



# Long Lane Primary School

## Financial Management Policy and Procedures

<b>Date</b>	<b>Description</b>
September 2024	Agreed by Full Governing Board

<b>Review Schedule</b>	Annually
<b>Next Review</b>	September 2025

## **Aims**

This document has been adopted by the Governing Board, as the basis for the administration and management of finances in relation to all delegated and devolved funds received from the Local Authority (LA) and other direct government grants. The aim of the policy is to create a framework within which the school conducts its finances, the delegation of responsibility and the methods of operations, so that all parties concerned are aware of their duties and responsibilities and that efficient and effective internal and financial controls are maintained.

The implementation of appropriate practice and procedures will ensure the best use of the limited funds available to enhance the education of the school's pupils.

The operation of all other funds available to the school are included within this policy.

## **Overall Management Responsibilities**

The Governing Board will manage its affairs in accordance with the high standards of Public Sector administration, based on a distinct set of values, the fundamental principles of which are:

Openness – open approach to all interested parties in the disclosure of information that lends itself to necessary scrutiny

Integrity – honesty and objectivity, and a high standard of propriety and probity in the stewardship of public funds and resources

Accountability – the process whereby individuals are responsible for their actions and decisions

The Governing Board will adopt and comply with the following regulations and guidelines as published by the LA to the extent that such regulations and guidelines apply to schools, including:

West Berkshire Council Scheme for Financing Schools 2021/22 (available on OneDrive)

West Berkshire Council Financial Rules of Procedure April 2019 (available in the school office and on the school website)

West Berkshire Council Contract Rules of Procedure December 2018 (available in the school office and on the school website)

West Berkshire Council Anti-Fraud, Theft and Corruption Policy June 2019 (available in the school office and on the school website)

West Berkshire Council Whistleblowing Policy and Procedure July 2021 (available in the school office and on the school website)

The Governing Board will also comply with Department of Education (DfE), Education and Skills Funding Agency (ESFA) and School Financial Value Standard (SFVS) regulations and guidelines for budget management and the spending and receipt of monies.

The Governing Board will operate in accordance within the requirements and standards laid down by both the DfE and West Berkshire Council Audit and Accountancy Departments.

## Financial Policy

### Delegation

- The Governing Board has delegated certain functions and the making of certain decisions to its Resources Committee, in accordance with the terms of reference of that committee, set out in a separate document.
- The Governing Board has delegated to the Headteacher the management of the budget and the virement of funds subject to the limits agreed in the school's Register of Authorising Officers which is appended below. The Governing Board will take due account of the advice given by the Headteacher in respect of financial matters.
- The signing of cheques and other bank instructions is delegated to school staff in line with the table in Appendix 1.
- The Governing Board will note and approve the Headteacher's allocation of financial duties to staff so as best to achieve separation to ensure probity and that shadowing of financial duties occur to provide continuity in the event of absence. (See Appendix 3 for a table of responsibilities and SBM absence cover).
- The Governing Board will monitor the competencies of school finance staff, staff with financial responsibilities and its own members (governors) in line with the requirements of the SFVS using the ESFA skills analysis matrices for governors and staff with financial responsibilities and will make recommendations to the Headteacher as appropriate.

### Budget Management

- The Governing Board will delegate to their Resources Committee the preparation of a three-year budget for income and expenditure and take this preparation into account in setting the three-year budget.
- When setting the budget, the Governing Board shall consider the aims and objectives of the school and the School Development Plan and ensure that the budget and financial processes of the school support and reflect these as far as possible.
- The Resources Committee will carry out regular benchmarking exercises to compare the school's performance and financial efficiency with similar schools and use the outcomes to inform their budget monitoring and planning.
- In setting the budget governors will take due account of the need to resource the management and administration of the school's finances and to ensure, through regular review, that staff resource and competence is sufficient, and is supported through appropriate development and training.
- All material budgetary decisions will be communicated between all relevant and interested school staff and the Governing Board on a regular and timely basis, to ensure that the financial context of the school is understood and that necessary actions are implemented. As required by the School Financial Value Standard, this financial management policy is available to staff and parents through the school website.
- The Governing Board's Resources Committee will review the budget and longer-term forecasts at regular intervals throughout the year – the current (March 2021) recommendation in the SFVS is 6 times per year. The Committee, will, in line with its terms of reference, agree any appropriate action in relation to budget variances, anticipated expenditure and income, and significant proposed virements where the amount is either 5% of any budget line or in excess of £5,000, whichever is greater. Below this level the Headteacher has full authority to agree

budget variances and virements without reference to governors. Virement will be subject to any 'ring-fencing' restrictions and other restrictions as defined by WBC Schools Accountancy.

### **Procurement**

- The Governing Board will ensure that purchases or leases made with public funds are fair, legal and open, as well as securing the best possible value for money with the resources available to them.
- The Governing Board has robust procedures in place to ensure that every purchase is managed in the most effective and appropriate way including clear designated roles to ensure separation of duties between staff responsible for making buying decisions and making payments. The principle of obtaining 'best value' will apply to all purchases. (See Appendix 2).

### **Governor Reimbursements**

- The payment of any allowances or reimbursement of costs incurred by the Chair of the Governing Board requires the approval of the Governing Board's Resources Committee before payment. The payment of any allowance or reimbursement of costs incurred by any other Governor requires the approval of the Chair of the Governing Board before payment. Payments of allowances or costs to any Governor shall be reported to the Governing Board on an annual basis.
- All expenses or reimbursements claimed, by either Governors or staff, must be made within 3 months of being incurred. If a governor's claims total more than £200 in a year then they would need to be authorised by the Resources committee. All claims must be made using the appropriate claims forms available from the school office and must be supported by appropriate receipts and/or VAT invoices.

### **Inventory and Assets Statement**

- The Governing Board is responsible for the safe custody and physical control of stores and equipment and is required to monitor the inventory of moveable, non-capital assets above the value of £100.
- The Headteacher is responsible for ensuring that assets under his/her control are correctly recorded in the inventory on a spreadsheet and will be available for inspection on an annual basis by the Governing Board.

### **Pecuniary and business interests' statement**

- All governors and those staff with financial responsibilities will declare any pecuniary or personal interest annually (or at such times as their interests change) through the Register of Business interests maintained by the school. Governors and other attendees will be required to declare any such interest relating to any Governing Board agenda item at the start of that meeting.

### **Indemnity statement**

- No indemnity of any sort may be given to the benefit of a third party.

## **Insurance**

- The Headteacher will review the insurance needs of the school annually and liaise with the LA to ensure that specific arrangements remain appropriate. Following the approval by the Governing Board, the Headteacher will ensure that agreed arrangements are in place and, if these are outside those placed by the LA, then full evidence of sums insured, limits and cover will be supplied for approval.
- The Headteacher will be responsible for ensuring that Governors are made aware of all new risks, and all incidents which may give rise to an insurance claim (e.g., accident, theft etc). These should be reported immediately to the Risk Protection Arrangement for schools. Any delay could prejudice the claim and lead to the Insurers refusing cover.

## **Computer Systems**

- The Governing Board recognise the importance of protecting the school's financial management systems and the data therein. The Headteacher will ensure that the School and Governing Board are compliant with data protection legislation and controlling access to all data covered by such legislation.
- The Headteacher will ensure that effective backup procedures are in place.
- Access to school management computer systems will be limited to authorised staff. These staff will use passwords which should not be disclosed and should be changed regularly. Only authorised software will be used to prevent the import of computer viruses. Staff will only have access to those modules appropriate to their duties.

## **Personnel and Payroll**

- The Headteacher will, where possible, allocate duties to ensure that an appropriate division of duties exists in the area of completing/checking and authorising of all documents and claims relating to appointment and termination of employment and expenses/reimbursements.
- Payroll transactions will be processed only through the WBC payroll system. Payment for employment will not be made to staff or visiting teachers etc. through any other mechanism. Payroll transactions relating to school employed staff may only be charged to a fund representing a delegated budget issued by the LA and not a voluntary unofficial fund.

## **School Fund**

- The Governing Board is responsible for the school's voluntary unofficial fund. Although the voluntary unofficial fund is not public money, it is administered by school staff and the principles of sound financial management outlined in this policy apply equally. This requires the proper minuting of all decisions taken by the Governing Board.
- The objectives of the school fund are to enable the school to benefit from additional funds not normally allocated by the LA. This includes income received from a variety of proper sources and payments made for the purchase of educational goods etc and the provision of services outside the scope of the budget share. Income paid into the school's private or voluntary fund which should be credited to any of the school's revenue or capital funds should be transferred on a timely basis (e.g., monthly) to the relevant fund code.

### **De Minimis Level for Capitalisation**

- Items of a capital nature (as defined by WBC) must be charged to the appropriate Capital Fund 94476. The Governing Board has set its own de Minimis of £1,000.

### **Associated Policies, Documents and Remits**

- Terms of Reference of the Governors' Pay Committee
- Schools Financial Value Standard
- School Development Plan
- School Fund Policy
- Charging policy and remissions
- Lettings policy
- Register of Authorising Officers and Procurement Card Authorising Officers
- SBM Absence Agreement

## Financial Procedures

### Table of Responsibilities

Member of staff	Cheques/ BACS Run	Purchase Orders	Invoices	Inventory	Personnel and Payroll
Headteacher	Signing/ Authorising	Authorising	Authorising	Authorising Write-Offs	Authorising
Deputy Headteacher	Signing/ Authorising	Authorising	Authorising	N/A	Authorising in the absence of the Headteacher
SBM	Signing	Processing	Processing	Administration and annual report	Processing
School Secretary	N/A	Processing	N/A	N/A	N/A

### Recording of transactions and accounting

- All financial transactions, journals and virements must be properly recorded without undue delay on the school's Financial Management System.

### Authorisation

- The Governing Board will agree and document levels of authority of members of staff and governors to cover financial transactions which require the cooperation of the local authority. These include (but may not be limited to) budget virements, journals, internal transfers, overdraft requests and Imprest claims. Financial limits will be recorded on the school's Register of Authorising Officers, with specimen signatures of the designated members of staff, and signed by the Headteacher and Chair of Governors. The school will ensure that the Register is updated when necessary and a scanned copy submitted to Schools Accountancy (current copy appended below).

Surname	Initial	Position	Virements	Internal Transfers	Journals	Overdraft	Imprest Claims
Allison	C	Headteacher	£5000	£5000	£10000	£10000	Yes
Penn	K	Deputy Headteacher	£5000	£5000	£10000	£10000 (in absence of HT)	Yes
Smith	JL	School Business Manager	N/A	£2500	£2500	N/A	N/A
Folliard	J	Chair of Governors	Unlimited	Unlimited	Unlimited	Unlimited	N/A

## Procurement of Goods and Services

### Compliance

- In all cases any purchase or service contract will comply with current Legislation, including Health & Safety and EC regulations where applicable.
- School accounts (e.g., eBay, Amazon etc.) should be agreed by governors and purchases comply with the FMP requirements.
- The school will operate within the limits defined by the LA's Contract Rules of Procedure and in particular:
  - a. For supplies and services with a total contractual value below £10,000 the school may select one supplier without obtaining competitive quotations. Where a sequence of small orders is likely to be placed with one supplier a check of their pricing against competitors should be made on a regular basis. Schools should also be careful that repeat orders for a product or service from the same supplier may take the total over the figure at which three quotations should be obtained. In these circumstances the clauses below should apply.
  - b. For supplies and services with a total contractual value between £10,000 and £99,000 a minimum of three quotations shall be obtained, except where the nature of the purchase and/or range of suppliers and/or timescale precludes this, in which case this will be brought to the attending of the Resources committee for consideration and approval and the reason for this shall be documented with the order. Quotations will be reviewed by and a decision to order made by the Headteacher (or a member of staff with delegated authority). Internet and catalogue quotations should be suitably documented for future reference e.g., photocopies, screen shots etc.
  - c. For supplies and services with a total contractual value of over £99,000 the nature of the contract may require additional procedures, including the receiving of quotations from more than three suppliers and a formal tender mechanism. A procurement mechanism will be approved in advance in each case by the Resources committee with appropriate specialist professional advice sought as necessary before commitment.
  - d. For supplies and services where the total contractual value is £100,000 or above a formal tender process is required in line with the LA's Contract Rules of Procedure. The school will see appropriate advice from the LA regarding this and relevant EU and UK legislation. The Governing board will be advised in each case and have oversight of the procurement process.
  - e. The most cost beneficial quotation will normally be accepted and if not, best value reasons for accepting a more expensive quote will be documented with the order.

#### **Placement of orders**

- A Purchase Order will be raised on FMS to procure all supplies and services for the school. In order to record commitment in a timely and accurate manner, Purchase Orders will be raised irrespective of whether the order is being placed verbally, online, sent by mail or email or via e-procurement.
- In the case of a more complex transaction the advice of suitably qualified persons must be obtained in order that all considerations regarding pricing, specification, health and safety, etc. can be taken into account.
- Copies of all orders and supporting documentation will be kept and recorded promptly in the school's accounts. A monthly check of outstanding orders will be made and any long outstanding orders investigated and cancelled if appropriate.

#### **Receipt of Goods/Services**



- In the interests of probity and to ensure separation of duties, goods/services received in schools will be checked/verified by an appropriate member of staff other than the person who authorised the order, which should be evidence on documentation.

### Invoices and payment

- Invoices for payment must be originals/electronic from suppliers or certified copies and fulfil VAT requirements. They will be processed and authorised for payment in accordance with the Table of Responsibilities.
- Invoices will be checked against the original order and goods received/delivery note to avoid the possibility of duplicates or faulty/returned goods being paid for.
- Invoices will be checked for arithmetical accuracy. No invoice should be paid whose value exceeds 10% more than the original order price without reference to the budget holder. Service, contract and utility invoices should be checked against preceding payments to ensure periodic continuity without overlap.
- Paid invoices will be marked as paid and filed appropriately with supporting documentation. including those paid centrally by WBC and direct debit invoices, must all be filed appropriately and a check made that all invoices are present before the file is completed.
- The payment of invoices will be made in a timely fashion according to the terms stated by the supplier and not less than monthly.
- Payments will be made by direct debit, BACS or cheque as appropriate.
- If cheques are used instead of BACS, two authorised signatories will compare the FMS payment schedule (Cheque Run Report printed from FMS) and the payment documentation (i.e. invoice and order) for each payment and will sign the Cheque Run Report to confirm that the payment information agrees. The same two authorising signatories will sign the cheque(s).

### Procurement Card

- The Governing Board is required to authorise the Approval to Apply for a Procurement Card form which is submitted to WBC Head of Finance for final approval. The Governing Board, via its financial policy and procedures, is responsible for ensuring that adequate controls are in place over the use of the cards. See Procurement Card Register of Authorising Officers:

Surname	Initials	Position	Signature	Monthly Orders limit *(£)	Single Transaction Limit (£)	Merchant/Retailer Type	Account Administrators
Allison	c	Headteacher		1,500.00	1,500.00		
Penn	K	Deputy Headteacher		1,500.00	1,000.00		
Smith	JL	SBM		1,500	1000.00		

- The monthly billing limit for this school is £5,500.
- The individual cardholder limits for monthly spend and single item spend are determined by the school. The total of the individual limits cannot exceed the monthly billing limit. The Chair of Governors will approve the agreed limits which will be recorded on the Register of Authorising Officers and retained in school (see copy above).
- Merchant/retailer types can be blocked per card to prevent expenditure on non-approved items.
- No cash withdrawals will be permitted. Personal items may not be purchased using this card.

- Access to the cards will be restricted and PIN(s) will be kept secure.
- Purchases must relate to official funds for school activities only and must be supplied and delivered to the school.
- For purchases over the value of £20 an appropriately authorised internal requisition will be passed to the relevant cardholder who will complete the purchase. For items of lesser value, the cardholder may make the purchase and pass all the documentation to the SBM. Orders are NOT recorded on the schools FMS. A valid invoice/receipt from each supplier with VAT details is required for each purchase and must be attached to the requisition order.
- Requisitions and purchases for which the Procurement Card has been used are recorded on a spreadsheet allowing monitoring of monthly expenditure within set limits and providing a commitment figure for the purposes of budget monitoring and forecasting.
- Upon receipt of the monthly card statement, it will be checked and reconciled against the requisition/goods received spreadsheet by SBM. There is a period of 7 days before the payment date to raise any queries with the bank (and to notify of any fraudulent activity). The reconciled statement and supporting documents will be signed by the Headteacher for completeness, accuracy and timeliness.
- The full outstanding balance will be paid by direct debit on or before 20<sup>th</sup> of each month and the cashbook journal will be posted on FMS on or before the monthly payment date to ensure it is included in that month's Imprest claim.
- There will be a clear segregation of duties between the ordering & card purchasing processes, and the reconciliation of the monthly statement & settlement payments. Where the SBM has a Procurement Card and is also responsible for reconciliation and payment the Headteacher should review each entry on the SBM's individual procurement card statement and sign and date the statement to record that they are satisfied that the transactions were properly authorised and for the purposes of the school.

## **BACS**

- The Governing Board is required to authorise the Approval to Apply for Bankline access which is submitted to WBC Head of Finance for final approval. WBC Schools Accountancy will progress the application with NatWest and the school will complete the registration forms when required. The Governing Board, via its financial policy and procedures, is responsible for ensuring that adequate controls are in place over the use of Bankline.
- Only Bankline roles defined by the WBC Schools Accountancy Bankline administrator may be used by the school. Allocation of individual Bankline roles should be approved by the Governing Board and recorded in the Table of Responsibilities (as above). These approvals may relate to posts or to named individuals.
- A paper record will be kept of all suppliers' bank details. These details should be taken from an earlier invoice which has been paid by cheque and verified by a phone call to the supplier (using original phone numbers) as this is a recognised fraud risk. Once checked the details can be entered into FMS. These should be entered by one member of staff and verified by another member of staff, each will initial and date the document after entering the details. These details will then be used to pay the supplier.
- Any changes to suppliers BACS details should be received on an official letterhead from the supplier but will also be verified by a phone call to the supplier (using original phone numbers) as this is a recognised fraud risk. When these changes have been made in FMS, the document will be initialled and dated together with a record of the steps taken to verify the change.
- School staff requiring reimbursement by BACS for non-payroll expenditure will complete a bank detail form and submit to the school's Bankline administrator.
- Only payments which have been generated through FMS can be made on Bankline.

- A second authorised signatory will compare the FMS payment schedule (BACS Run Report printed from FMS) and the Bankline payment schedule (BACS Bulk List Payment pdf printed from Bankline screen) for each payment run and will sign both documents to confirm that the schedules agree, prior to authorising the payments on Bankline.
- Bankline payments will be subject to dual authorisation which means that BACS payments will only be released when the second Authoriser has authorised. This is the equivalent of a second signature on a cheque.
- All Bankline payments reflected on the bank statements will be reconciled to the invoices received and any receipts obtained.
- School staff may only log into Bankline from within the school and not from remote locations (e.g., home) and this access must be made using school owned PCs or laptops.
- Bankline users will not share user names or PIN numbers to ensure the separation of duties and that no one individual can both make a payment and approve a payment in the Bankline system.
- All Bankline cards will be kept securely locked away except when in immediate use.
- Any member of staff who leaves the employment of the school will have their Bankline access removed immediately and must return all cards to the school for destroying prior to their last day on site.

### **Bank Accounts, Income and Banking**

- Copies of all bank mandates (Imprest Account, Direct Debits, BACs etc) and Registers of Authorising Officers will be held in a secure location in the finance office.
- Bank accounts will be reconciled promptly on receipt and no less than monthly. The reconciled statement and supporting documents will be checked and signed by the Headteacher.
- All collections of income by cheque, cash or otherwise shall be recorded in FMS, immediately receipted and stored in a secure location in a locked filing cabinet in the finance office pending paying in.
- All cash received will be counted and confirmed by two people
- No receipts will be issued except on request or receipts only issued for amounts greater than £100
- Invoices (for lettings, club payments etc), internal transfers and other claims for funding will be issued/raised promptly and payment chased 5 days after the expiry of the stated payment term (usually 'on receipt') if any.
- All cheques and cash will be banked within 4 weeks of receipt and not less than monthly, subject to the maximum allowed for cash (including petty cash and private funds) held on site, set by the school's insurer. Banking will always be completed before school holidays. No monies due to the main school budget (including lettings income) may be banked into staff or other third party (including school fund) bank accounts under any circumstances
- The writing off of any amounts due to the school and unpaid shall only be made with the formal consent of the Resources Committee and in line with WBC regulations (Scheme for Financing Schools 2021).
- A copy of each contract and insurance schedule relating to lettings income should be available on site.

### **Budget Management and Monitoring**

- The SBM will monitor the budget and on a monthly basis will post on FMS staff salaries and non-payroll transactions appearing on the monthly Agresso reports supplied by WBC.

- The SBM will perform a monthly reconciliation for all funds in use and resolve any unreconciled items.
- The SBM will close reconciled periods and perform the annually closure of the expired financial year on FMS on a timely basis ensuring that carry forward figures correctly match Agresso.
- The SBM will prepare budget monitoring (from Period 3 recommended) and forecasting (from Period 6 recommended) reports and will meet with the Headteacher at least monthly to review the budget and forecast position in detail (ledger code level), including variances.
- The SBM will prepare budget monitoring and forecasting reports with accompanying commentary for the Governors' Resources Committee at CFR level. These reports will be prepared in time to be circulated with each meeting's agenda at least a week in advance. The Committee need to be informed of the forecast of the school's outturn positions for the financial year, robustly based on information held to date, in order to make any necessary consequent strategic budget management decisions.
- The SBM will provide regular termly FMS reports to budget holders to inform them of their budget position. The SBM will provide guidance on the interpretation of the reports, as required.

### **Security**

- No more than a combined total of £1000 public funds, private funds and petty cash shall be held in school.
- All cheque books will be stored in the filing cabinet in the finance office which must be kept locked except when in immediate use.
- Hard copy financial records should be kept in the finance office and be clearly identifiable, the office being fully secured when not in use.
- Safe keypad code is known by the SBM and School Secretary.
- All portable and valuable items over the value of £100 must be security coded using the 'smart water' system.
- The Headteacher will ensure that effective, secure and timely backup procedures are in place. (Server backups are carried out daily by West Berks).
- Access to school management computer systems will be limited to authorised staff. These staff will use passwords which will not be disclosed and will be changed regularly. To prevent the import of computer viruses only authorised software will be used. Staff will only have access to those modules appropriate to their duties.

### **Overspends**

- The approval of overspends by a budget holder can only be given by the Headteacher (or the Chair of the Resources committee where the Headteacher is the budget holder).

### **Inventories – The Recording of Assets**

- The SBM will maintain an inventory of all items with a value in excess of £100 AND all portable and desirable items of lesser value. The inventory will be regularly updated with the acquisition of new items. Details recorded will include asset type, make, model, serial number, date acquired, date disposed of, purchase cost and location in school.
- The SBM will also maintain a register of items taken off site and returned by staff, e.g. cameras. The taking of any school property recorded on inventories off site must be approved by the Headteacher. This requirement excludes staff loan laptops/tablets, which will be covered by a loan agreement (see below).
- Laptop computers/tablets on loan to teaching staff must be appropriately recorded and supported by a loan agreement letter signed by the member of staff.
- An inventory check will be completed annually by Governor and a report of acquisitions/disposals prepared for the Governing Body by the ICT Manager/SBM. Any unaccounted items must be referred to the Governing Body for appropriate action.
- The disposal of any assets must be authorised by the Headteacher in accordance with LA regulations. (The format of the inventory should enable evidence that such authorisation was given)

### **Management of Policy**

- This policy is implemented and managed by the Headteacher with reference to the SLT and any other interested parties as necessary. It will be circulated to all staff with financial responsibility on an annual basis who will sign a checklist to confirm that they have read and understood the policy and procedures. This checklist should be presented to the Resources Committee and minuted.
- The Governors' Resources Committee reviews this policy on an annual basis and recommends amendments to the Governing Board for final decision.
- Approved by the Governing Board on

Next review due: September 2025