



## Monkfrith Primary School Financial Management Policy and Procedures

This policy has been drafted in line with the London Borough of Barnet's Scheme for Financing Schools. Practices described arise out of the implementation of Fair Funding employed here since April 1999 under Section 48 of the School Standards and Framework Act 1998, and that it conforms to Contract Standing Orders.

The Governing Body will convene once a term. The Governing Body will apply the principles of best value to all financial and school dealings: to ensure the most effective, economic and efficient means available.

- challenge
- comparison
- consultation
- competition

### 1 Organisation of responsibility and accountability

#### 1.1 Role of the Governing Body

- Responsibility for overall financial management of the school
- To plan the budget and delegate responsibility to budget holders
- To ensure the requirements of the scheme and associated guidance are met
- To ratify Policies drawn up by the relevant committee
- To draw up a Best Value Statement in line with the Scheme
- To ratify and approve the school budget
- To authorise virements in excess of £10,000 for individual budget headings
- To approve expenditure on major capital projects and to seek LA approval before proceeding
- Chair of Governors must authorise **all** headteacher expenses

#### 1.2 Role of the Finance and Resources Committee

- To consider and approve a provisional budget upon receipt of the allocation from the LA for consideration by the main governing body
- To prepare **and** review policies giving consideration to the planning and resources of the school in line with the school's development plan
- To monitor the income and expenditure in conjunction with the Headteacher and report to the governing body on a termly basis
- To agree the level of delegation of the Headteacher for the day to day running of the school
- To authorise write-offs and disposals of stock and assets.
- To evaluate operational processes and procedures relating to financial administration to ensure they are robust and effective
- To monitor compliance with financial management policies
- To ensure a register of business interests is put in place and all governors to provide details on an annual basis (any relationships between school staff and members of the governing body are included/noted)
- To annually review the staff salaries in line with legislation and make recommendations to the governing body
- To address Health & Safety Issues
- To ensure contracts and tenders are completed in line with Contract Standing Orders
- Prepare and review termly a schedule of regular maintenance
- Prepare tenders for capital programmes
- Oversee any capital programmes
- Ensure health and safety training is up to date and implemented

### 1.3 Role of the Personnel Committee

- To review the staffing policies including recruitment and selection, disciplinary and grievance procedures and make recommendations to the governing body
- To appoint staff in accordance with agreed procedures and monitor the appraisal cycle, including policies related to staff appraisal and performance related pay
- To be actively involved in any disciplinary action
- Ensure that staff are correctly and fairly appointed

### 1.4 Role of Headteacher

- To prepare budget estimates in conjunction with members of the Finance Committee
- To advise the Finance Committee on spending priorities
- To ensure that school expenditure reflects priorities in the development plan including plans for money held in reserve for future projects.
- To implement expenditure in line with the school budget
- To consult the Finance Committee on virement in excess of £10,000
- To monitor the budget monthly using reports issued by the Financial Liaison Officer
- To authorise expenditure on a day to day basis in line with the budget
- To submit reports to the Governing Body giving details of income, expenditure and commitments to date
- To sign cheques (two signatures are required on cheques over £250) The additional signatories will be a senior teacher and the Deputy Headteacher
- To ensure audit reports are implemented
- To authorise monthly payroll reports, including authorisation of overtime
- Ensure that relevant staff are aware and implement the Construction Industry taxation scheme

### 1.5 Role of Teaching and Non-teaching staff

Budget holders will submit to the Headteacher the requirements for their area of responsibility on an annual basis. The governing body will approve these budgets at the time the final budget for the school is set. Additional funding will need the approval of the Headteacher before proceeding

Role of School Business Manager:

- Orders
  - check budgets before sending orders to suppliers to ensure budgets do not become overspent
  - process orders on the finance accounting package
  - ensure the administrative assistant signs delivery notes upon receipt of goods and checks deliveries against orders
- Payments
  - process invoices for prompt payment
  - keep the accounting records accurate and up to date
- Reports
  - produce monthly reports for the Headteacher and Governors
  - provide monthly reports to the LA on income and expenditure, VAT and bank reconciliation
  - monitor salary expenditure via the LA Statement of Accounts
- Budgets
  - to ensure the budget limits are not exceeded
  - budget holders will receive reports monthly
  - reconcile to the LA accounts monthly
  -
- Bank Account - the official funds bank account will not become overdrawn
- Payroll
  - manage and check the monthly payroll reports

Role of School Office Staff:

- monitor Parent Pay to ensure prompt payment for trips, dinner money and Breakfast Club and After School Club

## 2 Budgets

### 2.1 Budget administration

- The budget will be set and approved by the whole governing body. When this has been completed the Headteacher will administer the budget regularly. The Finance Committee will meet monthly to monitor spending.

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- The Headteacher will check the statements of accounts sent by the LA monthly and any errors and omissions will be notified to the LA for correction
- The allocation of funding is split into three main categories, employees, premises, supplies and services
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### The responsibilities for budget areas are as follows:

#### Employee Budgets

➤ Salaries	-	Headteacher	
➤ Virements	-	Headteacher	-up to £3,000
	-	Finance Committee/	
	-	Chair of Governors	-above £3,000

#### Premises

➤ Contracts	-	Headteacher	
➤ Maintenance	-	Headteacher	-up to £3000
➤ Capital Items	-	Headteacher	(above to be agreed by Finance Committee)
➤ Insurance	-	Headteacher	

#### Supplies and Services

➤ Main curriculum subjects	-	Headteacher (in conjunction with subject leaders)
➤ Consumables stock	-	Headteacher
➤ Office supplies	-	School Business Manager
➤ Furniture & Equipment	-	Headteacher
➤ Leasing	-	Headteacher

The Finance Committee must approve the use of monies held in reserve. The School Budget is linked to the School Development Plan, which is drawn up by the Headteacher, staff and Governors and is approved annually by the full Governing Body.

### 3 Internal Financial Control

To ensure financial control, designated personnel are authorised by the Chair of Governors

- Authorised signatures are as per the Authorised Signatory List
- Official orders are placed by the School Business Manager, who will ensure sufficient budget is available before processing.
- Orders are agreed by the Headteacher or Deputy Headteacher prior to placing the order.
- When goods arrive they must be checked against delivery notes and official orders. The designated member of staff will deal with any errors relating to deliveries.
- Invoices are coded to the appropriate budget heading and recorded by the School Business Manager.
- The preparation of cheques, invoices or online payments are done by the School Business Manager and sent to the authorised signatories for signing.
- Documents relating to finance are kept for a period of six years.
- All accounting records are kept in the school business manager's office, which is locked when not in use. The cheque books and unused official orders are locked in the safe.

### 4 Insurance

- The school is insured through London Borough of Barnet. Schedules of cover are issued annually and the School Business Manager will obtain renewal certificates which are displayed on the office notice board.
- Both the premises and the contents are covered under the policy.
- School property such as musical instruments and computers are covered when they are off the premises
- A book detailing incidents is kept locked in the School Business Manager's Office.

### 5 Computer Systems

The school is registered in accordance with the General Data Protection Regulations (see policy) and membership with the ICO is renewed annually.

- A log is kept of the back up on RM Cash Accounts
- A back up is automatically saved in the cloud and accessible by the School Business Manager and Headteacher.

## 6 Purchasing

The school is governed by Contract Standing Orders for Schools approved in October 2010. A copy is filed in the general finance file for information

- Separation of duties is clearly established by the authorised signatory list and this is adhered to
- No payment will be made to individuals unless they are for goods only and they will be reimbursed via RM Cash Accounts
- The school will adhere to the Construction Industry Scheme as per the procedures
- The school will assess the relevant health and safety competence of contractors
- The school will not issue gift vouchers to members of staff or other types of gifts
- Official orders are used for all purchases of goods and services with the exception of utilities, rents and rates
- Official orders are ruled off below the last item recorded one copy of the order is retained
- The school may select contractors from the Borough approved contractors list based on best value procedures
- The school will obtain three quotes in respect of any contract exceeding £3,000 in any one year
- The school will go to tender for any contract exceeding £10,000 in any one year.
- For contracts exceeding £60,000; the school will seek LA advice and support

### 6.1 Payments

- All staff are aware when goods are received they should be signed for. When staff sign for goods they know to clearly write on the delivery note "Unchecked"
- Goods are checked against delivery notes and distributed by the office personnel to the budget holders as soon as possible. The School Business Manager checks delivery notes against original official orders.
- All ICT purchases are added to the asset tracking software and security marked with the matching asset number.
- Payment is only made when an original invoice has been received, checked, coded and certified for payment. Copy invoices can only be paid after rigorous checks have been made to ensure payment has not already been made.
- Invoices can only be certified by the authorised signatories as per the authorised signatory list
- When invoices have been paid and authorised, they are filed in cheque number order

## 7 Personnel/Payroll

- Overtime must be authorised by the headteacher in advance
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- The school is contracted with Strictly Education Personnel and Payroll services who pay salaries etc direct to employees bank accounts
- Strictly Education sends payroll information to the school; this is checked on a monthly basis. Any errors or omissions are reported to the relevant service for correction
- Once it has been checked by the School Business Manager and the Financial Liaison Officer, it will be electronically authorised and sent to Strictly Education for processing.
- Changes will be reported at the Finance Committee each meeting as a standing agenda item.
- The School Business Manager will not input their own salary information. This will be done by Financial Liaison Officer and the Headteacher
- The school employees are appointed and paid in accordance with the relevant national conditions of service
- For detailed information on setting remuneration rate and appointment, terminations and promotions see **Pay Policy**.

## 8 Security of stocks and other property

- The Headteacher, the Deputy Headteacher, the Site Manager and After School Club Leader are key holders
- ICT assets held at the school are recorded on the Asset Tracking spreadsheet.
- A loan book is kept for staff to record property taken from the premises.
- All write-offs and disposals of stock and equipment are authorised by the finance committee and approved by the Governing Body
- The school safe is kept locked at all times the Headteacher retains the key

## 9 Income

- The Governors have a charging policy in place. A copy of this is distributed to the parents via the school website. The policy covers parental contributions for instrumental tuition, trips and other school activities
- The collection of income relating to day trips and other activities is paid via Arbor. A full reconciliation is carried out by the School Business Manager when all the money has been collected and the trip/activity has taken place.

## 10 Lettings

- The school has a Lettings policy
- School lettings are administered by the School Business Manager
- School invoices, booking, acceptances are being issued at the correct time
- All lettings are paid in advance
- All income is paid into the School Budget Share Account

## 11 Banking Arrangements

- Authorised signatories are the Headteacher, Deputy Headteacher and a Senior Teacher
- Cheques are written for the categories of expenditure detailed on the DP11
- Two signatures are required on cheques above the value of £250.00
- Any individual purchases above £5,000 are discussed and approved by the Finance Committee.
- Cheques are never pre-signed
- When not in use, cheque books/pre-printed cheques are securely kept in the school safe
- Bank statements are reconciled with accounting records
- Bacs payments are the preferred method of payment
- The School Business Manager has access to create payments only
- The Head Teacher, Deputy Head and Senior Teacher have access to approve payments
- The Head Teacher can approve payments under £250 as a single authoriser
- All Payments over £250 must be authorised by 2 of the stated signatories

## 12 Credit Card – see Credit Card Policy

- The Headteacher/Chair of Governors may authorise any one or more of the following to be a cardholder: Headteacher, Deputy Headteacher.
- The credit card shall be issued by NatWest, the school's bankers.
- Each card shall be stored in the school safe when not in use.
- The PIN number for each card shall be known only by the cardholder and not disclosed to anyone else or written down.
- The credit card account shall have a spending limit of £2,000 controlled by the bank
- All receipts shall be authorised by either the Headteacher, Chair of Governors or a designated person
- Cash withdrawals are not permitted. For control purposes a £100 limit shall be set
- Credit card payments are reconciled with accounting records

## 13 Whistleblowing

The Whistleblowing Policy is circulated to all staff at the start of each academic year together with a memo to be signed confirming the policy has been read & understood.

## 14 Probity

Those responsible for the school finances should demonstrate the following five key principles of probity when carrying out their work:

- Objectivity
- Accountability
- Openness
- Integrity
- Honesty

By adhering to these principles, school is protected from impropriety, and those involved in the financial processes are safeguarded from accusations of impropriety. Failure to apply these principles can lead to three different levels of impropriety:

- Control Failures – an occasional lapse or unintentional error, a complete lack of or breakdown in school's systems of internal control
- Irregularities – a deviation from the accepted practice or procedures or impropriety in use of money

- Fraud – a deliberate deception to obtain illegal or unjust financial advantage. Intentional misrepresentation perpetrated by one or more employees or third parties. (See Fraud and Anti-Corruption Policy)

The governors are responsible for ensuring that the following reasonable steps are taken to prevent and detect any level of impropriety by:

- Being able to provide reasonable assurance that activities are conducted honestly and assets are safeguarded
- Ensuring that to the best of their knowledge and belief, financial information reported is reliable
- Establishing arrangements designed to deter financial irregularities or fraudulent conduct and detect any that occur

## **15 Register of Business Interests**

The governing body needs to have a register which lists for each member of the governing body and the Headteacher:

- any business interest they or any member of their immediate family have
- details of any other educational establishment that they govern
- any relationships between school staff and members of the governing body

To keep the register up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff, parents, and the authority and to publish the register, for example on a publicly accessible website

If fraud or other financial irregularities occur or are suspected, the governing body must carry out a vigorous and prompt investigation, taking appropriate legal or disciplinary action, and effect any necessary changes to systems and procedures to minimise the risk or reoccurrence.

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Reviewed March 2020.

To be reviewed March 2021

## **Financial Management Policy Procedures**

### **Budget preparation monitoring and reporting**

#### **1 Budget Preparation**

During February/March the Headteacher, together with the Finance Committee and School Business Manager will put together a provisional budget based on the provisional budget share and an estimated underspend. When the final budget share is received, the Headteacher and the Finance Committee will meet to adjust the budget in line with the budget share.

The full governing body will meet to consider and ratify the budget. The Chair of Governors will sign the budget and submit it to the LA on the approved DP11 form in accordance with the Scheme this budget will be put onto the Cash Accounts system

When the previous financial years accounts have been closed, the governing body will determine how this money is to be spent and complete the form DP12, which is to be sent to the LA

Monitoring and control must be continuous throughout the financial year. This is an ongoing function and is extremely important, not only in the current year to gauge actual performance, but also to aid future planning and decision-making. To be able to monitor budget effectively, actual expenditure and know commitments must be reported to give budget holders, the Headteacher and Governors a clear view of the overall financial position of the school. Monthly reports will be given to all budget holders to enable them to check and control their budgets.

Any variances identified from the reports can be investigated and prompt action taken. Where appropriate virements need to be implemented the approval of the appropriate person must be obtained

#### **1 Governing Body or Finance Committee**

An up to date report will be produced termly for the Governing Body meeting for evaluation. The Governing Body will approve virements and or any spending cuts or increases. The reports will enable the Governing Body to revisit the Development Plan if any savings are identified

### **1.1 Headteacher/Senior Management Team**

A detailed monthly report will be given to the Headteacher/Leadership Team to enable monitoring of the income and expenditure against the original budget plan. This will enable the Headteacher/LT to make informed decisions regarding individual budgets

## **2 Payroll Monitoring**

The school receives its payroll from Strictly Education who email monthly reports detailing the payroll costs for each member of staff. These costs are monitored against the staffing costs in the budget. Overtime/extra hours are listed on timesheets, which are authorised by the Headteacher and checked by the School Business Manager. These are emailed to Strictly Education monthly and subsequently checked against the payroll reports received at the end of the month. Any errors/omissions are notified to Strictly Education for correction

Year-end creditors, debtors' payment and receipts in advance are completed and returned to the LA. When the creditors and debtors' etc appear on the LA report they are checked against the schools records for accuracy

Each month the schools accounts are reconciled to the LA's statement of accounts code by code. The budget, income and expenditure are checked for accuracy and the overall position reconciled. Any errors are notified to the LA

## **3 Income Monitoring**

Income is monitored on a monthly basis to ensure that targets are being met. Checks are made to ensure lettings income is received and cleared through the bank prior to the lettings taking place. The Headteacher will notify the governing body if targets are not being met immediately to enable them to convene and discuss where savings can be made.

## **4 Virements**

During the course of the year, virements may be necessary from contingency or other budget areas. These will be done in line with procedures discussed at finance committee meetings and with the prior approval of the governing body.

The Headteacher will be able to authorise a virement up to £10,000. The finance committee can approve a virement over £10,000 and the Chairman of the Governing body will sign to approve the virement.

### **4.1 Special Projects – Virements**

The special projects holding account is to identify commitments for future years. If a project is being delivered or brought forward, a virement must be done to meet the expenditure. The governing body **must** approve this and the Chair of Governors must sign the virement

## **5 Financial Returns**

The school will send monthly returns to the LA for income and expenditure using and LMS Posting Summary Sheet. The VAT will be claimed using a VAT Posting summary sheet. The schools will notify the LA of their current cash position by sending a monthly bank reconciliation. The returns will be sent to the LA in line with the schedule of dates sent by the LA

## **6 Pupil Premium**

The headteacher and School Business Manager will keep governors informed about the budget for Pupil Premium regularly. The School Business Manager will keep a detailed spreadsheet to show expenditure. The headteacher will provide governors with an evaluation of the effectiveness of support given to pupils receiving Pupil Premium funding.

## **7 Hospitality**

The school will maintain a hospitality record and all staff will declare and record any gift received over the value of £50

## **8 Contingency**

Governors will monitor the level of contingency funds throughout the year. If the balance approaches £45,000, governors will discuss any savings that can be made from the overall budget.

Appendix 1

**Monkfrith School**

**School Debit Card [“the Card”] Cardholder Consent Form**

I consent to be a cardholder on the following debit account held by **Monkfrith School** [“the School”]

Debit Card Issuer: \_\_\_\_\_

Card Number: \_\_\_\_\_

I confirm that I have read the **Monkfrith School Debit Card Policy** [“the Policy”] and that I will abide by its terms and conditions.

In particular I acknowledge and agree that:

1. I will use the account only to purchase items/services on behalf of the School and not use the account for any personal expenditure
2. I will only purchase items/services in accordance with the Policy.
3. I will take care of the card whilst in my possession to avoid its loss or theft.
4. I will not disclose to any other person, or write down, the Card PIN number.
5. I will only use the Card security number for online purchases where a security number is requested and only on a secure (indicated by padlock symbol) Internet website
6. I will not use the Card to withdraw cash
7. I understand that upon discovery of loss or theft of the Card, I must as soon as possible notify:
  - a. the issuing bank; and
  - b. the School Business Manager or Headteacher; and
  - c. the police (only in the event of theft)
8. I understand that I am personally liable for all charges on the Account which relate to transactions which have not been conducted in accordance with the Policy.
9. I accept that I must reimburse the School promptly should I cause the Account to incur any unauthorised charges [“Unauthorised Charges”] and in the absence of prompt reimbursement, I authorise the School to recover all unauthorised Charges by deduction from any amounts otherwise owing to me by the School, including but not limited to salary and expenses.
10. I agree that, when not required for purchases, I will return the Card for safekeeping in the School safe, to either the Office Manager or the School Business Manager.
11. I agree that if I cease to be employed by the school I will return the card to the Headteacher.

Signed:

Signed:



Name:  
Date:

Headteacher:  
Date: