***Please note that this Finance Policy has been prepared as an EXAMPLE only. The School should amend this and ensure it is in line with the terms of reference and model of governance.***

# MODEL Finance Policy

# [Example -Abbey Primary School]

1. **Introduction**

The Governors of Abbey Primary School are committed to providing sound financial controls, to achieving value for money and to being worthy custodians of public money. To achieve these aims the Headteacher and the Governing Body have drawn up this Finance Policy to provide the guiding principles for which all Governors and staff will operate within.

This Policy has been drawn up in accordance with the Local Authority’s (LA) Scheme for Financing Schools*.*

1. **Principles**

Abbey Primary School Finance Policy will adhere to the following principles;

* The responsibilities of the Governing Body, its committees, the Headteacher and staff will be clearly defined, and limits of delegated authority established, where applicable.

The ***Governing Body*** is responsible for taking steps to ensure that expenditure reflects best value principles. This is done by;

* Using both performance data and financial benchmarking to ***compare*** to similar schools locally and nationally.
* Using the information gained to ***challenge*** performance and set new targets
* Using fair ***competition*** through quotations and tenders, ensuring resources and contracts for services are secured in the most economic, efficient and effective way
* ***Consulting*** parents on policy development and major changes in the use of resources

The school will establish sound internal financial controls, based on the LA’s Financial Controls to ensure the reliability and accuracy of its financial transactions.

The budget will reflect the school’s prioritised educational objectives through its links to the School Development/Improvement Plan, which indicates the resource implications of each priority.

The budget will be subject to effective monitoring, allowing the Governors, Headteacher and staff to maintain financial control in line with the Balance Control Mechanism by reviewing the current position and taking any remedial action necessary.

The school will be adequately insured against exposure to risk.

The school will ensure that:

* The Budget Share is spent for the purpose of the school only
* Purchasing arrangements achieve value for money
* There are sound procedures for the administration of personnel matters
* There are sound procedures for the administration of payroll matters
* Stocks, stores and assets are recorded and adequately safeguarded against loss or theft
* All income due is identified and all collections receipted, recorded and banked promptly
* The use of petty cash is strictly controlled (if applicable)
* The use of a Purchasing card is strictly controlled (if applicable)
* The School Voluntary Fund and any other non-public funds are administered as rigorously as public funds
* Any suspected irregularity will be reported immediately to the LA’s Head of Internal Audit
* The school will adhere to current GDPR and Data Protection legislation
* Appropriate training in financial administration will be given to enable staff cover at all times

1. **Putting Policy into Practice**

**3.1 Delegated Authority**

The Full ***Governing Body*** of Abbey Primary School has overall responsibility for the management of all of the school’s finances covering the revenue budget, other budgets delegated or devolved by the LA and other funds (e.g. the School Voluntary Fund).

The ***Full Governing Body*** of Abbey Primary School will ensure the annual detailed report of the Schools Financial Value Standard (SFVS) is provided to them and the chair of governors will sign the completed form prior to sending a copy to the Local Authority.

The ***Finance Committee or equivalent*** **(edit name if applicable)** is delegated responsibility by the Full Governing Body for the following aspects of financial management;

* \*Evaluate and recommend the three-year budget plan, which shows clear links to the School Development/Improvement Plan, for approval by the Full Governing Body

\*Evaluate and approve the three-year budget plan, which shows clear links to the School Development/Improvement Plan.

*\*Delete sentence that does not apply.*

* \*To review the Finance Policy and agree levels of delegation for approval by the Full Governing Body

\*To approve the Finance Policy and agree levels of delegation.

\**Delete sentence that does not apply.*

* To review the Charges and Remissions Policy for approval by the Full Governing Body
* To review a Pay Policy for approval by the Full Governing Body
* To make decisions in respect of service agreements and insurance
* To advise the Full Governing Body of any consultations to change the LA Scheme for Financing Schools, to allow the school to respond to any consultation
* To report monitoring and the outturn position to the Full Governing Body, highlighting any significant variances
* Evaluate any proposed virements (If applicable )
* Evaluate and report on Tenders for Contract Services to the Full Governing Body
* Keeping in-school financial procedures under review
* Benchmark the school’s financial performance and report to the Full Governing Body

The ***Headteacher*** is responsible for implementing the decisions of the Governing Body and for the operational management of the school. The general administration of financial procedures may be delegated to other members of staff at the discretion of the Headteacher and this delegation should be documented in the Finance Policy.

***Insert here if Headteacher has delegated authority to any other member of staff***

* 1. **Internal Financial Controls**

The internal financial controls operated by Abbey Primary School follow the financial controls set out in the LA’s Scheme for Financing Schools.

* 1. **Financial Links to the School Improvement Plan**

The School Development/Improvement Plan has sufficient scope and depth of the financial implications and it is reflected in the school’s three-year budget plan.

* 1. **Monitoring and Virements**

Abbey Primary School recognises that the regular monitoring of income and expenditure against the agreed budget is central to effective financial management. To this end, the Headteacher carries out a monthly internal monitoring procedure, copied to the Chair of the Finance Committee **(edit name if applicable)**. A monitoring report is taken to all meetings of the Finance Committee **(edit name if applicable)** which reports, if required, to the Full Governing Body. Monitoring reports are submitted to the LA on request. Governors should ensure their meetings are timed to see all monitoring submitted to the LA either prior to submission or soon after. This will ensure they have an up-to-date position of the school’s finances.

On occasions, virements may need to be carried out. Virements to the approved budget are minuted appropriately and require the following authorisation:

Virements up to £x,xxx - The Headteacher, reported to the Finance Committee **(edit if applicable)**

Virements from £x,xxx to £x,xxx – The Finance Committee **(edit if applicable)**

Virements over £x,xxx – The Full Governing Body

*(Note: Levels should be determined at school level - usually up to £8,000 Headteacher, up to £15,000 finance committee, over £15,000 Full Governing Body))*

* 1. **Insurance**

Abbey Primary School is insured through Shropshire *Council*OR ***(Name of Insurer)*** *(Note: insert Insurer’s name and delete whichever is not applicable)* with relevant cover.

(*Schools will also need to include details of other insurers here, if applicable*)

* 1. **Purchasing**

At Abbey Primary School, budgets are delegated to key stage co-ordinators and class teachers. Budget holders prepare a ‘needs budget’ for their area of responsibility, which is approved by the Headteacher in line with the priority needs of the school and the School Development/Improvement Plan.

All staff adhere to the school procedures for purchasing items, as laid down in the School’s Staff Handbook, paying regard to value for money at all times. The Headteacher or designated deputy authorises all orders and invoices prior to payment.

\*As a matter of good practice, orders over £1,000 have three quotations sought. ***(delete if not applicable\*)*** \ndsHaHH

Where the school purchases larger items, we adhere to the procedure for Spending the Council’s Money and as laid down in the Scheme for Financing Schools in summary:

**Major contracts**

£140,000 and above – a competitive advertised tendering process should be undertaken also ensuring compliance with the Public Contract Regulations, if applicable, including advertising requirement (Find A Tender, Contract Finder, council website).

**Ordinary contracts**

£50,000 to £139,999 - a competitive advertised tendering process should be undertaken using an open tendering procedure, including advertising requirements (Contract Finder/council website).

**Minor contracts**

Under £50,000 – three competitive quotations should be obtained (one should be a Shropshire contractor if at all possible). Advertise if possible (Contract Finder/council website).

**Low value**

Under £10,000 – at least two quotations to be obtained, advertise if possible (Contract Finder/council website

* For orders in excess of £10,000, but less than £50,000, three written quotations are obtained and submitted to the \**Finance Committee for approval and report to the Full Governing Body*  **(\*edit if applicable)**
* For orders of £50,000 or over, no fewer than three competitive tenders are sought and submitted to the Full Governing Body for approval

All of the above will be minuted at the appropriate committee/Governing Body meeting to ensure that the School is seen to be obtaining value for money at all times.

**The school does not enter into any Hire Purchase agreements, Finance agreements or Finance Leases as this constitutes borrowing which is not permitted.**

* 1. **Personnel Matters**

At Abbey Primary School, at the start of every financial year the ***Headteacher*** uses a financial planning tool to calculate the salary costs of all members of staff, including increments, where applicable. These details are used by the Finance Committee **(edit name if applicable)** for incorporation into the school budget planning process.

The ***Performance Management Committee*** **(edit if applicable)** undertakes an annual review of the Headteacher’s salary, and recommends enhancements, if applicable, to the Full Governing Body for approval.

The Headteacher undertakes an annual review of all other staff, in accordance with the Governors’ Pay Policy and reports to the Full Governing Body.

Details of all salaries are recorded as a confidential item in the minutes.

* 1. **Payroll Matters**

The payroll provider at Abbey Primary School is Shropshire Council/**XXXXXXXXX** ***(please insert payroll provider)****,* who provides payroll services to the specification laid down by the LA. The Headteacher, or designated deputy, ***(Note: Schools should insert the job title of the individual who carries out the check, if not the Headteacher)*** signs off the monthly payroll reports once they have been checked for accuracy.

* 1. **Safeguard of Stocks, Stores and Assets**

All staff at Abbey Primary School are responsible for the security of school assets. Co-ordinators, subject managers and class teachers safeguard their assets and maintain asset registers, which are checked at least on an annual basis and certified by the Headteacher or designated deputy. ***(Note: Schools should insert the job title of the individual who carries out the certification, if not the Headteacher)****.* Other school assets are recorded on a general asset register, maintained and updated by the school office.

Items of value are held in a locked cupboard/cabinet, wherever possible and all items are visibly security marked to deter theft.

Where assets are written off and disposed of, the Finance Committee **(edit name if applicable)** agrees this on behalf of the Full Governing Body and the agreement is minuted.

Where school assets are loaned to staff or pupils, a loans book is completed and signed when borrowing the item and again when the item is returned.

* 1. **Income**

At Abbey Primary School, the Lettings Policy is reviewed and approved by the Governing Body.

We have agreed a level of cash to be held in school at any one time as £XXX. ***(Note: It is suggested that the level of cash held in schools is kept to a minimum, £250 is a suggested figure) unless the school has purchased extra money cover insurance****.* Cash will be receipted, recorded and banked promptly at all times.

* 1. **The School Bank Account**

Abbey Primary School operates via the Shropshire Council bank account(s) in accordance with the regulations in the LA’s Scheme for Financing Schools.

Abbey Primary School pays suppliers/invoices via online banking/BACS ensuring it adheres to all financial controls within the Scheme for Financing Schools. ***(delete if not applicable)***

* 1. **Petty Cash/Imprest (State If no Petty cash is held)**

Petty Cash is held securely at all times and the limit for petty cash is £XXX. ***(Note: A limit should be inserted here, £250 is a guide amount)****.* At Abbey Primary School, petty cash transactions are kept to a minimum and the maximum value of any one transaction is £XXX All staff obtain proper VAT receipts for petty cash purchases, wherever possible, as this demonstrates value for money in respect of the school budget and satisfies legislative requirements.

**Personal Credit and Debit cards will not be used for the purchase of items for the school.**

* 1. **Purchasing Cards (state if not Applicable)**

Abbey Primary School operates an approved Purchasing Card in accordance with the LA guidance.

The approved user/s is/are…………………… The monthly card limit is £…………….

* 1. **The Voluntary School Fund (state if not applicable)**

In addition to the LA’s official funds, Abbey Primary School also operates a school Voluntary Fund. We recognise that our Voluntary Fund is an additional source of income and that the controls over its use need to be as rigorous as for the administration of the school’s delegated budget. We have appointed someone who is independent of the school to audit the Voluntary Fund accounts on an annual basis. All monies for the Voluntary Fund are held securely and separately from those of the school budget.

* 1. **Irregularities**

All staff at Abbey Primary School are aware of the LA’s Whistleblowing arrangements and to whom they should report concerns. These details are available to staff in their staff handbook.

* 1. **Data Protection**

Abbey Primary School (as Data Controller) adheres to the GDPR and the Data Protection Act 2018 including paying a data protection fee to the Information Commissioners Office (ICO). Abbey Primary School pays £XXX as determined by the ICO**.**

* 1. **Information Systems**

Abbey Primary School has a password protection procedure laid down in the staff handbook. Systems are backed up regularly and the backups held securely, virus protection is in place and is updated regularly and the school has a disaster recovery plan for the administration network.

* 1. **Financial Administration**

At Abbey Primary School, two members of staff are trained in the use of the finance software and financial administration procedures, in event of staff absence. We also purchase a support contract through the Schools Finance Team\* which is reviewed on an annual basis, allowing us the option to purchase additional support, if required. ***(Note: \*Schools should amend as necessary)***

**If you have any queries, please contact the Schools Finance Team on 01743 256230**