

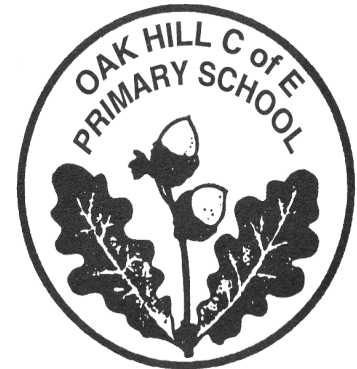
## **Oak Hill C of E Primary School**

### **FINANCE POLICY**

This policy was written in consultation with staff and governors

Agreed by Governors: September 2021

Review Date: September 2023



# **OAK HILL CHURCH OF ENGLAND PRIMARY SCHOOL**

## **FINANCE POLICY**

But if anyone does not provide for his own, and especially for those of his household, he has denied the faith and is worse than an unbeliever

1 Timothy 5:8

<b>CONTENTS</b>	<b>PAGE</b>
<b>1. BUDGETS</b>	<b>1 - 2</b>
1.1 Budget construction	
1.2 Budgetary control and monitoring	
<b>2. PAYROLL</b>	<b>3</b>
2.1 Starters / variations / leavers	
2.2 Time sheets	
2.3 Checking of payroll data	
2.4 Pay-related expenses	
2.5 Supply Teachers	
<b>3. SCHOOL FUND</b>	<b>4</b>
3.1 Accounts	
3.2 Signatories	
3.3 Final accounts and audit	
<b>4. ASSETS</b>	<b>5</b>
4.1 Inventory	
4.2 Off site register	
<b>5. INCOME</b>	<b>5 - 7</b>
5.1 Credit income	
5.2 Cash income	
5.3 Banking	
5.4 Charging policy	
5.5 Donations	
5.6 Official capitation and School Fund income	
5.7 Cash received from pupils	
5.8 Security of receipt books and tickets	
<b>6. PURCHASING</b>	<b>7 - 9</b>
6.1 Ordering	
6.2 Quotations / tenders	
6.3 Governor involvement	
6.4 Receipt goods	
6.5 Invoice check and authorisation	
6.6 Petty cash	
6.7 Use of consortium, and Term Contractors	
<b>7. REGISTER OF INTERESTS</b>	<b>9 - 11</b>
7.1 Persons to be included	
7.2 Interests to be recorded	

## 1. BUDGETS

### 1.1 Budget construction

The Head is responsible for the detailed preparation of the annual budget. In doing this the Head will consult with other members of staff to ascertain detailed requirements.

The Resources Committee will determine the overall sum within which the budget must be set, and the amount of any anticipated balance to be carried forward into the following financial year.

In constructing the annual budget, the Head must take account of priorities identified in the School Development Plan and incorporate the costs of these in the budget. Priorities identified in the School Development Plan must always be costed.

The budget total must not exceed the amount of the LEA allocation plus or minus any balance brought forward from the previous year. If it appears that this cannot be achieved, the Head and Chair of Governors must inform the Education Department immediately this becomes apparent.

The Resources Committee will meet in the Autumn term to consider a broad budget strategy, and again in the Spring term to consider and approve the detailed budget. The full Governing Body must subsequently approve the full budget, and minute this approval. The Education Department must be informed in writing of the approved budget, in a format determined by the Education Department. This statement must be signed by the Chair of Governors.

In constructing the detailed budget, factors the Head must take account of include:-

- Any anticipated changes in pupil numbers
- Current and previous year's expenditure levels on individual budget headings
- School Development Plan priorities
- Staff pay awards and increments
- Anticipated price inflation
- Changes in the staffing complement
- Changes in the supply of services (gas, electricity, oil, water etc).

### 1.2 Budgetary control and monitoring

The Head is responsible for regular, detailed control of the School budget. To achieve this, the Head will receive monthly reports from the school's accounting system. Such reports shall show, for each budget heading:-

- Total budget for the year
- Total commitment and expenditure to date
- Variance

The Head is empowered to take remedial action to address variances, by effecting virement between individual budget headings. Individual virements may be authorised as follows:

- Up to £2,500                      Head
- £2,501 - £4,999                Resources Committee
- £5,000 and over                Full Governing Body

Virements, once approved, must be promptly recorded in the school's accounting system to keep the approved budget up to date.

The Head will present detailed budget monitoring statements to the Resources Committee on a monthly basis, such statements showing for each budget heading:-

- total budget for year
- total commitment and expenditure to date
- variances

The Resources Committee shall consider such statements; the Head will provide explanations for any significant variances identified. The Chair of the Resources Committee shall report termly to the full Governing Body, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

The Head may assign budgetary control of individual budget headings to other members of staff. Such members of staff must receive monthly budget statements as detailed above. The Head remains ultimately accountable to the Governing Body for these budget headings.

Payroll expenditure data notified by Shire Hall must be entered promptly each month by the school secretary on to the school's accounting system.

Other, non-pay, expenditure notified by Shire Hall must be reconciled promptly on a monthly basis to the school's accounting system by the Finance Officer.

When the accounts for each financial year are closed, a final statement from the school's accounting system must be presented to the next meeting of the Resources Committee.

## 2. PAYROLL

### 2.1 Starters / Variations / Leavers

All forms for:-

- Setting up new employees on the payroll (starters)
- Effecting variations to pay
- Taking existing employees off the payroll (leavers)

must be made out by the Finance Officer and authorised by the Head. Such forms must be sent promptly via SAP to Shire Hall.

### 2.2 Time Sheets

All time sheets submitted by a member of staff must be checked initially by the Finance Officer, and then authorised by the Head. Authorised time sheets must be sent via SAP to Shire Hall, and never handed back to the employee.

### 2.3 Checking of Payroll Data

Payroll data received monthly from Shire Hall must be scrutinised by:

- the Head, to ensure all employees are recognised, and pay appears reasonable
- the Finance Officer, to check accuracy of pay calculations

### 2.4 Pay-related Expenses

All pay related expenses must be processed through the payroll system. Pay-related expenses must never be paid via petty cash, or by the creditor payment system. If any doubt exists about whether an item should be processed via the payroll system, the Creditor Control section in Shire Hall must be contacted for advice (Tel: 01452 425940).

### 2.5 Supply Teachers

The Governing Body will decide, on the basis of advice from the Head and the Resources Committee, whether supply teacher insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised by the Head. Reimbursement claims must be submitted on a monthly basis by the Finance Officer. The Finance Officer must check on a monthly basis that correct amounts have been charged as per the Shire Hall expenditure printout.

### 3. SCHOOL FUND

#### 3.1 Accounts

The school fund should be maintained on a day to day basis by the school secretary. All income and expenditure will be entered promptly in the accounts. A bank reconciliation will be performed monthly when bank statements are received, between the balance as per the accounting record and the balance as per bank statements.

#### 3.2 Signatories

The following are allowed to sign cheques:-

For School Fund

- Head
- Finance Governor (Staff)
- School Secretary

There must be two signatures on each cheque.

#### 3.3 Final Accounts and Audit

Final accounts are to be prepared at the end of the School Fund financial year. The accounts will be examined by an examiner appointed by the full Governing Body. The examiner will not be a member of the Governing Body. In appointing an examiner and operating the Fund, the Governors will follow the instructions laid down in the County Council's Manual on Unofficial Funds.

The audited accounts should be presented to the full Governing Body for approval. Governors' approval must be recorded in the minutes of the meeting. Once approved, the Clerk to the Governing Body will return the requested form to Shire Hall in the format required.

School Fund monies must be kept, and recorded, separately from the school's capitation monies and securely held.

## 4. ASSETS

### Inventory

The portable, desirable, attractive assets of the school, as well as any assets of intrinsic value (e.g. antiques) will be recorded in the school's inventory. Full details (make, model, serial number, approximate value) shall be recorded.

The school secretary is responsible for keeping the inventory up to date by adding new items when they are received into school.

Items up to a value of £100 may be sold or written out of the inventory on the authority of the Head. Over this limit, the Governing Body must authorise and details recorded in the minutes. Reasons must be recorded in the inventory, together with the Head's signature (up to £100) or the Governors' minute reference (£100 and over). An official receipt for sales income must be issued to the purchaser.

The inventory shall be checked against the actual assets by the Head on an annual basis. Any discrepancies shall be investigated immediately, and if necessary the Governors, Police and the authority's auditors shall be informed. The check shall be evidenced by the checker signing and dating the inventory.

Any inventory items taken off-site by members of staff must be recorded in a register. The date borrowed, and the signature of the borrower, must be recorded. On the return of the item, the date of the return will be recorded.

## 5. INCOME

### 5.1 Credit Income

(i.e where payment for goods / services provided by the school is made after the provision takes place).

An official invoice must be raised by the Finance Officer in all cases and sent to the debtor as soon as possible after the provision of the goods / service, and no later than one week after the provision.

A file of copy invoices will be maintained by the Finance Officer; this will be arranged into 'paid' and 'unpaid' invoices. The copies of unpaid invoices will act as a control record for the sending of reminders and the chasing of unpaid debts.

Reminders will be sent after the following periods if the debt remains outstanding:-

1<sup>st</sup> reminder - 28 days  
2<sup>nd</sup> reminder - 56 days

If after 84 days the debt remains unpaid, consideration will be given by the Head and / or Governors to writing the debt off in accordance with the following limits:-

- |                 |   |
|-----------------|---|
| • Up to £50     | Head may authorise write-off.               |
| • Up to £100    | Chair of Governors may authorise write-off. |
| • £100 and over | Governing Body may authorise write-off.     |

In each case, the possibility of taking legal action to recover the debt must be considered by Head, Chair, and Governors as appropriate.

As well as sending formal reminders, efforts must be made by the school to contact the debtor in order to secure recovery of the debt. If payment has not been received after 28 days of raising the invoice, no further goods or services must be provided until the outstanding debt is settled.

When an invoice is paid, details of the payment must be written on the copy invoice, and this transferred to the 'paid' section of the file. An official receipt should be issued to the debtor and the receipt number written on the copy invoice; a duplicate copy of the receipt must be retained at school.

## 5.2 Cash Income

(i.e. where payment is received at the time goods / services are provided).

An official receipt must be issued to the payer at the time the payment takes place, and a duplicate copy retained at the school where it is deemed necessary in appropriate circumstances.

## 5.3 Banking

All income received (cash or cheque) must be banked promptly and intact. No payments may be made out of income collected. A record to evidence the banking must be kept (e.g. stamped paying-in-slip).

## 5.4 Charging Policy

The full Governing Body will set a charging policy.  
The charging policy will be reviewed annually by the Resources Committee.  
Charges levied by the school will be in line with this policy.

## 5.5 Hirings and Lettings Policy

The full Governing Body will set a Lettings Policy to cover the hiring out of the school premises, including the IT suite and equipment, for educational or diocesan purposes.

The lettings policy will be reviewed annually by the Resources Committee. Charges levied by the school will be in line with this policy.



## 5.6 Donations

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact.

## 5.7 Official Capitation and School Fund Income

All income used to offset expenditure incurred on the capitation budget (e.g. lettings, photocopying, telephone calls, sales of work) must be paid into the official County Fund and coded to an appropriate income code. Monies received from any sales of school equipment must similarly be paid into the County Fund.

Donations may be paid into the County Fund or the School Fund dependent upon the wishes of the donor which must be ascertained beforehand.

## 5.8 Security of Receipt Books and Tickets

All unused receipts and tickets to be used to acknowledge receipt of income must be held securely in the school office.

# 6. **Purchasing**

## 6.1 Ordering

School procedures for purchasing should ensure that purchases are as required and are for bona-fide purposes.

All orders should be processed by the Finance Officer after approval by the Head has been sought and given. The official order produced from the computer system must be signed by the Head before it is sent to the supplier. If an order has been placed over the telephone an official confirmatory order must be sent.

Official orders must not be used to produce goods for private purposes.

Official order stationery must be held in a secure location.

Copies of all official orders placed must be retained on file at the school by the Finance Officer.

When placing orders, it is the responsibility of the initiator to ensure that Gloucestershire County Council Financial Regulations and Standing Orders are adhered to, these being:-

## 6.2 Quotations / Tenders

Financial Regulations – for orders for goods / services under £15,000:

- £2,500 - £5,000 where possible at least three prices to be examined and retained, these prices may be taken from suppliers' written or verbal quotations or catalogues / price lists.
- £5,001 - £15,000 where possible independent written evidence of at least three prices should be obtained and retained.

Independent written evidence means quotations provided on suppliers' headed notepaper.

Tenders should be invited for orders for goods / services over £15,000 in one of three ways, and in accordance with specific Standing Orders.

- From at least three contractors included on a standing list – SO49; or where no standing list exists.
- From at least three appropriate contractors – SO.50, or
- By open competition by advertisement in local newspaper or appropriate journal – SO.51.

## 6.3 Governor Involvement

As well as ensuring that the above have been adhered to, it is the responsibility of the Head to ensure that the Chair of the Resources Committee is consulted in the following circumstances:

On purchasing decisions when the estimated cost of one item exceeds £500.

Review of quotations obtained where estimated costs exceed £2,500.

Review of quotations when the lowest quote is not the most suitable.

## 6.4 Receipt of Goods

Once items ordered have been received, the school secretary must ensure that items delivered correspond to details contained in the delivery note. Upon examination of goods the school secretary must ensure that both quality and quantity are appropriate.

## 6.5 Invoice Check and Authorisation

Invoices received must be checked to both copy orders and delivery notes to ensure that invoices relate to goods ordered and delivered. Invoices should also be checked for arithmetical correctness. All invoices must be certified for payment by the Head before being passed for payment.

Invoices passed for payment must be recorded promptly in the school's accounting system by the Finance Officer.

## 6.6 Petty Cash

Day to day operation of the petty cash account is the responsibility of the secretary.

All petty cash expenditure, and reimbursement income, must be promptly recorded in the petty cash record.

Reimbursement must be claimed monthly or when one-half of the imprest advance has been used. The Head must certify the reimbursement claim.

Each time a reimbursement claim is submitted, the school secretary must complete a reconciliation ensuring that cash expended, plus cash in hand or at bank, plus stamps held, equals the amount of the advance.

All members of staff who wish to purchase items from the petty cash account must obtain prior approval from the Head. (Vouchers, receipts, paid invoices etc) to evidence the payment must be presented to the school secretary by members of staff when reclaiming cash from the account. These vouchers must be retained by the school secretary and returned with the reimbursement claim.

In normal circumstances individual purchases from petty cash must not exceed £50. Such payments should be for emergencies only and should not simply result from a lack of planning.

All cash and cheque books held must be retained securely.

## 6.7 Use of Consortium, and Term Contractors (Maintenance Work)

If the Consortium is used for any purchases, or if the LEA approved Term Contractors are used for maintenance work, then the school need not seek competitive quotations to comply with Financial Regulations. However, if for purchases up to £1,000, the Head wishes to obtain quotes in competition with the Consortium/Term Contractors, then this may be effected. Above £2,500 Governors may decide to seek such competitive prices (see 6.2 above).

## 7. **Register of Pecuniary and Other Interests**

The school shall maintain such a Register.

### 7.1 Persons to be included:-

1. All Governors
2. Head
3. All senior staff

### 7.2 Interests to be Recorded

The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school.

Examples of such improper influence might be:-

- To purchase goods or materials from a company in which a Governor / senior member of staff has a financial interest without going through the correct procedures re obtaining competitive prices;
- Promoting a member of staff who has a close personal relationship (spouse, partner, son, daughter etc) with Governor / senior member of staff, without going through correct procedures regarding recruitment and selection.

There can never be a definitive, comprehensive list of the interests, which should be recorded, but the following is intended to give some guidance:

- having a financial, or other, interest in an organisation which could feasibly be in a position to supply goods/services to the school e.g.
  - building contractors
  - plumbing contractors
  - electrical contractors
  - audio/visual goods suppliers (e.g T.V.s, video recorders, hi-fi etc)
  - repair maintenance of equipment (electrical and other)
  - suppliers of computer hardware and software
  - suppliers of stationery
  - suppliers of educational equipment (e.g. P.E equipment)
  - suppliers of furniture, fittings, carpets, curtains etc
  - decorating contractors
  - catering contractors
  - suppliers of provisions
  - suppliers of clothing
  - suppliers of building materials
  - suppliers of catering equipment
  - suppliers of fuel
  - suppliers of vehicles
  - suppliers of books
  - grounds maintenance contractors
  - gardening contractors
  - suppliers of grounds/garden maintenance equipment
  - suppliers of plants, trees, seeds etc
  - suppliers of heating equipment
  - suppliers of lighting equipment
  - suppliers of musical instruments
  - suppliers of insurance
  - consultants (e.g. legal, financial, training, property)
  - suppliers of security services and supplies
  - Suppliers of art materials
  - Suppliers of telecommunications equipment
  - Suppliers of photographic equipment
  - Transport contractors (e.g coaches, taxis etc)
  - Holiday / travel operators
  - Suppliers of supply teaching cover
  - Suppliers of peripatetic teaching
  - Suppliers of banking services
  - Suppliers of workshops etc (e.g drama, music)

The interest in the above, 'supplying organisations' may, for example be:-

- As a director
- As an employee
- As a major shareholder
- As a major investor
- As a major debtor / creditor
- Having a close personal relationship (spouse, partner, son, daughter, parent, etc) with a person in the above categories.

Being in a position to potentially influence decisions made about the school, eg as:-

- Member of local council (County Council, District Council, Parish Council)
- Officer of Local Education Authority in a senior capacity
- Member of Parliament
- OFSTED Inspector
- Officer of local council (District Council, Parish Council) in a senior capacity
- Having a close personal relationship (as described above) with any person falling into the above categories.
- Having a close personal relationship with a Governor or member of staff (employed on a full-time, part-time, permanent, or temporary basis).

Reviewed September 2021