter, two signatures in accordance with the Babcock Finance Manual.

BACS may be used in accordance with Section F of the Babcock Finance Manual and the controls detailed therein. BACS payments require two authorised signatures irrespective of values.

Business Card – the school has use of an HSBC business Purchasing Card which is in the name of the Headteacher and may be used for payments (usually for online purchases) in accordance with the conditions shown in appendix 1.

Financial reporting:

Monthly	Financial Monitoring Report and Commentary	To Head, Resources Committee and where appropriate budget holders
Termly	Financial Monitoring Report and Commentary	Full Governing Body
Annually	Out-turn Statement CFR Unofficial Funds Audited Accounts Budget Plan 3 Year Financial Plan	To Governing Body

6. Payroll

Authority over payroll administration is as follows:

Appointments:

Teaching staff – Any changes to the staffing structure are discussed with and agreed by the Resources Committee. Similarly, changes of teaching staff are also discussed with the Resources

Committee. However, appointments of staff are made by the Headteacher in line with the staffing structure. The rate of pay is determined using the procedures set out in the Pay Policy.

Support Staff – The numbers of teaching assistants (TA's) is discussed in the Resources Committee, however, the Headteacher is in a position to decide the number of TAs required each year. If any such changes have not been factored into the annual budget they should first be approved by the Resources Committee.

Change in hours:

Teaching staff – Teaching hours are set for full time teachers. In job share situations, teaching hours can be altered by the head to change the balance but ensuring the combined hours remain the same. If this has an effect on the budget it should be approved at the Resources Committee.

Support staff – changes in number of hours for teaching assistants is decided by the Headteacher. If this has an effect on the budget it should be approved at the Resources Committee.

Changes to rates of pay:

Teaching staff – Teachers grade and salary increments should be changed in accordance with the School Pay Policy.

Support staff – The school follows the Surrey Pay Scales and any changes in grade, unless budgeted, needs approval by the Pay Committee.

Overtime:

Paid overtime is authorised by the Headteacher or the School Business Manager.

Appendix 1

CONTROL AND USE OF PURCHASING CARD

The governing body will authorise the obtaining and use of purchasing cards.

The governing body will consider the potential risk over and above that of the purchase order system and install appropriate controls of its use.

The use of purchasing cards is not considered to infringe the borrowing restrictions imposed on schools as long as the balance on the account is cleared in full at the end of each month.

The governing body shall:

- 1) Approve a list of authorised users
- 2) Agree the card's credit limit
- 3) Place restrictions on the use of the card's spending limits
- 4) Ensure the card is kept secure when not in use
- 5) Appoint a member of staff, who is not a signatory, to control the use of cards
- 6) Ensure documentary proof [including a VAT receipt] of any goods purchased with the purchasing card is obtained
- 7) Ensure transactions are reconciled to statements on a monthly basis by someone other than a card signatory
- 8) Use of the card is subject to management review by the Headteacher. The reviewer should not be involved either in the keeping of the accounts or the preparation of the reconciliation to be reviewed

Purchasing Card users should:

- 1) Check that there is enough money in the relevant budget to meet the commitment before placing an order
- 2) Ensure documentary proof [including a VAT receipt] of any goods purchased with the purchasing card, including details of the nature and cost of these goods, are returned to the person responsible for recording the purchasing card transactions as soon after each purchase as it is reasonably practical
- 3) Print out the order.
- 4) Ensure they are fully aware of any payment commitments they are entering into, including whether they are instructing a single payment or series of recurring payments
- 5) If there is any doubt about giving the card details, find another method of payment

The Finance Manager should:

- 1) Check statements from the purchasing card issuer carefully as soon as it is received
- 2) Ensure the purchasing card statement is reconciled monthly
- 3) Ensure the account balance is paid each month
- 4) Inform the County Council Corporate Banking Team if staff holding cards leave the school

The School Fund

The Aims of the School Fund Account:

To enhance the education of the pupils by providing and assisting in the provision of opportunities not required to be provided by Surrey Local Authority (SCC) by Statute.

1. Background

The School keeps a separate bank account 'The School Fund' to support school activities not covered by the SCC.

It is the intention the Fund should be used primarily to provide a vehicle for the collection and payment of organised trips, events and products. The School Fund can also provide funding for contributions to school activities for students in financial need.

Payments from students will cover the costs associated with a trip; tickets, entrance fee, travel costs, Tucasi fees, and teacher cover supply.

Responsibility for the day-to-day management of the Fund resides with the Senior Leadership Team (SLT) who are authorised to make decisions on spending from the Fund, in accordance with this policy.

2. Examples of use of the School Fund

Used to collect money for school trips and events, productions and lockers. In addition used to sell on revision books, departmental specific equipment eg PE kit and calculators, year specific items such as hoodies, yearbooks and duke of Edinburgh activities.

Act as an emergency fund such as an early return from a school trip following illness or accident (most should be refunded through insurance at a later date)

Purchase Ad hoc items, such as water fountains, repairs to swimming pool and refurbishing staff room.

Used to support students in hardship who might otherwise suffer due to lack of ability to pay. Examples of this include contributing towards trips, books and uniform. Expenditure for this will be agreed by the SLT.

3. Income

The main sources of income to the School Fund are:

- Parental contributions to the cost of school trips and events
- School Fund raising activities such as the sponsored walk
- Educational Fund donations from Parents, either 'one off' or monthly
- Charity Funds temporarily held before forwarding the payment
- Payments for Lockers
- Payments for Revision guides
- Commission from the sale of Photographs

4. Expenditure vs Income

It is intended that income shall generally balance expenditure over each year as a whole, subject to minor timing variations. Hence the School Fund is not intended to make any 'profit'.

Expenditure from the Fund may be incurred in accordance with the rules of the Fund and in following these guidelines:

- Income from School fund raising activities may be used for any expenditure that supports the aims of the Fund.
- Expenditure on Educational visits should generally match the parental contributions. Charges should be levied such that no profit is made. Any shortfall should be made up from the General School Fund.
- Income from charitable, parental or other donations for named projects may be used only for the specific named project.
- Surpluses from trips are used to net off other trips and reimburse overspend on Delegated account.

Departure from these guidelines is allowed where it is for the benefit of the School and its pupils, at the SLT and Governors discretion.

The School Fund accounts will be audited and finalised by an independent examiner annually. A copy of the financial statements is available for viewing by parents on request for a nominal fee. The cost of the external auditor will be funded by the School Fund.

The Resources Committee will be presented with accounts for the year ending 31st August each year and will review fund activity on an annual basis or, more regularly if deemed necessary by the Committee.

5. Operation of the School Fund

The School Fund system is operated on Tucasi Software. Access to this is permitted to the Business Manager, the Finance Manager and the Finance Assistants. The current system has live access to the Tucasi servers and therefore does not require backing up.

The Fund operates on the same principles as the delegated budgets. Orders must be signed by the Trip or Event Lead. Payments under £250 require one signatory and payments over require two. There are currently five signatories with authority to sign on the account and all are members of the SLT.

The funds are held at HSBC, in the name of The Priory School fund.

The Finance Assistant reconciles the bank account on a monthly basis and this is checked and signed off by the Business Manager.

Petty cash is held depending on the number of activities that are taking place at a particular time. The Finance Assistant and Finance Manager will assess this on a weekly basis. Balances over £500 will not be held unless there is a trip going out, or a payment that will require larger than average levels of cash.

Trip leaders are advised to liaise with Finance to pay in advance for activities. Where this is not possible, the trip leaders should complete a Petty Cash advance slip providing details of what the cash is for. This is signed to confirm the cash handed over by the Finance Assistant. Receipts must be provided when the trip returns. Any additional costs must be supported by appropriate receipts or invoices.

The Petty Cash tin and Tucasi system are reconciled on a monthly basis.

Purchases of equipment, resources or activities will be made through the Delegated account in order that VAT is avoided, when appropriate. The School Fund will reimburse the NET amount to the Delegated account on receipt of the invoice.

Transfers will be made between the delegated fund cost centre DD28 and The School Fund on a monthly basis. These reimbursements will be prepared by the Finance Assistant and signed off by the Finance Manager. At the end of the year, all items on the delegated budget DD28 should be cleared.

Payments from DD28 will be made in accordance with Surrey's financial manual with special regard to vatable transactions.

No loans will be made between the School Fund and the Delegated account.

The cost of Tucasi will be funded by the School Fund.

6. The dissolution of the School Fund

The School Fund will be dissolved if:

- The School closes
- The School amalgamates with another school (joining an Academy trust will have no impact)

Any Assets remaining after satisfying the outstanding debts and liabilities will be given to the school for the benefit of the children at the school in a charitable manner as decided by the SLT. Once the school is closed, any assets remaining will be given to the local children's charity to be chosen by the School Governors.