



Curiosity Compassion Courage

Finance Policy (including Virement Policy)

Our small school community welcomes everyone and aspires to meet the needs of all through Christian Values, high expectations and compassionate support. Through shared values we create a firm foundation for all to fulfil their potential as future citizens of the world. Our challenging and exciting learning environment enables everyone to go forward as champions of compassion, curiosity and courage.

Reviewed: 09.2022

Date for Next Review: September 2023

Introduction

The Governing Body recognises that it is ultimately responsible for the financial management of the school and has produced this policy document to help it fulfil those responsibilities.

Organisation

In view of the importance and complexity of financial management in the school, the Governing Body has established a Finance Committee to enable due consideration to be given to all financial matters.

The Governing Body has delegated a number of its powers to the Finance Committee (details of roles and responsibilities are set out later in this policy document).

The Finance Committee Chair is: **Sarah Morris**

The Chair and Vice Chair of the Finance Committee are elected by the full Governing Body in September each year.

The Finance Committee plans to meet five times each year:

March/April (to agree the budget for the new financial year and to agree the finance plan)

May (to ratify the Budget)

June/July (to consider the first budget monitoring report for the year)

September/October (to consider the second budget monitoring report of the year and to update the school's finance plan in light of the September number on roll)

November/December (to consider the third budget monitoring report for the year)

February/March (to consider the final budget monitoring report for the year and a revised finance plan)

The Finance Committee will report and make recommendations to the full Governing Body. Minutes of each Finance Committee meeting will be presented to the next meeting of the full Governing Body.

Finance Committee members will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

Roles and Responsibilities

The Governing Body recognises the importance of Governors, Finance Committee members, the Headteacher and staff being clear about their respective roles and responsibilities with regard to the financial management of the school. This section sets out those roles and responsibilities.

The Governing Body will:

- a) agree, and record in writing, the roles and responsibilities of the Finance Committee and Headteacher
- b) review those roles and responsibilities on an annual basis
- c) elect the Finance Committee members each year
- d) approve the school's budget each year, ensuring that a copy is attached to the minutes of the meeting
- e) submit the approved budget to the Local Authority (LA) within the specified timescale
- f) approve the school's original and revised finance plans each year
- g) take appropriate steps to ensure the school's budget does not overspend
- h) contact the LA and seek approval to overspend where this seems unavoidable
- i) authorise the school's applications for loans from the County Council
- j) satisfy itself that the Finance Committee and Headteacher are fulfilling their responsibilities as set out in this policy document
- k) review detailed budget monitoring reports each term, ensuring that copies are attached to the minutes
- l) record in writing the transaction/process authorisation limits, etc. relating to the school's financial system for relevant members of staff (see Appendix A)
- m) agree the school's virement policy (see Appendix B)
- n) The policy should clearly state what financial levels have been delegated to individuals:

E.g. budget holders for procuring goods/services; placing orders/goods receipting etc. and virements.
- o) establish the school's charging policy and review on an annual basis
- p) ensure that the school fund is audited each year
- q) ensure that a signed statement confirming that the school fund has been audited is issued to the County Council within its specified timescale

- r) review the financial training needs of Governors, the Headteacher and staff on an annual basis and fund training needs, as appropriate. A programme of free training is available from the Local Authority
- s) ensure that the school's Register of Business Interests and Conflict of Interests is kept up-to-date
- t) ensure that the school complies with the Local Authority's guidance relating to Extended Schools and, in particular, that it does not subsidise extended school activities from the school's main budget share.
- u) ensure that the Schools Financial Value Standard is completed and signed each year (see guidance on the GOV.UK website www.gov.uk/guidance/schools-financial-value-standard-and-assurance-sfvs)
- v) review the Finance Policy document on an annual basis

The Finance Committee will:

- a) familiarise themselves with this policy document and their roles and responsibilities
- b) ensure that the school complies with the Local Authority's Scheme for Financing Schools, as approved by the Secretary of State
- c) familiarise themselves with the way in which schools in Lincolnshire are funded
- d) contact the Local Authority for advice in relation to leasing arrangements (Treasury Office)
- e) produce a timetable of meetings at the start of the year outlining their key purpose
- f) consider the draft annual budget papers prepared by the Headteacher
- g) consider the draft medium-term finance plan prepared by the Headteacher
- h) consider budget monitoring reports produced by the Headteacher throughout the year
- i) monitor the financial performance of catering and other functions (where applicable) throughout the year (some trading activities within school should not be subsidised by budget share)
- j) ensure that the school obtains value for money (refer to Finance Handbook for more information)
- k) ensure that the school's Other Government Grants allocations are fully utilised
- l) The Consistent Financial Reporting website should be used to assist with comparisons (refer to Finance Handbook for more information)
- m) ensure that the school complies with the County Council's financial regulations
- n) report to the full Governing Body
- o) ensure that audit recommendations are implemented within a reasonable timescale

- p) ensure that the school has a list of certifying officers for the purpose of signing cheques, certifying employee claims etc. and review this on an annual basis
- q) ensure that all minutes of the Finance Meeting are forwarded to governor.support@lincolnshire.gov.uk
- r) ensure that assets with a value up to £20,000 are disposed of in accordance with the guidance set out in Section E of the Finance Handbook

The Headteacher will:

- a) familiarise him/herself with this policy document and his/her role and responsibilities
- b) draft budget papers
- c) draft original and revised finance plans
- d) ensure that School Development Plan priorities are properly costed and linked to the school's budget and finance plan
- e) monitor the budget on a monthly basis
- f) oversee the day-to-day running of the school's financial administration and ensure that the County Council's timetable is adhered to (refer to Finance Handbook for more information)
- g) ensure that proper checks and controls are in place to cover day-to-day activities. (Advice on internal checks and controls should be sought from the Council's Corporate Audit and Risk Management Team)
- h) authorise transactions/processes within the school's financial system up to limits agreed by the Governing Body. This could include the release of purchase orders, etc. (see Appendix A)
- i) act as an authorised signatory for the purposes of signing cheques, certifying employee claims etc.
- j) review reconciliations and returns on a regular basis and initial documents as evidence that such checks have been carried out
- k) monitor that the Employee Costs Reports run on a monthly basis, checks have been undertaken to ensure the data is correct, and initial documents as evidence that monitoring has taken place
- l) ensure that the school fund records are kept up-to-date
- m) ensure that the school fund's annual accounts are prepared, audited and approved by the full Governing Body and submitted to the LA in the timescale specified
- n) agree virements up to his/her authorised limit (see Appendix C)
- o) ensure that income collected by external companies is reconciled on a regular basis
- p) ensure VAT is correctly accounted for

- q) ensure an inventory is maintained
- r) ensure that any budgets that are delegated to senior staff or departments operate within a similar control regime, i.e., with regard to budget monitoring and reporting etc.
- s) ensure that assets with a value up to £20,000 are disposed of in accordance with the guidance set out in Section E of the Finance Handbook

The School Business Manager (SBM) / Administrator will:

- a) maintain the accounting records using the school's financial package.
- b) carry out transactions/processes within the school's financial system up to limits agreed by the Governing Body (see Appendix A)
- c) ensure that the LA's timetable for completion of bank, imprest and other reconciliations is adhered to
- d) Contact the Schools Finance Helpdesk with concerns or queries regarding financial administration
- e) ensure that purchase orders are raised prior to ordering goods/services, wherever possible, to ensure compliance with the Council's No PO No Pay policy and to aid effective budget monitoring and management – An exemptions list is available to access on the LCC Connect area at www.lincolnshire.gov.uk
- f) ensure that payments are made to suppliers within LCC's payment policy, i.e. 28 days of the date of the invoice
- g) ensure that claims for Sickness Absence Insurance Scheme are made promptly and no later than 1 month after the relevant period
- h) ensure that the Employee Costs Reports and Gross to Net Report are run on a monthly basis, as close to 23rd of the month as possible, and that checks are undertaken to ensure the data is correct.
- i) ensure that income collected by an external company is recorded accurately on Business World and that regular reconciliations are undertaken.

Authorisation Limits for Purchase Orders (see Appendix A)

SBM /Administrator up to £1,000 (default £1,000)

Headteacher up to £50,000 (default £50,000)

Virement Limits (see Appendix B)

Virements of £50,000 or more should be approved by resolution of the full Governing Body.

The following virement limits have been agreed:

Finance Committee £50,000

Headteacher £10,000

SBM /Administrator £10,000

Training

The Governing Body recognises the importance of financial training for governors and staff in helping them to fulfil their responsibilities in relation to the financial management of the school.

The training needs of all governors and staff will be reviewed each year. Appropriate budgetary provision will be made, where necessary and governors and staff will be actively encouraged to undertake that training.

A programme of free training is available through the Local Authority.

Budget setting

The Governing Body recognises the importance of setting a detailed budget at the start of the year.

The Headteacher will draft a detailed budget for each line of income and expenditure. It is recommended that the budget is re-evaluated each year (as opposed to incremental budgeting) for the Finance Committee's consideration.

The Headteacher will include options for increased spending, as set out in the School's Development Plan, and options for cost-cutting measures, where appropriate.

Budget monitoring

The Governing Body recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under and overspendings.

The Headteacher will monitor the budget on a monthly basis by reviewing reports from the school's financial system for:

- errors
- miscoding
- large or unusual items
- potential underspending or overspendings against budget

and act promptly, where appropriate. Recommended reports can be found in the Finance Handbook.

Financial administration

The Governing Body recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the school.

The Headteacher will monitor the financial administration functions carried out by the SBM /Administrator , ensuring that:

- accounting systems are kept up-to-date
- Sickness claims, imprest claims, etc. are completed in accordance with the LA's published timetable
- appropriate action is taken where the LA advises the school that its day-to-day administration is not up-to-date
- where income is collected by an external company, that regular reconciliations are completed

Reporting

The Governing Body recognises the importance of receiving detailed, accurate and up-to-date financial information to enable it to oversee and control the financial position of the school.

The Headteacher will prepare budget-monitoring reports for consideration by the Finance Committee.

The reports will include for each line of income and expenditure (including all Government Grants):

- Actual Expenditure to Date
- The original budget
- Changes to the budget (virements)
- Revised Budget (the current budget)
- Variance (Actuals – Revised Budget) - this is the difference between the current budget minus the actuals expenditure
- % Spent – this is the percentage of the budget that has been spent to date
- Forecast – this is the final forecasted expenditure and income for year
- Forecast Variance – this is the variance between the current budget and the forecast to give the forecasted year end position

In addition to the reports available in the school's financial system, the Local Authority issues a Medium Term Finance Plan document to schools on an annual basis which provides the framework for the preparation of finance plans and budget monitoring reports to Governors

Financial planning

The Governing Body recognises the importance of financial planning beyond the current year.

The Headteacher will prepare a financial plan covering the next five years.

The plan will show the projected numbers on roll and the impact this has on the school's budget share, expenditure and carry forward.

The level of detail shown in the School's plan will include, as a minimum, the information set out in the Medium Term Finance Plan document issued by the Local Authority to schools every year.

The plan will include contingency plans, setting out the school's proposals for dealing with variations including, in particular, changes in the projected number on roll.

The Governing Body will consider the impact that the Medium Term Finance Plan may have upon staffing levels and develop outline plans and strategies for avoiding redundancy costs for future years.

Audit

The Governing Body recognises the importance of the County Council's audit regime in assessing the adequacy of the school's financial controls.

The Governing Body and Headteacher will ensure that auditors are given access to staff, all relevant records and property, as the auditors consider necessary.

The Headteacher will ensure that audit recommendations are implemented as soon as possible.

The Headteacher will familiarise him / herself with the Financial Procedures and Finance Handbook, which give guidance on best practice, internal controls and statutory requirements.

Quotations and Tenders

This follows the recommended guidelines issued by LCC. The school will always seek best value when making purchasing decisions as per our Best Value Statement. Any purchases from ESPO organisation are undertaken in the knowledge that ESPO complies with LCC's contract regulations.

For purchases over £10,000 the school will always test the competitiveness of suppliers and notes that written evidence may be required. The Finance Office keeps records of a large number of suppliers and will offer advice to all staff on purchasing decisions.

Purchases from £10,000 to £75,000 – three quotes or tenders are required and the school will seek approval from LCC.

Purchases above £75,000 – six tenders are required by public advertisement, and approval will be sought from LCC.

LCC will vet companies if the purchase is above £150,000.

Annual timetable

The Governing Body recognises the importance of planning its financial management work throughout the year.

The Headteacher will draw up an annual timetable of key events and will submit this annually to the full Governing Body's last meeting in each financial year.

Review

The Governing Body recognises the importance of keeping its Finance Policy up-to-date and will review the policy on an annual basis.

APPENDIX A - Authorisation Limits

The authorisation limits relate to processing and release of purchase orders and invoices. The Finance Policy should clearly state what authorisation levels have been delegated to individuals to process or release purchase orders or invoices.

On Business World, the default purchase order release limit for administrators is £1,000. For Headteachers the default limit is £500,000.

APPENDIX B - Virement Policy

Virements are in-year changes between budgets, e.g., on Business World £5,000 is moved from contingency to teaching staff.

The Schools virement policy forms part of their Finance Policy. The virement policy should clearly state what financial levels have been delegated to individuals to vire the budget from one budget heading/account code to another. The virement policy has a similar principle to Headteachers or procuring goods/services; placing orders/goods receipting etc. The recommended limit for delegating responsibility for virements to the Headteacher is £5,000, although secondary schools may wish to increase this limit. Schools may also choose to allocate virement levels to the Finance Committee and the Administrator.

APPENDIX C - Income Collected by External Company Policy

Schools can enter into a contract with an external company which agrees to collect income from parents by credit or debit card for activities such as meals, trips, uniform etc.

The policy must clearly state the company involved, how often income will be paid over to the school and how often income reconciliations are completed and who will be responsible.

The school must notify Treasury & Investment Section at LCC when they enter into an agreement with an income collection company.