

# Finance Policy



**Last Reviewed:** Autumn Term 2022

**Next review:** Autumn Term 2023

Governors have statutory responsibility for the financial management of maintained schools with delegated budgets.

The regulations setting out the financial management of schools are laid down in the Education Reform Act 1988, the School Standards and Framework Act 1998 and the Local Government Act 1972: s151. Detailed guidelines are contained within the Surrey Scheme for Financing Schools and the Surrey LMS Finance Manual, which can be found on the Babcock 4S website.

## **The Purpose of the Policy:**

- ~ to define the responsibilities within the school and set limits of authorisation for the headteacher and other budget holders
- ~ to provide guidance on the application of regulations
- ~ to identify procedures to ensure that adequate arrangements are in place to guard against fraud and theft
- ~ to set out guidelines to achieve efficiencies and value for money in the use of resources which invests in teaching and learning and takes into account the Authority's purchasing, tendering and contracting requirements.

## **Application:**

This policy covers all funds Delegated and Devolved allocated by the LA and the School Fund.

## The role of the Governing Body is to:

- set the financial priorities of the school through the:
  - School Development Plan
  - 3 year financial plan
  - The annual budget plan
- Ensure the school meets all its statutory obligations and complies with the Authority's Scheme for Financing Schools and Standing Orders
- Set the terms of reference Resources Committee
- Agree limits of authorisation for the Finance or Resources Committee/Headteacher

## The role of the Resources Committee is to:

- ~ prepare, approve and monitor the annual budget
- ~ prepare, approve and monitor a 3 year financial plan
- ~ Ensure the budget includes an allocation for expected performance pay reviews
- ~ adopt the Local Authority Scheme of Delegation
- ~ review and maintain finance policies, including Lettings and Charging & Remissions.
- ~ review systems of internal financial control
- ~ monitor the annual budget and make recommendations to the Governing Body
- ~ set levels of authority for spending and virement
- ~ advise the Governing Body on the affordability of the School Development Plan
- ~ consider the impact of student numbers on the budget over short, medium and long terms
- ~ receive and respond to audit reports
- ~ ensure the budget is managed effectively & achieves value for money
- ~ Receive auditors' reports

## 2. Budgets and authority levels:

The governors shall plan the school finances through:

- ~ the approval and implementation of an annual budget based on the aims, objectives and priorities of the school, the financial position of the school and the levels of projected reserves.
- ~ preparation of a medium term Financial Plan of at least three years, updated annually.

The timetable for preparation, presentation and approval of the Annual Budget and School Development Plan will be as follows:

Autumn Term:	Review 3 year financial plan Receive draft budget for submission to LA by end November
Spring Term:	Receive year end Forecast
Summer Term:	Approval of Budget by Resources Committee (April)
Autumn Term:	Approval of School Development Plan

## 3. Expenditure and Virement Limits:

- The Headteacher has the delegated authority from the Governing Body to authorise expenditure or virement funds between cost centres up to the value of **£2000** for a single transaction without governor approval within the framework of the budget and up to **£30,000** for a single BACS transfer within the agreed expenditure budget.
- Expenditure or virement of funds in excess of **£2000** require the approval of the Resources Committee
- The Resources Committee has authority to approve all capital purchases and building projects costing more than **£2000** but less than **£10,000** for which provision has been made in the budget.

- The Full Governing Body must agree any expenditure above these limits or for which there is no budget currently allocated.

#### 4. **Purchasing & Achieving Best Value:**

The Governing Body shall maintain a policy of Best Value for all purchases. All purchases will be made through the school's ordering system. The Bursar shall keep records of all purchases made including quotations received but not accepted, together with the reasons. The performance of contractors and the outcomes of purchases are continually reviewed and the policy of Best Value will be applied using the four principles:

- ~ Challenging how a service or supply is provided and why it is required
- ~ Comparing performance with other schools
- ~ Consulting with relevant stakeholders
- ~ Competing as a means of securing efficient and effective services and supplies.

#### 5. **Maintenance & Service Contract Limits:**

The school adopts the Standing Orders contained in the Surrey Scheme for Financing Schools

#### 6. **Internal Controls:**

Internal authorisation, subject to the purchasing limits stated in this policy, will be as follows:

<b>Certifying officers:</b>	<b>Charlwood person responsible:</b>
Orders, invoice approval, VAT, Expenses forms, and absence returns	School Business Manager
Petty cash, cheques	Headteacher
Order requisitions, deliveries	Admin & Finance Assistants
Cheques signatories up to £250 one signature, over £250 two signatures	Headteacher & 2 senior teachers
Certification of BACS transfers	School Business Manager
Authorisation of BACS transfers	BACS run report requires two authorised signatures before sending file to Surrey Banking Services
Payroll forms, overtime claims, daily supply claims	Headteacher
Income received, banking slips	School Business Manager
School Meals reconciliation	Headteacher
School Debit Card	Headteacher

Separation of Duties:

The Admin Assistant is responsible for all other cash receipts, usually from parents (eg dinner money, trips, clubs). Receipts are not currently given for these cash amounts.

Financial reporting:

Monthly/Half-termly - Financial Monitoring Report + commentary - To Head, Resources Committee

Monthly - Cost centre Summary Report + Cash flow - To Head

Annually - Out-turn Statement, CFR, Budget Plan, 3 year Financial Plan - To Resource Committee & Governing Body