

The Orchard School



Finance Policy

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Chair of Governors:

Headteacher :

The Orchard School Finance Policy

1. Introduction

The Governors of The Orchard School are committed to providing sound financial controls, to achieving value for money and to being worthy custodians of public money. To achieve these aims the Head Teacher and the Governing Body have drawn up this Finance Policy to provide the guiding principles for which all committee members and staff will operate within the traditional model of Governance.

This Policy has been drawn up in accordance with the Local Authority's (LA) Scheme for Financing Schools and the Audit Commission documents, Keeping your Balance and Getting the Best from your Budget.

2. Principles

The Orchard School Finance Policy will adhere to the following principles;

- The responsibilities of the Governing Body, its committees, the Head Teacher and staff will be clearly defined and limits of delegated authority established, where applicable.

The **Governing Body** is responsible for taking steps to ensure that expenditure reflects best value principles. This is done by:

- Using performance data to **compare** attainment and other outcomes from all services nationally, and with similar services.
- Using the information gained to **challenge** performance and set new targets.
- Where financial benchmarking is available, using it to **compare** expenditure with similar services.
- Using fair **competition** through quotations and tenders, ensuring resources and contracts for services are secured in the most economic, efficient and effective way.
- **Consulting** parents on policy development and major changes in the use of resources.

The service will establish sound internal financial controls, based on the LA's Budget Book and the Audit Commission documents mentioned above, to ensure the reliability and accuracy of its financial transactions.

The budget will reflect the service's prioritised educational objectives through its links to the Service Improvement Plan, which indicates the resource implications of each priority.

The budget will be subject to effective monitoring, allowing the Governing Body, Head Teacher and staff to maintain financial control in line with the Balance Control Mechanism by reviewing the current position and taking any remedial action necessary.

The service will be adequately insured against exposure to risk.

The service will ensure that:

- Purchasing arrangements achieve value for money.
- There are sound procedures for the administration of personnel matters.
- There are sound procedures for the administration of payroll matters.
- Stocks, stores and assets are recorded and adequately safeguarded against loss or theft.
- All income due is identified and all collections receipted, recorded and banked promptly.
- The operation of the bank account and the reconciliation of bank balances with the accounting records are properly controlled.
- The use of petty cash is strictly controlled.
- The use of a Corporate Card is strictly controlled.
- The School Voluntary Fund and any other non-public funds are administered as rigorously as public funds.
- Any suspected irregularity will be reported immediately to the LA's Head of Audit and Risk.
- The service will adhere to current Data Protection legislation.
- Appropriate training in financial administration will be given to enable staff cover at all times.

3. Putting Policy into Practice

3.1 Delegated Authority

The Full Governing Body of The Orchard School has overall responsibility for the management of all of the school's finances covering the delegated formula budget, other budgets delegated or devolved by the LA and other funds (e.g. the Service Voluntary Fund).

The Full Governing Body of The Orchard School will ensure the annual detailed report of the Schools Financial Value Standard (SFVS) is provided to them and the Chair of Governors will sign the completed form prior to sending it to the Local Authority.

The Finance and Resources Committee is delegated responsibility by the Full Governing Body for the following aspects of financial management;

- Evaluate and recommend the three year budget plan, which shows clear links to the School Improvement Plan.
- To review annually the Finance Policy and agree levels of delegation for approval by the Governing Body.
- To review a Pay Policy for approval by the Governing Body.
- To make decisions in respect of school agreements and insurance.

- To advise the Governing Body of any consultations to change the LA Scheme for Financing Schools.
- To report monitoring and the outturn position to the Governing Body, highlighting any significant variances.
- Evaluate any proposed virements.
- Evaluate and report on Tenders for Contract Services to the Governing Body.
- Keeping school financial procedures under review.
- Benchmark the school's financial performance and report to the Governing Body.

The **Headteacher** is responsible for implementing the decisions of the Governing Body and for the operational management of the school. The general administration of financial procedures may be delegated to other members of staff at the discretion of the Head Teacher and this delegation should be documented in the Finance Policy.

3.2 Internal Financial Controls

The internal financial controls operated by The Orchard School follow the controls set out in the LA's Scheme for Financing Schools and the Budget Book.

3.3 Financial Links to the Service Improvement Plan

The School Improvement Plan has sufficient scope and depth of the financial implications and it is reflected in the service's three year budget plan.

3.4 Monitoring and Virements

The Orchard School recognises that the regular monitoring of income and expenditure against the agreed budget is central to effective financial management. To this end, the Head Teacher carries out a monthly internal monitoring procedure, copied to the Link Finance Governor. Monitoring reports are submitted to the LA in accordance with its timetable. The Governing Body should ensure their meetings are timed to see all monitoring submitted to the LA either prior to submission or soon after. This will ensure they have an up-to-date position of the service's finances.

On occasions, virements need to be carried out. Virements to the approved budget are minuted appropriately and require the following authorisation:

Virements up to £8000 - The Headteacher, reported to the Link Governor.

Virements over £8000 – The Full Governing Body.

3.5 Insurance

The Orchard School is insured through **the Kent County Council (KCC) 'Safe Hands' Scheme** with relevant cover, as identified by the schedule received from the LA's Insurance section.

The Orchard School recognises that cash is not insured through the LA's Insurance Policy.

3.6 Purchasing

At The Orchard School, budgets are delegated to Subject Coordinators and key personnel. Budget holders prepare a 'needs budget' for their area of responsibility, which is approved by the Head Teacher in line with the priority needs of the school and the School Improvement Plan.

All staff adhere to the service procedures for purchasing items, as laid down in the Service's Staff Handbook, paying regard to value for money at all times. The Head Teacher and / or Deputy Head Teacher authorises all orders and invoices prior to placing or payment.

Where the school purchases large items, we adhere to the procedure for Spending the Council's Money as laid down in the Scheme for Financing Schools (www.kent.gov.uk/publications/business/spending-councils-money.htm), in summary:

- For orders up to £8000 – Headteacher only.
- For orders in excess of £8,000, but less than £50,000, three written quotations are obtained and submitted to the Governing Body for approval.
- For orders in excess of £50,000, no fewer than three competitive tenders are sought and submitted to the Full Governing Body for approval.

All of the above will be minuted at the appropriate Governing Body meeting to ensure that the school is seen to be obtaining value for money at all times. With this in mind, the school also adopts the procedure where quotations are sought for all purchases or lease agreements over £1,000, as a matter of course. Any lease agreement must also be approved by the Link Finance Governor prior.

The service does not enter into any Hire Purchase agreements, Finance agreements or Finance Leases.

3.7 Personnel Matters

At The Orchard School, at the start of every financial year the **Headteacher** uses the three year salary calculator provided by BPS to calculate the salary costs of all members of staff, including increments, where applicable. These details are used by the Finance Governor for incorporation into the school budget planning process.

The Head Teacher's Appraisal Committee undertakes an annual review of the Head Teacher's salary, and recommends enhancements, if applicable, to the Governing Body for approval.

The Head Teacher undertakes an annual review of all other staff, in accordance with the school Pay & Rewards Policy and reports to the Governing Body.

Details of all salaries are recorded as a confidential item in the minutes.

3.8 Payroll Matters

The payroll provider at The Orchard School is Capita Business Services who provide payroll services to the specification laid down by the LA. The Head signs off the monthly payroll reports once they have been checked for accuracy.

3.9 Safeguard of Stocks, Stores and Assets

All staff at The Orchard School are responsible for the security of service assets. Co-ordinators, the Finance Officer, Site Managers and class teachers safeguard their assets and maintain asset registers, which are checked at least on an annual basis and certified by the Head Teacher or Deputy Head Teacher. Other school assets are recorded on a general asset register, maintained and updated by the school office.

Items of value are held in a locked cupboard/cabinet, wherever possible and all items are visibly security marked to deter theft.

Where assets are written off and disposed of, the Finance Link Governor agrees this on behalf of the Governing Body and the agreement is minuted.

Where service assets are loaned to staff or pupils, a loans book is completed and signed when borrowing the item and again when the item is returned.

3.10 Income

Where debts are required to be written off, after every effort has been made by the Head Teacher and the Governors to recoup the monies, the Head Teacher will approve up to £500 and the Governing Body will approve from £500 to £1,000. Approval to write off debts over £1,000 is required in writing from the CFE Finance Manager.

Since the LA does not insure for cash held on the service premises, we have agreed a level of cash to be held in the school at any one time as £500. Cash will be receipted, recorded and banked promptly at all times.

3.11 The School Bank Account

The Orchard School operates its school bank account in accordance with the regulations in the LA's Scheme for Financing Services and the guidance in the Budget Book. The school operates only one current account for the administration of KCC official funds.

Bank account signatories are updated immediately there is a change in staffing and details are copied to the LA Financial Services Team.

Bank statements at The Orchard School are received on a monthly basis and reconciled immediately. The Head Teacher or designated Deputy Head Teacher signs and dates the bank statement when the reconciliation has been checked.

3.12 Petty Cash

Petty Cash is held securely at all times and the limit for petty cash is £200. All staff obtain proper VAT receipts for petty cash purchases, wherever possible, as this demonstrates value for money in respect of the school budget and satisfies legislative requirements.

3.13 Purchase Cards

The Orchard School operates approved Corporate Cards in accordance with the guidance in the LA's Budget Book. The approved users and monthly limits are:

Melanie Rowden (Office Manager) £2,000.00

Julia Doyle (Business Manager) £2,000.00

The Corporate Cards will be kept in the possession of the named card holder at all times when not in use (Schools Financial Service Guidance). Personal credit and debit cards will not be used for the purchase of items for the service. Only the named cardholder may use the Corporate Card. Other members of staff may not "borrow" the card to record the card number for purchasing items (Budget Book Section 7, Point 6.5).

3.14 Irregularities

All staff at The Orchard School are aware of the LA's Whistle Blowing Procedure. These details are available to staff in their staff handbook. The Orchard School has adopted the LA's Whistle Blowing Policy issued by HR January 14. Any concerns should be raised with the Chair of the Governing Body rather than the LA as indicated in the policy.

3.15 Data Protection

Under the terms of the Data Protection Act 1998, the Headteacher and Governing Body are required to notify the Information Commissioner of our processing, storage and disclosure of data procedures, which are covered by this legislation. Systems are backed up regularly and the backups held securely, virus protection is in place and is updated regularly and the service has a disaster recovery plan for the administration network.

New GDPR requirements are currently being considered and full training for staff in ensuring compliance is scheduled in early 2018.

3.16 Financial Administration

At The Orchard School, two members of staff are trained in the use of the finance software and financial administration procedures, in event of staff absence. We also purchase a support contract through the LA Financial Services which is reviewed on an annual basis, allowing us the option to purchase additional support, if required.

Appendix 1

Staff Personal credit/debit cards – should never be used for school purchases for the school for the following reasons:

- Staff may not be purchasing the best value for money by going directly to a company – often credit card purchases are spur of the moment decisions. The school or LA may have preferred suppliers with a better deal.
- The member of staff may be breaching finance regulations as responsibility is often delegated to the Headteacher for purchasing decisions or there may be a process in place that the member of staff is not adhering to.
- There may not be sufficient segregation of duties as the requisition, order and the purchase has been completed by the same person.
- The budget may not be checked before the purchase is made (there may be commitments in the system the member of staff is unaware of).
- Credit may be being given to the member of staff as the credit card may not be paid off when the employee is reimbursed.
- VAT may not be accounted for correctly if the member of staff does not produce a proper receipt and /or the reimbursement is accounted for inaccurately. The school may lose out.
- If the employee has a benefit attached to their card they are gaining from the school which is not allowable.
- The terms and conditions of the credit card may be invalid if the purchase is not private and for a business - for instance in the event of a dispute over faulty goods.

Appendix 2

Ordering Procedure

Before placing an order

- Staff making an order must first check the supplier is set up with the Finance Officer. KCC has strict policies on suppliers that can be used. If the supplier is not set up, pass on the details of the potential supplier to the Finance Officer.
- A requisition form must be completed. The requisition form should be passed to the Finance Officer to allocate a Purchase Order number prior to the order being placed.
- No order will be placed without authorisation from the Head Teacher / Deputy Head Teacher.

Delivery

- Once delivery is made, the Finance Officer will check delivery note against the Purchase Order and Requisition Form.
- If the order is complete, the original delivery note will then be filed with the Requisition Form and Purchase Order.
- If only part of your order is received, paperwork will be retained until all items are received and then filed as detailed above.