



Balcarras

From strength to strength

# ***BALCARRAS SCHOOL***

## ***FINANCIAL PROCEDURES POLICY***

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## **Introduction**

This manual is designed to define the procedures and controls relating to the financial management of Balcarras School concerning income, expenditure and resources.

The procedures and controls set out on the following pages are currently in force but are subject to amendment as future changes of a statutory or other nature may dictate.

## 1. Organisation

### 1.1. The Governing Body

The Governing Body has overall responsibility for the administration of the Academy's finances, compliance with the Funding Agreement and the Academies Financial Handbook. The main responsibilities include:

- Ensuring the funding is used for the purposes intended
- Approval of the annual budget
- Appointment of the Headteacher/"Accounting Officer"
- Appointment of the Finance Manager in conjunction with the Headteacher
- Appointment of auditors
- Review and approval of the annual report and accounts

### 1.2. Finance Committee

Much of the day to day financial management and monitoring is delegated to the Finance Committee within the detailed terms of reference. The Finance Committee of Balcarras Governing Body also includes the scope of an Audit Committee as defined by the Academies Financial Handbook. The main responsibilities of the Finance Committee include:

- To oversee the annual budget setting
- Annually recommend to the full Governing Body an agreed financial plan for the coming year
- Regularly review the School's performance against the current year's financial plan, and take such corrective or preventative actions as may be required to ensure compliance with the planned budget, and Government legislation
- Resources are allocated in line with the strategic priorities defined in the school's development plan (SDP)
- Full and efficient use is made of all the school's assets and financial resources
- The school delivers 'value for money' from our budget
- Proposals and plans for premises spending are specifically discussed and monitored, specifically via the SMT, which will give regular reports to this Finance Committee
- Determine the written description of financial systems and procedures
- Determine matters relating to lettings outside Academy hours in accordance with Governors' delegated responsibilities
- Determine insurance arrangements

### 1.3. Headteacher

The Headteacher, who is appointed as the Accounting Officer, has overall responsibility for the Academy, including financial activities. Much of the financial responsibility is delegated to the Finance Manager but the Headteacher still retains responsibility for:

- Ensuring regularity and propriety
- Ensuring prudent and economical administration
- Avoidance of waste and extravagance
- Efficient and effective use of available resources
- The day to day organisation, staffing and management of the academy

#### 1.4. Finance Manager

The Finance Manager is appointed as the Chief Financial Officer. The Finance Manager works in close collaboration with the Headteacher and is responsible to the governing body via the Finance Committee and full governors meetings. The main responsibilities are:

- Day to day management of financial issues including staffing and operation of the finance system
- The management of the academy financial position at a strategic and operational level within the framework of the Finance Policy and Academies Handbook
- Ensuring the annual accounts are properly presented and supported by the financial records and systems
- Preparation of interim financial reports
- Approval of orders up to £50,000, in conjunction with budget holders
- Ensuring the required returns are sent in to the Department for Education in line with timetables

#### 1.5. Responsible Officer

The Responsible Officer is appointed by the governing body to provide the governing body and Finance Committee with on-going independent oversight of the academy's financial affairs and assurance that:

- The financial responsibilities of the governing body are being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Sound systems of internal control are being maintained
- Financial considerations are fully taken into account in reaching decisions

#### 1.6. Other Staff

The finance team have specific responsibilities for the accurate maintenance of the academy's finance systems, records and compliance with the Finance Policy and Academies Financial Handbook. The specific responsibilities are detailed in individuals' job descriptions.

Budget holders have financial responsibility for managing within their delegated budgets and ensuring Value for Money.

### 2. Budgets

#### 2.1. Budget construction

The Headteacher is responsible for the detailed preparation of the annual budget. In doing this he/she consults with other members of staff to ascertain detailed requirements.

The Finance Committee determine the overall sum within which the budget must be set, and the amount of any anticipated balance to be carried forward into the following financial year.

In constructing the budget, the Headteacher takes account of priorities identified in the School Development Plan and incorporates the costs of these in the budget. Priorities identified in the Development Plan are always costed.

If the budget total exceeds the amount of the ESFA allocation, plus or minus any balance brought forward from the previous year, the Headteacher and Chair of Governors inform the ESFA immediately this becomes apparent.

The Finance Committee meets at least three times a year. During these meetings the committee considers a broad budget strategy and considers and approves the detailed budget.

The full Governing Body subsequently approves the full budget, and minutes this approval.

The Finance Manager informs the ESFA of the approved budget in writing, in a format determined by the ESFA. The Chair of Governors signs the submitted budget.

In constructing the detailed budget, the Headteacher takes account of the following and all other known factors:

- Any anticipated changes in pupil numbers
- Current and previous years expenditure levels on individual budget headings
- Development Plan priorities
- Staff pay awards and increments
- Anticipated price inflation
- Changes in the staffing complement
- Changes in the supply of services (gas, electricity, oil, water etc.).

## 2.2. Budgetary control and monitoring

The Headteacher is responsible for regular, detailed control of the school budget. To achieve this the Head receives monthly reports from the school's accounting system.

The Finance Manager is responsible for the preparation of these reports and accompanying commentary within 10 working days from the end of the month.

The Headteacher may assign budgetary responsibility for individual budget headings to other members of staff. The Finance Manager sends such members of staff monthly budget reports.

## 2.3. Virement of budget

The Headteacher's authority for budget virement is up to £10,000  
The Finance Committee authorise all virements above £10,000

### 3. Income

#### 3.1. Credit income

The school receives income from the following:

- Grant allocations from the ESFA, GCC and other government bodies
- Invoiced hiring of facilities
- Invoiced consultancy
- Money collected from parents for school meals, school trips, gift aided donations and other items
- Other income by unannounced means, such as donations.

##### 3.1.1. Grant income

The ESFA, GCC and other government bodies notifies the amount of the grant prior to receipt. The Finance Manager ensures this information is entered on PSF.

##### 3.1.2. Invoice income

An official invoice must be raised by the Finance Manager, or other person under the direction of the Finance Manager, in all cases and sent to the debtor as soon as possible after the provision of the goods/services, and no later than one month after the provision.

A file of copy invoices will be maintained by the Finance team.

The debtor control account will be monitored monthly to identify debts requiring reminder and/or further debt recovery actions.

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

- 1<sup>st</sup> reminder – 30 days after due date
- 2<sup>nd</sup> reminder – 60 days after due date

If after 90 days the debt remains unpaid, consideration will be given by the Finance Manager, Headteacher and/or Governors to writing the debt off in accordance with the following limits:-

- Upto £200 – Headteacher or Finance Manager may authorise write-off
- Upto 500 – Chair of Governors may authorise write-off
- Over £500 – Finance Committee may authorise write-off

In each case, the possibility of taking legal action to recover the debt must be considered by the Finance Manager, Headteacher, Chair and Finance Committee 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 the due date, no further goods or services must be provided until the outstanding debt is settled.

Receipts can be issued to debtors on request, the receipt number is to be written on the copy invoice and a duplicate copy of the receipt must be retained at school.

### 3.2. Cash income

The Finance Manager ensures all cash and cheque (or any other monetary instrument) receipts at school are reconciled and banked at the earliest opportunity. Finance Clerk issues an official receipt at the time of payment, a duplicate copy is retained at the school.

### 3.3. Banking

The Finance Manager ensures cash and cheques received are banked promptly and intact and the stamped paying-in slip is retained. No payments are made out of income received.

### 3.4. Charging policy

The full Governing Body sets a charging policy to cover: -

- Lettings
- School visits (which will be costed by the teacher organiser, who will also take into account any students in financial difficulty)
- Music tuition
- Exam fees
- Private photocopying
- Private telephone calls

The school levies charges in accordance with the Charging Policy which the governing body reviews annually.

### 3.5. Donations

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. Donations should be properly recorded into the appropriate income budget and must be banked promptly and intact.

### 3.6. Other income

All income used to offset expenditure (e.g. lettings, photocopying, telephone calls, music tuition, sales of work) must be paid into the Academy bank account and coded into the appropriate income code. Monies received from any sales of school equipment must similarly be paid into the Academy bank account.

### 3.7. Cash received from pupils

Cash received from pupils must be fully and accurately recorded. Cash collected by departments must be handed over to the Finance Office daily. A receipt for the income will be generated and retained with the income record.

The Finance Office issues a receipt for cash payments of £20 or more.

### 3.8. Security of receipt books and tickets

All unused receipts to acknowledge receipt of income must be held securely in the school Finance Office



## 4. Purchasing

### 4.1. Ordering

School procedures for purchasing should ensure that purchases are as required and are only for valid school purposes.

The schools Value for Money Statement outlines the principles and procedures which apply to the purchase of all goods and services for the school and must be followed at all times.

Orders must be approved by the appropriate budget holder. The orders should then be processed by the Finance Team. The official order produced from the finance system must be authorised on the system by the Finance Manager before it is sent to the supplier.

The Finance Manager will obtain the written approval of purchase orders in excess of £10,000 from the Headteacher.

If an order has been placed over the telephone by the Finance Team an official order number will be given and the invoice checked against this number. Alternatively official confirmation of the order must be sent as soon as possible afterwards, e.g. by email.

The IT Manager must always be consulted before ordering any computer equipment.

Official orders must not be used to procure goods for private purposes.

Records of all official orders placed must be retained on file at the school by the Finance Team.

When placing orders it is the responsibility of the initiator to ensure that Standing Orders are adhered to, these being -

### 4.2. Quotations / tenders

#### 4.2.1. 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) except under emergency situations when the Finance Manager may select a single supplier
- £5,001 - £50,000 - independent written evidence of at least three prices must be obtained and retained (except where only a single specialist supplier is able to provide the required goods/services)

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

#### 4.2.2. Orders for goods/services over £50,000

Tenders must be invited in accordance with specific Standing Orders.

- From at least three appropriate contractors, or
- By open competition by advertisement in local newspapers or appropriate journals

#### 4.2.3. Contracts over €209,000

In the event that the school wishes to place a contract over €209,000 (for lifetime value – not just a single year) European purchasing rules apply and the Finance Committee and Finance Manager should review the detailed requirements.

#### 4.3. Governor involvement

As well as ensuring that the above have been adhered to, it is the responsibility of the Headteacher to ensure that Governors are consulted in the following circumstances:-

- Review of quotations obtained where estimated costs exceed £50,000
- Review of quotations when the lowest quote is not the most suitable or when the prerequisite number of quotes could not be obtained. In such circumstances the Governors should formally authorise a waiver of the regulations, either to the purchase or retrospectively, if necessary

#### 4.4. Receipt of goods

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

#### 4.5. Invoice recording

The Finance Manager ensures that all invoices are recorded promptly in the school's accounting system on receipt and stamped and despatched to budget holders for authorisation.

#### 4.6. Invoice check and authorisation

The ordering department official checks invoices against order and delivery for quantity, quality and price, signs them as being accurate and returns them to the finance department for payment.

The Finance Manager ensures suppliers that are a named individual are properly registered with the HMRC as self employed for the type of work undertaken. If they are not registered these suppliers are paid through the payroll.

The cheque number of each payment is entered on the appropriate invoice for reference purposes.

#### 4.7. Cheque payments

- 4.7.1. Cheques are only issued by financial personnel and are produced automatically through the computer system. In exceptional circumstances, cheques can be issued from a manual chequebook. All unused cheques are securely locked in the safe located in the finance office.
- 4.7.2. All cheques issued require the signatures of two authorised signatories before issue.

Authorised signatories of the cheques are:

- a member of the SMT,
- Chair of Governors,
- Vice Chair of Governors,
- Chair of the Finance Committee
- School Finance Manager.

The person who authorises an invoice is not a signatory of the cheques pertaining to that invoice.

Any cheque with a value in excess of £10,000 requires the signature of at least one of the designated Governors (exception being for payment to the HM Revenue & Customs).

All cheques are signed manually and signing of blank cheques is prohibited.

All cheques presented for signature are supported by authorised documents.

Supporting documents have the cheque number written on them as soon as cheques have been drawn and reviewed for accuracy, and before presentation for signature.

#### 4.8. Direct Bank Payments

Payments of invoices and expenses will in general be by faster payments through the bank. The Finance Team will process all payments through the electronic finance system producing a csv file of a payment run. The payment run csv file is to be uploaded on to the bank account by the Finance Manager for release by one of the designated members of the SMT.

#### 4.9. Credit Card Purchases

There are times when there are financial advantages for purchases to be made using the credit card or is the only option such as purchases on the internet. Authorisation of purchase will be as previously stated plus a member of SMT must approve the use of the school credit card.

Credit cards are held by the following:-

- The Finance Manager – All purchases to be approved by a member of SMT
- The IT Manager – All purchases to be approved by the Finance Manager and a member of SMT

- Head of D&T Food – All purchases to be approved by the Finance Manager and a member of SMT
- Headteacher – All purchases to be approved by the Chair of Governors and the Finance Manager

#### 4.10. Petty cash

Day to day operation of the petty cash account is the responsibility of the finance manager.

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

Each time a reimbursement claim is submitted, the finance officer completes 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 obtain prior approval from the Headteacher. Vouchers (receipts, paid invoices etc.) to evidence the payment are presented to the Finance Office by members of staff when reclaiming cash from the account. The finance office retain these vouchers.

In normal circumstances individual purchases from petty cash do not exceed £10. In exceptional circumstances payments up to £20 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 are retained securely.

#### 5. Payroll

The school operates its payroll system using SAGE payroll software system. Key features are:-

- Data in the SAGE software will be backed-up each month to ensure at least one month's complete data is available at any time
- SAGE software will be updated as soon as new software releases are issued
- All staff will be paid on 26<sup>th</sup> of each month, or the previous working day should that fall on a non-working day
- All salaries must be paid to staff using BACS
- All staff on email will receive their payslip electronically; staff not on email will receive a payslip posted to their home address
- All statutory deductions must be paid to the relevant body (e.g. LGPS, TPA, HMRC) by the relevant deadlines
- P60s will be issued by 31<sup>st</sup> May each year for the previous April to March tax year. Where a new starter fails to produce a P45 their previous employer a P46 form will be issued
- All support staff payslips must explicitly show and holiday pay entitlement adjustments relating to additional hours and/or unpaid leave

## 5.1. Starters/variations/leavers

5.1.1. The Finance Manager provides the following information for new employees:

- Payroll information form
- Letter of employment signed by the Headteacher
- Support Staff Pension forms to be completed and submitted to the County Pensions Department

5.1.2. Amendments

- Amendments of salary to be in writing, signed by the Headteacher
- Employees to notify and authorise by signature changes of personal details such as address or bank accounts in writing

5.1.3. Leavers

- Notification of leavers is in writing by a letter of resignation from the employee
- The Finance Manager is responsible for
  - notifying Pensions Department by completion of the "Leavers Form".
  - issuing a P45 with the final payslip.

## 5.2. Timesheets

5.2.1. Overtime

Employees are responsible for submitting their overtime forms to their line manager for authorisation, the line manager is responsible for submitting these to the Finance Office.

5.2.2. Cleaners

Employees are responsible for submitting their timesheets to their line manager (Cleaning Supervisor) for authorisation, the line manager is responsible for submitting these to the Finance Office. The time and attendance report to replace this process in the near future

5.2.3. Sports Centre Staff

Employees are responsible for submitting their timesheets to their line manager (Sports Centre Manager) for authorisation, the line manager is responsible for submitting these to the Finance Office.

No timesheet or overtime claim form is to be returned to the employee.

## 5.3. Checking payroll data

The Finance Manager is responsible for the preparation of the monthly payroll. A nominated member of the SMT is responsible for checking it.

#### 5.4. Pay-related expenses

All pay-related expenses are processed through the payroll system. Pay-related expenses are never paid via petty cash, or by the creditor payment system

#### 5.5. Staff Fund deductions

For the purposes of generating funds for staff leaving presents, the Finance Office is authorised to deduct £15 from full time staff, £10 from part-time in September from employees' monthly net pay, except where the employee has expressly opted out of the scheme. These funds are exempt from other school funds and must not be used to fund school-related expenditure.

### 6. Assets

#### 6.1. 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, subject to a minimum value for an individual item of £1,000.

The Finance Manager is responsible for keeping the overall inventory up to date; each department head is responsible for keeping their individual department's inventory up to date by adding new items when they are received into school.

All asset disposals must ensure the best possible value is obtained. Items up to a value of £1,000 may be sold or written out of the inventory on the authority of the Headteacher. Over this limit, the Governing Body authorises and details recorded in the minutes. Reasons are recorded in the inventory, together with the Headteacher's signature (up to £1,000) or the Governors' minute reference (£1,000 and over). An official receipt for sales income must be issued to the purchaser. VAT must be charged when required.

For disposal of fixed assets which have been funded by the ESFA the Finance Manager will adhere to the requirements laid down in the Academies Financial Handbook.

Inventories shall cover all areas of the school, and be arranged on a room-by-room basis. A separate inventory is maintained to include items which are not allocated to a specific room.

The inventory is checked against the actual assets by the Finance Manager on an annual basis. The check is evidenced by the checker signing and dating the inventory.

#### 6.2. Depreciation

Depreciation is provided on cost or valuation in equal annual instalments over the estimated useful life of the assets.

Assets are capitalised for all single items above the value of £1,000.

The standard rates of depreciation are as follows:-

Asset type	Depreciation period	Depreciation rate
Computer equipment and software	5 years	20%
Fixtures and fittings	5 years	20%
Buildings	20 years	5%

Note: The above are general standard depreciation rates. Individual capitalised fixed assets may need to have specific depreciation periods set; this will need to be specifically approved by the Finance Committee.

### 6.3. Off-site register

The IT Manager records any electronic inventory items taken off-site by members of staff for official purposes in a register. The date borrowed, and the signature of the borrower, is recorded. The IT Manager records the date when the item is returned.

## 7. Register of Pecuniary and Other Interest

The school (Clerk to the Governors) shall maintain such a Register. The specific criteria to be included are detailed in the Academies Financial Handbook.

### 7.1. Persons to be included:

- 1.All Governors
- 2.All Members
- 3.All Senior Management Team (SMT)
- 4.All Finance staff
- 5.All Budget holders
- 6.All credit card holders
- 7.Any other staff who may, from time to time, have procurement responsibilities

### 7.2. Interest 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 academy.

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 a member of staff who has close personal relationship(e.g. spouse, partner, son, daughter etc.) with a Governor/senior member of staff without going through the correct procedures for recruitment and selection

There cannot be a definitive, comprehensive list of the interests which should be recorded. 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
- Having a close personal relationship with a person in the above categories
- Being in a position to potentially influence decisions made about the school
- Having a close personal relationship with a Governor or member of staff

All gifts with a value over £50 received, or given, to any member of staff, governors, suppliers or contractors must be disclosed to the Finance Manager who will report these at the next Finance Committee.

If staff or Governors are in any doubt regarding whether an interest should be reported, guidance should be sought from the Headteacher or Chair of Governors.