

# THE HARVEY GRAMMAR SCHOOL



**Founded 1674**

## FINANCE POLICY

Adopted December 2017

## Introduction

The Governors of The Harvey Grammar 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 within which all Governors and staff will operate within the traditional model of Governance. It is essential that these principles operate properly to meet the requirements of our Funding Agreement with the Department for Education (DFE) via the Education & Skills Funding Agency (ESFA).

### 1. Principles

The 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 performance data and benchmarking to compare attainment and other outcomes from all schools nationally and with similar schools, using this information 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 Governors are also responsible for taking steps to ensure the school adheres to the principles of:

- **Regularity** – dealing with all items of income and expenditure in accordance with legislation, the terms of the trust's Funding Agreement, the Academies Financial Handbook and compliance with internal procedures. This includes spending public money for the purposes intended by Parliament.
- **Propriety** – requiring that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This covers standards of conduct, behaviour and corporate governance.
- **Value for Money** – achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge; the avoidance of waste and extravagance; and prudent and economical administration. A key objective is to achieve value for money not only for the Academy Trust but for tax payers more generally.

The school will establish sound internal financial controls, based on the Academies Financial Handbook, the Accounts Direction and our Funding Agreement to ensure the reliability and accuracy of its financial transactions.

Budgets will reflect the school's prioritised educational objectives through its links to the School improvement Plan, which indicates the resource implications of each priority.

Budgets will be subject to effective monitoring, allowing the Governors, Headteacher and staff to maintain financial control 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:

- Purchasing arrangements achieve value for money
- There are sound procedures for the administration of personnel and 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 operation of the bank account and the reconciliation of bank balances with the accounting records are properly controlled
- The use of petty cash is strictly controlled
- The use of school credit cards is strictly controlled
- Donations and any other non-public funds are administered as rigorously as public funds
- Any suspected irregularity will be reported immediately to the ESFA
- The school adheres to current Data Protection legislation
- Appropriate training in financial administration will be given to enable staff cover at all times

## **2. Putting Policy into Practice**

### **Delegated Authority**

The Governing Body of The Harvey Grammar School has overall responsibility for the management of all of the school's finances covering the revenue budget and any other budgets or funds delegated or devolved by the ESFA.

The Pay, Personnel, Premises & Finance Committee has delegated responsibility from the Governing Body for the following aspects of financial management:

- Evaluate and approve annual budget plans, showing clear links to the school improvement plan, except in the event of a deficit budget being presented which will require full Governing Body involvement
- When appropriate, review the Finance Policy and propose levels of delegation for approval by the Governing Body
- When appropriate, review the Charging and Remissions Policy for approval by the Governing Body
- When appropriate, review Teacher and Support Staff Pay Policies for approval by the Governing Body
- Make decisions in respect of service agreements and insurance
- Evaluate and report on Tenders for Contract Services to the Governing Body
- Report monitoring and outturn positions to the Governing Body highlighting any significant variances
- Evaluate and authorise proposed virement of funds between £10,000 - £25,000
- Keep internal financial procedures under review
- Benchmark the school's financial performance and report to the Governing Body

- Evaluate and recommend the annual Governance and Value for Money Statements, the Statement on Regularity, Propriety and Compliance and the Accounting Officer's Statement and present these to the Governing Body for approval

The Headteacher, who is also the Accounting Officer, is personally responsible to Parliament and the ESFA for managing public funds. He is also responsible for implementing the decisions of the Governing Body and for the operational management of the school. The general administration of financial procedures is delegated to other members of staff at the discretion of the Headteacher.

### **Internal Financial Controls**

The internal financial controls operated by the school follow the controls set out in the Academies Financial Handbook, the Accounts Direction and our Funding Agreement. They are reviewed periodically by external auditors and by the internal auditor.

### **Financial Links to the School Improvement Plan**

The School Improvement Plan takes full account of any future financial implications and these are noted where applicable in the school's three year budget plan.

### **Monitoring and Virements**

The school recognises that the regular monitoring of income and expenditure against the agreed budget is central to effective financial management. To this end, the school's Finance Team carries out a monthly internal monitoring procedure. A monitoring report is taken to the termly meeting of the Pay, Personnel, Premises & Finance Committee which reports, as required, to the Governing Body. Monitoring reports are submitted to auditors as requested. The Governing Body ensure their meetings are timed to review all monitoring and outturn statements prior to submission to the ESFA. This ensures they have an up-to-date position of the school's finances.

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

- Virements up to £10,000 - The Headteacher, reported to the Pay, Personnel, Premises & Finance Committee
- Virements up to £25,000 – The Pay, Personnel, Premises & Finance Committee
- Virements over £25,000 – The full Governing Body

### **Insurance**

The school is insured with relevant cover through the Academies Risk Protection Arrangement with additional cover purchased as recommended by the Department for Education for Motor, Engineering and Overseas Travel.

## **Purchasing**

Budgets are delegated to Curriculum Leaders and other members of staff with financial responsibilities. 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 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 designated member of the Finance Team authorises all orders and invoices prior to payment.

For large purchases, the following procedure for tenders and contracts will apply:

- For orders in excess of £5,000, but less than £50,000, three written quotations are sought and the order is authorised by the Headteacher
- For orders in excess of £50,000, three written tenders are sought and submitted to the Pay, Personnel, Premises & Finance Committee for consideration

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.

## **Personnel Matters**

At the start of every financial year, the Finance Team calculates the salary costs of all members of staff, including increments, where applicable. These details are incorporated into the school budget planning process.

## **Payroll Matters**

The payroll provider is Capita Business Services Ltd. The Headteacher signs off the monthly payroll reports, overtime and additional expenses claims once they have been checked for accuracy.

## **Safeguard of Stocks, Stores and Assets**

All staff at the school are responsible for the security of school assets. All school assets are recorded on an asset register database and are maintained and updated by the Director of School Support. An audit of assets is carried out throughout the school annually.

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 Pay, Personnel, Premises & Finance Committee agrees this on behalf of the Governing Body and the agreement is minuted.

Where school assets are loaned to staff or pupils, a loans book is completed and signed upon borrowing the item and again upon the item's return.

## **Income**

The main sources of income for the school are grants from the ESFA. The receipt of these sums is monitored directly by the Finance Staff who are responsible for ensuring that all grants due to the school are collected. Restricted Income and income from grants is accounted for using separate cost centres in order for it to be reconciled individually.

The maximum level of cash to be held in school at any one time is £5,000 which matches the level of insurance cover. Cash will be receipted, recorded and banked promptly at all times.

## **The School Bank Account**

The school operates its school bank account(s) in accordance with the regulations in the Academies Financial Handbook, the Accounts Direction and its Funding Agreement.

Bank account signatories are updated immediately there is a change in staffing and details are copied to the Bank and the auditors as a matter of course. Two signatures are required on each cheque and for BACS transfers, one of which should be the Headteacher. If unavailable, two alternative signatories may sign, but at the first opportunity, the transaction must be brought to the attention of the Headteacher.

Bank statements at the school are received on a monthly basis and reconciled to the school's finance system immediately. The Headteacher signs and dates the bank statement when the reconciliation has been checked.

## **Petty Cash**

Petty Cash is held securely at all times and the limit for petty cash is £400. Petty cash transactions are kept to a minimum and the maximum value of any one transaction is £30. Larger amounts may be agreed for special events at the discretion of the Headteacher. All staff obtain proper VAT receipts for petty cash purchases, wherever possible.

## **Credit Cards**

The school operates credit cards in accordance with the guidance in the Academies Financial Handbook, the Accounts Direction and our Funding Agreement.

The use of the Lloyds Bank credit cards to assist with purchases over the phone and internet is agreed. Limits are adhered to and outstanding balances cleared monthly. VAT invoices are obtained and purchases agreed by the budget holder.

In addition the site manager is provided with a corporate Trade UK card to assist with materials for building works undertaken and fuel cards are used to enable the school minibuses to be refuelled. All of these cards are balanced and cleared monthly with payment by BACS or direct debit.

## **Irregularities**

All staff at the school are made aware of the authority's confidential disclosure policy which allows members of staff to raise concerns in confidence, providing for a thorough investigation of any suspected irregularity. These details are available to staff in the Policies area of the Intranet.

### **Data Protection**

Under the terms of the Data Protection Act 1998, the Headteacher and Governing Body are required to notify the Information Commissioner of our processing, storage and disclosure of data procedures, which are covered by this legislation. To this end, a password protection procedure applies, 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 robust disaster recovery plan for the computer network.

### **Risk Management**

The school maintains a Risk Register in order to recognise, manage and track present and future risks arising from its operations including a likelihood and impact assessment. This is updated annually in accordance with the Funding Agreement and Academies Financial Handbook.

### **Financial Administration**

Three members of staff are trained in the use of the finance software and financial administration procedures, in event of staff absence.

### **Declaration of Business Interests**

All governors and all members of staff with influence over purchasing decisions are required to sign a declaration of business interests and complete a table of related party transactions, if applicable, to ensure transparency of all financial transactions.