



## Hunnyhill Primary School

# FINANCIAL POLICY AND PROCEDURES

| Date Issued   | Prepared By | Approved By | Review   | Changes made |
|---------------|-------------|-------------|----------|--------------|
| November 2022 | E Sharp     |             | Oct 2023 |              |

Signed: \_\_\_\_\_ Chair of Governors

Signed: \_\_\_\_\_ Headteacher

## FINANCIAL POLICY AND PROCEDURES

The objectives of this document 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 Local Authority, OFSTED, and DfE recommendations;
- being aware of and complying with the Isle of Wight Council's Scheme for Financing Schools (updated April 2021)
- maintaining a reliable system of internal controls;
- ensuring that resources are properly allocated and that the principle of best value 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.

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 sound financial advice
- proper and adequate financial systems and controls are in place
- accounts are prepared and maintained as required by the Governing Body and Local Authority.

1.3 The Headteacher delegates most of the day-to-day financial management to **the School Finance Manager and the Administrator** whilst retaining ultimate responsibility.

### 2. Financial Planning

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.

| <b>Activity</b>                     | <b>Detailed task</b>  | <b>Responsibility and other supports</b>  |
|-------------------------------------|---|---|
| Planning the budget                 | <p>To estimate allowance, income, grants, etc</p> <p>To identify and propose priorities in relation to the School Development Plan</p> <p>To review and propose changes in staffing needs</p> <p>To draft budget options</p> <p>To evaluate budget options</p> <p>To prepare final draft budget</p> | <p>LA, Headteacher, Finance Manager</p> <p>Headteacher, Full Governing Body (FGB), Senior Leadership Team (SLT), Finance Manager</p> <p>Headteacher, FGB, Finance Manager</p> <p>Finance Manager</p> <p>Headteacher, SLT, Finance Governors</p> <p>Finance Manager, Headteacher</p> |
| Approving the budget                | <p>To propose final budget draft</p> <p>To review and recommend final budget</p> <p>To agree final 3 year strategic Financial Plan and submit it to the LA by 31 May each year</p>  | <p>Headteacher</p> <p>FGB</p> <p>FGB</p>  |
| Monitoring and reviewing the budget | <p>To prepare monthly monitoring sheet.</p> <p>To report about financial matters to the FGB</p> <p>To review and challenge budget</p>   | <p>Finance Manager</p> <p>Headteacher, Finance Manager</p> <p>FGB, SLT</p>  |

|           |   |  |
|-----------|---|--|
|           | To agree revised budget and submit to LA by 30 November             | Finance Manager to prepare, FGB to approve |
| Virements | To recommend virements < <b>£5,000</b>                              | Headteacher                                |
|           | To recommend and approve virements > <b>£5,000 and &lt; £20,000</b> | FGB  |
|           | To recommend and approve virements > <b>£20,000 in total</b>        | FGB  |
|           | To sign virement forms  | Headteacher & Chair of Governors           |

### 3. 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,; orders are placed by the Administrator and authorised by the Headteacher. Invoices are processed by the Administrator and cheques are signed by the Headteacher and one other. The Finance Manager undertakes Bank Reconciliation, management checking of all Charge Card transactions and posting of income onto the SIMS FMS Financial system. It is not possible to have complete segregation of duties due to the limitation of staffing arrangements and skills.

The school is careful to apply the principles of best value for money by using known suppliers with proven capacity to provide quality, quantity and timely delivery at a competitive price.

All invoices are filed in supplier alphabetical order and attached to delivery notes and orders when applicable. Orders are raised at the point of committing expenditure wherever possible.

E-purchasing and telephone orders should always be authorised by the Headteacher prior to purchase and when not being paid via the charge card are supported by the issue of an official order.

SLT budget holders may seek value for money purchases through web-sites and may request use of the school's charge card. In doing so, the budget holder must present an order with full details (quantities, prices, web address) to the Headteacher, who will authorise and pass to the Administrator to process.

All purchases estimated to be above £10,000 should be put to tender. The governors should ensure that at least three contractors are invited to submit tenders.

Three quotations should also be sought for estimates of £5,000 and up to £10,000.

Estimates under £5,000 should follow the principles of best value for money with the expectation that budget holders will continually review, challenge and improve the use of resources in a way that leads to the raising of education standards and continuous improvement.

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

| <b>Activity</b> | <b>Detailed task</b>  | <b>Responsibility</b>                           |
|-----------------|---|---|
| Placing orders  | Requisition orders  | Budget holders                                  |
|                 | Responsible for agreeing on requisition orders within limit of account budget | Headteacher                                     |
|                 | Responsible for agreeing orders above limit of account budget                 | FGB   |
|                 | Responsible for agreeing purchase above delegated limit                       | Budget holder / Administrator / Finance Manager |
|                 | Responsible for obtaining quotes  | Headteacher, Finance Manger, SBM Administrator  |
|                 | Responsible for seeking tenders   | Headteacher, Finance Manager, SBM               |
|                 | Responsible for placing official orders                                       | Administrator                                   |
|                 | Responsible for signing orders  | Headteacher                                     |

|                       |   |   |
|-----------------------|---|---|
| Deliveries            | Responsible for checking delivery against order                           | Budget holder / Administration team             |
|                       | Responsible for returning and/or exchanging goods                         | Budget holder / Administration team             |
| Invoices and Payments | Responsible for processing and paying invoices                            | Administrator                                   |
|                       | Authorised signatures on Delegated Budget account (2 signatures required) | Headteacher, Assistant Head and Finance Manager |
| Charge Card Purchases | Used mainly for on-line purchases. 1 card is available                    | Bank signatories – Headteacher Finance Manager  |
|                       | Month reconciliation  | Finance Manager                                 |

#### Authorisation Limits

|  |   |                   |
|--|---|-------------------|
| Placing Orders / online purchases  | Office staff / class teacher, budget holder | Maximum value £20 |
| Placing Orders / online purchases / invoices / signing contracts                       | Headteacher                                 | £20 - £5,000      |
| Orders, invoices and contracts that have been agreed by FGB as part of budget approval | Headteacher                                 | £5,000 - £50,000  |
| Orders, invoices / contracts over £50,000  | Headteacher with approval of FGB            | Over £50,000      |

#### 4. Cash Handling for Delegated Budget and School Fund Accounts

Cash handling should be kept to a minimum and whenever possible and practical, transactions should be done by cheques and income paid by parents via the online payments system, Parent Pay. Cash is kept in a safe and should be promptly paid into the bank accounts.

Cash is primarily collected for the following purposes:

- School Trips

- Fund Raising
- After School Clubs

Cash received should be promptly counted by the office staff and locked away in the safe. It should not be left unattended at any time.

Audit recommendations on safe limits should be adhered to. Income is paid into the bank at least on a termly basis as most income is now collected via our online system.

There is no Petty Cash

The following guidelines should be followed when handling cash:

- avoid counting cash in public
- never leave cash unsecured in an unattended area or room
- use the safe to store cash up to the agreed limits.
- receipts are given for cash received, upon request

| <b>Activity</b>     | <b>Detailed task</b>  | <b>Responsibility</b>       |
|---------------------|---|-----------------------------|
| Collection of money | Collection of dinner money  | Administrator               |
|                     | Collection of curriculum related money  | Administrator               |
|                     | Collection of money for lettings / uniform / private calls / photocopying / donations | Administrator               |
| Cash received       | Counting and recording of money   | Administrator               |
|                     | Preparing banking   | Administrator               |
|                     | Transporting cash to bank   | Caretaker / Finance Manager |

#### 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, Local Authority, OFSTED and the DfE.

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

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 Local Authority or the DfE.

| <b>Activity</b>                   | <b>Detailed task</b>  | <b>Responsibility</b>                      |
|-----------------------------------|---|--|
| Reconciliation of bank statements | Monthly reconciliation of bank statements.<br><br>Investigation of discrepancies.<br><br>Agreed by  | Finance Manager<br><br><br><br>Headteacher |
| Delegated Budget return           | Monthly preparation of Monitoring Statement and VAT return  | Finance Manager                            |
| Staff Salaries                    | Authorisation of Monthly salaries to be paid from School Delegated Bank Account<br>Up to monthly value of £130,000<br><br>Agreed by         | Finance Manager<br><br><br><br>Headteacher |
| Reconciliation of salary data     | Monthly reconciliation of school's data with information sent by payroll provider   | Finance Manager                            |
| Overtime and travel claims        | Monthly submission of overtime, casual hours and supply teacher claims.<br>Checking travel claims prepared by claimant<br><br>Authorised by | Finance Manager<br><br><br><br>Headteacher |
| Census Information                | Bi-annual pupil census preparation  | Administrator                              |



|   |  |  |
|---|--|--|
|   | Workforce Census<br>Authorised by  | Finance Manager<br>Headteacher               |
| Consistent Financial Reporting Return   | Preparation of annual year-end return by 30 April<br>Agreed by               | Finance Manager<br>Headteacher               |
| Schools Financial Value Standard (SFVS) | Preparation and review of SFVS and submission to LA by 31 March<br>Agreed by | Finance Manager and Finance Governors<br>FGB |

6. Lettings

Income generated by lettings currently represents a small proportion of the total income.

The school has a lettings policy which establishes the general conditions for letting the school premises.

The Finance Committee review the charging and remissions policy annually, with significant recommendations for change proposed to the Full Governing Body.

Records are kept of bookings and invoices arranged by the Finance Manager.

7. Devolved Capital Accounts

As a Local Authority School this is managed centrally and accounts received termly.

8. Writing Off of Bad Debts

As stated in the latest Scheme for Financing Schools (April 2021) Headteachers may write off any amount of income due up to a maximum of £100 and must keep an audit of reasons.

Every effort will be made to recover funds from parents with the Headteacher writing to and meeting with parents. Non-essential services (including school meals, music tuition, after school clubs, use of extended services) will be withdrawn from children and parents until at least part payment towards the debt is made.

Write-offs in excess of £100 must be approved by the Governing Body.

All schools must inform the Local Authority if a debt is written off by the governing body above £1,000

### 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 significant moveable, non-capital items.

The Headteacher is responsible for ensuring that assets of over £1,000 (and significant pieces of ICT equipment) under her control are correctly recorded. Other assets under £1,000 are held at the discretion of the Headteacher.

| <b>Activity</b>         | <b>Detailed task</b>   | <b>Responsibility</b>             |
|-------------------------|--|-----------------------------------|
| Updating asset register | Physical check of equipment against relevant records<br><br>Recording of new asset       |                                   |
| Monitoring              | Annual monitoring of asset register  |                                   |
| Disposal of assets      | Disposal of assets with nil or nominal value<br><br>Disposal of assets with market value | Headteacher<br><br>Governing Body |

## 9. Annexes

### 10.1 List of people with access to safe

The following people are authorised to access the safe:

Finance Manager  
Headteacher  
Administrator

### 9.2 List of people authorised to sign cheques

Headteacher  
Assistant Head  
Finance Manger

### 9.3 Reference documents used for the management of school finances

Scheme for Financing Schools  
[School Funding - Service Details \(iow.gov.uk\)](http://www.iow.gov.uk)

Apr 2021

VAT Reference Manual Updated September 2022  
Copy held in school and updates / issues made available to Finance  
Manger to share with appropriate staff in school.