



Monken Hadley CE Primary School

Seek what is good, treasure what is true, do what is right.

FINANCIAL MANAGEMENT POLICY

Ratified by	Chair of Governors and Headteacher
Date	10 th April 2016
Date for Review	Summer Term 2019

This policy has been drafted in line with the London Borough of Barnet's Scheme for Financing Schools (DfES Approved March 1999, amendments as at March 2005) and the Schools' Financial Value Standard and Assurance 2015 (SFVS).

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

- challenge how and why a service is provided (including consideration of alternative providers)
- comparison of performance against other schools taking into account the views of parents and pupils
- consultation with stakeholders especially parents and children
- competition to secure efficient and effective services

1. Financial Objectives

- That the responsibilities of the Governing Body, its committees, the Headteacher and the staff should be clearly defined and the limits of delegated authority be clearly established.
- The Governing Body is responsible for ensuring that any grant from the Secretary of State is used only in accordance with the terms set down by the DfE and must take steps to ensure that the financial management and organisation of the Governing Body are such as to enable it to fulfil its obligations
- That the budget should reflect the school's priorities and educational objectives, seek to achieve value for money and be subject to regular and effective monitoring
- That the school's budget will not result in a deficit position. Should this be the case, the school will follow the 'Deficit Budget Procedures' as set out in SFVS
- That the school should establish sound internal controls to ensure the reliability and accuracy of its financial transactions
- That the school should be adequately insured against exposure to risks
- That the school should be registered under the Data Protection Act of 1998 and all data protected against loss
- That the school should ensure that the purchasing arrangements achieve the best value for money
- That there should be efficient procedures for the administration of personnel matters
- That stocks, stores and other assets should be recorded, inventoried and adequately safeguarded against loss and theft
- That all income due to the school be identified, registered and banked promptly
- That the school should properly control the operation of bank accounts and reconcile bank balances and accounting records
- That the school Voluntary Funds should be administered as rigorously as Official Funds

2. Organisation of Responsibility and Accountability

2.1 Role of the Governing Body

- Responsibility for overall financial management of the school
- Responsible for ensuring the Financial Management Policy is reviewed annually
- To plan the budget and delegate responsibility to budget holders
- To ensure the requirements of SFVS are met
- To ratify Policies drawn up by the relevant committees
- To draw up a best value statement in line with SFVS
- To ratify and approve the school budget
- To authorise virements in excess of £1000 (This is delegated to the Chair of Governors)
- To agree the level of delegation of the Headteacher for the day-to-day running of the school
- To ensure a register of pecuniary interests is put in place and all governors to provide details on an annual basis
- To approve expenditure on major capital projects/leasing and to seek LDBS approval before proceeding
- To authorise write-offs and disposals of stock
- To ensure appropriate insurance cover for the school is obtained

- To ensure audit recommendations are implemented
- To ensure that the relevant staff are aware and implement the Construction Industry Taxation Scheme
- To approve and authorise Leasing Agreements
- To follow deficit budget procedures as set out in SFVS
- To ensure that the audited accounts of voluntary funds as per Section 13 are brought before the Governing Body once a year for approval
- To apply the Whistleblowing policy
- The Governing Body will establish a Register of Business Interests following guidance issued by the Local Authority (LA). This will be reviewed annually.

2.2 Role of the Resources Committee

The committee is a non-statutory committee, the names of the committee members are available from the Clerk of the Governors or the Headteacher.

- To consider and approve a provisional budget upon receipt of the allocation from the LA for consideration by the main governing body
- The budget expenditure must be appropriate, controlled and prioritised against all available resources
- The budgetary process consists of four phases
 - a) planning
 - b) budgeting
 - c) monitoring
 - d) review
- To review policies giving consideration to the planning and resources of the school in line with the School Improvement plan
- To monitor the income and expenditure in conjunction with the Headteacher and report to the governing body on a termly basis
- To review the terms of reference, the financial management and audited accounts of all Voluntary Funds
- To approve variations in planned spending
- To produce and review the Financial Management Policy on an annual basis
- To keep minutes of meetings for presentation to the full Governing Body meeting
- Review the school's Asset Management Plan
- Review termly a schedule of regular maintenance
- Monitor and oversee any capital programmes

2.3 Role of the People Committee

- To prepare and review the staffing policies including:
 - Pay Policy
 - Recruitment and selection
 - Disciplinary and grievance procedures
- To annually review the staff salaries in line with legislation and make recommendations to the governing body
- To set and review performance targets for the Headteacher
- Ensure that staff are correctly and fairly appointed in line with Equal Opportunities and the Recruitment Policy
- To produce and review the Pay Policy on an annual basis

2.4 Role of the Headteacher

Although the Headteacher will retain ultimate responsibility together with the Deputy she will work in partnership in all matters relating to finance.

- Prepare provisional budget estimates in consultation with the Chair of the Finance Committee
- Submit the budget for approval of the full governing body
- Submit the ratified budget to the LA
- Advise the Resources and Staffing committee on spending priorities
- Countersign all Official Orders before they are processed
- Ensure that school expenditure reflects priorities in the development plan including plans for money held in reserve for future projects

- To manage the budget and ensure that the budget limits are not exceeded
- Ensure budget holders receive monthly reports and that their budgets are not overspent
- To make virements where necessary up to the value of £1000 for individual budget headings
- Implement expenditure in line with the school budget
- Advise the Chair of Governors on virements in excess of £1000
- Monitor the budget monthly using reports issued by the Finance Officer
- Authorise expenditure on a day to day basis in line with the budget
- Manage the budget and ensure that the budget limits are not exceeded
- Submit to the Governing Body details of income, expenditure and commitments in an agreed format
- Authorise payments
- To ensure the Action Plan is implemented
- All relevant staff to be kept up-to-date with the terms of Construction Industry taxation scheme
- Adhere to the principles of Best Value at all times
- Arrange staff appraisal and performance management
- Hold a list of key holders and review this annually

2.5 Role of the 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 as part of the final budget when it is set. Additional funding will need the approval of the Headteacher before proceeding.

2.6 Role of the Finance Officer

The Finance Officer is employed in accordance with the LA Personnel and Payroll Service

- To maintain accurate and up-to-date accounting records
- To raise official orders and input them onto the accounting package
- To process invoices, stamp and complete the Certification Stamp for payment
- Prepare payments for signature
- To produce monthly monitoring reports for the Headteacher and Governors
- To reconcile computer accounts to the LA reports on a monthly basis
- To check all records relating to school finance excluding voluntary funds
- To provide the LA with details of income and expenditure and statements of bank reconciliation on a monthly basis by the required deadline
- To provide the LA with a summary of VAT paid and received on a monthly basis
- To work closely with the Headteacher on budget preparation and monitoring
- To monitor salary expenditure making use of the statement of accounts produced by the LA
- To raise and follow up queries as necessary
- To prepare and process virements in conjunction with the Headteacher as necessary
- To ensure that the budget codes are not overspent and to take corrective action where necessary
- To prepare cheques and invoices and send them to the authorised signatories for signing
- To ensure that the School Budget Share Account does not become overdrawn
- To ensure VAT Regulations are complied with
- To ensure that the Construction Industry Taxation Scheme is adhered to
- To monitor Standards Funds Grant income and expenditure
- To make the necessary Standards Funds Grant budget adjustments as and when allocations are reviewed
- To provide the LA with Standards Funds Grant reports as necessary
- Prepare year-end returns by the required deadline
- To ensure opening and closing balances reconcile to LA Accounts
- To ensure the school holds up to the value of balances brought forward (Revenue plus Capital) in the Reserve Account to earn interest
- To complete Taxes Management Act 1970 returns by the required deadline
- To ensure that an audit trail is maintained and financial transactions are traceable from the original documentation to accounting records and vice-versa
- To ensure that the financial records are maintained to an auditable standard
- To ensure updated mandates are submitted to the bank as and when required

2.6.2 Role of the Office Manager

- To write and sign Official Order Forms once authorised by the Headteacher
- To process the Official Orders
- To sign delivery notes on receipt of the goods ordered
- To advise the originators of the official orders of the delivery of goods and pass to them the delivery notes for checking
- To follow up any queries relating to the orders
- To maintain the postage stamp book
- To manage the stationery budget
- To oversee Free School Meals

2.6.3 Role of the Caretaker

- Control the budget for cleaning materials
- Attend regular meetings with the Headteacher
- Order materials and equipment needed for basic building repairs and maintenance

2.7 Role of the Teaching Staff

- Budget holders will submit to the Headteacher the requirements for their area of responsibility at least on an annual basis and as required
- Budget holders will monitor their own budget
- Budget holders will liaise with the Office Manager in the event of any queries
- Budget holders should refer any discrepancies with deliveries to the Office Manager for investigation

3 Budget Administration

The budget will be set by the Headteacher and the Resources Committee for approval by the full Governing Body.

- When the budget has been ratified by the full Governing Body the Headteacher will administer the budget
- The Finance Officer will check the pay details provided by the payroll provider on a monthly basis
- A monthly summary report prepared by the Finance Officer will be sent to the Chair of Governors and/or the Chair of the Resources Committee
- The Headteacher will check the statements of accounts sent by the LA monthly and any errors and omissions will be notified to the LA by the Finance Officer for correction

The responsibilities for budget areas are as follows:

Employee Budgets

- Salaries - Headteacher
- HR new staff - Headteacher
- Staff contracts - Headteacher
- Virements - Headteacher (up to £1000)

Premises

- Contracts - Headteacher
- Planned Maintenance - Headteacher
- Repairs & Maintenance - Headteacher
- Capital Works - Governors
- Insurance - Headteacher

Supplies and Services

- Department Curriculum - Subject Leaders
- Consumables stock - Deputy Head
- Office supplies - Office Manager
- Furniture & Equipment - Headteacher

The School Budget is linked to the School Improvement Plan, which is drawn up by the Headteacher, staff and Governors. The School Improvement Plan is approved annually by the full Governing Body.

4 Internal Financial Control

To ensure effective financial control, designated personnel are authorised by the Chair of Governors as follows:

- Authorised signatures as per the Authorised Signatory List
- All cheques must be signed in accordance with the bank mandate
- Official orders placed by individual budget holders must be approved by an authorised signatory and initialled by the Headteacher before being processed to ensure sufficient budget is available
- When goods arrive they are checked against delivery notes and official orders. The Office Manager will deal with any errors relating to deliveries
- Invoices are coded to the appropriate budget heading and recorded on the computerised accounts by the Finance Officer
- Designated personnel involved with financial documents including cheques, invoices, orders and receipts are aware that alterations should be made in ink
- The collection and banking of income, including School Meals Income, will be checked by an appointed person to ensure separation of duties
- Documents relating to finance are kept for a period of six years plus the current year
- All accounting records are kept in the School Office. Cheques, receipt books and monies received are locked in the safe. Unused official orders are locked in the filing cabinet in the school office
- The school will not authorise charge/credit/debit cards from the School's Budget Share Account

5 Insurance

- The school contents, pupils and personnel are insured through the LA a schedule giving details of cover is issued annually and is held at London Borough of Barnet. The policy will state that only £1000 is insured when kept in the safe
- The premises are covered under Governors' Buildings Insurance Policy and is managed by the London Diocesan Board for Schools. This policy will be reviewed annually by the Finance Committee
- School property such as musical instruments and computers are covered when they are off the premises
- All schools trips and journeys are properly insured prior to the event taking place
- Insurance cover is obtained for all staff buying into the LA pooling arrangements
- The school buys into both medium and long term sickness and maternity cover
- The LA and LDBS will ensure that evidence of current public liability insurance for all contractors is provided prior to the commencement of works. This insurance to be for not less than two million pounds
- It will be the school's responsibility to ensure that evidence of this insurance, for the same amount, is in place for contracts originating from the school.

6 Computer Systems

- The school must have an effective computer based system for monitoring and processing financial information efficiently
- Such information is properly protected and backed up and that information is restricted to authorised personnel and users
- The LA Finance Assistant will back up the accounting package and take the back-up off site
- The computer systems are protected by password security to ensure that only authorised staff have access
- Passwords are updated regularly
- A Final Year End accounting package back up is produced by the Finance Assistant and removed from the site

6.1 Data Protection

- The school is registered in accordance with the Data Protection Act 1998 and complies with this legislation
- The Headteacher is responsible for data protection
- The Headteacher is to be kept up to date with guidance to be able to implement the scheme
- A Data protection Certificate is purchased covering the Governing Body and the school

7 Purchasing

- The school is governed by Contract Standing Orders For Schools approved in July 2000
- All purchasing procedures will be reviewed annually
- The governing body will set limits on budget holders
- The Governing Body will give consideration of value for money when considering contracts
 - Economy, efficiency and effectiveness
 - Quality – equipment, goods & services
 - Price – purchases and works
 - Fitness for the purposes
- Separation of duties is clearly established by the authorised signatory list and this is adhered to
- An official order will be raised for goods and services with the exception of utilities
- All orders will be properly completed and authorised
- The Headteacher initials all orders prior to being processed
- A hard copy of the official order will be retained to keep an audit trail
- Upon receipt of goods and services any accompanying delivery note should be signed and dated and annotated 'unchecked' if checking has not been carried out
- All paperwork and documentation will be retained for all quotations and tenders
- A separate log will be kept for large contracts giving details of the contract, time on site and issues relating to the contract
- No payment will be made to individuals unless they are for goods only.
- Payments to individuals will be made through the payroll provider
- Official orders are ruled off below the last item recorded one copy of the order is retained in the office and the second copy is given to the budget holder
- When orders are placed for services an estimated cost is indicated against appropriate budget allocation so that budget can be clearly monitored

7.1 Contracts - Check

When selecting contractors for work refer to the latest guidelines in Contract Standing Orders for Schools:

- Up to £2000 – Routine repairs and maintenance to be approved by the Resources Committee
- Under £5,000 – at least two quotations must be obtained and tender approved by the Chair of Governors and the Resources Committee
- £5,000 - £25,000 - 3 quotations need to be obtained and tender approved by the Chair of Governors and the Resources Committee
- Over £25,000 – 3 or more quotations need to be obtained, at least 2 of which must follow specified procedures and be approved by the London Diocesan Board for Schools and the Full Governing body

7.2 Payments

- All staff are aware that when goods are received they should be signed for. When staff sign for goods they know to clearly write on the delivery note "Unchecked"
- The goods are checked and distributed by designated personnel and distributed to the budget holders as soon as possible. The cleared delivery note is checked against the delivery note and the original official order. The designated personnel usually do this
- Goods above the value of £1000 are listed in the inventory book and the inventory folio number is written on the certification for payment
- 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

- Invoices can only be certified by the authorised signatories as per the authorised signatory list
- When invoice have been paid and authorised they should be filed in cheque number order

8 Human Resources

- The school is contracted with the LA's Human Resources and Payroll services
- The governing body will approve changes in the staffing structure
- The governors will consult with staff when reviewing changes in the staffing structure
- The LA sends payroll information to the school
- Payroll information is checked on a monthly basis
- Any errors or omissions on the payroll reports are reported to the relevant service for correction
- HR are notified of staff leaving
- HR are notified of new starters and they will draw up the contracts for all staff
- HR will be informed in the event of capability or disciplinary procedures

9 Security of Stocks and Other Property

- The Headteacher, the Deputy Head, the Caretaker are the only key holders
- The keyholding company holds a key under the terms of our agreement
- A school inventory book lists all items over £1000
- An inventory is held for ICT equipment
- Selective items under £1000 will be logged in the inventory book
- School property may be removed from the school at the discretion of the Headteacher
- All write-offs and disposals of stock and equipment are authorised by the Headteacher and approved by the Chair of Governors
- The school safe is kept locked the Headteacher and Office Manager retain the keys
- All staff are responsible for their own possessions

10 Income

- Governors will review their charging policy for parental contributions for music, swimming and school journeys etc.
- Income from school meals, day trips and other activities will be collected via online parent pay and banked into the schools official funds account
- Income from donations will be banked into the School's official funds
- Income from lettings is in accordance with the lettings policy
- All staff will ensure that income from parents is sent directly to the School Office ensuring that the class number, child's name and the type of income has been listed on the envelope
- Official receipts are issued for music tuition and school journey payments
- The Office Manager will maintain class lists on which will be recorded money collected for day trips and school journeys, music fees etc. These records to be kept for 6 years
- A record of money collected for all other activities is kept in the School Office. These records to be kept for 6 years
- A full reconciliation is done monthly for all income collected
- All paying in slips/Income forms will be clearly marked with the denominations of the income, the purpose of the income and the correct income code
- A weekly collection will be made by the cashiers' service. Cash to be collected in sealed security bags and cheques in envelopes clearly marked with paying in slip no. and amount

11 Taxation

- The school complies with VAT, Income Tax
- Only proper VAT invoices are paid from the School Budget Share Account
- Payments to contractors and sub-contractors are made in accordance with the Construction Industry Taxation Scheme
- The Construction Industry Scheme will be adhered to by getting the correct documentation from any contractors

12 Banking Arrangements

- The Authorised signatories list is kept in the finance file in the school office
- Cheques are written for the categories of expenditure detailed on the DP11
- The bank accounts are never overdrawn, nor will the bank negotiate overdraft facilities
- The school will not enter into any loan agreement other than with the LA and LDBS
- Two signatures are required on all cheques over £500
- The Chair of Governors must approve individual purchases above £5,000
- Cheques are never pre-signed
- When not in use, cheque books are securely kept in the school safe
- Bank statements are received monthly and reconciled with accounting records

13 Voluntary Funds

There are 2 Voluntary Fund Accounts

The Friends of Monken Hadley Account

- Terms of Reference for the Friends Account must comply with the legal requirements of the Charities Commission including submitting accounts annually for auditing to an independent examiner. These audited accounts to then be submitted to the Governors.

School Maintenance Fund Account

- This fund is made up of voluntary annual contributions from parents to cover the school's financial responsibilities to the LDBS
- Funds are maintained by the Treasurer to The Governors
- Funds are examined annually and presented to the Governing Body

This policy was first ratified subject to the amendments as agreed by the Governors and recorded in the minutes of the meeting of the Governing Body on 16.05.2012

This policy was reviewed and updated on 10th April 2016.