



Scalford C of E Primary School

Finance Regulations and Finance Policy 2017

'In the heart of your community, a good school'

Headteacher Signature: M Waring

Date: 24th January 2017

Approved By Governors:

Chair of Governors Signature:

Mr A Cox

Date: 31st January 2017

To be reviewed: January 2019

1. INTRODUCTION

- 1.1. These financial regulations shall govern the financial arrangements relating to all of Salford School's finances and accounts and were approved by the full Governing Body 2017.

2. DELEGATED AUTHORITY

- 2.1 Under Leicestershire's Scheme for Financing Schools, the Governing Body is responsible for the control of expenditure and income in accordance with the delegation of budgets and assisting Leicestershire Council in the discharge of its statutory duties.

- 2.2 The Governing Body has in turn delegated the governors' financial responsibilities to the Finance Committee comprising:

Headteacher (or Consultant Headteacher/Acting Headteacher), Bursar,
Chair of Governors plus 2 other members of the Governing Body.

- 2.3 The Headteacher shall be responsible for implementing agreed policies and maintaining day to day control of the school finances and accounts.

- 2.4 The School Administrative Officer/Bursar shall assist the Headteacher in the discharge of financial responsibilities.

- 2.5. The following staff are designated as authorisers of

(i) Salaries Documentation:

Headteacher (or Consultant Headteacher/Acting Headteacher)
Or Senior Teacher if the Head is unavailable

(ii) Cheques

Chair of Governors
Headteacher (or Consultant Headteacher/Acting Headteacher)
Senior Teacher
Bursar
(Any two to sign)

(iii) Orders

Headteacher (or Consultant Headteacher/Acting Headteacher)
Senior Teacher
Chair of Governors (if value over £5000)

- 2.5 However, the Governing Body will remain accountable when governors' financial responsibilities are delegated.

3. REVENUE BUDGET PREPARATION

- 3.1 The school's budget timetable for the next financial year shall be as follows:

Autumn Term

- Identify commitments and new plans; agree priorities
- Agree staffing requirements
- Cost first draft of the budget, with the plan covering at least the next three years, and submit to governing body

Spring Term

- Outline the budget plan, to be ready by the 31st March
- Adjust the budget to take account of the budget share notified by Leicestershire LA
- Submit to Governing Body for final approval
- Submit final approved budget plan to the LA's Schools Finance Team by the 31st May

- 3.2 The Finance Committee shall decide on the order of priorities from the School Development Plan.
- 3.3 The Headteacher (or Consultant Headteacher/Acting Headteacher) and Bursar shall prepare the detailed costings and submit them for approval to the Finance Committee.
- 3.4 All plans and budgets should be regularly reviewed during the year and all significant changes will require the approval of the Finance Committee.
- 3.5 The Headteacher (or Consultant Headteacher/Acting Headteacher) shall inform the Local Authority of the school's revenue budget. This information should be supplied by the beginning of the financial year and updated for changes as necessary. If the school's revenue spend falls outside the its budget plan submitted to the LA, corrective action must be taken were possible and the Headteache r(or Consultant Headteacher/Acting Headteacher) will formally make the LA aware of the school's financial position as soon as practicable.

4. REVENUE BUDGET CONTROL

- 4.1 The Governing Body shall decide how to use the budgets within the cash limit allocated. The Headteacher (or Consultant Headteacher/Acting Headteacher) and Bursar will be responsible for the control of spending against budgets. A commitment accounting system is in place to monitor current commitments and liabilities.
- 4.2 As far as possible a budget monitoring report should be prepared monthly for the Headteacher (or Consultant Headteacher/Acting Headteacher) and this report should be forwarded to the LA on a termly basis. A bank reconciliation and VAT analysis should be prepared as soon as the bank statements have been received (at least on a monthly basis) and forwarded to the LEA as part of the monthly BA expenditure return. These returns should be prepared by the School Administrative Officer and certified by the Headteacher(or Consultant Headteacher/Acting Headteacher).
- 4.3 The Headteacher (or Consultant Headteacher/Acting Headteacher) shall prepare a termly review of the budgets and submit them to the Governing Body for consideration.
- 4.4 Budget holders will receive a monthly SIMS financial transaction report

5. VIREMENTS

- 5.1 Substantial virements shall be approved and minuted by the Governing Body and should be within the agreed criteria and financial limits.
- 5.2 The Headteacher (or Consultant Headteacher/Acting Headteacher) is given delegated power to vire from one budget to another and shall seek approval from the Governing body retrospectively.
- 5.3 All virements exceeding £5,000 or 2% of the budget shall require prior approval from the Governing Body.

6. AUTHORITY TO INCUR EXPENDITURE

- 6.1 The Headteacher (or Consultant Headteacher/Acting Headteacher) is given delegated power to incur expenditure up to £5,000 on any single item or issue within the financial year.
- 6.2 All expenditure exceeding £5,000 shall require the prior approval of the Governing body.
- 6.3 All expenditure must be authorised by the designated staff.
- 6.4 Payment of invoices should be made through the school local payments system and from the school bank account.
- 6.5 All central charges/recharges above £1,000 to the school budgets by Leicestershire LA must be authorised by the Headteacher (or Consultant Headteacher/Acting Headteacher).
- 6.6 The Governing Body may borrow money only with the written permission from the LA and the Secretary of State (i.e. external loans or bank overdrafts). The Governing Body needs to seek the LA (Education Finance) permission to enter into any arrangement, which commits the school to payments over a period of more than twelve months that exceed £12,000. The school will look at ESPO leases where available, or seek comparable quotes from the Resources Department (Investments Section). Borrowing will include:
 - Finance Leases
 - Credit Arrangements
 - Hire Purchase

7. LOCAL PAYMENTS SYSTEMS

- 7.1 The School Administrative Officer shall be responsible for making all payments on behalf of the school.
- 7.2 All invoices passed for payment must be properly certified and evidenced by the relevant designated staff – payments shall be made on original invoices only.
- 7.3 Before certifying an invoice for payment, designated staff must be satisfied that for the goods and services delivered:
 - An official purchase order has been raised for the purchase
 - That the delivery note has been checked
 - That it is of correct quantity, quality and price
 - That it has not been previously paid
 - That funds are available in the relevant budget
 - That the VAT chargeability on qualifying expenditure is shown
- 7.4 The Headteacher (or Consultant Headteacher/Acting Headteacher) should carry out selective invoice checking termly to ensure that all sums which the designated staff have certified for payment were legally and properly payable.
- 7.5 The Governing Body is permitted to use their budget share to meet the cost of capital expenditure on the school premises. If the expected capital expenditure from the budget share exceeds £15,000 within one year, the Governing Body will notify the Local Authority and take advice from the Chief Officer on proposed expenditure.

8. ORDERS FOR GOODS AND SERVICES

- 8.1 Staff may order goods and services from whatever reputable source they see fit; but will be expected to take into account quality and value for money.
- 8.2 An official order must be made in writing on the school's official order form for all expenditure on goods and services initiated by the school.
- 8.3 Orders must be completed in accordance with the following procedures:
 - Authorised by designated staff only
 - Show estimated prices on the order form
 - Sent to the supplier through the School Administration Officer
 - If placed by telephone, written copy of order with estimated prices must be given to the School Administrative Officer.
 - Telephone orders should be followed up by a confirmation order by the next working day if possible
- 8.4 Copies of all orders should be retained in file 'Copies of Official Orders ' until delivery and payment.
- 8.5 On receipt of authorised invoice, Official Orders and Delivery Notes should be attached to invoice and filed in the 'Unpaid File'. Once payment has been made, this should be moved to the 'Paid File'.
- 8.6 All purchases must have the prior approval of the Headteacher (or Consultant Headteacher/Acting Headteacher) .
- 8.7 Where ESPO is used for procurement of goods and services it is not necessary to seek alternative tenders.
- 8.8 Three written quotes should normally be obtained for all goods and services in excess of £6,000, unless no other equivalent goods or services are available, or where Governors have previously committed themselves to a particular service/supplier, brand/type of goods.
- 8.9 For building works expected to cost in excess of £10,000, three tenders will normally be obtained
- 8.10 Where tenders have been obtained a tender form will be completed showing those invited to tender, those tendering, the successful tender and the reasons for accepting the tender (in those circumstances where the cheapest tender is not accepted).
- 8.11 Under the Authority's Constitution, all purchases estimated to exceed £50,000 should be put out to formal tender. The Education Finance Service is able to give more advice to schools on tendering procedures where required. Any proposal not to put a contract of over £50,000 out to formal tender should be authorised by the Governing Body. (Advice should be sought from the Clerk to the Governors in relation to reporting requirements, to ensure commercial confidentiality.)
- 8.12 Schools entering into high-value contracts should also be aware of EC procurement regulations.

9. CASH ACCOUNTS

- 9.1 Small items of expenditure not exceeding £50 will be made from the petty cash account if one is in operation. If petty cash is not operated, expenditure will be reimbursed by school cheque.
- 9.2 The School Administration Officer shall ensure that all petty cash payments (if used) are properly recorded and authorised; and supported by receipts.

10. TRAVEL AND SUBSISTENCE

- 10.1 Payment shall be made in accordance with the National Scheme/school rate, as appropriate.
- 10.2 Car user allowances, both casual and essential, will be paid centrally through the private payroll provider who, in turn, will make a return to the Inland Revenue. (Home to office is taxable)
- 10.3 The School Administration Officer shall inform the Inland Revenue of casual car user allowances for home to base, which are paid locally, at the end of each month.

11. SALARIES, WAGES AND PENSIONS

- 11.1 The Governing Body is responsible for the salary and wages costs of all teaching and support staff employed to work at the school.
- 11.2 However, the contract of employment is between the employee and Leicestershire County Council (applies to Community Schools).
- 11.3 The School Administration Officer must ensure that the school provides the necessary information and returns to its chosen payroll provider to effectively administer the payroll and related staffing procedures.

12. CONTRACTS

- 12.1 The school will enter into contracts for the provision of goods, services, materials and work within the procedures laid down by Leicestershire County Council's Standing Orders, as amended for schools.

13. INCOME

- 13.1 Income should be collected in advance wherever possible to improve cashflow.
- 13.2 The School Administrative Officer must maintain records of all income received/due; acknowledge receipt of income; and bank all monies promptly and intact into the School's bank account.

Cash Recording

- i) Derived income is paid directly to the office by pupils. This is recorded and receipted by the office.
- ii) Where a member of staff receives money on behalf of a pupil this is taken directly to the office and recorded at source.
- iii) Receipting procedures will be the normal bulk recording, individual receipts need not be given to teachers due to impracticability.

13.3 The Governing Body has delegated powers to write off debts up to £250. In the case of larger debts the school must consult with the Head of Education Finance at the Local Authority.

- i) £100 or under at Headteacher's (or Consultant Headteacher/Acting Headteacher) discretion
- ii) £100 - £250 in consultation with Chair of Governors
- iii) \over £250 discussed with Head of Education Finance

13.4 The Governing Body shall approve a charging policy for all income generation.

13.5 The school may retain income received from the sale of assets purchased with non-delegated funds. The sale of assets purchased with delegated funds must be decided by the Local Authority, or if the asset concerned is land or buildings forming part of the school premises and is owned by the Local Authority.

14. BANK ACCOUNTS

14.1 The Governing Body shall authorise the opening and closing of all bank accounts.

14.2 New Bank accounts may only be opened from the approved list supplied by Leicestershire. New bank arrangements may only be made effective from the beginning of each financial year.

14.3 The following procedures must be followed:

- Dual signatories for all cheque payments (or Consultant Headteacher/Acting Headteacher)
- Cheque signatories are the Headteacher (or Consultant Headteacher/Acting Headteacher), Senior teacher, Chair of Governors and Bursar.
- The School Administrative Officer shall ensure that bank statements are received monthly and reconciled to accounting records
- The School Administrative Officer shall investigate and resolve all discrepancies
- The School Administrative Officer shall be responsible for cheque ordering and custody of unused cheques

14.4 Under no circumstances shall private cheques, money or postal orders be cashed through the school disbursement account or voluntary funds.

14.5 In no case shall money, cheques, etc. belonging to the school be paid into a private bank account.

14.6 The School Administrative Officer must ensure, where possible, that the total amount of cash, including disbursements and voluntary funds, held on the premises shall not exceed £150.

14.7 Cash should be banked at least once per week, and the value of cash held on the premises should not exceed the insurance limit. Cash will be taken to the bank by the Bursar or Administration Assistant.

14.8 The school will follow the County Council recommended procedures if using BACS

14.9 The charge card should be used in controlled circumstances with due regard to separation of duties. The card and password will be stored securely.

14.10 The card should be in the name of the school with the signature of the Headteacher (or Consultant Headteacher/Acting Headteacher) or other nominated signatory.

14.11 The school should set a limit on the maximum amount that can be charged to the card each month. (£2000 per month)

- 14.12 The balance should be paid off in full by direct debit each month.
- 14.13 The card is to be used generally to facilitate internet ordering.
- 14.14 The card should not be used to avoid official ordering channels.
- 14.15 Cash withdrawals, and card privileges such as air miles, are not permitted.
- 14.16 When ordering using the charge card, a charge card authorisation form signed by the Headteacher (or Consultant Headteacher/Acting Headteacher). When the direct debit transaction appears on a bank statement cash book journals are placed through FMS and reconciled to the charge card statement.

15. CARRY OVER OF SURPLUS/DEFICIT

- 15.1 15.1 Any surpluses at the end of the year will be carried over to the following year.
- 15.2 The Governing Body must inform Leicestershire County Council immediately if a deficit is anticipated in the current year.

16. TRUST FUNDS AND INVESTMENT

- 16.1 The Governing Body shall authorise all investment of money under its control. Investment of Building Society and Bank Deposit Accounts shall be in the name of Leicestershire County Council and the school.

17. LEASING

- 17.1 Under the LA Scheme for the Financing of Schools, LA-maintained schools are prohibited from entering into any finance leases without the express approval of the Secretary of State for Education. This means that finance leases are not permitted as this constitutes borrowing.
- 17.2 School staff should be aware that leasing is a complex subject for which specialist LA advice should be sought.
- 17.3 When looking to procure assets, the School should initially consider “lease or buy” decisions. **Often, substantial savings can be obtained through buying equipment outright and this option should be fully appraised beforehand.** Where schools do not have the funds to buy assets outright, but where there is logic in doing so from a cost / value-for-money point of view, the LA’s Loan Scheme may provide an alternative to having to lease the assets.
- 17.4 School staff should seek to benchmark equipment costs against ESPO as a matter of course. ESPO has compiled its contracts / agreements through a process of competitive tendering to obtain value-for-money.
- 17.5 It is not School policy to purchase assets from casual sales personnel without a full option-appraisal having taken place beforehand.
- 17.6 If the School chooses to lease an asset, approval must be sought from the LA (Resources Department Investment Section) beforehand. The LA will confirm (or otherwise) that the lease doesn’t constitute borrowing (i.e. it is not a finance lease) and, if possible, will offer the School a more competitive option for its finance.

- 17.7 Only the Headteacher / Chair of Governors / Chair of Finance Committee is authorised to sign lease agreements on behalf of the School once they have been approved by the LA.
- 17.8 Lease agreements for a period exceeding three years should not be entered into without the prior approval of the governing body (contingent future liabilities) and the LA.
- 17.9 The School must not look to “pay off” an existing third-party lease agreement by having it factored into a new lease without the express approval of the Local Authority (Resources Department Investment Section). Generally, to have one lease subsumed into a new lease is poor commercial practice and fraught with risk and additional cost.
- 17.10 Devolved formula capital funding may not be used to fund lease payments in any circumstances but may be used in an outright purchase of an asset.

18. INSURANCE

- 18.1 Insurance will be required for premises and equipment, school trips, plus Governing Body and third party liabilities (if delegation taken)
- 18.2 The Governing Body must ensure that all insurance cover is adequate.
- 18.3 The School Budget will meet the excess from insurance claims or any losses not covered by insurance.
- 18.4 The Governing Body shall inform the school’s insurers of all accidents, losses and incidents that may give rise to an insurance claim. The Headteacher (or Consultant Headteacher/Acting Headteacher) will maintain a register of all accidents, losses and incidents.

19. HEALTH AND SAFETY

- 19.1 The Governing Body must ensure that all staff comply with the Health and Safety regulations.
- 19.2 The Headteacher (or Consultant Headteacher/Acting Headteacher) will report significant injuries to all persons, including staff/parents/pupils/visitors.

20. PROTECTION OF PRIVATE PROPERTY

- 20.1 The Headteacher (or Consultant Headteacher/Acting Headteacher) must inform all persons concerned that all private property taken onto the school premises will be at the owner’s risk.

21. INVENTORIES AND STOCK

- 21.1 The Headteacher (or Consultant Headteacher/Acting Headteacher) is responsible for the management of the school’s assets and will maintain a record of stock receipts and issues.
- 21.2 Curriculum Heads must maintain an inventory of all non-consumable items purchased priced over £250. The inventory must be regularly updated in respect of purchases and disposals. Attractive, portable items having a value less than £250 but over £50 should also be controlled/monitored.

21.3 The Headteacher (or Consultant Headteacher/Acting Headteacher) should ensure that items that become obsolete or surplus to the school's requirements are disposed of economically.

21.4 The Headteacher (or Consultant Headteacher/Acting Headteacher) shall ensure that stock takes of inventories and stores are undertaken annually and certified by him/her.

22. SECURITY

22.1 The Headteacher (or Consultant Headteacher/Acting Headteacher) is responsible for the security of the school's premises and equipment.

23. UNOFFICIAL FUNDS

23.1 The Governing Body shall ensure that all unofficial funds are properly controlled and audited annually, and presented to the Governing Body within 6 months of the year-end.

24. FINANCIAL IRREGULARITIES (TO BE READ IN CONJUNCTION WITH 'THE WHISTLEBLOWING POLICY' ATTACHED)

24.1 The Headteacher (or Consultant Headteacher/Acting Headteacher) shall inform Leicestershire County Council (Head of Education Finance or Head of Internal Audit) of any circumstances where a financial irregularity is suspected.

24.2 The Governing Body accepts that a suspected financial irregularity exists when:

- Leicestershire County Council's Standing Orders, Financial Regulations (as amended for schools) or the Scheme for Financing Schools are not complied with (whether or not the Council suffers a financial loss)
- An employee gains unauthorised financial benefit from his/her association with the Council.

25. INTERNAL AUDIT

25.1 The Governing Body must ensure that the Council's internal auditors and external auditors are allowed access to staff, premises and documents, as necessary.

25.2 The Governing Body shall discuss all audit reports and agree the implementation of audit recommendations with the Headteacher (or Consultant Headteacher/Acting Headteacher).

26. DOCUMENT RETENTION

26.1 The Headteacher (or Consultant Headteacher/Acting Headteacher) shall ensure that documents are retained for periods in accordance with the requirements of the District Auditor, the Inland Revenue and Customs and Excise.

27. GIFTS AND HOSPITALITY OFFERED BY SUPPLIERS

27.1 Ordinarily such gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). However, any gifts or hospitality in excess of £25 should be reported to the Headteacher(or Consultant Headteacher/Acting Headteacher) in order to protect the individual receiving the gift. This is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing

decisions or regularly receives reimbursement from the college for items other than travel expenses.

28. REGISTER OF BUSINESS INTERESTS

- 28.1 A register of business interests is maintained by the school. The LA advises that this be completed by all Governors and those staff with significant financial responsibilities. It is suggested that this be cheque signatories, finance staff and those members of staff with specific budgetary responsibilities (e.g. Heads of Department, curriculum area leaders). Entries in the register should be kept up-to-date and, in all instances, be reviewed and amended (where relevant) on at least an annual basis. This annual review can be evidenced simply by staff re-signing and dating existing declaration forms, making any amendments as necessary.

29. COMPUTER SYSTEMS AND DISASTER RECOVERY PLANS

- 29.1 Computer systems used for school management should be protected by password security to ensure that only authorised staff have access. Passwords should be changed regularly and updated for staff changes. Passwords should be changed termly.
- 29.2 The headteacher (or Consultant Headteacher/Acting Headteacher) should ensure that data is backed up regularly and that all back-ups are securely held in a fireproof location, preferably off-site.
- 29.3 The headteacher (or Consultant Headteacher/Acting Headteacher) should establish a recovery plan to ensure continuity of financial administration in the case of emergency.
- 29.4 The headteacher (or Consultant Headteacher/Acting Headteacher) should ensure that systems are in place to safeguard school software and data against computer viruses. To prevent viruses being imported, only authorised software should be used.
- 29.5 The governing body should ensure that the school has written descriptions of all its financial systems and procedures. These should be kept up to date and all appropriate staff should be trained in their use.
- 29.6 The headteacher (or Consultant Headteacher/Acting Headteacher) should ensure that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing.

30. WHISTLE BLOWING POLICY

- 30.1 The school follows the County Council Whistleblowing Policy. Governors and staff are aware of the existence of the policy and how to access the procedures.

31. SCHOOLS FINANCIAL VALUE STANDARD

- 31.1 The school will adhere to the Schools Financial Value Standard at all times, and ensure that a yearly assessment takes place in accordance with the LA timescale
- 31.1 A Statement of Internal Control and a Best Value Statement will be agreed annually by Governors in accordance with the Financial Management Standard