

# MARYLAND PRIMARY SCHOOL



## FINANCE POLICY 2022 - 2023

## Contents

<b>Section</b>	<b>Description</b>	<b>Page</b>
1	Introduction	2
2	The Governing Board	2
3	The Finance and Premises Committee	3
4	The Headteacher	3
5	The Scheme of Delegation	4
6	Pecuniary Interests	4
7	School Development Plans and Budgets	5
8	Budget Monitoring and Adjustments	5
9	Internal Financial Control and Data Security	5
10	Computer Systems	6
11	Purchasing	7
12	Income Management and Banking	7
13	Petty Cash	7
14	Lettings	8
15	Inventory and Assets	8
16	Voluntary and Private Funds	8
17	Personnel, Salaries and Wages	9
18	Insurance	9
19	Conduct, Bribery and Corruption	10
20	Review Process	10

## 1 Introduction

This document sets out the financial arrangements within the school, including the roles and responsibilities of management and staff.

The aims of the policy are to ensure:

- The allocation of resources promotes the aims and values of the school;
- Resources are targeted on raising achievement and improving the quality of provision for students;
- Resources are used to support the educational needs of all students;
- The principles of Best Value are applied in the allocation and management of resources.

The school follows the guidelines for financial control and accounting as shown in the London Borough of Newham's Financial Guidance to Schools, and it complies with financial standards as set by the DfE and the Audit Commission.

The Governing Board controls this Finance Policy and it will be reviewed annually. A timetable of events is given in Appendix 1.

## 2 The Governing Board

The Governing Board has a strategic responsibility for setting the school's educational and financial priorities and for ensuring effective management of the budget. This includes a legal requirement to **agree the school's annual budget plan**. The educational and financial priorities for the school will be identified as part of the process of producing the School Improvement Plan.

The Governing Board shall establish proper financial management arrangements and accounting procedures and **maintain sound systems of internal control** including safeguards against fraud in compliance with the Financial Regulations contained in this document. These arrangements should be reviewed on a regular basis to ensure they are adequate and are being complied with.

The Governing Board and school staff has a responsibility **to avoid any conflict between their business and personal interests** and the affairs and interests of the school.

In terms of financial responsibilities the role of the Governing Board is to:

- Ensure the delegated budget is used effectively and efficiently for the education purposes of the school;
- Set controls for both the financial and operational aspects of the school that are consistent with Best Practice and Statute as defined by the Financial Regulations for Schools;
- **Less than £10,000** – School assesses value for money in the appropriate way and keeps a record of how this is done.
- **£10,000 to £100,000** – School must obtain and retain three written quotations; or a tender after a risk assessment has been undertaken. Make a written

record of the decision making process that shows why the successful bidder was chosen; decision to be taken by head teacher.

- **Over £100,000** – Tendering process to be conducted in accordance with either the Council's Contract Standing Orders or the current guidance from the DfE.
- Debt: we do not accrue debts
- Ensure roles and responsibilities of the Governing Board, Sub-Committees, Headteacher and school staff are clearly defined and allocated;
- Receive and evaluate reports from the Finance and Premises Committee on finance and personnel matters;
- Review the delegated responsibilities annually.

The Governing Board delegates some of its powers within a committee structure as well as to the Headteacher. The Governing Board meets each term. Members and terms of reference of Governing Board Committees are reviewed annually.

### 3 The Finance and Premises Committee

In terms of financial responsibilities the **role of these subcommittees are as follows:**

- Review drafts of the annual budget and recommend the annual budget for the Governing Board to endorse;
- Monitor the actual income and expenditure and forecasts against the agreed budget;
- Maintain the Scheme of Delegation, recommending any required changes to the Governing Board;
- Review reports from Internal Audit and other external officers.

The full terms of reference of this committee is given in Appendix 2.

### 4 The Headteacher

In terms of financial responsibilities the role of the Headteacher is to:

- **Advise the Finance and Premises Committee and/or the Governing Board on the position of the school budget;**
- Ensure the Finance and Premises Committee and/or the Governing Board are provided with relevant and timely information for them to discharge their duties;
- Ensure the requirements of the Finance and Premises Committee and/or the Governing Board are carried out;
- Alert or inform the Finance and Premises Committee and/or the Governing Board of any matters considered relevant;
- Ensure all financial matters are undertaken in compliance with DfE guidelines and the Financial Guidance to Schools;
- Manage the day to day budget in line with the expectations of the Finance and Premises Committee and/or the Governing Board;
- Ensure all financial returns are completed and submitted within the required time scales.

The Head Teacher delegates the day to day activities of financial management to the Finance and Systems Manager and other key personnel within the school.

## 5 The Scheme of Delegation

The Scheme of Delegation lists the financial responsibilities of the staff and governors.

The Headteacher and the Finance and Premises Committee review the scheme annually ensuring that **the correct levels of delegated powers are given to individuals** or committees. The Governing Board endorses the review before any changes are exercised.

Delegated powers include both financial and non-financial functions.

The scheme sets out the delegated powers that come with the responsibility of a particular role. It assumes that the delegated power transfers to the new post holder if the original post holder leaves the school. However, whenever such a change occurs the scheme is updated to include the name of the new responsible member of staff.

The scheme ensures that **no one individual has the authority to perform an entire process where school delegated funds** are involved. All staff are made aware of the delegated powers that they have been given.

## 6 Pecuniary Interests

It is the responsibility of the Headteacher and the Governing Board to ensure that **staff and governors do not directly or indirectly benefit financially when spending public money.**

To control this conflict of interest, the school has established a register of pecuniary interests of governors and staff with financial responsibilities.

Governors and staff are required to **disclose any interest** as soon as they are aware of the link.

The Register of Pecuniary Interests, individual declaration forms and the Authority's guidance to the scheme, which is followed by the school, are held in the Audit file. Governors are required to sign a pecuniary interest form annually.

## 7 School Development Plans & Budgets

The Senior Leadership Team of the school produce an annual School Development Plan (SDP). The aim of this plan is to develop a strategy for improvement in all aspects of the school.

The SDP covers a medium term strategy but is linked to annual budgets.

**The Governing Board reviews the SDP in the Spring Term and should then aim to produce the annual budget that supports this plan for the coming financial year.**

The annual budget process must be complete before the start of the new financial year. The school is guided by the deadlines set by the LA.

The school management and the Governing Board also abide by the processes and procedures within this document. Budget reports are sent to the LA via the Governing Board section.

The school always aims to produce a balanced budget with the approval of the Governing Board.

## 8 Budget Monitoring and Adjustments

The Senior Admin and Finance Officer monitors expenditure against the budget on a monthly basis. **He/she will present a report on the budget position to the Finance and Premises Committee each term. The meetings of this committee are timed to support the planning process.**

Any large variances in expenditure are reported to the Chair of the Finance and Premises Committee as soon as they are noted.

In the management of the budget there is, on occasion, a need to transfer budgets with changing priorities. All such budget virements over an agreed amount or adjustments are recorded and must be authorised before being exercised.

## 9 Internal Financial Control and Data Security

All duties and financial procedures are in line with the LA regulations as documented in the Financial Guidance to Schools.

The LA conducts the programme of Internal Audit using LA and external audit services. These audits cover the use of public funds.

Staff members are properly trained in the financial systems and procedures. **The Headteacher or his/her delegated manager undertakes regular reviews of training needs.**

Transactional control is supported by systems that include **segregation of duties wherever possible**:

- At least 2 people are involved in the ordering of goods and that one provides a check for the other.
- Where possible, the duty of calculating, checking and recording of money is separated from duty of collecting and paying out money.
- Any alterations to original documents (such as cheques, invoices and orders) are made in permanent form. The use of correcting fluid and the erasure of information is not acceptable. Any alterations are properly and clearly initialled and dated.
- All financial transactions are traceable from the original documentation to accounting records both at school and local authority level and vice versa with all checks being carried out on documents being recorded.
- Financial records are kept properly and securely in accordance with the requirements of the LA regulations.
- FMS-Access- The Finance Manager has full access  
The Finance Assistant has limited access.

## 10 Computer Systems

Control and security of data is maintained within the parameters of the Data Protection Act, **GDPR** as well as the Freedom of Information Act.

As such access to financial and operational systems is carefully controlled. These access rights also support the Scheme of Delegation.

The Headteacher ensures that adequate separation of duties between personnel entering and authorising data on the computer system is in place.

**NPW ensures that only authorised software is used in order to prevent the importing of computer viruses.** Virus checking software is also used.

Passwords are changed regularly and only known to the password holders. The System Manager and Network Manager has access rights to reset passwords for staff. Back ups are taken at regular intervals and held securely.

## 11 Purchasing

The school follows the purchasing guidelines as documented in the Financial Guidance to Schools and any capital expenditure also follows these guidelines.

**Post holders are given budget in a separate document** – printout from FMS informs them of their balance.

Approval of invoices is carried out in accordance to the authority granted within the Scheme of Delegation.

Payment of invoices is made primarily **using BACs**. If cheques are used two authorised members of staff sign each cheque.

Ideally, the person authorising the invoice or the person who ordered the goods or services concerned, does not sign related BACs or cheque payments.

BACS Files and Remittance advice notes will be deleted from the system after 2 weeks – in line with GDPR.

**Store cards usage** - The staff does not claim for expenses on store cards. Cards are registered in the Schools name with a named user for ID purposes and a spending limit. The school receives an invoice which is then approved before payment. Spending limit is £2000. The store cards act a P.O & all purchases are authorised by Senior Management.

**Purchasing Card** - Please refer to Purchasing Card Policy on a separate document. We do not have a Purchasing Card for Maryland Primary School.

## **12 Income Management and Banking**

Other than the delegated budget, the school collects income from the following sources:

- Students - for school trips
- Students - as funding-raising donations

All income collection is accounted for within the school office.

A record is kept for each type of income.

Money collected is banked promptly.

The school uses Lloyds Bank and Santander (for School fund) to manage its income.

Reconciliation of bank accounts to SIMS is carried out according to the schedule sent by Education Finance. Copies of the reconciliations are sent to the Authority.

## **13 Petty Cash**

All petty cash payments are paid by cheque and authorised by a Senior Manager.

The use of petty cash is line with the Financial Guidance to Schools.

## **14 Lettings**

The school has a lettings policy but rarely lets the premises.

A charging scheme is operated that also outlines the facilities available for hire and the terms and conditions of hire.

The insurance and security arrangements offer adequate protection for both the school and the hirer.

The letting policy should be reviewed and updated to reflect current market letting rates.

The Governing Body should agree whether lettings can be made at a discounted rate and then document their decision in the Lettings Policy.

## **15 Inventory and Assets**

The school maintains an Inventory Register based on the Inventory Control Policy provided by the LA. The register is recorded in electronic format.

**The HT is responsible for the maintenance of this register.**

Valuable assets are security marked using Smart Water or Etching. The security marking is noted on the Inventory Register.

The Inventory is reviewed and checked annually. The findings of this annual inventory check are reported to the Finance and Premises Committee highlighting the condition of assets and also missing items.

## **16 Voluntary and Private Funds**

The school has a safe and efficient system for the custody and control of voluntary funds under the control of the Governing Board.

Voluntary funds and related records are kept separately from official school funds.

The accounting procedures reflect the standards for accounting for public money as with the Delegated School Budget (School Main Budget) above.

All controls described in the Finance Policy also apply to the Voluntary Funds.

An independent auditor approved by the Governing Board audits the fund accounts annually.

The school is insured under the Authority's scheme.

All the receipts and payments should be authorised by a member of SLT and the monthly bank reconciliation statement, prepared by the SFFO, should be signed off by a member of SLT.

There should be appropriate segregation of duty with respect to collection and banking of the income.

The receipts and payment account should be prepared and audited (double entry system of accounting).

The VFS should be prepared and audited for the financial year instead of the academic year (Best Practice).

The cash in hand and the bank balance should be certified on the day of the audit.

The audited VFS accounts should be presented to the GB for approval. Since the threshold limit of £5,000 for donations have been exceeded, the school should register the voluntary fund as a Charity.

## **17 Personnel, Salaries and Wages**

The school uses Prospects (now NPW) Payroll Service.

All information regarding staffing is provided to the service to ensure the correct processing of individual pay.

The Finance and Systems Manager reconciles the payments from the Payroll Service to the payment records to individual members of staff on a monthly basis.

Authorisation of additional payments outside normal contractual payments is made in accordance to delegated powers.

Payment of incidental expenses are made in line with the guidelines set by the LA and as documented in the Financial Guidance to Schools.

## **18 Insurance**

The Headteacher ensures that the Authority's insurance cover is commensurate with the risks associated with the school and will notify the Finance and Premises Committee immediately if there are any material risks which are not covered by the Authority.

The Headteacher is responsible for:

- Notifying the insurers/LA of any new risks (new property, equipment).
- Ensuring that the indemnity is not given to any third party without the written consent of the insurers.

- Informing the insurers immediately of all relevant matters (losses or other incidents).
- Ensuring that cover includes school property (such as musical instruments and computers) when off the premises.
- Maintaining a check to ensure that claims are processed within the required period.
- Ensuring that the police are informed of all claims where this is a requirement of the insurance.
- The Authority acts as the Broker for insurance for all the schools in Newham.

## **19 Conduct, Bribery and Corruption**

All staff, governors, pupils and parents are encouraged to report any acts they consider to be improper and/or illegal.

The London Borough of Newham's **whistleblowing policy** is used as the vehicle for reporting such acts or actions.

## **20 Review Process**

The Finance and Premises Committee reviews the contents of this policy annually.

The review considers any changes to associated publications such as the Financial Guidance to Schools issued by the Authority and ensures the policy complies with any such changes.

The review considers changes to the structure and members of the Governing Board and the school staff.

Any changes in responsibilities are also recorded and updated in the policy or related procedures.

Where elements of policy no longer apply, these are removed from the documentation.

The Finance and Premises Committee then recommends the adaptation of the revised policy to the full Governing Board.