St Matthew's Infant School

Diocese of Guildford

Finance Policy

Date of next review: September 2027

Governing body committee responsible: Finance and Personnel

Our shared values and commitment to high quality teaching and learning are captured in our vision to nurture each and every child, within a caring and Christian environment, so that they can be successful in their learning and reach their full potential academically and personally during their time at St Matthew's

1. Introduction

The purpose of this policy is to ensure that the school maintains good systems of financial control and management.

The school must comply with the requirements of Surrey's Scheme for Financing Schools as well as the more detailed procedures contained in the local authority's finance manual, available on the Education Services Portal. This policy puts these requirements within the context of St Matthew's Infant School and provides detail of the school's systems of financial control.

This policy applies to the school's unofficial funds and locally generated income, as well as public monies delegated by the local authority to the school.

2. Roles and responsibilities

Governing Body:

The overall purpose of the Governing Body is to lead the school to provide the best possible education for the pupils.

Within this context the Governing Body has a strategic role in the financial management of the school, ensuring that money is well spent. Its key financial responsibilities include:

- To consider the extent to which it wishes to delegate its financial powers to the Finance/Resources Committee and Headteacher, whilst complying with the requirements of the Surrey Scheme for Financing Schools. Any delegation

of powers, or revisions to this, must be recorded in the minutes of the Governing Body
- To ensure that all staff know about policies and procedures relating to fraud and theft, the controls in place to prevent them, and the consequence of breaching these controls; this must be included within the induction of staff and governors
- To approve the school's three-year budget forecast to allow submission to the local authority by the statutory deadline of 1st May
- To keep, maintain and publish a register for each member of the Governing Body, Headteacher and any staff member with influence over purchasing decisions which includes:
    - any business interests they or any member of their immediate family have
    - details of any other educational establishments which they govern
    - any relationships between school staff and members of the Governing Body.
- To demonstrate compliance with the schools' financial value standard (SFVS) each year
- To receive and respond to audit reports, including the independent review of the school's unofficial funds and annual statement of accounts
- To approve a lettings policy for the school; where the school has discretion to set their own charges, these should be reviewed on an annual basis to ensure that overall there is no net cost to the school's budget
- To approve a charging and remissions policy for the school giving details of the optional extras or board and lodging that will be charged for, and any circumstances in which the school proposes to remit (wholly or partly) any charge which would otherwise be payable
- To approve a pay policy setting out how pay decisions are taken

Finance/Resources Committee:

The Finance Committee acts on behalf of the Governing Body and reports back to them on decisions taken. Their main responsibilities include:

- To act upon any powers delegated to them by the Governing Body
- To evaluate and recommend the final three-year budget forecast, which shows clear links to the School Development Plan, for approval by the Governing Body
- To evaluate and approve the draft three-year budget forecast
- To report monitoring and forecast of outturn position to the Governing Body, highlighting material variances and making recommendations
- To review the lettings policy for approval by the Governing Body
- To review the charging and remissions policy for approval by the Governing Body
- To review the pay policy for approval by the Governing Body
- To advise the Governing Body of any consultations relating to finance, most notably Surrey's Funding Consultation produced each Autumn and changes to the local authority's scheme for financing schools
- To evaluate and report on tenders for contracts to the Governing Body

- To benchmark the school's financial performance

Headteacher:

The Headteacher is responsible for the operational management of the school and for implementing the Governing Body's decisions. In practice the general administration of financial procedures may be delegated to other members of staff. Main financial responsibilities include:

- To act upon any powers delegated to him/her by the Governing Body
- To consider the extent he/she wishes to delegate responsibilities to other members of staff. (Any delegated responsibilities need to be identified within this policy)
- To produce a School Development Plan underpinned by sound financial planning. This should bring together, in a clear and simple way, the school's priorities, the main measures it will take to raise standards, the resources dedicated to these, and the key outcomes and targets it intends to achieve
- To prepare the school's 3-year budget forecast which reflects the school priorities for approval by the Governing Body
- To manage the school's approved budget (subject to any virement limits) effectively and efficiently, optimising the use of resources
- To present regular financial monitoring reports to the Governing Body.

School Business Leader:

The School Business Leader oversees the efficient day-to-day running of a school and supports the Governing Body, Headteacher and leadership team. Main financial responsibilities include:

- To act upon any powers delegated to him/her by the Headteacher
- To advise the Headteacher and governors on financial matters
- To be responsible for the internal procedures and processes necessary for the smooth and efficient operation of the school
- To prepare statutory returns and information requested by the local authority, including month end financial reports

3. Internal financial controls

The internal financial controls operated by the school follow the regulations set out in Surrey's Scheme for Financing Schools and the detailed procedures specified in the finance manual.

The Governing Body will ensure that appropriate cover is available in the absence of key personnel to ensure that financial control is maintained.

Separation of Duties

As far as possible the duties of staff relating to financial administration are distributed so that at least two people are involved. The work of one person acts as a check on the work of the other. All checks are fully documented.

4. Budget planning and monitoring

The school ensures that the School Development Plan (SDP) forms the driving force behind the budget plan, with the emphasis on value for money. Where there are competing bids for funds, these are ranked in order of priority and incorporated into the budget plan as funds allow.

The Headteacher is responsible for preparing the draft and final budgets (although this is usually delegated) linked to the SDP. Initially, these will be considered by the Finance/Resources Committee. The final budget is approved by the full Governing Body and is submitted to the local authority by the statutory deadline of 1st May.

In its medium-term projections, the school uses realistic assumptions about future funding, pupil numbers and pressures, using guidance provided by the local authority, as well as local knowledge.

The Governing Body regularly benchmarks current and past performance to identify where the school's pattern of spend and income is misaligned with other schools, and thresholds set by the government.

The school has no legal powers to set a deficit budget. If the school is unlikely to achieve a balanced budget position, the Schools Finance and Monitoring Team at Surrey County Council should be informed immediately *(sfmt@surreycc.gov.uk).*

5. Purchasing/Payment of accounts

The school applies the principles of Best Value when making purchases and awarding contracts.
The Governing Body aims to achieve best value for money from all its purchases.

The Headteacher is responsible for ensuring procedures are in place for testing the market, placing of orders, and paying for goods and services; these comply with the requirements detailed in the local authority's finance manual.

The school maintains a Register of Business Interests that is completed by Governors, Headteacher and other members of staff who may have influence over purchasing decisions. This is used to disclose any business interest they or their immediate family have. This is referred to before reviewing quotations or awarding contracts and, if this confirms a business interest, the person involved leaves the meeting and can therefore take no part in the decision-making process; this is confirmed in the governors' minutes. The register is updated at least annually.

In general, when the school makes a payment, the lowest tender is accepted. If an alternative is chosen, it requires prior approval from the Governing Body and the reasons for accepting it must be recorded in the minutes.

The Headteacher keeps quotations as well as copies of contracts, to ensure compliance and for audit purposes.

Expenditure limits

The de-minimus level, above which a purchase is treated as capital is £2,000

The inclusion of items within the school's approved budget plan gives authority to spend. However, the school has certain expenditure limits for **single** transactions:

- The Headteacher has the delegated authority from the Governing Body to authorise expenditure up to the value of £5,000 for a single transaction (£2,000 for capital), without governor approval within the framework of the budget
- The Finance/Resources Committee can authorise expenditure between £5,000 and £10,000 (£2,000 and £10,000 for capital) for a single transaction where provision has been made in the budget.
- The Full Governing Body must agree any expenditure above these limits or where no provision in the budget has been made

The school regularly reviews the limits set to ensure they are still appropriate and record this in the governors' minutes.

Where larger value purchases are made the school complies with the financial limits set in Surrey's Procurement Standing Orders. These detail the number of quotations required at certain thresholds as well as conditions for tender.

Use of purchasing cards

For instances where the purchase order system would prove unrealistic, the school uses its purchasing card(s), obtained through Surrey's Banking Team. As this represents a greater financial risk, governors have adopted the following controls:

- Only the named cardholder is authorised to use the purchasing card
- Audit recommended the purchasing card is kept by the person it is registered to
- Written instructions are provided on its use
- The spending limit for the card is £1,000 per month
- The School Business Leader controls the use of the card; this includes a record of cardholder name, spending limit
- The authoriser will need to be a different person from the card holder
- The person/s administering the card and reconciling payments each month cannot be a card holder

- Documentary proof (including a VAT receipt) for any goods purchased with the card is provided to the person recording card transactions as soon as is reasonably practical.
- The Headteacher reviews the use of the purchasing card at least annually
- The card is returned to Surrey's Banking Team and cancelled if the cardholder leaves the school's employment.

6. Income generation and charging for school activities

The school adopts the principles that any income should be:

- Identified and collected whether in cash/cheque or via the online payment system
- Receipted, banked promptly and intact; the only exception to this is where the school uses cash collected on behalf of Surrey Commercial Services for school meals to replenish its petty cash account
- Easy to track via a clear audit trail

The Headteacher is responsible for ensuring procedures are in place for collecting income and that these comply with the requirements detailed in the local authority's finance manual; these ensure separation of duties to reduce the risk of error, fraud, and protect school staff. The school's online payment system, (Parentmail), allows parents to make payments directly into the correct school bank account.

The Governing Body has a Charging and Remissions policy setting out the defined activities it chooses to charge for, whilst minimising the financial barriers which may prevent some pupils from taking full advantage of opportunities. The government identifies those activities for which no charge can be made. The school makes this policy available to parents upon request.

The Governing Body has a Lettings' Policy which provides guidelines for the use of the premises for the benefit of the school and community. It makes all reasonable efforts to ensure that schools facilities are available for community use, without compromising the pupils' education.

The Headteacher ensures that all income due to the school meets the requirements of these policies.

In terms of all income generation, including fundraising activities and sales of assets too, the school meets any VAT requirements.

Any money owed to the school has an impact on the budget. The Governing Body is responsible for ensuring that procedures are in place for the recovery of any outstanding debt. It has a debt management policy in place setting out these procedures, and for the write-off of any debt which is deemed to be irrecoverable. Bad debts up to the value of £150 may be written off by the Headteacher and reported back to the Governing Body or nominated committee at the next meeting. The school must agree any debt write off over £150 with the local authority as part of their external check on the losses of public funds.

7. Banking arrangements

The school's banking arrangements comply with the requirements of Surrey's Scheme for Financing Schools, as well as the detailed operational guidance contained with Section G of the finance manual.

Bank account signatories are limited to members of school staff. The school has four bank signatories, senior staff members, which it considers sufficient to meets its obligations for payments, whilst minimising financial risk. For control reasons none of the admin' team are signatories or can authorise BACS payments. When a signatory leaves the school, the mandate is updated immediately.

Payment requirements are for one signatory on cheques/BACS authorisations up to £250, and two signatories above this amount.

The school's bank account always remains in credit.

Petty cash

Petty cash is always held securely but kept to a minimum and only used where absolutely necessary and maximum value of any one transaction being (£50). All staff obtain proper VAT receipts, wherever possible, for petty cash purchases to allow VAT to be reclaimed.

The petty cash account is reconciled regularly as part of the period end process.

8. Insurance

The school is insured through Surrey County Council's Scheme/part of the Secretary of State's Risk Protection Arrangements (RPA) (delete as appropriate).

The school notifies their insurer of any changes in risk which may result in refusal to pay out a claim and, if an incident is likely to give rise to a claim, contacts them promptly.

The school recognises that cover does not apply for assets locked in the school, if keys or combination codes are left onsite outside school hours,

9. Unofficial/voluntary funds

The school's unofficial fund is for those monies that are not part of the official ones of the local authority. They are still for the benefit of the pupils and, as such, have the same extent of financial control as the public ones.

The Governing Body act as trustees of the fund, whilst day to day responsibility rests with the Headteacher.

The school has a governing document for the fund which includes:

- Types of activities dealt with by the fund
- How funds are raised
- Who benefits
- Who is responsible
- Banking arrangements and signatories
- Level of reserves to be retained
- Audit arrangements
- Level of delegated authority for spending

The governing document is reviewed annually to ensure its contents remain current.

The standards applied to the administration and control of the school fund are the same as those for the delegated budget.

The school fund accounts are examined annually by someone independent from the school's management, within three months of the account year-end. That person should be a suitably qualified accountant, unless the balance of funds held is under £5,000 and the movement of income or expenditure during the year is no more than £5,000, then an individual familiar with the principals of accountancy rather than a qualified accountant could audit the accounts.

The Governing Body receives the school fund Statement of Accounts, Audit Checklist and Audit Certificate each year at the full Governing Body Meeting when any discussion is formally minuted.

10. Personnel/payroll

The salaries for all members of staff are calculated for budget planning purposes, and to enable an accurate forecast of outturn.

The Pay Committee undertakes an annual review of the Headteacher's salary, making use of independent professional advice, and makes recommendations to the Governing Body for approval.

The Headteacher carries out an annual review of all other staff, consistent with the school's pay policy, and reports to the Governing Body. Details of salaries are recorded as a confidential item in the minutes.

The school's payroll provider is Surrey Payroll; they provide payroll services to the local authority's specification. To ensure financial control, the Headteacher authorises all overtime as well as the monthly payroll submission.

11. Data security

The school complies with the requirements of the General Protection Data Regulations (GDPR), designed to protect individuals and the personal data that is held about them. All information relating to personnel is processed in line with the following principles:

- obtained and processed in a lawful, fair, and transparent manner
- held only for specified lawful purposes
- adequate, relevant but not excessive for those purposes
- accurate and up to date
- retained for no longer than is required
- kept securely

The Governing Body is responsible for the proper use of software in the school and has procedures in place to ensure only licensed software is used. Arrangements are in place for regularly updating passwords together with procedures allowing secure access to them, should a member of staff be unavailable.

The Governing Body has approved arrangements to ensure safekeeping of electronic information off school promises, using a remote backup facility.

12. Financial irregularities

Under Surrey's Whistleblowing arrangements an independent confidential hotline telephone number has been set up with NAVEX GLOBAL (previously Expolink) (confidential whistleblowing line) 0800 069 8180; alternatively, people can email surreycc@navexglobal.co.uk .All staff are made aware of this arrangement as part of their induction. These details are also included within the school's staff handbook.

13. Audit

The school demonstrates compliance with the Schools Financial Value Standard (SFVS) each year. A working party of governors evaluates the school's financial controls against the standard to ensure that it meets basic requirements for good financial health and resource management. The standard and any remedial actions identified (including timescales) are taken to the Governing Body for approval.

The Orbis Schools Audit Programme examines whether financial and other key risks within the school are robustly managed and that there are appropriate mitigating controls in place. The Headteacher is responsible for actioning any recommendations identified and, if this task is delegated, still monitors and records implementation.

The audit report is shared at the next full Governing Body meeting following its receipt. The Governing Body is responsible for reviewing progress on any actions identified.