

# North Denes Junior School

## Finance Policy

2016/17

### A GOVERNANCE

#### General

1. A list of all governors, their membership of committees and terms of reference thereof, is attached at Appendix A.
2. The governing body meets at least once a term.
3. Committees of the governing body meet at least twice a term
4. The governing body agrees, no later than by the end of term, the dates of meetings for at least the next term.

#### The Governors

5. The governing body approves the annual budget and the associated policies, eg charging policy, bad debt and redundant equipment policy.
6. The governing body is responsible for the overall direction of the school; it determines the school's spending priorities and evaluates the effectiveness of spending decisions.

#### The Headteacher

7. The governors delegate responsibility for the day-to-day management of the school to the headteacher.
8. The headteacher ensures compliance with the financial regulations in Norfolk's Scheme for Financing Schools.
9. The headteacher ensures that sound systems of internal control are in place.
10. The headteacher compiles draft budgets.
11. The headteacher monitors the budget monthly and supplies the finance committee with monitoring information.  
The information for the finance committee takes the form of Norfolk's budget proforma, includes committed expenditure and is accompanied by the headteacher's written commentary.

#### The Staff

12. Staff comply with financial regulations in Norfolk's Scheme for Financing Schools and any school specific requirements.
13. Staff are responsible for any budget whose management is delegated to them.

#### The Finance (Resources) Committee

14. Membership is determined by the governing body and reviewed annually in the

Summer term.

15. The finance committee is responsible for:

- agreeing draft budgets for the governing body's approval in time for submission to the LA by 1 May each year
- all financial appraisals
- forecasting numbers on roll and future budget shares
- monitoring and adjusting in-year expenditure
- ensuring accounts are properly closed and reviewing the outturn position
- evaluating the effectiveness of financial decisions
- administering voluntary funds

as set out in the terms of reference for the finance committee.

16. Any review of staffing agreed by the personnel committee is first referred to the finance committee who assesses the budgetary implications of the recommendations and advises the governing body accordingly.

#### Expenditure Limits

17. The inclusion of an item in the approved budget plan gives authority to spend, save that the headteacher seeks approval from the finance committee for any individual transaction in excess of £5,000

18. The headteacher authorises virements up to £1,000. Above this amount finance committee approval is sought. All virements are minuted.

#### Orders

19. Quotations are obtained or tenders sought for purchases exceeding the limits set out in Norfolk's Scheme for Financing Schools.

#### Minutes

20. Minutes are taken which record the basis for any decisions made and clearly state the decisions themselves. Draft minutes are circulated to members of the committee within one week of its meeting and are agreed and signed at its next meeting. The minutes of all committees are reported to the governing body.

#### Register of Business Interests

21. The headteacher maintains a register of business interest for governors and for staff who influence financial decisions. The register is attached at Appendix B. (Ref: 1B)

### **B FINANCIAL PLANNING**

1. The school development plan includes a statement of its educational priorities to guide the planning process. The school development plan states the priorities in sufficient detail to provide the basis for constructing budget plans.
2. There is a clear, identifiable link between the school's annual budget and the school

development plan.

3. For each of the key issues in the school development plan, costs and other inputs are identified and budgets prepared.
4. The school development plan is reviewed in the autumn term to ensure that educational priorities are stated for the next three years and shows how the use of resources is linked to achieving the goals.
5. The school budget is revised after the review of the development plan and resources identified within the budget to deliver the plan's priorities.
6. The school budget is maintained for the current financial year and at least one further year.
7. The budget is based on realistic estimates of all income and expenditure so that planned expenditure does not differ materially from the agreed budget.
8. The budget and cash flow forecast are profiled in accordance with likely spending patterns.
9. In the event of a budget surplus this is earmarked for a future specified use.
10. A record is maintained of all ongoing commitments with explanations of any significant year-on-year changes.
11. All new initiatives are appraised by the finance committee in relation to their costs, benefits and sustainability.
12. The main elements of the budget are fundamentally reviewed within a five year cycle. Benchmarking information helps to identify priorities.
13. The budget cycle is as follows:

#### Spring Term

- If necessary, the headteacher prepares a revised budget for the current year for the finance committee to consider at its meeting in the first half of the term.
- The budget revision, once approved by the finance committee, is taken to the next meeting of the governing body for governor approval.
- The approved budget revision is sent to the LA by 28 February.
- A draft budget plan for the coming financial year, and at least one further year, is prepared by the headteacher and taken to the finance committee meeting in the second half of the spring term. This will form the basis of the committee's recommendation to the governing body.
- The full governing body meeting is arranged to take place after the meeting of the finance committee. The governing body will carefully consider the budget plan and a report from the finance committee before approving the school's budget plan.
- The headteacher submits the approved budget plan to the LA by 1 May each year.

#### Summer Term

- The headteacher prepares a revised budget for the finance committee to consider. The revision takes account of the actual balance in hand or overspending for the previous financial year.
- The budget revision, once approved by the finance committee, is taken to the next meeting of the governing body for governor approval.
- The approved budget revision is sent to the LA by the end of the summer

term.

### Autumn Term

- The headteacher prepares a revised budget for the finance committee to consider. The revision takes account of any changes to the school development plan, staffing adjustments and changes to the number of pupils on roll.
- The budget revision, once approved by the finance committee, is taken to the next meeting of the governing body for governor approval.
- The approved budget revision is sent to the LA by the end of the autumn term.

## **C BUDGET MONITORING**

1. The headteacher produces monthly monitoring reports, which include committed expenditure.
2. The finance committee receives the monitoring report at each meeting together with the headteacher's written report thereon. The report takes the form of Norfolk's budget proforma.
3. The headteacher identifies and recommends to the finance committee appropriate remedial action for budget variances.
4. The headteacher recommends to the finance committee how to vire any in-year underspends in excess of £1,000 (The headteacher is authorised to vire amounts up to £1,000)
5. The headteacher monitors expenditure on initiatives in the school development plan.
6. Holders of devolved departmental budgets are supplied with monthly monitoring reports. The headteacher monitors devolved budgets and agrees remedial action plans where necessary.
7. The headteacher produces monthly cash flow forecasts to ensure the school does not go overdrawn.

## **D PURCHASING**

1. All orders comply with the LA's Standing Orders for Contracts as published in Norfolk's Scheme for Financing Schools.
2. The school demonstrates value for money through competitive tendering when appropriate or by using ESPO or other approved purchasing arrangements.
3. Prior approval of the governors is obtained for any expenditure in excess of £5,000. Orders are not artificially split to evade this limit.
4. The school will not enter into any "finance lease" and will ensure that any lease entered into is an "operating lease".
5. Three written quotations are obtained for any order whose value is estimated between £5,000 and £20,000.
6. If a quotation other than the lowest is accepted it is reported to governors and the reasons minuted.
7. Contract specifications will contain the following:
  - contract duration

- definitions
  - contract objectives
  - services to be provided
  - service quantity
  - service quality standards
  - contract value and payment arrangements
  - information and monitoring requirements
  - procedure for disputes
  - review and evaluation requirements
8. The official pre-numbered orders are used for all services except utilities, rent, rates, petty cash and any payments due under a loan/lease agreement. Any urgent verbal order is confirmed by a written order.
  9. Individuals will not use official orders to obtain goods or services for themselves.
  10. All orders are signed by an authorised signatory and the finance office maintains an up-to-date list of signatories. This is attached at Appendix C.
  11. The signatory will be satisfied that the goods or services are appropriate and necessary, that competitive tenders have been obtained where necessary and that there is sufficient budgetary provision.
  12. Each order placed is entered in the school's financial system as a commitment.
  13. The school checks goods received against the delivery note and the delivery note is checked against the invoice. The invoice is also checked against the order. Evidence of this is provided by the use of rubber stamps approved by Norfolk Audit Services. The other checks indicated on the stamps are also carried out. These checks are not done by the person who signed the order.
  14. Payment is made within the agreed time limits after certification by an approved signatory.
  15. An invoice is not authorised for payment by the person who signed the order nor by the person who checked receipt of goods/services. Payment is only made against the original supplier's invoice and not on a statement.

#### **E FINANCIAL CONTROLS**

1. A written description of all the school's financial systems and procedures is maintained. These are kept up to date and all appropriate staff trained in their use.
2. The headteacher has secured contingency arrangements to ensure that financial control can be maintained in the absence of key staff. These arrangements are
  - Limited training of staff to operate dinner money data base
  - Use of LA finance support staff to provide essential finance cover
3. The headteacher has due regard to separation of duties in organising financial duties. At least two people are involved in the completion of tasks and the work of one acts as a check on the work of the other.
4. The school maintains proper accounting records. All transactions can be traced from accounting records to prime vouchers and all prime vouchers are traceable in the accounting records. The use of correcting fluid is not allowed. Any alterations to original documents are clearly made in ink and initialled to identify the person making

the alteration.

5. Documents relating to financial transactions are retained in line with the LA's recommendations, as outlined in Appendix D. (Ref: 4A)
6. All records are securely stored and access allowed only to authorised staff, ie  
  
Headteacher, Schools Finance Officer, Budget signatories
7. Where there is a requirement to account separately for earmarked funding the headteacher ensures this is done and that money is spent on its intended purpose.

#### **F INCOME**

1. The full governing body approves the school's charging policy and reviews it annually. The charging policy is attached at Appendix E. (Ref: 9A)
2. Proper records of all income due are kept. Lettings are approved by the headteacher in accordance with the governors' policy and recorded in the lettings register. The lettings policy is attached at Appendix F. (Ref: 9C)
3. The responsibility of identifying and recording sums due is separated from the responsibility for collecting and banking income.
4. Official pre-numbered receipts are given for all cash collected over the sum of £30.00 except where a collection record card is issued to a pupil for instalment payment for a school trip. Other formal documentation is kept for other income. Receipts are kept securely and in order.
5. Pending banking, cash and cheques are locked away.
6. Income is banked promptly and in full. Paying-in slips show the analysis between cash and cheques and cheques are individually listed. Income is not used for making any payment or for cashing personal cheques.
7. Income recorded in the accounts is reconciled monthly with the bank statement.
8. Where invoices are required, they are issued within 30 days.
9. The school sends a first reminder for any unpaid invoice after 3 weeks, a second reminder after 6 weeks and a final reminder after 9 weeks. Legal action is considered if a further 14 days lapse. Debts are written off only in accordance with the school's bad debt policy (see Appendix G). (Ref: 9B)
10. Any cash transfers between staff are recorded and signed for.

#### **G BANKING**

For official funds, the school banks with Barclays Bank. The bank account name is North Denes Primary School and the bank account number is 60774257.

1. Bank reconciliations are completed monthly and any discrepancies resolved.
2. The reconciliation statement is signed by the person undertaking the reconciliation and reviewed and countersigned by someone who understands the reconciliation process.
3. The person completing the reconciliation is not responsible for processing receipts and payments.
4. Staff never use their private bank accounts for any receipt or payment due to or from the school budget.
5. The school's banker has been advised that the school is not allowed to go overdrawn

or negotiate overdraft facilities.

6. The school is not allowed to enter any loan agreement except with the LA. (This does not apply to loans pre-existing at 1 April, 1999).
7. Each cheque is signed by two authorised signatories and supporting vouchers are made available to each signatory to safeguard against inappropriate expenditure. Cheques are not pre-signed. Only manuscript signatures are allowed.
8. All cheques are crossed 'account payee'. Cheque books are stored securely when not in use.
9. The school will keep up to £5,000 in the school safe.

#### **H PAYROLL**

1. Personnel procedures, including appointments, promotions and terminations are supervised by the personnel committee.
2. The headteacher ensures that the duties of authorising any variations to the payroll are separated from the processing of claims.
3. The headteacher ensures that at least two people are involved in completing, checking and authorising any variations to payroll, whether temporary or permanent, and the payment of expenses.
4. Names and specimen signatures of authorised signatories have been sent to the payroll provider who will be promptly notified of any changes.
5. Only authorised staff are allowed access to personnel records, ie

The School Secretary

The Headteacher

The Performance Management team leaders for those members of staff in their team

6. Arrangements have been made for staff to access their own records. These are to request access with the Headteacher who will make their records available.
7. Payroll transactions are processed only through the payroll system; this includes the payment of all expenses and benefits.
8. The headteacher maintains an up-to-date list of teachers and other staff employed at the school. This is held by the school secretary and is amended, as necessary, on a monthly basis.
9. The monthly reports on payroll transactions are checked against the schools' budget working papers to ensure they match.

#### **I PETTY CASH**

1. The school does not have petty cash.
2. Cash is held securely and access to it is restricted to authorised staff, ie

School Secretary, Headteacher

3. Payments from petty cash are limited to minor items, up to £25 in value. (N/A)
4. Payments from petty cash are approved by an authorised officer; they are supported by appropriate vouchers (including VAT invoice/receipt where necessary) and acknowledged by the recipient's signature. (N/A)
5. Proper records are kept of payments into or out of the funds.
6. The petty cash fund is reconciled with the accounting records on a monthly basis. (N/A)
7. The reconciliation is reviewed and countersigned by a member of staff not involved in administering the fund.
8. Personal cheques are not cashed from petty cash.

#### **J TAX**

1. The headteacher ensures that all relevant staff are aware of relevant provisions concerning VAT, tax and the Construction Industry Scheme (CIS) as the LA will pass back to the school any penalties imposed on it arising from an error by the school.
2. Proper VAT invoices are obtained for all transactions involving VAT.
3. The LA's VAT manual for schools gives details of accounting for VAT and is adhered to by the school.
4. All payments falling within CIS are made in accordance with the LA's agreed procedure.

#### **K VOLUNTARY FUNDS**

For voluntary funds, the school banks with Lloyds TSB. The bank account name is North Denes School Fund and the bank account number is 23273160.

1. The School Fund Account is accounted for separately from the school's delegated budget and is held in a separate bank account.
2. The fund has not been registered with the Charity Commission.
3. The governors have appointed a treasurer. The treasurer is the school secretary.
4. The governors have not appointed an independent auditor who is not a member of the governing body. The school will continue to use NCS to audit the school fund until there are no outstanding audit issues.
5. The same standards that apply to the school's delegated budget apply to the school fund except that it is kept on a receipts and payments basis rather than an income and expenditure basis.
6. Only income unconnected with the delegated budget is credited to the fund. Any income properly belonging to the school's delegated budget is credited to the delegated budget.
7. The headteacher presents the audited accounts together with the auditor's certificate and written report on the accounts to the governors as soon as possible after the end of the accounting year. They are presented to the governing body at their Autumn term meeting.
8. The headteacher sends a copy of the audited accounts and auditor's certificate to the LA as soon as the governors accept them.
9. Each school fund cheque is signed by two authorised officers. The authorised



officers are Debra Whiting, Rob Shipton, Craig Honey, Juliet Fearn

10. Where no material income has been collected, it should be banked at least weekly. (See [section 9.3.3](#))
11. All income will be receipted, unless it is below the agreed minimum. (See [section 9.2.1](#))
12. Bank reconciliations are carried out at least termly, but larger schools should do this monthly.

#### **L ASSETS**

1. The headteacher ensures that stocks are maintained at reasonable levels and are checked physically at least once a year.
2. An up-to-date inventory is maintained of all items of equipment. Those that are portable, valuable and desirable are identified as school property with security marking.
3. The inventory is checked at least once a year, in the Spring Term. The inventory is signed as evidence of the check having been undertaken. All discrepancies are investigated and any resulting in a loss of £100 or more will be reported to the governors. Any loss exceeding £500 will be referred to the Head of Children's Services (Finance & ICT).
4. Whenever school property is taken off site, e.g. musical instruments/computers, they are signed for and the register noted accordingly. The register is held in the school office
5. The governors have approved a policy in relation to redundant equipment (see Appendix H). (Ref: 6A)
6. The safe is kept locked and the keys removed and held elsewhere.
7. The school's asset management plan is supervised by the governors' resources committee.

#### **M INSURANCE**

1. The school reviews all risks annually to ensure that the cover available and the sums insured are adequate. Advice is available from NCC's Risk and Insurance Manager.
2. The governors consider whether to insure against any uncovered risks.
3. The school will notify the LA/its insurers of any new risks or any other alterations affecting existing insurance.
4. The school will not give any indemnity to a third party.
5. The school will immediately advise the LA/its insurers of any accident, loss or other incident which may give rise to an insurance claim.
6. Insurance will cover the use of school property when off the premises, e.g. musical instruments/computers.

#### **N DATA SECURITY**

1. Computer systems used for school management are protected by password security. Passwords are changed monthly and more frequently in the event of staff changes.
2. All data is backed up daily and the back-ups stored in a secure fireproof location, preferably off site.
3. The Headteacher has established a contingency plan for recovery from an emergency, i.e. back up finance on school server, MI on SIMS, use of LA finance support.
4. Only authorised software is installed on any school computer to safeguard against computer viruses.
5. The governors ensure that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998, and that the school's use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with the legislation.