

# PRESTON & WINGHAM PRIMARY SCHOOLS FEDERATION

## FINANCE POLICY

### APPROVAL & ADOPTION

This policy was formally agreed and adopted by the Governing Body on:

3.12.18

**Chair of Governors**

Signed:  \_\_\_\_\_

### **UPDATE SCHEDULE**

Version	Date	Reason for Update
1	December 2014	Existing policies of both schools reviewed as part of Federation review process.
2	October 2015	Policy reviewed to reflect changes to Governor Terms of Reference.
3	December 2018	Policy reviewed to reflect updated LA model policy and changes to GDPR
4	March 2019	Policy reviewed to reflect changes to school insurance cover.

## 1. Introduction

The Governors of The Preston & Wingham Primary Schools Federation are committed to providing sound financial controls, to achieving value for money and to being worthy custodians of public money. To achieve these aims the Executive Headteacher and the Governing Body have drawn up this Finance Policy to provide the guiding principles for which all Governors and staff will operate within.

This Policy has been drawn up in accordance with the Local Authority's (LA) Scheme for Financing Schools.

## 2. Principles

The Preston & Wingham Primary Schools Federation Finance Policy will adhere to the following principles;

- The responsibilities of the Governing Body, its committees, the Executive Headteacher and staff will be clearly defined and limits of delegated authority established, where applicable.

The **Governing Body** is responsible for taking steps to ensure that expenditure reflects best value principles. This is done by;

- Using both performance data and financial benchmarking to **compare** to similar schools locally and nationally.
- Using the information gained to **challenge** performance and set new targets
- Using fair **competition** through quotations and tenders, ensuring resources and contracts for services are secured in the most economic, efficient and effective way
- **Consulting** relevant stakeholders on policy development and major changes in the use of resources

The federation will establish sound internal financial controls, based on the LA's Financial Controls to ensure the reliability and accuracy of its financial transactions.

The budgets will reflect the federation's prioritised educational objectives through their links to the Federation Improvement Plan, which indicates the resource implications of each priority.

The budgets will be subject to effective monitoring, allowing the Governors, Executive Headteacher and staff to maintain financial control in line with the Balance Control Mechanism by reviewing the current position and taking any remedial action necessary.

The federation will be adequately insured against exposure to risk.

The federation will ensure that:

- The Budget Share is spent for the purpose of each school only
- Purchasing arrangements achieve value for money
- There are sound procedures for the administration of personnel matters
- There are sound procedures for the administration of payroll matters
- Stocks, stores and assets are recorded and adequately safeguarded against loss or theft
- All income due is identified and all collections receipted, recorded and banked promptly
- The operation of the bank accounts and the reconciliation of bank balances with the accounting records are properly controlled
- The use of petty cash is strictly controlled (if applicable)
- The use of a Corporate Card is strictly controlled (if applicable)
- The Schools Voluntary Funds and any other non-public funds are administered as rigorously as public funds
- Any suspected irregularity will be reported immediately to the LA's Head of Internal Audit
- The federation will adhere to current GDPR and Data Protection legislation
- Appropriate training in financial administration will be given to enable staff cover at all times

### **3. Putting Policy into Practice**

#### **3.1 Delegated Authority**

The **Full Governing Body** of The Preston & Wingham Primary Schools Federation has overall responsibility for the management of all of the federation's finances covering the revenue budget, other budgets delegated or devolved by the LA and other funds (e.g. the School Voluntary Fund).

The **Full Governing Body** of The Preston & Wingham Primary Schools Federation will ensure the annual detailed report of the Schools Financial Value Standard (SFVS) is provided to them and the chair of governors will sign the completed form prior to

sending a copy to the Local Authority.

The **Full Governing Body** also has responsibility for the following aspects of financial management;

- Evaluate and approve the three year budget plan, which shows clear links to the Federation Improvement Plan
- To review and approve the Finance Policy and levels of delegation
- To review and approve the Charges and Remissions Policy
- To review and approve the Pay and Reward Policy
- To make decisions in respect of service agreements and insurance
- To respond to any consultations to change the LA Scheme for Financing Schools
- To monitor the outturn position and any significant variances
- Evaluate any proposed virements ( If applicable )
- Evaluate Tenders for Contract Services
- Keep in-school financial procedures under review
- Benchmark each school's financial performance

The **Executive Headteacher** is responsible for implementing the decisions of the Governing Body and for the operational management of the federation. The general administration of financial procedures is delegated to the business manager and each Head of School and, in respect of the voluntary fund, to the school secretaries.

### **3.2 Internal Financial Controls**

The internal financial controls operated by The Preston & Wingham Primary Schools Federation follow the financial controls set out in the LA's Scheme for Financing Schools.

### **3.3 Financial Links to the Federation Improvement Plan**

The Federation Improvement Plan has sufficient scope and depth of the financial implications and it is reflected in each school's three year budget plan.

### **3.4 Monitoring and Virements**

The Preston & Wingham Primary Schools Federation recognises that the regular monitoring of income and expenditure against the agreed budget is central to effective financial management. To this end, the Executive Headteacher carries out a monthly internal monitoring procedure, copied to the Chair of the Governing Body. A monitoring report is taken to all meetings of the Full Governing Body. Monitoring reports are submitted to the LA in accordance with its timetable. Governors should ensure their meetings are timed to see all monitoring submitted to the LA either prior to submission or soon after. This will ensure they have an up-to-date position of the school's finances.

On occasions, virements may need to be carried out. Virements to the approved budget are minuted appropriately and require the following authorisation:

Virements up to £8,000 - The Executive Headteacher, reported to the Chair and Vice-Chair of Governors

Virements up to £15000 – The Chair and Vice-Chair of Governors

Virements over £15,000 – The Full Governing Body

### **3.5 Insurance**

The Preston & Wingham Primary Schools Federation is insured through ***the Kent County Council (KCC) 'Safe Hands' Scheme*** with relevant cover, as identified by the schedule received from the LA's Insurance section.

The Preston & Wingham Primary Schools Federation also purchases Money Cover through the Safe Hands scheme which insures cash held on school premises or in transit to banking.

### **3.6 Purchasing**

At The Preston & Wingham Primary Schools Federation specific budgets will be delegated to the Heads of School and on occasions to subject/project leaders. Budget holders prepare a 'needs budget' for their area of responsibility, which is approved by the Executive Headteacher in line with the priority needs of the federation and the Federation Development Plan.

All staff adhere to the federation procedures for purchasing items, as laid down in the Federation's Staff Handbook, paying regard to value for money at all times. The Executive Headteacher authorises all orders and invoices prior to payment.

Where the school purchases larger items, we adhere to the procedure for Spending the Council's Money as laid down in the Scheme for Financing Schools (<http://www.kelsi.org.uk/policies-and-guidance/finance-guidance-and-policies/scheme-for-financing-schools>), in summary:

- For orders in excess of £8,000, but less than £50,000, three written quotations are obtained and submitted to the Full Governing Body for consideration and approval
- For orders of £50,000 or over, no fewer than three competitive tenders are sought and submitted to the Full Governing Body for approval

All of the above will be minuted at the appropriate Governing Body meeting to ensure that the federation is seen to be obtaining value for money at all times.

**The federation does not enter into any Hire Purchase agreements, Finance agreements or Finance Leases as this constitutes borrowing which is not permitted.**

### **3.7 Personnel Matters**

At The Preston & Wingham Primary Schools Federation, at the start of every financial year the Business Manager uses a financial planning tool to calculate the salary costs of all members of staff, including increments, where applicable. These details are used by the Full Governing Body for incorporation into the school budget planning process.

The **Appraisal Committee** undertakes an annual review of the Executive Headteacher's salary, and recommends enhancements, if applicable, to the Full Governing Body for approval.

The Executive Headteacher undertakes an annual review of all other staff, in accordance with the Governors' Pay & Reward Policy and reports to the Full Governing Body.

Details of all salaries are recorded as a confidential item in the minutes.

### **3.8 Payroll Matters**

The payroll provider at The Preston & Wingham Primary Schools Federation is Schools Personnel Service, who provides payroll services to the specification laid down by the LA. The Executive Headteacher signs off the monthly payroll reports once they have been checked for accuracy.

### **3.9 Safeguard of Stocks, Stores and Assets**

All staff at The Preston & Wingham Primary Schools Federation are responsible for the security of federation assets. Subject Leaders and class teachers safeguard their assets and maintain asset registers, which are checked at least on an annual basis and certified by the Executive Headteacher or the Business Manager. Other federation assets are recorded on a general asset register, maintained and updated by each school office.

Items of value are held in a locked cupboard/cabinet, wherever possible and all items are visibly security marked to deter theft.

Where assets are written off and disposed of, the Full Governing Body agrees this and the agreement is minuted.

Where federation assets are loaned to staff or pupils, a loans book is completed and signed when borrowing the item and again when the item is returned.

### **3.10 Income**

At The Preston & Wingham Primary Schools Federation, the Lettings Policy is reviewed and approved by the Governing Body.

Where debts are required to be written off, after every effort has been made by the Executive Headteacher and Governors to recoup the monies, the Full Governing Body will approve up to £1,000. Approval to write off debts over £1,000 is required in writing from the Schools Financial Services Manager.

Cash will be receipted, recorded and banked, promptly, at all times.

### **3.11 The School Bank Account**

The Preston & Wingham Primary Schools Federation operates its school bank account(s) in accordance with the regulations in the LA's Scheme for Financing Schools. Each school operates only one current account for the administration of KCC official funds.

Bank account signatories are updated immediately there is a change in staffing and details are copied to the Schools Financial Services, as a matter of course.

The Preston & Wingham Primary Schools Federation pays suppliers/invoices via online banking/BACS ensuring it adheres to all financial controls within the Scheme for Financing Schools.

Bank statements at The Preston & Wingham Primary Schools Federation are received/printed out on at least a monthly basis and reconciled in accordance with LA guidelines. The Executive Headteacher signs and dates the bank statement as soon as possible after the reconciliation has been checked.

### **3.12 Petty Cash (If Applicable)**

Petty Cash is held securely at all times and the limit for petty cash is £100. At The Preston & Wingham Primary Schools Federation, petty cash transactions are kept to a minimum and the maximum value of any one transaction is £25. All staff obtain proper VAT receipts for petty cash purchases, wherever possible, as this demonstrates value for money in respect of the school budgets and satisfies legislative requirements.

### **3.13 Corporate Cards (If Applicable)**

The Preston & Wingham Primary Schools Federation operates an approved Corporate Card for each school in accordance with the LA guidance. The approved user is the Executive Headteacher. The monthly card limit is £5000

**Personal credit / Debit cards will not be used for the purchase of items for the school.**

### **3.14 The Voluntary Fund**

In addition to the LA's official funds, The Preston & Wingham Primary Schools Federation also operates a school Voluntary Fund at each school, adopting the procedures in the LA's School Voluntary Fund Guidance. We recognise that our Voluntary Fund is an additional source of income and that the controls over its use need to be as rigorous as for the administration of the school's delegated budget. We have appointed someone who is independent of the school to audit the Voluntary Fund accounts on an annual basis. All monies for the Voluntary Fund are held securely and separately from those of the school budgets.

### **3.15 Irregularities**

All staff at The Preston & Wingham Primary Schools Federation are aware of the LA's Whistleblowing arrangements and to whom they should report concerns. These details are available to staff in their staff handbook.

### **3.16 Data Protection**

The Preston & Wingham Primary Schools Federation (as Data Controller) adheres to the GDPR and the Data Protection Act 2018 including paying a data protection fee to the Information Commissioners Office (ICO). The Preston & Wingham Primary Schools Federation pays £40 as determined by the ICO.

### **3.17 Information Systems**

The Preston & Wingham Primary Schools Federation has a password protection procedure laid down in the staff handbook. Systems are backed up regularly and the backups held securely, virus protection is in place and is updated regularly and the school has a disaster recovery plan for the administration network.

### **3.18 Financial Administration**

At The Preston & Wingham Primary Schools Federation, two members of staff are trained in the use of the finance software and financial administration procedures, in event of staff absence. We also purchase a support contract through the Schools Financial Services which is reviewed on an annual basis, allowing us the option to



purchase additional support, if required.