



THE PILGRIM SCHOOL

Finance & Procurement Policy

POLICY

School Lead: School Business Manager

Governor Lead: Mrs J Bembridge

Last reviewed: March 2018

Date of next review: March 2019

Signed by Chair of Governors: _____ Date: _____

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FINANCE & PROCUREMENT POLICY - 2018

1. Introduction

The Governing Body recognises that it is ultimately responsible for the financial management of the school and has produced this policy document to help fulfil those responsibilities.

2. Organisation

In view of the importance and complexity of financial management in the school, the governing body has established a Resources Committee to enable due consideration to be given to all financial matters.

The governing body has delegated a number of its powers to the Resource Committee. At appendix 1 are the draft terms of reference for the resource committee.

The Resource Committee members are:

Chair	Mrs Julie Bembridge
Member	Mr Pete Banks
Member	Mr John Gibson
Member	

Finance is a standing item at each full governors meeting. The Governors' Allowances Policy can be found at appendix 2.

To ensure regular monitoring takes place and proper preparation is carried out ahead of each meeting a report is raised by the School Business Manager to present to the Governors prior to all Resource meetings.

The Resource Committee addresses the following items of financial management at their meetings held in the terms shown:

Term 5 (April/May) - To agree the budget for the new financial year

Term 1 (October) - Mid-Year Review

Term 2 (December) - To consider the budget at the half year stage and to update the school's finance plan in the light of fluctuations in demand on the support service

Term 4 (February) - To consider the final budget monitoring report for the year and a preliminary plan for the next financial year and approve SFVS submission.

The School Business Manager will report, and make recommendations, to the resource committee. Budget plans and outturn reports will be made available to members of the resource committee at each meeting. Minutes of each Resource Committee meeting will be presented to the next meeting of the full governing body.

Governors will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

3. Roles and Responsibilities

The Governing Body recognises the importance of governors, the headteacher, the school business manager and other staff being clear about their respective roles and responsibilities with regard to the financial management of the school. This section sets out those roles and responsibilities.

The Governing Body will:

Agree, and record in writing the roles and responsibilities of the Resource Committee and those of the Headteacher and School Business Manager.

Review those roles and responsibilities on an annual basis

Elect the Resource Committee members each year

Approve the school's budget each year, ensuring that a copy is attached to the minutes of the meeting

Submit the approved budget to the LA within the specified timescale

Approve the school's original and revised finance plans each year

Take appropriate steps to ensure the school's budget does not overspend

Contact the LA and seek approval to overspend where this seems unavoidable

Authorise the school's applications for loans from the County Council

Satisfy itself that the headteacher and school business manager are fulfilling their responsibilities as set out in this policy document

Review detailed budget monitoring reports each term, ensuring that copies are attached to the minutes.

Record in writing the transaction/process authorisation limits, etc, relating to the school's financial system for relevant members of staff

Agree the school's virement policy (see appendix 3)

Establish the school's charging policy and review on an annual basis

Ensure that the school fund is audited each year

Ensure that a signed statement confirming that the school fund has been audited is issued to the County Council within its specified timescale.

Review the financial training needs of governors, the headteacher and staff on annual basis and fund training needs, as appropriate. A programme of free training is available from the Local Authority.

Ensure that the school's Register of Business Interests and Conflict of Interests is kept up to date

Ensure that the school financial value statement is completed and signed each year

Review this policy on an annual basis

The Resource Committee will:

Familiarise themselves with this policy document and their roles and responsibilities

Ensure that the school complies with the LA's Scheme for Financing Schools, as approved by the Secretary of State

Familiarise themselves with the way in which schools in Lincolnshire are funded

Contact the LA for advice in relation to leasing arrangements, as appropriate (Director of resources treasury office)

Produce a timetable of meetings at the start of the year outlining their key purpose

Consider the draft annual budget papers and medium term finance plan prepared by the school business manager/headteacher

Consider budget monitoring reports produced by the school business manager throughout the year

Ensure the school obtains value for money

Ensure that the school's other government grants allocations are fully utilised

Use management information, particularly that supplied by the County Council, to challenge the way in which the school uses its financial resources.

Ensure that the school complies with the County Council's financial regulations

Report to the full governing body

Ensure that audit recommendations are implemented within a reasonable timescale

Ensure that the school has a list of certifying officers for the purpose of signing cheques, certifying employee claims etc, and review this on an annual basis

Ensure that assets with a value up to 20,000 are disposed of in accordance with the guidance set out in Section E of the Finance Handbook

The Headteacher will:

Familiarise himself with this policy document and his role and responsibilities

Draft budget papers

Draft original and revised finance plans

Ensure that the School Development Plan priorities are costed and linked to the school's budget and finance plan

Monitor the budget on a monthly basis

Authorise transactions/processes within the school's financial system up to limits agreed by the governing body.

Ensure that proper checks and controls are in place to cover day to day activities.

Act as an authorised signatory for the purposes of signing cheques, certifying employee claims etc

Authorise financial transactions up to his limit of £5000

Agree virements up to his limit of £5000

The School Business Manager will:

Draft a detailed budget for each line of income and expenditure and include policy options for increased spending and/or cost-cutting measures, where appropriate

Monitor the budget on a monthly basis with the Headteacher and take corrective action promptly if necessary

Ensure that the school fund records are kept up to date and annual accounts are prepared, audited, approved by the full governing body and submitted to the LA in the timescale specified

Report to the resource committee and full governing body

Ensure VAT is correctly accounted for

Maintain the accounting records using Agresso

Monitor the budget on a monthly basis in order to detect accounting errors and identify, as early as possible, potential under and overspendings

Contact the school's nominated Financial Administrator with concerns or queries regarding financial administration

Ensure that payments are made to suppliers within LCC's payment policy i.e. 28 days of the date of the invoice

Ensure that, where appropriate, claims for sickness absence scheme are made promptly and no later than 1 month after the relevant period

Ensure that audit recommendations are implemented within a reasonable timescale

Authorise Agresso transactions up to her limit of £1000

Agree virements up to her limit of £1000

Ensure an inventory is maintained

Ensure that the payroll print is run on a monthly basis, as close to 23rd of the month as possible, and that checks are undertaken to ensure the data is correct

The Finance Administrator will:

Highlight any concerns to the SBM/Headteacher

Maintain the accounting records using the school's financial package

Carry out transactions/processes within the school's financial system up to limits agreed by the governing body.

Ensure that the LA's timetable for completion of bank, imprest and other reconciliations is adhered to

Contact the school's nominated Finance Technician in the Schools' Finance Team with concerns or queries regarding financial administration.

Ensure that purchase orders are raised after a requisition form has been approved by the Headteacher prior to ordering goods/services, wherever possible, to aid effective budget monitoring and management.

Authorise Agresso transactions up to her limit of £1000

4. Virement Limits (see appendix 3)

Virements of £5000 or more should be approved by resolution of the full governing body.

5. Procurement Card

Purchase Card Limits

The limits are:

Transaction Limit	Designation
Up to £500	Budget Operator
Up to £1,000	Budget Holder
Up to £2,000	Headteacher/Budget Manager

Monthly Credit Limit	Designation
Up to £2,000	Budget Operator
Up to £4,000	Budget Holder
Up to £10,000	Headteacher/Budget Manager

Name	Post/Position	Single Transaction Limit	Monthly Credit Limit
Helen Garrett	SBM	£1000	£5000
Debbie King	Finance Admin	£500	£2000
Lorraine Kirsopp	Deputy Head	£1000	£1000
Paul Squire	Lead Prac/SLT	£500	£1000
Bev Lee	Pastoral Mgr/SLT	£500	£1000

The school operates over 4 sites and the above PCard holders gives the school the flexibility to purchase goods when the normal procurement practices are not practicable. All applications for a PCard are checked and approved by the Headteacher and Governing Body.

The issue and control of the card(s) is managed independently by the Headteacher who is not a card signatory and hereafter referred to as the Card Manager. Cardholder(s) have been issued with associated notes of guidance, have signed to acknowledge receipt of the card and acceptance of the conditions of use and signed the card.

All debit / credit cards are held securely when not in use either by the cardholder or within the school in a secure location where there is limited access.

Any misuse of the card(s) outside of the conditions of use will result in the immediate withdrawal of the card(s) from the cardholder(s). The Headteacher will take appropriate action in line with the County Council's financial regulations.

The loss of any card(s) will immediately be reported to the bank and Card Manager.

If the card(s) are no longer required or the cardholder(s) leave the school they shall be returned to the Card Manager and destroyed in accordance with accepted procedures.

Card(s) will not be used for the withdrawal of cash through any ATM or cash back facilities. In exceptional circumstances cash may be withdrawn with prior approval of the Headteacher.

School debit / credit cards must not be used for personal purchases.

The use of school debit / credit cards for ordering goods and services shall operate in conjunction with the principles of best value.

A record of expenditure incurred together with supporting vouchers or receipts should be maintained by the cardholder(s), including a valid VAT receipt where relevant. These should be submitted to the Finance Administrator for the purpose of checking payments made. The SBM will check the Finance Administrators expenditure.

The Finance Administrator is responsible for assigning the correct cost code against PCard transactions on Agresso, and arranging for card holders to check and sign their statement monthly and arranging for the Headteacher to check and sign the statements.

6. Personnel and Payroll

The Governing Body has adopted Local Authority procedures for the administration of personnel activities, including appointments, terminations and promotions.

The Headteacher will ensure that the duties of authorising appointments, making changes to conditions or terminating the employment of staff are separated from the duties of processing payroll notifications and claims wherever possible.

The Headteacher will ensure that all processes in relation to completing, checking and authorising any documents and claims related to appointments, terminations of employment and expenses are carried out by more than one person.

Details of staff able to authorise any documents and claims should be forwarded to the school's payroll bureau, including specimen signatures where required.

The Headteacher will ensure that personnel records are kept securely and only authorised personnel have access to them.

All payments to individuals should be made through the payroll system except where the Headteacher is satisfied from reading guidance that the contract is one of self-employment.

The Headteacher will maintain a list of all staff employed at the school. This will be updated on an annual basis to reflect new starters and leavers.

7. Purchasing

Before any orders are placed, the person responsible for placing the order will ensure that the school is achieving value for money. Consideration will be given to price, quality and fitness for purpose.

The financial limits of delegated authority as approved by the Governing Body for entering into commitments and ordering goods and services are as detailed below:-

For all curriculum and educational resources purchased by the Finance Assistant, approval is required from the Head Teacher (or Deputy Head Teacher in his absence). Items costing over £5,000, 3 quotes should be submitted to the Governors Resources Committee for approval.

Expenditure above the Headteacher's delegated authority, but below £25,000 must be approved by the Resources Committee and formally recorded in the minutes of the meeting. All orders must be signed by the Headteacher subject to their authorised delegated level

other than where the expenditure has been approved by Governors and their approval formally recorded in the minutes. The signatory should be satisfied that the goods or services ordered are for The Pilgrim School.

For purchases of less than £5,000, the Governing Body will make the most suitable arrangements for the ordering of works, goods and services or disposal of equipment and goods but will obtain alternative offers or quotations wherever possible.

All contracts, orders and purchases with an estimated value of £25,000 or more will be subject to a decision of the full Governing Body and recorded in the minutes of the meeting. The Governing Body will be informed of all instances where a quotation has been accepted that is not the lowest or most financially advantageous option available. This will be recorded in the minutes of the meeting.

The purchasing of works, goods or services can be entered into without the tendering or quotation procedures described above if the order or contract is placed with a department of the County Council.

Official orders must be raised for all works, goods and services (with the exception of utilities, rents, exam entries, rates and petty cash payments). Where urgency requires a telephone order, this should be subject to the procedures outlined above and an official order raised at the earliest opportunity as confirmation to commit the expenditure, and to ensure financial commitments are recorded.

When an order is placed, the value should be committed against the appropriate budget heading on the schools financial system so that it is included in budget monitoring reports. Official orders will only be used for goods and services provided to the school. Individuals are not permitted to use official orders to obtain goods or services for their private use.

The Administration Assistant will ensure that goods and services are checked on receipt to ensure that they match the order. Wherever possible, the person responsible for checking the goods or services is not the person who orders the goods and processed the invoice. The checking procedure should be recorded on the order / delivery note and passed to the person responsible for processing invoices.

Invoices are processed by Lincolnshire County Council who operate a no Purchase Order no payment policy.

8. Income

The Governing Body will determine the charging policy for lettings and the supply of other goods and services. This will determine the rates of hire in place and will be reviewed on an annual basis. The school has a separate charging policy.

All lettings will be authorised by the SBM in accordance with the charging policy agreed by the Governing Body. Proper records should be kept of all lettings and the income due from these.

The Finance Administrator 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.

Invoices will be issued promptly by the Finance Assistant following the delivery of the service. This period of time will not exceed 30 days. Wherever possible, income should be collected in advance of the letting or service taking place.

Official, receipts will be issued for all income collected from external sources by the Finance Asst. These will be traceable to the record of the banking.

All receipts and other records of income will be securely retained.

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.

All monies will be paid into the relevant bank account promptly and in full. Where a school closure period exceeds 24 hours, all significant income should be banked prior to this.

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

The Finance Administrator is responsible for ensuring that monthly reconciliation

Debts will be written off in accordance with the Lincolnshire Scheme for Financing Schools. The Governing Body will be informed of any such debts prior to them being written off. A record of any sums written off will be maintained.

The Headteacher will ensure that any transfers of money between staff are recorded and signed for.

Any income less expenses raised during a member of staffs contracted hours that is generated from a work related qualification or training will be paid to the school. In these instances a work related qualification form signed by the member of staff and completed prior to the training taking place.

9. Audit

The Governing Body recognises the importance of the County Council's audit regime in assessing the adequacy of the school's financial controls.

The Governing Body and headteacher will ensure that auditors are given access to staff, all relevant records and property, as the auditors consider necessary.

The headteacher will ensure that audit recommendations are implemented as soon as possible.

The headteacher will familiarise himself with the Financial Procedures and Finance Handbook, which give guidance on best practice, internal controls and statutory requirements.

10. Training

The financial training needs of all governors and staff will be reviewed each year. Appropriate budgetary provision will be made and governors and staff will be actively encouraged to undertake identified required training. A programme of free training is available through the Local Authority.

11. Budget setting

The governing body recognises the importance of setting a detailed budget at the start of the year.

The headteacher/school business manager will draft a detailed budget for each line of income and expenditure. It is recommended that the budget is re-evaluated each year for the Resource Committee's consideration.

The headteacher will include options for increased spending, as set out in the School's Development Plan, and options for cost-cutting measures, where appropriate.

12. Budget monitoring

The governing body recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under and overspendings.

The headteacher will monitor the budget on a monthly basis by reviewing reports from the school's financial system for:

- Errors
- Miscodings
- Large or unusual items
- Potential underspendings or overspendings against budget

And act promptly, where appropriate.

13. Financial administration

The governing body recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the school.

The headteacher will monitor the financial administration functions carried out by the school business manager/finance assistant, ensuring that:

Accounting systems are kept up to date

Bank reconciliations, imprest claims etc are completed in accordance with the LA's published timetable

Appropriate action is taken where the LA advises the school that its day to day administration is not up to date.

14. Reporting

Appendix 1

The Role of the Governing Body

The Governing Body is given their powers and duties as an incorporated body. The statutory responsibilities of the Governing Body are detailed in **Section 21 of the Education Act 2002**.

The Governing Body is the body ultimately responsible for the overall financial affairs of The Pilgrim School. It exercises this responsibility by establishing clear levels of delegation to the Resource Committee, to other Committees and to the Head. The Head and the Resource Committee may, in turn, authorise delegation to other members of staff to ensure sufficient clarity of responsibility and separation of duties to secure the effective and efficient administration of the school's financial affairs.

The Governing Body has a strategic role in the financial management of schools and its key responsibilities include:

- Approval of Annual Budget
- Authorisation of the 3 year financial plan
- Setting financial priorities through the School Development Plan
- Authorisation of School Financial Value Statement (SFVS)
- Appointment and salary of Head Teacher
- Determination of the staff complement and pay policy for the school
- Authorisation of Terms of Reference for all committees
- Authorisation of non budgeted expenditure and virements subject to the limits in Section 2 of the Scheme for Financing Schools
- To approve financial regulations and procedures on an annual basis.
- Act as a critical friend to the school on all financial matters

Where there are serious concerns over the schools finances the Governing Body will report these to the Director of Corporate Services and the Director of Children, Schools and Families.

Terms of Reference and Role of the Resource Committee

Composition:	<i>Chair (e.g. non staff Governor, elected each March by FGB)</i>
Membership:	<i>The resource committee comprises of 6 members.</i>
Clerk:	<i>Mr N Blackwell</i>
Quorum:	<i>3</i>
Term of office:	<i>(annually)</i>

The Resource Committee will meet at least 4 times per year. The school will produce a report to each meeting of the Resource Committee showing expenditure to date, including commitments, compared to the budget set for each budget heading.

The Resource Committee has responsibility for the following

1. Ensuring that the school maintains compliance with the DfE Consistent Financial Reporting Framework.
2. The provision of guidance and assistance to the Head and Governors in all matters relating to budgeting and finance, and to clearly define financial responsibilities.
3. To review budget monitoring reports which contain detailed statements of income and expenditure, detailed departmental budgets and other evidence of delegated financial control, ensuring that full explanations are available. These reports must include original system data.
4. Report on the schools finances at full Governing Body meetings.
5. To ensure that a recovery plan is put into place where a budget has gone into a deficit position or that there is a plan to spend surpluses.
6. The preparation and reporting upon an annual **budget** of income and expenditure to be presented to a full meeting of Governors before the year end and such supplementary estimates as may be required by the Governors.
7. The preparation and reporting upon a 3 year financial plan to be presented to a full meeting of Governors.
8. To consider and approve a **School Financial Value Statement (SFVS)** and recommend it to the full Governing Body for approval.
9. To review tenders received for contracts, up to the limits in Section 2. Agree on which contractors are to be awarded contracts and to make recommendations to the full Governors meeting.
10. Each committee member to complete an annual written, declaration of interests form stating any business and/or other interests they or their family or close acquaintances may have with the school. To ensure that at the commencement of any meeting any interests are declared and recorded in the minutes.
11. To authorise expenditure as per limits set out in Section 2 of the Scheme for Financing Schools.
12. To receive requests for authorisation to vire expenditure between budget headings as per limits set out in Section 2 of the Scheme for Financing Schools.
13. To approve, after due consideration of costs and quality issues, the continuation (or cessation) of contracts, including LA sourced services.
14. Undertaking reviews, in conjunction with the Head, from time to time of the management organisation, accountancy systems and financial procedures of the school and their effectiveness including access to the computer systems.
15. To review these terms of reference annually and propose any amendments to the Governing Body. To periodically review and authorise the extent of specific delegated powers to the Head and others for the administration of finances. (as Section 2)
16. To contribute to the School Development Plan.
17. To appoint an independent auditor for school fund and ensure this audit is presented to the Governing Body.

18. To review Internal Audit reports and comment to the full Governors meetings on recommendations. To ensure full implementation of audit recommendations and action plan.
19. To participate in any consultation with the Local Authority on funding reviews and amendments to the Scheme for Financing Schools and to make recommendations to the Governing Body, on an annual basis, as to the formal approval and adoption of the Scheme for Financing Schools.
20. To review and make recommendations to the Governing Body, on an annual basis, as to the formal approval and adoption of the schools financial procedures (e.g. purchasing and petty cash)
21. To be aware of the Council's whistle blowing policy.
22. To participate in staffing reviews and implement pay policies as appropriate.
23. To ensure the school maintains an up to date asset register.

Appendix 2

Governors' Allowances Policy

This policy has been developed in accordance with the Education (Governors' Allowances) Regulations 2003. These regulations give Governing Bodies the discretion to pay allowances from the school's annual budget allocation to governors for certain allowances which they incur in carrying out their duties. The Pilgrim School Governing Body believes that paying governors' allowances, in specific categories as set out below, is important in ensuring equality of opportunity to serve as governors for all members of the community and so is an appropriate use of school funds. The specific items allowable reflect this objective.

From 1 April 2013, all governors of The Pilgrim School will be entitled to claim the actual costs, which they incur as follows:

1. Governors will be able to claim allowances providing the allowances are incurred in carrying out their duties, as a Governor or representative of The Pilgrim School, and are agreed by the Steering Committee that they are justified before any reimbursable costs are incurred.
2. Governors will be able to claim for the following, on a case-by-case basis and with the prior approval of the Governing Body:
 - Childcare of baby sitting allowances (excluding payments to a current/former spouse or partner).
 - Cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner).
 - The extra costs they incur in performing their duties either because they have special needs or because English is not their first language;
 - The cost of travel relating only to travel to meetings/training courses at a rate of 20 pence per mile which does not exceed the specified rates for school personnel;
 - Travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the LEA or any other source;
 - Telephone charges, photocopying, stationery, postage etc;
 - Any other justifiable allowances.

The Governing Body at The Pilgrim School acknowledges that:

- Governors may not be paid attendance allowances;
- Governors may not be reimbursed for loss of earnings.
- Governors wishing to make claims under these arrangements, once prior approval has been sought, should complete a claims form (obtainable from the School Office), attaching receipts where possible, and return it to the School prior to a Resource Committee, when they will be submitted for approval by the Chair of Finance to be presented to the Resource Committee for final approval.

Claims will be subject to independent audit and may be investigated by the Chair of Governors (or Chair of Resource in respect of the Chair of Governors) if they appear excessive or inconsistent.

Appendix 3

Virement Policy

Virements are in year changes between budgets, e.g, on Agresso £5000 is moved from contingency to teaching staff.

The Schools virement policy forms part of the Finance Policy. The virement policy clearly states the financial levels that have been delegated to individuals to vire the budget from one budget heading/cost element to another. The virement policy has a similar principle to budget holders for procuring goods/services; placing orders/goods receipting etc. The virement limit for the headteacher is £5000 and the limit for the School Business Manager is £1000, virements over these limits will need to be agreed by the Governing body.