

Financial Management Policy

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Committee: Finance & Premises

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Financial Procedures

1 Overview

This policy has been drafted in line with the London Borough of Barnet's Scheme for Financing Schools (as updated September 2019). Practices described arise out of the implementation of Fair Funding section 48 of the School Standards and Framework Act 1998, and that it conforms to Contract Standing Orders.

The Governing Body will convene once a term. The Governing Body will apply the principles of best value to all financial and school dealings:

- To ensure best value for all aspects of school business
- To challenge how and why a service is provided (including consideration of alternative providers)
- Comparison of performance against other schools taking into account the views of parents and pupils
- Competition to secure efficient and effective services

2 Financial Objectives

These objectives set out responsibilities of governors and staff of the school

- The responsibilities of the Governing body and its committees, the Headteacher and the staff should be clearly defined and the limits of delegated authority be clearly established
- The school budget should reflect the school's educational priorities and objectives and achieve value for money and be subject to regular and effective monitoring
- The school will ensure that the purchasing arrangements achieve best value for money
- The school's budget will not result in a deficit position. If this were to happen the school would follow the 'Deficit Budget Balances Procedures' as set out in the Scheme for Financing Schools section 4
- The school will establish sound internal controls and ensure the reliability and accuracy of its financial transactions
- The school will adequately insure against exposure to risks
- The school will be registered under the Data Protection Act of 2018 and all data will be processed in accordance with GDPR
- Procedures will be in place to deal with all personnel and payroll matters
- All assets will be recorded, inventoried and adequately safeguarded against loss and theft
- All income due to the school will be identified, registered and banked promptly
- The school will properly control the operation of bank accounts and reconcile bank balances and accounting records

3 Organisation and Responsibility

3.1 Role of the Governing Body

The roles and responsibility of the Governing Body and Sub Committees of JCoSS are set out in Schedule of Financial Delegation (SoFD) of the Governing Body. The roles and responsibilities are clearly defined in this document

3.2 Register of Business Interests

The Governing Body has a register, which lists for each member of the Governing Body, the Headteacher and any member of staff who is authorised to enter into a contract on behalf of the school, any material business interests they or any member of their immediate family have.

The register is kept up to date with notification of changes and through an annual review of entries. It is available for inspection by governors, staff and parents, during normal school hours and at Governing Body meetings.

The Governing Body also has a charging policy for music tuition, school journey and trips this was reviewed and ratified in June 2020.

3.3 Roles and Responsibilities of Staff

There are comprehensive job descriptions for all staff.

The above job descriptions are held by the Headteacher's PA electronically. These job descriptions set out their full roles and responsibilities and are reviewed in line with the appraisal process annually.

4 Accounting Systems and Controls

4.1 Purchasing

The Governing Body considers value for money including quality, fitness for purpose and delivery against price in all purchases of works, equipment, goods and services. Except where there are good reasons to the contrary, contracts will be placed on a competitive basis, where the lowest tender or price is not accepted the reasons will be documented in the relevant minutes.

The LA Scheme for Financing Schools (section 2.15) states that we must abide by the authority's **Contract Standing Orders for Schools** as summarised in the school SoFD.

The Governing Body will approve written procedures for obtaining and approving tenders ordering goods and services and for the payment of accounts. Current thresholds are laid out in the SoFD. The procedures will include a requirement to assess in advance, where relevant the health and safety competence of contractors.

The main elements of a purchasing system are

- Assessment and evaluation
- Quotations
- Discussions re best value
- Due diligence
- Ordering
- Receipt of goods or services
- Processing purchase invoices
- Payments

4.2 Payments

Payment arrangements are such as will ensure that bills are being paid promptly when they fall due with discounts for prompt payment where appropriate. Discounts obtained for using Direct Debit facility, e.g. utilities.

In applying separation of duties, no cheques will be signed by the person who was responsible for authorising the payment. Cheques will be signed in accordance with the bank mandate and the SoFD.

4.3 Processing Invoices

Invoices for payment will be matched with delivery notes or the receipt of goods for work carried out. The invoice will be checked and marked off for accuracy of quantity, price and calculation against the original purchase order.

These checks will be recorded on the invoice on the certification stamp. Payment will only be made in respect of items, which are properly due and invoiced and authorised for payment. The checking and approval of invoices will be carried out by authorised members of staff, this list is held by the finance staff.

Separation of duties will be maintained by the staff involved in finance duties. The separation of duties relates to the ordering and receipt of goods and between the receipt of goods and authorisation of payments.

4.4 Inspection Copy Invoices

- Inspection (goods on approval) are received with an invoice
- Goods provided with the invoice are retained for a reasonable length of time - check the **'return by' date** on the invoice provided otherwise the goods will have to be paid for
- If further goods are required - an official order should be raised for the additional goods quoting the original inspection copy invoice number
- Normally original inspection copies may be kept free of charge if further copies are ordered
- If only the inspection copy of the goods are to be kept, give the signed invoice to the finance office
- If the inspection goods are to be sent back either arrange for the goods to be collected or return them through the office post requesting a receipt. Use a pre-paid return label where supplied
- Keep a copy of the inspection invoice with a note of when goods were returned together with any returns note
- If inspection goods are not required remember to obtain proof of postage (this is free from the Post Office) and staple it to the copy invoice that you should then put in the finance Office
- Remember to send a copy of the invoice with a covering letter when returning inspection copy invoices back to the supplier

4.5 Receipt of Goods or Services

On receipt of goods and services, the delivery notes must be signed and annotated "unchecked". All goods and services will then be checked, against the delivery note, for quality and quantity. This check will be recorded (signed for) on the delivery note and the copy order. The carrier/supplier will be notified promptly of any shortages or rejected items.

The signed delivery note should be given to the Finance office, this will avoid chasing staff to authorise invoices for payment.

Named Staff will deal directly with a company if there are any discrepancies relating to an order and annotate the outcome to ensure that incorrect goods are not paid for and credit notes are requested.

- Who they spoke to

- Date and time of the conversation
- Nature of the query
- Supplier response

Returned goods will be recorded on the delivery notes with proof of return and any discussion that may have taken place with the supplier will be recorded and held by the finance staff.

4.6 Direct Debit

The finance staff will maintain a schedule of all direct debits and standing orders set up on the school's account(s) showing:

- payee
- reason for payment
- amount
- date set up
- frequency / timing of payment

These are only set up after careful consideration regarding the risk of error and the schools ability to meet the on-going cost. Mandates will be signed in accordance with signing authorities.

An invoice must be received from the company showing VAT before being posted on the schools accounting system.

All direct debits and standing orders reflected on the bank statements are reconciled to the invoices received and any receipts obtained (e.g. use of the school petrol card). The supporting documentation is filed with the paid invoices in the relevant month of purchase.

4.7 Period End

The Scheme requires Schools to provide the LA with details of anticipated and actual expenditure and income, in a prescribed format. Such information is to be provided every three months and monthly for those connected with tax and banking reconciliation unless, the school's financial position is such that it requires more frequent submission, or that the school is in its first year of operation. Guidance will be available from the LA on this matter. Schools are required to use the reporting format provided by the LA; this is in accordance with the Consistent Financial Reporting (CFR) framework.

The school will adhere to the timetable set out by the LA which is published in a Timetable for School Financial Returns; this is sent out to schools at the start of the financial year and is also available on the Finance and Funding Website. A hard copy is kept in the financial procedures file.

4.8 Letting of School Premises

JCoSS will let the school premises in accordance with the lettings policy and procedures.

Charges for lettings are included in the policy and reviewed and approved by the Governing Body annually.

4.9 Payroll and Personnel

JCOSS buys into the LA Traded Service for personnel. Payroll is managed in house.

All relevant information is submitted to the HR service for them to produce contracts of employment. When a new member of staff is recruited, JCoSS ensures that thorough checks are undertaken to prevent unsuitable people from gaining access to children and to maintain the integrity of the teaching profession. These checks include:

- Identity confirmation
- Academic qualifications, where appropriate
- Professional and character references
- Previous employment history
- Medical checks
- DBS clearance

Procedures for appointments, promotions termination and payments are contained in the school Pay and Recruitment policies.

Amendments to pay will be made in accordance with the school Pay and Appraisal policies.

All statutory changes to salary relating to annual pay awards are processed by the payroll staff in line with the Teachers Pay and Conditions Document (STPCD).

All amendments / decisions to staff pay will have supporting documentation eg appointment letters.

Details of staff pay and any amendments will be held securely in their individual personnel file.

All voluntary deductions from salary are authorised by the individual staff to the payroll staff, who will amend their records accordingly.

Policies including disciplinary, capability and grievance can be found on Moodle.

4.10 Insurance

JCoSS buys into the London Borough of Barnet insurance package for schools.

4.11 Income

Income is collected taking the following into account:

- Separation of duties as far as practicable
- The school will identify sums due to them and ensure procedures are in place for collecting and banking of income
- Where income is due, invoices will be issued promptly
- For trips, journeys theatre visits and workshops parents will pay on parent pay whenever possible. When cheques or cash are received this will be posted on parent pay to ensure that parents have a record of payments
- All records will be kept securely in the Finance Office
- Cash and cheques will be locked in the safe to safeguard against loss or theft, access is restricted to finance staff
- All income collections (including donations), in their entirety will be paid promptly into the School Budget Share Account
- Income collections will not be used for the encashment of personal cheques or for other payments
- The sums of money banked will be reconciled to the sums deposited at the bank
- HMRC regulations on VAT can be found in the LBB Financial Guide for Schools and will be applied where relevant

Income comes into the school from various sources, mostly for trips, stationery and essential items and charity collections. Parents are encouraged to use Parentpay but some parents prefer to pay by cheque or cash. The member of staff responsible for the collection keeps small amounts locked away securely and hands this over to the finance office to process regularly.

4.12 Staff Re-imburements

The school does not have any petty cash therefore all staff will be reimbursed for claims by cheque or **BACS**.

A proper receipt including VAT where applicable must be obtained. The claim must be properly authorised by the budget holder before any it can be reimbursed. The claim must have the budget to be charged.

A proper VAT receipt must be obtained to enable the school to claim this should include the following:

- The name and address of the supplier
- The date clearly shown
- The VAT registration number
- Full Details of the goods and or services
- The cost of the goods

Any reimbursement for the Headteacher must be authorised by the Chair of Governors or Finance Committee Chair before any reimbursement can be made.

Staff will be asked to sign for any cheque reimbursement paid to them to confirm receipt.

An invoice must be provided for amounts greater than £250.00 showing the school's name and address on it. The invoice must have a breakdown of the net amount and show the VAT separately to enable the school to reclaim the VAT.

JCoSS will keep the accounts to record financial transactions posted to their delegated budget using the LA recommended accounting package RM Finance.

Transactions will be recorded in the school's local accounts against the relevant CFR (consistent financial reporting) codes

These transactions include: -

- Payments & Receipts to / from the Local Bank Account
- Expenditure paid out against invoices and staff claims
- Accrued income and expenditure
- Salary and other items posted to the delegated budget via the Central / Salary Account held with the LA

Payments and receipts will be recorded in the accounts as soon as possible after they have been transacted so that accurate and reliable financial information is made available.

4.13 Taxation

VAT is a tax levied on goods and services by the government and collected by HM Revenue and Customs. The London Borough of Barnet is able to reclaim from HM Revenue and Customs the VAT it pays. In order for the school to have this benefit however, specific regulations must be followed. The school follows the regulations set out in The Financial Guide section 8.

The school complies with VAT, Income Tax and CIS Regulations. Only proper VAT invoices are paid from the School Budget Share Account.

Payments to contractors and sub-contractors are made in accordance with the Construction Industry Scheme

5 Budgets

The Finance Director produces a draft budget based on the funding information from the LA. This takes into account expected staffing, bids from departmental budget holders and the School Improvement Plan.

The Finance Director compares this to the long term budgeting plan to ensure that forward planning is on target.

When setting the budget all staff costs are entered first, and the remaining costs are allocated taking into account any known inflation e.g. utilities.

Once the budget has been prepared it is presented in detail to the Finance Committee before being presented to the full Governing body for validation before sending a signed copy to the Local Authority

Once the budget has been approved by the Governing Body budget holders are then given their budget allocation for the financial year.

All departments must ensure that they get value for money and do not overspend their budget. The finance department check all orders against the department bids before placing any orders and alerts the Finance Director to any concerns.

Any amendments to the budgets made during the course of the year must be reported to the Finance Committee and then to the full Governing body before being notified to the LA.

The Finance Director regularly reviews the budget and reports to the Headteacher. Forecasts are presented to the Finance committee and GB in line with the school SoFD.

6 Internal Financial Controls

To ensure effective financial controls, the following are in place:

- Documents relating to finance and HR are held and disposed of in accordance with LA regulations
- All accounting records are kept securely in the finance office
- All cheques are kept locked in a metal cabinet
- Only authorised staff have access to school accounting documents and the accounting package
- Cheques are signed in line with the bank mandate
- Purchase orders and invoices are signed off by the authorised budget holder
- Payroll documents and staff claims are signed off as per the authorised signatory list
- Income is prepared by one person and checked and signed by another to ensure separation of duties

All financial transactions should be traceable from the original documentation to the accounting records and vice versa. For example it should be possible to trace a cheque to the expenditure in the accounts, to the invoice and to the copy order. Equally it should be possible to perform the same exercise in reverse. The same is true of transactions posted to our accounting package RM Finance.

Proper records are kept for management information and for accountability purposes. From these records financial reports will be produced to support senior staff, the Headteacher and the governors in their decision making. Budget holders will also be given a computer printout of income, expenditure and commitments each half term to enable them to monitor their own budgets. Any discrepancy on these reports must be queried with the Finance staff.

7 Contracts and Security

The school employs a Facilities Management Company to ensure that all contracts achieve best value and ensure that tenders are carried out in line with legal procedures.

The governing body approve all large project tenders prior to award.

8 Inventory

Goods at risk of theft or loss will be recorded in the inventory maintained by the Network Manager. Records will be kept up to date, spot checked by the Finance Director and monitored regularly for insurance purposes. If goods are to be disposed of they will be written off as set out in the SoFD and the Governing Body notified.

A disposal form will be completed for all disposals even if the goods are to be destroyed. This will contain the date of disposal, area removed to and quantity disposed is recorded in the assets register.

The inventory records are held by the Network Manager electronically.

9 School Safe

The school has two safes one is kept in the Administration office and one is kept in the Finance office. Only named members of staff have access to the safe keys

10 Security of the Site

The school uses security guards during the day and at night the site is securely locked and barriers are in place. The site is covered by CCTV cameras around the building. Fire and intruder alarms are in place and connected to monitoring stations. In the event of a break in or fire, the monitoring company will alert the keyholders and the emergency services.

11 Year End Closedown

At the end of the financial year the school has to close their accounts in accordance with the close down procedures set out by the LA. Full guidance is given together with the forms for the completion of the creditors, debtors, payments and receipts in advance. The school will ensure that they meet all the deadlines for these procedures.

The year-end routine is undertaken by the Finance Director and Finance Officer. At the end of each financial year it is important **not** to "close down" the accounting software until all creditors, debtors, payments and receipts in advance have been identified and processed, and all reconciliations have been successfully performed.

At the end of the financial year the accounts system will be fully reconciled to the LA accounts for period 12 before rolling over into the new financial year. The accounts system is established to hold 12 periods for any one year, the LA accounting period will give the school a period 12 end of year and period 13 to take account of any year-end adjustments

12 Whistle Blowing Policy

The JCoSS Whistleblowing Policy is available on Moodle and a hard copy is in the staff room. Staff are made aware of this during the induction process.

13 Schools Financial Value Standard (SFVS)

The standard is a requirement for all local authority maintained schools. Governing bodies have formal responsibility for the financial management of their schools, and so the standard is primarily aimed at governors.

The standard consists of 29 questions which governing bodies should formally discuss annually with the Headteacher and senior staff. The questions are in four sections.

- Governance
- School Strategy
- Setting the Budget
- Staffing
- Value for Money
- Protecting Public Money
- Dashboard

The questions which form the standard are in sections A to G and each question requires an answer of Yes, In Part, or No with supporting details, hyperlinks and remedial action where relevant. In section G governors will summarise remedial actions and the timetable for reporting back. Governors will ensure that each action has a specified deadline and an agreed owner.

The Governing Body may delegate the consideration of the questions to the finance or other relevant committee, but a detailed report will be provided to the full Governing Body.

Appendix A

For the purposes of compliance, the school is required to publish numbers of staff whose annual income exceeds £100k per annum. The figures are as follows for the financial year 2022-23:

Salary Band	No of employees
£100k-£110k	
£110k-£120k	
£120k-£130k	
£130k-£140k	1
£140k-£150k	
£150k-£160k	
£160k-£170k	
£170k-£180k	1