



FINANCE POLICY

(Inc Bad Debt)

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1 GOVERNANCE

1a General

A list of all Governors, their membership of committees and terms of reference is maintained by the Head Teacher who keeps the records. Terms of reference for each committee should be reviewed at least every two years.

The Governing Body meets at least once a term and will aim to agree, in the summer term, the dates of meetings for the next year.

Committees of the Governing Body meet at least once a term, except those that only meet on demand e.g. Behaviour & Discipline, Hearings and Appeals. Committees will aim to agree, in the autumn term, the dates of meetings for the next year.

1b The Governors

The Governing Body has approved the Governing Body Decision Planner which shows who is responsible for key tasks. This is reviewed in the autumn term. Although decisions may be delegated, the Governing Body as a whole remains responsible for any decision made under delegation.

The Governing Body is responsible for the overall direction of the school; it determines the school's spending priorities through the annual setting of a budget and a **three** year strategic plan, and evaluates the effectiveness of spending decisions.

1c The Head Teacher

The Governors delegate responsibility for the day-to-day management of the school to the Head Teacher according to the decision planner.

The Head Teacher and Business Manager ensure that sound systems of internal control are in place.

The Head Teacher and Business Manager, after consultation within the School, will bring forward the draft Budget Plan for discussion with the **Resources Committee (RC)**.

The Business Manager monitors the Budget and Devolved Capital spending and supplies the Head Teacher and RC with monitoring information. The information for the RC takes the form of a budget report produced from the SIMS accounting system with a written budget commentary, as shown on the Record of Financial Responsibility.

1d The Staff

Staff comply with financial regulations in Suffolk's Scheme for Financing Schools and any School specific requirements.

Staff are responsible for any budget whose management is delegated to them and are referred to as Budget Holders. They are responsible for completing an internal order form (before placing an order or making a purchase), passing signed paperwork to the School Office and monitoring their budgets. A printout is issued at the beginning of the Spring Term, but may be obtained whenever required.

1e The Resources Committee (RC)

Membership is determined by the Governing Body and reviewed annually in the Autumn term. Terms of reference should be reviewed at least every 2 years.

The RC is responsible for:

Terms of reference:

- In consultation with the Headteacher, to draft and approve the first formal budget plan of the financial year
- To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Governing Body
- To ensure that the school operates within the Financial Regulations of the County Council
- To monitor expenditure of the School Fund kept on behalf of the Governing Body
- To annually review Charges and Remissions Policies and Expenses policies.
- To make decisions in respect of service agreements
- To make decisions on expenditure following recommendations from other committees
- To ensure, as far as is practical, that Health and Safety issues are appropriately prioritised
- To determine whether sufficient funds are available for pay increments as recommended by the Headteacher
- In the light of the Headteacher Performance Management Group's recommendations, to determine whether sufficient funds are available for increments
- To make decisions on spending priorities and fund-raising needs of the School Fund as stated in the School Fund Constitution
- To draft and keep under review the staffing structure in consultation with the Headteacher
- To agree a Pay Policy for all categories of staff and to be responsible for its administration and review
- To be involved with the appointment/suspension and dismissal for all staff
- To establish and review annually a Performance Management policy for all staff
- To oversee the process leading to staff reductions
- To keep under review staff work/life balance, working conditions and well-being, including the monitoring of absence
- To make recommendations on personnel related expenditure to the full Governing Body
- To establish disciplinary/capability procedures
- To make any decisions under the Governing Body's personnel procedures e.g. disciplinary, grievance, capability (including dismissal and suspension) for any member of staff (other than Headteacher)
- To appoint and receive regular reports from a governor with specific responsibilities for matters relating to Child Protection.
- To appoint and receive regular reports from a governor with specific responsibilities for matters relating to Looked After Children
- To consider any appeal against a decision on pay grading or pay awards
- To advise the Governing Body on priorities, including Health, Safety & Welfare, for the maintenance and development of the school's premises
- To oversee arrangements for repairs and maintenance
- To make recommendations to the Finance Committee on premises-related expenditure
- In consultation with the Headteacher and the Finance Committee, to oversee premises-related funding bids
- To oversee arrangements, including Health, Safety & Welfare, for the use of school premises by outside users, subject to governing body policy
- To establish and keep under review a Building Development Plan
- To establish and keep under review an Accessibility plan
- To appoint and receive regular reports from a governor with specific responsibilities for matters relating to Child Protection.
- To appoint and receive regular reports from a governor with specific responsibilities for matters relating to Looked After Children
- Any other item which the full governing body may wish to include

The RC will review staffing and assess the budgetary implications before making any recommendations to the Governing Body.

1f Expenditure Limits

The inclusion of an item in the approved budget plan gives authority to spend, save that the Head Teacher seeks approval from the RC for any individual transaction in excess of £2,500.

The Head Teacher authorises virements up to £2,500. Above this amount the approval of the RC is sought. All virements are minuted.

1g Orders

Quotations are obtained or tenders sought for purchases exceeding the limits set out in the School's Record of Financial Responsibility which is approved by Governors on an annual basis in the autumn term.

Minutes are taken which record the basis for any decisions made and clearly state the decisions themselves. Minutes are circulated to members of the Committee of its meeting and are agreed at its next meeting. The minutes of all committees are reported and copied to the Governing Body.

1i Register of Business Interest (Pecuniary Interest)

The Head Teacher maintains a register of business interest for Governors and staff. The register is maintained annually in the autumn term and is kept in the School office.

2 FINANCIAL PLANNING

The School Development Plan includes a statement of its educational priorities to guide the planning process. The School Development Plan states the priorities in sufficient detail to provide the basis for construction of budget plans.

There is a clear, identifiable link between the School's annual budget and the School Development Plan, which is shown on the Budget plan.

For each of the key issues in the School Development Plan, costs and other inputs are identified and budgets prepared.

The School Development Plan is reviewed in the spring term to ensure that educational priorities are stated for the next three years and shows how the use of resources is linked to achieving the goals.

The School budget is revised after the review of the development plan and resources identified within the budget to deliver the plan's priorities.

The School budget is maintained for the current financial year along with a strategic budget plan for the next two years.

The budget is based on realistic estimates of all income and expenditure so that planned expenditure does not differ materially from the agreed budget.

The budget and cash flow forecast are profiled in accordance with likely spending patterns.

In the event of a budget surplus, this is earmarked for future specified use.

A record is maintained of all ongoing commitments with explanations of any significant year-on-year changes.

All new initiatives are appraised by the Resources Committee in relation to their costs, benefits and sustainability.

The main elements of the budget are fundamentally reviewed annually. Benchmarking information helps to identify priorities.

The budget cycle is as follows:

Spring Term

- The Head Teacher and Business Manager, after consultation within the School, will bring forward the draft Budget Plan for discussion with the RC. The plan is approved by the RC at the budget meeting in the Spring Term. This will be minuted and reported to the Governing Body. The plan must be approved by 31st March.
- The Business Manager submits the approved budget plan to the LA by 30th April each year.

Summer Term

- The Strategic Budget Plan is formulated at the summer term meeting of the RC and must be approved and sent to the LA by 31st May.
- The Business Manager, in consultation with the Head Teacher, prepares financial reports for the RC to consider. The RC will consider any virements that may be necessary in view of additional income or costs incurred that were not included in the original budget.
- The RC records in its minutes the approval and reports to the whole Governing Body at the next meeting.
- The approved virements are sent to the LA by the end of the summer term.

Autumn Term

- The Business Manager, in consultation with the Head Teacher prepares financial reports for the RC to consider. The RC will consider any virements that may be necessary in view of additional income or costs incurred that were not included in the original budget.
- The virements, once approved by the RC, are sent to the LA by the end of the autumn term.

3 BUDGET MONITORING

The Business Manager produces monthly oracle monitoring reports.

The RC receives a Budget Monitoring Report at each meeting, which includes a Budget Commentary and committed expenditure.

The Business Manager identifies and recommends to the RC appropriate remedial action for budget variances.

The Business Manager recommends to the RC how to vire any in-year under spends in excess of £2,500.

The Head Teacher monitors expenditure initiatives in the School Development Plan.

Budget Holders are supplied with monitoring reports at the beginning of the spring term and on request. The Head Teacher/Business Manager monitors devolved budgets and agrees remedial action plans where necessary.

4 PURCHASING

All orders comply with the LA's Standing Orders for contracts as published in Suffolk's Scheme for Financing Schools and the School's Procurement Policy.

The School demonstrates value for money through competitive tendering, when appropriate, or by using **Herts Fullstop, ESPO** or other approved purchasing arrangements.

The school has two purchasing cards, please refer to the Purchasing Card policy.

Prior approval of the Governors is obtained for any expenditure in excess of £2,500 for any items not included in the budget plan. Orders are not artificially split to evade this limit.

The School will not consider entering into any lease or financial agreement without first consulting with the SCC Commercial Division and the Legal Section prior to inviting suppliers to quote or signing any contract. The School will ensure that any lease entered into is an 'operating lease' not a 'financial lease'.

Three written quotations are obtained for any order whose value is estimated between £2,500 and £50,000.

If a quotation other than the lowest is accepted by the School (for expenditure below £2,500) or by Governors (expenditure above £2,500) it must be reported to Governors and the reasons clearly minuted.

For expenditure above £50,000, the School will enter into competitive tendering in line with SCC requirements.

Contract specifications will contain the following:-

- Contract duration
- Definitions
- Contract Objectives
- Services to be provided
- Service quantity
- Service quality standards
- Contract value and payment arrangements
- Information and monitoring requirements
- Procedure for disputes
- Review and evaluation requirements

The official financial **management system (FMS)** will be used for all orders. All orders (including all urgent verbal orders) will be entered onto the SIMs **FMS** system within five working days.

Individuals will not use official orders to obtain goods or services for themselves.

All orders are signed by an authorised signatory. A list of authorised signatories is maintained by the Business Manager (a copy of which will be sent to the Payments and Payroll Sections at SCC). The authorised signatory is not permitted to create and certify any orders.

The signatory will be satisfied that the goods or services are appropriate and necessary, that competitive tenders have been obtained where necessary and that there is sufficient budgetary provision.

Each order placed is automatically entered into the School's financial system as a commitment.

The School checks goods received against the delivery note and the delivery note is checked against the invoice. The invoice is also checked against the order. These checks are evidenced by the members of staff initialling the relevant document.

Payment is made within the agreed time limits after certification by an approved signatory.

Payment is only made against the original suppliers' invoice and not on a statement.

Invoices are stored securely and in order.

5 FINANCIAL CONTROLS

The Head Teacher has a secured contingency arrangement in place to ensure that financial control can be maintained in the absence of key staff. These arrangements are:-

Cover for Business Manager – Enhanced Finance

The Head Teacher has due regard to separation of duties in organising financial duties. Wherever possible two people are involved in the completion of tasks and the work of one acts as a check on the work of the other.

The School maintains proper accounting records. An audit trail can be maintained for all financial transactions. Any alterations are made in ink and initialled to identify the person making the alteration.

Documents relating to financial transactions are retained for 6 years plus current. Registers are retained for seven years after the child reaches maturity. All documents are stored securely in the office or Head Teacher's office and only accessed by authorised staff.

Where there is a requirement to account separately for earmarked funding the Head Teacher ensures this is done and that money is spent on its intended purpose.

For official funds, the School banks with Lloyds, the bank account number is 02474404.

Bank reconciliations are completed monthly and any discrepancies investigated immediately. A risk assessment has been carried out by the Governors regarding separation of duties.

The reconciliation statement is initialled by the person undertaking the reconciliation and reviewed and countersigned by an authorised signatory.

The School is not allowed to go overdrawn, and will apply to the LA for a cash advance should there be insufficient funds.

Each cheque written is signed by two authorised signatories and supporting vouchers are made available to each signatory to safeguard against inappropriate expenditure. Cheques are not pre-signed.

All cheques are crossed 'account payee' and are stored securely when not in use.

6 INCOME

The RC reviews the Schools Charging and Remissions policy and reports its approval to the full Governing Body annually.

Proper records of all income due are kept. When this is not appropriate, the County's official 'A' Account pad is used. For transfers of funds between county council departments, a Journal Transfer must be completed.

The responsibility of identifying and recording sums, wherever possible is separated from the responsibility for collecting and banking income. A risk assessment has been carried out by the Governors regarding separation of duties.

Official pre-numbered receipts are given for all cash/cheques received for lettings and miscellaneous income on request. **ParentMail is used to collect the majority of payments for school meals, residential trips, class trips, 'wow' moments etc. Any cash income received is listed on a daily basis and logged for future reference. Receipt books are stored securely.**

Lettings are approved by the Head Teacher and diarised to ensure that personnel are available to secure the School.

Pending banking, cash and cheques are locked away in a secure filing cabinet.

Transfers of money between staff are recorded and signed for.

Income is banked within one week of receipt where possible. Bank paying in books show the split of cash and cheques and, where possible, list each cheque. Wherever possible, income is not used for making any payment and never for cashing personal cheques, although the School may exchange a petty cash cheque for cash. Staff are not to route any school income or expenditure through their own personal bank accounts.

Income recorded in the accounts is reconciled monthly with the bank statement.

Where invoices are required, they are issued with a 30 day payment term. One off lettings should be paid in advance.

7 BAD DEBT

Wherever possible, income due will be collected before or immediately following the time that the relevant sale or service is provided. If this is not possible, an initial telephone call will be made, followed if necessary by a debtor's account.

All debts will be recorded, and non-payment will be followed by issuing reminders as follows:

3 weeks from date of account First reminder
6 weeks from date of account Second reminder
8-10 weeks from date of account Final reminder

The final reminder is sent by recorded delivery, and threatens legal action if not settled within 14 days.

After 12 weeks from the date of the account, where the debt is still outstanding, legal action will be considered, and the debtor will be informed of this in writing.

If, after every effort has been made to collect the debt, and legal action is considered impractical or has been unsuccessful, individual bad (i.e. irrecoverable) debts may be written off in accordance with the following procedures:-

- a) Those up to the value of £100 to be approved by the Head Teacher and reported to the next meeting of the Governing Body.
- b) Those exceeding £100 to be referred to the Governing Body for approval, either directly, or after consideration by the RC.

Individual accounts written off which exceed £100 will be reported to the LA as soon as practicable (Suffolk LMS Scheme Annex E.12.) The VAT element of any debt must not be written off, as this contravenes HM Customs and Excise statutory requirements. The School will retain a Bad Debt write off summary.

8 SURPLUS EQUIPMENT

Where the estimated disposal value of surplus or redundant assets (equipment) or stores is less than £100 or sale is to be by public auction or competitive tendering, authority for disposal can be given by the Head Teacher.

A Disposal of Equipment form will be completed for all items which are to be disposed of.

Governors' approval will be obtained for the disposal of equipment where:-

- a. the estimated disposal value is between over £100 and the sale is not to be by public auction or competitive tendering;
- b. the estimated disposal value is above £100, or;
- c. the sale is to be to a Governor or employee of the County Council.

A list of equipment disposed of will then be presented to the governing body at its next meeting. This list will show, so far as may be known, the item, department, date of manufacture or purchase, values when new and when made redundant (estimated where necessary) and disposal value.

The school's inventory will be amended to show disposals and these entries will be endorsed by the Head Teacher. Any discrepancies above £100 will be reported to the governing body.

The net income (i.e. excluding VAT) from sales of surplus or redundant assets or stores purchased from the school budget will be credited back to the school budget.

The school will dispose of any items that are powered by an electric current in accordance with the Waste Electrical and Electronic Equipment (WEEE) directive (2012/19/EU).

9 PAYROLL

Personnel procedures, including appointments, promotions and terminations are supervised by the **Resources Committee**.

The Head Teacher ensures that the duties of authorising any variations to the payroll are separated from the processing of claims.

All staff data is entered onto the Schools personnel information package (SIMS) and is reconciled with the ORACLE download.

Payments to individuals are processed only through the payroll system, no local payments are made except for expenses to staff via the petty cash system.

Only authorised staff are allowed to access personnel and payroll records. Arrangements have been made for staff to access their own personnel records and such requests are to be made to the Head Teacher.

10 PETTY CASH

The Governors have determined the level of petty cash to be held as £150.

Cash is held securely and access to it is restricted to authorised staff.

Payments from petty cash are limited to £50. Expenses over this amount are reimbursed to employees by means of cheque.

Payments from petty cash are supported by a petty cash claim form and VAT invoices/receipt. The form is signed by the recipient.

Transactions can be entered onto the Schools financial information system (SIMS FMS). If this is the case petty cash must be reconciled on at least a termly basis, a report of all transactions run and the reconciliation statement countersigned by an authorising signatory confirming the report balances with cash.

Personal cheques are not allowed to be cashed with petty cash.

11 TAX

The Head Teacher ensures that all relevant staff are aware of provisions concerning VAT, tax and the construction industry scheme. They are informed that they can find further information in the Purple Folder and VAT Specialist at Suffolk County Council on how VAT on business activities and school trips should be accounted for.

Only VAT invoices are paid for transactions involving VAT. Payments are only made to contractors and subcontractors in accordance with the Construction Industry Scheme.

In the case of the reimbursement of expenses, the VAT invoice must be in the name of the School and not an employee, as VAT belonging to the County Council can only be claimed by Suffolk County Council.

The School completes a monthly VAT return on SIMS, which is reimbursed. This is done on the first available day after month end.

12 SCHOOL FUNDS

School Fund income and expenditure is accounted for within the school's delegated budget but under separate ledger codes. Reporting on school fund transactions is included in the regular budget monitoring reports.

13 ASSETS

An up to date inventory is maintained of all items of equipment. Those that are portable, valuable and desirable are identified as School property by security marking that bears the School name.

Stock checks are carried out of levels of stock prior to placing orders to ensure that there is no over-ordering and to monitor usage.

The inventory is reviewed in the spring term and signed as evidence of the check having being undertaken.

Any discrepancies found during the inventory check over £100 should be notified to the Governors and action taken (where appropriate) to reduce the risk of discrepancies occurring in the future.

A log of School property that is taken off site, by staff or pupils is maintained. This property includes musical instruments and computers. The register is held in the school office, and referred to as the 'Loan of Equipment File'. Staff complete Laptop and iPad Release forms which records all the details of their laptops/iPads. The filing cabinets are kept locked.

The School's asset management plan is supervised by the Head Teacher.

14 INSURANCE

The School reviews all risks annually to ensure that the cover available and the sums insured are adequate.

The Governors consider whether to insure against any uncovered risk at the start of the financial year with the budget process.

The School will notify the LA/insurers of any new risks or any other alterations affecting existing insurance.

The School will not give any indemnity to a third party. The SCC disclaimer on trips consent form (PC11) is included on the generic permission slip and signed by parents.

The School will immediately advise the LA/insurers of any accident, loss or other incident which may give rise to an insurance claim. Incident reports are kept in the School office.

Insurance will cover the use of School property when off the premises, eg musical instruments/computers but not for unattended items.

15 DATA SECURITY

Computer systems used for School management are protected by password security (ie screen savers, logins and passwords etc). Passwords are changed termly and more frequently in the event of staff changes.

All data is backed up daily using Acronis which is an online company providing off-site back-ups. Daily emails verify that the back-up is running successfully. The school has a Technical Recovery Action Plan.

Only authorised software is installed on any School computer to safeguard against computer viruses.

School computers are protected against computer viruses.

Third party access to the school's IT network has been approved by the Governing Body and there is a signed "Code of Connections Agreement". In addition a risk assessment has been undertaken and DBS checks have been carried out accordingly.

The school ensures that all data is cleared from hardware and electronic equipment.

The school obtains parental consent prior to any pupil's photograph being published in any external publication or website.

The Governors ensure that the Data Protection Commissioner is notified in accordance with the Data Protection Act 2018 and that the School's use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with the legislation.

The Head Teacher has established a Critical Incidents Policy & Plan which includes the school's Local Procedures file, a list of licences held for all software applications and serial numbers of equipment.

Reviewed: 28.11.19

Signed Chair of Resources Committee: