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| **POLICY FOR** | **FINANCE** |
| **PERSON RESPONSIBLE** | **BUSINESS MANAGER** |
| **REVIEW DATE** | **September 26** |
| **NEXT REVIEW DATE** | **September 27** |
| **APPROVED BY** | **GOVERNING BODY** |
| **APPROVAL DATE** | |

## 1. Introduction

The Governors of The Malling 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 for which all Governors and staff will operate within.

**This Policy has been drawn up in accordance with the Kent County Council (KCC) Scheme for Financing Schools, KCC Financial Controls and relevant KCC financial guidance.**

## 2. Principles

Our Finance Policy adheres 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 achieved by:**

- Using both performance data and financial benchmarking to ***compare*** to similar schools locally and nationally.

- Using the information gained 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 school will establish sound internal financial controls, based on the LA's Financial Controls to ensure the reliability and accuracy of its financial transactions.

The budget will reflect the school's prioritised educational objectives through its links to the School Development/Improvement Plan, which indicates the resource implications of each priority.

**The budget will be subject to effective monitoring, allowing the Governing Body, Headteacher and relevant staff to maintain financial control, monitor the school's position against the approved budget and take appropriate remedial action. The school will comply with KCC requirements relating to the Balance Control Mechanism and the management of surplus and deficit balances.**

The school will be adequately insured against exposure to risk.

The school will ensure that:

- The Budget Share is spent for the purpose of the school only

- Purchasing arrangements achieve value for money

- There are sound procedures for the administration of personnel matters

- There are sound procedures for the administration of 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 a NatWest **one**card is strictly controlled

- The School Voluntary Fund and any other non-public funds are administered as rigorously as public funds

**Any suspected fraud, theft or financial irregularity will be reported in accordance with the school's Anti-Fraud, Bribery and Corruption Policy and KCC reporting requirements. Where there has been a financial loss due to fraud or irregularity, this will be reported to the KCC Internal Audit Team through the appropriate reporting process.**

- The school will adhere to current GDPR and Data Protection legislation

- Appropriate training in financial administration will be given to enable staff cover at all times

## 3. Putting Policy into Practice

### 3.1 Delegated Authority

The Full ***Governing Body*** has overall responsibility for the management of all of the school's finances covering the revenue budget, other budgets delegated or devolved by the LA and other funds (e.g. the School Voluntary Fund).
The Full Governing Body will ensure that the annual Schools Financial Value Standard (SFVS) assessment is completed and reviewed. The Chair of Governors will sign the completed assessment prior to submission to the Local Authority. Any remedial actions identified will have a named owner and clear timescale and will be monitored by the Governing Body until completed.
The ***Finance Committee or equivalent*** is delegated responsibility by the Full Governing Body for the following aspects of financial management;

- *Evaluate and recommend the three-year budget plan, which shows clear links to the School Development/Improvement Plan, for approval by the Full Governing Body

**To review the Finance Policy and recommend levels of financial delegation for approval by the Full Governing Body.**

- To review the Charges and Remissions Policy for approval by the Full Governing Body

- To review a Pay Policy for approval by the Full Governing Body

- To make decisions in respect of service agreements and insurance

- To advise the Full Governing Body of any consultations to change the LA Scheme for Financing Schools, to allow the school to respond to any consultation

- To report monitoring and the outturn position to the Full Governing Body, highlighting any significant variances

- Evaluate any proposed virements (if applicable)

- Evaluate and report on Tenders for Contract Services to the Full Governing Body

- Keeping in-school financial procedures under review

- Benchmark the school's financial performance and report to the Full Governing Body

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The Headteacher is responsible for implementing the decisions of the Governing Body and for the operational management of the school. The Headteacher may delegate day-to-day financial administration to appropriate members of staff. Such delegation will be documented within this Finance Policy and/or the school's financial procedures.
The Headteacher has delegated day-to-day financial administration and budget monitoring responsibilities to the School Business Professional, within the limits of delegated authority approved by the Governing Body.

### 3.2 Internal Financial Controls

The school's internal financial controls follow the financial controls set out in the LA's Scheme for Financing Schools.

### 3.3 Financial Links to the School Improvement Plan

**The School Development/Improvement Plan will identify the financial implications of its priorities, and these will be reflected in the school's three-year budget plan. The budget will support the delivery of the school's agreed educational priorities.**

### 3.4 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 Headteacher carries out a monthly internal monitoring procedure, copied to the Chair of Governors. A monitoring report is taken to all meetings of the Finance* Committee which reports, if required, to the Full Governing Body. Monitoring reports are submitted to the LA in accordance with its timetable. **The Governing Body will receive timely financial monitoring information to enable it to discharge its financial oversight responsibilities and maintain an up-to-date understanding of the school's financial position..**

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

Virements up to £8,000 - The Headteacher.

Virements from £8,001 to £15,000– The Finance Committee

Virements from £15,001 – The Full Governing Body

All virements authorised under delegated powers will be reported to the Governing Body through the regular financial monitoring process.

3.4A Financial Risk Register

The school maintains a Financial Risk Register which identifies significant financial risks, assesses their likelihood and impact, identifies mitigating controls and allocates responsibility for monitoring those risks. The register is reviewed regularly by the Headteacher and School Business Professional and is formally reviewed by the Governing Body at least annually. Progress and significant changes to financial risks will be reported to the Finance Committee.

**3.5 Insurance**

**Insurance is held through the Kent County Council (KCC) 'Safe Hands' Scheme, with relevant cover as identified in the current insurance schedule provided by KCC's Insurance Section.**

**3.6 Purchasing**

Budgets are delegated to named subject leaders and department leads.

Where there are Budget holders a ‘budget plan’ is prepared and submitted for their area of responsibility, for approval by the Headteacher in line with the priority needs of the school and the School Development/Improvement Plan. A list of authorised signatories, containing name, position, budget held and value of budget, should be held in school as an appendix to the Finance Policy **(See Appendix B).**

All staff adhere to the KCC procedures for purchasing items, detailed in financial control no7, ensuring regard to value for money at all times. The Budget Holder or the authorised delegated deputy is responsible for authorising all order requests and invoices prior to payment.

Where the school purchases larger items, we adhere to the procedure for Spending the Council’s Money as laid down in the Scheme for Financing Schools in summary:

- For purchases up to £28,999* including VAT at least one written quotation.
- For purchases of £29,000* including VAT and up to the current public procurement threshold, three written quotations are obtained and submitted to the *Finance Committee or FGB* for approval according to the TOR responsibilities.
- For purchases above the public procurement threshold for goods and services, or above £1m for works, a tendering procedure compliant with public procurement regulations is required.

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.

**3.6.1 Leases**
**Please refer to Scheme for Financing section 3.6 and Finance control no3 for full details.**

The distinction between operating and finance leases has ended, however there are strict criteria for allowable leases not needing the consent of the Secretary of State (detailed in the scheme and controls). **Leases must be assessed in accordance with the current KCC Scheme for Financing Schools and Financial Controls to determine whether KCC or Secretary of State consent is required.**leases are classed as borrowing.
Any lease a school enters into must be done so within the parameters of the School’s Finance Policy and Spending the Councils Money.

Schools should seek advice before entering into any lease or asset rental or buy-back scheme to ensure it is legal. All lease agreements are subject to the rules on contracts and the relevant limits apply.

All leases will now count in principle as capital, unless the total value of the lease is below the local capitalisation threshold. Where a lease counts as capital, it must not be included in the revenue expenditure lines E12 to E25. Instead, it must be included in E30 as direct revenue financing of capital.

**3.7 Personnel Matters**

At the start of every financial year the ***Headteacher*** uses a financial planning tool to calculate the salary costs of all members of staff, including increments, where applicable. These details are used by the ***Finance Committee*** for incorporation into the school budget planning process.

The ***Performance Management Committee*** undertakes an annual review of the Headteacher's salary, and recommends enhancements, if applicable, to the Full Governing Body for approval.

**All decisions relating to pay will be made in accordance with the school's approved Pay Policy and within the approved staffing budget.**
Details of all salaries are recorded as a confidential item in the minutes.

**3.8 Payroll Matters**

Our payroll provider is Capita. The Headteacher, or designated deputy, signs off the monthly payroll reports once they have been checked for accuracy.

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

All staff are responsible for the security of school assets. **Co-ordinators, subject managers and class teachers are responsible for safeguarding assets allocated to their areas and maintaining appropriate asset records. Asset registers will be checked at least annually, with their accuracy certified by the Headteacher or designated deputy.**
Other school assets are recorded on a general asset register, maintained and updated by the school office.

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 to be written off and disposed of, the Finance Committee agrees this on behalf of the Full Governing Body and the agreement is minuted.
Where school assets are loaned to staff or pupils, a loans book is completed and signed when borrowing the item and again when the item is returned.

**3.10 Income**

Where debts are required to be written off, **after reasonable efforts have been made by the school to recover the monies**, the Full Governing Body will approve up to £1,000. Approval to write off debts over £1,000 is required in writing from the LA Finance Business Partner CYPE. (schoolfunding@kent.gov.uk)

**The total cash held by the school, including income and petty cash, must not exceed the cash level covered by the school's current insurance arrangements.The maximum level of cash held collectively at any one time will be £3,000, or such lower amount as may be required by the school's current insurance arrangements.** (as per schools insurance policy schedule)

Governors have agreed that the maximum level of cash that can be held collectively at any one time is £ 3,000.

Cash will be receipted, recorded to the system and banked Promptly and in accordance with the school's insurance limits and KCC Financial Controls.

**3.11 The School Bank Account**

**The school operates its official school bank account(s) in accordance with the KCC Scheme for Financing Schools and relevant Financial Controls. Only one current account is maintained for official school budget purposes, unless otherwise permitted under the Scheme.**Bank account signatories are updated immediately there is a change in staffing and details are copied to Schools Financial Services, as a matter of course.

Suppliers and Invoices are paid via BACS ensuring it adheres to all financial controls within the Scheme for Financing Schools.

Bank statements are received/printed out on at least a monthly basis and reconciled in accordance with LA guidelines *(refer to Finance control no1).* The Headteacher or designated deputy signs and dates the bank statement as soon as possible after the reconciliation has been checked.

## 3.12 Petty Cash

Petty Cash is held securely at all times and the limit for petty cash is £ 200. Petty Cash transactions are kept to a minimum and the maximum value of any one transaction is £30.00. **Staff must obtain appropriate receipts or other supporting evidence for petty cash purchases wherever possible. This provides an audit trail and supports appropriate financial control and value for money.**
**Staff must not use their own cash, personal debit or credit cards for the purchase of any items for the school.**

Personal Reward cards must not be used in conjunction with any school purchase.

## 3.13 NatWest onecard (state if no cards held)

Approved **one**card/s are held as an additional method of payment in accordance with the LA guidance. (*refer to Financial Control no7*)
*Please list:*

| Cardholder and/or Position | Single transaction limit | Monthly card limit |
|---|---|---|
| Karen Davey | £2,000 | £3,000 |
| Michelle Hercock | £4,000 | £5,000 |
| Jenny Russell | £3,000 | £10,000 |
| Amanda Pardoe | £3,000 | £10,000 |
| Chris De Roeck | £400 | £500 |
| Leigh Ann Cook | £400 | £500 |

## 3.14 The Voluntary Fund

In addition to the LA's official funds, the School also operates a school Voluntary Fund, adopting the procedures in the LA's School Voluntary Fund Guidance Voluntary Funds - KELSI. We recognise that our Voluntary Fund is an additional source of income and that the controls over its use need to be as rigorous as for the administration of the school's delegated budget. We have appointed someone to audit the Voluntary Fund accounts on an annual basis, and within three months of the fund year ending. All monies for the Voluntary Fund are held securely and separately from those of the school budget.

**The audit certificate will be presented to the Governing Body or relevant delegated committee and retained for inspection.**

## 3.15 Fraud and Irregularities

All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

- **Schools must ensure that appropriate arrangements are in place to address fraud and financial irregularity, including:** An Anti-Fraud, Bribery and Corruption policy
- A Whistleblowing policy
- A Gifts and Hospitality policy
- Cyber Fraud
- Mandate Fraud
- Phishing

All Staff are made aware of these policies and particularly to whom they should report any concerns. As good practice this information is included in the induction process for new school staff and governors.

All governors and employees must declare gifts and hospitality in accordance with the school's Gifts and Hospitality Policy. Registers will be maintained and reviewed periodically

**3.16 Register of Business Interests**

The school will maintain a Register of Business Interests in accordance with the KCC Scheme for Financing Schools. Governors, the Headteacher and staff involved in purchasing or financial decision-making will declare relevant business interests and relationships. Declarations will be reviewed and updated annually and whenever circumstances change. Individuals with a relevant conflict of interest will not participate in decisions relating to that interest. The register will be made available and published in accordance with KCC requirements.

**3.17 Data Protection**

The school (as Data Controller) adheres to the GDPR and the Data Protection Act 2018 including paying a data protection fee to the Information Commissioners Office (ICO). **The school will maintain any required registration or fee arrangements with the Information Commissioner's Office (ICO).** The schools designated Data Protection Officer is supplied by dataservices@judicium.com and managed on site by Rossi Distefano, ICT Manager.

**3.18 Information Systems**

**The school will maintain appropriate controls to protect its financial information systems, including password and access controls, regular secure**

**backups, malware protection, appropriate user permissions and a disaster recovery/business continuity arrangement for critical financial systems. Access to financial systems will be restricted to authorised users and reviewed periodically.**

### 3.19 Financial Administration

**Financial administration arrangements will ensure appropriate cover during staff absence and will support continuity of critical financial processes. We also purchase a support** contract through Schools Financial Services which is reviewed on an annual basis, allowing us the option to purchase additional support, if required.