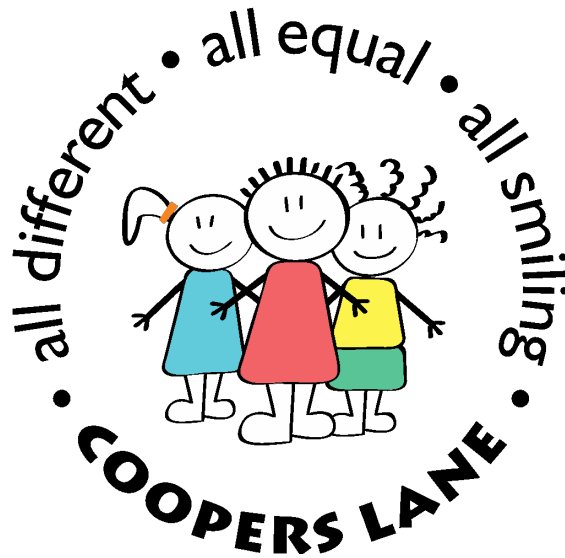


Coopers Lane Primary School



Financial Management Policy

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A Coopers Lane Learner...



1. **AIM OF THIS POLICY**

This document brings together decisions made and system established by the Resources Committee of Coopers Lane Primary School in line with the Local Authority's ("LA") Financial Regulations.

This document has been adopted by the Governing Body, as the basis for the administration and management of finances. The aim of the policy is to create a framework within which individual members of staff, Governors and other interested parties, can exercise financial management, probity and stewardship in an efficient and effective way.

2. **OVERALL MANAGEMENT RESPONSIBILITIES**

2.1. The Governors will manage their affairs in accordance with 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 – this is best described as both straightforward dealing and completeness.

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

2.2. Governors will have regard to: -

The LA's Financial Regulations, the advice of the Audit Commission, the Office for Standards in Education (OFSTED), and the Borough Auditors.

Maintaining standards as required by the Schools Financial Value Standard (SFVS) and acknowledging the Standard's support notes as provided by the Department for Education (DfE). Under the DfE requirements, the Governors will annually carry out an internal self-assessment against the Standard which will be submitted to the LA in accordance with their instructions.

3. **FINANCIAL POLICIES AND PROCEDURES**

3.1 **Financial Delegation**

The Governing Body recognises the importance of clearly defining the roles and responsibilities of its Committees, the Head Teacher and other staff. The terms of reference for the Governing Body Committees are laid out in a separate document.

The Governors, subject to their terms of reference, will decide how to spend the individual School Budget allocated by the Local Authority subject to:

Any conditions imposed by the Local Authority to protect its legal duties.

The budget only being spent for the purposes of the School.

3.2 The Governing Body, through the terms of reference, has delegated authority to:

- 3.2.1 The Resources Committee to authorise spending up to the sum of £50,000 on any one order subject to the necessary budget provision being available. Beyond this level the approval of the full Governing Body will be required.
- 3.2.2 The Resource Committee to authorise budgetary adjustments from one budget heading to another up to the sum of £10,000. Beyond this level the approval of the full Governing Body will be required. Any such budgetary adjustments will be recorded and reported for information to the next full Governing Body.
- 3.2.3 The following officers to authorise spending on an order up to the sums specified. Beyond this limit the approval of the Resources Committee or full Governing Body will be required.
- | | | |
|-------|-------------------------|---------|
| 3.2.4 | Head Teacher | £20,000 |
| 3.2.5 | Deputy Head Teacher | £10,000 |
| 3.2.6 | Assistant Head Teacher | £5,000 |
| 3.2.7 | School Business Manager | £3,000 |
- 3.2.8 The Head Teacher to authorise budgetary adjustments from one budget heading to another up to the sum of £10,000. Beyond this level the approval of the Resource Committee will be required. Any such budgetary adjustments will be notified immediately to the Chair of Resources and recorded and reported to the next meeting of the Resources Committee of the Governing Body.
- 3.2.9 The Deputy Head Teacher appointed by Governors will take responsibility for the financial control and management of the School in the extended absence of the Head Teacher.
- 3.2.10 Staff to sign documentation in accordance with the staff signing / approval list and authorised signatory as listed in this policy.
- 3.2.11 The Governing Body and Resources Committee will obtain written LA approval for capital expenditure over £100,000.

3.3 Head Teacher's Financial Responsibilities

The Head Teacher is responsible to the Governing Body for ensuring the effective operation of the finance function. The Head Teacher will ensure that:

The roles of each member of staff are clearly defined and the duties of staff concerned with financial transactions and administrative processes will, as far as is practicable, be distributed to ensure that key tasks are assigned to separate members of staff and that appropriate systems of internal check exist.

The LA's Scheme for Financing Schools, Financial Regulations and Contract Standing Orders are adhered to.

The procedures and process as detailed in the Schools Finance Manual are followed in the operation of the School's accounting and commitment system, FMS6.

Systems are in place to ensure that financial control is maintained at all times including procedures in the absence of key staff.

Appropriate documentation and records of transactions are maintained to specified standards.

3.4 The School Planning Process

An effective budget must support the School's priorities for raising standards and attainment. This can be done by ensuring that the School's plan for improving education outcomes and the budget are closely aligned and that the budget reflects the School's education priorities. The plan for raising education outcomes and the budget need to be closely linked so that the School can weigh up whether it has enough funds to pay for the activities that it believes are necessary for the School to achieve its education objectives. Also, it will be easier to show value for money if objectives within the plan have been achieved within the budgetary constraints.

A forward projection of budget of the School's income and expenditure for the immediate following year and at least two succeeding years will be prepared by the Head Teacher for approval by the Governors in accordance with the Governing Body's terms of reference. The projection should include both revenue and capital funds – income from all sources and expenditure.

The principal assumptions in setting the budget that need to be taken into account when setting the budget plan are:

- future numbers of pupils and their characteristics/ needs
- class and group sizes
- staffing profiles and increments
- pay and price increases
- changes in revenue and capital income

procurement and maintenance (e.g. fabric and fittings, ICT equipment, white boards).

3.5 Consistent Financial Reporting

The School will maintain its financial statements in a form that is compatible with the requirements of the Consistent Financial Reporting (CFR) scheme. This will allow the Local Authority to produce the annual CFR statement on behalf of the School by the third Friday in July.

3.6 Budget Management

The Head Teacher is responsible for preparing the annual revenue budget in sufficient detail to conform to the Scheme for Financing Schools requirements and to enable the effective management of the available funds by the Governing Body, which is responsible for ensuring that total forecast expenditure does not exceed the available funds. To ensure this can be done, the Head Teacher will provide regular reports (at least termly) to the Governing Body and or Resource Committee.

A budget monitoring report will be prepared in accordance with the requirements of the Governing Body to enable them to effectively manage all funds made available to the School. The report will contain notes showing budgetary adjustments, details of major variations and highlighting areas of uncertainty. The 'Cover Page' must show, as accurately as possible, the forecast year end position for all funds.

It is essential that reports produced are accurate as far as reasonably possible. The Head Teacher is responsible for ensuring that quality controls are in place so that reports are of a sound standard. Staff responsible for the production of financial reports must ensure that they take appropriate steps to guarantee the reliability of the information.

The Head Teacher may delegate responsibility for elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the school as a whole. Delegated budget holders within the school will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are to be accountable to the Head Teacher who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored.

Governors and the Head Teacher will periodically review the provision of financial information to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative information.

3.7 Insurance

The Head Teacher will review the insurance needs of the school annually and liaise with the Assistant Director for Finance where appropriate to ensure that specific arrangements remain appropriate. Following the approval of the Governing Body, the Head Teacher will ensure the agreed arrangements are in place.

The Governing Body will periodically consider whether to insure risks that are not covered by an existing policy arranged by the Assistant Director for Finance or other voluntary body. The cost of premiums for any additional cover should be met from the School's budget share.

The Head Teacher 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.) should be reported immediately to the insurers, LA and/or their agents.

3.8 Computer Systems

The Governors recognise the importance of protecting computerised financial management systems and the data held therein. The Head Teacher will ensure that the School is registered in accordance with the relevant data protection legislation.

The Head Teacher will ensure that effective backup procedures are in place and that all back-up disks or tapes are stored securely. A recovery plan is established under the School Business Continuity Plan.

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.

The Head Teacher will ensure that systems are in place to safeguard school software and data against computer viruses. Only authorised software will be used.

3.9 Purchasing

The School recognises the principles of Best Value.

The Governing Body aims to achieve best value for money from all its purchases. The Head Teacher is responsible for ensuring procedures are in place for testing the market, placing of orders and paying for goods and services in accordance with Contract Standing Orders and Financial Regulations.

3.10 Value for Money

Competitive quotations are not required for contracts or orders with an estimated value at or below £10,000. But for estimated values between £10,000 - £60,000 at least three written quotations (as far as reasonably possible) will be required before an official / commitment order is issued.

For procurements valued between £60,000 - £100,000 a tender/ contract award procedure must be conducted in accordance with the LA.

Any contract valued at above £100,000 must be in a form approved by the LA. All other contracts may be signed by the Chair of Governors or Head Teacher in accordance with the Scheme of Delegation and reported to the Governing Body.

For contracts valued at above £100,000 the LA will be notified for inclusion in the corporate Contracts Register. The Head Teacher will maintain a register of all other contracts and leases entered into by the School.

The Head Teacher has delegated authority to accept the lowest quotation for all expenditure. In instances where the lowest quotation is not accepted this should be reported to the Resources Committee and the reasons for the decision recorded in the minutes of the meeting. For quotations to be agreed, the approval of the Resources Committee or Governing Body must be sought.

Quotations or tenders need not be sought because of an unforeseeable emergency involving immediate risks to persons, property or serious disruption to the School or significant financial loss. The Head Teacher may approve an exemption in these circumstances but must prepare a report for the next Governors' meeting to support the action taken.

The register of business interests should be formally referred to prior to the acceptance of quotations or the awarding of contracts.

3.11 Orders for Goods and Services

Official commitment orders will be raised by the School Business Manager on receipt of a requisition form signed by the appropriate budget holder and authorised in accordance with the Scheme of Delegation, Orders and copy orders will be signed in accordance with this policy.

Any telephone or verbal orders, supported by an authorised requisition form, must be confirmed by an official commitment order within 48 hours.

3.12 Payment of Accounts

Invoices will only be paid when the budget holder has shown approval that goods and services have been received and are of the quality expected. Payment should be made within reasonable time limits and discounts taken for quick payment where appropriate, ensuring that the Local Authority has paid the invoice within 30 days of receipt.

3.13 Petty Cash

The Head Teacher is responsible for the operation of the petty cash account.

All claims for petty cash will be supported by official petty cash vouchers.

No single reimbursement, unless authorised by the Head Teacher in excess of £50 will be permitted from the petty cash account.

Repayment will be made by cash if under £20 or cheque if over £20. The Premises Manager is the only people authorised to cash school cheques which must be signed by two designated signatories.

3.14 Internet banking controls and procedures

Electronic payments £20,000 limits for individual payments and a total batch limit of £40,000.

Accounts will be set up in Bankline appropriately in line with business need and authorisation limits. Roles and levels of access/authorisation are defined within Bankline appropriately ensuring that there is clear segregation of duties between processor and authoriser. At least one member of the senior leader team in addition to the Head Teacher & School Business Manager will have access to Bankline to allow dual authorisation.

Appropriate Administration rights are set up in Bankline to allow changes to user permissions and limits.

Roles and levels of access/authorisation are defined in line with business needs ensuring clear segregation between transaction processor and authoriser within the financial management system. Access on the system allows for business continuity covering training, sickness and holiday leave, ensuring that administrator and user are not the same person

The authorised Managers/Officers have access to online banking using a security card to monitor the bank account and to set-up and authorise payments. Security card will be held within the school safe

Each user has their own User ID which is not shared. Access to Bankline requires two factor authentication, password and pin –digits randomly selected to be entered upon signing in on Bankline.

Passwords should not be shared amongst users.

The Bank Mandate clearly stipulates who has the power to authorise on-line payments of this nature

User access levels to Bankline can be printed and should be reviewed periodically

All computers with access to online banking facilities are secure and up to date with anti-virus, spyware and firewall software

IT policies and procedures are up to date to covering electronic payments including Bankline so staff are aware of the expected IT standards to be followed. This includes IT policies covering security / passwords.

Staff are adequately trained to set up/use the systems (financial system and Bankline) for Electronic Payments

There is insurance cover for fraudulent transactions covering electronic payments. RPS Finance Policy Page 7 of 8 Where payments are made by electronic methods:

The school maintains an up to date list of suppliers, who require payment by electronic methods. (This list should be validated by an authorised officer and bank details checked carefully when loaded to the School's Finance System).

The initial upload of suppliers must be validated by an independent authorising officer. The officer uploading must provide and retain evidence i.e. bank details on original letter headed paper provided by the Supplier. A report can be run from the financial system detailing all Supplier information. Independent authorised officer as well as checking original documentation must phone supplier accounts department to verify account number and sort code. Verification to be documented and signed by authorising officer (signing supplier information report and also supplier evidence)

Any changes to the supplier listing must be validated, a system generated audit report to be signed by an authorising officer before any payment run which lists all changes to supplier details. Sign off denoting evidence of check. This report is also retained if there are nil changes. Any changes to supplier information needs to be supported by original third party documentation and phoning supplier account department

An electronic payments schedule is produced by Schools System which shows payment details.

The Schedule is approved, signed and dated by two signatories (authoriser may be part of SLT).

The relevant invoices are checked, initialled and dated by at least one signatory

Following this report, a txt file is created

The electronic payment text file is securely saved within a restricted access folder. Access to this folder is restricted to processing officer. Txt file can be changed so need to submit as soon as produced.

No payments can be made within Bankline without the use of an electronic payment text file

The authorised officers will up-load the electronic Payments payment to the bank. Two separate electronic Payments approvers need to authorise the electronic payments run within online banking before it will be actioned by the bank. (There should be a clear segregation of duties between preparing the payment details schedules and authorising the payment.) Cards and card readers are required to authorise payment.

Reports are printed at final authorisation stage to cross check sort code, account number and amount against BACs report from the Financial System to ensure that the file has not been interfered with. Also at this authorisation stage the supplier changes report should also be checked against the payments to be authorised on line. The bank account is checked to ensure that there are sufficient funds for the payment to be processed. These documents are signed by processing officer and the two authorising officers (authoriser may be part of SLT)

Imported files and system payment reports are kept on the school file server as per London Borough of Lewisham's retention policy. The electronic payment schedules and summaries are retained in accordance with retention periods for financial/accounting records and filed appropriately

BACs processing date is payment date – this needs to be set reasonably well in advance to allow authorisation to take place. Authorisation on Bankline must be done day before payment date

At the beginning of every month a bank reconciliation is prepared and reports are run covering monthly payments and receipts. The School Business Manager reviews these along with the bank statement and deposits information to make sure all payments and receipts agree with the bank statement. All transactions shown on the monthly bank statement are reviewed and checked by the School Business Manager. The bank statement is then signed by the School Business Manager to confirm that all transactions are in order.

3.15 Purchasing Card

Coopers Lane School has had a purchasing card with NatWest Bank since June 2014.

The procedure/guidance for obtaining the card and the application forms were obtained from Lewisham Schools Finance Team.

The transactions are dealt with in the same way as any other school order

All orders are made on an official Local Authority order form which is signed by the Head Teacher

Delivery notes and invoices are attached when received and must be signed off by the School Business Manager.

The spend controls on the card state that it cannot be used for cash withdrawals.

3.16 Payroll

The Head Teacher will, where possible, allocate duties to ensure that an appropriate division of duties exists in the area of completing, checking and authorising all documents and claims relating to appointment and termination of employment and expenses.

Payroll transactions will be processed only through the approved LA payroll system. Payments for employment will not be made to staff or visiting lecturers etc. through any other mechanism. Payroll transactions relating to staff employed by the LA or the Governing Body will be processed against a fund provided by the LA.

The School will comply with the procedures laid down by the LA on determining employment or self-employment of individuals.

3.17 Security of Stocks and Other Property

The Head Teacher is responsible for the care and custody of all assets within the School and will maintain proper security for all buildings, vehicles, plant, stocks, stores, furniture, equipment, keys and cash.

The Head Teacher will ensure that a register of assets / inventory is maintained in accordance with the provisions of the Scheme for Financing Schools. Inventories will be checked at least annually and any discrepancy shall be investigated. The Governing Body and will be informed of surpluses and deficiencies revealed by an inventory check and any sale of equipment over £100 must be approved by them and recorded accordingly.

Safes and similar storage facilities will be kept locked and the keys removed to be held by the key holder who will be nominated by the Head Teacher. Normally key holders will carry keys on their person and keys must not be left on the premises overnight. A list of key holders will be maintained by the school and loss of any keys must be reported to the Head Teacher.

3.18 Charging and Remission of Fees

The Governing Body will annually review the charges referred to in the charging and remission policies on the basis of recommendations put forward in a written report by the Head Teacher. The policies adopted will be based on the guidance issued by the DfE and the Local Authority.

3.19 General Income Matters – Income Collection and Banking

The Head Teacher will ensure that the responsibility for determining sums due to the school is separated from the responsibility for collecting and banking such sums. In addition, the Head Teacher is responsible for ensuring arrangements operated are in accordance with procedures specified by Financial Regulations and the Schools Finance Manual.

The Head Teacher is responsible for the correct accounting of all income due to the School. This includes the use of an online collection system (e.g. ParentPay) for processing income collected by the School.

By using the online collection system, the School will follow guidance issued by the provider for the academic year (new and year end procedures) and instructions, issued by the Local Authority, for its year end procedures.

Where cash and cheques are received, whether it is due to a fund provided by the Local Authority, or 'Catering Income' or an unofficial fund, the online system will be updated on the day of receipt. (If a parent requests a receipt, this will be issued from the online collection system. For manual systems, a receipt will be issued and, in agreed circumstances, collection listings will be used.

Any cash or cheques received will be locked away until the time of banking. Income collected will be banked in its entirety as promptly as possible (usually weekly) and will not be used to cash personal cheques or for other payments.

Internal recharges will be raised promptly through the agreed journal system to ensure expenditure is recouped.

The school will have its own individual bank account as part of the LA's umbrella arrangement with National Westminster Bank, Lewisham.

The school will obtain bank statements at least monthly and these will be reconciled with their accounting records. Any discrepancies will be investigated.

Signatories for Cheque payments will be two from the three names confirmed by the Governing Body, which is currently:

- Head Teacher – Paul Hooper
- Deputy Head Teacher – Louise Black

BACS payments will be authorised by either

- Head Teacher – Paul Hooper
- Deputy Head Teacher – Louise Black

3.20 Lettings: See also Lettings Policy

The letting of School Premises and Grounds should always be subject to a formal contract. A detailed lettings policy together with charges is contained in a separate document. The Head Teacher has been given authority to let parts of the school and any such lettings shall be reported to the Governing Body at the Resource Committee meetings.

Amounts to be written off: - the Governing Body may write off any debt valued at £2,500 or less where the income would have been credited to the School's Budget Share. Any other write off will require the approval of the LA.

3.21 *Governors' Expenses*

The policy relating to Governors' Expenses will be reviewed at least every three years and, if payable, will be in accordance with the Local Authority scheme.

3.22 *Registers of Business Interests*

The Clerk to Governors on behalf of the Governing Body must maintain a register of pecuniary / business interest forms for each member of the Governing Body and the Head Teacher / School Business Manager recording business interests. The register must be kept up to date with notification of changes and through a recommended annual review of entries. The register should be made available for inspection by the Governors, staff, parents and the Local Authority.

All members of staff are to be made aware of the responsibilities for declaring any links or personal interests which they have with regard to contractors and suppliers. The Head Teacher / School Business Manager will maintain, in a suitable form, a record of the details of those members of staff who declare any links or personal interests which they have with contractors and suppliers.

3.23 ***Gifts and Hospitality Register***

As a general rule staff must not accept from suppliers or contractors or potential suppliers and contractors or from any firm or organisation with whom the School has had, is having or may have any dealings of any kind:

- (a) any gift (other than an inexpensive seasonal gift, such as a calendar or diary for use in the office) and where refusal would cause needless offence and the giver is not seeking a business decision but merely wishes to express thanks for service, advice, help or co-operation.
- (b) any hospitality without the written authorisation of the Head Teacher or Chair of Governors.

A register will be maintained by the Head Teacher / School Business Manager to record all particulars of gifts and hospitality.