

ST. MICHAEL'S CHURCH SCHOOL
FINANCE POLICY



St. Michael's
Church School

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FINANCE POLICY

Policy Review Schedule

Version	Author	Summary	Review Date	Next Review
1.0	P Nuzzo		Sept 2012	Sept 2015
1.1	P Nuzzo	Update to include changes in job roles and delegation of duties	July 2019	July 2020
1.2	C Munroe	Update to include changes in processes and delegation of duties	June 2020	July 2021
1.3	P Nuzzo	Updated to reflect current practices	July 2021	July 2022
1.4	P Nuzzo	No Amends	July 2022	July 2023
1.5	P Nuzzo	Minor Amends, BACS and Credit Card Info Updated	July 2023	July 2024
1.6	P Nuzzo	No Amends	July 2024	July 2025

Section One: Organisation of Responsibility and Accountability

Governing Body

- The Governing Body has overall responsibility for all financial matters at St Michael's Church School. To ensure the efficiency of this responsibility, the Governing Body has been set up, with Terms of Reference.
- The Governing Body will observe the requirements of the Peterborough City Council and its' responsibility for the financial management of the school and the budget through the Finance Committee.
- The Governing Body meet at half-termly to oversee the budget and make decisions with the Headteacher, in line with Terms of References for Finance Committee.
- The School Business Manager provides the finance committee with a copy of the Monitoring Return and Finance report at each Governing Body meeting to update the Governors on the current expenditure, including Committed Expenditure.
- The Governing Body will delegate the day-to-day financial management of the school to the Headteacher, within authorised discretionary limits. The Headteacher holds expenditure authority up to £5,000, without prior consent from the Governing Body.
- The Governing Body will consider the financial implications of the School's Development Plan.
- The Clerk to the Governors holds a *Register of Pecuniary Interests* which lists the business interests for each member of the Governing Body, members of Staff, and any member of their immediate family, to demonstrate that, in spending public money, there is no conflict between their business and personal interests and affairs of the school. The *Register* is maintained and updated annually by the Clerk to the Governors and is placed on the school website. However, this will be an item on every Governor's Agenda should any amendments be necessary.

The Finance Committee

- The Finance Committee will operate and comply with the governing body's Standing Orders for its' structure, organisation, procedures and responsibilities.
- The Finance Committee shall meet with the School Business Manager prior to every Full Governing body meeting and during budget setting and end of year procedures to assess progress and also to ensure on-going monitoring occurs at a frequency to enable sufficient time for remedial action if issues are found. All matters to be minuted and reported back at the next full Governors' meeting.
- The Finance Committee will provide guidance and assistance to the Headteacher and the Governing Body in all matters relating to budgeting and finance.
- The Finance Committee will consider the draft school budget in May each year in conjunction with the Headteacher and SBM and, once the final LA figures are available, present the budget for approval to the Governing Body.

Headteacher

- The Headteacher is responsible for the day to day running of school finances paying due regard to the agreed School Development Plan and its priorities.
- The Headteacher must ensure the school has in place adequate systems of internal control, segregation of duties and delegation of duties so that the LA financial regulations and recommendations for best practice are complied with.
- The Headteacher will scrutinise budget reports, VAT returns and bank reconciliations to ensure they accurately reflect the school's financial position and that they are produced in accordance with the LA's timetable and report any significant budget variances to the Finance Link Governor.
- The Headteacher can authorise individual orders for services or equipment up to a value of £5,000.
- If the Headteacher has concern about the delegated budget or other aspects of finance within the school, the Chair of the Governing Body shall be informed immediately.
- The Headteacher will prepare, in conjunction with the SBM, SLT and Finance Committee, the draft annual budget, once final figures are available, to present the final budget for recommendation to the Governing Body.
- The Headteacher must ensure that financial control is maintained in the absence of the SBM and in the event of long-term absence to arrange for cover from PCC.
- It is the Headteacher's responsibility to ensure that the Deputy Headteacher and Assistant Headteacher's understands, in detail, and are kept up to date, with the school's financial position.
- The Headteacher will liaise with the LA and SBM to effect and review insurance arrangements.
- The Headteacher, alongside the SBM and ICT Lead, will ensure the School's asset register is maintained and updated appropriately.
- The Headteacher will choose whether to allocate budgets to budget holders. Budget holders will be advised of the amount allocated to them as early as possible in the financial year.

School Business Manager will;-

- Maintain and ensure the schools Internal Financial Procedures are accurate and up to date.
- Regularly monitor the school's bank account cash flow to ensure adequate funds are available to meet commitments.
- Reconcile bank statements to Cash Accounts, and resolve any queries arising.
- Keep accurate records of all financial transactions. To scrutinise budget reports, VAT returns and bank reconciliations to ensure they accurately reflect the school's financial position and that they are produced in accordance with the LA's timetable and report any significant budget variances to the Finance Committee.

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- Scrutinise all transactions to ensure they are within budget and have been correctly authorised.
- Monitor budget balances and report to the Headteacher and Budget Holders through SLT meetings.
- Balance and prepare the monthly check sheet for approval of the Headteacher, in accordance with Consistent Financial Reporting requirements, for submission to the LA.
- Keep all cash and cheques securely; the Senior Administrator (Finance) will be responsible for making sure that the banking of all monies is done on a regular basis. Banking routines must be varied in order to reduce, as far as possible, any risks. The School Business Manager will ensure insured cash limits are not exceeded.
- Carry out all procedures in accordance with PCC policy and recommendations for best practice and this Finance Policy.
- Prepare school budget with School's Financial Advisor under guidance of Headteacher.
- Produce reports and supporting documents for the Finance Committee meetings.
- Attend Governors meeting to update Governors on present position of the budget.
- Produce requested 'Ad hoc' reporting requirements by the governing body, LA, SLT, HT or budget holders.
- Liaise with Barclays Bank regarding operation of the School's Bank Account.
- Operate School's letting policy.
- Check payroll reports for the Headteacher to authorise. Keep copies of time sheets, supply teacher claims and claims for additional hours/bi-claims.
- Liaise with School's Financial Advisor to resolve any queries, including preparation of Cash Flow Forecasts.
- Operate Teacher's Sickness Insurance Scheme.
- Liaise with Insurance Department to resolve any claims on the School's Insurance Policy.
- Keep up to date Inventory
- Identify surplus equipment or goods for re-sale
- Maintain the 'Asset Register'.
- Monitor the school's income and expenditure against the budget and to report any significant variance to the Headteacher.
- Ensure that all returns and statements accurately reflect the school's financial records and are produced to the LA within the required timescale.
- Ensure all financial records will be kept securely for seven years as required by law.

Senior Administrator (Finance) will:

- Order stationery, materials and equipment in when validated by the SBM, and approved by the Headteacher.
- Prepare invoices for processing and for authorising by the Headteacher.
- Generate invoices for any money due to the school and ensure all monies due are received.
- Collect, check, record and bank:
 - a. Dinner Money
 - b. Trip money
 - c. Sales of other items i.e. water bottles, revision books
- Ensure all monies received are banked regularly in accordance with procedures and chequebooks and receipt books are locked away securely.

Support Staff who Assist Office

- Receive and sign for goods.
- Check delivery notes against goods received. Advise School Business Manager of any discrepancies to resolve with supplier.

Site Manager

- Responsible for stock control and storage of all cleaning and domestic materials. All orders must be submitted to the SBM for validation before passing to the Headteacher for authorisation.
- Identifying repairs needed to school property and liaising with Property Services or school's independent contractor accordingly.
- Obtaining quotations for maintenance/development work under instruction from Headteacher and in accordance with the School's Best Value for Money policy. All quotes should be shared with the Headteacher for approval and the SBM for inputting onto the school financial system as a commitment.
- Monitoring the quality of maintenance work undertaken by contractors.
- Monitoring the charges made by small contractors to ensure they remain competitive.
- Ensuring that any new contractor instructed by the school to carry out work has the relevant Construction Industry Tax Scheme certification.
- Recording details of vandalism.

Section Two: Budgets

Setting the Budget

- On an annual basis, the school will produce a School Development Plan stating aims and objectives in sufficient detail to aid the construction of the budget plans.
- The Headteacher in consultation with staff and Governors will produce a list of budget priorities and a draft budget in May for consideration by the Governing Body and then for formal approval by the Governing Body before the LA deadline for Budget Returns. This budget should show clear links with the aims and objectives of the School Development Plan.
- The Governing Body will ensure that planned expenditure does not exceed the available budget - allowing for all conceivable contingencies.
- The SBM will forward the approved budget to the LA. All relevant members of staff will receive detailed information.

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Monitoring the Budget

- The School Business Manager will prepare monthly Monitoring Returns, in line with Consistent Financial Reporting requirements, for submission to the LA.
- The School Business Manager will provide regular reports on spending to the Governing Body, including sums committed but not yet paid.
- The Headteacher and Governing Body will assess progress against the budget priorities articulated in the School Improvement Plan.
- The Headteacher will consult the Governing Body regularly to ensure that the information they are receiving is clear and relevant.
- The Headteacher will report to the Governing Body any proposal for policy changes, which may significantly change the budget.
- The Governing Body will not incur any expenditure of a capital nature, if this exceeds the funds available, without the written approval of the LA.

Budget Virement and Expenditure Limit

- The Headteacher may not vire amounts of £5,000 or more between budget headings without prior consultation with the Governing Body.
- The Governing Body can authorise virement and expenditure over £5000.

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Discretionary Limits for Expenditure Authorisation

Expenditure up to the recorded limits can be authorised as follows;

<u>Total Value</u>	<u>Requirements</u>	<u>Responsibility</u>
Under £1000	Best Value	Budget Holder
£1000 - £5,000	2 written quotes	Headteacher *
£5001 - £50000	3 written quotes	Governors
£50,000 +	Treated according to section 11 of LA Financial Regulations	Governors

* Deputy Head/Assistant Heads – as above only when formally acting as the head teacher due to his/her prolonged absence.

Where there is the need for Emergency repairs/replacements or only one supplier for purchases over £1000 and the above procedures are unable to be complied with, then the SBM may first have to obtain an exemption direct from the Headteacher.

- Agreements/Contracts

Every contract must be in writing. All Agreements/Contracts up to the recorded limits can be authorised as follows;

<u>Total Value</u>	<u>Responsibility</u>
up to £5,000	Headteacher
£5,001 - £50,000	Governors

Under no circumstances should any member of staff, other than the Headteacher, sign any contract document provided by a supplier. Such documents can create legally enforceable obligations and financial commitments on the school and are against Peterborough City Council financial regulations.

Section Three: Internal Financial Control

1. School Delegated Budget – General

The Governing Body:

Is responsible for ensuring that the duties of staff concerned with financial transactions are distributed, as far as its practicable, between two people so that the work of one will act as a check on the work of the other. See SFVS document.

- will ensure that written descriptions of financial systems are kept up to date. The School Business Manager, Headteacher and, where possible, the Deputy Head/ Assistant Heads will be trained appropriately.

The Headteacher:

- will ensure that financial control is maintained in the absence of the School Business Manager. The Headteacher will endeavour to ensure that the Assistant Heads are kept up to date with the current financial situation.

Staff with Financial control Duties;

Headteacher

Deputy Headteacher

Assistant Heads

School Business Manager

Site Manager

Catering Manager

Headteacher, School Business Manager and Senior Administrator (Finance)

will have access to the delegated budget records on the computer E1 systems, in addition to the information available to the Deputy Headteacher/Assistant Heads and Governors.

Deputy Headteacher/Assistant Heads and Governors

will have access to the following:

- a. all records of expenditure, debits and credits
- b. all invoices and orders
- c. bank statements and correspondence
- d. monthly Monitoring Returns

Alterations to any original documents such as cheques, invoices, orders and other vouchers should be made clearly in ink.

The school will maintain clear and accurate accounting records and keep them securely.

2. School Delegated Budget – Purchase of Goods and Supplies

Value for money

- The Governing Body will ensure that the school obtains best value for money from any major purchase by testing the market before committing itself to any major expenditure. 3 quotes will be required for purchases over £1000.
- Three written quotations will be obtained for any major work undertaken in the school. This will be undertaken by the School's Site Manager or an appropriate member of staff. The quotations will be discussed with the Headteacher and SBM before any quote is accepted in line with ensuring the best value for money.
- When necessary, quotations will be discussed by the Governing Body before any major decision is made. Reasons for accepting any but the lowest quotation should be recorded in the minutes of the meeting.

Exceptions:

- For ongoing development work, e.g. door and window replacement programme, it will not be necessary to obtain a new quotation if the previous quotation is less than 6 months old.
- In an emergency, where the School's Health & Safety or Security is a risk, the Headteacher can liaise with the Chair of Governors to agree expenditure over £1000, without applying usual value for money

Placing an Order

Staff Authorised to Raise an Order:

All Staff

Staff Authorised to Certify an Order:

Headteacher

Deputy Headteacher

Assistant Heads

School Business Manager

- All orders must be submitted through the staff portal, orders will then be analysed by the SBM, who will ensure there is sufficient budget for the purchase before passing to the Headteacher or Deputy Head/Assistant Heads for approval.

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- All official orders must be placed by the Finance team who will make sure that Financial Regulations are complied with. Orders will be raised through the computerised accounting system, which will allocate an order number, printed onto official Order stationery and signed by an Authorised Signatory (Headteacher, Deputy Headteacher, SBM).
- A telephone order will be confirmed by an official computer generated order. Such orders will be kept to a minimum.
- Copies of all orders are kept in a folder in order number sequence.
- The same person cannot raise and certify an order
- Orders for any food items should be placed with either the Beehive Lead or Food Tech TA through the official school order portal, signed and authorised by the headteacher. These items will then be purchased through the School's grocery account and charged to the relevant budget code on receipt of invoice.

Additional Information

- Members of staff may not use official orders to obtain goods for their private use.
- Subject Co-ordinators will liaise with staff and the Headteacher for intended purchases before raising an order.
- Goods can be ordered on approval, but if a decision is made to keep the goods, an internal order form must be completed and authorised.
- When authorising orders, the Headteacher/Assistant Heads must be sure that the goods ordered are appropriate, needed and within the budget provision.

Receipt of Goods

Staff Authorised to Check Deliveries

OFFICE ADMINISTRATORS / APPRENTICES

TEACHING ASSISTANTS / APPRENTICES

SITE STAFF

Catering Team

- All goods received are checked against the delivery note to ensure they are complete.
- The person checking the order will sign the delivery note to confirm the goods have been checked.
- The delivery note will be passed to the School Business Manager / School Business Assistant to confirm the goods have been received prior to the invoice being paid.
- Any discrepancies are notified to the School Business Manager / School Business Assistant who will liaise with the supplier.

Payment of Invoices

Staff who are able to Authorise Invoices:

Headteacher

Assistant Heads

School Business Manager

Staff Authorised to raise cheques:

School Business Manager

Senior Administrator (Finance)

Staff Authorised to Sign Cheques

Headteacher

Assistant Headteacher

1 Class Teacher

Any two signatories are able to sign cheques.

Staff Authorised to raise BAC's payments

School Business Manager.

Assistant Headteacher

Once all invoices have been processed and passed to the Headteacher to authorise, the SBM will log into the school online banking portal and raise a BAC's payment of invoices. Once this has happened a secondary authorised person will log in with their own log in details and authorise the payments to be made.

All agreed invoices should be paid within 30 days in accordance with the Council's Charter for Business.

- Invoices for ordered goods should have a corresponding delivery note, which has been signed by the person who checked the order.
- If a delivery note is not available, the original invoice should be signed by the person who received and checked the goods to confirm it is correct.
- The invoice will be checked against the original order processed on the computer system.
- When an invoice is paid, it will be stamped and the following information recorded:
 - a. Initials of person who checked the invoice for accuracy.
 - b. Budget code.
 - c. Analysis code if this differs from budget code.
 - d. Payment run number
 - e. Date Paid.

- f. Signature of person authorising the invoice.
- The authorised invoice will be filed in alpha order.

Additional Information

- Payment of Services - The invoice amount will be verified against the Service Level Agreement (PCC Services) or original contract details before paying.
- The school will not make a payment on a photocopied invoice or statement.
- The school is able to pay on a duplicate invoice issued by the Supplier if it has been checked that payment has not been previously passed and this is certified by the Headteacher.
- Where possible, the school will pay suppliers by standing order on a regular monthly basis to optimise interest.

Procurement Card

It is sometimes necessary to use the school business credit card to order and pay for goods which cannot be purchased with an invoice.

The headteacher and the SBM hold a credit card issued in the school name. The credit limit on the credit card is £4000.

Each month the credit card statement is reconciled with the purchase invoices raised for items purchased.

Staff Expenditure

Staff Responsible for Staff Expenditure

School Business Manager

Staff who are able to Authorise Staff Expenditure

Headteacher

School Business Manager

- The school does not encourage staff to buy goods using their own funds. However, the school recognises that there will be occasions when staff need to make small purchases for lessons, i.e. fresh baking ingredients for cooking or when substantial savings can be made on small items.
- Staff expenditure must be agreed in principle by the Headteacher or Assistant Heads before the purchase is made and there must be adequate provision in the relevant budget.
- No purchase should exceed £75
- An official receipt, identifying the VAT element where possible, must be provided to the School Business Assistant to make a claim on staff expenditure, signed by the claimant.

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- The Headteacher must sign the expenditure form before any reimbursement can be made. In the case of the Headteacher requesting re-imburement a member of the SLT should authorise before payment is made.
- Reimbursements will be made by Cheque / BACs
- No loyalty cards should be used when purchasing goods as this could be seen as a tax benefit to the employee.
- Reimbursement forms can be found on the staff portal

2. School Delegated Budget - Income

Examples of Income Expected

School Dinner Money

Sales of School Materials, e.g. uniform

Teacher Sickness / Maternity Insurance Settlements

Property Insurance Settlements

Parental Contributions

Lettings

Solar Panels

Raising Invoices

Staff Responsible for Raising Invoices

School Business Manager

Senior Administrator (Finance)

- Invoices for lettings will be issued at the end of each term requesting payment for the following term in advance, unless otherwise agreed.
- Invoices for services provided or requesting reimbursement of expenditure, particularly from Peterborough City Council, will be issued on a regular basis.
- Each invoice will be given a unique reference number and a copy will be kept for reference.
- When payment is received, the copy invoice will be annotated accordingly and filed, with any corresponding paperwork in month order for future reference.
- The School Business Manager will monitor receipt of payment for all invoices. If payment is not made within 30 days of the invoice date, the School Business Manager will follow the School's Debt Collection Policy

School Dinner Money

- Dinner Money is administered through the SchoolGrid System.
- Dinner money is paid in advance using the School Grid system.
- At the end of each week, a return giving the total number of meals ordered for pupils and staff is generated by the computer. The numbers are agreed by the school administrator and School Cook.
- Dinner money will be paid online using credit card or direct debit. The school will only accept cash payments in exceptional circumstances.
- The Headteacher will inform parents of any increase in the cost of school meals.
- At the end of each month, a report of outstanding dinner monies is produced and the Senior Administrator (Finance) is responsible for sending letters and telephoning parents for payment of any arrears, in accordance with the School's Debt Collection policy.
- Any credits due to absence are carried forward.

School Delegated Budget – Banking Arrangements

Staff Responsible for Banking Income

School Business Assistant

Staff Able to Liaise with Bank

Headteacher

School Business Manager

The main point of contact will be the Headteacher

Banking of Income

- The administration staff will visit the bank on a regular basis to deposit all cash and cheques received.
- Before visiting the bank, the School Business Assistant who will visit the bank will complete a Banking Form, providing a breakdown between budget accounts of all income to be banked.
- The School Business Manager will process this amount onto the Computer System ready to reconcile against the bank statement when it arrives.
- Bank paying-in slips will show clearly the split of cash and cheques. Cheques will be identifiable by reference to the names of the drawers.

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- Income collections will not be used for the encashment of personal cheques.

3. Banking Arrangements Reconciliation

- Bank Statements are accessed on line.
- The School Business Manager will reconcile each item on the bank statement with the reconciliation screen on E1 and resolve any discrepancies.

Additional Information

- The school will not become overdrawn.
- The School Business Manager will notify the School's Bank immediately when a cheque signatory leaves the School.
- Private bank accounts will not be used for any payment or receipt relating to the school's budget.
- Cash and cheque books will be kept locked in the safe when not in use. Blank cheques will not be pre-signed.

4. Professional Development Budget

- Priorities for school development are identified in the School Development Plan after full consultation with staff and governors.
- The training budget is applied to meeting these priorities. The Headteacher and SBM are responsible for organising all relevant training courses and other expenditure.
- The School Business Manager allocates funds to the budget accounts in accordance with the Headteachers instructions and monitors expenditure against each Standards code.
- The School Business Manager prepares returns in respect of Standards Expenditure as required.

Section Four: General Items

1. Payroll

- EPM will forward a report of the amount due to be paid to all staff approximately 5 days before the pay run date. Details of net pay and gross pay including on-costs will be provided.
- The School Business Manager will check the report to ensure it is accurate, with particular reference to:
 - a. Ensuring all staff on the report are employed by the school.

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- b. Ensuring the amount of gross pay for each member of staff accurately reflects any contract changes.
- c. Ensuring the amount of gross pay includes any additional hours worked.
- The Headteacher will authorise the payment of salaries.
- In the absence of the Headteacher, the Assistant Heads may authorise the report.

2. Personnel

- The Governing Body will establish procedures for the administration of personnel activities, including appointments, terminations and promotions.
- Personnel records will be kept securely and administered in accordance with the Data Protection **Act 2018**.
- The payment of motor mileage will be made through Payroll.

3. Insurance

- The School will notify the LA of all new risks, property, equipment and vehicles, which require insurance.
- The school will immediately inform the LA insurance department of any accidents, losses or other incidents, which may give, rise to an insurance claim.
- All school property is insured by the LA.
- The School has insurance for lettings and unofficial monies.
- The School has joined the Peterborough City Council insurance scheme for school journeys and subscribes on an annual basis.
- The School will take an active role in risk liability management through the Health and Safety Policy and the related working practices. An annual review of insurance policies held will be undertaken of which the Governors will be informed.

4. Security of Stocks and Other Property

- Headteacher has overall responsibility for the safe custody and control of cash and other property belonging to the school.
- There is a register of keyholders.
- The Headteacher and other budget holders will endeavour to ensure that stocks are maintained at reasonable levels and are regularly checked.
- The figure for re-sale of obsolete stocks and equipment will be calculated either on the annual depreciation figure or the expected lifespan, or a reasonable sum to make goods attractive for re-sale.

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- The School Business Manager will keep the Inventory, goods will be entered if they are over £100, attractive and portable. The SBM will liaise with the Site Manager and/or ICT Lead to arrange for the appropriate security marking.

5. Computer Systems

- The Headteacher will ensure that the school's computer based management system is registered in accordance with the Data Protection Act 2018.
- Each member of staff will have their own user ID and password, which will not be disclosed to others and will be changed at regular intervals.

6. Lettings

- The Governors have a Lettings Policy for the use of the school outside school hours and a Charges and Remissions policy, which are reviewed on an annual basis.
- The hourly rate for lettings is reviewed as part of the budget setting process.
- The Headteacher is responsible for ensuring a valid contract is in place for regular lettings to Community Groups. These will be issued on an annual basis.
- The School Business Manager is responsible for sending out appropriate letting bills.

7. Retention of Financial records

- The Headteacher will ensure records are kept in accordance with the Data Retention Policy and disposed of as confidential waste.

Section Five: Debt Collection

School Dinner Payments – See separate Debt Recovery Policy