

St Nicholas CE VA Primary School

FINANCIAL PROCEDURES POLICY

The objectives of this policy are to set guidelines for the establishment of sound and effective financial procedures. By complying with current financial regulations and adopting good working practices such as:

- establishing proper financial management arrangement and accounting procedures, in line with the LEA, OFSTED and DfES recommendations;
- maintaining a reliable system of internal controls;
- ensuring that resources are properly allocated and that the principle of best value is adopted;
- outlining the areas of responsibility within the school;
- ensuring that the requirements of accountability are fulfilled;
- ensuring appropriate training is undertaken by budget holders.

The school aims to operate in a transparent, ethical and accountable way which will promote effective management.

1. Responsibilities

- 1.1 **Governors** are responsible for ensuring that the school's finances are managed effectively and for approving and monitoring the budget. They should establish the financial limits of delegated authority.
- 1.2 **The Headteacher** has overall responsibility for the school's activities and is therefore considered to be the person with overall responsibility to the Governing Body for the financial management of the school. The Headteacher should ensure that:
 - the Governing Body is provided with financial advice
 - proper and adequate financial systems and controls are in place
 - accounts are prepared and maintained as required by the Governing Body and the LEA.
- 1.3 The Headteacher delegates most of the day-to-day financial management to **School Secretary** while retaining ultimate responsibility.

2. Financial Planning

The budget is the financial dimension of the school development plan. By identifying and allocating financial resources, the school prioritises its targets and objectives and facilitates the achievement of its educational aims.

Activity	Detailed task	Responsibility and other supports
Planning the budget	<p>To estimate allowance, income, grants, etc</p> <p>To identify and propose priorities in relation to the SDP</p> <p>To review and propose changes in staffing needs</p> <p>To draft budget options</p> <p>To evaluate budget options</p> <p>To prepare final draft budget</p>	<p>LEA, Headteacher, School Secretary</p> <p>Headteacher, FGB</p> <p>Headteacher, Staffing /Finance Committee</p> <p>School Secretary</p> <p>Headteacher, Finance Committee</p> <p>School Secretary, Headteacher</p>
Approving the budget	<p>To propose final budget draft</p> <p>To agree final draft</p>	<p>Headteacher</p> <p>FGB</p>
Monitoring and reviewing the budget	<p>To review monthly LEA summary and detailed FIS sheet and investigate discrepancies</p> <p>To report about financial matters to the Finance Committee and the FGB</p> <p>To monitor monthly LEA summary FIS sheet</p>	<p>Headteacher, School Secretary</p> <p>Headteacher</p> <p>Finance Committee</p>
Virements	<p>To recommend virements</p> <p>To approve virements</p> <p>To sign virement forms</p>	<p>Headteacher, School Secretary</p> <p>FGB</p> <p>Headteacher</p>

3. Payroll

Payroll is contracted to Dorset County Council.

The school is responsible for:

Activity	Detailed Task	Responsibility
Staff Contracts	Ensuring all forms are completed during recruitment together with any variations of contract are sent to DCC for processing. Once DCC have set up the contract, check on Merlin that the details are correct.	Headteacher, School Secretary
Weekly/monthly returns	To complete overtime claims and supply teacher claims and send to DCC to meet payroll deadlines. To complete monthly staffing return indicating starters, leavers and sickness or other absence. If applicable to complete absence insurance claims.	Headteacher, School Secretary
Monthly payroll printout	To check monthly printout for irregularities, including staff that have left or are not employed by the school. If actual payroll expenditure is different from budget, investigate any discrepancies.	School Secretary
Nominal Roll	To check staff contract details are correct	Headteacher, School Secretary

4. Purchasing

Purchasing procedures have been put in place to ensure that the school follows the fundamental principles of: probity, accountability and value for money.

Segregation of duties is used wherever possible: requisition orders are placed by the School Secretary and authorised by the Headteacher. Invoices are processed by the School Secretary and cheques are signed by the Headteacher. It is not possible, however, to have complete segregation of duties due to the limitation of staffing arrangements.

The school is careful to apply the principles of best value for money by using known suppliers with proven capacity to provide quality, quantity and timely delivery at a competitive price.

Non-order invoices are discouraged as much as possible.

E-purchasing and telephone orders should always be authorised beforehand and supported by the issue of an official order.

Budget holders are responsible for the management of their budget account within the limit of their budget and in relation to the School Improvement Plan.

All purchases estimated to be above £20,000 should be put to tender. The governors should ensure that at least three contractors are invited to submit tenders.

Three quotations should be sought for estimates of £5,000 and up to £20,000.

Estimates under £5,000 should follow the principles of best value for money.

The Governing Body must update annually a register of business interests for each member of the governing body and the headteacher.

Activity	Detailed task	Responsibility
Placing orders	Requisition orders	Budget holders
	Responsible for agreeing on requisition orders within limit of account budget	Headteacher
	Responsible for agreeing orders above limit of account budget	Headteacher
	Responsible for agreeing purchase above delegated limit	Finance Committee
	Responsible for obtaining quotes	Budget holder
	Responsible for seeking tenders	School Secretary
	Responsible for placing official orders	School Secretary
	Responsible for signing orders Responsible for placing summary orders	Headteacher School Secretary
Deliveries	Responsible for checking delivery against order	School Secretary
	Responsible for returning and/or exchanging goods	School Secretary

Activity	Detailed task	Responsibility
Invoices and Payments	Responsible for processing and paying invoices	School Secretary
	Authorised signatures on LMS account	Headteacher, Assistant Headteacher
	Authorised signatures on School Fund accounts	Headteacher, Assistant Headteacher

4. Cash Handling for LMS and School Fund Accounts

Cash handling should be kept to a minimum and whenever possible and practical, transactions should be done by cheques. Monies should be kept in a safe and secure place and promptly paid into the bank accounts.

Cash is usually collected for the following purposes:

- field trips
- revision guides
- uniform
- lettings
- personal telephone calls
- fund raising
- donations

Cash received should be promptly counted by the School Secretary and put away.

Audit recommendations on safe limits and transit of money should be adhered to. (see attached)

Petty cash money should be kept to a minimum. All expenditure should be supported by receipts identifying any VAT paid. Payment from the petty cash fund should be limited to minor items which have been approved in advance by the budget holder. Petty cash expenditure on individual items should not exceed £20.

The following guidelines should be followed when handling cash:

- avoid counting cash in public
- avoid leaving cash unsecured in an unattended area or room
- use the fire proof safe to store large amounts of cash
- receipts are given for cash received from lettings or on request

Activity	Detailed task	Responsibility
Collection of money	Collection of curriculum related money	School Secretary
	Collection of money from lettings	School Secretary
	Collection of money for uniform	School Secretary
	Collection of money for fundraising, donations, private calls and other sources	School Secretary
Cash received	Counting and recording of money	School Secretary
	Preparing banking	School Secretary
	Transporting cash to bank	School Secretary
Petty cash management	Access to petty cash fund	School Secretary
	Payment from petty cash fund	School Secretary
	Recording of petty cash fund expenditure and receipts	School Secretary

5. Reconciliation of accounts, financial reporting and collation of information

The school needs to continually monitor its financial progress and report on it to various bodies, such as the governors, LEA, OFSTED and DfES.

The school also needs to complete various claims in relation to income and expenditure.

Information gathering is an important factor in the effective management of the school's finances.

The list of reports, claims and returns, and their submission deadlines, is usually defined by the LEA or the DfES.

Activity	Detailed task	Responsibility
Reconciliation of bank statements	Monthly reconciliation of bank statements for LMS and School Fund accounts. Investigation of discrepancies.	School Secretary
LMS return	Monthly preparation of LMS and VAT return Agreed by	School Secretary Headteacher
Automatic reconciliation of allowance account	Monthly reconciliation of school's data with information sent by LEA	School Secretary
Absence insurance claims	Monthly preparation of absence claims for personnel on sick leave Agreed by	School Secretary Headteacher
Travel claims	Checking travel claims prepared by claimant Agreed by	School Secretary Headteacher
Threshold Grant claims	Termly preparation of Threshold Grant claims Agreed by	Headteacher Headteacher
PLASC	Annual pupil census preparation Agreed by	School Secretary Headteacher
CFR Return	Preparation of annual return Agreed by	School Secretary Headteacher

6. Lettings

The school has a lettings policy which establishes the general conditions for letting the school premises.

The charging policy is the responsibility of governors and lettings fees are regularly reviewed by the full governing body.

Records are kept of bookings and invoices.

A letting contract establishes the condition of let for each individual hirer.

Activity	Detailed task	Responsibility
Lettings fees	Establishment of charging policy	Full Governing Body
Contracts	Authorisation of lettings Preparation of individual letting contracts	School Secretary
Booking and Invoicing	Monthly preparation of booking forms and invoicing	School Secretary
Collection of fees	Half termly collection of fees and follow up if necessary	School Secretary

7. School Fund (Management and Audit)

The school holds a small private fund which is used for the collection of money from the sale of school uniform, equipment and sundry items.

The fund is managed by the School Secretary and is audited once a year. Governors receive an audit report which is minuted.

8. Asset Register

The Governing Body is responsible for the safe custody and physical control of stores and equipment and is required to monitor the inventory of moveable, non-capital items.

The Headteacher is responsible for ensuring that assets under his/her control are correctly recorded in the Inventory Books.

Disposal of assets should follow the procedure set down by Dorset County Council. (see attached)

Activity	Detailed task	Responsibility
Implementation of new inventory control programme from DCC	Promoting purchases from PF over £50 from previous financial years and adding other items manually. Recording new items.	School Secretary

Updating inventory books	Physical check of equipment against relevant records	School Secretary Class Teaching Assistant
Monitoring	Annual monitoring of inventory books	Headteacher/ School Secretary
Disposal of assets	Disposal of assets with nil or nominal value	Headteacher
	Disposal of assets with market value	Full Governing Body

9. Annexes9.1 List of people authorised to sign cheques

Headteacher
Assistant Headteacher

9.2 Reference documents used for the management of school finances

Keeping Your Balance	2000	Ofsted
Getting the Best from Your Budget	2000	Ofsted
Finance Handbook	2003	LA
Scheme of Financial Management	2006/07	LA
VAT Reference Manual		

Reviewed by the Finance Committee on _____

Ratified by the Governing Body on _____