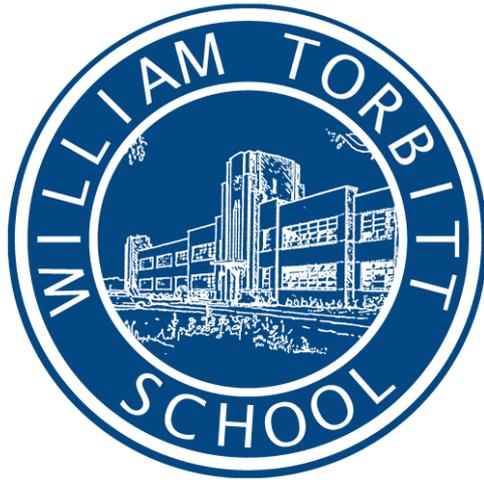


William Torbitt Primary School



Finance Policy

Policy reviewed and ratified: November 2019
Policy written by: Clare Pike and Claire Higbee

Budgets

Budget construction

The Executive Headteacher is responsible for the detailed preparation of an annual school budget which addresses the strategic aims and targets established by the Governing Body. In constructing the budget, the Executive Headteacher must take account of priorities identified in the School Development / Improvement Plan, incorporating specific costs as detailed in the plan. In producing the budget, the Executive Headteacher should consult with other members of staff as appropriate to ascertain detailed requirements and cost pressures for the coming the year.

The Finance Committee should meet in the Autumn term to consider a broad budget strategy. In order to determine appropriate expenditure levels, the committee should consider the overall level of income expected from local authority budget, grants and school generated income, together with any anticipated balance to be carried forward into the following financial year.

Detailed formulation of the budget should take place in Spring term, and the Finance Committee should approve the detailed budget plan following receipt of the final local authority budget allocation issued in mid to late March. The full Governing Body must subsequently approve the full budget, and minute this approval. The approved Governors Budget Plan spreadsheet template must then be submitted to the Schools Finance Team, along with a signed statement by the Chair of Governors, by the required mid-May deadline.

Total budgeted expenditure should not exceed the total anticipated in-year income plus or minus any balance brought forward from the previous year. If it appears that a deficit position cannot be avoided, the Executive Headteacher and Chair of Governors must inform the Schools Finance Team immediately as the local authority must approve a Deficit Repayment Agreement (DRA) involving an appropriate recovery plan.

In constructing the detailed budget, factors for consideration include:-

- current and previous year's expenditure levels on individual budget Executive Headteacherings
- staff pay awards and increments, and known changes
- anticipated price inflation
- changes in the supply of services and contracts (traded services, utilities etc.).
- changing School Development Plan priorities
- any anticipated changes in pupil numbers
- the resulting impact on staffing structures

Budgetary control and monitoring

The Executive Headteacher is responsible for regular, detailed control of the school budget and this role will require appropriate monthly reports from the school's accounting system. The Executive Headteacher may assign budgetary control of individual budgets to other members of staff, however the Executive Headteacher remains ultimately accountable to the Governing Body for these budgets. Financial reports to the Executive Headteacher and other budget holders, where applicable, should include the following information for each agreed budget Executive Headteaching:-

- total budget for year
- total expenditure and commitments to date
- projected variance

At the commencement of each year, the Executive Headteacher shall decide which staff will be responsible for each area (or sub area) of the budget, and shall notify to that member of staff the amount of the budget for the year.

Budget holders shall maintain adequate records to enable them to monitor their expenditure.

At least every term or when required the Finance Officer shall make available to each budget holder a print out the expenditure on their budget area to date, which the budget holder shall check against their own records.

Payroll expenditure data, as notified by local authority payroll prints, must be entered promptly on to the school's accounting system each month by the appropriate finance officer (i.e. finance administrator, bursar or business manager).

Other, non-pay expenditure, as notified by monthly on-line reports for central schools, must be reconciled promptly to the school's accounting system by the school finance officer.

Day to Day Financial Management

Virement Limits

It may be appropriate to action adjustments to the original budget (virements) during the year, for example as a result of additional income, new costs or changing national priorities etc. The Executive Headteacher should therefore be empowered to respond to changes to address variances by effecting virements between individual budgets Heads.

- The Executive Headteacher teacher (or the Headteacher in the absence of the Executive Headteacher teacher) is permitted to authorise virements between budgets up to a maximum of £5,000.
- The Finance Committee is permitted to authorise virements between budgets from £5,000 upwards.

Virements, once approved, must be promptly recorded in the school's accounting system to keep the approved budget up to date and the details of the budgets affected will be recorded in writing and authorised by the Executive Headteacher, and reported to the next meeting of the Governing Body.

The Executive Headteacher should present detailed budget monitoring statements to the Finance Committee on at least a termly basis. The Finance Committee should then consider and challenge these statements as necessary, with the Executive Headteacher providing explanations for any significant variances identified. The Chair of the Finance Committee should then report termly to the full Governing Body, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

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 Finance Committee.

Payroll

William Torbitt Primary School uses London Borough of Redbridge (LBR) payroll and HR services and should refer to LBR for general information and guidance.

Starters/variations/leavers

The relevant forms for the following are available from Executive Headteachers PA/school office:

- setting up new employees on the payroll (starters)
- effecting variations to pay
- taking existing employees off the payroll (leavers)

Forms should be completed by the appropriate officer and authorised by the Executive Headteacher, or, in their absence, the Headteacher on a timely basis. Completed forms should be sent to relevant pay and conditions contact as directed.

Claim Forms

For relevant staff, submitted claim forms must be checked initially by the appropriate officer, and then authorised by the Executive Headteacher, or in their absence, the Headteacher. Authorised time sheets must be submitted directly to the relevant pay and conditions team contact, and never handed back to the employee.

Checking of payroll data

Payroll data received monthly from LBR must be scrutinised by:

- the Executive Headteacher, to ensure all employees are recognised, and pay appears reasonable (no detailed check)
- the school finance officer, to check accuracy of salary and expense payments
- The school finance officer is responsible for checking the monthly GL reports and following up any discrepancies with the Schools Finance team or payroll at LBR.

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 LBR Financial Administration section should be contacted for advice.

Supply teachers and absence insurance

The Governing Body will decide, on the basis of advice from the Executive Headteacher, whether supply insurance cover shall be taken out, and the extent of the cover. The extent of the insurances for the school will be considered on an annual basis by the Governing Body if deemed necessary by the Executive Headteacher or Chair of Governors.

All claims submitted by supply teachers must be authorised (signed) by the Executive Headteacher, or in their absence, the Headteacher. Reimbursement claims must be submitted on a monthly basis by the school finance officer. The school finance officer must check on a monthly basis that correct amounts have been charged using the monthly expenditure printout.

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 IT Technician is responsible for keeping the inventory up to date by adding new items when they are received into school. Inventories shall cover all areas of the school, and be arranged on a room-by-room basis. A separate inventory will be maintained to include items which are not allocated to a specific room.

The inventory shall be checked against the actual assets by the Executive Headteacher 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.

All inventory items should be security marked:

- invisibly with an ultra-violet pen, and
- visibly with warning stickers.

Bad Debts/Disposal of Equipment

All bad debt write-offs and all disposals of equipment shall be in accordance with the following:

Disposals

- (i) The Executive Headteacher shall be authorised to dispose of surplus, damaged or scrap stock, materials or equipment on the best possible terms, where the estimated realisable value of the materials does not exceed £250. Where the estimated realisable value exceeds £250, the approval of the *Governing Body/Finance & Personnel Committee* shall be obtained. IT equipment must be disposed of in accordance with the schools IT policy.
- (ii) If the estimated realisable value of the materials is in excess of £50 but does not exceed £250, the proposed disposal shall be advertised on the staff notice board and staff will be invited to submit sealed bids for the items. IT equipment must be disposed of in accordance with the schools IT policy.
- (iii) If the estimated realisable value of the materials is in excess of £250, quotations shall be invited from at least two sources external to the school. Staff are not precluded from also submitting bids.
- (iv) Records of disposals shall be kept, together with details of bids.

Write Offs

- (i) The Executive Headteacher shall be authorised to write off any debt owing to the school up to a value of £150 for any one item, provided that s/he is satisfied that proper steps have been taken to mitigate the loss and prevent a recurrence. This may, for example, be in respect of school meals debts; lettings; damage to the school or contents; charges levied by the school (e.g. music tuition). Any debt in excess of this shall be written off by the *Governing Body/ FinanceCommittee*.
- (ii) Records of write offs shall be kept.

Off-site register

Any inventory items taken off-site by members of staff for official purposes 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 return will be recorded.

Income

Credit income

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 on a regular basis until the debt is settled.

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

- up to £500 - Executive Headteacher may authorise write-off
- £501 and over - Finance Sub-Committee may authorise write-off

In each case, the possibility of taking legal action to recover the debt must be considered by Executive Headteacher, 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.

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.

Banking Procedures

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).

The cheque signatories for the bank account are as follows: Executive Headteacher, Headteacher and Assistant Headteachers.

Each cheque shall be signed by two signatories; one of these must be the Executive Headteacher, in the absence of the Executive Headteacher all cheques must be signed by the Headteacher and one other. Cheques over £1000 must be signed by the Executive Headteacher.

Cheque payees will not act as a signatory for that cheque.

At the end of each month the Finance Officer will reconcile the bank account to the computerised accounting records. The Executive Headteacher will certify the bank reconciliation as correct, sign and initial every page of the bank statement.

Charging policy

The Finance Sub-Committee will set a charging policy to cover:-

- lettings
- school trips
- music tuition

The charging policy will be reviewed annually by the Finance Sub-Committee. Charges levied by the school will be in line with this policy.

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.

Cash received from pupils

Cash collected must be handed over to the Finance Officer frequently. The Finance Officer will retain it with the income record.

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.

Purchasing

Ordering

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

Orders should be processed by the appropriate Administrative Officer, after approval by Executive Headteacher has been sought and given. The official order produced must be signed by the budget holder and Executive Headteacher 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 procure goods for private purposes.

Official order forms are saved on the network drive.

Copies of all official orders placed must be retained on file by the school office team.

When placing orders it is the responsibility of the initiator to ensure that London Borough of Redbridge Financial Regulations and Standing Orders are adhered to.

Quotations/tenders

The school finance guide does not prescribe threshold levels for the value of goods and services above which the tender process should be used as this will vary from school to school. European Procurement Regulations require certain procedures to be followed with regard to contracts awarded by public bodies that exceed certain thresholds. The levels chosen can depend on a variety of factors such as the overall size of the school in financial terms or the nature of the purchase/supply. Different levels may for instance be appropriate for equipment or building work. It is not the role of the LA to prescribe threshold levels but to give guidance to the school. The school's financial advisers or LA will generally be pleased to advise the Governing Body on a tendering policy, e.g. the threshold value for tendering which provides a suitable degree of control without being administratively cumbersome.

This entails determining:

- the threshold value of goods and services above which a tender must be used
the minimum number of tenders required (this is normally five but will be dependent upon the nature of the purchase and the value involved)
- the levels of delegated authority in decision making
- when such authority and approval is necessary.

In accordance with LBR Financial Standing orders, three written quotations should be obtained where the estimate of expenditure for any item between £1,000 - £50,000. The school may also use an approved supplier (previously used by the school) in accordance with good standard industry practice.

Financial Regulations - for orders for goods/services under £50,000:

- £3,000 - £5,000 - 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 - £50,000 - independent written evidence of at least three prices should be obtained and retained.

Independent written evidence means quotations provided on suppliers' notepaper.

Standing Orders - for orders for goods/services over £50,000.

Tenders should be invited in one of two ways, and in accordance with specific Standing Orders.

- from at least three contractors included on a standing list;
- or where no standing list exists from at least three appropriate contractors

Governor involvement

As well as ensuring that the above have been adhered to, it is the responsibility of the Executive Headteacher to ensure the Finance Sub-Committee are consulted in the following circumstances:-

Review of quotations obtained where estimated costs or value of contract exceed £10,000.

Review of quotations when the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained. In such circumstances the Finance Sub-Committee should formally authorise a waiver of the regulations, either prior to the purchase or retrospectively, if necessary.

Receipt of goods

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

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 Executive Headteacher before being passed for payment (or in the Executive Headteacher's absence, the Headteacher).

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

Petty Cash

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

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

No reimbursement will be made without an appropriate receipt, unless prior authorisation has been given by the chair of Governors.

All members of staff who wish to purchase items from the petty cash account must obtain prior approval from the Executive Headteacher. Vouchers (receipts, paid invoices etc.) to evidence the payment must be presented to the Finance Officer by members of staff when reclaiming cash from the account. These vouchers must be retained by the Finance Officer and returned with the reimbursement claim (suitable for VAT purposes, if applicable) the form must state from which budget the item is to be paid from.

The petty cash imprest is £100.00, it is kept locked away in the safe

Personal cheques cannot be cashed.

Reimbursement must be claimed monthly or when one-half of the imprest advance has been used. The Executive Executive Headteacher (or Headteacher in the Executive Headteacher's absence) must certify the reimbursement claim.

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

In normal circumstances individual purchases from petty cash must not exceed £20. In exceptional circumstances payments up to £100 may be made, by cheque, with the express prior approval of the Executive Headteacher. 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 in the school safe.

Lettings

The School Business Manager shall be responsible for maintaining the lettings records, i.e. taking bookings, maintaining a lettings diary, and arranging with the school keeping staff for the school to be opened/locked up. Invoices will be raised in advance of the letting taking place. If the fee has not been received (bank cleared cheque) by the date of the letting, then it will be cancelled.

The School Business Manager will invoice the hirer for the use of the premises. Any follow up for non-payment will be undertaken by the School Business Manager, who will also check the lettings diary to ensure invoices have been raised for all lettings.

Refer to Lettings policy.

Procurement Card Policy

The Governing Body has agreed to the School having a procurement card to enable it to take advantage of purchasing items, usually over the internet, to further achieve best value for money.

Nominated card holders

An application has been made for 2 cards:

- 1 card in the name of Mr Ian Jeffery (Assistant Headteacher)
- 1 card in the name of Mrs Lisa Farrow (Assistant Headteacher).

The designated individuals have signed the card and a Declaration Form indicating its receipt. The card will not be shared with other staff.

Restrictions on use of cards

The card will be used solely for school business and not for personal use. Financial limits have been set at £200 for a single transaction and £4,000 for the two month expenditure limit, thus safeguarding both the School and the individual. The cards cannot be used without Mrs Pike (Executive Headteacher) having signed the order form associated with the purchase.

If either Mrs Lisa Farrow or Mr Ian Jeffery need to make a purchase above £200, this must be approved by Mrs Clare Pike. Should the purchase be above £2,000, it must be approved by the Chair of Governors. Transactions over this limit will have to be approved by the Governing Body prior to any transactions being processed or purchases made.

Card storage

The card will be stored as securely as possible when not in use and will never be left unattended. The card number and PIN will be stored in the safe and misuse of the card may result in disciplinary action, which will be dependent upon the nature of the breach of the policy.

Types of expenditure

The cardholder will only use the card to order goods/services that were stated as a business requirement at the initial application stage for the purchase card. Items purchased will include items previously purchased by purchase order/emergency purchases. The card will not be used to order contracted goods/services and will not be used to order goods/services where a purchase order can be used instead.

Process for spending on the cards

All purchases will require the following prior to being ordered:

An internal order requisition form signed by the relevant budget holder and 1 cheque signatory. (Executive Headteacher).

A printed copy of the goods from the website if ordering over the internet.

Recording transactions

The Finance Officer must complete a transaction log for each purchase and retain receipts and appropriate supporting documentation for all transactions. The Finance Officer will need to sign the Transaction Log to verify that goods/services have been received and checked or alternatively sign a delivery note and retain for record keeping purposes. The Executive Headteacher will verify and authorise the Finance Officer's transaction log. A copy of the log and supporting documentation will be presented at each Finance Sub-Committee.

Reconciliation of the accounts

The school records will be reconciled against the Procurement Card Statement and then signed by the Finance Officer and counter signed by the Office Manger on a monthly basis.

Any unknown card transactions or transactions that are in breach of this policy will be reported to the Executive Headteacher (or the chair of Governors if transaction relates to Executive Headteacher), documented and investigated accordingly. The reconciled accounts will be presented to the Finance Committee at least annually but bank statements and associated paperwork relating to the card transactions will be presented at each Finance Sub-Committee.

William Torbitt Primary School Procurement Card Declaration Form

I acknowledge receipt of procurement card number _____.

I accept that it is for school use only and will not be used for personal purchases.

I will ensure the procurement card, card number and PIN are kept secure at all times.

I confirm that I have read and understood the school Procurement Card Policy.

I understand that the procurement card cannot be used for the following:

Cash	Staff – temporary recruitment
Personal services	Financial services
Professional services	Restaurants and bars
Hotels and accommodation	

I will ensure that purchases made meet at least one of the following criteria:

Building services	Building materials
Estates and garden services	Utilities and non-automotive fuel
Telecommunication services	Catering and catering supplies
Cleaning services and supplies	Training and educational
Medical supplies and services	Mail order/Direct selling
Business clothing and footwear	Freight and storage
Clubs/Associations/Organisations	Statutory bodies
Office stationery, equipment and supplies	Computer equipment
Print and advertising	Books and periodicals
Mail and courier services	Miscellaneous industrial/commercial supplies
Vehicles, servicing and spares	Automotive fuel
Travel	Auto rental
General retail and wholesale	Leisure activities
Miscellaneous	

Name Print: _____ Signature: _____

Designation: _____ Date: _____

Register of Pecuniary and Other Interests

It is a requirement for all schools to maintain such a Register.

Persons to be included:-

1. All Governors
2. Executive Headteacher
3. All senior staff (e.g. Executive Headteacher, Headteacher, Assistant Headteacher, Heads of Departments, senior administrative staff e.g. School Business Leader, Office Manager, Finance Officer)

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 member of staff who has close personal relationship (spouse, partner, son, daughter etc.) with Governor/senior member of staff, without going through correct procedures re. 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, e.g. 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).

Whistleblowing

Where staff have concerns about malpractice or mis-management of funds proper procedures are followed and all staff are made aware of these. The school publication 'Whistleblowing' is on display in the staff room which gives the contact names and telephone numbers of those who have responsibility for finance and non-financial concerns.