

**Gastrells**

**Community Primary  
School**



# **Finance Policy**

**(see also Best Value Statement)**

Adopted May 2019

Review May 2020

To be reviewed by Resources Committee

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# 1. BUDGETS

## 1.1 Budget Construction

The Headteacher is responsible for the detailed preparation of the annual budget. In doing this, s/he should consult with other members of staff to ascertain detailed requirements and take into account obligations laid down in Schools Financial Value Standard (SFVS).

In constructing the budget, the Headteacher must take account of priorities identified in the School Improvement Plan (SIP) and incorporate the costs of these in the budget. Priorities identified in the SIP must always be costed.

All pupil premium payments received must be detailed in the budget and will be accounted for at the end of the year. The interventions provided using the pupil premium monies will be detailed clearly and transparently at the end of each academic year. Details will also be published on the school's website annually in line with the Department for Education's requirement.

The budget total must not exceed the amount of the Local Authority (LA) allocation plus or minus any balance brought forward from the previous year. If it appears that this cannot be achieved, the Headteacher and Chair of Governors must inform the Education Department immediately this becomes apparent.

The Resources Committee should meet in the Autumn term (Term 1) to consider a broad budget strategy, and again in the Spring term (Term 3) to consider and approve the detailed budget. The full Governing Body must subsequently approve the full budget, and minute this approval. The LA's Education Department must be informed in writing of the approved budget, in a format determined by the Education Department. This statement must be signed by the Chair of Governors.

In constructing the detailed budget, factors the Governors and Headteacher must take account of include:-

- any anticipated changes in pupil numbers
- current and previous year's expenditure levels on individual budget headings
- SIP priorities
- any pupil premium payments received
- staff pay awards and increments
- anticipated price inflation
- changes in the staffing complement
- changes in the supply of services (gas, electricity, oil, water etc.)

## 1.2 Budgetary Control and Monitoring

The Headteacher is responsible for regular, detailed control of the school budget. To achieve this, s/he will receive monthly reports from the school's accounting system. Such reports shall show, for each budget heading:-

- total budget for year
- total commitment and expenditure to date

- variance

The Headteacher is empowered to take remedial action to address variances, by effecting virement between individual budget headings. Individual virements may be authorised as follows:-

- up to £2,500 Head (and subsequently reported to Full Governing Body)
- £2,500 - £4,999 Resources Committee or Full Governing Body
- £5,000 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 Headteacher will present detailed finance report to the Resources Committee on a termly basis, such statements shall show for each budget heading:-

- total budget for year
- total commitment and expenditure to date
- variances

The Resources Committee shall consider such statements; the Headteacher will provide explanations for any significant variances identified. The Chair of the Resources Committee shall circulate minutes of the Resources Committee meetings to all governors, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

The Headteacher may assign budgetary control of individual budget headings to other members of staff. Such members of staff must receive monthly budget statements as detailed above. The Headteacher remains ultimately accountable to the Governing Body for these budget headings.

Payroll expenditure data notified by Shire Hall must be entered promptly each month by the school bursar on to the school's accounting system.

Other, non-pay, expenditure notified by Shire Hall must be reconciled promptly on a monthly basis to the school's accounting system by the school Bursar/ school administrator.

When the accounts for each financial year are closed, a final finance report from the school's accounting system must be presented to the next meeting of the Resources Committee.

## **2. PAYROLL**

### **2.1 Starters/Variations/Leavers**

All forms for

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

must be made out by the school bursar and authorised (signed) by the Headteacher, or, in his/her absence, the Deputy Headteacher. Such forms must then be posted directly and promptly to Shire Hall.

## **2.2 Time Sheets**

All time sheets submitted by a member of staff must be checked initially by the school bursar, and then authorised (signed) by the Headteacher, or, in his/her absence, the Deputy Headteacher. Authorised time sheets must be posted directly to Shire Hall, and never handed back to the employee.

## **2.3 Checking of Payroll Data**

Payroll data received monthly from Shire Hall must be scrutinised by

- the Headteacher, to ensure all employees are recognised, and pay appears reasonable (no detailed check)
- the school bursar, to check accuracy of pay calculations.

## **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, the Creditor Control section in Shire Hall must be contacted for advice (Tel: 01452 425940).

## **2.5 Supply Teachers**

The Governing Body will decide, on the basis of advice from the Headteacher, whether supply teacher insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised (signed) by the Headteacher, or, in his/her absence the Deputy Headteacher. Reimbursement claims must be submitted on a monthly basis by the school secretary. The school bursar must check on a monthly basis that correct amounts have been charged as per the Shire Hall expenditure printout.

# **3. SCHOOL FUND**

## **3.1 Accounts**

The accounts of the School Fund are to be maintained on a day to day basis by the school bursar. 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 all school accounts:-

- Headteacher
- Deputy Headteacher
- School Bursar

There must be two signatures on each cheque.

### **3.3 Final Accounts and Audit**

Final accounts are prepared at the end of the School Fund financial year by the school bursar. The accounts will be audited and presented in-line County Council's Manual on Unofficial Funds.

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

## **4. ASSETS**

### **4.1 Inventory**

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

The school bursar 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 Headteacher. Over this limit, the Governing Body must authorise and details recorded in the minutes. Reasons must be recorded in the inventory, together with the Headteacher's signature (up to £100) or the Governors' 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 departmental basis.

The inventory shall be checked against the actual assets by Headteacher 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:

- invisibly with Smart Water, and
- visibly with warning stickers.

### **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.

## 5. 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 school secretary/bursar 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.

A file of copy invoices will be maintained by the school secretary and/or bursar; 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 28 days
- 2nd reminder 56 days

If after 84 days the debt remains unpaid, consideration will be given by the Headteacher and/or Governors to writing the debt off in accordance with the following limits:-

- up to £50 Headteacher may authorise write-off
- £50 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 Headteacher, Chair and Governors as appropriate.

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 28 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.

### 5.3 Banking

All income received (cash or cheque) must be banked weekly 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).

#### **5.4 Charging Policy**

The Full Governing Body will set a charging policy to cover

- lettings
- school trips
- private photocopying
- private telephone calls

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 acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact.

Donations may be paid into the School Budget or the School Fund dependent upon the wishes of the donor.

#### **5.6 Official Capitation and School Fund Income**

All income used to offset expenditure incurred on the capitation budget (e.g. lettings, photocopying, telephone calls, sales of work) must be paid into the official School Budget and coded to an appropriate income code. Monies received from any sales of school equipment must similarly be paid into the School Budget.

Donations may be paid into the School Budget or the School Fund dependent upon the wishes of the donor which must be ascertained beforehand.

#### **5.7 Cash Received from Pupils**

Cash received from pupils in class must be handed over to the school secretary at the earliest opportunity. Cash received from pupils by the school secretary and /or bursar will be recorded and dealt with accordingly, normally within 24 hours.

#### **5.8 Security of Receipt Books and Tickets**

All unused receipts and tickets to be used to acknowledge receipt of income, must be held securely in the school office.

## **6. 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 school secretary and/or school bursar 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.

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 secretary.

When placing orders it is the responsibility of the initiator to ensure that Gloucestershire County Council Accounting Instructions are adhered to, these being:

## **6.2 Quotations/Tenders**

- for orders for goods/services under £50,000:
  - £1,000 - £5000 - at least three prices to be examined and retained, these prices may be taken from suppliers' written or verbal quotations or catalogues/price lists. Best Value must have been obtained in accordance with our current Best Value Statement.
  - £5001 - £50,000 - independent written evidence of at least three prices should be obtained and retained.  
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 appropriate 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 Headteacher to ensure that the Resources Committee are consulted in the following circumstances:-

- On purchasing decisions when the estimated cost of one item exceeds £2,500.
- Review of quotations obtained where estimated costs exceed £2,500.
- Review of quotations when the lowest quote is not the most suitable.

#### **6.4 Receipt of Goods**

Once items ordered have been received, the secretary must ensure that items delivered correspond to details contained in the delivery note. Upon examination of goods the secretary 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 (or in the Headteacher's absence, the Deputy Headteacher).

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

#### **6.6 Petty Cash**

Day to day operation of the petty cash account is the responsibility of the school secretary.

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

Reimbursement must be claimed monthly or when one-half of the imprest advance has been used. The Headteacher (or Deputy Headteacher in his/her absence) must certify the reimbursement claim.

Each time a reimbursement claim is submitted, the secretary must complete a reconciliation ensuring that cash expended, plus cash in hand or at bank, plus stamps held, equals the amount of the advance.

All members of staff who wish to purchase items from the petty cash account must obtain prior approval from the Headteacher.

Vouchers (receipts, paid invoices etc.) to evidence the payment must be presented to the secretary by members of staff when reclaiming cash from the account. These vouchers must be retained by the secretary 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 Headteacher. 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.

#### **6.7 Use of Consortium and Term Contractors (Maintenance Work)**

If the Consortium is used for any purchases, or if the LA-approved Term Contractors are used for maintenance work, then the school need not seek competitive quotations to comply with Accounting Instructions. Tendered daywork

rates are published in the logbook (updated annually) which premises managers can use to compare prices when ordering works, they will then be deemed to have compared three prices in accordance with standing orders and financial instructions. However if, the Headteacher and/or the governors wish to obtain quotes in competition with the Consortium/Term Contractors, then this may be effected.

## **7. REGISTER OF PECUNIARY AND OTHER INTERESTS**

The school shall maintain such a Register.

### **7.1 Persons to be Included:-**

- All governors
- Headteacher
- All senior staff (e.g. Deputy Headteacher, Assistant Heads, Heads of Departments, senior administrative staff e.g. school secretary)

### **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:

- purchasing 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 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).