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# Marlborough St Mary's CE Primary School



MARLBOROUGH  
ST MARY'S  
PRIMARY SCHOOL

## Finance Manual

*Together we believe, learn and achieve*



# CONTENTS

1. Organisation of Responsibility and Accountability	3
2. Budgets and Reporting	4
3. Controls and Systems	6
4. Insurance	7
5. Data and Computer Security	7
6. Personnel	8
7. Security of Stocks and Other Property	9
8. Benchmarking	10
9. School Funds	10

## Appendices

A. Finance Scheme of Delegation	11
B. Financial Procedures	12
C. Insurance	14
D. School Funds	14

## **1. Organisation of Responsibility and Accountability**

### **1.1 LEA Financial Regulations**

This manual shall be read in conjunction with Wiltshire Schools Finance Manual 2008 (WSFM) a copy of which is held in the school office. In the event of any conflict between the two documents then the latter shall take priority.

### **1.2 Roles**

The Full Governing Body (FGB) is responsible for the proper financial management and financial probity of the school.

To facilitate this responsibility the FGB determines and agrees policies concerning all aspects of the financial management of the school.

See Appendix A for scheme of delegation.

### **1.3 Authority and delegation**

The FGB has delegated authority to the Head Teacher to manage the school within the agreed Policies. Authority for any divergence from the agreed Policies will be obtained by the Head Teacher, as required, through the Finance and Resources Committee (FRC).

### **1.4 Register of Business and Pecuniary Interests**

Every member of the FGB, the Head Teacher and every member of staff involved with the procurement and strategic/financial management procedures of the school will make a declaration of:

- Any business interests of themselves, or members of their close family or contacts, such as directorships, shareholdings or other appointments of influence within a business or other organisation, which may have dealings with the school.
- Any other matter of which they are aware which may influence any decision taken, pecuniary or otherwise, concerning the operation of the school.

If there are no interests or other matters to be disclosed by any individual then a nil declaration is required.

A register of declarations is maintained by the Clerk to the Governors, a copy being retained by the school which is also available for public inspection.

The register is updated at each meeting of the FGB and at each meeting of its Committees.

Members of staff will complete a new declaration at the start of each academic year or, if later, commencement of employment and they are required to disclose any changes as and when they occur.

### **1.5 Internal Control**

The Head Teacher is responsible to the FGB for ensuring that sound systems of internal control are in place. These ensure the proper processing of the school's transactions and activities. Certain day-to-day management of financial control procedures are delegated to the School Business Manager.

## **2. Budgets and Reporting**

### **2.1 Construction**

The Head Teacher is responsible for the detailed preparation of an annual three year school budget which addresses the strategic aims and targets established by the FGB. In constructing the budget, the Head Teacher must take account of priorities identified in the School Development / Improvement Plan, incorporating specific costs as detailed in the plan. In producing the budget, the Head Teacher should consult with other members of staff as appropriate to ascertain detailed requirements and

cost pressures for the coming three years. In practice the budget will be prepared by the School Business Manager working with the Head Teacher.

The FRC contributes to the broad budget strategy by considering that the expenditure levels are in agreement with the School Development Plan, having regard to the overall level of income expected from the Local Authority (LA), grants and school generated income, together with any anticipated balance to be carried forward into the following financial year.

Following receipt of the final local authority funding certificate, issued normally in February, detailed formulation of the budget should take place in terms 3/4 and the FRC must approve the detailed budget plan. The FGB must subsequently approve the full budget, and minute this approval. The approved School Budget Template must then be submitted to the LA, together with a signed statement by the Chair of Governors, by the 30 June deadline.

Total budgeted expenditure should not exceed the total anticipated in-year income plus or minus any balance brought forward from the previous year. If it appears that a deficit position cannot be avoided, the Head and Chair of Governors must inform the LA immediately as they must approve a Deficit Repayment Agreement (DRA) involving an appropriate recovery plan.

In constructing the detailed budget, factors for consideration include:-

- current and previous year's expenditure levels on individual budget headings
- staff pay awards and increments, and known changes
- anticipated price inflation
- changes in the supply of services and contracts (traded services, utilities etc.).
- changing School Development Plan priorities
- any anticipated changes in pupil numbers
- the resulting impact on staffing structures

## **2.7 Capital Expenditure**

A capital expenditure budget is prepared annually at the same time as the revenue budget-

## **2.2 Reporting and monitoring**

The School Business Manager is responsible for alerting the Head Teacher to potential budget variances and cash-flow issues on a day to day basis and for recommending changes to cash management processes such as BACS limits, electronic banking and so on. Should the school have built sufficient funds to allow longer term investment (e.g. due to saving for a high cost project over several years) the School Business Manager will recommend transfers to and from such accounts in order to maintain financial solvency in the primary bank account.

The School Business Manager (acting on behalf of the Head Teacher) should present detailed budget monitoring statements to the FRC on at least a termly basis. The FRC should then consider and challenge these statements as necessary, with the School Business Manager providing explanations for any significant variances identified. The Chair of the FRC should then report termly to the FGB, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

When the accounts for each financial year are closed, a final statement from the school's accounting system must be presented to the next meeting of the FRC.

## **2.3 Delegated Financial Control**

Refer to Appendix A.

## **2.4 Virements**

Notwithstanding the detail contained in budget templates that have been submitted to the LA, the School may exercise its power of virements, and restate its plans at any time by moving between budget headings.

The delegation and financial limits for virements are contained in Appendix A.

## **2.5 Schools Financial Value Standard (SFVS)**

In addition to their routine Expenditure versus Budget report review the FRC undertakes a management information review annually in preparation for budget planning. This is achieved by the completion of the statutory SFVS form which is approved by the FRC and the FGB before being submitted to the LA by 31 March each year.

## **3 Controls and systems**

### **3.1 Financial procedures**

Systems and procedures are in place for each accounting function which are designed to minimise the risk of loss arising from error or fraud and to ensure the accuracy of reports that are presented to management and to governors.

These systems and procedures are contained in Appendix B.

### **3.2 Private Purchases**

Under no circumstances must the school order system, and in particular official orders, be used to obtain goods or services which are for personal use.

### **3.3 Staffing**

Within the agreed budget the Head Teacher will employ or secure the services of staff to carry out the day to day accounting and finance functions.

### **3.4 Training.**

The Head Teacher is responsible for ensuring that all staff involved in processing and recording financial transactions are properly trained.

### **3.5 Absence of Key Staff**

Insurance is in place for absences of over 3 days for the School Business Manager.

### **3.6 Rules for Document Alteration**

Any alterations to cheques, invoices, orders, etc. must be made in ink. The use of correcting fluid or the erasure of information is not acceptable. Alterations are only permissible to peripheral details, e.g. the address of the supplier. If a cheque or invoice is produced which has a fundamental error, e.g. the wrong amount, it must be cancelled and a new one produced.

### **3.7 Security of Accounting Records**

All print outs produced by the accounting system - orders, invoices, cheque copies, petty cash vouchers, etc. should be stored securely as follows:

1. **For the current year** : in the Finance office.
2. **For the previous six years** : Financial records are kept in labelled archival boxes stored securely.

Documents must be readily available for audit at any time, should be accessible to authorised staff and inaccessible to unauthorised staff.

### **3.8 Bank accounts**

The school will normally maintain a current account and a deposit account with one of the financial institutions specified in the WFSM.

Transfers may be made between the two accounts, on the authority of the Head Teacher, having regard to the need to maximise interest earned on the deposit account balanced with the need to retain sufficient working funds in the current account.

No bank account shall be opened or closed without the express authority of the FGB which will also determine the signatories and the financial limits for authorising payments.

No amount may be withdrawn from any bank account on the authority of a single signatory.

Stipulations for signing cheques and authorising withdrawals are in Appendix A.

Stipulations for the use and security of the school charge card are in Appendix B.

## **4 Insurance**

### **4.1 General**

Insurance policies are reviewed at least once a year, normally prior to renewal, to ensure:

- Adequacy, but not excessive, level of cover
- Best value

Details of current policies and underwriters are in Appendix E.

### **4.4 Third Party Indemnity**

The school does not give any indemnity to third parties.

### **4.5 Accidents and Losses**

The school informs Insurers and, if required, the police immediately any loss or accident occurs.

Minor losses are dealt with internally.

## **5 Data & Computer Security**

### **5.1 Backup Procedures**

All accounting software and data is online eliminating the need for backup procedures and a disaster recovery plan for financial data in school.

### **5.2 Protection of Computer Systems**

Access is restricted to authorised staff whose ID and Password is recognised by the front-end menu system. Authorised staff are the Head Teacher, School Business Manager and Admin Staff. The ICT technician, employees of software providers and WC Accounting & Budget staff also have access for maintenance purposes.

### **5.3 Data Protection Registration**

Financial, Administrative and Management computer systems are registered under the Data Protection Act 1984 by the school. The requirements of the Data Protection Act form part of the induction training of all new staff.

## **6. Personnel**

### **6.1 Responsibility**

The FGB is responsible for the appointment and termination of employment of the Head Teacher. The Head Teacher is responsible for the appointment and termination of employment of all other staff and is governed by LA safeguarding and HR procedures.

## **6.2 Payroll processing**

Payroll is administered entirely by the LA who carry out:

- All payroll calculations
- Make payments to staff and provide them with payslips
- Administer deductions and employer contributions

The school is provided with a detailed schedule of salaries due prior to payment each month for checking and correcting.

The total salary cost is collected by the LA by direct debit from the school bank account each month. No salary payments are made to any employee other than through the payroll.

## **6.3 Pay variations**

The Head Teacher notifies the School Business Manager, in writing (including email), of any variations to pay.

The School Business Manager informs the LA and records this on the employee's file.

The School Business Manager maintains an electronic record of all salary scales and staff salaries.

## **6.4 Expense Claims**

Expense claims submitted by staff or governors in the normal course of their duties are passed first to the Head Teacher, who checks that the expenses were incurred properly and that the amounts claimed are appropriate, and then authorises. Head Teacher's expenses are initialled by the Deputy Head Teacher before being authorised for payment by either the Chair of Governors or by the Chair of FRC.

## **6.5 Separation of Duties**

The duties of authorising promotions, making changes to individuals' conditions, or terminating the employment of staff are separated from the duties of processing claims.

Changes to conditions of employment and terminations are processed by the Head Teacher, who authorises all documents following confirmation of the changes by the Governors.

Claims for travelling expenses are approved by the Head Teacher, who records and arranges cover for Teacher absences, and is therefore in a position to know whether claims for expenses are legitimate or not.

## **6.6 Personnel Records**

Documentary records are held by the School Business Manager in a locked filing cabinet. Access is restricted to the Head Teacher, the School Business Manager and the Administrative Officer.

Members of staff also have access to their own record by arrangement.

Computer personnel records are maintained by the School Business Manager. Staff members are given a copy of their computer record at any time on request. As with all computer records the school adheres to the provisions of the Data Protection Act 1984.

## **6.7 Verification of Payroll Files**

Payroll files are verified monthly through the payroll checking procedure which is part of the month end reconciliation. Any discrepancies noted are notified to the LA by the School Business Manager.

# **7. Security of Stocks and Other Property**

## **7.1 Stocks**

The Admin Officer and School Business Manager are responsible for checking office supplies. A delegated member of staff is responsible for checking stock of educational supplies. The Catering Manager and the Caretaker are responsible for checking and securing stocks under their control.

Stock levels are maintained as low as is practically possible due to the restraints of storage space and the need not to commit unnecessary financial resources.

## **7.2 Asset Inventory**

Inventories are maintained of all items of equipment over £250 including all items that are attractive or portable, with a note of the make, model number and serial number where appropriate.

New equipment is added to the master inventory by the School Business Manager when it is purchased. The list is checked annually by the Administrative Officer. Discrepancies are to be investigated. Any losses will be reported to the FGB and/or the police as appropriate.

The master inventory forms the basis of the schedule for the school's All Risks insurance policy.

## **7.3 Equipment taken off School Site**

A register is kept of equipment which is taken off site. The exceptions to this are staff laptops and ipads, which are signed out to the individual as appropriate.

## **7.4 Disposal of Surplus Stocks**

Equipment and other items identified as surplus to requirements by the Head Teacher are disposed of in accordance with WSFM (Section 7).

## **7.5 Security**

Secure storage cupboards and filing cabinets must be kept locked and the keys removed. Key holders should normally carry the keys on their person, and not leave them in the vicinity of the secure area. The loss of any keys will be reported to the Head Teacher.

A register of all key holders is maintained by the Admin Officers.

# **8. Benchmarking**

## **8.1 Reporting**

Benchmarking should be undertaken on an annual basis. Governors should be involved in the process and the results reported to the FRC.

## **8.2 Action Plan**

Low and high indicators should be investigated and an action plan drawn up and monitored by the FGB.

# **9. School Fund**

## **9.1 General**

The school maintains a School Fund (Voluntary Fund) which comprises income from fundraising activities, sale of school uniform etc.

Expenditure of this fund is at the discretion of the Head Teacher for the benefit of the school.

## **9.2 Procedures**

Procedures for the operation of the School Fund are contained in Appendix D.

## APPENDIX A

**SCHEME OF DELEGATION (the relevant section of the School's FGB Scheme of Delegation regarding finance responsibilities is contained within that document and forms part of this manual).**

Specific responsibilities and limits of authority are laid out below:

### 1. Authorisation of expenditure and awarding contracts:

Under £2,000	- the Head Teacher using market awareness.
£2000 to £4,999	- FRC on receipt of 3 competitive quotations.
£5,000 and over	- FGB on receipt of 3 competitive quotations.

The Chair of Governors (or Chair of FRC) in consultation with the Head Teacher has the power to carry out the functions of the Governing Body if a delay in authorising a particular item of expenditure is likely to be seriously detrimental to the interests of the school, a pupil at the school or their parents, guardians or carer, or a person who works at the school. Any interim decisions must be documented (in writing or by email) and reported at the next meeting of the FRC or FGB where retrospective approval should be sought.

### 2. Tendering

Contracts committing the school to expenditure of more than £50,000 in any twelve month period must be put out to tender. It is considered extremely unlikely that the school would need to enter into such a contract. However, should that happen, a tendering process must first be formulated and adhered to which is in accordance with the principles and procedures laid down in Wiltshire Schools Finance Manual.

### 3. Renewal of contracts

A schedule of contracts detailing renewal dates and review dates (at least three months prior to renewal date) shall be maintained. All contracts shall be reviewed by their review date to ensure they are still giving best value for money. If there is any doubt then competitive quotations should be sought. The limits for renewing contracts are:

Under £2,000	- the Head Teacher
£2,000 to £4,999	- FRC
£5,000 and over	- FGB

### 4. The Head Teacher may delegate budget management for specific cost centres to other members of staff:

Groceries and kitchen consumables	- School Business Manager/Catering Manager.
Cleaning materials and Office supplies	- School Business Manager.

#### Virements:

Under £2,000	- the Head Teacher.
£2000 to £4,999	- FRC.
£5,000 and over	- FGB.

All virements need to be reported to the FGB at the next meeting.

### 5. Signatories for bank withdrawals:

The authorised signatories are the Head Teacher, Deputy Head Teacher the School Business Manager and any other named person(s) that the FGB might from time to time appoint. Two signatures are required for any withdrawal, one of which must always be the Head Teacher or Deputy Head Teacher.

### 6. Petty Cash:

The maximum cash withdrawal from the bank is £200 a month.  
Disbursements from petty cash must not exceed £30 in any one claim

## **APPENDIX B**

### **FINANCIAL PROCEDURES**

#### **1. Income**

##### **1.1 Delegated Funds**

Funds delegated to the school by the LA are detailed each year in a funding certificate issued in February for the financial year commencing on the following 1<sup>st</sup> April.

These funds are paid directly into the school bank account.

##### **1.2. Lettings income**

Rates for lettings are determined annually by the FRC.

The School Business Manager takes all booking requests, which are agreed by the Head Teacher. The FRC are informed of any new lettings.

The School Business Manager invoices the third party in line with the lettings policy and is responsible for credit control. Invoices are issued regularly and payments are monitored by the Head Teacher. The Head Teacher is informed termly of any outstanding debts and reports to the FRC where appropriate.

Those using the premises are encouraged to make payment by direct transfer to the school bank account. Payments made by cheque are banked in accordance with the procedures for cash and cheque receipts below.

##### **1.3. Parental contributions**

ParentPay is the desired payment method. This enables payments to be made online and the funds are paid into the bank directly fortnightly.

Charges as agreed by the Head Teacher are entered by the School Business Manager/Administration Officer on ParentPay.

If payment is made by cash or cheque these are received at reception and entered into a day book.

The day book is used to record the payment on ParentPay.

The School Business manager/Administration Officer monitors and chases outstanding charges and reports periodically to the Head Teacher. In instances of financial hardship the Head Teacher has authority to agree to extended payment terms and also to write off debts that are deemed to be irrecoverable. Any debts written off are to be reported to the FRC at their next meeting.

##### **1.4. Other income**

Money due from staff or other persons for meals is collected by the Catering Manager and given to reception for banking.

Donations and any other income received, if by cash or cheque, is handed in at reception and entered in a day book.

#### **2. Receipts**

All parents and guardians are advised that ParentPay is the preferred method of dealing with monies due to be paid to the School.

In other cases cash and cheque receipts are given directly to reception and are received by either the School Business Manager or Admin Officer. They are recorded in a bound day book (date, payer name, purpose).

The School Business Manager enters the transactions in the accounting system retaining a copy of the receipts list as a record of the banking. Cash and cheques are banked regularly (weekly or more frequently if appropriate) . The School Business Manager prepares the bank paying in book. When the bank receipt is posted to the accounting software the receipts list is reviewed and countersigned by the Head Teacher.

The bank reconciliation at the month end is completed by the School Business Manager and reviewed and countersigned by the Head Teacher. Any un-reconciled item report is retained and filed monthly and the bank account balances are reconciled to the general ledger.

### **3. Purchasing**

Purchase orders for educational supplies are raised by members of staff using a prescribed form. Orders are authorised by the Head Teacher or, in their absence, the Deputy Head Teacher except where the management of the budget for the cost centre has been delegated to another member of staff.

Once authorised the School Business Manager will, where appropriate, enter the purchase order in the accounting software and place an order with the supplier.

Goods delivered are checked by an appropriate member of staff who resolves any discrepancies before initialling the delivery note and passing it to the School Business Manager. The delivery note is then entered in the accounting software which automatically creates an invoice.

Services (including utilities) for which no order has been raised are entered directly on the accounting software.

Invoices are stamped with a checkbox which is initialled by the School Business Manager to confirm goods or services have been received and prices have been checked. The invoice is matched and attached to the purchase order and delivery note where appropriate.

### **4. Bank payments**

The School Business Manager matches goods/services received documentation to orders and/or deliveries. The invoice is stamped with a checkbox which the School Business Manager initials to confirm that goods or services have been received and prices have been checked. The documentation is then passed to the Head Teacher for authorisation. The Head Teacher checks the invoices, agreeing the appropriate cost centre, before returning them to the School Business Manager, who processes them for payment.

The School Business Manager creates a BACS file and form from online banking (Lloydslink). This is passed to the Head Teacher with the invoices who signs the form and authorises the payments on online banking in accordance with the scheme of delegation.

Wherever possible payments are made by BACS. When cheques are required the same procedure is followed and the cheque is signed in accordance with the mandate before being sent to the recipient. See 5 below for procedures concerning use of the charge card.

Suppliers' statements, when received, are checked for accuracy against the school records.

### **5. School charge card**

The school has the use of a bank charge card. There is no transaction limit but its use is limited to £4,000 per month in total. The registered cardholder is the Head Teacher who also signs the monthly statement.

Use of the card is restricted to:

- Kitchen purchases – authority for its use is delegated to the Catering Manager.
- Purchase of items where a lower price is available online or purchase of items which have to be paid for at the point of ordering – authority for its use in these circumstances is delegated to the School Business Manager.

In all cases the prescribed procedure for ordering and authorising expenditure should be followed. When not in use the Head Teacher is responsible for ensuring that the card is kept locked away. Periodic financial reports to the FRC should include a summary of expenditure that has been incurred using the charge card.

### **6. Petty Cash**

Cash is held in a locked cabinet in the SBM office. Receipts are retained and a log of all payments is kept on a spread sheet. The balance is reconciled whenever a cheque is drawn to replenish the float.

The School Business Manager is responsible for holding the petty cash but processing can also be completed by the other Admin staff.

There are limits on the amount of cash which may be held at any one time and on the amount of any withdrawals which are detailed in Appendix A.

## **APPENDIX C**

### **INSURANCE**

Details of current policies and underwriters are as below

#### **1.1 All Risks Insurance**

All Risks insurance cover is placed with the LA. The policy is reviewed annually, and covers all equipment with a value exceeding £250. The policy covers use of school equipment off the premises.

#### **1.2 Other Insurance**

Employers Liability insurance is arranged through the LA.

#### **1.3 Changes in Cover**

The school maintains an inventory of equipment, which is updated through the year as new items are acquired, and checked annually by the Admin Officer.

## **APPENDIX D**

### **SCHOOL FUNDS**

Voluntary Funds (known as the School Fund) are administered by the School Business Manager. The School Business Manager ensures that the accounts are written up and prepares the annual statement of account for the Fund.

The School Business Manager maintains records (including receipts and other documents) backing up transactions in the Fund. Amounts concerned are small and usually relate to fundraising initiatives. Some school uniform is sold by the school. Accounting for school trips (residential and non-residential) is maintained within the accounting system with staff following the receipts process described in Appendix B above.

The accounts are independently examined annually in accordance with WCFM and presented to the GB, A copy of the Independent Examiner's certificate is sent to the LA within their deadlines.