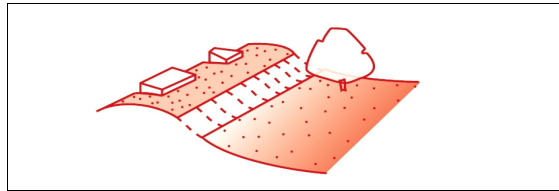


Riverhead Infants' School Finance Policy

Incorporating:

- Charging Policy
- School Fund Policy
- Governors Allowances Policy



Updated by: **Jenny Baker-Hirst - Chair of Finance Committee**
Anne Vitoria - Business Manager

Signed:



Chair of Governors

Signed:



Headteacher

Signed:

Chair of Finance Committee

Approved by Finance Committee:

September 2011

Ratified by the Board of Governors:

October 2011

Next Review Date:

September 2012

Riverhead Infants School

FINANCE POLICY

1. Responsibility and Accountability

- 1.1 This policy has been drawn up with reference to KCC's Financial Regulations and the Audit Commission documents *Keeping your Balance and Getting the Best from your Budget*.
- 1.2 The Board of Governors shall have responsibility for all financial matters appertaining to the school but shall have the power to delegate that responsibility.
- 1.3 The Finance Committee shall have power delegated by the Board of Governors in accordance with the approved Terms of Reference (which should be read in conjunction with this policy) including:
- To recommend to the Board of Governors the annual and three year budget, ensuring links to the School Improvement Plan, having taken advice from other Board committees on priorities for resources;
 - To monitor progress against the budget on all school funds and approve transfers between budget headings;
 - To authorise expenditure subject to the limits in Section 6.4 below and will monitor all purchasing and procurement activities;
 - To monitor the schools systems for internal financial control on a regular basis using the audit commission website and other resources;
 - To establish a list of pecuniary interests of the Governors and staff.
- 1.4 The Headteacher is responsible to the Board of Governors for ensuring that sound systems of internal control are in place. These controls should be within the guidelines set by the Local Authority (LA) and the Department for Children, Schools and Families (DCSF).
- 1.5 The Headteacher, in conjunction with the School Business Manager, will ensure that all staff with delegated financial responsibility receives appropriate training and guidance on their responsibilities and that those responsible for covering key staff in the event of absence, are trained to an appropriate standard.
- 1.6 This Finance Policy will apply to all LA delegated school financial activities, including for example, the School Fund (section 13).
- 1.7 The Board of Governors, through the Finance Committee, will review insurance provision relating to all financial and governance matters on an annual basis or specifically when there is a recommendation to change procedures.

- 1.8 The annual pay review is outside the scope of the Finance Committee and Finance Policy, being addressed through an annual Pay Committee meeting. The implications of the review are incorporated into the annual budget round.

2. Budgets

- 2.1 The budget is prepared with full regard to the School Plan. Each Board of Governors committee will review its contribution to the plan in time for the budget to be prepared.
- 2.2 The Headteacher will be responsible for the preparation of the annual three year budget proposal; the Finance Committee will review, challenge and when satisfied that it responds to the needs of the School and School Plan, recommend it to the Board of Governors for approval.
- 2.3 The budget shall be set within the available LA financial allocation.
- 2.4 Once the budget has been agreed by the Board of Governors prior to 31 May each year, the Headteacher will be responsible for informing the LA of its contents.
- 2.5 The Headteacher shall present monitoring reports plus strategic issues of future spending with the following frequency: Chair of Governors and Chair of Finance - monthly; Finance Committee - termly; LA - as required.
- 2.6 The Finance Committee shall authorise new expenditure not covered by the headings in the original agreed budget. The Headteacher shall authorise and the School Business Manager shall record virements below a level of £3,000.
- 2.7 The Headteacher will be responsible for ensuring that all spending is reconciled with the LA's accounting records.
- 2.8 The Headteacher and the Finance Committee shall assess financial progress against the schools objectives as set out in the School Plan on an ongoing basis.

3. Internal Financial Controls and Audit

3.1 Financial Transactions:

- 3.1.1 All purchase ordering and receipt of goods and services shall be undertaken by two people so that one acts as a check for the other. If there are times where this proves impractical given the size of the school and the School Business Manager performs both functions, the latter shall ensure that related payments are counter-signed by the Headteacher.

- 3.1.2 Purchases are agreed by the appropriate budget holder within the limit set by the Board of Governors and subject to procurement procedures identified in Section 6 below.
- 3.1.3 Orders are placed by the School Office Manager or School Business Manager using procedures specified by the LA, checking that each budget account is in credit.
- 3.1.4 Goods are received on site and checked against delivery notes or invoices by the School Office Manager, Site Manager or School Business Manager.
- 3.1.5 Payments are made by the School Business Manager using LA procedures.
- 3.1.5 Reconciliation procedures are conducted by the School Business Manager, checked and authorised by the Headteacher.
- 3.2 At all stages internal records are kept, all receipts and invoices are filed so as to be able to track transactions through the system from start to finish.
- 3.3 Any discrepancies found are immediately shown to the Headteacher, and investigated by the School Business Manager with the help of the LA as necessary.
- 3.4 The Headteacher will maintain a monthly check of the accounts and an overall-watching brief of the budget.
- 3.5 Only authorised staff should have access to financial records. Security must be maintained at all times. Authorised staff: Headteacher, Designated Assistant Head, School Business Manager, School Office Manager, Chair of the Board of Governors and Finance Committee members (on request).
- 3.6 The Headteacher shall submit a formal response to the Head of Audit Services within one month's receipt of an internal audit report.

4. Insurance

- 4.1 The Headteacher shall notify the Finance Committee immediately of all new, anticipated or changed risks requiring insurance.
- 4.2 The Headteacher shall consider all financial and other risks on an annual basis and consider whether insurance cover is appropriate. Where it is a statutory requirement or in the event that it is considered appropriate, the Headteacher will liaise with the LA to effect annual insurance arrangements.
- 4.3 The Board of Governors shall consider whether to insure risks not covered by LA (e.g. staff sickness insurance).

- 4.4 No member of school staff may give any indemnity to any third party without the written consent of the LA. (Specifically parents working on improvements or repairs on site, equipment borrowed by staff and leaving the premises).
- 4.5 The School Office Manager or School Business Manager shall immediately inform the LA or its insurers of any accident or loss, which may result in an insurance claim.

5. Computer System

- 5.1 The Headteacher will ensure that the school is registered under the Data Protection Act 1988 and appoint an appropriate member of staff to act as Data Protection Officer.
- 5.2 The School Office Manager will ensure that there is effective electronic back-up stored away from the school site.
- 5.3 All computers used to compile finance data shall be password protected. The School Business Manager shall also use password protection for payroll and other sensitive spreadsheets and documents.
- 5.4 Only authorised staff will have access to the hardware and software used for school management. Authorised staff: Headteacher, Designated Assistant Head, School Business Manager and School Office Manager.

6. Purchasing

Best Value for Money

- 6.1 The Headteacher shall ensure that the school obtains Best Value for any purchase by testing the market before committing any expenditure. The following policy of Best Value will be applied using the four principles as appropriate:
 - 6.1.1 Challenging how and why the purchase or service is to be provided
 - 6.1.2 Comparing performance with other schools.
 - 6.1.3 Consulting with relevant stakeholders.
 - 6.1.4 Competing as a means of securing efficient and effective services and supplies.

For most small consumable items making comparisons between possible suppliers' price lists will be sufficient.

- 6.2 Three written quotations should be obtained for purchases, or services exceeding £1,000.

- 6.3 This may be over-ridden for emergency repairs, where contractors (e.g. electrical, plumbing, roofing and building) are on the approved list of contractors.
- 6.4 The following authority is required for items:
- 6.4.1 Less than £500 and identified in the budget - School Business Manager.
 - 6.4.2 Greater than or equal to £500 but less than £1,000 - Headteacher.
 - 6.4.3 Greater than or equal to £1,000 but less than £3,000 and identified in the budget - Headteacher reported to the appropriate committee.
 - 6.4.4 Greater than the limits identified in Sections 6.4.2 and 6.4.3 above, but less than £10,000 - the appropriate committee in conjunction with the Finance Committee.
 - 6.4.5 Greater than or equal to £10,000 - the Board of Governors with recommendations from appropriate committees.
 - 6.4.6 Greater than or equal to £50,000 three invitations to tender are obtained through public notice and submitted to the Board of Governors with recommendations by the appropriate committee.

Projects which would normally be discussed at committee level require the completion of the Procurement Checklist (Checklist to be updated*)

- 6.5 Best Value for money should determine choice. All quotations and any explanations should be filed with the School Business Manager for inspection. The person responsible for the procurement will assess tenders against value for money and justify why the selected tender is appropriate, prior to committing the expenditure.
- 6.6 All quotations should be replied to promptly in writing.
- 6.7 Contracts should be written with the advice of the LA.
- 6.8 The Headteacher will monitor expenditure against the initiatives identified in the School Plan.

Orders for Goods and Services

- 6.9 Pre-numbered official order forms will always be used; except for minor purchase payments (see Section 11 below).
- 6.10 Copies of orders shall be retained by the School Business Manager.
- 6.11 Orders shall only be authorised by the Headteacher, Designated Assistant Head and School Business Manager. All order documentation must be attached to the order request.

6.12 The school shall maintain a system which enables accurate identification of committed expenditure.

Payments of Accounts

6.13 Payments shall only be made after receipt of a proper invoice. Checks must be made:

- receipt of goods to be cross referenced to order number
- prices accord to quotations
- a proper VAT invoice has been received and VAT has been treated and calculated correctly
- the invoice is correctly coded

6.14 Invoices shall be certified by the School Business Manager, Headteacher or Designated Assistant Head.

6.15 All invoices will be paid either within the terms of the invoice, on receipt of the goods, or after resolution of queries on the invoice, whichever event occurs last.

6.16 All paid invoices will be stored securely by the School Business Manager.

7. Personnel

7.1 The processing of all documents related to appointments or termination of staff will be completed by the School Business Manager. The Headteacher, Designated Assistant Head shall check and authorise all documentation.

7.2 All new employees will be CRB and List 99 checked.

7.3 Payroll transactions and claims shall be authorised by the Headteacher, Designated Assistant Head and checked by the School Business Manager.

7.4 Payroll transactions shall only be processed through the payroll system.

7.5 The Headteacher shall make monthly checks on payroll files.

7.6 The School will use the HR policies as recommended by KCC unless explicitly stated otherwise.

8. Security of Stock and Other Property

8.1 The Headteacher is responsible to the Board of Governors for the safe custody and control of cash and other property belonging to the school.

- 8.2 The Headteacher shall ensure that stocks are maintained at reasonable levels and subject to a regular check.
- 8.3 The Headteacher shall ensure that an asset register is maintained of all attractive or portable items and all those with a cost over £100, with a note of model numbers and serial numbers as appropriate. Such articles should be identified with security markings where possible as belonging to the school.
- 8.4 The Headteacher shall arrange for the asset register to be checked annually.
- 8.5 Any item with a value of over £100, that needs to be written out of the asset register, must only be done with the approval of the Finance Committee.
- 8.6 Whenever school property is taken off the school premises, the School Office Manager shall ensure that it is recorded in a loans book and signed for.
- 8.7 The safe shall be kept locked and the keys kept securely by authorised key holders only: Headteacher, School Business Manager and School Office Manager.

9. Income

- 9.1 The Headteacher shall be responsible for implementing the Board of Governors charging policy for income from educational trips, lettings and sales. (See section 14 for policy details). The Headteacher is responsible for the identification of all income due, prompt cash collection and banking and maintenance of complete and accurate records:
 - 9.1.1 Invoices should be issued promptly for all transactions;
 - 9.1.2 The School Office Manager/School Business Manager shall issue official pre-numbered receipts for all income collected. School Fund receipts are available on request;
 - 9.1.3 Receipts and records of income shall be securely kept;
 - 9.1.4 All cash and cheques shall be securely locked in the safe until banked, which will be at the earliest opportunity. The safe has a cash limit of a maximum of £300;
 - 9.1.5 The School Business Manager shall reconcile sums collected with sums deposited with a record of each individual receipt being maintained.
- 9.2 The School Business Manager shall pursue debts and recover them wherever possible. The School Business Manager may write off bad debts in accordance with LA procedures.
- 9.3 The Headteacher will review the charging policy for the supply of goods and services, including the hire of facilities, on an annual basis and report to the Finance Committee accordingly.

10. Banking Arrangements

10.1 There shall be two signatories on each cheque: the Headteacher, Designated Assistant Head AND the School Office Manager or School Business Manager

Manuscript signatures only are permitted: electronic signatures are not permitted and cheques will not be pre-signed in advance of need.

10.2 When signing cheques to suppliers, supporting vouchers will be made available to the cheque signatory.

10.3 The cheque book shall be kept securely when not in use.

10.4 The school cannot be overdrawn or negotiate overdraft facilities.

10.5 Bank statements shall be required each month. These shall be reconciled with the accounting records. The School Business Manager shall sign these records as accurate, and the Headteacher shall countersign.

10.6 All funds surplus to immediate requirements shall be invested in accordance with LA guidelines (School Fund accounts only).

11. Payments for Minor Purchase

11.1 Petty Cash shall be available from the School Budget account.

11.2 The School Business Manager and Headteacher are authorised, have access to and monitor the cash.

11.3 There will be a maximum of £300 petty cash held at any one time.

11.4 Only minor pre-authorized items shall be purchased in this way.

11.5 Reimbursements from petty cash will be made against cash receipts only. It is not permissible to use credit cards for purchases or any card which offers benefits in kind.

11.6 Each school employee authorised to use cash shall be responsible for:

- obtaining receipts for all cash payments; and
- submitting regular claims for reimbursement.

11.7 The Headteacher shall arrange for monthly checks to be made by an independent person on the completeness of the Petty Cash accounts.

12. School Purchase Card

- 12.1 The School Business Manager is authorised to use a School credit card account, individually named, for the sole purpose of making school purchases. There shall be a limit of £2,000 thereon and all purchases made using the card shall be counter-signed by the Headteacher. In respect of online purchases, where a single online purchase is made that exceeds £500 in value it must be approved by the Headteacher.
- 12.2 The Headteacher shall review the credit card statement on a monthly basis.

13. Riverhead Infants' School Fund ("the School Fund")

- 13.1 The Board of Governors of Riverhead Infants' School are all Trustees of the School Fund. Effective from February 2010, the Trustees formally delegated their statutory and operating responsibilities to the Finance Committee.
- 13.2 The School Business Manager is responsible for the day-to-day management of the School Fund. The Chairs of the Board of Governors and the Finance Committee will be notified in advance of any large or non-routine items.
- 13.3 The School Fund accounts shall be run separately from the school accounts, and the internal financial controls outlined in Sections 3, 6, 9, 10 and 11 above will be followed.
- 13.4 There will be two signatories on each cheque (one from Headteacher, Chair of the Board of Governors, Chair of Finance Committee and designated member of the Finance Committee).
- 13.5 The Finance Committee will review the School Fund accounts twice a year. These will be circulated to members in advance of the meetings. All significant changes to the operation of the School Fund and any policy decisions will be made by the Finance Committee.
- 13.6 Statutory accounts will be submitted to the Board of Governors for approval annually, and will be circulated in advance of the meeting. The Chair of the Board of Governors will sign the accounts and the Trustees Annual Return on behalf of the Board of Governors. The Chair of the Board of Governors and the Chair of the Finance Committee will sign the Trustees Annual Report on behalf of the Board of Governors. These documents will be sent to the Charities Commission, together with a report by an independent examiner. The independent examiner will be appointed annually.
- 13.7 In the event a cheque received by the School Fund is returned unpaid, a letter will be written notifying the donor of the presumed error.

14. **Riverhead Infants' School Policy for Voluntary Charging (in addition to the School Fund contributions)**

- 14.1 No charge is made for activities which are perceived as being part of the normal curriculum.
- 14.2 A request is sometimes made for a voluntary donation towards an activity which requires additional funding e.g. an Educational Visit.
- 14.3 Parents are informed of the request in writing. They are told to notify the Headteacher if the request presents any financial problems to the family. All such information is treated confidentially by the Headteacher. No child is prevented from taking part in School Curriculum activities due to the lack of a parental donation.
- 14.4 Donations from Parents are sought to cover a specified costs. Visits are not planned to make any profit. If the donations received do not cover the cost of the visit, it may be necessary to cancel the visit and return donations.

15. **Riverhead Infants' School Policy for Governors Allowances**

15.1 This policy statement has been developed in accordance with the Education (Governors' Allowances) Regulations 2003. These regulations give Governing Bodies the discretion to pay allowances from the school's annual budget allocation to Governors for certain allowances which they incur in carrying out their duties as a Governor.

Paying governors' allowances, in specific categories as set out below, is important in ensuring equality of opportunity to serve as governors for all members of the community and so is an appropriate use of school funds. The specific items allowable are:

- Childcare or babysitting allowances (excluding payments to a current/former spouse or partner)
- Cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
- The extra costs they incur in performing their duties either because they have special needs or because English is not their first language
- The cost of travel relating only to travel to meetings/training courses
- Travel and subsistence costs, payable at the current rates specified by the Office Manager of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the LA or any other source
- Telephone charges, photocopying, stationery, postage etc
- Any other justifiable allowances as agreed by the FGB.

- 15.2 For the avoidance of doubt *Governors* may not be paid attendance allowance and may not be reimbursed for loss of earnings.
- 15.3 *Governors* wishing to make claims under these arrangements, once prior approval has been sought, should complete a claims form (obtainable from the School Office), attaching receipts where possible, and return it to the School within two weeks of the date when the allowances were incurred, when they will be submitted for approval by the Chair of *Governors* or Chair of Finance.