



# MANOR JUNIOR SCHOOL

*Motivation, Joy, Success!*

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Headteacher: Mrs C. D'Netto

# Finance Policy

Ratified and agreed by Governing Body on: \_\_\_\_\_

Signed: \_\_\_\_\_

Mrs R Fisher  
(Chair of Governors)

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Mrs C. D'Netto  
(Headteacher)

Date: \_\_\_\_\_

Policy to be reviewed on: \_\_\_\_\_

# **Manor Junior School**

## **Finance Policy**

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## **1. GOVERNANCE**

### **1.1 Introduction**

The school's Governing Body is responsible for the direction of Manor Junior School and its strategic management. This involves determining the guiding principles and regulations within which Manor Junior School operates and then making decisions. The Governing Body is also responsible for ensuring Manor Junior School meets all its statutory obligations and complies with the Council's financial regulations as detailed in the Scheme for Financing Schools and the Non Oracle School Procedures manual.

The financial responsibilities and internal controls in this document, with supporting documents, will help the Governing Body to ensure that the appropriate financial systems and controls are in place, for the purpose of probity and public accountability.

### **1.2 General information**

#### **Governors**

The Governing Body has a strategic role in determining the educational and financial priorities of the school, ensuring that the financial resources delegated to it are used effectively and that adequate internal controls are maintained over these. The Governing Body meets at least once a term. The governing body agrees policies as deemed required to operate the day-to-day management of the school. The governing body agrees, no later than by the end of term, the dates of meetings for at least the next term.

#### **The Headteacher**

The governors delegate responsibility for the day-to-day management of the school to the Headteacher. The Headteacher ensures compliance with the financial regulations in LBBB's Scheme for Financing Schools. The Headteacher ensures that sound systems of internal control are in place. The Headteacher works with the Business Manager / Accountant to compile the school's budgets. The Headteacher monitors the budget monthly and supplies the Resources committee with monitoring information.

#### **The Staff**

Staff comply with financial regulations in LBBB's Scheme for Financing Schools and any school specific requirements. Staff are responsible for any budget whose management is delegated to them.

### **1.3 Financial Supporting Documents for Governance**

The documents include:

- Scheme of Delegation (Delegation of Governing Body Financial Powers and Duties)
- Terms of Reference
- Budget plan and budget monitoring reports
- Financial CFR forecasts reports submitted quarterly to the LA
- CFR Final Outturn statements report submitted to the LA at the end of the financial year
- Governing Body/Finance & Resources Committee minutes
- Register of business interests
- List of Governors and their membership of committees as updated and circulated termly by the clerk of the Local Authority after each meeting.

### **1.4 Resources Committee**

The Resources Committee has been delegated powers to take financial decisions on behalf of the Governing Body as set out in the "Terms of Reference" document. The committee shall consist of a minimum of three members which will meet once a term and will make reports to the meetings of the Governing Body to ensure that the Governing Body is kept fully informed on all matters of financial

importance. The membership of the Resources Committee is reviewed annually. The Committee may co-opt non-governors as advisors to extend its range of expertise as necessary but non-members may not vote on any matter. The Headteacher/ Business Manager have the right to attend any meeting of the Resources Committee and are permanently invited to do so.

The Resources Committee together with the Headteacher will review the delegated budget sum. The Headteacher in conjunction with the support of the Accountant / Business Manager will draft Manor Junior School's budget for the appropriate settlement period, to ensure that the delegated financial resources available support the effective delivery of the curriculum and management of the school.

The Resources Committee together with the Headteacher will ensure the effective allocation of the resources to appropriate budget holders for staffing, premises, administration, curriculum resources, and pupil resources. It will consider setting a ceiling of £20,000 on any single item purchased by the Headteacher without reference to the Resources Committee unless these are purchases already agreed by Governors within the reported School/Premises or ICT development.

### **1.5 Health and Safety:**

The Governing Body will receive a Health and Safety report at each of its meetings. The committee will liaise with Manor Junior School and the Council's Health and Safety representatives. Serious accidents will be reported to the committee.

### **1.6 Clear Limits of Delegated Authority**

Please refer to the "Scheme of Delegation" document which indicates clear financial limits.

### **1.7 Minutes of all meetings**

Minutes are taken at Resources Committees and Full Governing Body meetings and duly circulated and agreed. The minutes must contain a clear and accurate record of all decisions made and policies accepted.

### **1.8 Register of Business Interest**

All Governors and those members of staff with influence on financial decisions should declare any interests which may impact on school-related matters. For example, Governors and staff should declare any links they have with local firms from which Manor Junior School may wish to buy goods or services. Registers of business interests aid transparency and provide some assurance that personal interests do not influence school decisions.

A complete business interest register should be maintained by Manor Junior and updated on a regular basis.

## **2. FINANCIAL PLANNING & BUDGET MONITORING**

2.1 The school development plan includes a statement of its educational priorities to guide the planning process.

2.2 There is a clear, identifiable link between the school's annual budget and the school development plan.

2.3 For each of the key issues in the school development plan, costs and other inputs are identified and budgets prepared.

2.4 The Headteacher will ensure at all times that planned expenditure does not exceed the available budget allocation during budget reviews.

2.5 The Headteacher should ensure that the main elements of the school's budget are subject to a periodic review to ensure that the school works within the principles of Best Value and that historic spending patterns are not repeated without challenge.

2.6 The budget is based on realistic estimates of all income and expenditure so that planned expenditure does not differ materially from the agreed overall budget.

2.7 The school operates a system of budget profiling to take account of likely spending patterns and the Headteacher will ensure that this is made available to the Governing Body at all planned budget review meetings. Profiling budgets enables the school to monitor and control the budget. It highlights significant variances or irregular spending patterns.

2.8. Budget monitoring reports are prepared monthly.

2.9. Governors are informed about the intended use of all surpluses money carried forward in balances. Surpluses must be assigned to specific projects/initiatives and a copy of the assigned balances is submitted to the LA as required.

2.10. The Headteacher will ensure that the capital expenditure limits as set by the LA are not exceeded without written approval from the LA.

### **3. INTERNAL FINANCIAL CONTROLS**

3.1 Manor Junior School uses the RM Finance software for processing and recording financial transactions such as school expenditure, school private funds, purchase orders, payroll, and income collection.

3.2 The RM Finance software system allows the school to operate a fast and effective manner to capture day-to-day transactions and furthermore provide a detail audit trail of each and every transaction.

3.3 The RM Finance software has been implemented in such a way to ensure at all times that there's a clear segregation of duties in order for the school to comply with robust internal procedures and controls.

3.4 A detail description of how each of the RM Finance software individual models operates is available on the RM Finance help page.

3.5 The Headteacher / Business Manager will ensure that appropriate cover is available in the absence of key personnel to ensure that financial control is maintained. Knowledge of the RM financial processes is shared between the Business Manager, School Business Manager and Admin Assistant.

3.6 At all times the RM Finance software provides an audit trail of all financial transactions which can be traced back to the original source documentation (e.g. invoice).

3.7 The RM Financial system issues system generated pre-numbered orders, which deter fraudulent orders as a break in the order sequence will arouse suspicion.

3.8 Manor Junior School maintains proper accounting records and retain all documents relating to financial transactions for at least the period recommended by the Council and audit regulations, (this is normally six years).

3.9 The Headteacher/ Business Manager will ensure that expenditure from ring fenced sources of funding are used for their intended purposes and are identifiable within the school accounts and supporting records.

3.10 All alterations to original documents such as cheques, invoices and orders will be clearly made in ink and initialled by the responsible officer. 'Copy Invoices' will be marked 'Copy Invoice, Not Previously Passed for Payment'.

3.11. All records of cancelled cheques are kept in the safe and secure finance office.

3.12 All printed cheques are kept in the safe and secure finance office.

3.13 All cash and cheques will be held securely to safeguard against loss or theft. The amount of money held at any one time will not exceed the amount covered by the schools insurance policy.

3.14 All accounting records will be properly and securely maintained and access to these will only be permitted to authorised staff. The Headteacher will determine who is authorised to access the records.

#### **4. PURCHASING**

4.1 All orders comply with the LEA's Standing Orders for Contracts as per LBBD's Scheme for Financing Schools.

4.2 Before any orders are placed, the budget holder responsible for placing the order will ensure that the school is obtaining best value for money (by applying the principles set out in the schools Best Value statement). Consideration will be given to price, quality and fitness for purpose.

4.3 The Governing Body recognises that tendering is a complex area and will seek expert advice where necessary. The policy on tendering is as stated within The Council's Financial Regulations on tendering procedures, and includes:

- Advertisement of tenders
- Compliance with EU regulations
- The procedures for the submission, receipt, opening and recording of tenders
- The circumstances when financial or technical evaluation is necessary
- Acceptance of tenders
- The form of contract documentation
- Cancellation clauses in cases involving corruption or bribery
- Details of the Council's Financial Procedures should be requested from the Corporate Financial Services.

4.4 The procurement arrangements for the school are adopted from the Council's Procurement rules, <http://lbbd/procurement/rules.htm> in accordance with the Scheme of Delegation and approved by the Governing Body

## Section A: Procurement arrangements for ordering goods and services.

(Adopted from LBBD's Procurement Rules, <http://lbbd/procurement/rules.htm>)

£0 to £4,999	<b>Low value - Class A contracts</b> <ul style="list-style-type: none"><li>• Expenditure is usually under £5,000</li><li>• Employees should try to use LA corporate contracts if they exist</li><li>• Staff should either place an official order using RM online Purchase Order System</li><li>• For anything incidental items of very low value employees should try and secure value for money by obtaining and documenting at least one price quote.</li></ul>
£5,000 to £50,000	<b>Medium value - Class B contracts</b> <ul style="list-style-type: none"><li>• Expenditure is usually a value between £5,000 and £50,000</li><li>• Employees should always use LA corporate contracts if they exist</li><li>• Staff must obtain at least 3 competitive quotations and get confirmation in writing of price, goods or service</li><li>• Quotations will be assessed and the best value whole life price accepted</li><li>• Place an official order with the successful supplier including the quoted price and terms and conditions using the school's online Purchase Order System.</li><li>• Where possible ensure the LA's terms and conditions are adopted, and emphasise that no invoice will be paid unless our official order number is quoted unless using Purchase Cards.</li></ul>
£50,001 +	<b>High value - Class C contracts</b> <ul style="list-style-type: none"><li>• Formal offers are invited for contracts with an estimated value of more than £50,000.</li><li>• 6 firms are usually invited either by advertisement or for construction related contracts through Constructionline.</li><li>• All contracts with a value of over £50,000 will be exposed to a formal competitive tendering process.</li><li>• Contracts that exceed the EU thresholds are subject to the regulations of the European Procurement Directive</li></ul>

4.5. A clear contract specification is required which ensures that Manor Junior School will receive the service it was expecting. This enables the school to seek redress for service quality or quantity if the provider's service falls below the level specified.

A contract specification should contain the following elements:

- Contract duration
- Definitions
- Contract objectives

- Services to be provided
- Service quantity
- Service quality standards (could include customer satisfaction surveys, number of user complaints, inspection checks)
- Contract value and payment arrangements
- Information and monitoring requirements
- Procedure for dealing with disputes
- Review and evaluation requirements

4.6. Where a quotation other than the lowest is accepted, the reasons for this decision will be reported to the Governing Body and included in the minutes of the relevant meeting.

4.7 The use of official orders ensures that there's a precise record of what has been ordered, which can then be compared against delivery. Manor Junior School uses the RM Financial system which issues system generated pre-numbered orders that deter fraudulent orders as a break in the order sequence will arouse suspicion.

4.8. Orders should be used only for goods and services provided to Manor Junior School. Individuals must not use official orders to obtain goods and services for their private use.

4.9 When an order is placed, the value should be committed against the appropriate budget heading on the RM Financial system so that it is included in budget monitoring reports.

4.10 Manor Junior School will check goods and services on receipt to ensure they match the order and the order should be signed accordingly. There should always be a clear segregation of duties between who has signed for goods to be ordered and who has taken receipt of goods.

4.11 All invoices will be checked and approved in accordance with the following good practices. These checks should confirm:

- Receipt of goods or services, cross-referenced to the order number.
- Expenditure has been properly incurred and that payment has not already been made.
- Payment to be made within 30 day settlement period (if applicable)
- Prices accord with quotations, tenders, contracts or catalogue prices and arithmetic is correct.
- Correct accounting treatment of VAT as per the invoice.
- The invoice is correctly coded on RM.
- Discounts are taken where available.
- Note: Manor Junior School should not make any payment on the basis of a photocopied invoice (or if so to be stamped 'Copy Invoice, Not Previously Passed for Payment') or a statement from a supplier.
- Construction Industry Scheme.
- Manor Junior School has the responsibility for checking the employment status for individuals providing services. If the individual is not clearly self-employed, payment must be made via payroll for deduction of Tax and National Insurance.

4.12 The School Business Manager / authorised approver will certify invoices for payment which will be processed and then go for final approval by any of the two signatories as indicated on the bank mandate.

4.13 The School Business Manager ensures that payments are only made to a supplier once the goods or services have been received and checked and confirmed as being satisfactory, and on receipt of a proper invoice which has been checked, coded and certified for payment.

4.14 The authorisation of an invoice should not be performed by a person if they have also authorised the order and checked the receipt of goods or services.

4.15 The original purchase order from the requester (normally the budget holder), including the system (RM) generated order and the delivery note should always be filed together in the PO file. The actual invoice for payment should be filed together with a copy of the cheque.

4.16 Specified SLT members of staff (solely at the discretion of the Headteacher) are issued either with a Business Charge Card depending on their level of spending.

4.17 Official pre-numbered orders are used for most services, however SLT may at their own discretion make use of their Business Charge card for alternatively purchases in shops in which case such payment will be treated as a normal invoice payment (e.g. utility /rates payment) to be approved by at least two signatories as per the bank mandate.

4.18 Manor Junior follows the guidance on expenditure limits for paying invoices, ordering and purchasing as in accordance with the Scheme of Delegation.

4.19 All cheques printed require any of two signatures as per the Scheme of Delegation and bank mandate.

## **5. INCOME**

5.1 Income is a valuable asset and is therefore vulnerable to fraud. It is vital that appropriate controls are in place to ensure its security.

5.2 The Governing Body has established both a charging and lettings policy and this will be reviewed every year. The Headteacher/ Business Manager is responsible to the Governing Body for accounting for all income due and cash collected, and accurate records are needed for this.

### **5.3 Supporting documents for Income**

- Charging policy
- Lettings policy
- Record of annual RM income reports
- Bank Cheque paying-in books from Barclays Bank Plc
- Monthly Reconciliations
- Copies of receipts issued

5.4 Cash and cheque income can come from a variety of sources, including grant funding, school visits, fundraising, lettings (if applicable)

5.5 All cash and cheques will be held securely to safeguard against loss or theft. The amount of money held at any one time will not exceed the amount covered by the schools insurance policy.

5.6 Full details are held within the finance office of all regular income due as well as income from occasional invoice charging

5.7 All lettings (if applicable) are authorised by the Headteacher or delegated person within a framework determined by the Governing Body within the Lettings Policy and are recorded.

5.8 The School Business Manager is responsible for ensuring that the responsibility for identifying sums due to the school is separated from the responsibility for collecting and banking such sums.

5.9 Invoices will be issued promptly by the School Business Manager following the delivery of the service.

5.10 All income received will be traceable to transaction listing kept on RM Finance as well as further be traced through the audit trail to the actual Lloyds bank statement.

5.11 Cash and cheques are locked away in the safe at the end of each working day to prevent loss or theft.

5.12 All collected monies will be paid into the Barclays Bank Plc account promptly and in full. Paying in books from Lloyds TSB show clearly the split between cash and cheques and list each cheque individually and are clearly coded to the appropriate income RM code.

5.13 The Governing Body does not permit the encashment of personal cheques from income collections or the use of income collections to make payments.

5.14 Manor Junior School will only reimburse money to staff if a valid receipt or proof of payments is shown. The staff member will also sign for the cash or cheque when collected from the School Business Manager.

5.15 The Business Manager undertakes monthly reconciliation to match income receipts/other documentation to accounting records on RM Finance. These reconciliations are reviewed and signed off by the Headteacher.

5.16 Debts are only written off in accordance with the school's write off policy as per the Scheme of Delegation limits. A detail record/ list is kept of all the sums written off which are officially approved as write off by the Headteacher.

## **6. BANKING ARRANGEMENTS**

6.1 The proper administration of all bank accounts held by the school is crucial for providing good financial control and to comply with robust internal controls.

6.2 The Business Manager of the school will ensure that the operation of the school bank accounts (including the use of Debit /Business Charge Cards) is in accordance with the Scheme of Delegation.

6.3 Supporting documents for Banking

- Monthly bank reconciliations
- Bank Mandate from Lloyds Bank

6.4 Manor Junior School's account should not be allowed to go overdrawn.

6.5 Manor Junior School must not enter into any loan agreements, other than with the Council, without the prior approval of the Director of Children's Services.

6.6 The Business Manager will ensure that bank statements are obtained on a monthly basis and reconciled against the school financial system and relevant accounting records. Bank reconciliations will be signed as evidence of completion.

6.7 The Headteacher will certify the monthly bank reconciliation and countersign as evidence that the checks have taken place.

6.8 The Business Manager will ensure that the school's cash flow is regularly monitored to ensure that the account does not become overdrawn.

6.9 Only the Business Manager will be responsible for undertaking the monthly bank reconciliation and will never process any receipt or payments on RM finance which will ensure that there is a clear segregation of duties from the rest of the office staff.

6.10 Manor Junior School requires that all cheques must bear the signatures of two signatories in accordance with the Scheme of Delegation and the Bank Mandate.

6.11 Manor Junior School operates the RM Financial system which makes use of printed cheques for the main school account to prevent and deter any fraud.

6.12 All printed cheques are drawn on the account and crossed 'account payee only' to avoid the possibility of improper negotiation of the cheques.

6.13 Only manuscript signatures are to be used (i.e. not stamps or facsimile) and cheques should never be pre-signed.

6.14 Chequebooks and paying in books will be held securely when not in use.

6.15 The Business Manager will maintain a list of all Barclays Bank Plc bank accounts held by the school and a list of authorised signatories as per the Bank Mandate.

## **7. PERSONNEL AND PAYROLL**

7.1 There are strict rules related to payments to individuals who provide goods and services for the school. Statutory requirements from the LA relate to PAYE, National Insurance, Construction Industry Scheme and VAT.

7.2 Supporting documents for Payroll

- HR establishment report
- Up-to-date list of staff employed
- Monthly Payroll transaction reports
- Service Level Agreement
- Claims/ Overtime records

7.3 Manor Junior School follows established Council procedures for the administration of personnel activities, including appointments, terminations and promotions. The school buys in to the Council's service level agreements for Pensions services.

7.4 The Headteacher undertakes the duties of authorising appointments, making changes to individuals' conditions or terminating the employment.

7.5 The School Business Manager undertakes the duties of processing claims after approval for all overtime.

7.6 The Headteacher ensures that at least two individuals are involved in the processes of completing, checking and authorising all documents and claims relating to appointments, terminations of employment and expenses which is the School Business Manager.

7.7 The Headteacher ensures that only authorised staff have access to personnel files and that staff have the facility to obtain access to their own records.

7.8 All Payroll transactions must only be processed through the Payroll system which includes expenses and benefits.

7.9 The Headteacher/ School Business Manager maintain a list of staff employed. This list is updated promptly on Integris to reflect new starters and leavers. An Oracle payroll report is sent on a monthly basis by LBBD Payroll which is then checked for accuracy.

This ensures the school that:

- There are no people on payroll who should not be paid by the school
- Staff are being paid the correct rates/hours/incremental progression and allowances
- Leavers have been removed from the payroll
- Starters have been added to the payroll

7.11 The Business Manager will check for increases, changes to PAYE and that National Insurance have been applied

## **8. PETTY CASH**

### **Petty Cash**

8.1 Manor Junior School uses petty cash for making purchases of a minor nature and therefore it is essential that the proper controls are in place to prevent losses and fraud.

8.2 A petty cash account will be held as agreed by the Governors. This will be held securely in a safe and only staff authorised by the Headteacher will have access to it.

8.3 Personal cheques are not cashed from the petty cash account.

8.4 All spending from petty cash must be supported by receipts, identifying any VAT paid.

8.5 All reimbursements to staff must be signed by two signatories as per the Scheme of Delegation.

8.6 The reimbursee will need to sign when cash collected as confirmation for receipt of the cash.

8.7 Proper records are kept of amounts paid into and expenditure paid out for petty cash.

8.8 The amount of petty cash fund is checked and reconciled monthly against the accounting records by the Admin Assistant, reviewed and signed off by the School Business Manager.

## **9. VAT AND TAXATION**

9.1 The Headteacher ensures that all relevant staff are aware of relevant provisions concerning VAT, tax and the Construction Industry Scheme (CIS) as the LA will pass back to the school any penalties imposed on it arising from an error by the school.

9.2 Proper VAT invoices are obtained for all transactions involving VAT. A proper VAT invoice is the only basis on which VAT can be reclaimed. It should contain the following elements:

- The supplier's name, address and VAT registration number
- The date goods/services were supplied
- The name and address of Manor Junior School and LBBD
- The goods or services supplied
- Amount payable excluding VAT
- Amount of VAT
- VAT rate

9.3 The Council's VAT Guidance Manual is available from the Corporate Finance Resources and Technical Team and gives details of accounting for VAT and is adhered to by the school.

9.4 All payments falling within CIS are made in accordance with the LA's agreed procedure.

## **10. SECURITY OF ASSETS, STOCK AND OTHER PROPERTY**

10.1 It is essential that the school creates and maintains an effective inventory system to provide an accurate valuation of the school's assets.

10.2 The School Business Manager ensures that stocks are maintained at reasonable levels and subject to a physical check at least once a year which is performed by external consultants.

10.3 The School Business Manager signs off the inventory sheets performed by the external consultants to verify accuracy and validity.

10.4 The inventory register contains details covering identification/serial number and location within school.

10.5 School procedures ensure that every time an asset is disposed of or becomes obsolete the inventory is updated to ensure that obsolete inventory is not included in the inventory records.

10.6 All inventory write-offs and disposals will be subject to the write-off policy of the school in accordance with the Scheme of Delegation.

10.7 Whenever properties belonging to the school, for example school Ipad, are taken off the schools' site they should be signed for and the loan register noted accordingly.

10.8 Manor Junior School's safe is kept locked and the keys removed and held elsewhere.

## **11. WRITE OFF/ DISPOSAL**

Please refer to "Write Off/ Disposal Policy"

## **12. INSURANCE**

12.1 Manor Junior School is protected against risk via the insurance policies administered by the Council. The risks include third party liability, subject to agreement with the Council, property, money, personal accident and fidelity guarantee insurance (to cover the loss of assets due to fraud or dishonesty on the part of employees).

12.2 Manor Junior School reviews its exposure to such risks on a yearly basis to ensure that cover remains adequate. The Governing Body will determine if additional cover is required.

12.3 The Governing Body made the decision to buy into an external provider of staff insurance in order to cover the school against absence and long term sickness due to the fact that the LBBB withdrew their service from all schools.

12.4 The school will notify its insurers of all new risks, property, equipment and vehicles, which require insurance, or of any other alteration affecting existing insurance. The Council requires regular updates of any changes, to ensure all risks are kept to a minimum.

12.5 The school will not give any indemnity to a third party without the written consent of its insurers.

12.6 The school will immediately inform its insurers of all accidents, losses and other incidents, which may give, rise to an insurance claim.

12.7 Insurance arrangements will cover the use of school property, for example musical instruments or computers, when off the premises (as long as the item being taken is for work purposes)

## **14. PRIVATE FUNDS**

14.1 The Headteacher / Business Manager will ensure that private funds are accounted for separately from the school's delegated budget and are held in a separate bank account.

14.2 The Headteacher / Business Manager, on behalf of the Governing Body, will ensure that the accounting procedures for any private funds reflect the same standard as those required for accounting for the school's delegated budget.

14.3 Any private funds accounts will be subject to an annual audit by an independent auditor. The audit report will be presented to the Governing Body. A school fund audit certificate should be forwarded onto the Internal Audit section.