

Redbridge Primary School

RED

“Resilience, Excellence, Determination”



Finance Policy

Date Approved	Date of Next Review
Summer 2021	Summer 2022

Finance Policy

1. Introduction

The Governing Body has a clear strategic role in the financial arrangements of the school. It is supported in this by the LA's 'Scheme for Financing Schools', which sets out the Governing Body's responsibilities for:

- Planning and conducting its affairs to remain solvent
- Establishing proper financial arrangements, accounting procedures and maintaining robust systems of internal controls
- Ensuring funding is used in accordance to correct procedures
- Provide information as required to satisfy the LA that the Governing Body is able to fulfil its obligations

The overall strategic management of the school budget is the responsibility of the Governing Body.

2. Budget Preparation and Reporting

The budget will be prepared by the Headteacher having due regard to the priorities in the Quality Improvement Plan.

The Governing Body must approve the budget by 30th April each year.

The Headteacher will submit a report to the Governing Body, detailing income and expenditure to date compared with the approved budget, together with details of significant variances, if any, and a projection of expected income and expenditure to the year end.

As soon as possible after the end of the financial year the Headteacher shall submit a final Budget Monitoring (Outturn) Report to the Governing Body, detailing income and expenditure compared with the budget, together with explanations of any significant variances.

3. Day to Day Financial Management

Day to day financial management is delegated to the Headteacher. In the absence of the Headteacher, a Deputy Headteacher may act in his place, except in respect of items detailed in paras 3.1 (virement), 3.5 (write off) and 5 (signature of cheques in excess of £1,000). When the Headteacher delegates certain matters to other members of staff, then it will be notified in writing to the Chair of Governors.

3.1 Virement Limits

The Headteacher is permitted to authorise virements between budget headings up to a maximum of £ 10,000. Where these virement powers are exercised, the details of the budgets affected will be recorded and authorised by the Headteacher, and reported to the next meeting of the Governing Body.

The virement powers cannot be delegated to a Deputy Headteacher.

3.2 Procurement, Purchasing and Ordering limits

The Headteacher is permitted to authorise procurement, purchasing and ordering amounts up to a maximum of £10,000.

3.3 Disposal of Equipment

All disposals of equipment shall be in accordance with the following:

- (i) The Headteacher shall be authorised to dispose of surplus, damaged or scrap stock, materials or equipment on the best possible terms, where the estimated realisable value of the materials does not exceed £500. Where the estimated realisable value exceeds £500, the approval of the Governing Body shall be obtained.
- (ii) If the estimated realisable value of the materials is in excess of £50 but does not exceed £500, the proposed disposal shall be advertised on the staff notice board and staff will be invited to submit sealed bids for the items.
- (iii) If the estimated realisable value of the materials is in excess of £500, quotations shall be invited from at least two sources external to the school. Staff are not precluded from also submitting bids.
- (iv) Records of disposals shall be kept, together with details of bids.

3.4 Write Offs

- (i) The Headteacher shall be authorised to write off any debt owing to the school up to a value of £50 for any one item, provided that s/he is satisfied that proper steps have been taken to mitigate the loss and prevent a recurrence. This may, for example, be in respect of school meals debts; lettings; damage to the school or contents; charges levied by the school (e.g. music tuition). Any debt in excess of this shall be submitted to the Governing Body for approval to be written off.
- (ii) Records of write offs shall be kept.

3.5 Budget Holders

At the commencement of each year, the Headteacher shall decide which staff will be responsible for each area (or sub area) of the budget and shall notify to that member of staff the amount of the budget for the year.

3.6 Budget Holders' Records

Budget holders shall maintain adequate records to enable them to monitor their expenditure.

3.7 Maintenance of Financial Systems

The school's Finance Officer shall maintain the financial systems (Key Solutions) of the school. They will be responsible for the day to day running of these systems and providing monitoring information to the Executive Headteacher and School Business Manager. The Headteacher shall be responsible for the overall direction of the budget.

3.8 Reports to Budget Holders

Budget holders will receive a monthly printout of the expenditure on their budget area to date, which they must check against their own records.

3.9 Ordering

Formal Orders will be placed for all expenditure, except for petty cash items (under £20), staffing and utilities. These orders will be signed by the Headteacher or a Deputy Headteacher. Budget holders may only authorise orders in respect of their own budget area and orders may not be placed in excess of the remaining budget.

Order forms are pre-numbered. Access to order forms is controlled to ensure that blank forms are restricted to authorised staff only. The person requesting the order must sign orders (either directly or through a supporting requisition form), who needs to ensure there is budgetary provision for the purchase. The order should then be approved by an authorised signature.

Where value and/or delivery dates are critical these should be stated on the order. All copies of spoiled orders are marked as such and retained for completeness.

3.10 Quotations and Tenders

In accordance with LBR, three written quotations must be obtained where the estimate of expenditure for an item exceeds £10,000 (as defined in the LA's Scheme for Financing School).

For large building expenditure the school will seek the advice of the Local Authority.

3.11 General Ledger (GL) Checking

The Headteacher, in collaboration with the Finance Officer, is responsible for checking the monthly GL reports and for following up any discrepancies with the LA's Finance Team.

3.12 Delivery of Goods

When goods are delivered an identified member of the Administrative Team will sign for and date receipt of goods. Within a 3 school days' period, the goods will be checked for accuracy on a checklist and this information passed to the Finance Officer for payment of the invoice.

3.13 Invoices

Invoices will be paid within 30 working days on full receipt of services and correct invoice being submitted. Invoices for over £1,000 must be signed for by the Headteacher.

3.14 Inventories

Inventories will be maintained in accordance with the LA's '*Scheme for Financing Schools*'. A member of the school's office staff will update inventories immediately on receipt of goods. Inventories will be checked annually and certified accordingly by the Headteacher.

4. Insurance

The extent of the insurances for the school will be considered on an annual basis by the Governing Body. The school maintains insurance through the LB Redbridge Zurich Insurance Company. A separate and personal insurance is taken through the Local Authority for all pupils and adults undertaking trips.

The school undertakes risk assessments and implements precautions to minimise risk to all staff, pupils and parents.

5. Banking Procedures

The cheque signatories for the bank account are as follows:

Steve Davies, Headteacher;
Kirstie Sothall, Deputy Headteacher;
Rachel Targett-Adams, Deputy Headteacher;
Rabina Khanam, School Business Manager

Each cheque shall be signed by two signatories; for cheques over £1,000 one of the signatories must be the Headteacher.

Cheque payees will not act as a signatory for that cheque.

At the end of each month, the Finance Officer, will reconcile the bank account to the computerised accounting records. The Headteacher will certify the bank reconciliation as correct and sign the bank statement.

6. Security

All equipment should be securely locked away when not in use.

Items entered on the inventory shall be visibly security marked with the school's name and postcode.

Staff may borrow items for educational purposes only and must complete the register on borrowing and on return.

All electronic equipment over the value of £50 will be security marked.

All monies must be stored in the school safe. Keys are kept by the School Business Manager and Finance Officer.

Separate policies exist for ICT and Internet Security.

7. Income

All monies received must be recorded and where the amount paid is in excess of £20 a receipt must be given.

Wherever possible, income will be collected in advance of the service being provided. Where this is not possible, payment terms will be conveyed to the debtor in writing.

8. Lettings: See also the school's Lettings Policy

The Finance Officer/School Business Manager shall be responsible for maintaining the lettings records, i.e. taking bookings, maintaining a lettings diary, and arranging with the school keeping staff for the school to be opened/locked up. Invoices will be raised in advance of the letting taking place. If the fee has not been received (bank cleared cheque) by the date of the letting, then the booking will be cancelled.

The Headteacher will notify the Finance Officer for the raising of invoices. Any follow up for non-payment will be undertaken by Finance Officer and the Headteacher.

9. Petty Cash

The school does not have any petty cash.

10. School Fund

School Fund records will be maintained by the Finance Officer.

The School Fund will be audited each year by a suitable person not employed by the school and unconnected with its operation. Former Governors are not eligible. The Governing Body will appoint the auditor.

An audited statement of income and expenditure will be presented to the Governing Body annually.

The Headteacher will report to the Governing Body on such funds at least once a term.

11. Internet banking controls and procedures

Electronic payments £20,000 limits for individual payments and a total batch limit of £40,000. This will mirror cheque signoff limits.

Note: The Governing Body is required to formally agree the use and operating arrangements for any electronic banking arrangements which may be introduced during the year by London Borough of Redbridge.

Electronic payments are used as it is a convenient and efficient way of managing transactions. To manage and minimise risk of misappropriation/fraud several controls need to be in place.

- Accounts will be set up in Bankline appropriately in line with business need and authorisation limits. Roles and levels of access/authorisation are defined within Bankline appropriately ensuring that there is clear segregation of duties between processor and authoriser. At least one member of the senior leader team in addition to the Headteacher & School Business Leader will have access to Bankline to allow dual authorisation.
- Appropriate Administration rights are set up in Bankline to allow changes to user permissions and limits.
- Roles and levels of access/authorisation are defined in line with business needs ensuring clear segregation between transaction processor and authoriser within the financial management system. Access on the system allows for business continuity covering training, sickness and holiday leave, ensuring that administrator and user are not the same person.
- The authorised Managers/Officers have access to online banking using a security token/cards to monitor the bank account and to set-up and authorise payments. Security token/cards will be held within the school safe.
- Each user has their own User ID which is not shared. Access to Bankline requires two factor authentication, password and pin –digits randomly selected to be entered upon signing in on Bankline.
- Passwords should not be shared amongst users.
- Passwords require a minimum of 8 characters long, containing an upper case letter, a lower case letter and a least one digit and / or special character (e.g. \$, *,!). Users to be set up ticking the strong password option.
- The Bank Mandate clearly stipulates who has the power to authorise on-line payments of this nature.
- User access levels to Bankline can be printed and should be reviewed periodically.
- All computers with access to online banking facilities are secure and up to date with anti-virus, spyware and firewall software.
- IT policies and procedures are up to date to covering electronic payments including Bankline so staff are aware of the expected IT standards to be followed. This includes IT policies covering security / passwords.
- Staff are adequately trained to set up/use the systems (financial system and Bankline) for Electronic Payments.
- There is insurance cover for fraudulent transactions covering electronic payments.

Where payments are made by electronic methods:-

- The school maintains an up to date list of suppliers, who require payment by electronic methods. (This list should be validated by an authorised officer and bank details checked carefully when loaded to the School's Finance System).
- The initial upload of suppliers must be validated by an independent authorising officer. The officer uploading must provide and retain evidence i.e. bank details on original letter headed paper provided by the Supplier. A report can be run from the financial system detailing all Supplier information. Independent authorised officer as well as checking original documentation must phone supplier accounts department to verify account number and sort code. Verification to be documented and signed by authorising officer (signing supplier information report and also supplier evidence).
- Any changes to the supplier listing must be validated, a system generated audit report to be signed by an authorising officer before any payment run which lists all changes to supplier details. Sign off denoting evidence of check. This report is also retained if there are nil changes. Any changes to supplier information needs to be supported by original third party documentation and phoning supplier account department.
- An electronic payments schedule is produced by Schools System which shows payment details.
- The Schedule is approved, signed and dated by two signatories (authoriser may be part of SLT).
- The relevant invoices are checked, initialled and dated by at least one signatory.
- Following this report a txt file is created.
- The electronic payment text file is securely saved within a restricted access folder. Access to this folder is restricted to processing officer. Txt file can be changed so need to submit as soon as produced.
- No payments can be made within Bankline without the use of an electronic payment text file.
- The school will notify LBR – Corporate Accounting Corporate.Accounting@redbridge.gov.uk of any total electronic payment over £25,000 at least 1 working day before the payment is made on Bankline to ensure that the Council has adequate funds in terms of Treasury Management.
- The authorised officers will up-load the electronic Payments payment to the bank. Two separate electronic Payments approvers need to authorise the electronic payments run within online banking before it will be actioned by the bank. (There should be a clear segregation of duties between preparing the payment details schedules and authorising the payment.) Cards and card readers are required to authorise payment.
- Reports are printed at final authorisation stage to cross check sort code, account number and amount against BACs report from the Financial System to ensure that the file has not been interfered with. Also at this authorisation stage the supplier changes report should also be checked against the payments to be authorised on line. The bank account is checked to ensure that there are sufficient funds for the payment to be processed. These documents are signed by processing officer and the two authorising officers (authoriser may be part of SLT).
- Imported files and system payment reports are kept on the school file server as per LBR's retention policy. The electronic payment schedules and summaries are retained in accordance with retention periods for financial/accounting records and filed appropriately.
- Processed electronic payment files are to be stored securely under a processed folder, reducing the risk of a file being loaded twice.

- BACs processing date is payment date – this needs to be set reasonably well in advance to allow authorisation to take place. Authorisation on Bankline must be done day before payment date.
- At the beginning of every month a bank reconciliation is prepared and reports are run covering monthly payments and receipts. The School Business Manager reviews these along with the bank statement and deposits information to make sure all payments and receipts agree with the bank statement. All transactions shown on the monthly bank statement are reviewed and checked by the School Business Leader. The bank statement is then signed by the School Business Leader/ Finance Assistant to confirm that all transactions are in order.