



Broad Oak Primary School

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School Finance Policy Including:

- Internal Financial Regulations Policy
- Debt Management Policy
- Control of Assets Policy

**PLEASE NOTE THAT THE
CHARGING & REMISSIONS
POLICY IS NOW SEPARATE.**



POLICY

Broad Oak Primary School



SCHOOL FINANCE POLICY

MISSION STATEMENT

*Learning to live, loving to learn.
At Broad Oak we nurture today's minds for
tomorrow's challenges. Working together we
ensure every child has the potential to shine.*

*Together we Challenge **C**hallenge **A**spire **N**urture*

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1. SCHEME OF DELEGATION INTERNAL FINANCIAL REGULATIONS POLICY

1.0 ESTABLISHMENT OF BUDGET HEADINGS, MONITORING AND CONTROL PROCEDURES AND EXERCISE OF VIREMENT

1.1 Each year, on receipt of its budget share from the LA the Governing Body shall establish appropriate budget headings for the school as a whole under which the budget shall be controlled and determine the initial budget allocation to each heading. Any changes to budget allocations following notification by the Authority of the previous year's surplus/deficit brought forward shall be determined by the Governing Body.

1.2 The Headteacher may sub-divide the budget determined by the Governors on a departmental or other basis in order to facilitate day to day administration and control.

1.3 The Headteacher shall be empowered to exercise virement between budget headings approved by the Governors of up to £5,000 (or 10% of the budget heading from which resources are being transferred, whichever is the lower) in total for any heading during the year. Any virement exercised shall be reported to the Governors at their next meeting. Virement in excess of this figure requires the prior approval of the Governing Body.

1.4 The Headteacher shall establish suitable arrangements for the control and monitoring of expenditure against budget headings.(e.g.SIMS, FMS)

1.5 At termly intervals, the Governors shall receive from the Headteacher a report on school expenditure compared with budget. Reasons for any significant variances between actual and estimated expenditure to date shall be identified. In addition, the Headteacher shall inform the Governors immediately if significant overspendings are likely to occur, resulting in the school budget falling into a financial deficit position.

1.6 The Governing Body shall consider the appropriate level of reserves and balances at the school.

2.0 CHOICE OF SUPPLIERS AND CONTRACTORS

2.1 The Governing Body is responsible for ensuring that purchases and contracts entered into for the supply of goods and services comply with Standing Orders for Schools; in particular:

- ◇ orders or contracts of up to £10,000 may be entered into without the need for competitive quotations or tenders, provided they represent value for money;
- ◇ for contracts or purchases between £10,000 and £74,999 in aggregate value at least three written quotes are required;
- ◇ contracts over £75,000 in aggregate value must be publicly advertised and tenders invited for each contract.

2.2 The Headteacher shall maintain a record and copies of all quotes and tenders received and retain for audit inspection.

2.3 The Governors, the Headteacher and also any member of staff who may have influence over purchasing decisions shall disclose any business interest they or their immediate family have in a Register of Business Interests maintained within the school. The person concerned shall be excluded from any meeting whilst the contract or other matter which relates to their or their immediate family's business interest is being considered and voted upon.

2.4 For a contract where a payment is to be received by the school, the highest tender should be accepted, but where a payment is to be made by the school, the lowest tender should be accepted. Departure from these requirements may occur only with the prior approval of the Governing Body and the reasons for not complying with the conditions must be recorded in the minutes of the meeting. The receipt of sponsorship must not be regarded as a valid reason for not complying with these conditions.

2.5 The requirement for tenders or written quotations may be waived when a purchase is made under a contract arranged by Central Government or the County Council since arrangements have already been made for securing competition for such contracts.

2.6 Where the Governors have established an approved list of suppliers or contractors any order shall be placed with an appropriate supplier from that list.

2.7 Building maintenance orders shall only be placed with contractors who have adequate insurance.

2.8 The Headteacher shall maintain a record of all sponsorship received by the school, including the sponsor's name and details of cash/goods received, date of receipt and use made of cash/goods.

3.0 LOCAL BANK ACCOUNTS

3.1 The Governors shall decide, after consultation with the Headteacher, whether or not to operate a local bank account.

3.2 The decision to change the school's banking arrangements shall be made in sufficient time to allow four months' notice to the Authority to be given. New bank accounts can only be opened at the start of a financial year.

3.3 The Governors, in consultation with the Headteacher, shall be responsible for the selection of the bank with which the account is to be placed.

3.4 The Headteacher shall be responsible for ensuring that adequate arrangements are made for the administration of the account in accordance with the bank account scheme issued by the Authority.

4.0 AUTHORITY TO INCUR EXPENDITURE AND PLACE ORDERS

4.1 The Headteacher shall have delegated authority to incur expenditure on any goods and services or enter into any contracts related to the objectives of the school up to a value of (£20,000) provided that the expenditure can be met from within the appropriate approved budget heading and that no liability in excess of (£20,000) is incurred in any future year.

4.2 All orders for goods or service contracts of value (£20,000) and above or with an annual commitment of more than that amount shall be subject to the prior approval of the Governing Body.

4.3 The headteacher is responsible for ensuring that there are secure arrangements for the authorisation of orders and the examination, verification, coding and certification of invoices including ensuring that:

- ◇ the duties of authorisation of orders and the certification of accounts for payment are not performed by the same person, and wherever practicable the duties of ordering shall be performed by the more senior person.
- ◇ all orders shall be signed in his/her own name by the headteacher or by an officer authorised by the headteacher. A record of specimen signatures shall be maintained of these authorised officers.
- ◇ all invoices shall be certified for payment by an officer authorised by the headteacher. A record of specimen signature shall be maintained of the officers authorised to certify invoices.

5.0 DETERMINATION OF STAFFING ESTABLISHMENT

5.1 The Governing Body shall determine the staffing establishment for the school having regard to available financial resources.

6.0 CONTROL OF ASSETS

6.1 The Headteacher shall ensure that adequate arrangements exist for the security of all buildings and the physical control of stores and equipment and for the maintenance of records, having regard to any guidance or instructions issued by the Authority.

6.2 The Governing Body shall determine a policy for the control of assets and the write-off of surplus equipment.

7.0 USE OF SCHOOL PREMISES

7.1 The Governing Body shall determine a lettings policy for the school.

7.2 Where the school has discretion relating to charges for use of school premises, these charges shall be determined by the Governing Body and shall be reviewed on an annual basis to ensure that overall there is no net cost to the school's budget share.

8.0 UNOFFICIAL SCHOOL FUNDS

8.1 Monies relating to unofficial school funds shall be held in a separate bank account identified with the name of the school and for which the signatures of at least two named persons shall be required to affect withdrawal from the account. The signatories to the account shall be appointed by the Headteacher.

8.2 The Headteacher shall inform the Governing Body at the end of each school year of the unofficial funds which are in existence or have existed during the year, indicating the general purpose of each fund.

8.3 The Headteacher shall submit to the Governing Body as soon as possible after the end of each school year a summary of the accounts of each voluntary fund signed by the Headteacher and the auditor appointed by the Governing Body.

8.4 The Headteacher shall submit copies of accounts of each unofficial fund, together with an audit certificate to the Authority on an annual basis.

9.0 CONSIDERATION OF AUDIT REPORTS

9.1 Any audit report in relation to the school produced by the Director of Finance or the County Council's external auditors shall be considered by the Governing Body.

9.2 The Governing Body shall approve any action plan arising from the audit and monitor implementation of that plan to ensure that all agreed action has been taken.

10.0 INCOME

10.1 The Governing Body shall determine a charging policy for the supply of any goods or services.

10.2 The Headteacher shall ensure that all income due to the school is accounted for in accordance with the school's charging policy.

10.3 Bad debts up to the value of (£200) may be written off by the Headteacher without the prior approval of the Governing Body or nominated Committee. The Headteacher must report all such write-offs to the next meeting of the Governing Body or nominated Committee.

10.4 For bad debts in excess of (£200), the prior approval to write off must be obtained from the Governing Body, or a nominated Committee.

11.0 GIFTS AND HOSPITALITY

Any offer or receipt of gifts or hospitality shall be reported to the Governing Body and recorded in the Minutes of the Meeting.

3.DEBT MANAGEMENT POLICY

The Governing Body is responsible for ensuring that procedures are in place for the recovery of any outstanding debt.

This policy sets out procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

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Payment should be obtained as and when goods and services are provided wherever possible; in particular where the value of the goods and services is relatively small, ie less than £100.

Where payment is not received at the time when the goods or services are delivered an invoice will be raised as soon as possible but normally within 10 days after a debt becomes due.

Invoices will require payment within 30 days from the date of issue.

A first reminder will be issued if no payment is received within 30 days.

A final reminder will be issued 14 days after the initial reminder stating that legal action will be considered if payment is not received within 14 days.

At each Governing Body/Finance Committee meeting, the headteacher is required to inform the governors of any debt which is still outstanding after the 14 day period following the final reminder together with any proposed action. This may be a referral to a debt collection agency, to solicitors for legal action or to write-off the debt if there is no realistic prospect of debt recovery being successful or if further action is not cost-effective.

Outstanding debt of up to £200 may be written-off by the headteacher provided that the appropriate follow-up action outlined above has been taken and the details of the debtor, amount of write-off and reason for no further action being taken is reported to the Finance Committee for information at their next meeting.

Write-off of outstanding debt in excess of £200 must be approved by the Finance Committee following submission of details of the debt by the headteacher together with reasons for no further action being taken.

4. CONTROL OF ASSETS POLICY

Governing Bodies need to ensure that adequate arrangements are made for the security of buildings and for the control of stocks and equipment.

It is recommended that:

1. A permanent record is maintained in school of all 'stock' items

These will include computer equipment, audio/visual equipment, musical instruments, cleaning or handicrafts equipment or any other 'desirable' items which the school may possess. As a guideline, all items valued in excess of £50 should be recorded.

There is no need for the school to record furniture, although it may do so if it wishes.

The school stock record may be manual, using the LEA stock record available from the Area Office, or computer-based using the SIMS Equipment module.

2. The stock report is updated regularly

Items should be entered into the stock record as soon as possible after their receipt or disposal by the school, or their loss through theft or damage. To facilitate this, it is useful to nominate a person to be responsible for the custody and control of stock items; in a larger school there may be a number of staff responsible for items held in each faculty area. The date of additions or disposals should be recorded in the stock record.

3. Items are clearly identified in the stock record

There should be sufficient detail in the stock record to allow individual items to be identified. In order to assist this process, serial numbers, in addition to make and model numbers, should be recorded. Schools may wish to enhance control by the marking of reference numbers on each item, which could then be recorded in the stock record.

4. Regular stock checks are undertaken

Physical checks of equipment and stores against relevant records should be undertaken at least annually by a person not responsible for their custody and control.

The number of items in stock should be verified and the stock record signed and dated by the checking officer. Larger schools may wish to stagger the stock checking process to prevent all faculties being checked at the same time.

5. Discrepancies are reported to the Governors

Governors should be informed of discrepancies between the actual and recorded stock where the value exceeds (£100).

6. There is a clear policy for the disposal of assets

Governors should ensure that assets purchased by the school are disposed of in an appropriate manner. A policy should be drafted setting out who has authority to declare items to be obsolete, surplus or damaged beyond repair, and the means of disposal.

Where items are to be sold, Governors should be aware of their responsibility to follow the LMS Standing Orders relating to contracts for sales in excess of £2,500, but, at all times, should seek to achieve the best price for the items being sold. Where Governors choose not to accept the highest offer, their reasons for not doing so should be recorded and retained at the school.

7. There is separation of duties in the control of assets and disposal of assets

The same person should not be responsible for the custody and control of assets and the disposal and receipt of income for assets. Where payment is received at the school, an official receipt showing the VAT element, if appropriate, should be issued to the purchaser, and the income banked to the school budget. The school will receive the net income in their delegated budget.

8. Delegation to school staff of Governors responsibilities is clearly recorded and approved

Where Governors choose to delegate their responsibilities for controlling assets to school staff, the extent of delegation should be clearly shown in the approved Internal Financial Regulations of the school. Further delegation to teaching or administrative staff should be recorded and staff made aware of their responsibilities.

Broad Oak Primary School

Policy reviews

We are aware of the need to review our school's policies regularly so that we can take account of: new initiatives, changes in the curriculum, developments in technology etc.

This policy was reviewed in September 2020

to be reviewed as and when required.

Signed by:

Member of staff responsible for this policy

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Governor responsible for this policy

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