

# **Primrose Hill Primary School Finance Policy**

July 2022



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## **Section 1: Budgets**

### **1.1. Budget construction**

The Head Teacher is responsible for the detailed preparation of an annual school budget which addresses the strategic aims and targets established by the Governing Body. In constructing the budget, the Head must take account of priorities identified in the School Development / Improvement Plan, incorporating specific costs as detailed in the plan. In producing the budget, the Head should consult with other members of staff as appropriate to ascertain detailed requirements and cost pressures for the coming year.

The Committee responsible for finance meets in the Autumn term to monitor the budget spend and discuss broad budget strategies.

Detailed formulation of the budget takes place in Spring term, and the Finance Committee should approve the detailed budget plan following receipt of the final local authority budget allocation issued in mid to late March. The full Governing Body are then informed of this plan at subsequent meetings. Work on the school budget is done in collaboration with the school's accountant, who is provided to the school by the local authority.

Total budgeted expenditure should not exceed the total anticipated in-year income plus or minus any balance brought forward from the previous year. If it appears that a deficit position cannot be avoided, the Head and Chair of Governors must contact the School's Finance Team immediately as the local authority must approve a Deficit Repayment Agreement (DRA) involving an appropriate recovery plan.

In constructing the detailed budget, factors for consideration include:-

- current and previous year's expenditure levels on individual budget headings
- staff pay awards and increments, and known changes
- anticipated price inflation
- changes in the supply of services and contracts (traded services, utilities etc.).
- changing School Development Plan priorities
- any anticipated changes in pupil numbers
- the resulting impact on staffing structures

## 1.2. Budgetary control and monitoring

The Head is responsible for regular, detailed control of the school budget. The Head must carefully monitor the reports prepared by the school accountant and manage the budget accordingly in response to them. The Head may assign budgetary control of individual budget headings to other members of staff, however the Head remains ultimately accountable to the Governing Body for these budget headings. Financial reports to the Head and other budget holders, where applicable, should include the following information for each agreed budget heading:-

- total budget for year
- total expenditure and commitments to date
- projected variance

Payroll expenditure is organised and controlled by the Local Authority.

Other, non-pay expenditure, as notified by monthly on-line reports for central schools, must be reconciled as promptly as possible to the school's accounting system by the school office manager.

It may be appropriate to action adjustments to the original budget (virements) during the year, for example as a result of additional income, new costs or changing national priorities etc. The Head should therefore be empowered to respond to changes to address variances by effecting virements between individual budget headings. This is agreed annually as part of the school's Delegation policy.

Where new or unplanned expenditure is necessary, the agreed individual virement authorisation limits will be used. Please see the school's DELEGATION FORM for these amount.

Virements, once approved, must be promptly recorded in the school's accounting system to keep the approved budget up to date.

The Head should present detailed budget monitoring statements to the Finance Committee on at least a termly basis. The Finance Committee should then consider and challenge these statements as necessary. The Chair of the Finance Committee should then report termly to the full Governing Body during the full Governing Body meeting. The Chair should identify any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

When the accounts for each financial year are closed, a final statement from the school's accountant must be presented to the next meeting of the Finance Committee.

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## **Section 2: Payroll**

Schools uses SCC payroll and HR services for its payroll.

### **2.1. Starters/variations/leavers**

The relevant forms for the following situations are accessed via Salford's online SchoolZone HR service::

- setting up new employees on the payroll (starters)
- effecting variations to pay
- taking existing employees off the payroll (leavers)

Electronic forms should be completed by the appropriate office worker under the clear instruction of the Head, or, in their absence, the Deputy Head.

### **2.2. Claim Forms**

For relevant staff, submitted claim forms must be checked initially by the school office manager, and then authorised by the Head, or in their absence, the Deputy Head. Authorised time sheets must be submitted directly to the school office and checked and authorised by the Head.

### **2.3. Checking of payroll data**

Payroll data received monthly from SCC must be scrutinised by:

- the Head, to ensure all employees are recognised, and pay appears reasonable (no detailed check)
- the school finance officer, to check accuracy of staffing structure, salary and expense payments.

### **2.4. Pay-related expenses**

All pay-related expenses must be processed through the payroll system. Pay-related expenses must never be paid via petty cash.

### **2.5. Supply teachers**

All claims submitted by supply teachers come via an email from the supply agency directly. These are authorised by the School office manager. The Head, or in their absence, the Deputy Head, will routinely check these when completing payment authorisations and cheque signing. Reimbursement claims must be submitted to the school on a weekly basis and sent directly to the school office manager. The school office manager must check on a monthly basis that correct amounts have been charged using the invoices and timesheets previously received.

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## **Section 3: School Fund**

### **3.1 Accounts**

The accounts of the school Fund are to be maintained on a day to day basis by the school office manager. All income and expenditure will be entered promptly in the accounts. A bank reconciliation will be performed monthly when bank statements are received, between the balance as per the accounting record and the balance as per bank statements.

### **3.2 Signatories**

The following are allowed to sign cheques on the bank account:-

- Head
- Deputy Head
- School office manager

There must be two signatures on each cheque.

In July 2022, Governors agreed to add a further signatory onto the account. This will be another member of the SLT. This will be processed by January 2023.

### **3.3 Final accounts and audit**

Final accounts are prepared at the end of the School Fund financial year by the school administrator. The accounts will be audited by an audit or appointed by the full Governing Body. The auditor will not be a member of the Governing Body.

The audited accounts should be presented to the full Governing Body for approval. Governors' approval must be recorded in the minutes of the meeting.

School Fund monies must be kept, and recorded, separately from the school's capitation monies and securely held.

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## **Section 4: Assets**

### **4.1 Inventory**

The portable, desirable, attractive assets of the school, as well as any assets of intrinsic value (e.g. antiques) will be recorded in the school's inventory. Full details (make, model, serial number, approximate value) shall be recorded.

The computing lead is responsible for keeping the inventory up to date by adding new items when they are received into school. Only items with a value of £300 or more will be included in the inventory.

Items up to a value of £50 may be sold or written out of the inventory on the authority of the Head. Over this limit, the Governing Body must authorise and details recorded in the minutes. Reasons must be recorded in the inventory, together with the Head's signature (up to £50) or the Governors' minute reference (£50 and over). An official receipt for sales income must be issued to the purchaser.

The inventory shall be checked against the actual assets by the Head on an annual basis. Any discrepancies shall be investigated immediately, and if necessary the Governors, Police and the authority's auditors shall be informed. The check shall be evidenced by the checker signing and dating the inventory. All inventory items should be security marked

### **4.2 Off-site register**

Any inventory items taken off-site by members of staff for official purposes must be recorded in a register. The date borrowed, and the signature of the borrower, must be recorded. On the return of the item the date of return will be recorded. IT items loaned to teachers on a long-term basis will be 'signed for' by staff members.

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## **Section 5: Income**

### **5.1 Credit income**

Where payment for goods/services provided by the school is made after the provision takes place.

An official invoice must be raised by the school secretary in all cases and sent to the debtor as soon as possible after the provision of the goods/service, and no later than one week after the provision.

A file of copy invoices will be maintained by the secretary; this will be arranged into 'paid' and 'unpaid' invoices. The copies of unpaid invoices will act as a control record for the sending of reminders and the chasing of unpaid debts.

Reminders will be sent after the following periods if the debt remains outstanding:-

1st reminder 28 days  
2nd reminder 56 days

If after 84 days the debt remains unpaid, consideration will be given by the Head and/or Governors to writing the debt off in accordance with the limits agreed in the Scheme of Delegation

In each case, the possibility of taking legal action to recover the debt must be considered by Head, Chair, and Governors as appropriate.

As well as sending formal reminders, efforts must be made by the school to contact the debtor in order to secure recovery of the debt. If payment has not been received after 28 days of raising the invoice, no further goods or services must be provided until the outstanding debt is settled.

When an invoice is paid, details of the payment must be written on the copy invoice, and this transferred to the 'paid' section of the file. An official receipt should be issued to the debtor and the receipt number written on the copy invoice; a duplicate copy of the receipt must be retained at school.

### **5.2 Cash income (i.e. where payment is received at the time goods/services are provided).**

An official receipt must be issued to the payer at the time the payment takes place, and a duplicate copy retained at the school. All cash payments are made via the front office; teachers are told not to accept any cash from parents.

### **5.3 Banking**

All income received (cash or cheque) must be banked promptly and intact. A record to evidence the banking must be kept (e.g. stamped paying-in slip).

### **5.4 Charging policy**

The full Governing Body will set a charging policy to cover:-

- lettings
- school trips
- music tuition
- private photocopying
- private telephone calls

The charging policy will be reviewed annually by the Governing Body. Charges levied by the school will be in line with this policy.

### **5.5 Donations**

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact. These donations must be declared in the HT's termly report to Governors.

### **5.6 Official Capitation and School Fund income**

All income used to offset expenditure incurred on the capitation budget (e.g. lettings, photocopying, telephone calls, music tuition, sales of work) must be paid into the official Account and coded to an appropriate income code. Monies received from any sales of school equipment must similarly be paid into the school account.

Donations may be paid into the official Account or the School Fund dependent upon the wishes of the donor which must be ascertained beforehand.

### **5.7 Cash received from pupils**

Cash received from pupils in class must be handed over to the secretary as soon as possible. The secretary will record receipt for the income; parents are actively discouraged from sending money into school with their child. School uses Parent Pay to help encourage parents to use a cashless system.

### **5.8 Security of receipt books and tickets**

All blank receipts to be used to acknowledge receipt of income, must be held securely in the school office.

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## **Section 6: Purchasing**

### **6.1 Ordering**

School procedures for purchasing should ensure that purchases are as required and are for bone-fide purposes.

Orders should be processed by the school secretary after initial approval by budget holders has been sought and given. The official order produced from the computer system must be signed by the budget holder before it is sent to the supplier. If an order has been placed over the telephone an official confirmatory order must be sent.

Official orders must not be used to procure goods for private purposes.

Official order stationery must be held in a secure location.

Copies of all official orders placed must be retained on file at the school by the secretary/office staff.

When placing orders it is the responsibility of the initiator to ensure that rules surrounding Financial Regulations and Standing Orders are adhered to.

### **6.2 Quotations/tenders**

Financial Regulations - for orders for goods/services under £50,000:

- £1,000 - £5,000 – the principle of 'Best Value' is applied in these instances.
- £5,001 - £50,000 - independent written evidence of at least three prices should be obtained before making a purchase.

Independent written evidence means quotations provided on suppliers' headed notepaper.

If linked to projects connected with the school building, our school's Building Liaison Officer is charged with organising the tendering and quotation process. Our BLO is Mr Steve Dennis or Core Property Services.

### **6.3 Governor involvement**

As well as ensuring that the above have been adhered to, it is the responsibility of the Headteacher to ensure that Governors are consulted in the following circumstances:-

On purchasing decisions when the estimated cost of one item exceeds £12,000

Review of quotations obtained where estimated costs exceed £20,000.

Governors are asked to review quotations when the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained.

#### **6.4 Receipt of goods**

Once items ordered have been received, office staff must ensure that items delivered correspond to details contained in the delivery note. Upon examination of goods the secretary must ensure that both quality and quantity are appropriate.

#### **6.5 Invoice check and authorisation**

Invoices received must be checked to both copy orders and delivery notes to ensure that invoices relate to goods ordered and delivered. Invoices should also be checked for arithmetical correctness. All invoices must be certified for payment by the Headteacher before being passed for payment (or in the Head's absence, the Deputy Head).

Invoices passed for payment must be recorded promptly in the school's accounting system by the secretary.

#### **6.6 Petty Cash**

Day to day operation of the petty cash account is the responsibility of the secretary/office manager.

All petty cash expenditure, and reimbursement income, must be promptly recorded in the petty cash record via FMS.

Reimbursement must be claimed as near to the purchase date as possible. The Head (or Deputy Head in the Head's absence) must certify the reimbursement claim.

Each time a reimbursement claim is submitted, the secretary/office manager must complete a reconciliation ensuring that cash expended, plus cash in hand or at bank, plus stamps held, equals the amount of the advance. Wherever possible this is issued in Cheque form if the amount exceeds £10.

All members of staff who wish to purchase items from the petty cash account must obtain prior approval from the Head. Vouchers (receipts, paid invoices etc.) to evidence the payment must be presented to the secretary by members of staff when reclaiming cash from the account. These vouchers must be retained by the secretary and returned with the reimbursement claim. Receipts must only list the items to be purchased by school. Staff are not allowed to use store loyalty cards to obtain points etc when purchasing goods for school. Staff must also understand that once reimbursed the items belong to the school.

In normal circumstances individual purchases from petty cash must not exceed £50. In exceptional circumstances payments exceeding this amount may be made, with

the express prior approval of the Head. Such payments should be for emergencies only and should not simply result from a lack of planning.

All cash and cheque books held must be retained securely.

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## **Section 7: Register of Pecuniary and Other Interests**

It is a requirement for all schools to maintain such a Register.

### **7.1 Persons to be included:-**

1. All Governors
2. Headteacher
3. All senior staff (e.g. Deputy Head, Assistant Heads, senior administrative staff e.g. bursar)

### **7.2 Interests to be recorded**

The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school.

Examples of such improper influence might be:-

- to purchase goods or materials from a company in which a Governor/senior member of staff has a financial interest without going through the correct procedures re. obtaining competitive prices;
- promoting a member of staff who has close personal relationship (spouse, partner, son, daughter etc.) with Governor/senior member of staff, without going through correct procedures re. recruitment and selection.

There can never be a definitive, comprehensive list of the interests which should be recorded, but the following is intended to give some guidance:

-having a financial, or other, interest in an organisation which could feasibly be in a position to supply goods/services to the school e.g.

- building contractors
- plumbing contractors
- electrical contractors
- audio/visual goods suppliers (e.g. T.V.s, video recorders, hi-fi etc.)
- repair/maintenance of equipment (electrical and other)
- suppliers of computer hardware and software
- suppliers of stationery
- suppliers of educational equipment (e.g. P.E. equipment)
- suppliers of furniture, fittings, carpets, curtains etc.
- decorating contractors
- catering contractors
- suppliers of provisions
- suppliers of clothing
- suppliers of building materials
- suppliers of catering equipment

- suppliers of fuel
  - suppliers of vehicles
  - suppliers of books
  - grounds maintenance contractors
  - gardening contractors
  - suppliers of grounds/garden maintenance equipment
  - suppliers of plants, trees, seeds etc.
  - suppliers of heating equipment
  - suppliers of lighting equipment
  - suppliers of musical instruments
  - suppliers of insurance
  - consultants (e.g. legal, financial, training, property)
  - suppliers of security services and supplies
  - suppliers of art materials
  - suppliers of telecommunications equipment
  - suppliers of photographic equipment
  - transport contractors (e.g. coaches, taxis etc.)
  - holiday/travel operators
  - suppliers of supply teaching cover
  - suppliers of peripatetic teaching
  - suppliers of banking services
  - suppliers of workshops etc. (e.g. drama, music)
  - the interest in the above 'supplying organisations' may, for example, be:-
  - as a director
  - as an employee
  - as a major shareholder
  - as a major investor
  - as a major debtor/creditor
  - having a close personal relationship (spouse, partner, son, daughter, parent etc.) with a person in the above categories
  - being in a position to potentially influence decisions made about the school,
- e.g. as:-
- member of local council (County Council, District Council, Parish Council)
  - officer of Local Education Authority in a senior capacity
  - Member of Parliament
  - OFSTED Inspector
  - officer of local council (District Council, Parish Council) in a senior capacity
  - having a close personal relationship (as described above) with any person falling into the above categories
  - having a close personal relationship with a Governor or member of staff (employed on a full-time, part-time, permanent, or temporary basis).

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