



# HENLEY-IN-ARDEN SCHOOL

*Achieving Excellence Together*

<b>Name of Policy</b>	<b>Finance Policy</b>	
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<b>Governor Committee</b>	Chair of Governors	
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## **1. Introduction**

This policy is intended to provide a framework within which the Governors, Head teacher and staff are able to manage the financial affairs of the school. The policy ensures as far as possible that all transactions are carried out in accordance with the Academies Financial Handbook and other guidance issued by National and Local Government.

All income to the school whether from the public purse, donation and collection is the responsibility of the Governing Body and is covered by this policy.

## **2. The Roles of Governors and Head teacher**

The Governing Body is collectively responsible for the overall direction of the school and its strategic management. This involves determining the guiding principles within which the school operates and making decisions about the school's budget. The governing body has a statutory responsibility for the oversight of financial management in the school and its role encompasses agreeing how the GAG Fund is used. It is legally required to agree the school's annual budget plan.

The Governing Body has responsibility for setting educational and financial priorities, and for ensuring the budget is managed effectively. The Accounting Officer and Finance Committee will carry out their responsibilities in line with the Academy's Financial Handbook 2016. It is also responsible for ensuring the school meets all its statutory obligations and, through the Head teacher, complies with the Academies Financial Handbook and the Educational Funding Agency.

The Head teacher is responsible on a day to day basis for the efficient and proper management of the school's finances within the approved budget. This includes ensuring the most effective use of resources to achieve a high standard of education in the school in line with the agreed development plan.

The Head teacher has no authority to exceed the approved budget allocations.

The limits of delegated authority are set out in appendix 1.

The Governing Body maintains a register of business interest. This is to include the Head teacher and all staff with financial responsibility.

The Governing Body in conjunction with the Head Teacher has the responsibility to ensure that the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and EFA guidance issued to academies.

## **3. Voluntary Funds.**

Voluntary funds are to be accounted for separately from the school's delegated budget and are to be held in a separate bank account. The same standards of financial accounting,

planning, monitoring and reporting which apply to income and expenditure for the school's delegated budget, detailed herein, are to be equally applied to the voluntary funds.

The Head teacher must present the audited accounts, the auditor's certificate and a written report on the accounts to the Governing Body as soon as possible after the end of the accounting year.

The auditors shall be appointed by the Governing Body and shall be independent of the school and Governors.

The Governing Body must ensure that voluntary funds are covered by insurance, including fidelity guarantee insurance.

## **4. Financial Planning.**

The Head teacher shall prepare a draft budget for the Finance Committee, which is to be based on the school development plan and the agreed educational and structural priorities. The Head teacher shall provide fully detailed supporting information as may be required by the Committee members to arrive at fully informed decisions. The draft budget shall take account of the agreed staffing structure and include known staff cost increases for the year. The draft budget is to cover the new financial year in detail with forecasts of expenditure for the following 4 years. Budget estimates must include the full cost consequences for 5 years. This is particularly important where Government initiatives etc are funded for the implementation years only.

The draft budget is to be based on realistic estimates of all expected expenditure and income including grant and donated income, so that planned expenditure does not exceed or significantly under spend the available budget. Budget surpluses must be kept to a minimum. However, where surpluses are unavoidable or necessary the Finance Committee shall ensure that they are earmarked for specific future needs. Budget plans for capital works shall be identified separately.

The draft budget including capital budget is to be presented to the Full Governing Body in time for forwarding to the Educational Funding Agency in July.

## **5. Budget Monitoring.**

The Head teacher shall produce budget monitoring reports for income and expenditure, including sums committed but not yet paid and outturn forecasts, against the approved budget. The approved budget is the original budget approved by Governors and reported to the Educational Funding Agency plus any additional income/allocations and any approved virements.

The Head teacher shall provide regular financial reports to the Governing Body's Finance Committee which shall include the following:

- Detail of the original approved budget.

- Details of all income to the school, identifying the amount, source and category e.g. Capital, Revenue etc. and any restrictions on use. Small amounts less than £100 shall be aggregated.
- Details of all virements.
- Details of the revised budget.
- Details of all expenditure against budget heads separating revenue, capital and other categories.
- Forecast end of year out turn based on current expenditure and historic spending patterns.
- Identify anomalies or irregularities.
- Proposed remedial action plans.

Details of income and expenditure on capital works and capital expenditure shall be separately identified.

Where budget elements have been devolved to departments, departmental budget holders shall receive and review monthly reports comparing the amount spent or committed to date against their budgets. The Head teacher shall monitor these reports and take action where necessary.

The Head teacher shall monitor the school bank account and ensure that the school does not go overdrawn.

The Head teacher shall monitor the Voluntary fund account and report to the Finance Committee as for the delegated budget.

The Head teacher shall monitor expenditure on the initiatives set out in the school development plan and report progress to the Finance Committee.

## **6. Purchasing**

The objective of purchasing is to obtain the best value for money, in terms of quality, price fitness for purpose and timeliness and these elements must always be considered when evaluating offers for the supply of goods or services.

Competitive quotations/estimates are to be obtained wherever possible.

Prior approval from the Governing Body is required for all expenditure above the limit set out in Appendix 1. Quotations/tenders must be obtained for all expenditure above limit as detailed in Appendix 1 unless it is impracticable to do so. In such circumstances, the reasons for not doing so must be reported to the Governing Body.

Quotations are to be based on a written statement of what is required and what standards are expected.

Where a quotation other than the lowest is accepted, the reasons for this decision must be reported to the governing body and included in the minutes of the relevant meeting.

Where items, works or services are put out to tender, contract specifications must define the service to be provided in terms of its nature, quality standards information and monitoring requirements and contract review procedures. Tenders shall be invited in accordance with the Tendering Procedure. Specifications must be drawn up only by persons qualified to do so. The Head Teacher or the School Business Manager should undertake contract monitoring and check expiry dates for open contracts.

Official, pre-numbered orders must be used for all goods and services except utilities, rents, rates and petty cash payments. These orders forms must be retained in secure storage. Where urgency requires an oral order, this must be confirmed by a written order. Orders are to be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods or services for their private use.

The signatory of the order must be satisfied that the goods or services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained where necessary.

When an order is placed, the estimated costs must be committed against the appropriate budget allocation so that it features in subsequent budget monitoring.

The school must check goods and services on receipt to ensure that they match the order and the order should be marked accordingly. This must not be done by the person who signed the order.

Payment should be made within time limits specified in law for the payment of debts and only when a proper invoice has been received, checked, coded and certified for payment.

A supplier payment BACS run is done at the end of each month and paid invoices filed away.

Where works are carried out by contract, payments are to be made in accordance with the contract conditions. In all cases a final account must be agreed with the contractor and retained on file. The final account must detail all variations, additions and deletions from the original contract sum and be reported to the Finance Committee.

## **7. Financial Controls.**

The Head teacher is to maintain written descriptions of all the school's financial systems and procedures. These must be kept up to date and all appropriate staff are to be trained in their use. The Head teacher shall ensure as far as practicable that duties related to financial administration are distributed so that at least two people are involved.

The school shall maintain proper accounting records and retain all documents relating to financial transactions for at least the period of 7 years as recommended by the School's Auditors. All financial transactions must be traceable from original documentation to accounting records, and vice versa. Any alterations to original documents such as cheques, invoices and orders must be clearly made in ink or other permanent form, and initialled. All accounting records are to be securely retained when not in use and only authorised staff is to be permitted access.

The Head teacher must ensure that all expenditure from sources of earmarked funding is accounted for separately and that the funding is used for its intended purpose.

## **8. Income**

The Governing Body will establish a charging policy for the following: Appendix 11

- Lettings
- School Trips
- Music Tuition
- Private Photocopying
- Private Telephone Calls
- The Supply of Goods or Services
- Lockers

This pricing is to be reviewed annually by SLT.

The Head teacher shall maintain proper records of an income.

All lettings must be authorised by the Head teacher within a framework determined by the Governing Body and must be recorded.

Where invoices are required they should be issued within 30 days.

The school should always issue official, pre-numbered receipts or maintain other formal documentation for all income collected. Receipts should be securely stored in order.

Cash and cheques must be locked away to safeguard against loss or theft.

Collections should be paid into the appropriate bank account promptly and in full. Bank paying in slips must show clearly the split between cash and cheques and list each cheque individually.

Income collections must not be used for the encashment of personal cheques or for other payments.

The Finance Manager should reconcile monthly the sums collected with the sums deposited at the bank.

The school shall set up procedures for chasing any invoices which have not been paid within 30 days.

Debts should be written off only in accordance with advice from the school's accountants and schools should keep a record of all sums written off. The Head teacher shall report any such sums to the Finance Committee.

## **9. Banking**

The school is to obtain bank statements at least monthly and these are to be reconciled with their accounting records. Any discrepancies must be investigated. All bank reconciliations must be signed by the Finance Manager.

All funds surplus to immediate requirements should be invested to optimal effect in accordance with the Academy investment policy.

Individuals must not use their private bank accounts for any payment or receipt related to the school's budget.

The Head teacher is responsible for ensuring the school does not go overdrawn. The school has no authority to negotiate overdraft facilities and must not enter into any loan agreements – other than with the EFA and with the approval of the Governing Body.

Most expenditure/ suppliers are now paid via BACS monthly payment run with 2 approved signatories checking and authorising each BACS submission against relevant invoices. School is trying to phase out raising cheque payments completely, but occasional cheques are required and must bear the signatures of two persons approved by the Governing Body. Manuscript signatures only are to be used; cheques must not be pre-signed.

Supporting vouchers are to be made available to cheque signatories to safeguard against inappropriate expenditure.

All cheques drawn on school accounts are to be crossed 'account payee only'.

Cheque books must be held securely when not in use.

The Head teacher shall maintain a list of all bank accounts held and the signatories for each.

## **10. Payroll**

The Head teacher and Chairs Committee shall prepare and review annually a whole school staffing structure. The structure must take account of changes necessary for the implementation of initiatives identified in the school development plan.



The Head teacher is responsible for authorising appointments to the Academy, (in accordance with the approved staffing structure) making changes to individuals' conditions or terminating the employment of staff and authorising all documents and claims relating to appointments termination of employment and expenses. In his absence the Deputy Head will be responsible. Payroll is now in house and all such authorising documents are forwarded to school finance department for payroll processing.

The Head teacher should ensure that only authorised staff have access to personnel files and arrangements for staff to gain access to their own records under supervision are in place.

The Head teacher shall maintain an up to date list of staff employed and shall ensure that the list is updated promptly to reflect new starters and leavers.

The Head teacher is to obtain regular reports on payroll transactions and check them against the schools documentation on staffing and pay to ensure that they match, after which ensuring that the reports are securely locked away.

## **11. Cash Expenses**

Cash expenses should be limited to minor items which have been approved in advance, by an authorised member of staff.

All expenditure must be supported by receipts, identifying any VAT paid. A claim form should be submitted and countersigned by an authorised member of staff.

## **12. Tax**

The Head teacher must ensure that all relevant finance and administrative staff are aware of VAT and Income Tax regulations.

Only proper VAT invoices are to be paid (the school will not be reimbursed in the absence of such documentation). The Head teacher shall set out procedures for dealing with VAT on business activities, school trips and other taxable activities must be accounted for, both within the GAG Fund and in voluntary funds.

## **13. Assets and Security**

The Head teacher is to supervise the maintenance of up to date inventories of IT equipment and "desirable items" valued in excess of £200. Such items must be identified as school property with a security marking.

The Head teacher shall arrange for inventories to be checked once a year against physical items. All discrepancies must be investigated and any item of £1000 reported to the governing body.

The Head teacher should ensure that stocks of consumable items are maintained at reasonable levels and subject to a physical check at least once a year.

Safes and similar deposits must be kept locked and the keys removed and held in a different location.

## **14. Insurance.**

The Head teacher and The Finance Committee are to review all risks annually, in conjunction with the EFA where appropriate and ensure that the sums insured are commensurate with the risks.

The school must notify its insurers, the EFA or other agent as appropriate of all new risks, property, equipment and vehicles which require insurance or of any other alteration affecting existing insurance. The school must immediately inform its insurers, the EFA or their agent of all accidents, losses and other incidents that may give rise to an insurance claim.

Insurance arrangements are to cover the use of school property, for example musical instruments or computers when off the premises and voluntary funds.

The cost of insurance premiums is to be met from the school's GAG under the EFA's risk protection arrangement. (RPA) from 1<sup>st</sup> September 2014.

The school must not give any indemnity to a third party.

## **15. Data Security**

The Head teacher must ensure that computer systems used for school management are protected by password security to ensure that only authorised staff has access.

The Head teacher must ensure that data is backed up regularly and that all back-ups are securely held. A recovery plan to ensure continuity of financial administration in the case of emergency must be put in place.

The Head teacher must ensure that systems are in place to safeguard school computer system and data against computer viruses. To prevent viruses being imported by the use of floppy discs, cd's or memory sticks to transport programmes and/or data to and from home computers should be done under strict supervision. Care must be exercised when accessing and/or downloading from the Internet.

Only authorised software is to be used. No unlicensed software is to be used on the school's computer systems.

The Head teacher must ensure that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998 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 this legislation.

## **16. APPENDIX I**

### **LIMITS OF DELEGATION**

#### **Finance Committee**

Full powers are delegated to the Finance Sub Committee to authorise expenditure and/or virement up to the limits of the approved revenue maintenance and capital budgets. The Finance Committee is not empowered to exceed these budgets. In an emergency the Finance Committee Chairman may authorise expenditure up to the limit of £30,000 whether or not this is within the approved delegated budgets.

#### **The Head teacher**

The Head teacher is empowered to authorise expenditure only within the approved budgets, not including the contingency sum and up to a single item value not exceeding £15,000. Approval of the Finance Committee is required above this sum.

Where specific items or works have the approval of the Governing Body, the Finance Committee and the Head teacher is empowered to authorise expenditure up to the approved sum. The approved sum is the amount allocated for the item or the most cost effective of any quotations/tenders less any contingency sums, whichever is the lower.

The Head teacher may delegate his authority to the Deputy Head teacher in an emergency situation.

#### **Purchasing**

- Up to £2,000 at least one quotation to be examined wherever possible, these prices may be taken from suppliers' written or verbal quotations or catalogues and price lists. A written quotation is required if the amount is greater than £500
- £2,001 to £30,000 at least three quotations to be obtained and retained. NB An exception to this will be when emergency work is required.
- Over £30,000. Formal tenders to be invited.
- £156,442 European Union advert.
- All figures are excluding VAT.

#### **Write off**

Writing off debt shall be in accordance with the following limits:

- Head may authorise write-off up to a limit of £50
- The Finance Sub Committee will be informed of any budgetary write offs.



## **17. APPENDIX II**

### **Policy On Charges For Activities**

The school wishes to provide for all pupils the best possible educational opportunities available within the funds allocated by the EFA. The law states very clearly that education during normal school hours is to be free of any compulsory charge to parents and the school warmly endorses that principle and is committed to uphold the legal requirements.

It is recognised, however that many educationally valuable activities have been and will continue to be dependent on financial contributions in whole or in part from parents. Without that financial support the school would find it impossible to maintain the quality and breadth of the educational programme provided for pupils. The school's concern is to keep financial contributions to a reasonable minimum and to ensure as far as possible that all children are able to take part, irrespective of their circumstances.

The law recognises that charges may be made to parents in certain defined circumstances provided that the school has identified the activities for which charges will be made and has explained the basis on which charges may be reduced or waived for certain pupils. The Governing Body of Henley in Arden School has decided that until further notice its policy will be as follows:

#### **Day Visits.**

For visits forming part of the curriculum, school will invite a voluntary contribution from parents to meet costs. For other visits inside or outside of school time parents will be charged for all allowable costs. Allowable costs include:

- The Pupils travel and subsistence costs
- Materials, books, instruments and other equipment
- Non-Teaching Staff
- Costs of teaching staff where separately engaged under contract for services for the visit or activity
- Entrance fees to museums, castles, theatres etc.
- Insurance costs

#### **Residential Visits inside school time**

Parents will be charged for the full costs of children's board and lodgings and all other costed activities. In cases of financial difficulty parents will be asked to write in requesting financial help.

All staff organising residential trips should submit a Financial Plan to the Headteacher and Business Manager for approval.

## **Residential Visits Outside School Time**

Parents will be charged for the full cost of the visit, including all allowable costs (as above) and board and lodging.

## **All Visits**

A plan for each day trip or residential visit will be submitted for approval to the Head Teacher or the delegated senior member of staff. This will be done prior to the event being booked or any deposit being paid to a third party. The plan will contain a breakdown of costs, transport etc.; a clear distinction being made between charges to parents that are voluntary and those that are allowable under the current regulations. The plan will also show the cost per pupil and how the organiser will establish the number of pupils who will participate. No subsidies will be permitted. Where an application for financial support is made by a parent or guardian, and accepted, then this will be funded from a dedicated budget agreed by the Governors in the annual budget approval process. Amounts up to £50 will be given on the approval of the Head Teacher, over £50 by the Chair of Governors. Where a place on a day trip or residential visit is withdrawn from a pupil on disciplinary grounds then any payments already made will be forfeited. This should be made clear to all pupils and parents when the trip is first announced. Warnings should be given to pupils who are believed to be at risk of incurring this sanction before a booking for such a pupil is accepted. Any dispute with parents or guardians over a decision to withdraw a pupil's place on a trip or residential visit will be referred to the Complaints Procedure. Any minor surplus will be used to off set any potential losses on other trips. Significant savings will be reimbursed.

## **Any visit required because of recognised public examinations, the National Curriculum or the law on Religious Education**

As 2 above

## **Instrumental Music on an individual basis**

Any tuition provided by outside Music Tutors during school hours is currently charged at £10.00 per week for individual 20 minute lessons. Any other instrumental tuition provided by a third party will incur charges.

## **Classroom Materials**

No charge will be made for materials or equipment. However, for certain practical activities for example (Technology & Food Technology) parents may be invited to provide materials or ingredients on a voluntary basis. Where parents would like to possess the finished product, the school reserves the right to charge the costs or require the supply of the necessary materials.

## **Examination Fees**

The school will pay the entry fee for all prescribed examinations except:

- Where the Governors consider that there are educational reasons why the pupils should not be entered or where the parents have so requested in writing.
- Where the school has not prepared the pupil for the particular examination.
- If a pupil (with parental agreement) is entered for a non-prescribed examination, then the parents may be charged for the entry fee together with any associated charges.
- The school reserves the right to recover from parents the costs of examination entry fee(s) should the pupil fail to complete (without good reason) the required coursework or sit the final examinations(s) or take additional resits in examinations.

## **Charges levied on Parents.**

These charges lie outside the legal provision.

## **Work Experience/Community Service**

There is no requirement that the Academy meets the costs of pupils who travel direct from their home to an activity sanctioned (but not provided) by the Academy.

## **Charges for use of telephone and photocopying**

All staff are required to pay for all private outside telephone calls and the private use of photocopying and other facilities.

Charges will be determined by the Head teacher. Payments must be made promptly when such events occur to the Finance Officer.

Where it is demonstrated that a pupil would benefit from an activity the charges for which the parents would be unable to meet (e.g. for pupils for whom the school is in receipt of Pupil Premium funding) the charge may be waived at the discretion of the Governing Body. Parents who wish to apply for waiver should write in the first instance to the Head teacher.

## **Review**

The Governors of the school are required to keep their policy under review. The review will take place as part of the policy review schedule.