Coalway Community Infant School

Finance Policy 2025

Date policy was reviewed: August 2025

Review annually: August 2026

Signed by:

Chair of Governors: James Savage Date:

Contents

<u>Introduction</u>

This policy has been produced to enable us to have a clear policy statement that identifies financial procedure and the financial management structure operating in Coalway Infant School.

These procedures are located in one reference document, which is available to view should the need arise during an internal audit, external assessment or OFSTED inspection of the school.

Section 1: Budgets

1.1. Budget construction

The Head Teacher is responsible for the detailed preparation of an annual school budget which addresses the strategic aims and targets established by the Governing Body. In constructing the budget, the Head 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 should consult with other members of staff as appropriate to ascertain detailed requirements and cost pressures for the coming year.

The Finance Committee will meet in the Spring term to consider a broad budget strategy. In order to determine appropriate expenditure levels, the committee will consider the overall level of income expected from local authority budget, grants and school generated income, together with any anticipated balance to be carried forward into the following financial year.

Detailed formulation of the budget will take place in Spring term, and the Finance Committee should approve the detailed budget plan following receipt of the final local authority budget allocation issued in mid to late March. The full Governing Body must subsequently approve the full budget, and minute this approval. The approved Governors Budget Plan spreadsheet template must then be submitted to the Schools Finance Team, along with a signed statement by the Chair of Governors, by the required mid-May 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 Schools Finance Team immediately as the local authority must approve a Deficit Repayment Agreement (DRA) involving an appropriate recovery plan. Please refer to the Scheme for Financing Schools for further information on DRAs:

http://www.gloucestershire.gov.uk/schoolsnet/index.cfm?articleid=19626

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

1.2. Budgetary control and monitoring

The Head is responsible for regular, detailed control of the school budget and this role will require appropriate monthly reports from the school's accounting system. The Head may assign budgetary control of individual budget headings to other members of staff; however, the Head remains ultimately accountable to the Governing Body for these budget headings. Financial reports to the Head and other budget holders, where applicable, should include the following information for each agreed budget heading: -

- total budget for year
- total expenditure and commitments to date
- projected variance

Payroll expenditure data, as notified by local authority payroll prints, must be entered promptly on to the school's accounting system each month by the appropriate finance officer (i.e. finance administrator, bursar or business manager).

Other, non-pay expenditure, as notified by monthly on-line reports for Coalway Infant School will be reconciled promptly to the school's accounting system by the school finance officer.

It may be appropriate to action adjustments to the original budget (virements) during the year, for example as a result of additional income, new costs or changing national priorities etc. The Head should therefore be empowered to respond to changes to address variances by effecting virements between individual budget headings.

Where new or unplanned expenditure is necessary, the following individual virement authorisation limits are in place: -

- up to £1,000 Head (and subsequently reported to full Governing Body)
- £1,000 - £2,999 - Chair of Governors ""
- £3,000 - £4,999 - Finance Committee ""
- £5,000 and over Full Governing Body

Virements, once approved, will be promptly entered onto FMS (Financial Monitoring System) to keep the approved budget up to date, and an authorised signed paper copy kept on file.

The Head should present detailed budget monitoring statements to the Finance Committee at least 3 times a year. The Finance Committee should then consider and challenge these statements as necessary, with the Head providing explanations for any significant variances identified. The Chair of the Finance Committee will then report to the full Governing Body, 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 Finance Committee.

For further guidance on schools' roles and responsibilities please refer to the SFVS with supporting notes.

Back to contents

Section 2: Payroll

Schools using GCC payroll and HR services should refer to the Business Service Centre Schoolsnet pages for general information and guidance (please note you will require your school's assigned log-in and password to access some of the information on Schoolsnet.

2.1. Starters/variations/leavers

All forms for:

- setting up new employees on the payroll (starters)
- effecting variations to pay
- taking existing employees off the payroll (leavers)

must be created by the School Business Manager and authorised by the Head. Completed forms should be sent to relevant pay and conditions contact at GCC via E-Forms as directed.

2.2. Claim Forms

For relevant staff, submitted claim forms must be checked initially by the School Business Manager, and then authorised by the Head, or in her absence, the Deputy Head. Authorised time sheets must be submitted directly to the relevant pay and conditions team contact via E-Forms and never handed back to the employee.

2.3. Checking of payroll data

Payroll data received monthly from Shire Hall must be scrutinised by:

- the Head, to ensure all employees are recognised, and pay appears reasonable (no detailed check)

- the School Business Manager, to check accuracy of salary and expense payments.

2.4. Pay-related expenses

All pay-related expenses must be processed through the payroll system. Pay-related expenses must never be paid via petty cash, or by the creditor payment system. If any doubt exists about whether an item should be processed via the payroll system, the BSC Financial Administration section should be contacted for advice.

2.5. Supply teachers

The Governing Body will decide, on the basis of advice from the Head, whether supply insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised (signed) by the Head, or in their absence, the Deputy Head. Reimbursement claims must be submitted on a monthly basis by the School Business Manager. The School Business Manager must check on a monthly basis that correct amounts have been charged using the monthly expenditure printout.

Back to contents

Section 3: School Fund

3.1 Accounts

The accounts of the school Fund are to be maintained on a day to day basis by the School Business Manager. All income and expenditure will be entered promptly onto the accounting spreadsheet provided by GCC. A bank reconciliation will be performed monthly when bank statements are received, between the balance as per the accounting record and the balance as per bank statements.

3.2 Signatories

The following are allowed to sign cheques on the bank account: -

- Head
- Deputy Head
- School Business Manager

There must be two signatures on each cheque.

3.3 Final accounts and audit

Final accounts are prepared at the end of the School Fund financial year by the School Business Manager. The accounts will be audited by an auditor appointed by the full Governing Body. The auditor will not be a member of the Governing Body. In appointing an auditor and operating the Fund, the Governors will follow the instructions laid down in the County Council's Manual on Unofficial Funds.

The audited accounts should be presented to the Finance & Personnel Committee and if approved, will be recommended to the full Governing Body. Governors' approval must be recorded in the minutes of the meeting of the Full Governing Body. Once approved, the Clerk to the Governing Body will return the requested FN12 form to the Schools Finance Team.

School Fund monies must be kept, and recorded, separately from the school's capitation monies and securely held.

Back to contents

Section 4: Assets

4.1 Inventory

The portable, desirable, attractive assets of the school, as well as any assets of intrinsic value (e.g. antiques) will be recorded in the school's inventory. Full details (make, model, serial number, approximate value) shall be recorded.

The school administrator is responsible for keeping the inventory up to date by adding new items when they are received into school.

Items up to a value of £150 may be sold or written out of the inventory on the authority of the Head. Over this limit, the Governing Body must authorise and details recorded in the minutes. Reasons must be recorded in the inventory, together with the Head's signature (up to £150) or the Governors' minute reference (£150 and over). An official receipt for sales income must be issued to the purchaser.

Inventories shall cover all areas of the school, and be arranged on a room-by-room basis. A separate inventory will be maintained to include items which are not allocated to a specific room.

The inventory shall be checked against the actual assets by the Head on an annual basis. Any discrepancies shall be investigated immediately, and if necessary the Governors, Police and the authority's auditors shall be informed. The check shall be evidenced by the checker signing and dating the inventory.

All inventory items should be security marked:

- invisibly with an ultra-violet pen, <u>and</u>

- visibly with warning stickers.

4.2 Off-site register

Any inventory items taken off-site by members of staff for official purposes must be recorded in a register. The date borrowed, and the signature of the borrower, must be recorded. On the return of the item the date of return will be recorded.

[Back to contents]

Section 5: Income

5.1 Credit income

Where payment for goods/services provided by the school is made after the provision takes place.

An official invoice must be raised by the School Business Manager in all cases and sent to the debtor as soon as possible after the provision of the goods/service, and no later than one week after the provision.

A file of copy invoices will be maintained by the School Business Manager; this will be arranged into 'paid' and 'unpaid' invoices. The copies of unpaid invoices will act as a control record for the sending of reminders and the chasing of unpaid debts.

Reminders will be sent after the following periods if the debt remains outstanding: -

1st reminder	28 days
2nd reminder	56 days

If after 84 days the debt remains unpaid, consideration will be given by the Head to writing the debt off in accordance with the following limits: -

- up to £50	Head may authorise write-off
- up to £100	Chair of Governors may authorise write-off
- £100 and over	Full Governing Body may authorise write-off.

In each case, the possibility of taking legal action to recover the debt must be considered by Head, Chair, and Governors as appropriate.

As well as sending formal reminders, efforts must be made by the school to contact the debtor in order to secure recovery of the debt. If payment has not been received after 28 days of raising the invoice, no further goods or services must be provided until the outstanding debt is settled.

When an invoice is paid, details of the payment must be written on the copy invoice, and this transferred to the 'paid' section of the file. An official receipt should be issued to the debtor and the receipt number written on the copy invoice; a duplicate copy of the receipt must be retained at school.

5.2 Cash income (i.e. where payment is received at the time goods/services are provided).

An official receipt must be issued to the payer at the time the payment takes place, and a duplicate copy retained at the school.

5.3 *Banking*

All income received (cash or cheque) must be banked promptly and intact. No payments may be made out of income collected. A record to evidence the banking must be kept (e.g. stamped paying-in slip).

5.4 *Charging & Remission policy*

The full Governing Body will set a charging & remission policy to cover: -

- School Aims
- school trips
- music tuition
- Remissions

The Charging & Remission policy will be reviewed annually by the Governing Body. Charges levied by the school will be in line with this policy.

5.5 *Donations*

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact.

5.6 *Official Capitation and School Fund income*

All income used to offset expenditure incurred on the capitation budget (e.g. lettings, photocopying, telephone calls, music tuition, sales of work) must be paid into the official County Fund and coded to an appropriate income code. Monies received from any sales of school equipment must similarly be paid into the County Fund.

Donations may be paid into the County Fund or the School Fund dependent upon the wishes of the donor which must be ascertained beforehand.

5.7 *Cash received from pupils*

Cash received from pupils in class must be recorded by the class teacher & sent immediately to the office for counting.

5.8 *Security of receipt books and tickets*

All unused receipts and tickets to be used to acknowledge receipt of income, must be held securely in the school office.

Back to contents

Section 6: Purchasing

6.1 *Ordering*

School procedures for purchasing should ensure that purchases are as required and are for bone-fide purposes.

Before goods or services can be purchased, a requisition form is to be completed by the staff member requesting the goods or services. All purchase order requests must be signed for authorisation by the Head Teacher. In the absence of the Head Teacher orders can be signed for authorisation by the School Business Manager.

Orders should be processed by the School Business Manager after approval where a purchase order can be raised via FMS and the goods ordered from the relevant supplier.

Official orders must not be used to procure goods for private purposes.

Official order stationery must be held in a secure location.

Copies of all official orders placed must be retained on file at the school by the School Business Manager.

When placing orders, it is the responsibility of the initiator to ensure that Gloucestershire County Council Financial Regulations and Standing Orders are adhered to.

6.2 *Quotations/tenders*

Financial Regulations - for orders for goods/services under £50,000:

- £1,000 - £5,000 - at least three prices to be examined and retained, these prices may be taken from suppliers' written or verbal quotations or catalogues/price lists.

- £5,001 - £50,000 - independent written evidence of at least three prices should be obtained and retained.

Independent written evidence means quotations provided on suppliers' headed notepaper.

Standing Orders - for orders for goods/services over £50,000.

Tenders should be invited in one of three ways, and in accordance with specific Standing Orders.

- from at least three contractors included on a standing list - SO49; or where no standing list exists

- from at least three appropriate contractors - SO.5O, or

- by open competition by advertisement in local newspaper or appropriate journal - SO.51.

6.3 *Governor involvement*

As well as ensuring that the above have been adhered to, it is the responsibility of the Head Teacher to ensure that Governors are consulted in the following circumstances: -
On purchasing decisions when the estimated cost of one item exceeds £1,000

Review of quotations obtained where estimated costs exceed £5,000.

Review of quotations when the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained. In such circumstances the Governors should formally authorise a waiver of the regulations, either prior to the purchase or retrospectively, if necessary.

6.4 *Receipt of goods*

Once items ordered have been received, the School Business Manager must ensure that items delivered correspond to details contained in the delivery note. Upon examination of goods they must ensure that both quality and quantity are appropriate. Delivery notes should be filed with the purchase order and kept in the School Office.

6.5 *Invoice check and authorisation*

Invoices received must be passed to the School Business Manager to be checked to both copy orders, and delivery notes to ensure that invoices relate to goods ordered and delivered. Invoices should also be checked for arithmetical correctness. All invoices must be certified for payment by the Head Teacher before being passed for payment (or in the Head's absence, the Deputy Head).

Invoices passed for payment must be recorded promptly onto FMS by the School Business Manager. They should be paid within 30 days of receipt or as otherwise stated as per payment terms. Non-order invoices should be kept to a minimum.

6.6 *Petty Cash*

Day to day operation of the petty cash account is the responsibility of the Finance Officer.

All petty cash expenditure, and reimbursement income, must be promptly recorded in the petty cash record.

Reimbursement must be claimed monthly or when one-half of the Imprest advance has been used. The Head (or Deputy Head in the Head's absence) must certify the reimbursement claim.

Each time a reimbursement claim is submitted, the Finance Officer must complete a reconciliation ensuring that cash expended, plus cash in hand or at bank, plus stamps held, equals the amount of the advance.

All members of staff who wish to purchase items from the petty cash account must obtain prior approval from the Head. Vouchers (receipts, paid invoices etc.) to evidence the payment must be presented to the Finance Officer by members of staff when reclaiming cash from the account. These vouchers must be retained by the Finance Officer and returned with the reimbursement claim.

In normal circumstances individual purchases from petty cash must not exceed £50. In exceptional circumstances payments up to £100 may be made, with the express prior approval of the Head. Such payments should be for emergencies only and should not simply result from a lack of planning.

All cash and cheque books held must be retained securely.

Back to contents

Section 7: Register of Pecuniary and Other Interests

It is a requirement for all schools to maintain such a Register.

7.1 Persons to be included: -

1. All Governors
2. Head Teacher
3. All senior staff (e.g. Deputy Head, Assistant Heads, senior administrative staff e.g. bursar)

7.2 Interests to be recorded

The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school.

Examples of such improper influence might be: -

- to purchase goods or materials from a company in which a Governor/senior member of staff has a financial interest without going through the correct procedures re. obtaining competitive prices;

- promoting member of staff who has close personal relationship (spouse, partner, son, daughter etc.) with Governor/senior member of staff, without going through correct procedures re. recruitment and selection.

There can never be a definitive, comprehensive list of the interests which should be recorded, but the following is intended to give some guidance:

-having a financial, or other, interest in an organisation which could feasibly be in a position to supply goods/services to the school e.g.

- building contractors
- plumbing contractors
- electrical contractors
- audio/visual goods suppliers (e.g. T.V.s, video recorders, hi-fi etc.)
- repair/maintenance of equipment (electrical and other)
- suppliers of computer hardware and software
- suppliers of stationery
- suppliers of educational equipment (e.g. P.E. equipment)
- suppliers of furniture, fittings, carpets, curtains etc.
- decorating contractors
- catering contractors
- suppliers of provisions
- suppliers of clothing

- suppliers of building materials
- suppliers of catering equipment
- suppliers of fuel
- suppliers of vehicles
- suppliers of books
- grounds maintenance contractors
- gardening contractors
- suppliers of grounds/garden maintenance equipment
- suppliers of plants, trees, seeds etc.
- suppliers of heating equipment
- suppliers of lighting equipment
- suppliers of musical instruments
- suppliers of insurance
- consultants (e.g. legal, financial, training, property)
- suppliers of security services and supplies
- suppliers of art materials
- suppliers of telecommunications equipment
- suppliers of photographic equipment
- transport contractors (e.g. coaches, taxis etc.)
- holiday/travel operators
- suppliers of supply teaching cover
- suppliers of peripatetic teaching
- suppliers of banking services
- suppliers of workshops etc. (e.g. drama, music)
- the interest in the above 'supplying organisations' may, for example, be: -
- as a director
- as an employee
- as a major shareholder
- as a major investor
- as a major debtor/creditor
- having a close personal relationship (spouse, partner, son, daughter, parent etc.) with a person in the above categories
- being in a position to potentially influence decisions made about the school, e.g. as:
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- member of local council (County Council, District Council, Parish Council)
- officer of Local Education Authority in a senior capacity
- Member of Parliament
- OFSTED Inspector
- officer of local council (District Council, Parish Council) in a senior capacity
- having a close personal relationship (as described above) with any person falling into the above categories
- having a close personal relationship with a Governor or member of staff (employed on a full-time, part-time, permanent, or temporary basis).

Back to contents