



Southfield Primary School

Financial Procedures

FINANCIAL PROCEDURES

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Objectives:

To list the financial controls and procedures of the Southfield Primary School and the staff involved and their responsibilities.

Evaluation and Review:

This policy and its implementation will be reviewed annually by the Governing Body.

Financial Administration – Roles and Responsibilities:

The Governing Body:

- To set and agree a balanced budget at the beginning of each financial year which supports the School's Improvement Plan and aims
- To manage and monitor the budget in line with the School Improvement Plan.
- Establish a framework for the delegation of any part of budget management to committees and staff.
- Establish limits of delegation to its committees and staff and reporting/monitoring procedures.
- To keep a list of the pecuniary interests of members
- To set limits on the use of any surpluses and virements
- To read the reports from the Governing Body Resources Committee, which are included in the mailings before each full Governing Body meeting, and ask questions at the meeting about anything which they are unsure of
- To monitor expenditure via the Head Teacher's termly reports discussed at full Governing Body meetings
- To set a Charging and Remissions policy
- To be aware that there are financial authorisation limits with regard to approval of virements, committing to purchases, authorising purchases and authorisation of invoices. (see p.10 for more detail)

The Governing Body Resources Committee:

- To plan and review long term financial policy in light of Southfield Primary School aims and the Improvement Plan
- To prioritise conflicting demands on the budget
- To make representations to the Local Authority as and when necessary
- To agree a draft budget to present to the full Governing Body
- To meet at least once a term to monitor the School budget
- To prioritise use of any annual under spend
- To make available Resources Committee minutes, in advance, for governors to discuss at the termly Governing Body meetings
- To consider and authorise requests for funding priorities from the other Governing Body committees and working parties
- To delegate the day to day management and organisation of the budget to the Schools Business Manager
- To review the finance policy and procedures annually to ensure best value
- To monitor virements (see limits listed below)
- To be aware that there are financial authorisation limits with regard to approval of virements, committing to purchases, authorising purchases and authorisation of invoices. (see p.10 for more detail)

Organisation of the Governing Body Resources Committee:

1. The committee will have at least 4 members consisting of a mix of Parent, LA appointed, community and the Headteacher.
2. The meeting will be quorate when at least 4 members are present and must include the head teacher.

3. The head teacher must withdraw during discussion about his / her pay.
4. The committee will meet once per term or more often if necessary.
5. The committee members will be appointed by the full Governing Body at the Autumn Term meeting and the Chair appointed at the same time.
6. Committee meetings will not be open to the public.
7. Any Governor has the right to attend the Resources Committee meetings but without power to vote unless he / she is a member of the committee.
8. The membership and terms of reference for the committee will be reviewed annually at the Autumn Term meeting.

The Headteacher:

- To manage the budget within the guidelines set by the Governing Body at the annual budget setting meeting, a record of which will be filed with the minutes from the meeting
- To be accountable to the Governing Body for the management and administration of the School's finances
- To ensure that appropriate records are made available to the LA when required
- To vire monies from one area to another within guidelines set by the Governing Body at the annual budget setting meeting
- To use one staff meeting, after the budget has been agreed each year, to explain the budget to staff
- To evaluate and agree tenders and estimates for services and works at the School, which are less than £10,000.
- To ensure financial procedures are correct and secure
- To implement the Charging and Remissions policy
- The control of expenditure and income, in agreement with the Governing Body

- To be aware that there are financial authorisation limits with regard to approval of virements, committing to purchases, authorising purchases and authorisation of invoices. (see p.10 for more detail)
- **It is a mandatory requirement of the LA that headteacher should carry out an independent check of the bank reconciliation. The bank reconciliation should be signed and dated as evidence of this check**

It is not expected that the Headteacher would have 'hands on' experience of using the FMS finance package, but he would be expected to have a general knowledge in order to be able to manage and monitor the procedures.

The School Business Manager

- To manage the practical financial arrangements on behalf of the Headteacher
- To evaluate information and consult with the Senior Leadership Team and Governors to prepare a realistic and balanced budget for school activity
- To participate in relevant training related to financial procedures
- To be accountable to the Headteacher
- To meet with governors to discuss routines and procedures if requested
- To attend the Resources Committee and provide the Headteacher, governors and budget holders with regular customised reports
- Identify and inform the Headteacher and Governors of the causes of significant variance and take prompt corrective action
- Propose revisions to the budget if necessary, in response to significant or unforeseen developments
- Maximise income through lettings and other activities
- To ensure purchasing arrangements achieve the best value for money

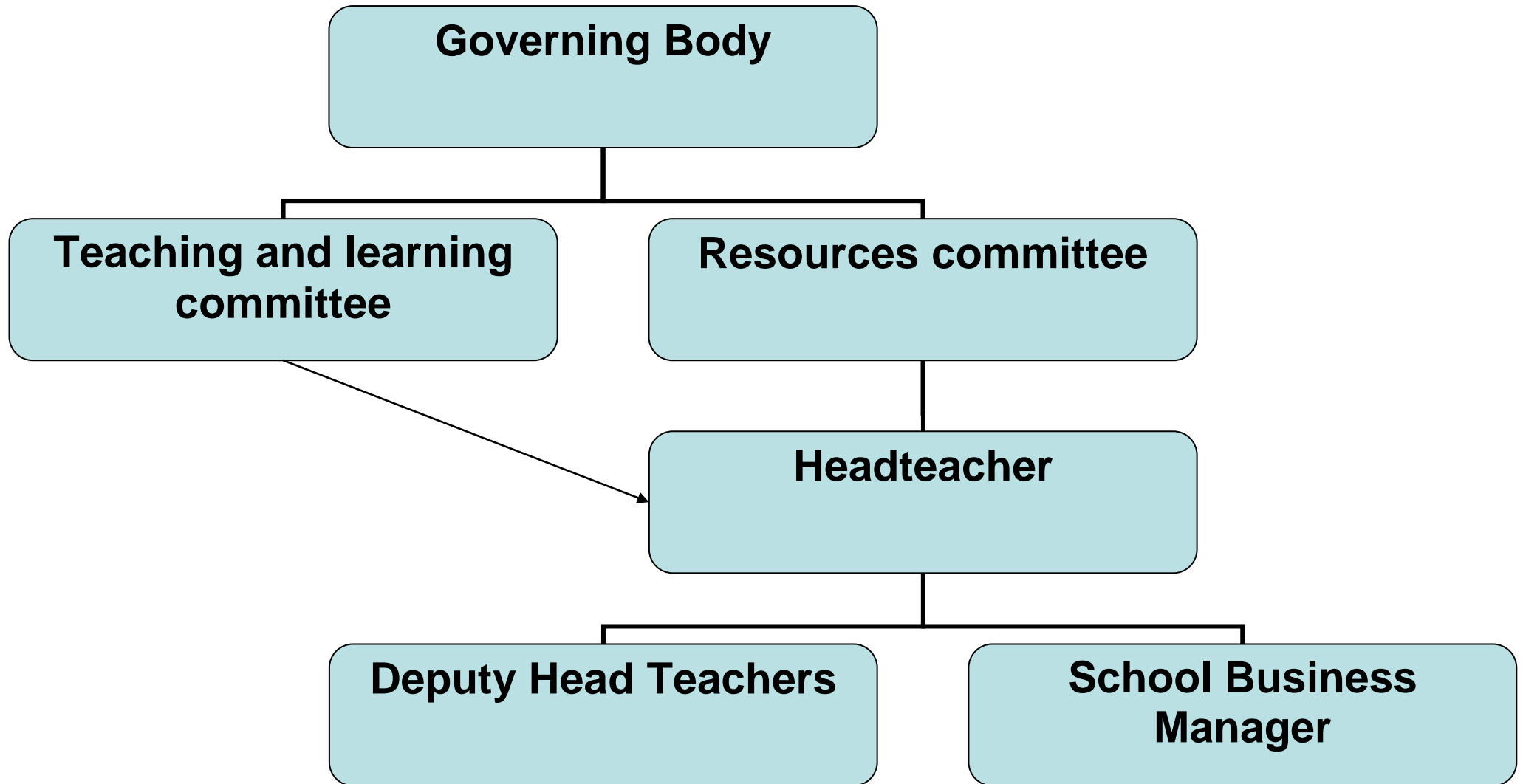
- To ensure financial procedures are correct and secure
- To implement the Charging and Remissions policy
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Administrative Staff:

- To raise orders, check delivery notes against goods, enter invoice and purchase order details onto the computer, arrange payment, reconcile bank statements, keep accurate records of financial transactions in line with council procedures
- To enter all equipment worth more than £50 onto the inventory
- To ensure the school's registration in regard to the 2018 Data Protection Legislation is up to date
- To bank and record the School's income on FMS under FMS income ledger codes. To ensure cheque books and other relevant bank books are stored in the safe
- To be aware that there are financial authorisation limits with regard to approval of virements, committing to purchases, authorising purchases and authorisation of invoices. (see p.10 for more detail)

Southfield Primary School

Structure of Delegation



ROLES AND RESPONSIBILITIES - AUTHORISATION LIMITS

Commitment of Purchases:

Governing Body	-	No Limit
Resources Committee	-	Up to £15,000
Headteacher	-	Up to £10,000
Staff	-	No authority
School Business Manager	-	No authority

Approval of Virements:

Chair of Governing Body		No Limit
Head teacher	-	Up to £15,000
Staff	-	No authority
School Business Manager	-	No authority

Authorisation of Invoices:

Governing Body	-	No authority
Finance Committee	-	No authority
Head teacher	-	No limits
Staff	-	No authority
School Business manager	-	Up to £10,000 (dependant on Head Teacher's order form being presented)

Finance procedures and signatories for school spend

Head teacher	Up to £10,000
Head + Chair of Resources Committee	Up to £15,000
Head + Chair of GB	Over £15,000

* In Head's absence the Deputy Head will authorise

Cash Limits for Authorisation by Different Signatories

1. The Head Teacher, two Deputy Head Teachers and a member of the Leadership team are the School's signatories.
- 2.

The Deputy Heads /Senior teacher will sign for items raised by the Headteacher

Minutes of Meetings:

Minutes are required for all Governing Body and Sub-Committee meetings which should be signed by the Chair of the Governing Body in the case of the Full Governing Body minutes and committee chair in regard to the committee minutes. These are kept by the Headteacher. Termly Finance Reports are prepared by the School Business Manager for the Resources Committee showing the school's financial position.

Register of Business Interests:

All members of the governing body and key school staff should complete the form 'Business Interests'. The Register of Business Interests to be retained by the Governing Body and the School Business Manager.

Declarations of interest should be a standing agenda item for all Governing Body / Resources Committee meetings and should be clearly evidenced as such in the meeting minutes.

Budget Setting

1. Objectives

To set a Budget for income and expenditure, to be approved by the Full Governing Body

2. Personnel

Headteacher

School Business Manager

Resources Committee

Full Governing Body

3. Procedures

1. On receipt of the School's budget, the Headteacher and School Business Manager will produce a draft annual budget taking into account the school's improvement plan. The school's budget should be based on realistic estimates of all expected expenditure and income, including grant income, so that planned expenditure does not exceed the available budget.
2. .
3. On receipt of the committee's approval the budget will be presented to the full Governing Body for ratification.
4. The approved annual budget will be sent to Education Accountancy with the ratification of the Governing Body.
5. The Senior Administrator will enter the agreed budget into the SIMS system by inputting budget figures against expense/income codes, and profiling expenditure patterns for each item.
6. The budget to be amended throughout the year by subsequent decisions of the Headteacher for amounts up to £15000 and the Chair of the Governing Body for amounts above £15,000.
7. The Senior Administrator will inform Education Accountancy of the virements, or adjustments required and will reflect these on the computer finance program.

Virements

1. The Head Teacher will be authorised to vire up to £15,000 on his own initiative. All such virements will be reported to the Resources Committee at their next meeting
2. The Head of the Governing Body will be authorised to approve Virements above £15,000. Future limits on virements will be agreed at the annual Governing Body budget setting meeting, and copies forwarded to the Local Authority.
3. Amendments to the budget will be passed to the Local Authority via the School's service support officer and to the Resources Committee via the Schools Business Manager.

Budgetary Control

1. Objectives

To monitor and evaluate actual income and expenditure against budget and report

2. Personnel Involved

School Business Manager

Senior Administrator

Headteacher

Resources Committee

3. Documents Required

Payroll reports from the LA

Bank remittances

Computer generated reports from the SIMS Finance and Personnel programs.

4. Procedures

1. On receipt of the authority's budget control reports the Senior Administrator will check:
 - The payroll costs are correct any internal costs/expenditure are reflected on the SIMS package.
 - Members of staff charged to the school are employees of the school.
 - That the authority has reflected on the budget control reports any virements/adjustments which the school has instigated.
2. The Senior Administrator will inform the relevant payroll clerk of any payroll queries and Education Accountancy for non-payroll queries.
3. The School Business Manager will present the customised Budget Monitoring reports to the Resources Committee at each Committee Meeting. The reports will include a forecasting column on final spend at year end as understood to be best practice. The Committee will consider whether the reports require further investigation or analysis.

Tendering

1. Market will be researched thoroughly in regard to best value being obtained and guidance in Ealing's Finance Handbook will be referred to
2. Tenders must be obtained for goods or services over £50,000
3. Sufficient time will be allowed for the submission of tenders – minimum 14 days
4. Invitation to tender must stipulate that tenders must be sent to the School in a plain, sealed envelope addressed to the Head Teacher which shall bear the words, "Tender for." followed by the subject to which it relates and a closing date and time for receipt of tender. The envelope must not have any other name or mark on it indicating the sender.
5. The date and time of receipt of tenders must be recorded and kept in the safe until the closing date
6. All tenders must be opened at the same time, in the presence of the Head Teacher, School Business Manager and at least one governor, recording date and time of opening, names and signatures of those present and details of each tender bid
7. Late tenders should normally be rejected and retained unopened until the contract has been awarded and then returned to the tenderer together with an explanatory note
8. The evaluation process will involve at least 2 people for small contracts, including the Head Teacher and decisions will be reported to the Governing Body. The Governing Body or Resources Committee will be involved in decisions concerning larger contracts.
9. There will be no conflict of interest for those involved in evaluations
10. Gifts or excessive hospitality from potential suppliers should not be accepted
11. Where tender is complex and involves significant amounts of money, e.g. major building & refurbishing projects, expert advice will be sought from the LA's Property Services and Strategic Procurement Unit

Leasing

1. Where possible equipment will be purchased outright
2. For equipment which dates quickly or which requires a great deal of maintenance e.g. classroom computers and office photocopiers, leasing terms will be considered
3. If equipment is leased the Resources Committee will need to be sure that the budget will support the expenditure in the long term
4. All leasing equipment will have to be covered for insurance purposes before contracts are exchanged i.e. with the London Borough of Ealing or by another insurance arrangement

Order Processing

1. Objectives

1. To raise computer generated orders, from authorised requisitions, to obtain goods and services required by the School.
2. To ensure continuity of supplies and to obtain these from approved suppliers selected to provide quality, timely delivery, price competitiveness and value for money.
3. To provide secure procedures to record all transactions and maintain integrity of financial information.

2. Personnel Involved

Senior Administrator responsible for entering data into SIMS Finance package
School Business Manager as price/contract and budget controller
Resources Committee.

3. Documents/Records

Quotations/Tenders (if necessary)

Internal order forms.

Numbered order forms generated by computer package.

4. Principles

1. To ensure value for money, three quotations are to be obtained whenever practicable on items/contracts exceeding a threshold determined by the Governors. All quotations must be retained for audit purposes. At present the threshold to be adopted is £15,000. Copies of the quotations to be kept for 2 years and include a record of which quotation was accepted. The exception being when purchases are made by the LA or their agents.
2. Potential new tenders/suppliers are assessed by School Business manager as to their capacity to carry out the full terms of the contract/tender.
3. Reviews of contracts/contractors will be conducted by School Business Manager before expiry in order that a conscious decision is taken whether to renew/extend/negotiate/re-tender and a recommendation made to the Resources Committee.
4. All suppliers will be selected on the criteria above, taking into account volume discount and cash discounts. Unless there are exceptional circumstances pro-formas or payment before delivery terms are not acceptable. The authority of the Head teacher is required in such circumstances.
5. Telephone orders may be made only after agreement with the School Business Manager agreement is to be given only in exceptional circumstance.

5. Responsibilities

1. Staff with curriculum responsibilities will be responsible for generating orders for their specific area, using the School's internal order form.
2. After approval of the Headteacher, the Senior Administrator will enter the orders into the SIMS package.
3. The Head Teacher will be responsible for authorising all computer generated orders up to £10000. Any expenditure over this amount will be referred to the Resources Committee for authorisation.
4. The School Business Manager or personnel directed by the School Business Manager will undertake all initial contract negotiation/tender/supplier appointment activities.
5. All contracts/tenders over £15000 must be presented to the Resources Committee, for approval.

6. Procedures and Controls

1. The Head Teacher will sign the internal order form for orders up to £10000, which will be passed to Senior Administrator . This scheme of delegation will be followed in all areas except in the ordering of supply staff, the booking of school trips, call-outs for health and safety purposes and essential training as a condition of staff employment. Due to the timescales in which supply staff are ordered, it is not practicable to have the order form signed off by the headteacher in advance. The authorisation of school trips will be via the signing of the trip risk assessment. Emergency call- outs will be undertaken without knowing costs in advance as they will be on an ad-hoc basis

dependant on the nature of the health and safety issue. The Headteacher will be notified of works taking place in the school under the heading of health and safety and advised that works will shortly be taking place and will need to be signed off. Every attempt to schedule site works will be undertaken so as to minimise these. The School Business Manager will sign the invoices for these services and supplies.

2. The Senior Administrator will enter orders into the SIMS package, using the appropriate ledger and cost school codes.
3. If the requisition does not take the account above its threshold the SIMS package will generate a sequentially numbered order.
4. The order is signed by Head Teacher (up to £10000).
5. The order is then emailed, phoned through or posted to the supplier.
6. .
7. The Senior Administrator will request authorisation to proceed from the School Business Manager when a placed order takes the specific account above its budget.

Deliveries and Payment Processing

1. Objectives

1. To verify receipt of goods/services, approve invoice for payment and ensure that all invoices are entered into the accounting system.

To pay suppliers by cheque on a timely basis, obtaining maximum cash discount for prompt payment. It should be noted that whilst every effort will be made to meet the payment terms of the supplier there will be occasions when we cannot meet these terms. This may be due to the school calendar year where there are no cheque signatories or administrative staff outside of term time.

2. To maintain control and integrity of financial information by effective procedures and segregation of duties. A member of staff approved by the governing body (through this policy) should certify invoices for payment. This should be neither the person who signed the order nor the person who checked the receipt of goods and services. Wherever possible different officers should order goods, receive goods and pass invoices for payment. This is to ensure separation of duties in the ordering and payment system. In all cases at least two people must be involved in the process, one person authorising the order (Headteacher) and a different person authorising the invoice(School Business Manager)

2. Personnel Involved

Administrator/Designated Support Staff

Senior Administrator

School Business Manager

Head Teacher

Deputy Head

3. Documents/Records

Cheque book

Computer generated remittance advice

Various reports generated from SIMS

4. Delivery Procedure

1. All deliveries will be checked against the delivery note by the administrator/designated support staff. The delivery note to be signed by the member of staff who has checked the delivery, to show all items received and no queries, any queries should be passed to the Senior Administrator.
2. Any discrepancies between an order and delivery to be taken up with the supplier by the Senior Administrator, and payment will be withheld until the ordered items are delivered or a credit note received.

5. Payment Procedure

1. On receipt of the invoice the Senior Administrator will attach the order and delivery note to the invoice in preparation for payment. This be will signed off by the School Business Manager
2. In the case of non-order invoices i.e. telephones, agency staff etc. a computer generated order must be generated and attached to the invoice before payment, signed by School Business Manager to verify goods/services received

3. Members of the Admin Team including the School Business Manager will post the invoices against the orders on the computer system and generate a computerised payment sheet.
4. The bottom part of the computerised payment slip will be used in a window envelope as a payment slip for the supplier and a cheque written ensuring that the cheque number corresponds with the computerised cheque.
5. The top section of the computerised payment slip will be attached to the order/delivery note and original invoice. The top section of the computerized payment slip to be authorised as correct by the Deputy Head.
6. All cheques require two signatures in accordance with the current mandate, the Headteacher, Deputy Heads and a senior teacher.
7. Cheque books to be retained in the School safe.
8. The Headteacher will ensure payment made is the amount invoiced and the correct ledger code/cost school has been debited.
9. The Senior Administrator will reconcile the bank account statements promptly¹ against the computer system and will initial /date the statement as reconciled.

6. Petty Cash

¹ This may be delayed due to School holiday periods where there no relevant staff to undertake reconciliation processes.

1. Items purchased for up to £75 in value can be claimed through the School's petty cash system using the "staff request for reimbursement" form. The Headteacher can authorise amounts up to £75 for items such as stamps, food for extended day and lesson related activities. The Headteacher on this occasion does not need to approve the spend in advance.
2. To be reimbursed claimants need to provide a receipt for items purchased. Where possible this should be a VAT receipt. Claimants should complete an internal petty cash forms providing details of the expenditure with the relevant VAT receipts attached.
3. Claimants will be paid by cheque or BACS
4. On receipt of the cheque the claimant will sign the internal petty cash voucher and it will be approved by the School Business Manager
5. The Senior Administrator enters the details of the claim on the SIMS package ensuring that the correct ledger/cost schools and VAT, where applicable, is entered.

7 Staff Expenses

1. Staff expense claim forms must be processed through Payroll; this is because tax may be payable on some forms of expenditure. Claim forms are kept in the Admin office and via iTrent – the Online HR system.

8 Handling Cash/Safe

1. The Senior Administrator or Administrator will issue receipts for cash received as payment for childcare fees, school trips, lunch money or money for the private fund. All cash to be stored in the office safe and banked at regular intervals.
2. School photograph money to be handled directly by the photographers, staff will only sign to acknowledge receipt of the paying-in envelope.
3. Cash is to be stored in the school safe until it can be banked. This should be weekly. ²The Senior Administrator is to be accompanied by another member of staff when taking cash to the bank and a mobile phone should be made available to the Senior Administrator for this purpose for use in emergencies. The maximum amount of cash that can be held in the safe is £2000
4. There are only three keys to the safe, one held by the Senior Administrator, one by the School Business Manager and one by the Head Teacher. Keys will not be left overnight on school premises and any loss of key will be reported to the Headteacher

Extended Day

1. Objectives

To maintain good financial procedures regarding parent's contributions to the extended day.

2. Personnel Involved

Administrator

Senior Administrator

School Business Manager

Parent Support Advisor

3. Documents Required:

Charge Tariff

Cash Book

Receipt Book

Banking Letters

Income Reports

4. Procedures and Controls

1. Parents are informed of the charges regarding the extended day by the Administrator/Parent Support Advisor.
2. On receipt of a cash payment the Administrator enters amount in the receipt book and issues a receipt – one copy for parent, one retained in the book.
3. Cheques are banked on a regular basis.
4. Income placed on SIMS Finance Package into 'Parents Contributions' cost school
5. Reconciled on bank statements.
6. Administrator writes to parents regarding non-payment or 'return to drawer' cheques, and informs School Business Manager
7. Senior Administrator informs the School Business Manager the LA is informed via the termly finance returns

Parental Contribution Debt Collection

² This may be delayed due to School holiday periods where there no relevant staff to undertake banking activities..

1. Objectives

To ensure the timely collection of fees and minimize loss of income

2. Personnel Involved

Senior Administrator

School Business Manager

Parent Support Advisor

LA Debt Collection Service

3. Documents Required:

Invoices

Documented account of parent's payment history

4. Procedures and Controls

1. Senior Administrator to monitor monies owed
2. In the first instance an invoice is sent indicating the total debt and the Parent Support Advisor will meet with the parent to agree a settlement date.
3. If not settled by the end of an agreed period the Parent Support Advisor will meet with parent to agree a payment plan.
4. Senior Administrator refers unpaid debts to the LA debt collection service.

Inventory and Disposal of Assets

1. Objectives

To ensure current inventory is maintained
To determine the disposal of assets

2. Personnel

Head Teacher
School Business Manager
Senior Administrator
Designated members of staff

3. Documents/Records

Register of assets

4. Procedures

1. The School Business Manager will ensure that there is a register of all significant equipment (value in excess of £1000).
2. All significant equipment to be marked.
3. The register to be checked annually and a copy sent to the Local Authority's insurance section. Inventory checking is completed by an external agency. The checks will be on a sampling basis with a check of one in every five ICT items and one in every ten non ICT items. This rationale is based on costs and the mobility of specific items of equipment

4. On the purchase of new equipment the insurance section of the authority to be informed.
5. When assets are disposed of the relevant information to be written in the register, and signed off by the Headteacher .
6. The inventory to be presented annually to the Finance Link Governor as part of our linked visits.

Security of Data

1. Computer passwords will be changed every three months
2. The on-site back-up is carried out on an hourly basis between 8am – 6pm and this backup is replicated off-site via NimbusWeb cloud service
Financial records will be kept for a minimum of seven years
3. Only relevant staff – The Senior Administrator , School Business Manager and the Head Teacher will be able to access finance data directly from the computer

Equipment Write-off

No item of permanent, major or minor equipment must be thrown away without the permission of the Head Teacher.

Only equipment which:-

- is broken or damaged beyond economic repair
or
- no longer meets the demands of the curriculum/current provision
or

has been superseded by more modern equipment and cannot be stored due to a shortage of space will be declared obsolete.

Consideration will be given as to whether the obsolete item could be sold on for school funds or given to charitable organisations

All electrical items, which are declared obsolete, will have the serial number and model number taken so that a cross-reference can be made against the inventory. Once this list has been completed, an administrator will find the relevant items in the inventory so that that School Business Manager can sign the items off.

All other items will be written off by the School Business Manager in the relevant log or inventory.

Items not found during the annual stocktaking will be reported to the Headteacher so that appropriate action can be taken.

Use of School Purchase Card

1. Objectives

The primary method of payment remains invoicing and this should generally be used in preference to card purchases where the supplier offers such. The PCard is intended for use on an exceptional basis only e.g. booking courses, purchases via the Internet. **Please see separate School Purchase Card policy.**

REVIEW OF POLICY

Governing Body Sub Committee	Published	Review Date	Author
FGB		October 2019	Sheila McCabe

Headteacher's Signature	
Chair of Governors Signature	