



## Heart of the Forest Finance Policy

### Contents

Section 1: Budgets .....	2
Section 2: Payroll.....	4
Section 3: School Fund .....	6
Section 4: Assets .....	7
Section 5: Income.....	8
Section 6: Purchasing .....	11
Section 7: Register of Pecuniary and Other Interests.....	14

### Version Control

Version	Date	Summary of changes
1	Sept 2020	Formatting
2	Sept 2021	Changes to reflect new staffing structure
3	June 2022	Changes to reflect new staffing structure



## Heart of the Forest

### Section 1: Budgets

#### 1.1. Budget construction

The School Business Leader is responsible for the detailed preparation of the annual school budget which addresses the strategic aims and targets established by the Governing Body. In constructing the budget, the SBM should consult with other members of SLT to ascertain detailed requirements and cost pressures for the coming year.

The Resources Committee will determine the overall sum within which the budget must be set, and the amount of any anticipated balance to be carried forward into the following financial year.

In constructing the budget, the School Business Leader must liaise with the Headteacher to take account of priorities identified in the School Development Plan and Asset Management Plan and incorporate the costs of these in the budget. Priorities identified in both plans must always be costed where possible.

The Resources Committee will normally meet in the Autumn Term to consider a broad budget strategy for the following financial year.

Detailed formulation of the budget by the Business Leader should take place in spring term, and following receipt of the final local authority budget allocation issued in mid to late March the Resources Committee should approve the detailed budget plan (Income & Expenditure). The full Governing Body must subsequently approve the full budget, and minute this approval.

The approved Governors Budget Plan spreadsheet template must then be submitted to the Schools Strategic Finance Team at Gloucestershire LA, along with a signed statement by the Chair of Governors, by the required mid-May deadline.

The total budgeted expenditure should not exceed the amount of the LA allocation plus or minus any balance brought forward from the previous year.

In order to determine appropriate expenditure levels, the committee should consider the overall level of income expected from local authority budget, grants and school generated income, together with any anticipated balance to be carried forward into the following financial year. If it appears that this cannot be achieved and a deficit position cannot be avoided, the Head and Chair of Governors must inform the Schools Strategic Finance Team immediately as the local authority must approve a Deficit Repayment Agreement (DRA) involving an appropriate recovery plan.

In constructing the detailed budget factors for consideration include:-

- current and previous year's expenditure levels on individual budget headings
- staff pay awards and increments, and known changes – to include additional performance management increments as appropriate
- anticipated price inflation
- any known changes in the supply of services and contracts (traded services, utilities etc.).
- changing School Development Plan/Asset Management Plan priorities
- any anticipated changes in pupil numbers/bandings of current pupils
- known changes in the staffing complement



## Heart of the Forest

### 1.2. Budgetary control and monitoring

The School Business Leader is responsible for regular, detailed control of the school budget and this role will require appropriate monthly reports from the school's accounting system. The Head may assign budgetary control of individual budget headings to other members of staff, however the Head remains ultimately accountable to the Governing Body for these budget headings. Financial reports to the Head and other budget holders, where applicable, should include the following information for each agreed budget heading:-

- total budget for year
- total expenditure and commitments to date
- projected balance

It may be appropriate to action adjustments to the original budget (virements) during the year, for example as a result of additional income, new costs or changing national priorities etc. The School Business Leader is empowered to respond to changes to address variances by effecting virements between individual expenditure budget headings.

Where new or unplanned **expenditure** is necessary, the following individual virement authorisation limits are recommended:-

- up to £5,000 Business Leader & Head (and subsequently reported to full Governing Body)
- up to £10,000 Resources Committee
- £10,000 and over Full Governing Body

Virements, once approved, must be promptly recorded in the school's accounting system to keep the approved budget up to date and reported to the next Resources Committee meeting. The Chair of the Resources Committee, the Headteacher or the Business Leader will then report on any virements at each full Governing Body meeting. This should be minuted and a copy of the report attached to the minutes of that meeting.

The School Business Leader will present detailed budget monitoring statements (Chart of Accounts Report from FMS finance system) to the Resources Committee at each of their meetings (normally termly). The Resources Committee should then consider and challenge these statements as necessary, and the School Business Leader will provide explanations for any significant variances identified. The Chair of the Resources Committee should then report to the full Governing Body, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

Payroll expenditure data (PY14), as notified by local authority payroll prints, must be entered promptly on to the school's accounting system each month by the school finance administrator. These prints must be checked and verified by the School Business Leader to ascertain all payments are correct and the employees listed are all employed by the school.

Other, non-pay expenditure, as notified by monthly on-line reports (FMGL01) for central schools, must be reconciled promptly to the school's accounting system by the school finance administrator.

When the accounts for each financial year are closed, a final statement (Final CFR Report) from the school's accounting system must be presented to the next meeting of the Resources Committee and then to the next full Governing Body meeting. This should be minuted and a copy of the CFR report attached to the minutes of that meeting.



## Heart of the Forest

### Section 2: Payroll

General guidance and information is available on the Business Service Centre schoolsnet pages.

#### 2.1. Starters/variations/leavers

All details relating to

- setting up new employees on the payroll (starters)
- effecting variations to pay or contract conditions
- taking existing employees off the payroll (leavers)

will be entered onto the SAP e-forms portal promptly by the School Administrator and authorised, where appropriate, by the School Business Leader. In the absence of the School Administrator the School Business Leader will input the details and authorisation will be carried out by the Headteacher. In all instances authorisation by SLT will be in place before any details are entered into SAP.

#### 2.2. Claim Forms

Claim forms for supply work, additional hours and staff expenses (mileage/reimbursements for expenditure over £30 etc.) must be submitted at the end of the month in which the work was carried out/ expenditure was incurred. Any claims over 6 months old will be rejected.

For relevant staff, forms submitted must be checked initially by the School Administrator, and then authorised (signed) by the Business Leader or Head or the Deputy Head. Authorised time sheets details must be entered into the SAP e-forms portal and the forms securely filed within the school. They should never be handed back to the employee

#### 2.3. Checking of payroll data

Payroll data received monthly from Shire Hall must be scrutinised by:

A member of the senior leadership team (SLT), to ensure all employees are recognised, and pay appears reasonable (no detailed check)

- the School Administrator with a member of SLT, to check accuracy of pay calculations.

A member of SLT must sign the payroll print to record that these checks have been done.

#### 2.4. Pay-related expenses

All pay-related expenses must be processed through the payroll system. Pay-related expenses must never be paid via petty cash, or by the creditor payment system. If any doubt exists about whether an item should be processed via the payroll system, the BSC Financial Administration section in Shire Hall must be contacted for advice.



## Heart of the Forest

### 2.5. Supply teachers

The Governing Body will decide, on the basis of advice from the Business Leader, whether supply insurance cover shall be taken out, and the extent of the cover.

All claims submitted by supply teachers must be authorised (signed) by the School Operations Manager, the Head or the Deputy Head. Reimbursement claims must be submitted on a monthly basis by the School Administrator. The School Administrator must check on a monthly basis that correct amounts have been charged using the payroll print (PY14).



## Heart of the Forest

### Section 3: School Fund

#### 3.1 Accounts

The accounts of the school Fund are to be maintained on a day to day basis by the school administrator. All income and expenditure will be entered promptly in the accounts. A bank reconciliation will be performed monthly when bank statements are received, between the balance as per the accounting record and the balance as per bank statements. The bank reconciliation should be signed by a member of SLT.

#### 3.2 Signatories

The following are allowed to sign cheques on the bank account:-

- School Administrator
- Head Teacher
- Deputy Head Teacher
- School Business Manager

There must be two signatures on each cheque.

#### 3.3 Final accounts and audit

Final accounts are prepared at the end of the School Fund financial year by the school administrator. The accounts will be audited by an auditor appointed by the full Governing Body. The auditor will not be a member of the Governing Body. In appointing an auditor and operating the Fund, the Governors will follow the instructions laid down in the County Council's Manual on Unofficial Funds.

The audited accounts should be presented to the full Governing Body for approval. Governors' approval must be recorded in the minutes of the meeting. Once approved, the Clerk to the Governing Body will return the requested FN12 form to the Schools Finance Team.

School Fund monies must be kept, and recorded, separately from the school's capitation monies and securely held. Please refer to the separate policy for Unofficial Funds.



## Heart of the Forest

### Section 4: Assets

#### 4.1 Inventory

The portable, desirable, attractive assets of the school, as well as any assets of intrinsic value (e.g. antiques), with a value of over £100 will be recorded in the school's inventory system (Parago Asset Management System) on a room by room basis. Separate sections will be set up within the system to include items which are not allocated to a specific room.

Where possible full details (make, model, serial number, approximate value), shall be recorded.

The Operations Manager and administration team are responsible for keeping the inventory system up to date by adding new items when they are received into school and disposing of items as appropriate.

Items up to a value of £200 may be sold or written out of the inventory on the authority of SLT. Over this limit, the Governing Body must authorise and details recorded in the minutes. Reasons must be recorded in the electronic inventory together with details of the Governors' minute reference (£200 and over). An official receipt for sales income must be issued to the purchaser.

The inventory shall be checked against the actual assets on an annual basis. This may be a member of SLT or the service may be purchased from Parago. The check shall be noted within the asset management system and a list of missing assets printed to investigate further. Any discrepancies shall be investigated immediately, and if necessary the Governors, Police and the authority's auditors shall be informed as appropriate.

All inventory items are clearly labelled with a QR coded sticker displaying the asset number relating to the item.

#### 4.2 Off-site register

With the exception of IT devices assigned to individuals, which are in constant use and transported on a regular basis (except where it is being used by someone other than the assigned user), any inventory items taken off-site by members of staff or pupils for official purposes must be recorded. The date borrowed, and the signature of the borrower, must be recorded. On the return of the item the date of return will be recorded.



## Heart of the Forest

### Section 5: Income

#### 5.1 Credit income

Credit income is where payment for goods/services provided by the school is made after the provision takes place.

An official invoice must be raised by the School Administrator in all cases and sent to the debtor as soon as possible after the provision of the goods/service, and no later than one week after the provision (subject to school holidays).

The Administrator will maintain a file of copy invoices; this will be arranged into 'paid' and 'unpaid' invoices. The copies of unpaid invoices will act as a control record for the sending of reminders and the chasing of unpaid debts.

Reminders will be sent after the following periods if the debt remains outstanding:-

- 1st reminder 28 days
- 2nd reminder 56 days

If after 84 days the debt remains unpaid, consideration will be given by the SLT and/or Governors to writing the debt off in accordance with the following limits:-

- up to £50 - SLT may authorise write-off
- up to £100 - Head and Chair of Governors may authorise write-off
- £100 and over - full Governing Body may authorise write-off.

In each case, the possibility of taking legal action to recover the debt must be considered by Head, Chair, and Governors as appropriate.

As well as sending formal reminders, efforts must be made by the school to contact the debtor in order to secure recovery of the debt. If payment has not been received after 28 days of raising the invoice, no further goods or services must be provided until the outstanding debt is settled.

When an invoice is paid, details of the payment must be written on the copy invoice, and this transferred to the 'paid' section of the file. An official receipt will be issued on the request of the debtor and the receipt number written on the copy invoice; a duplicate copy of the receipt must be retained at school.

#### 5.2 Cash income

Cash income refers to when payment is received at the time goods/services are provided).

An official receipt must be issued to the payer for any amount exceeding £10 at the time the payment takes place, and a duplicate copy retained at the school.

#### 5.3 Banking

All income received (cash or cheque) must be banked promptly and intact. No payments may be made out of income collected. A record to evidence the banking must be kept (e.g. stamped paying-in slip).





## Heart of the Forest

### 5.4 Charging policy

The full Governing Body will set a charging policy to cover :-

- school trips
- private photocopying
- private telephone calls

Charges levied by the school will be in line with this policy.

The School has a separate policy for Lettings.

The charging policy will be reviewed annually by the Governing Body with the exception of the Lettings policy which will be reviewed annually by the Resources Committee and presented to the full Governing Body for ratification.

### 5.5 Donations

Donations from any sources must be acknowledged by the issue of an official receipt to the payer (enclosed with a thankyou letter). All donations must be banked promptly and intact.

### 5.6 Official Capitation and School Fund income

All income used to offset expenditure incurred on the capitation budget (e.g. lettings, photocopying, telephone calls, sales of school equipment, donations) must be paid into the official County Fund and coded to the correct income code with the appropriate VAT marker. In addition income received automatically into the school fund account from, the absence insurance provider, the RHI scheme for the Biomass and the FIT tariff for the solar panels must be paid over to the GCC fund as soon as possible after it has been credited.

Donations may be paid into the County Fund or the School Fund dependent upon the wishes of the donor which must be ascertained beforehand.

### 5.7 Cash received from pupils

Cash received from pupils in class must be recorded by the class teacher. Cash collected must be kept in the class safe and a record kept of the date, amount and reason the cash was received or handed over to the Administrator to record. If handed over, the school Administrator will issue an official receipt for income over £10 which will be given to the parents/carers concerned. Where income is received for the purposes of class funds (i.e. this should be maintained simply for the receipt of snack money and associated expenses, including the pupil development excursions to local cafes, etc.) and is retained in the class safe a proper record must be kept by the class of all income and expenditure, ensuring that receipts are obtained and kept for auditing purposes. At the end of each term all monies, receipts and list of expenditure must be balanced and given to the school Finance Administrator for checking. The school Finance Administrator will check the income and expenditure records and will sign to agree the figures are correct. Any discrepancies must be resolved by the class immediately. No more than £50 cash to be held in class funds at any time. Any excess will be given to the school Finance Administrator to bank in the school fund account.

### 5.8 Security of receipt books and tickets



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All unused receipts and tickets to be used to acknowledge receipt of income must be held securely in the school office.



## Heart of the Forest

### Section 6: Purchasing

#### 6.1 Ordering

School procedures for purchasing should ensure that purchases are as required and are for bone-fide purposes.

Requests for goods must be made on a school order requisition form available from the school office. This must be completed and signed by the budget holder and given to the Operations Manager for approval.

If approved an official order will be processed by the school Administrator on the schools finance system. The official order produced from the finance system must be signed by a member of SLT before it is sent to the supplier. If an order has been placed over the telephone an official confirmatory order must be sent. If an order is placed directly online a copy of the order must be given to the Finance Administrator for her records.

Official orders must not be used to procure goods for private purposes.

Official order stationery can be downloaded from GCC Schoolsnet. If downloaded, any supplies stored must be held in a secure location.

Copies of all official orders placed must be retained on file at the school by the school Finance Administrator.

When placing orders it is the responsibility of the school to ensure that Gloucestershire County Council Financial Regulations and Standing Orders are adhered to.

#### 6.2 Quotations/tenders

Financial Regulations - for orders for goods/services under £50,000:

- £1,000 - £5,000 - at least three prices to be examined and retained, these prices may be taken from suppliers' written or verbal quotations or catalogues/price lists.
- £5,001 - £50,000 - independent written evidence of at least three prices should be obtained and retained.

Independent written evidence means quotations provided on suppliers' headed notepaper.

Standing Orders - for orders for goods/services over £50,000.

Tenders should be invited in one of three ways, and in accordance with specific Standing Orders.

- from at least three contractors included on a standing list - SO49; or where no standing list exists
- from at least three appropriate contractors - SO50, or
- by open competition by advertisement in local newspaper or appropriate journal - SO51.

#### 6.3 Governor Involvement



## **Heart of the Forest**

As well as ensuring that the above has been adhered to, it is the responsibility of the Headteacher, where possible, to ensure that the Chair of the Resources Committee and the full Governing Body are consulted in the following circumstances:-

Review of quotations obtained where estimated costs exceed £5,000.

Review of quotations when the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained. In such circumstances the Governors should formally authorise a waiver of the regulations, either prior to the purchase or retrospectively, if necessary.

### **6.4 Receipt of goods**

Once items ordered have been received, the School Administrator must ensure that items delivered correspond to details contained in the delivery note. Upon examination of goods the School Administrator must ensure that both quality and quantity are appropriate.

### **6.5 Invoice check and authorisation**

Invoices received must be checked to both copy orders and delivery notes to ensure that invoices relate to goods ordered and delivered. Invoices should also be checked for arithmetical correctness. Once checked, invoices should be recorded promptly in the schools finance system by the Finance Administrator. A member of the SLT must certify all invoices and payment authorisation slips printed from the schools finance system before invoices are uploaded for payment via Perspective Light.

### **6.6 Petty Cash**

Day to day operation of the GCC petty cash account is the responsibility of the Finance Administrator.

The Headteacher, Deputy Headteacher, School Operations Manager and Finance Administrator are all signatories on the petty cash bank account. When collecting the petty cash monies from the bank the cheque must be signed on the front by 2 signatories who are not involved in the operation of the GCC petty cash account – i.e. NOT the Finance Administrator. On collection of the monies the bank requires a signature on the back of the cheque which the administrator will complete and this will be witnessed by bank staff.

All petty cash expenditure, and reimbursement income, must be promptly recorded in the petty cash record.

Reimbursement must be claimed monthly or when one-half of the imprest advance has been used by raising a non-order invoice on the schools finance system (FMS). A member of SLT must certify the reimbursement claim.

Each time a reimbursement claim is submitted, the Finance Administrator must complete a reconciliation ensuring that cash expended (from receipts held), plus cash in hand or at bank, equals the amount of the advance.

All members of staff who wish to purchase items and be reimbursed from the GCC petty cash account must obtain prior approval from a member of the Senior Leadership Team. Vouchers (receipts, paid invoices etc. showing VAT where applicable) to evidence the payment must be given to the Finance Administrator by members of staff when reclaiming cash from the account. These vouchers must be retained by the Finance Administrator and filed with a copy of the reimbursement paperwork.



## **Heart of the Forest**

In normal circumstances individual purchases from petty cash must not exceed £30. In exceptional circumstances payments up to £60 may be made, with the express prior approval of SLT. Such payments should be for emergencies only and should not simply result from a lack of planning.

All cash and cheque books held must be retained securely.



## Heart of the Forest

### Section 7: Register of Pecuniary and Other Interests

It is a requirement for the school to maintain such a Register.

#### 7.1 Persons to be included:-

1. All Governors
2. Headteacher
3. All member of SLT

#### 7.2 Interests to be recorded

The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school.

Examples of such improper influence might be:-

- to purchase goods or materials from a company in which a Governor/senior member of staff has a financial interest without going through the correct procedures re. obtaining competitive prices;
- promoting member of staff who has close personal relationship (spouse, partner, son, daughter etc.) with Governor/senior member of staff, without going through correct procedures re. recruitment and selection.

There can never be a definitive, comprehensive list of the interests which should be recorded, but the following is intended to give some guidance:

- having a financial, or other, interest in an organisation which could feasibly be in a position to supply goods/services to the school e.g.
  - building contractors
  - plumbing contractors
  - electrical contractors
  - audio/visual goods suppliers (e.g. T.V.s, video recorders, hi-fi etc)
  - repair/maintenance of equipment (electrical and other)
  - suppliers of computer hardware and software
  - suppliers of stationery
  - suppliers of educational equipment (e.g. P.E. equipment)
  - suppliers of furniture, fittings, carpets, curtains etc.
  - decorating contractors
  - catering contractors
  - suppliers of provisions
  - suppliers of clothing
  - suppliers of building materials
  - suppliers of catering equipment
  - suppliers of fuel
  - suppliers of vehicles



## Heart of the Forest

- suppliers of books
  - grounds maintenance contractors
  - gardening contractors
  - suppliers of grounds/garden maintenance equipment
  - suppliers of plants, trees, seeds etc.
  - suppliers of heating equipment
  - suppliers of lighting equipment
  - suppliers of musical instruments
  - suppliers of insurance
  - consultants (e.g. legal, financial, training, property)
  - suppliers of security services and supplies
  - suppliers of art materials
  - suppliers of telecommunications equipment
  - suppliers of photographic equipment
  - transport contractors (e.g. coaches, taxis etc.)
  - holiday/travel operators
  - suppliers of supply teaching cover
  - suppliers of peripatetic teaching
  - suppliers of banking services
  - suppliers of workshops etc. (e.g. drama, music)
- the interest in the above 'supplying organisations' may, for example, be:-
    - as a director
    - as an employee
    - as a major shareholder
    - as a major investor
    - as a major debtor/creditor
    - having a close personal relationship (spouse, partner, son, daughter, parent etc. with a person in the above categories)
  - being in a position to potentially influence decisions made about the school, e.g. as:-
    - member of local council (County Council, District Council, Parish Council)
    - officer of Local Education Authority in a senior capacity
    - Member of Parliament
    - OFSTED Inspector
    - officer of local council (District Council, Parish Council) in a senior capacity
    - having a close personal relationship (as described above) with any person falling into the above categories
  - having a close personal relationship with a Governor or member of staff (employed on a full-time, part-time, permanent, or temporary basis).



Ratified on:

## Heart of the Forest

Chair of the Governing Body: