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## MORTON C. of E. (CONTROLLED) PRIMARY SCHOOL FINANCE POLICY

### 1.1 Introduction

The governing body recognises that it is ultimately responsible for the financial management of the school and has produced this policy document to help it fulfil those responsibilities.

### 1.2 Organisation

In view of the importance and complexity of financial management in the school, the governing body has established a Finance Committee to enable due consideration to be given to all financial matters.

The governing body has delegated a number of its powers to the Finance Committee (details of roles and responsibilities are set out later in this policy document).

The Finance Committee members will not be detailed by name but the make up of the finance committee will be shown as

Chairperson  
Vice Chairperson  
Headteacher  
One other Governor

The Chairperson and Vice Chairperson of the Finance Committee shall be the Chairperson and Vice Chairperson of the Governing Body who are elected annually.

The Finance Committee plans to meet 3 times a year.

#### **Term 2**

- to consider the second budget monitoring report of the year and to update the school's finance plan in light of the number on roll in September

#### **Term 4**

- to consider the final budget monitoring report for the preceding financial year and ratify a revised financial plan.

#### Term 5

- To set and agree new budget for the forthcoming financial year
- To ensure that the school produces a Best Value statement and adheres to it
- To agree and sign the Statement of Internal Control For Schools yearly, as per the Finance Policy.
- To ensure that the school obtains value for money through the use of the Best Value Statement
- To ensure that School Fund or Main Budget audit recommendations (if an audit has been made by LCC) are implemented within a reasonable timescale

The Finance Committee will report, and make recommendations, to the full governing body. Minutes of each Finance Committee meeting will be presented to the next meeting of the full governing body.

Finance Committee members will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

### 1.3 Roles and Responsibilities

The governing body recognises the importance of governors, Finance Committee members, the headteacher and staff being clear about their respective roles and responsibilities with regard to the financial management of the school. This section sets out those roles and responsibilities.

#### 1.3.1 The governing body will:

agree, and record in writing, the roles and responsibilities of the Finance Committee and headteacher

review those roles and responsibilities on an annual basis at first Full Governors meeting when the TOR are agreed each year for all committees including Finance Committee members each year.

approve the school's budget each year, ensuring that a copy is attached

to the minutes of the meeting

approve the school's original and revised financial plans each year

take appropriate steps to ensure the school's budget does not overspend

contact the LEA and seek approval to overspend where this seems unavoidable

authorise the school's applications for loans from the County Council

satisfy itself that the Finance Committee and headteacher are fulfilling their responsibilities as set out in this policy document

review detailed budget monitoring reports at each FG meeting , ensuring that copies are attached to the minutes

agree the school's virement policy

review the school's charging policy on an annual basis in Term 2.

ensure that the school fund is audited each year ensure that a signed statement confirming that the school fund has been audited is issued to the County Council within its specified timescale

review the financial training needs of governors, the headteacher and staff on annual basis and fund training needs, as appropriate

ensure that the school's Register of Business Interests and Conflict of Interests is kept up-to-date

review this policy document on an annual basis

#### 1.3.2 The Finance Committee will:

familiarise themselves with this policy document and their roles and responsibilities

familiarise themselves with the way in which schools in Lincolnshire are funded

produce a timetable of meetings at the start of the year outlining their key purpose

consider the draft budget papers prepared by the headteacher

consider the draft finance plan prepared by the headteacher

consider budget monitoring reports produced by the headteacher throughout the year which are presented through FG body meetings.

ensure that the school obtains value for money

ensure that the school's Standards Fund allocations are fully utilised

use management information, particularly that supplied by the County Council, to challenge the way in which the school uses its financial resources

ensure VAT is correctly accounted for

ensure that the school complies with the County Council's financial regulations

ensure that the school does not overdraw its bank account (where applicable)

ensure that the school produces a Best Value statement and adheres to it

report to the full governing body

ensure that audit recommendations are implemented within a reasonable timescale

#### 1.3.3 The **headteacher** will:

familiarise him / herself with this policy document and his / her role and responsibilities

draft budget papers

draft original and revised finance plans

ensure that School Development Plan priorities are properly costed and linked to the school's budget and finance plan

monitor the budget on a monthly basis

oversee the day-to-day running of the school's financial administration

and ensure that the County Council's timetable is adhered to

review reconciliations and returns on a regular basis and initial documents as evidence that such checks have been carried out

ensure that the school fund records are kept up-to-date

ensure that school fund's annual accounts are prepared, audited, approved by the full governing body and submitted to the LEA in the timescale specified

agree virements up to his / her authorised limit

#### 1.3.4 The **administrator** will:

maintain the accounting records using the school's financial package

ensure that the LEA's timetable for completion of SAP, bank, imprest and other reconciliations is adhered.

contact the school's nominated Accounting Officer in the Schools Finance Team with concerns or queries regarding financial administration

ensure that payments are made to suppliers within 30 days of the date of the invoice

#### 1.4 Training

The governing body recognises the importance of financial training for governors and staff in helping them to fulfil their responsibilities in relation to the financial management of the school.

The training needs of all governors and staff will be reviewed each year. Appropriate budgetary provision will be made wherever possible and governors and staff will be actively encouraged to undertake that training.

#### 1.5 Budget setting

The governing body recognises the importance of setting a detailed budget at the start of the year.

The headteacher will draft a detailed budget for each line of income and expenditure, using zero based budgeting techniques (as opposed to, say,

incremental budgeting) for the Finance Committee's consideration.

The headteacher will include options for increased spending, as set out in the School's Development Plan, and options for cost-cutting measures, where appropriate.

#### 1.6 Budget monitoring

The governing body recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under and overspendings.

The headteacher will monitor the budget on a monthly basis by reviewing printouts from the school's financial system for:

- errors
- miscodings
- large or unusual items
- potential underspendings or overspendings against budget

and act promptly, where appropriate.

#### 1.7 Financial administration

The governing body recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the school.

The headteacher will monitor the financial administration functions carried out by the secretary / bursar, ensuring that:

- accounting systems are kept up-to-date
- SAP and bank reconciliations, imprest claims, etc are completed in accordance with the LEA's published timetable
- appropriate action is taken where the LEA advises the school that its day-to-day administration is not up-to-date

#### 1.8 Reporting

The governing body recognises the importance of receiving detailed, accurate and up-to-date financial information to enable it to oversee and

control the financial position of the school.

The headteacher will prepare budget monitoring reports for consideration by the Finance Committee and the wider GB.

The reports will include for each line of income and expenditure (including standards funds):

- the original budget,
- changes to the budget,
- current budget,
- expenditure and commitments to date,
- expenditure and commitments to date expressed as a percentage of the current budget
- an outturn projection
- a variance between outturn and current budget
- an explanation for all variances exceeding £1,000 in value
- details of proposed virements
- details of proposals for additional spending or cost-cutting measures

Each year the County Council issues to schools spreadsheet and word-processing documents to provide a framework for the preparation of finance plans and budget monitoring reports to governors.

## 1.9 Financial planning

The governing body recognises the importance of financial planning beyond the current year.

The headteacher will prepare a financial plan covering the next three years.

The plan will show the projected numbers on roll and the impact this has on the school's budget share, expenditure and carry forward.

The level of detail shown in the plan will include, as a minimum, the information set out in the County Council's financial planning spreadsheet, which is issued to schools each year.

The plan will include contingency plans, setting out the school's proposals for dealing with variations including, in particular, changes in the projected number on roll.

#### 1.10 Audit

The governing body recognises the importance of the County Council's audit regime in assessing the adequacy of the school's financial controls.

The governing body and headteacher will ensure that auditors are given access to staff, all relevant records and property as the auditors consider necessary.

The headteacher will ensure that audit recommendations are implemented as soon as possible.

The headteacher will familiarise him / herself with the key internal control errors typically found in schools, as published by Audit and Financial Control, and will ensure that such weaknesses do not occur within the school.

#### 1.11 Annual timetable

The governing body recognises the importance of planning its financial management work throughout the year.

The headteacher will draw up an annual timetable of key events and will submit this annually to the full governing body's last meeting in each financial year. This will sit within the overall School/ Governors Calendar.

#### 1.12 Review

The governing body will review the policy at their 4th meeting of the year.