Coberley C of E Primary School

Finance Policy

Nurtured, Cherished and Inspired for Fullness of Life

Edited and Reviewed by E Black and Governors: January 2025
Next Review: January 2027

Budgets

1.1. Budget construction

The Head Teacher 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 Head 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 Head should consult with other members of staff as appropriate to ascertain detailed requirements and cost pressures for the coming the year.

Detailed formulation of the budget should take place in Spring term, and the FGB should approve the detailed budget plan following receipt of the final local authority budget allocation issued in mid to late March. The FGB should review and approve the final 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 Head 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:-

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

Monitoring of the Budget should continue throughout the year to assess how actual income and expenditure compares with the budgeted amounts.

1.2. Budgetary control and monitoring

The Head 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 Head may assign budgetary control of individual budget headings to other members of staff, however the Head remains ultimately accountable to the Governing Body for these budget headings. Financial reports to the Head and other budget holders, where applicable, should include the following information for each agreed budget heading:

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

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 SBM.

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 SBM.

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 Head should therefore be empowered to respond to changes to address variances by effecting virements between individual budget headings.

Where new or unplanned expenditure is necessary, the following individual virement authorisation limits are recommended:

- up to £1,000 – Headteacher and one Governor
- £1,000 - £3,000 – Headteacher and two Governors
- £3,000 and over - Full Governing Body

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

The Head should present detailed budget monitoring statements to the FGB on at least a termly basis. The FGB should then consider and challenge these statements as necessary, with the Head providing explanations for any significant variances identified.

The Chair should 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 FGB.

Payroll

The school uses GCC payroll and HR services and should refer to the Business Service Centre Schoolsnet pages for general information and guidance:

2.1. Starters/variations/leavers

The relevant forms for the following on schoolsnet:

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

Forms should be completed by the SBM and authorised by the Head on a timely basis. Completed forms should be sent to relevant GCC Pay and Conditions contact.

2.2. Claim Forms

For relevant staff, submitted claim forms must be checked initially by the SBM, and then authorised by the Head. Authorised claim forms must be submitted directly to the relevant Pay and Conditions team contact via e-forms.

2.3. Checking of payroll data

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

- the Head, to ensure all employees are recognised, and pay appears reasonable (no detailed check)
- the SBM, to check accuracy of salary and expense payments.

2.4. Pay-related expenses

All pay-related expenses must be processed through the payroll system. Pay-related expenses must never be paid via petty cash, or by the creditor payment system. If any doubt exists about whether an item should be processed via the payroll system, GCC/Shire Hall should be contacted for advice.

2.5. Supply teachers

The Full Governing Body will decide, on the basis of advice from the Head, whether supply insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised (signed) by the Head. 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.

School Fund

3.1 Accounts

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

3.2 Signatories

The following are allowed to sign cheques on the bank account:

- Head
- SBM
- Member of staff DN

There must be two signatures on each cheque. Expenditure over £150 must be pre-authorised by a governor.

3.3 Final accounts and audit

Final accounts are prepared at the end of the School Fund financial year by the SBM. The accounts will be audited by an auditor appointed by the Full Governing Body. The auditor will not be a member of the

Governing Body. In appointing an auditor and operating the Fund, the Governors will follow the instructions laid down in the County Council's Manual on Unofficial Funds.

The audited accounts should be presented to the Full Governing Body for approval. Governors' approval must be recorded in the minutes of the meeting. Once approved, the Clerk to the Governing Body will return the requested FN12 form (see link) to the Schools Finance Team within GCC.

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

Assets

4.1 Inventory

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

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

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

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

All inventory items should be security marked:

- Using asset tags

4.2 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

5.1 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 SBM 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. Settlement terms should be 15 days.

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

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

- 1st reminder 30 days
- 2nd reminder 45 days

If after 60 days the debt remains unpaid, consideration will be given by the Head and/or Governors to writing the debt off in accordance with the following limits:

- up to £50 - Head may authorise write-off
- up to £150 - Chair may authorise write-off
- £150 and over - Full Governing Body may authorise write-off.

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

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 60 days of raising the invoice, no further goods or services must be provided until the outstanding debt is settled.

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

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

An official receipt must be issued to the payer at the time the payment takes place, and a duplicate copy retained at the school. School fundraising activities are excluded from this requirement.

5.3 Banking

All income received (cash or cheque) must be banked within one month 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 petty cash float kept in school should not exceed £150.

5.4 Charging policy

The Full Governing Body will set a charging policy to cover:

- school trips
- wraparound care

The charging policy will be reviewed annually by the Governing Body. Charges levied by the school will be in line with this policy.

5.5 Donations

Donations from any sources must be recorded and must be banked promptly and intact within one month.

5.6 Cash received from pupils

Cash received from pupils in class must be handed over to the SBM at the earliest opportunity. Cash received from pupils by the SBM will be recorded immediately and banked within one month.

Purchasing

6.1 Ordering

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

Orders should be processed by the SBM after initial approval by budget holders has been sought and given. The official order produced from the computer system must be signed by the budget holder before it is sent to the supplier. If an order has been placed over the telephone an official confirmatory order may be sent.

Official orders must not be used to procure goods for private purposes. The SBM and OA can order £50 of office supplies. If above £50 the HT must sign for the goods to be ordered.

Official order stationery must be held in a secure location.

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

When placing orders, it is the responsibility of the initiator to ensure that Gloucestershire County Council accounting instructions are adhered to.

6.2 Quotations/tenders

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

- £1,000 - £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 and approved by the governors as per section 1:2 of the policy.
- £5,001 - £50,000 - independent written evidence of at least three prices should be obtained and retained and approved by FGB.

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

For orders for goods/services over £50,000, tenders should be invited in one of two ways:
- from at least three contractors, or
- by open competition by advertisement in local newspaper or appropriate journal.

6.3 Governor involvement

As well as ensuring that the above have been adhered to, it is the responsibility of the Head to ensure that Governors are consulted in the following circumstances:
- On purchasing decisions when the estimated cost of one item exceeds £1,000
- Review of quotations obtained where estimated costs exceed £5,000.

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

6.4 Receipt of goods

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

6.5 Invoice check and authorisation

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

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

6.6 Petty Cash

Day to day administration of petty cash is the responsibility of the SBM.

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

Reimbursement must be claimed monthly. The Head must certify the reimbursement claim.

Petty cash expenditure and reimbursement is monitored via the monthly School Fund account reconciliation.

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

In normal circumstances individual purchases from petty cash must not exceed £50. In exceptional circumstances payments up to £100 may be made, with the express prior approval of the Head. 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.

Register of Pecuniary and Other Interests

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

7.1 Persons to be included

- All Governors
- Headteacher

7.2 Interests to be recorded

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

Examples of such improper influence might be:

- to purchase goods or materials from a company in which a Governor/senior member of staff has a financial interest without going through the correct procedures re. obtaining competitive prices;
- promoting 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).

Glossary

FGB – Full Governing Body
SBM – School Business Manager
OA – Office Administrator
DN – Debarati Nair (Member of staff) section 3:2