

## **14. FINANCE POLICY AND PROCEDURES**

### **1. GENERAL**

- 1.1 The overall management of the school budget is the responsibility of the whole governing body.
- 1.2 Day to day financial management is delegated to the Headteacher, who will be guided by an identified Deputy Headteacher and the Director of Finance.
- 1.3 An identified Deputy Headteacher and the Director of Finance are responsible for ensuring that instructions/guidance from the Local Authority is actioned.
- 1.4 This Finance Policy and Procedures document should be read in conjunction with the *School Finance Guide* (Local Authority financial procedures guide); Trinity Financial Regulations and EFA School Financial Management Value Standard in Schools and is additional to the L.B. Redbridge Standing Orders.
- 1.5 This Finance Policy and Procedures document is subject to review every year, or on the change of the Headteacher.

### **2. BUDGET PREPARATION AND REPORTING**

- 2.1 The budget will be prepared by the Headmaster, Deputies and Director of Finance, having due regard to the priorities in the School Development Plan.
- 2.2 The Governing Body is required to approve the budget by the 1<sup>st</sup> May, in line with Dfes requirements.
- 2.3 The Director of Finance will prepare a financial report for the Headteacher on a minimum of a termly basis. This will detail the initial budget, expenditure to date, an outline of the budget variances, and a projection of income and expenditure to the year-end. This will then be reported to the Governing Body for formal approval at their next meeting and forwarded to the LEA.
- 2.4 As soon as possible after the end of the financial year, the Director of Finance shall submit a copy of the new financial year's school budget to the LEA for loading to the Local Authority's accountancy reporting system (*Agresso*).

### **3. DAY TO DAY FINANCIAL MANAGEMENT**

#### **3.1 Virement Limits:**

The Headteacher is permitted to authorise virements between budget headings up to a maximum of £10,000. Virements are cumulative e.g. two virements of £5,000 cannot be made from the same budget. The £10,000 limit applies to the budget being vired from, not the budget being vired to. Virements in excess of £10,000 are to be agreed by the Governing Body.

Where these virement powers are exercised, the details of the budgets affected will be recorded in writing and authorised by the headmaster, and reported to the next meeting of the Governing Body.

#### **3.2 Budget Holders:**

At the beginning of each financial year, the Deputy Headteacher/Director of Finance shall decide which staff will be responsible for each area (or sub area) of the budget, and shall notify that member of staff of the amount in the budget for the year. A register of authorised signatures will be held of all staff responsible.

### 3.3 Budget Allocation:

Budgets are allocated to budget holders by the Director of Finance, following consultation with all Deputies.

### 3.4 Budget Holder Records:

Budget holders shall maintain appropriate records to enable them to monitor their expenditure/income. It is the responsibility of all budget holders to ensure that funds are spent appropriately within the concept of *Best Value*.

### 3.5 Maintenance of Financial Systems (School Bank Account):

The Finance Officer shall maintain the financial systems (Agresso & Sims) of the school and will report on the monitoring of the bank account to the Director of Finance.

### 3.6 Reports to Budget Holders:

Agresso provides each budget holder with live access to the income and expenditure on their budget area. Budget holders are responsible for checking these against his/her own records. The budget holder will then deal with any discrepancies accordingly.

### 3.7 Ordering of Goods and Services:

Formal orders will be placed for all expenditure, except for petty cash items and staffing and utilities. Budget holders raise orders by completing an official order form supplied by the Finance Officer, specifying the full school address and an appropriate departmental reference for location purposes.

- i) The orders are entered onto Agresso they are then checked and authorised by the budget holder on Agresso. The Headmaster in his absence an identified Deputy Headteacher/Director of Finance will then authorise these orders. Orders are then finally authorised before being sent by the Director of Finance. Budget holders may only order goods and services in respect of their own budget area and orders may not be placed in excess of their remaining budget. The Finance Officer shall check this prior to entering the order.
- ii) Internet purchases' are only allowed in exceptional cases to ensure best value and only with prior approval from the Director of Finance. Normal budgetary control procedures apply, i.e. the decision to purchase must be made by the budget holder and a written order produced and retained, duly authorised;
  - appropriate receipts and VAT documentation must be obtained
  - it is up to the person ordering the goods to satisfy themselves that the site they are purchasing from is genuine;
  - where the supplier cannot invoice the school, the school holds a procurement card that finance can use. Each transaction has to be approved by the identified Deputy Headteacher and the Director of Finance in addition to the budget holder before it is enacted via the Senior Finance Officer. Where a member of staff uses their own personal credit card to purchase goods, the cardholder is responsible for any loss arising; the school does not issue any indemnity.

Once authorised, one copy of the order form is despatched to the supplier. A second copy is held by the budget holder for file, a third copy is retained via the Agresso system/ Finance officer. Trinity uses LBR Agresso accounts system and orders and invoice details are stored electronically. The Finance Officer retains a record of all commitments against budgets and consequent expenditure. Regarding telephone orders, these must not be placed unless authorisation has been given by the Headmaster /identified Deputy Head/Director of Finance.

After goods are delivered, electronic orders will have invoices sent directly to LBR, budget holders will be requested to receipt the goods electronically, paper invoices within school should be signed and marked 'complete/not complete' to identify goods, which have been received and paid to avoid any duplicated payments.

Official orders must not be used for personal purchases.

### 3.8 Expenditure:

i) Payments to contractors, suppliers, etc will be made wherever possible by Bacs payment via the Agresso system. Once budget holders have "Goods Received" their supplies, the invoices are paid automatically provided they are in the approved tolerance of the order value. Any other invoice will be passed to the Finance Officer for checking and processing. Payment should only be made against original invoices, to avoid risk of duplicated payment.

#### iv) Petty Cash:

Petty cash records will be maintained by a designated officer in the main uppersite and lowersite school offices.

The petty cash imprest is £70 per lowersite, £200 uppersite.

The maximum claim for petty cash is £30. Above this amount, reimbursement will be made by cheque.

Following expenditure (up to £30), the budget holder must complete a petty cash claim form and submit it, together with supporting documentation/receipts, etc, to the Petty Cash Officer, prior to the Headmaster or identified Deputy on the lowersite, approving the payment accordingly. This should include notification of the budget heading from which the payment should be drawn.

In cases where an official order is inappropriate the Director of Finance may give prior agreement to exceed the £30 petty cash limit up to a maximum sum of £300.

The signature of the recipient is required in respect of petty cash refunds.

Personal cheques cannot be cashed.

### 3.9 Income:

i) Collection of payments from pupils regarding planned visits, purchase of revision guides etc: payment by ParentPay /cheque should be encouraged to reduce cash handling as much as possible.

Monies must be passed to the finance office immediately.

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.

A receipt will be issued for all monies collected.

ii) Hire of Premises: The Heads of Site are responsible for maintaining the lettings records, i.e. taking bookings, maintaining a lettings diary and arranging with the caretaking staff for the school to be opened and locked up. Invoices will be raised in advance of the letting taking place. If the fee is not received (bank-cleared cheque) by the date of the letting, then it will be cancelled. Any follow up for non payment will be undertaken by the Heads of Site, who will also check the lettings diary to ensure invoices have been raised for all lettings.

iii) Miscellaneous income (vending machines/tuckshop): This is dealt with by the Finance Officer, receipts are issued where appropriate and income is recorded in the appropriate way.

iv) Procedure for dealing with Cheques/Cash: All cheques/cash must be secured in the school safes and banked regularly, at least weekly.

### 3.10 Delivery of Goods:

It is the budget holder's responsibility to check that goods are as ordered and in good condition on opening. The budget holder should deal with any problems directly with the supplier, prior to payment for the goods being authorised. Delivery notes must be checked by the budget holder for accuracy, signed as being correct and a copy sent to finance for goods receipting. All goods should be stored and security marked as appropriate.

Invoices should be cross-checked to the order by the Budget Holder to ensure goods received are in accordance with the order placed. Prices should be verified for correctness (i.e. correct arithmetic, proper discounts taken, correct accounting regarding VAT).

### 3.11 Quotations and Tenders:

In accordance with LBR regulations, at least one written quotation must be obtained for items up to £15,000, two written quotes obtained for items between £15,001 and £50,000, three written quotations must be obtained where the estimate of expenditure for an item is in the value range £50,000-EU threshold in any one year. The open tender process must be followed for any order or contract in excess of the EU threshold.

### 3.12 *Agresso* Monitoring:

The Director of Finance, is responsible for the monthly checking of the *Agresso* and for the ongoing monitoring of the school budget. Discrepancies shall be raised with Education Finance.

### 3.13 Finance Records:

i) Computer records are accessible only by password holders (Finance Officers, Director of Finance, Budget Holders). Records are retained for finance staff and the relevant budget holders only. The *Agresso* system is data controlled; budget holders are given access to view their own accounts only.

ii) Orders placed are kept in the finance records, together with relevant documents (delivery notes (by budget holder), invoices, receipts, etc).

iii) A record of all transactions must be kept.

iv) Information relating to VAT declarations must be kept.

v) Monthly reconciliations of records with bank statements must be made.

### 3.14 Documents:

i) Financial documents should be marked in accordance with the system set up for tracing transactions, so there is a clear audit trail. Documents should not be altered. In the event of an error in a document, clear authorisation showing corrections should be made in ink and signed on the document if a replacement cannot be issued (no correcting fluid should be used).

ii) Invoices must be checked against the order to which they relate. No goods may be paid for which have not been ordered and authorised. Original invoices only must be processed (in the event of an invoice not being received or being lost, a copy invoice must be requested from the supplier). Invoices and copy orders should be cross-referenced with the order/invoice number and value, the relevant Bacs, cheque number and date, and assigned reference

numbers for audit trail purposes. All invoices must be filed in such a way as to make them easily traceable.

iii) Finance documents must be filed and stored for 6 clear years.

### 3.15 Staff Duties:

i) In the absence of the Finance Officer, who deals with the day to day activities of the school bank account, the Director of Finance will endeavour to cover with other finance staff.

ii) In the absence of the Director of Finance, the Finance Officer is familiar with some of the financial duties and may cover these. An identified Deputy Headteacher would be consulted for advice/decisions normally given by the Director of Finance.

iii) In the absence of the identified Deputy Head, the Director of Finance would consult with the Headteacher on matters normally dealt with by that post.

### 3.16 Computerised back-up procedures:

i) Data stored in relation to the main school finances on Sims and Excel is held on the main school file server, which is backed up daily. Central backup is done by LBR for Agresso.

ii) Where finance packages require separate records to be held on personal computers, a back up is taken when records are updated.

## 4 BANKING PROCEDURES

i) Cheques must be signed by *any two different* authorised signatories one from each of list A and B except for payments above £1,000, when one signatory *must* be the Headteacher or Deputy Headteacher

List A

List B

Headteacher;

Director of Finance

Deputy Headteacher

Senior Finance

Director of Finance

Finance Officer

ii) Cheques must only be written against verified invoices or authorised claim forms.

iii) The Headteacher is able to authorise expenditure on day to day items and services up to a limit of £90,000 on any one item. Authorisation in excess of this amount shall be referred to the Governing Body.

iv) The cheque number should be marked on the invoice to which it corresponds. The Finance Officer should record all payments promptly on the school's accounting system.

v) Cheque payments relating to orders placed directly by staff members on the approved signatory list should be signed by other persons on that list. Any payment made to staff will be approved by two other authorised signatories before payment.

vi) Generally, payments must be made only for goods received, but occasionally a worthwhile discount is available for payment with the order; this should only be permitted in dealings with known, reputable suppliers.

vii) Personal cheques may not be encashed through the school's accounting system.

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

## **5 INVENTORIES:**

Under the supervision of the Director of Finance, the school is required to retain a permanent record of furniture, equipment and items of value. Each department should undertake an annual review of its contents. Preferably, somebody who is not a budget holder (e.g. a technician) should arrange this.

The main purposes of the inventory are to:

- Help the school to manage its assets and to plan for their replacement
- Ensure that the school is undertaking safe custody of its assets and that departments are sharing in that responsibility
- Support insurance claims in the event of fire, theft or other losses

It is important that ALL relevant items valued over £100 are recorded on the inventory. This means that items which belong to staff or pupils but which are used on a regular basis at the school should be recorded (although their owners are still responsible for their own insurance cover).

Although each department should carry out this check annually, at least, the best way of keeping an inventory is to update it when each new item is received. However, when a Head of Department/Faculty leaves, the inventory should be checked as a matter of procedure.

The inventory should be kept in a safe and secure place with a copy retained within the department.

The specific items, which should be recorded, are:

- All electrical, mechanical, pressurised equipment, tools, and audio-visual aids equipment (irrespective of value). This is for health and safety purposes.
- Musical instruments, cameras, binoculars and microscopes (with a unit value exceeding £50).
- Books with a unit value of £20 or more.
- All other items (including furniture and equipment) with a unit value of more than £100 and an expected life exceeding two years.

Inventories should be recorded either in ink or in computer form and the Head of Department/Faculty or budget holder should certify each page. The inventory should clearly identify a description of the item, together with its location, make, model and serial number (if appropriate); books will need titles, author, publisher, date of publication, hard or soft back; date acquired, transferred, stolen or lost, disposed or written off.

New items should be entered directly in the inventory on purchase.

Inventories will be maintained in line with Trinity financial regulations and will be checked annually by the Finance officer and certified accordingly.

## **6 INSURANCE**

The Governors of Trinity purchase insurance cover through the Diocese of Brentwood, the L.B. Redbridge and Schools Advisory Service. The extent of insurance cover will be considered on an annual basis by Governors.

## **7 BAD DEBTS/DISPOSAL OF EQUIPMENT**

All bad debt write offs, and all disposals of equipment shall be in accordance with the following:

6.1 Write Offs: These arise where stock, equipment, materials or money are irrecoverable (damaged, destroyed or lost), with the school having exhausted all cost-effective options for recovering debts.

The Headmaster shall be authorised to write off any debt owing to the school upto a value of £300 for any one item, provided that he is satisfied that proper steps have been taken to mitigate the loss and prevent a recurrence. This may for example be in relation to damage to school or contents, charges levied by the school e.g. music tuition.

i) A clear record must be kept of any items written off.

6.2 Disposals: These arise when stock; equipment and materials are no longer required.

i) The Headteacher shall be authorised to dispose of surplus, damaged or scrap stock, materials or equipment where the estimated realisable value of the material does not exceed £500. Where the estimated realised value does exceed £500, the approval of the Governors shall be obtained. The Headmaster will delegate responsibility to the Director of Uppersite and the Director of Lowersite, who will sign and date all inventories giving approval for the disposals.

ii) If the estimated realised value of the materials is in excess of £50 but does not exceed £500, the proposed disposal may be advertised (if deemed appropriate) on the staff notice board and staff will be invited to submit sealed bids for the items.

iii) If the estimated realised value of the materials is in excess of £500, quotations may 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.

## **8 SECURITY:**

7.1 All equipment, where practical, should be securely locked away when not in use.

7.2 Items entered on the inventory shall be visibly security marked with the school name and post code. The department responsible for the equipment is responsible for arranging this. ICT equipment will be listed on both departmental and the whole school ICT inventory.

7.3 Loan of Assets: Items of school property should not be removed from the premises without authority. The person taking the equipment should sign a record of any loan and the record updated when the asset is returned. In general, equipment should not be loaned to pupils, although there may be special circumstances where this will be acceptable.

7.4 All monies must be stored in the school safes.

## **8 SCHOOL FUND/ GOVENORS ACCOUNT/ GIFT AID ACCOUNT:**

- 8.1 School Fund/Governors and Gift Aid records are maintained by the identified Finance Officers.
- 8.2 Trinity Financial Regulations show the detail of transacting within these accounts. Every expenditure has to be approved in advance where possible by either the Headteacher or any two identified Deputies or the Director of Finance.
- 8.3 The School Fund/ Governors and Gift Aid accounts will be audited each year by a suitable person not employed by the school and unconnected with its operation. The Governing Body will appoint the auditor.
- 8.4 An audited statement of income and expenditure will be presented to the Governing Body.
- 8.5 The headteacher will report to the Governing Body on such funds on a regular basis.

## **9 BEST VALUE:**

The school is required to consider the concept of *Best Value* in relation to expenditure of funds from the delegated budget. An appropriate statement, as approved by the governing body, should be submitted to the LEA confirming that the school operates its budget according to *Best Value* principles.

REVIEWED JUNE 17

**Approved by the Governing Body :**