

The Bythams Primary School

Finance Policy



Reviewed and updated: September 2023

Ratified by Governors: October 2023

Next review: September 2025 (unless otherwise advised)

Signed: *mlk*

Signed: *A Reed*

Name: Laura Ives

Name: Adrian Reed

(Head of School)

(Chair of Governors)

Date: *12.10.23*

Date: *2/10/23*

STATEMENT OF ROLES AND RESPONSIBILITIES, FINANCIAL TERMS OF REFERENCE, FINANCIAL PROCESSES & SCHEME OF FINANCIAL DELEGATION FOR BYTHAMS PRIMARY SCHOOL

Introduction

These terms of reference have been produced to enable us to have a clear policy statement that identifies financial procedures and the financial management structure operating in The Bythams Primary School. These procedures are located in one reference document, which is available to view should the need arise during an internal audit, external assessment or OFSTED inspection of the school. This policy should be read and used in conjunction with LCC Finance Handbook section A – see Appendix A and LCC Finance Handbook section J – see Appendix B

The Role of the Governing Board

The Governing Board is given their powers and duties as an incorporated Board. The statutory responsibilities of the Governing Board are detailed in Section 21 of the Education Act 2002. The Governing Board is the Board ultimately responsible for the overall financial affairs of The Bythams Primary School. It exercises this responsibility by establishing clear levels of delegation to the Governors and to the Head. The Head and the Governing Board may, in turn, authorise delegation to other members of staff to ensure sufficient clarity of responsibility and separation of duties to secure the effective and efficient administration of the school's financial affairs.

The Governing Board has a strategic role in the financial management of schools and its key responsibilities include:

- Approval of annual budget
- Authorisation of the 5 year financial plan
- Setting financial priorities through the school development plan
- Appointment and salary of the Head of School
- Determination of the staff complement and pay policy for the school
- Authorisation of non-budgeted expenditure and virements subject to the limits in Section 2 of this policy
- To approve financial regulations and procedures on an annual basis
- Act as a critical friend to the school on all financial matters

Where there are serious concerns over the school's finances, the Governing Board will report these to the Locality Lead and Finance Team and Lincolnshire Local Authority.

Terms of reference and role of the Board

Composition: Governors as determined by the Board and electing bodies

Membership: The Governing Board comprises 9 members (8 with 1 vacancy as at Jan 23)

Clerk: Sharron Woodward

Quorum: 5

The Governing Board has responsibility for the following:

1. Ensuring that the school maintains compliance with the DFE Schools Financial Value Standard (SFVS).
2. The provision of guidance and assistance to the Head of School in all matters relating to budgeting and finance and to clearly define financial responsibilities.
3. To review budget monitoring reports which contain detailed statements of income and expenditure and other evidence of delegated financial control, ensuring that full explanations are available.
4. Take appropriate steps to ensure the school's budget does not overspend. Contact the LA and seek approval to overspend where this seems unavoidable.
5. To ensure that a recovery plan is put into place where a budget has gone into a deficit position or that there is a plan to spend surpluses.
6. To ensure preparation and reporting on an annual budget of income and expenditure before the year end and such supplementary estimates as may be required.
7. To ensure preparation and reporting on a 5 year financial plan.
8. To review tenders received for contracts, up to the limits in section 2. To agree on which contractors are to be awarded contracts.
9. Each Governor will complete an annual declaration of interests form stating any business and/or other interests they or their family or close acquaintances may have with the school. At the commencement of any meeting, any interests are declared and recorded in the minutes.
10. To authorise expenditure as per limits set out in section 2.
11. To receive requests for authorisation to vire expenditure between budget headings as per limits set out in section 2.
12. To approve, after due consideration of costs and quality issues, the continuation (or cessation) of contracts, including LA sourced services.
13. Undertaking reviews, in conjunction with the Head of School, from time to time, of the management organisation, accountancy systems and financial procedures of the school and their effectiveness, including access to the computer systems.
14. To review these terms of reference annually and propose any amendments to the Governing board. To periodically review and authorise the extent of specific delegated powers to the Head of School and others for the administration of finances. (as section 2)
15. To contribute to the school development plan.
16. To review internal audit reports and comment on recommendations. To ensure full implementation of audit recommendations and action plan.
17. To review the school lettings policy on an annual basis (if applicable).

18. To approve any debts to be written off. The governors should seek support from the Local Authority Finance and Legal Teams on the action to be taken with regard to chasing arrears and write-offs.
19. To participate in any consultation with the Local Authority on funding reviews and amendments to the scheme for financing schools and to make recommendations on an annual basis, as to the formal approval and adoption of the scheme for financing schools.
20. To review and make recommendations on an annual basis, as to the formal approval and adoption of the school's financial procedures (e.g. charging, purchasing and petty cash)
21. To be aware of the Local Authority's whistle-blowing policy.
22. To participate in staffing reviews and implement pay policies as appropriate.
23. To ensure the school maintains an up-to-date asset register.
24. To annually review governors' allowances.
25. Authorise the school's applications for loans from the County Council.
26. Ensure that the school fund is audited every two years.
27. Ensure that a signed statement confirming that the school fund has been audited is issued to the County Council within its specified timescale.
28. Review the financial training needs of governors, the Head of School and staff on an annual basis and fund training needs, as appropriate

Role of the Head of School

The Head of School has responsibility for the overall supervision of the day-to-day running of the financial affairs of the school. The Head of School can delegate specific responsibilities to members of staff as appropriate to their job descriptions, ensuring adequate separation of duties in both manual tasks and financial systems. The Head of School should monitor the financial position of the school on a regular (not less than monthly) basis. The Head of School is responsible for the preparation and presentation to the Governing Board of reports on the school's finances in accordance with a pre-determined timetable as well as on an ad hoc basis as necessary.

The Head of School is responsible for initiating consultations with the chair of the governing board on any significant and exceptional financial circumstances or any financial matter that is causing concern.

- Any failure in any material respect of any member of the school staff to comply with these procedures.
- Any circumstances which could adversely affect the school's finances.
- Any matter of serious concern in relation to the school's finances.

The Head of School will draft a detailed budget for each line of income and expenditure. It is recommended that the budget is re-evaluated each year (as opposed to, say, incremental budgeting) by the Finance Lead Governor(s) to strategically monitor the financial management of the school on behalf of the Governing Board and consequently report to the Full Governing Board. The Head of School will include options for increased spending, as set out in the School's Development Plan, and options for cost-cutting measures, where appropriate.

The Head of School can amend the agreed budget by virement between any budget heading up to the limits set out in Section 2. The Head of School can authorise the purchase of individual items up to the limits indicated in Section 2.

Role of the Senior Administrator with responsibility for finance

1. Responsibility for monitoring all day-to-day records of the school and reconciling them with the records of the Local Authority as appropriate.
2. Responsibility for the regular preparation, from the school's accounting system, of reports that will show the position of the school's finances as may be required by the Head and the Governors.
3. Responsibility for ensuring on a day-to-day basis that the financial procedures as set out in this document and following guidance issued by the Local Authority, are followed by all who may be involved in any way in the school's finances.
4. Responsibility for reporting to the Head of School any failure in any material respect of any member of the school staff to comply with these procedures, any circumstances which could adversely affect the school's finances, any matter of serious concern in relation to the schools finances.
5. Responsibility for the management of staff appointed to undertake duties involving any aspect of the school's finances.
6. Authority to vire within Budget Headings as per limits set out in Section 2, such virements to be reported monthly to the Head and included on the regular virement reports to the Governing Board.
7. Authorise orders not exceeding the limits set out in Section 2.
8. Contact the school's nominated Finance Assistant in the Schools' Finance Team with concerns or queries regarding financial administration
9. Ensure that purchase orders are raised prior to ordering goods, services, whenever possible to aid effective budget monitoring and management
10. Ensure that payments are made to suppliers within LCC's payment policy, i.e. 28 days of the date of the invoice
11. Ensure that, where appropriate, claims for sickness absence scheme are made promptly and no later than 1 month after the relevant period
12. With the Head of School, monitor the budget on a monthly basis by reviewing printouts from the School's BW-ON system for: errors, miscodings, large or unusual items, potential underspendings or overspendings against budget and act promptly, where appropriate.
13. Duties commensurate with current job description.

Purchasing Procedures

Before goods or services can be purchased, a purchased order request form is to be completed by the staff member requesting the goods or services. All purchase order requests must be signed for authorisation by the Head of School.

In the absence of the Head of School orders can be signed for authorisation by the Senior Administrator as per the limit of authorisation detailed in section 2. Completed request forms should then be passed to the office where either the Senior Administrator or the Assistant Administrator can raise a purchase order via FMS and the goods or services ordered from the relevant supplier. Goods received are checked against the delivery note.

A minimum of 3 quotes will be obtained for any purchases of £5000 or more.

Payment of Invoices

All invoices must be passed to the Senior Administration for processing for payment. They should be paid within 30 days of receipt or as otherwise stated as per payment terms. Non-order invoices should be kept to a minimum. All supplier invoices will be paid via BACS (commercial banking).

In order to maintain separation of duties two authorised members of the admin team are required to process / approve payments via commercial banking.

Purchasing Card

The school purchasing card can only be used when the purchase order and invoice system is not available or applicable.

The school has one card, which is kept in the main office. The cardholder is responsible for any spend on the card and only the cardholder can use the card. The Senior Administrator will record all Purchasing card expenditure on the Financial Management System (BWON) and reconcile against the bank statement monthly.

Petty Cash

All petty cash transactions must be supported by valid receipts and expenditure recorded on petty cash expenditure sheets which must be signed for approval for payment by the Head of School. The Senior Administrator will record all petty cash expenditure on FMS and balance the petty cash float at least monthly. From 31/3/23 the school will not have petty cash and all petty cash claims will be recorded on an expenses form and paid via BACS in line with salary payment dates.

Income

The school uses a cashless payment system for all transactions which involves payment for services used by parents, including school dinners and trips. Entries are automatically credited to the school bank account.

Non-cash income paid into the bank account is usually advised via a remittance advice and is reconciled against the bank statement on at least a monthly basis.

Administration

The governing body recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the school. The Head of School will monitor the financial administration functions carried out by the school administrator ensuring that:

- Accounting systems are kept up-to-date
- Bank reconciliations, Imprest claims, etc are completed in accordance with the LA's published timetable
- Appropriate action is taken where the LA advises the school that its day-to-day administration is not up-to-date

Cheque signatories (one person to sign) are Laura Ives (Head of School) and Julia Miner (Senior Administrator) as per the bank mandate which is held securely.

All payroll claims are authorised by the Head of School.

Reporting

The governing body recognises the importance of receiving detailed, accurate and up-to-date financial information to enable it to oversee and control the financial position of the school.

The Head of School will work with the Finance Lead Governor and Senior Administrator to prepare budget monitoring reports for consideration by the Governing Board.

The reports will include for each line of income and expenditure:-

- The original budget
- Changes to the budget
- Current budget
- Expenditure and commitments to date
- An explanation for all variances exceeding £1,000 in value
- Details of proposed virements
- Details of proposals for additional spending or cost-cutting measures

Financial Planning

The governing body recognises the importance of financial planning beyond the current year. The Head of School/bursar will prepare a financial plan covering the next 5 years. The plan will show the projected numbers on roll and the impact this has on the school's budget share, expenditure and carry forward.

The level of detail shown in the plan will include, as a minimum, the information set out in the County Council's financial planning spreadsheet, which is issued to schools each year.

The governing body will consider the impact that the medium term finance plan may have upon staffing levels and develop outline plans and strategies for avoiding redundancy costs for future years.

Audit

The governing body recognises the importance of having an audit regime in assessing the adequacy of the school's financial controls. Currently because the School has the BW-ON Gold Financial package, 5 year audits are not required. These would resume should the School cease to use the package. The Head of School will ensure that any recommendations made by County Council Finance are implemented as soon as possible.

The Head of School will ensure they are familiar with the Financial Procedures and Finance Handbook, which provide guidance on best practice, internal controls and statutory requirements.

References

These terms of reference should always agree with:

- The Finance Handbook from Lincolnshire County Council
- The Governance Handbook published by the DfE.

Section 2: Authorisation / Spending Limits (/ Indicates lowest level of authorisation)

	<u>Full Governing Board</u>	<u>Chair of Governing Board and Head</u>	<u>Head</u>	<u>Senior Administrator</u>
Approval of annual budget/5 year plan	X			
Variations to budget heads (virement) over £2000	X			
Variations to budget heads (virement) under £2000			X	
Authorise expenditure over £60,000	With support from LCC's finance team			
Authorise expenditure up to £60,000	With legal advice			
Authorise expenditure up to £25,000	X			
Authorise expenditure up to £10,000		X		
Authorise expenditure up to £3,000			X	
Authorise expenditure up to £1,000				X
Authorise expenditure up to £500				X
Authorise Purchasing card expenditure up to £500 per transaction				X
Authorise Purchasing card expenditure up to £1000 per transaction			X	
Authorise purchase orders up to £500				X
Authorise purchase orders up to £1000			X	
Authorise Petty Cash up to £100				X
Appointment and salary of all permanent staff other than HT (and DHT if applicable)			X	
Appointment and salary of temporary staff			X	
Appointment and salary of supply staff			X	
Appointment and salary of Head of School (and Deputy Head of School if applicable)	X			