

HARRIS MIDDLE SCHOOL

FINANCE POLICY

AUTUMN TERM 2009

CHAIR OF GOVERNORS: _____

MINUTED: _____

DATE OF REVIEW:- AUTUMN TERM 2010

FINANCE POLICY

Governance

General

A list of all Governors, their membership of committees and terms of reference is maintained by the Head teacher.

The Governing body and Committees meet at least once a term.

A programme of planned meetings for the forthcoming year is issued to Governors early in the Autumn term. Any changes to this list will be discussed and agreed at the first full Governing Body meeting in the Autumn Term. Further committee meetings will be arranged if required.

The Governors

The Governing Body delegate to the Finance Committee the monitoring of the budget and approval of the annual budget. The associated policies, eg charging policy, bad debt and redundant equipment policy, are agreed on the recommendation of the Finance Committee.

The Governing Body is responsible for the overall direction of the school; it determines the school's spending priorities and evaluates the effectiveness of spending decisions.

The Headteacher & Finance staff

The Governors delegate responsibility for the day-to-day management of the school to the Headteacher.

The Headteacher & Bursar ensure that sound systems of internal control are in place.

The Bursar compiles draft budgets, in consultation with the Headteacher.

The Bursar monitors income to ensure that all available funds are received and seeks to maximise income by means of grant applications and maximising income from lettings and services.

The Bursar monitors the budget and supplies the Headteacher, Finance Committee and full Governing Body with monitoring information. The information for the Finance Committee and Governing Body takes the form of a budget report produced from the SIMS accounting system with a written budget commentary. SIMS records are reconciled monthly with the LA accounting system and any discrepancies investigated.

Other Staff

Staff comply with financial regulations in Suffolk's Scheme for Financing Schools and any school specific requirements.

Staff are responsible for any budget whose management is delegated to them and are referred to as Budget Holders. They are responsible for completing internal order forms, passing signed paperwork to the Office and monitoring their own budgets.

The Finance Committee

Membership is determined by the Governing Body and reviewed annually in the Autumn term.

The Finance Committee responsibilities are as follows:

- In consultation with the Headteacher, to draft the first formal budget plan of the financial year.
- To establish and maintain an up to date 3 year financial plan.
- To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Governing Body (or at full Governing Body meetings)

- To ensure the school operates within the Financial Regulations of the County Council.
- To monitor expenditure of all voluntary funds kept on behalf of the Governing Body.
- To annually review charges and remissions policies and expenses policies.
- To make decisions in respect of service agreements.
- To make decisions on expenditure following recommendations from other Committees.
- To prepare financial statements for inclusion in the Governing Body report to parents.
- To ensure, as far is practical, that Health and Safety issues are appropriately prioritised.
- To determine whether sufficient funds are available for pay increments as recommended by the Headteacher.
- In the light of the Headteacher Performance Management Group's recommendations, to determine whether sufficient funds are available for increments.
- To receive, open and accept tenders for contracts above £50,000 as set by the governing body.
- To report to the LA on the intended use of surplus balances.
- To report to the LA on the recovery of deficits.

As set out in the terms of reference for the Finance Committee.

Any review of staffing agreed by the Staffing Committee is first referred to the Finance Committee who will assess the budgetary implications of the recommendations and advise the Governing Body accordingly.

Expenditure Limits

The inclusion of an item in the approved budget plan gives authority to spend, save that the Headteacher seeks approval from the Finance Committee for any individual transaction in excess of £10,000.

Any virements to the budget are presented to either the Finance Committee or the full Governing Body for approval.

Orders

Quotations are obtained or tenders sought for purchases exceeding the limits set out in Suffolk's Scheme for Financing Schools.

Minutes

Minutes are taken which record the basis for any decisions made and clearly state the decisions themselves. Draft minutes are circulated to members of the committee within one week of its meeting and are agreed and signed at the next meeting. The minutes of all Committees are reported to the Governing Body.

Register of Business Interest (Pecuniary Interest)

The Headteacher maintains a register of business interest for Governors and for staff. The register is maintained annually.

GENERAL

Capitation Budgets.

Capitation budgets are allocated by the Headteacher & Bursar considering past data and the budget holders requests and departmental contribution to the School Improvement Plan. Departments are reminded that capitation spending is essential to them delivering their curriculum. Budgets are monitored continuously by the Bursar and any substantial deviation/overspend reported to the Headteacher.

Development Grants

Items of expenditure in excess of the Capitation budget, and requirements for building, decoration and Health & Safety work must be included in the School Improvement Plan and following this, the Budget Plan when possible. The Finance Committee will consider such expenditure in the light of priorities and available funds.

Rolling Replacement

Each year an allocation will be made in the budget to allow for a rolling replacement of ICT equipment. An allocation will also be met to accommodate a programme of rolling decoration.

FINANCIAL PLANNING

The SIP includes a statement of its educational priorities to guide the planning process.

There is a clear, identifiable link between the school's annual budget and the SIP.

For each of the key issues in the SIP, costs and other inputs are identified and budgets prepared.

The SIP is reviewed in the Autumn Term.

The school budget is maintained for the current financial year and two further years.

The budget is based on realistic estimates of all income and expenditure so that planned expenditure does not differ materially from the agreed budget.

The budget and cash flow forecast are profiled in accordance with likely spending patterns.

In the event of a budget surplus, this is earmarked for future specified use.

A record is maintained of all ongoing commitments with explanations of any significant year-on-year changes.

All new initiatives are appraised by the Finance Committee in relation to their costs, benefits and sustainability.

The main elements of the budget are fundamentally reviewed within a five year cycle. Benchmarking information helps to identify priorities.

The budget cycle is as follows:-

Spring Term:-

- Budget-holders are invited to submit requests for development expenditure in the new financial year.
- A draft 3 year budget plan is prepared by the Bursar, in consultation with the Headteacher and appropriate members of SLT. This takes into account actual outturn from the current year, expenditure and income as notified by the LA in the budget briefings, income from all anticipated grants and services, completed staffing spreadsheets which incorporate all anticipated changes, curriculum requirements, pupil number estimates, major planned expenditure from the SIP and plans for spending devolved formula capital.
- The Bursar presents the draft budget for the three year budget plan to the Finance Committee. Amendments are agreed as necessary.
- The final budget is approved by the Finance Committee on behalf of the Governing Body, before the 31st March and presented to the next full Governing Body meeting.
- The approved budget is sent to the LEA, using the LA approved format.

Summer Term:-

- Budgeted figures for salaries, income and expenditure are checked against actual costs in April, and any budgetary implications arising from discrepancies advised to the Finance Committee.

- The old financial year is closed off following agreement from Area Office.

Autumn Term:-

- Alterations to teacher's salaries in September are checked against actuals and any budgetary implications arising from discrepancies advised to the finance committee.
- The estimated carry-forward is calculated and monitored, taking into consideration ring-fenced monies and anticipated listed creditors and debtors.
- Estimated budget figures for the new financial year are compiled and staffing spreadsheets up-dated in preparation for work on the New Year budget.

BUDGET MONITORING

The Bursar produces a monthly monitoring report for the Headteacher, which includes expenditure to date, committed expenditure and any significant deviations.

A termly report on devolved formula capital expenditure is presented to the Governing Body.

From the Autumn term the anticipated carry-forward for the current financial year will be reported.

The Bursar presents this information at least termly to the Finance Committee and the full Governing Body and identifies and recommends appropriate remedial action for budget variances.

Heads of Department receive a summary of the balance of their account on a half term basis and may request a full printout at any time. The Headteacher receives a monthly summary of these reports.

Cash-flow reports will be prepared at the beginning of the financial year and as required thereafter.

PURCHASING

All orders comply with the LEA's Standing Orders for contracts as published in Suffolk's Scheme for Financing Schools.

The school demonstrates value for money through competitive tendering, when appropriate or by using County Stores or other approved purchasing arrangements.

Prior approval of the Governors is obtained for any expenditure in excess of £10,000. Orders are not artificially split to evade this limit.

The school will not enter into any 'financial lease' and will ensure that any lease entered into is an 'operating lease'.

Three written quotations are obtained for any order whose value is estimated at over £5,000.

If a quotation other than the lowest is accepted, it is reported to Governors and the reasons minuted.

Contract specifications will contain the following:-

- Contract duration
- Definitions
- Contract Objectives
- Services to be provided
- Service quantity
- Service quality standards
- Contract value and payment arrangements
- Information and monitoring requirements

- Procedure for disputes
- Review and evaluation requirements

The official financial information (SIMS) will be used for all orders. Any urgent verbal order is confirmed by a written order.

Individuals will not use official orders to obtain goods or services for themselves.

All orders are signed by an authorised signatory. A list of authorised signatories is maintained by the Office.

The signatory will be satisfied that the goods or services are appropriate and necessary, that competitive tenders have been obtained where necessary and that there is sufficient budgetary provision.

Each order placed is automatically entered into the school's financial system as a commitment.

The school checks goods received against the delivery note and the delivery note is checked against the invoice. The invoice is also checked against the order.

Payment is made within the agreed time limits after certification by an approved signatory.

Payment is only made against the original suppliers' invoice and not on a statement.

FINANCIAL CONTROLS

The Headteacher has a secured contingency arrangement in place to ensure that financial control can be maintained in the absence of key staff. The office staff are able to provide adequate day-to-day cover for each other, and Enhanced Finance staff will be called in as and if required.

The Headteacher has due regard to separation of duties in the organization of financial duties. At least two people are involved in the completion of tasks and the work of one acts as a check on the work of the other.

The school maintains proper accounting records. An audit trail can be maintained for all financial transactions. Any alterations are made in ink and initialed to identify the person making the alteration.

Documents relating to financial transactions are retained for 6 years plus current.

All records are securely stored and accessed by authorised staff.

Where there is a requirement to account separately for earmarked funding the Headteacher ensures this is done and that money is spent on its intended purpose.

INCOME

The Finance Committee reviews the school's charging and remissions policy and recommends its approval by the Full Governing body annually.

Proper records of all income due are kept. The school produces its own invoices with a 30 day payment term and sends a statement after 30 days. Debts are written off in accordance with the schools debt management policy.

The responsibility of identifying and recording sums due is separated from the responsibility for collecting and banking income.

Official pre-numbered receipts are issued as required. Income is listed on a daily basis and logged for future reference and reconciliation when banking.

Pending banking, cash and cheques are locked away in a secure safe.

Income is banked on a regular basis. Income is not used for making any payment for cashing personal cheques, although the school may exchange a petty cash cheque for cash.

Income recorded in the accounts is reconciled weekly with the bank statement.

The school banks with Lloyds TSB. The bank account name is 'SCC The Harris Middle School'. The bank account number is '0156109' sort code '30-95-24'. The School fund is included in this account.

Bank reconciliations are completed weekly and any discrepancies resolved. A copy of the reconciliation and outstanding items is sent to the Education Office as required.

The school is not allowed to go overdrawn, and will apply to the LEA for a cash advance should there be insufficient funds.

Each cheque written is signed by two authorised signatories and supporting vouchers are made available to each signatory to safeguard against inappropriate expenditure. Cheques are not pre-signed.

All cheques are crossed 'account payee' and are secured securely when not in use.

PAYROLL

Personnel procedures, including appointments, promotions and terminations are supervised by the Staffing Committee or the full Governing Body.

The Headteacher ensures that the duties of authorising any variations to the payroll are separated from the processing of claims.

All staff data is entered onto the schools personnel information package (SIMS) and is reconciled with the ORACLE download. Only authorised staff are allowed to access personnel records.

PETTY CASH

The Headteacher has determined the level of petty cash to be held as £400 maximum.

Cash is held securely and access to it is restricted to authorised staff.

Payments from petty cash are limited to £50. Expenses over this amount are reimbursed to employees by means of cheque.

Payments from petty cash are supported by a petty cash claim form and VAT invoices/receipt.

Transactions are entered onto the schools financial information system (SIMS).

Petty cash is reconciled by the Bursar several times each term. A report of all transactions is run and the reconciliation statement countersigned by an authorizing signatory confirming the report balances with cash.

Personal cheques are not allowed to be cashed with petty cash.

TAX

The Headteacher ensures that all relevant staff are aware of relevant provisions concerning VAT, tax and the construction industry scheme.

Only VAT invoices are paid for transactions involving VAT.

In the case of the reimbursement of expenses, the VAT invoice must be in the name of the school and not an employee, as VAT belonging to the County Council can only be claimed by Suffolk County Council.

The school completes a monthly VAT return on SIMS, which is reimbursed. This is done on the first available day after month end.

ASSETS

An up to date inventory is maintained of all items of equipment over £100. Those that are portable, valuable and desirable are identified as school property with security stickers that bear the school name and equipment number.

The inventory is reviewed on an annual basis and signed as evidence of the check having being undertaken.

The Governors have approved a policy in relation to redundant equipment.

The safe is kept locked and the keys are removed.

INSURANCE

The school reviews all risks annually.

The Governors consider whether to insure against any uncovered risk at the start of the financial year with the budget process.

The school will notify the LA/insurers of any new risks or any other alterations affecting existing insurance.

The school will not give any indemnity to a third party.

The school will immediately advise the LA/insurers or any accident, loss or other incident which may give rise to an insurance claim.

Insurance will cover the use of school property when off the premises, eg musical instruments/computers.

DATA SECURITY

Computer systems used for school management are protected by password security (i.e. screen savers, logins and passwords etc). Passwords are changed termly and more frequently in the event of staff changes.

All data is backed up daily and a back-up tape always taken off site.

The Headteacher/ICT Systems Manager has established a contingency plan for recovery from an emergency.

Only authorised software is installed on any school computer to safeguard against computer viruses, all software has to be installed by the ICT Systems Manager/ICT Technician.

The Governors ensure that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998 and that the schools use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with the legislation.