### Powerstock CE VA Primary School

### FINANCIAL PROCEDURES POLICY

**Reviewed by the Finance Committee – 21.11.22**

**Ratified by the Full Governing Body – 22.11.22**

## **FINANCIAL PROCEDURES POLICY**

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

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

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

1. Responsibilities

1.1 **Governors** are responsible for ensuring that the school’s finances are managed effectively and for approving and monitoring the budget. They should establish the financial limits of delegated authority. They complete an annual review of the schools financial controls (Schools Financial Value Standard-SFVS) which is returned to the LA by 31 March each year.

1.2 **The Headteacher** has overall responsibility for the school’s activities and is therefore considered to be the person with overall responsibility to the Governing Body for the financial management of the school. The Headteacher should ensure that:

* the Governing Body is provided with financial advice
* proper and adequate financial systems and controls are in place
* accounts are prepared and maintained as required by the Governing Body and the LEA.

1.3 The Headteacher delegates most of the day-to-day financial management to **the Finance Officer** while retaining ultimate responsibility.

1. Financial Planning & Monitoring

The budget is the financial dimension of the school development plan. By identifying and allocating financial resources, the school prioritises its targets and objectives and facilitates the achievement of its educational aims. By monitoring progress against budget the school can react promptly to variations against the plan to avoid deficits or excessive surplus balances.

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| **Activity** | **Detailed task** | **Responsibility and other supports** |
| Planning the budget | To estimate allowance, income, grants, etcTo identify and propose priorities in relation to the SDPTo review and propose changes in staffing needsTo draft budget optionsTo evaluate budget optionsTo prepare final draft budget | LA, Headteacher, Finance Officer Headteacher, FGB, SMTHeadteacher, Staffing CommitteeFinance OfficerHeadteacher, Finance OfficerFinance Officer & Headteacher |
| Approving the budget | To propose final budget draftTo approve & submit to LA by **1 May** | HeadteacherFGB |
| Monitoring and reviewing the budget | To review monthly DES budget monitoring report and local financial system (eg FMS finance) and investigate any discrepanciesTo report about financial matters to the Finance Committee and the FGBTo produce a termly reforecast of budget outturn and recommend action to maintain a balanced budgetTo approve the outturn and submit to the LA by**30 June, 30 November and 28 February each year**.  | Headteacher, Finance OfficerHeadteacher, Finance OfficerHeadteacher, Finance OfficerHeadteacher, FGB |
| Virements | To recommend vire-mentsTo approve virementsTo sign virement formsTo review monthly DES and FMS reports | Headteacher, Finance OfficerFGB & HeadteacherHeadteacherChair of Finance  |

1. Payroll

Payroll is contracted to Dorset Council.

The school is responsible for:

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| **Activity** | **Detailed Task** | **Responsibility** |
| Staff Contracts | Ensuring all forms are completed during recruitment together with any variations of contract are sent to DC for processing.Once DC have set up the contract, check that the details are correct. | Headteacher, Finance Officer |
| Weekly/monthly returns | To complete overtime claims and supply teacher claims and send to DC to meet payroll deadlines. | Headteacher, Finance Officer |
| Sickness Absence Return (SAR) | To complete monthly SAR for sickness or other absence. | Finance Officer |
| Notify DCC HR | Inform DC HR of all joiners and leavers  | Finance Officer |
| Monthly payroll printout | To check monthly printout for irregularities, including staff that have left or are not employed by the school.If actual payroll expenditure is different from budget, investigate any discrepancies. | Finance Officer |
| Nominal Roll | To check staff contract details are correct | Headteacher, Finance Officer |

1. Purchasing

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

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

The headteacher

The school is careful to apply the principles of value for money, the governors conduct an annual review of value for money which includes:

Annual benchmarking

Review of contracts

Review of top suppliers

Review of all orders over £5000

All purchases estimated to be above £50,000 should be put to tender and comply with the Standing orders on contracts and subcontracts. The governors should ensure that at least three contractors are invited to submit tenders.

Three quotations should be sought for estimates of £5,000 and up to £50,000 and a value for money review form completed for the purchase.

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

Non-order invoices are discouraged.

E-purchasing and telephone orders should always be authorised beforehand and supported by the issue of an official order. The same controls over purchasing goods and services apply regardless of how the goods are paid for (eg credit card, cheque, invoices settled by DC).

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

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

The school abides by the terms and conditions over credit cards for schools.

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| Activity | Detailed task | Responsibility |
| Placing orders | Requisition ordersResponsible for agreeing on requisition orders within limit of account budget, not higher than £2,000Responsible for agreeing orders above limit of account budgetResponsible for agreeing purchase above delegated limitResponsible for obtaining quotesResponsible for seeking tendersResponsible for placing official ordersResponsible for signing ordersResponsible for placing summary orders | Budget holdersHeadteacherFinance Committee, FGB, Budget HolderFinance CommitteeFinance OfficerFinance OfficerFinance OfficerHeadteacherFinance Officer |

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| **Contd. Activity** | **Detailed task** | **Responsibility** |
| Deliveries | Responsible for checking delivery against orderResponsible for returning and/or exchanging goods | Finance OfficerFinance Officer |
| Invoices and Payments | Processing invoices for payment/Produces file for upload to DC for paymentAuthorises DC invoice file for paymentAuthorised signatory of credit cardAuthorised signatures on delegated account(1 signature only)Authorised signatures on Voluntary Fund accounts(2 signatures minimum) | Finance OfficerHeadteacher HeadteacherHeadteacherN/A |

4. Cash Handling for Delegated and Voluntary Fund Accounts

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

Cash is usually collected for the following purposes:

* school trips
* after school clubs
* school photos
* fund raising
* donations

Cash received should be promptly counted by the Finance Officer and put away in the fire proof safe.

Audit recommendations on safe limits and transit of money should be adhered to see word document to be found on right of following web page: <http://staffnet/index.jsp?articleid=263893>

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

The following guidelines should be followed when handling cash:

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

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| Activity | Detailed task | Responsibility |
| Collection of money | Collection of curriculum related moneyCollection of money from lettingsCollection of money for uniform Collection of money for fundraising, donations, and other sourcesCollection of money for after school clubs | Finance Officer (in their absence Headteacher) N/AN/AFinance OfficerFinance Officer |
| Cash received | Counting and recording of moneyPreparing banking Transporting cash to bank | Finance OfficerFinance OfficerFinance Officer |
| Petty cash management | Access to petty cash fundPayment from petty cash fundRecording of petty cash fund expenditure and receipts | N/AN/AN/A |

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

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

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

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

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

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| Activity | Detailed task | Responsibility |
| Reconciliation of bank statements | Monthly reconciliation of bank statements for Delegated and Voluntary Fund accounts. Investigation of discrepancies. | Finance Officer |
| Reconciliation of credit card statement | Monthly reconciliation of credit card statement to finance systemAgreed by | Finance OfficerHeadteacher |
| Reconciliation of online payment systems | Monthly reconciliation of online payment systems used by parents against income received to the bank, and payment monitoring records. | N/A |
| LMS return | Monthly preparation of LMS and VAT returnAgreed by | Finance OfficerHeadteacher |
| Automatic reconciliation of allowance account (Autorec) | Monthly reconciliation of school’s data with DESAgreed by | Finance OfficerHeadteacher |
| Travel claims | Checking travel claims prepared by claimantAgreed by | Finance Officer/HeadteacherHeadteacher/ Chair of Governors |
| Threshold Grant claims | Termly preparation of Threshold Grant claimsAgreed by | HeadteacherHeadteacher |

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| **Activity** | **Detailed task** | **Responsibility** |
| School Census | Annual pupil census preparationAgreed by | Finance/Admin OfficerHeadteacher |
| School Workforce Census | Annual workforce census preparationAgreed by | Finance/Admin OfficerHeadteacher |
| CFR Return | Preparation of annual returnAgreed by | Finance OfficerHeadteacher |
| Financial Risk & Control Checklist | Prepare annual review of financial control for the Governing body | Finance Officer/Headteacher & Chair of Finance |
| SFVS(submitted to LA by 31 March each year) | Completed and submitted | Governing body |

6. Lettings

 N/A NO LETTINGS

7. Voluntary Fund - N/A ACCOUNT CLOSED

1. Asset Register

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

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

Disposal of assets should follow the procedure set down by Dorset Council. (see Appendix 1)

A report detailing all assets written off should be presented to the Governing Body annually.

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| Activity | Detailed task | Responsibility |
| Updating inventory books | Recording of new assetPhysical check of equipment against relevant records | Finance officerClass Teacher/Class T/A |
| Monitoring | Annual monitoring of inventory books | Headteacher, Finance Officer and Chair of Finance |
| Disposal of assets | Disposal of assets with nil or nominal valueDisposal of assets with market value | HeadteacherFull Governing Body |

1. Annexes

9.1 List of people with access to safe

 The following people are authorised to access the fire proof safe:

Louise Greenham (Headteacher) &

Joanna Moss (Finance Officer)

* 1. List of people authorised to sign cheques

 Louise Greenham

Joanna Cleden

* 1. Reference documents used for the management of school finances

Keeping Your Balance 2000 Ofsted

Getting the Best from Your Budget 2000 Ofsted

Scheme of Financial Management\* 2008 LA

Financial & Administrative Regulations\* 2008 LA

Standing Orders on Contracts \* 2008 LA

Financial Efficiency Policy\* 2011 LA

VAT Reference Manual

\* latest copies can be found at:

<http://www.dorsetforyou.com/361022>

*Appendix 1*

Disposal of assets is part of the Schools Financial and Admin Regs – see extract below.

**PROPERTY, EQUIPMENT AND STORES**

1. The Governors shall be responsible for the custody and control of equipment and stores held at the establishments under their control
2. Governors shall maintain an inventory of moveable assets under arrangements agreed by the County Treasurer.
3. All moveable property of the school shall as far as practical be marked as school property.
4. Moveable property surplus to the School’s requirements shall not be disposed of except by sale on the authority of the Governors. The sale shall normally be by public auction or competitive tender but, where neither is appropriate, the Governors shall adopt the best method to serve the interests of the School. Where the sale is to a governor or an employee of the School or the Authority, the written authority of the Chief Executive shall first be obtained. Provided that this regulation shall not apply to goods sold generally as a normal day to day School activity.
5. If it appears to the Headteacher that there are deficiencies of equipment or stores a report shall be made immediately to the Governors and the County Treasurer, who may authorise the items to be written off. The Governors must maintain a record of all items written off.



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| **Issue Date: November 2022** |
| **Date Adopted:  November 2022** |
| **Signed By:**  |
| **Approval Committee: Governing Body**  |
| **Date of next review:   November 2023** |