

Upton Snodsbury CofE First School



Finance Policy & Procedures 2024

This policy was last reviewed:
Last reviewed on date: January 2024
Next Review Date: September 2025

Signed by:

Headteacher
Chair of
governors

Upton Snodsbury CofE First School

Finance Policy & Procedures

Introduction

The main purpose of this Policy is to set a framework for sound financial management and boundaries within which the Headteacher, Governors and staff can operate. The school's financial arrangements comply with the current financial regulations¹, standing orders and schemes of delegation² issued by Worcestershire County Council and guidance issued by the Government.

***Note:** The term governing body is used to mean the full governing body or its committees, where responsibility can be delegated to a committee. Similarly, the term Headteacher is used to mean the Headteacher or other member of the school's staff, where responsibility has been delegated to that member of staff, in particular the Office Manager.*

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POLICY

A Governance

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, for example, how to spend the school's delegated budget. It is legally required to agree the school's annual budget plan.

The governing body has a strategic role to realise its mission as a Church of England school and has responsibility for setting educational and financial priorities, for oversight of sound financial management and for ensuring the budget is managed effectively. It is also responsible for ensuring the school meets all its statutory obligations and, through the Headteacher, complies with the LA's financial regulations or standing orders.

- **A1** The Headteacher is responsible on a day-to-day basis for the management of the school's finances within the approved budget and in line with the School Improvement Plan. The Headteacher has no authority to exceed the approved budget and must operate within the financial limits of delegated authority, Appendix A.
- **A2** The financial limits of delegated authority of the governing body are detailed in Appendix B.
- **A3** The governing body has agreed with the Headteacher the minimum frequency, level of detail and general format of the financial information to be provided to it, especially in relation to budget monitoring reports Appendix C.
- **A4** Minutes are taken of all meetings of the governing body and include all decisions and by whom action is to be taken.⁵
- **A5** The governing body maintains a register of interests of governors⁶, the Headteacher and any other staff who may influence decisions in any matter concerning the school. This is open to examination by governors, staff, parents, and the LA. "Declarations of interest" is a standing agenda item on all Full Governors.

B Financial Planning

The Headteacher and Governors have a clear view of how they intend to use the school's resources in future years to achieve their educational priorities.

- **B1** The school has a School Improvement Plan (SIP), which includes a statement of its educational goals to guide the planning process.
- **B2** The SIP covers in outline the school's educational priorities and budget plans for the next three years, showing how the use of resources is linked to the achievement of the school's goals.
- **B3** The SIP states the school's educational priorities in sufficient detail to provide the basis for constructing budget plans for the next financial year.
- **B4** Any new initiatives are carefully appraised in relation to all likely costs and benefits and their financial sustainability before being approved by the governing body.
- **B5** The SIP states intended expenditure on any significant changes from the previous financial year.
- **B6** A formal timetable and procedures are drawn up for constructing the SIP and budget to ensure that the governors have time to consider all relevant factors.
- **B7** There is a clear, identifiable link between the school's annual budget and its Improvement Plan (SIP).
- **B8** The Headteacher presents a draft budget in line with the SIP to the Finance Committee for approval in March. This should include sufficient detail and supporting information to enable Governors to make an informed decision. The draft budget will take account of the agreed staffing structure, known inflationary and incremental staff increases and known staffing changes for September. It should cover in detail the next financial year and forecasts for the following two financial years, based on realistic estimates of all expected expenditure and income, including grant income, so that planned expenditure does not exceed the available budget.
- **B9** The governing body ensures that the main elements of the school's budget are periodically reviewed so that historic spending patterns are not unhelpfully perpetuated.
- **B10** The Headteacher profiles⁷ the budget and forecasts cash flow⁸ to take account of likely spending patterns taking account of seasonal factors, inflationary factors, and previous trends if appropriate.
- **B11** Any budget surpluses are earmarked for specific future needs to ensure that pupils benefit from a planned approach to spending that does not deprive them of resources in a given year. The Governors have agreed a policy on "reserves"⁹ and this is in accordance with the Local Authority regulations on surplus balances¹⁰. The Governors policy is to hold a reserve of 8% of the gross annual budget, where finances allow.
- **B12** The budget will be discussed and agreed by the FGB and approval will be made before the beginning of the relevant financial year.
- **B13** The Headteacher forwards details of the approved budget to the LA by the 1st May each year. Any subsequent budget changes are enacted in accordance with the Scheme of Delegation and notified promptly to the

LA. Those schools in a deficit position will need to submit a deficit recovery plan to the LA

C Budget Monitoring

The Headteacher and Governors regularly monitor income and expenditure against agreed budgets and maintain financial control by reviewing the current position and taking remedial action where necessary.

- **C1** The Headteacher produces regular 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 as reported to the LA, plus any additional funding and any approved virements. These reports are reconciled with the finance system .
- **C2** The Headteacher will provide reports to the FGB and the LA on a regular basis in accordance with the agreed timetable and minimum reporting requirements, as detailed in Appendix C. The Headteacher will provide budget monitoring reports to the FGB at least once a term showing any significant variances against the budget with explanatory notes and, where necessary, remedial action plans including virements.
- **C3** The Headteacher monitors expenditure on the initiatives set out in the School Improvement Plan.
- **C4** Where budget elements have been devolved, departmental budget holders receive, and review reports half-termly (or on request) comparing the amount spent or committed to date against their budgets. The Headteacher monitors these reports periodically and takes action where necessary.
- **C5** The Headteacher produces regular cash flow forecasts for all funds to ensure that the school does not go overdrawn.

D Purchasing

The School achieves the best value for money they can from all their purchases, whether goods or services. In this context, value for money is about getting the right quality at the best available price. This often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account associated costs such as supplies and maintenance.

- **D1** The school always considers price, quality and fitness for purpose when purchasing goods or services.
- **D2** Prior approval from the governing body is obtained for all expenditure above the limit predetermined by Governors in Appendix B and D.
- **D3** Competitive quotations/tenders are to be obtained wherever possible in accordance with Appendix B and D. Written quotations should be

obtained for all expenditure above the limits predetermined by Governors in Appendix B and D, unless it is impracticable to do so. In such circumstances, the reasons for not doing so should be reported to the governing body.

- **D4** Where a quotation other than the lowest is accepted, the reasons for this decision is reported to the governing body and included in the minutes of the relevant meeting.
- **D5** All purchases estimated to exceed an amount predetermined by Governors in Appendix D, must be put out to tender, using a form common to all tenderers, on the basis of a detailed description or specification of the goods or services required and in accordance with the procedures set out in Appendix D.
- **D6** Contract specifications (e.g. for cleaning, catering and grounds maintenance define the service to be provided in terms of its nature, quality standards, information and monitoring requirements and contract review procedures.
- **D7** The school should not enter into any financial agreement with capital implications without the approval of the Diocese and the LA as appropriate. If a lease arrangement is entered into, this should represent good value for money and be an 'operating' lease, not a financial lease¹¹.
- **D8** Official, pre-numbered orders are used for all goods and services except utilities, rents, rates and petty cash payments. Verbal orders are kept to a minimum, but if required for reasons of urgency or emergency, they must be confirmed by a written order.
- **D9** Orders are used only for goods and services provided to the school. Individuals must not use official orders to obtain goods or services for their or others' private use.
- **D10** All orders must be approved electronically on the school's finance system by a member of staff approved by the governing body to be an authoriser.
- **D11** The authoriser of the order should 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 if necessary.
- **D12** When an order is placed, the estimated cost is committed against the appropriate budget allocation so that it features in subsequent budget monitoring.
- **D13** The school checks goods and services on receipt to ensure they match the order and the invoice is marked accordingly and the check is recorded on the school's finance system. This is not done by the person who approved the order.
- **D14** Payment is made within time limits specified in law for the payment of debts and only when a proper (original) invoice has been received, checked, coded and certified for payment. Supplier payment terms and condition should be complied with and any late charges will be paid by the school budget.
- **D15** The school maintains a list of Authorising officers

- **D16** All paid invoices are stored electronically and uploaded to the finance system
- **D17** The procurement cardholder and transaction administrators (where applicable) undertake their full responsibilities with the card, including adhering to all security procedures, processing transactions on the portal, posting to the school's finance system and processing any disputes. This is completed in accordance with the published Procurement Card Policy and Procedures¹²

The financial roles and responsibilities of staff and a list of named Budget Holders can be found in the Financial Procedures document Appendix I.

E Financial Controls

The Governors have systems and internal financial controls in place to protect the school's resources from loss or fraud, to safeguard staff and governors and to ensure that information provided about how the budget is being spent is accurate and timely.

- **E1** The governing body ensures that the school has written descriptions of all its financial systems and procedures in the School's Financial Procedures Appendix I. These are kept up to date and all appropriate employees are trained in their use.
- **E2** The Headteacher ensures that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing. Staff and Governors have completed a Financial Management Competencies matrix analysis¹³.
- **E3** The Headteacher ensures that duties related to financial administration are distributed so that at least two people are involved. The work of one acts as a check on the work of the other and all checks are fully documented.
- **E4** The school maintains proper accounting records and retains all documents relating to financial transactions for at least the period recommended by the LA i.e. 6 years plus the current year and will provide auditors with any documentation and explanations they consider necessary. The disposal of records after this period will be undertaken in a secure and appropriate manner as outlined in the ICT policy.
- **E5** There is a clear audit trail, with all financial transactions being traceable from original documentation to accounting records, and vice versa
- **E6** Any alterations to original documents such as cheques, debtor accounts and orders should be discouraged. Amendments should be made by cancelling the original document and reissuing.
- **E7** All accounting records are securely retained when not in use and only authorised staff are permitted access.
- **E8** The Headteacher ensures that all expenditure from sources of earmarked funding/grants is accounted for separately and transparently

and that the funding is used for its intended purpose. Extended School initiatives are also identified separately on finance system.

- **E9** The Headteacher shall immediately inform the Chief Internal Auditor of any loss or financial irregularity or suspected irregularity, or of any circumstances which may suggest the possibility of such loss or irregularity, including any affecting cash, stores or other property of the School.
- **E10** The Headteacher must ensure that all staff have received appropriate training to ensure they are trained to an appropriate level to use the finance systems and carry out financial tasks.

F Income

The Headteacher and Governors have appropriate controls in place to ensure the security of income.

- **F1** The governing body has established a Charges & Remissions Policy for School trips, music tuition, private photocopying, private telephone calls and the supply of other goods or services. The full governing body reviews these policies annually.
- **F2** Proper records are kept of all income due.
- **F3** All lettings are authorised by the Headteacher within a framework determined by the governing body.
- **F4** The responsibility for identifying sums due to the school is separate from the responsibility for collecting and banking such sums.
- **F5** Where invoices are required, they are issued within 30 days.
- **F6** The school always raises official, pre-numbered WCC receipts and maintains adequate formal documentation for all income collected and paid into the delegated budget. If necessary, a copy of the receipt can be issued. Receipts are securely stored in order.
- **F7** Cash and cheques are locked away to safeguard against loss or theft.
- **F8** Collections are paid into the appropriate bank account promptly and in full. Bank paying-in slips show clearly the split between cash and cheques and list each cheque individually. The receipt number(s) should also be referenced in the paying in book/sheets when income is banked to provide an effective audit trail between income received and banked.
- **F9** Income collections are banked intact and must not be used for the encashment of personal cheques or for making payments.
- **F10** The Headteacher reconciles monthly the sums collected with the sums deposited at the bank.
- **F11** The school has procedures for chasing any invoices, which have not been paid within 30 days.
- **F12** Debts are written off only in accordance with Appendix **B** and LA regulations¹⁴, and the school keeps a record of all sums written off.
- **F13** The Headteacher ensures that transfers of school money between staff are recorded and signed for.
- **F14** School procedures set out how VAT on income should be accounted for.

- **F15** School procedures stipulate that proper VAT invoices are issued from within the finance system and state WCC VAT registration number, which is GB 705 6721 42.

G Banking¹⁵

The Headteacher and Governors ensure that bank accounts are properly administered and controlled.

- **G1** The school obtains bank statements at least monthly and these are reconciled with their accounting records. Any discrepancies are investigated.
- **G2** All bank reconciliations are signed by the person performing the reconciliation. They are also reviewed and countersigned by someone who understands the reconciliation process and is a member of the senior leadership team.
- **G3** Staff responsible for undertaking bank reconciliations are not responsible for the processing of receipts or payments.
- **G4** All funds surplus to immediate requirements are invested to optimal effect as approved by the Governing Body.
- **G5** Individuals should not use their private bank accounts for any payments or receipts related to the school's budget or use the school's accounts for payment of their personal expenditure or income.
- **G6** The school's bankers have been advised that schools are not allowed to go overdrawn or negotiate overdraft facilities.
- **G7** The school should not enter into any loan agreements¹⁶, other than with the LA, without the prior approval of the DfE
- **G8** School procedures stipulate that all cheques must bear the signatures of two signatories approved by the governing body. There should be at least three signatories on the bank mandate.
- **G9** School procedures ensure that supporting vouchers are made available to cheque signatories to safeguard against inappropriate expenditure.
- **G10** School procedures stipulate that all cheques drawn on the account(s) are crossed 'account payee only' to avoid the possibility of improper negotiation of the cheques.
- **G11** School procedures stipulate that manuscript signatures only are used and cheques should not be pre-signed.
- **G12** Cheque books are held securely when not in use.
- **G13** The Office Manager maintains a list of all bank and building society accounts held and the signatories for each. Governors approve and annually review bank account signatories.

H Payroll

The school purchases payroll services and personnel services from Liberata under a Service Level Agreement. This arrangement is reviewed annually by

the Governing Body. The Headteacher and FGB review and agree annually the school staffing structure in line with the SIP.

- **H1** The governing body has established procedures, a 'Whole School Pay Policy', for the administration of personnel activities, including appointments, terminations and promotions.
- **H2** The Headteacher ensures that, where practicable, the duties of authorising appointments, making changes to individuals' conditions or terminating the employment of staff are separated from the duties of processing claims.
- **H3** The Headteacher ensures that at least two people are involved in the processes of completing, checking and authorising all documents and claims relating to appointments, terminations of employment and expenses.
- **H4** The school has sent in the names and specimen signatures of certifying officers to the LA.
- **H5** The Headteacher ensures that only authorised employees have access to personnel files and that arrangements for staff to gain access to their own records are in place.
- **H6** All payroll transactions are processed through the payroll system.
- **H7** The Headteacher maintains a list of staff employed on the SIMS Personnel system. Procedures are in place to ensure that this list is updated promptly to reflect new starters and leavers.
- **H8** The Office Manager obtains regular reports on payroll transactions and checks them against the school's documentation on staffing and pay to ensure that they match. Detailed checking takes place to ensure that the right individuals have been paid the right amounts on at least a monthly basis. Any discrepancies are promptly investigated and resolved.

J Petty Cash

The Headteacher and Governors have proper controls in places to ensure that petty cash is secure and its use appropriate.

- **J1** The governing body has set out in writing an appropriate level for the amount of petty cash to be held which represents a balance between convenience and the risk of holding cash on the premises. The petty cash "float" is currently £100 but at high demand times, this can be increased by prior authorisation of the Headteacher and agreement of the Schools Finance Team
- **J2** The Headteacher ensures that the petty cash fund is held securely and that only authorised employees have access to it. This is administered by the Office Manager and locked in a petty cash tin stored in the safe.

- **J3** Payments from the petty cash fund is limited to minor items, individual claim limit £25, which have been approved in advance by an authorised member of staff.
- **J4** All expenditure from the fund must be supported by receipts, identifying any VAT paid. It is signed for by the recipient and countersigned by an authorised member of staff.
- **J5** Proper records are kept of amounts paid into and taken out of the fund.
- **J6** The amount in the petty cash fund is periodically checked against the accounting records and reviewed by an independent member of staff.
- **J7** Personal cheques are not encashed from the petty cash fund.
- **J8** The Headteacher must also ensure that any imprest account must be kept within a surplus balance.
- **J9** Where appropriate a cheque should be provided and has two signatories.

K Tax

The Headteacher ensures that the school complies with Value Added Tax (VAT)¹⁷ and other tax regulations i.e. Income Tax¹⁸ and Construction Industry Scheme (CIS)¹⁹.

- **K1** The Headteacher ensures that all relevant finance and administrative staff are aware of VAT, Income Tax and the CIS regulations.
- **K2** School procedures stipulate that only proper VAT invoices are paid, as the school will not be reimbursed in the absence of such documentation.
- **K3** School procedures set out how VAT on business activities, school trips and other taxable activities should be accounted for.
- **K4** The school makes payments to contractors and subcontractors only in accordance with the Construction Industry Scheme (CIS).
- **K5** The school ensures that any payments to individuals for services such as lecturing, teaching or instructing are made in accordance with the Social Security (Categorisation of Earners) Regulations 1978.
- **K6** The Headteacher must also ensure all appropriate records are maintained to support any claims for VAT or Construction Industry Scheme.

L Voluntary Funds²⁰

Voluntary funds e.g. donations from parents, pupils and other benefactors are not public money. This section only applies to voluntary funds held that belong to the school and **not** other organisations that have a connection with the school such as the FUSS.

- **L1** The Headteacher ensures that voluntary funds are accounted for separately from the school's delegated budget and are held in a separate bank account.

- **L2** The governing body has considered the appropriateness of registering voluntary funds with the Charity Commission²¹ and has decided not to register.
- **L3** The FGB oversees these funds.
- **L4** The governing body appoints an auditor who is independent of the school. The auditor should not be a member of the governing body or a member of staff.
- **L5** The Headteacher ensures that the same standards of financial accounting which apply to income and expenditure for the school's delegated budget are applied to the voluntary funds and the funds are operated in accordance with "The Instructions for Managing School Funds" (Revised October 2012)
- **L6** Any income which properly relates to the school's delegated budget should not be credited to a voluntary fund.
- **L7** The Headteacher presents 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 audit is completed within three months of the year end).
- **L8** The Headteacher ensures that the audited accounts and supporting documentation are available for the LA Internal Auditors on request.
- **L9** The Headteacher ensures that every cheque drawn against a voluntary fund bank account is signed by two signatories authorised by the governing body.
- **L10** Any voluntary fund income is paid into the relevant bank account at least once a month.
- **L11** Receipts are issued for any donations or income entering voluntary funds in excess of £40. Receipts issued must not be official WCC receipts used for public funds.
- **L12** The Headteacher ensures that regular reconciliations between the accounting records and bank statements are undertaken and independently reviewed on at least a monthly basis.
- **L13** The governing body ensures that voluntary funds are covered by insurance, including fidelity guarantee insurance.
- **L14** The Headteacher ensures that any money relating to the school budget should not be entered into this account and must go the schools budget.

M Assets and Security

Assets are kept securely and recorded in an inventory.

- **M1** The Headteacher ensures that stocks/consumables (e.g. stationery, art materials) are maintained at reasonable levels and subject to a physical check at least once a year.
- **M2** Up-to-date inventories are maintained of all items of equipment with a replacement value exceeding £100²² or agreed lower value items which

are portable and particularly attractive. Such items are identified as school property with a security marking.

- **M3** The Headteacher arranges for inventories/stock books to be checked at least once a year against physical items. All discrepancies are investigated and any over £100 reported to the governing body.
- **M4** Whenever school property, for example musical instruments or computers, is taken off the school site it is signed for and a register noted accordingly.
- **M5** The governing body authorises all write-offs and disposals of surplus stocks and equipment in accordance with the LA's regulations.
- **M6** Safes and similar deposits are kept locked and the keys removed and held away from the school premises.
- **M7** The governing body has a plan for the use, maintenance and development of the school's buildings.

N Insurance

The Headteacher and Governors regularly consider risks and take out insurance protection as appropriate in line with Local Authority guidelines.

- **N1** The school reviews all risks annually, in conjunction with the LA where appropriate, to ensure that the sums insured are commensurate with the risks.
- **N2** The governing body considers whether or not to insure risks not covered by the LA. The costs of such premiums are met from the school's delegated budget.
- **N3** The school will notify its insurers, the LA and other agent as appropriate of all new risks, property, equipment and vehicles which require insurance or of any other alteration affecting existing insurance.
- **N4** The school does not give any indemnity to a third party without the written consent of its insurers, the LA or other agent as appropriate.
- **N5** The school will immediately inform its insurers, the LA or their agent of all accidents, losses and other incidents that may give rise to an insurance claim.
- **N6** Insurance arrangements cover the use of school property, for example musical instruments or computers, when off the premises. Staff are advised that equipment is not insured if left unattended in a car.

P Data Security

The school relies on computers to process and record personal, financial and other management data. Most of the controls in this section cover access to data held on computers. Refer to the School's ICT policy & Acceptable use policy.

- **P1** Computer systems used for school management are protected by password security to ensure that only authorised employees have access. Passwords are changed regularly and updated for staff changes.
- **P2** The Headteacher ensures that data is backed up regularly and that all back-ups are securely held in a secure fireproof location, preferably off-site.
- **P3** The Headteacher has established a recovery plan to ensure continuity of financial administration in the case of emergency.
- **P4** The Headteacher ensures that systems are in place to safeguard school software and data against computer viruses. To prevent viruses being imported, only authorised software is used.
- **P5** The governing body ensures that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998²³ 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.
- **P6** The governing body ensures that payment systems used by the school are PCI Compliant, providing The Local Authority with annual assurance of this compliance.
- **P7 The Headteacher must ensure WCF School Finance Team are notified of any leavers, holding an e5/CP licence to enable the user to be disabled on the employees contract end date.**

APPENDICES

Appendix A

Financial Roles and Responsibilities of Headteacher & Staff

Headteacher	Set and monitor spending in school. Authorise ordering requested by staff. Authorise spending in E5
Office Manager	Track and monitor spending in school. Produce reports for Governors and LA alongside Headteacher. Submit budget papers when required. Input spending on E5. Manage petty cash
Staff	Fill in request form when requested spending. Retain receipts when making a claim. Spending to be agreed with Headteacher before money is spent which is expected to be claimed.

Financial Limits of Delegated Authority

Staffing Committee

Full powers are delegated to the Staffing Committee to approve appointments, salary increases etc. up to the limit of the approved staff salaries budget. The Staffing Committee is NOT empowered to authorise expenditure that would place the staffing budget in an overspent position.

The Headteacher

The Headteacher is empowered to authorise expenditure only within the approved budgets, not including the contingency sum and up to a single value item not exceeding £2,500. Approval of the appropriate committee or full Governing Body is required above this sum and for virement from the contingency sum.

Where specific items or work have the approval of the Governing Body, the Headteacher is empowered to authorise expenditure up to the approved sum. The approved sum is the amount allocated for the item or the lowest of any quotations/tenders less any contingency sums, whichever is the lower.

The Headteacher may delegate her authority to a named senior member of staff. This should be approved by the Governing Body and the decision recorded in the Governing Body minutes.

Budget Virement

The Headteacher is empowered to authorise virement between budget headings within the overall delegated sum as follows: -

- Over £1,000 Governing Body approval required in advance.

Virement from capital to revenue is not allowed.

Procurement

Competitive quotations must be obtained wherever possible in accordance with the Tendering procedure (and based on Annex L to Worcestershire County Council Procurement Code²⁴ and LA guidance) as follows: -

- up to £5,000

An appropriate number of quotations should be obtained. Quotations may be sought verbally but must be confirmed by suppliers in writing (email is acceptable). Catalogue prices may be used

- £5,000- £20,000
At least 3 written quotations (email is acceptable) must be obtained based on a specification that succinctly describes the requirement but is not geared to a particular product or service offering. All quotations must be retained.*
- £20,000 – £50,000
At least 4 formal invitation to tenders or written quotations must be obtained based on a specifications that succinctly describes the requirement but is not geared to a particular product or service offering. All quotations must be retained.*
- £50,000 – Council Threshold. £189,330,
Minimum of 4 formal invitation to tenders to be obtained and retained.*
- More than the Council Threshold. £189,330
Purchasing is strictly in accordance with the current Council's Procurement Code. Invitation to tender opportunities must to be advertised on the UK's Find a Tender service

* Unsuccessful tenders/quotes are retained for a minimum of one year following completion of the contract. Successful tenders/quotes and supporting documentation showing the decision making process are retained for six years following completion of the contract.

Contracts

Variations to contracts and/or specifications involving additional expenditure exceeding £100 whether or not from the contingency sum require the approval of the appropriate FGB or in an emergency the Chair of Governors.

Writing off of Debts

The Headteacher may authorise write-off up to a limit of £50
Chair of Governors may authorise write-off up to a limit of £100
FGB may authorise write-off of debts of £101 - £250.

WCC procedures apply for all debts above £250 to be written off. In such cases, the FGB will recommend write off but must notify Financial Services who have authority to approve that the debt is written off.

Petty Cash

The Petty Cash float is set at £150, however at high demand times this can be increased temporarily by prior authorisation of the Headteacher. Individual claim limits should not exceed £25.

Appendix C

Reporting Requirements for Governors and Local Authority

For Governors

	Information	Frequency	Deadline
1	Actual Budget allocations from the LA	Annual	With (7)
2	Additional funds from LA throughout the year	As appropriate	
3	Devolved Capital formula allocations from the LA/ DfE	Annual	With (7)
4	Other allocations and grant claims	As appropriate	
5	CFR report	Annual	September
6	Budget Plan for approval	Annual	In time to forward to LA by 1 st May
7	Budget monitoring statement for public funds from school's finance system showing original budget, latest revised budget, commitments, actual £ and % received/spent to date, balance outstanding and end of year projections	Termly	
8	Budget monitoring statement each term for all other funds	Termly	
9	Cashflow projections each term	Termly	
10	Capital spend each term	Termly	
11	Forward projections (3 years)	Annual	
12	Private funds – approval of annual audited accounts	Annual	Audit to take place within three months of Year end. Approval of audited accounts within 6 months of year end
13	Financial Benchmarking ²⁵	Annual	
14	Completion of SFVS self-assessment	Annual	By 31 st March
15	PCI DSS compliance return to LA	Annual	

For Local Authority

	Information	Frequency	Deadline
1	Budget Plan	Annual	1 st May
2	Lease Assessment Form	Annual	30 th September
3	Management of Surplus Balances Pro-Forma	On request	This information may be requested by the Local Authority where a school's uncommitted surplus balance exceeds the limit for the school phase.
4	VAT return	Monthly	Published schedule
5	Governors Finance Committee Report	Termly	31/7, 31/01, mid April
6	Bank Reconciliation report	Termly	31/7, 31/01 mid April
7	End of year accounts <ul style="list-style-type: none"> • Income & Expenditure Report • Balance Sheet • Bank reconciliation report with original bank statements • Debtors and creditors 	Annual	Published deadline (approx mid-April)

Procurement Policy

Introduction

The essence of good financial control in purchasing and contracting is twofold. Firstly, to ensure that value for money is obtained and secondly to minimise the opportunity for fraud.

To ensure the first, it is fundamental that competitive prices/quotations/tenders are obtained on a like for like basis, whether the invitation is for goods or services. It is almost always the case that a cheap quotation will deliver equally cheap or low quality goods or services. It is therefore essential to invite quotations/tenders against a carefully drawn up specification. Where the value of the work/services exceeds £5,000 this must always be the case. Specifications must be prepared by persons properly qualified and experienced to do so.

To minimise the opportunity for fraud and to protect the interests of staff it is fundamental to separate the functions of ordering and receipt/authorisation of payment.

Tendering Procedure

This procedure is intended to ensure that tenders and quotations obtained by the school are invited and processed in accordance with the standing orders of the LA. It is intended as far as possible to separate the functions of invitation and selection and protect staff involved.

This procedure covers ALL contracts to be entered into by the school, including annual maintenance contracts.

1. Selection of Tenderers

Tenderers must always be selected by at least 2 people.

The minimum number of Tenderers required will be:

For the supply of goods or services:-

- Below £5,000 An appropriate number of quotations should be obtained. Quotations may be sought verbally but must be confirmed by suppliers in writing (email is acceptable). Catalogue prices may be used.
- More than £5,000 and less than £20,000 At least 3 written quotations (email is acceptable) must be obtained based on a specification that succinctly

describes the requirement but is not geared to a particular product or service offering. All quotations must be retained.*

- More than £20,000 and less than £50,000 At least 4 formal invitation to tenders or written quotations must be obtained based on a specifications that succinctly describes the requirement but is not geared to a particular product or service offering. All quotations must be retained.*

- Over £50,000 but less than the Council Threshold £189,330, Minimum of 4 formal invitation to tenders to be obtained and retained.

- More than the Council Threshold. £189,330 Purchasing is strictly in accordance with the current Council's Procurement Code. Invitation to tender opportunities must be advertised on the UK's Find a Tender service
 - o Schools Finance Regulations
 - o WCC Standing Orders on Contracts
 - o WCC Procurement Code

* Unsuccessful tenders/quotes must be retained for a minimum of one year following completion of the contract. Successful tenders/quotes and supporting documentation showing the decision making process are retained for six years following completion of the contract.

2. Emergency Works

Competition may be waived where Contractors need to be engaged, or materials purchased to carry out immediate remedial works in an emergency. Any action taken must be reported to Governors at the earliest opportunity.

3. Tender Invitation

All Tenders shall be invited for return by a specific date, the opening date. The tenders must be opened together on that date and time and the offers recorded in a tender opening register. Computer records are unacceptable for this purpose. (Suitable endorsed return envelopes must be included with the tender invitation).

4. Contractors Own Conditions

In cases where a Contract is let using the Contractor's own conditions, typically accepting a quotation, the Responsible Officer MUST satisfy him/herself that the Conditions are acceptable and do not disfavour the school.

5. Return of Tenders

a) Receipt of Tenders/Quotations

- All tenders/quotations shall be returned to the Headteacher or her representative in the return envelope provided.
- The date and time of receipt of each Tender shall be endorsed in ink on the unopened envelope/package. The time of receipt shall be recorded in the tender opening register as well as the tenderers details and the value of the tender in both words and numbers.
- The unopened Documents shall be retained in locked safe storage until the time appointed for their opening.

b) Opening of Tenders/Quotations

- Tenders over £20,000 shall be opened by the Headteacher or her representative in the presence of a second person and if appropriate a person technically qualified depending on the nature of the tender (e.g. architect, ICT expert). This person should where possible be a school Governor. Each individual present at the time that tenders are opened must sign the tender opening register.
- Every Tender received shall be endorsed with the date of opening and initialed by the persons undertaking the opening.
- A record is to be maintained for 6 years to show for each Contract:
 - o The Value of each Tender Returned
 - o Names and numbers of firms from whom Tenders have been received
 - o Date that Tenders were opened
 - o Signature of Persons present at the Opening (not to be less than 2)
 - o The time and date recorded on the Tender envelopes as being the time Tenders were received by the school.

c) Selection of Tenders

- The tender selected will be that which satisfies all the criteria and which represents best value, where a tender other than the lowest is accepted, the reasons for this decision is taken by the governing body and included in the minutes of the relevant meeting. The decision should be based on a consensus of those present.

d) Late Tenders/Quotations

- Where Tenders are received late they shall be accepted only if it is clear that the Tenderer despatched the documents in reasonable time and that through no fault of his they were delayed.
- Under no circumstances will Tenders, which are received after the opening of competitor tenders, be accepted.
- The details shall be recorded in the Tender opening register.

6. Payment

Payment will be made when the work or supply is satisfactorily complete.

Contractors usually make an “interim claim”. It is however, the Contract Administrator’s responsibility to value the work. Interim Certificates must be issued in accordance with the Contract Conditions.

Where the Contract includes a lump sum payment this must only be made when the work is properly completed and proper final account rendered.

In all cases no payments are to be made in advance.

7. Quotations

Quotations shall be dealt with in a similar manner as described above for tenders except that no Governor presence is required at opening.

NOTES

PLEASE NOTE THAT WHERE REFERENCE IS MADE TO DOCUMENTS ON THE FMSiS WEBSITE, THESE ARE NOW ACCESSIBLE FROM THE NATIONAL ARCHIVES VIA THE FOLLOWING LINK:

<http://webarchive.nationalarchives.gov.uk/20110202132017/http://www.fmsis.info>

¹ WCC financial regulations and standing orders are available from Worcestershire County Council's website @ www.worcestershire.gov.uk

² A copy of Worcestershire's Fair Funding Scheme for Financing Maintained Schools is available from the Schools Finance Team 01905 844009

³ Roles and Responsibilities i.e. written statement of roles and responsibilities of Headteacher and staff with a finance management responsibility. Include a Staff structure chart.

⁴ Further guidance on Asset Management Plans is available from Corporate Landlord Services Propertyrequests@worcestershire.gov.uk

⁵ A Guide to taking minutes for meetings of the Governing Body and its Committees can be requested from WCF Governor Services.

⁶ Further guidance and a pro-forma for registering business interests are available from WCF Governor Services
Resource document R81 General Code of conduct and registration of interests for senior staff (2005).

⁷ Budget profiling is an accounting term meaning a forecast of spending or income at different times during a year. Comparison with it helps managers to detect when the budget starts to get off track and hopefully allows enough time for corrective actions to be taken i.e. it serves as an early warning system.

⁸ Guidance for cash flow management and a cash flow pro-forma is available in resource document R23A on the archived FMSiS website.

⁹ The school should have a policy on "reserves" which has been explicitly agreed by the Governing Body, at a level they feel is justified for their school. This should be minuted.

¹⁰¹⁶. WCC challenge schools with excess surplus balances. Using DfE guidelines a school's uncommitted surplus balance should be no more than 8% for Nursery, Primary and Special schools and 5% for Secondary schools of in-year funding. In recognition that there are small primary schools in Worcestershire for which an 8% carry forward would be insufficient, the cost of one full time teacher at the top of the main scale (plus on-costs), is also allowed.

Local Authorities are authorised to claw-back surplus balances that are not permitted under their Scheme for Financing Schools. Permitted balances include prior year commitments; unspent grants and funds for other specific purposes agreed by the Local Authority (e.g. building works). Schools will be able to build up reserves towards particular projects but cannot defer implementation indefinitely.

Schools with uncommitted surplus balances in excess of the above limits and not subject to formal re-organisation may be asked to complete a pro-forma providing details of how they intend to spend their surplus. Financial records will be examined to see if this happens.

¹¹¹⁷ Further guidance on leasing and a leasing assessment form is available from the Schools Finance Team 01905 844009

¹²¹⁸ The Procurement Card Policy and Procedures documents are available from the Schools Finance Team 01905 844009

¹³¹⁹ You can download the financial management skills matrix for governors from, the "Additional Resources" page in the "Support Notes" section of the DfE SFVS webpages.

¹⁴²⁰ Writing off debts - where a school has its own bank account, the Governing Body is authorised to write off debts up to a level stipulated by the Chief Finance Officer, but must notify the Authority of any debts approved for write off. The current limit is set at debts up to and including £250. In the case of larger debts and for schools who do not have their own bank account, the school cannot write off these debts but must carry out procedures set out in WCC Financial Regulations and WCC Accounting Instructions. Governors can recommend writing off a

debt but must notify Financial Services who has authority to approve that the debt is written off.

¹⁵²¹ Most of the Banking Section G is clearly directly applicable for bank account schools, but is also relevant for schools' imprest accounts.

¹⁶²² Details of the LA loan Scheme are available from the Schools Finance Team 01905 844009 Loans are available for larger purchases, to spread the cost over 2-4 years.

¹⁷²³ For further guidance on VAT, please contact the WCC VAT officer. WCC's "Accounting for VAT in schools" publication is available from the Schools Finance Team 01905 844009

¹⁸²⁴ For further guidance on Income tax, please phone your normal contact in payroll.

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- **Inspection of CIS Vouchers** -Subcontractors will no longer provide vouchers for inspection. Where appropriate, CIS status verification will be performed centrally by the Revenue Section in Financial Services via HMRC's online service.
- **Exemption for LA Schools** - Schools are not required to operate CIS provided that the construction work is commissioned by the School Governors, the Head Teacher, or a member of staff exercising the delegated authority of the Head Teacher **and** payment for the construction work is to be made from the school's delegated budget.
- **School Construction Work that is Not Exempt** - CIS is to be operated for school construction work when any of the following criteria is met - the construction work is commissioned centrally by the LEA or payment for the construction work is to be made from a centrally-managed budget.

Further guidance is available from the Revenue Officer.

²⁰²⁶ "School Private Funds – "Instructions for the Management of School Funds" is available from the Schools Finance Team 01905 844009

²¹²⁷ A summary of key requirements under Charity Law applicable to schools voluntary funds is available from the Charities Commission Website.

²²²⁸ The current Inventory limit as given in WCC Accounting Instructions (1994) is £25. Internal Audit has advised that it would be reasonable for Governors to increase this limit to £100 if this is more practical for the school i.e. only include items with replacement value of £100 in your inventory. Schools may choose to include desirable items of a lower value

²³²⁹ Schools are required to notify the Data Protection Commissioner where the activities they are engaged in are covered by the Data Protection legislation e.g. pupil records. Further details are available from the DfE website under Data Protection.

²⁴³⁰ The Procurement code for Worcestershire County Council is available on WCC's website @ www.worcestershire.gov.uk/tendering.

²⁵³¹ Further guidance on financial benchmarking is available from the DfE Schools Financial Benchmarking website. The Schools Finance Team will publish benchmarking information for Worcestershire schools based on Consistent Financial Reporting data for maintained schools. This is available for the Schools Finance Team 01905 844009