



Rickmansworth School

Finance Policy

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PART 1. OVERVIEW

Intent

This policy governs the process of the sound financial controls to achieve value for money and to be worthy custodians of public money.

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A reference copy of this policy is kept on the shared drive and it will be brought to the attention of all members of staff.

Review Process

This policy statement and the accompanying organisation and arrangements will be reviewed every three years.

Tony Walker
CHAIR OF GOVERNORS

Keith Douglas
HEADTEACHER

PART 2. POLICY

1. Introduction

- 1.1. The Governors of Rickmansworth School Academy Trust are committed to sound financial controls to achieve value for money and to be 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 that all Governors and Staff will operate within. It is essential that these principles meet the requirements of the Funding Agreement dated 1st April 2011 made under section 1 of the Academies Act 2011 between the Secretary of State for Education and Rickmansworth School Academy Trust.

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- 1.2. This Policy has also been drawn up with reference to the Academies Financial Handbook issued by the Department for Education (DfE).

2. Principles

- 2.1. In order to monitor the Academy's activities and to maximise the accountability of the Governors various Committees are in existence as follows:-
- 2.1.1. Full Governing Body;
 - 2.1.2. Finance & Audit Committee;
 - 2.1.3. Health & Safety Committee; and
 - 2.1.4. Remuneration & Performance Committee.
- 2.2. The committees are responsible for reporting back to the Full Governing Body.
- 2.3. Rickmansworth School Academy Trust Finance Policy will adhere to the following principles:
- 2.3.1. The responsibilities of the Governing Body, its committees, the Headteacher and Staff will be clearly defined and limits of delegated authority established, where applicable.
 - 2.3.2. The Academy will conduct its finance activities with regard to all relevant Companies and Charities legislation.
 - 2.3.3. The School will apply the value for money principles in its management and allocation of resources, those being:
 - Economy by minimising the costs of resources used having regard to appropriate quality;
 - Efficiency by the relationship between the output (however measured) and the resources used to generate that output; and
 - Effectiveness by the extent to which the objectives are achieved and the relationship between the actual and the intended outputs from an activity.
 - 2.3.4. In applying funds the governing body will have regard to value for money considerations. Consideration will be given to factors including quality, suitability, availability, reliability of the supplier, terms available etc.
 - 2.3.5. The Budget is designed to reflect the Academy's prioritised educational objectives and to seek value for money and be subject to regular Monthly monitoring so that Management action can be introduced at an early stage if necessary.

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- 2.3.6. The Academy has sound internal financial controls based on the Academies Financial Handbook to ensure the reliability and accuracy of financial transactions.
- 2.3.7. The budget will be subject to effective monitoring, allowing the Governors, Headteacher and staff to maintain financial control by the regular monitoring of actual expenditure and income against budget.
- 2.3.8. The Academy will be adequately insured against exposure to key specified risk to comply with the statutory requirements as directed by the Department of Education.
- 2.3.9. The Academy ensures that purchasing arrangements achieve the best value for money.
- 2.3.10. There are sound procedures for the administration of Personnel and Payroll matters and completion of Pension Returns.
- 2.3.11. Stocks, stores and other Assets should be recorded and adequately safeguarded against loss or theft.
- 2.3.12. All Income due to the Academy should be identified and then recorded and banked promptly.
- 2.3.13. The operation of the local bank account and the reconciliation of Bank balances with the accounting records are properly controlled.
- 2.3.14. The use of Petty Cash is strictly controlled.
- 2.3.15. School Voluntary Funds and other non-official funds should be administered as rigorously as Public Funds.
- 2.3.16. Any suspected irregularity will be reported immediately to the Academy's appointed Responsible Officer/Internal Auditor or by following the guidance on the Whistle Blowing Policy, any related evidence will be securely retained pending any investigation.
- 2.3.17. Any loss arising from suspected theft or fraud exceeding an amount set out in the annual funding letter will be notified to the Secretary of State.
- 2.3.18. The Academy will adhere to current Data Protection legislation.
- 2.3.19. Appropriate training in financial administration will be given to enable staff cover at all times.

3. Delegated Authority

- 3.1. The Governing Body has overall responsibility for the management of all the Academy's finances. The main responsibilities of the Governing body are prescribed in the Funding Agreement between the Academy and The

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Department for Education. A separate, detailed Scheme of Delegation has been developed to clarify the responsibilities and powers of Governors and members of staff employed at the School in respect of key aspects of the management of the School and to ensure compliance with legal requirements and policies.

- 3.2. The Governing Body undertakes the following aspects of financial management:
 - 3.2.1. In consultation with the Headteacher, to set the first formal budget plan of the financial year on behalf of the Governing Body.
 - 3.2.2. To establish and maintain an up to date 3 year financial plan.
 - 3.2.3. To consider a budget position statement each term, through the full committee, and monthly through delegated members of the committee, and to report significant anomalies from the anticipated position to the Governing Body.
 - 3.2.4. To monitor expenditure of all voluntary funds kept on behalf of the Governing Body.
 - 3.2.5. To maintain and review annually all aspects of the school's financial policies
 - 3.2.6. To make decisions in respect of service agreements with third-party service providers. (No contracts for services, which commit the school beyond the current financial year, involving expenditure of more than £25,000 p.a. to be entered into without the prior consent of the Committee).
 - 3.2.7. To make decisions in respect of changes to the sourcing of services, from third-party provision to insourcing and vice-versa. (Committee to give prior approval to any such changes).
 - 3.2.8. To make decisions on capital and revenue expenditure, for amounts greater than £25,000, (where such expenditure is not already itemised in the annual budget plan.
 - 3.2.9. To prepare financial statements for inclusion in the governing body report to parents.
 - 3.2.10. To determine, whether sufficient funds are available to pay increments as recommended by the Headteacher.
 - 3.2.11. In the light of the Remuneration and Performance Committee recommendations, to determine whether sufficient funds are available for increments.
 - 3.2.12. To approve the funding of staff complement for the Academy (as part of the setting of the formal budget plan for that financial year) and to consider, and give approval to, any subsequent funding changes to the numbers, and /or grades, of staff employed by the Academy

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recommended by the Headteacher and approved by the Staffing committee.

- 3.2.13. To ensure that the grant from the EFA is used for the purposes intended.
- 3.2.14. Appointment of the Headteacher as Accounting Officer.
- 3.2.15. Evaluation of spending to ensure the budget provides value for money in terms of raising standards of education at the Academy.
- 3.2.16. Approval of transfers between Budget headings (virements).
- 3.2.17. The Headteacher is responsible for the day to day operation of financial procedures in the Academy and has authority to delegate the general administration of these procedures to other staff. The Headteacher is responsible for ensuring day to day procedures operate within the policies and strategic plans approved by the governing body and to provide the governing body with the advice & support it needs to carry out its strategic function.
- 3.2.18. The Governing body maintains a register of business and pecuniary interests for Governors and Staff.
- 3.2.19. To review Tenders for Contract Services.
- 3.2.20. To review the Reports of the Responsible Officer/Internal Auditor on the effectiveness of the Financial Procedures and controls and to present these to the Audit Committee.
- 3.2.21. To ensure the Annual Accounts are produced in accordance with the requirements of the Companies Act 1985 and the DFE guidance issued to Academies.
- 3.2.22. To receive reports from Auditors and conduct reviews and implement recommendations as appropriate.
- 3.2.23. To recommend appointment/continuance of Auditors for appointment by the Annual General Meeting.
- 3.2.24. To plan financially for future developments linked to the Academy's Development Plan.

4. Outline of Responsibilities for Committees

- 4.1. *Finance & Audit Committee*: Is chaired by a governor who is not the Chair of Governors. The committee agrees programmes of audit work with the External Auditor and Responsible Officer and makes recommendations to the FGB, and undertakes budget monitoring and reviews risk.
- 4.2. *Health and Safety Committee*: produces and reviews the Health and Safety Policy and monitors all activities with regard to safe operation and best practice, promotes the use of risk assessments and assess the adequacy of

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resources dedicated to health and safety. The committee is chaired by a member of management but has governor membership.

- 4.3. *Remuneration and Performance Committee*: reviews the Headteacher's terms of conditions of employment and salary with reference to performance management outcomes. Considers proposals in respect of other members of the senior leadership team (SLT) from the Headteacher, endorses recommendations by the Headteacher for other members of staff, reviews the performance management objectives of the Headteacher and reviews determines expenses, allowances and other benefits of members of the SLT

5. Delegated Budgets

- 5.1. The Headteacher is solely responsible for authorising expenditure except where this is explicitly delegated to individuals as specified below. The Headteacher may authorise any expenditure subject to that expenditure being authorised within the budget plan, that is within the budgetary limits imposed for that category of expenditure in the budget and, where an expenditure category has been broken down into specific expenditure items (eg. for building improvements), within the planned limits for that item in the budget plan.
- 5.2. The Headteacher may vire amounts between budget headings, subject to any virement over £20,000 being referred to the Finance and Audit Committee for prior approval. The budget plan referred to in the previous paragraph will be the original plan updated by approved virements
- 5.3. Any single item of expenditure over £25,000 must be authorised by the Full Governing Body.

6. Delegated teaching budgets

- 6.1. The Budget Allocations are advised to the individual Departments who are responsible for submitting purchase orders to the Finance Department who will check to ensure the order amounts fall within the prescribed budgets. The Budget holders check the delivery of orders and sign for both the delivery and for the payment of Invoices. The Director of Finance's office ensures that Invoices are paid on a timely basis the original plan updated by virements.

7. Delegated facilities management budget

- 7.1. The Director of Finance and Operations works in close collaboration with the Headteacher who is responsible to the Governors. The Director of Finance also has direct access to the lead Governor(s) for Resources. The main responsibilities of the Director of Finance are:-
 - 7.1.1. The preparation of an Annual Budget and obtaining approval from the Headteacher and Finance and General Purposes Committee and Full Governing Body.

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- 7.1.2. The day to day management of financial issues including the operational accounting system.
 - 7.1.3. The maintenance of effective systems of internal control.
 - 7.1.4. Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy.
 - 7.1.5. The preparation of a monthly monitoring report for the measurement of actual income and expenditure against Budget forecast.
 - 7.1.6. Arranging for the Authorisation of cheques and BACS batches by the authorised signatories listed on the current Bank Mandates.
 - 7.1.7. To ensure that the necessary Returns are submitted accurately and timely to the EFA
 - 7.1.8. Working with the appointed Responsible Officer/Internal Auditor to assist with his responsibilities to the Audit Committee.
- 7.2. Each year the Director of Finance & Operations will, as part of the budget setting process, prepare a table showing the budget holders for each of the school's budget headings and each budget holders overall budget allocation and their authorisation levels for individual transactions. The Director of Finance & Operations will check that any purchase requisitions lie within the required authorisation level before the purchase requisition is approved.
- 7.3. The Full Governing Body will sign off the list of delegated responsibilities and authorisation levels each year. All monies shall be expended under the principles of Value for money.
- 7.4. With regard to large items of expenditure and the Financial limits regarding the need to obtain quotations and tenders. For contracts and purchases greater than £1,000 but less than £100,000 three written quotations must be obtained.
- 7.5. For contracts and purchases greater than £100,000 no fewer than three competitive tenders must be sought. The Academy's purchasing arrangements are set out in more detail in the Purchasing Policy
- 7.6. The Premises Manager has overall delegated responsibility for all expenditure under the heading of 'premises' with the exception of the 'general contingency' budget. The Manager may delegate responsibility for particular categories of budget. Apart from the overall limits on expenditure as itemised in the budget, any items of expenditure are subject to the constraints listed under 'delegated budgets' above.
- 7.7. The Responsible Officer/Internal Auditor (RO) is appointed by the Governing Body and is intended to provide Governors with an independent oversight of the Academy's financial affairs. The Main duties of the (RO) are to provide the Governing Body with an independent assurance that:

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7.8. The Financial responsibilities of the Governing Body are being properly discharged. Resources are being managed in an efficient, economical and effective manner. Sound systems of internal financial control are being maintained and,

7.9. Financial considerations are fully taken into account in reaching decisions.

8. Planning

8.1. The Governors with the advice of the Headteacher maintain a three year Academy Development Plan which takes into account likely available funding, the cost of the curriculum (staffing and educational resources) and the running costs of the Academy. The budget documentation and Academy Development plan will be cross-referenced to specifically identify expenditure, which will be earmarked for development and transformation of the Academy. For example for: initiatives to improve the behaviour within the Academy, for development of the buildings and site and to cover the new issues with regard to the change to an Academy.

9. Financial Planning

9.1. The Academy prepares both medium term and short-term financial plans.

9.2. The medium term financial plan is prepared as part of the development planning process. The development plan indicated how the Academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

9.3. The development plan provides the framework for the annual Budget. The Budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources for the following year.

9.4. Financial monitoring

9.5. The Academy monitors its budget on a monthly basis:

9.5.1. To ensure that income and expenditure in the year to date is in accordance with the budget plan; and

9.5.2. To project the income and expenditure to the year end to ensure that the Academy is on course to deliver on its Budget plan.

As a result of this information the Academy will adjust if necessary its plans for the remainder of the year. This will involve either changing plans for income and expenditure over the remainder of the year to deliver the budget plan and/or seeking approval for a change in the Academy's budgeted surplus or deficit target for the year end. All such changes must be approved by the Governing Body. A report must be made to the Governing Body if there is to be a change to the school's projected deficit/surplus of over £20,000.

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9.6. The Headteacher produces monthly monitoring reports for inspection by Lead governor(s) for Finance. These reports are also presented at the Finance & Audit Committee and the Full Governing Body meetings with details of actual, committed and projected income and expenditure.

10. Policy changes

10.1. The Headteacher informs the Full Governing Body of any UK or EU Legislation changes or material DFE Financial Handbook changes which will affect the income and expenditure in the current or future years.

10.2. The Finance & Audit Committee reviews the Financial Procedures and practices on an annual basis and notifies the Full Governing Body of any changes for approval.

11. Payroll Matters

11.1. At the discretion of the Full Governing Body the function of Payroll Provider is outsourced to Dataplan, who provide payroll services to the specification laid down by the Academy. Staff payroll details are recorded on a password protected spreadsheet. Each month the Payroll Administrator updates the spreadsheet to include any changes expenses or allowances. The spreadsheet is checked by the Finance Manager before being approved by the Headteacher. The approved spreadsheet is sent to Dataplan for processing. The first print is produced for checking by Payroll Administrator and Finance Officer who advises any discrepancies to Dataplan. Any changes to the Costing Report are then made and the final Report is produced. The Headteacher and the Director of Finance & Operations then sign off the revised monthly payroll report.

12. Personnel Matters

12.1. At the start of every Financial Year Salary costings are produced for all Staff to show the forecast cost of Staff salaries for the next three years. The following actions inform the Salary costings:

12.1.1. The Headteacher undertakes an annual review of all salary grades and recommends changes or enhancements if applicable for incorporation into the Academy Budget plan increments where applicable.

12.1.2. The forecast figures are checked by the Director of Finance & Operations to ensure they are at an affordable level bearing in mind the overall Budget Plan and the implications in future years to ensure that budgetary provision exists

12.1.3. Under the terms of the Full Governing Body Terms of Reference Staff Governors are disqualified from looking at any other member of staff and their pay and performance.

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13. Internal Financial Controls

13.1. The Internal Financial Controls operated by The Academy shall follow the controls set out in the Academies Financial Handbook and the Finance Policy

13.2. At least, two members of staff shall be trained in the use of the finance software and financial administration procedures.

14. Insurance

14.1. The Academy is protected against risks via a comprehensive range of commercial insurance policies. The cover is considered to be adequate and it includes Personal Liability cover, appropriate insurance for School trips and Mini buses.

15. Purchasing

15.1. The Academy wants to achieve the best value for money from all our purchases. This means we want to get what we need in the correct quality, quantity and time at the best price possible. A large proportion of our purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of :-

15.1.1. Probity, there must be no corruption or private gain involved in the contractual relationship of the Academy;

15.1.2. Accountability, we are publicly accountable for our expenditure and the conduct of our affairs:

15.1.3. Fairness, all are dealt with on a fair and equitable basis.

15.2. All Staff adhere to the procedures for purchasing items as laid down in the Academies Financial Handbook paying regard to value for money at all times. The Headteacher or designated deputies authorise all orders and Invoices prior to payment.

16. Safeguard of Stocks, Stores and Assets

16.1. All staff are responsible for security of Academy assets. An electronic register of IT and other school assets is maintained by the IT and Premises Departments.

16.2. Items purchased over £2,500 in value are added to the School Fixed Asset Register.

16.3. For Accounting purposes the Capitalisation limits are set at £2,500 as agreed by the Auditors and the Governing body. Depreciation is not charged on freehold land. Depreciation on other tangible assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their useful lives on the following bases:

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- 16.3.1. Freehold property - 24 years straight line
- 16.3.2. Plant and machinery - 2 – 4 years straight line
- 16.3.3. Fixtures and fittings - 10 years straight line
- 16.3.4. Computer equipment - 3 years straight line

16.4. Write-offs and disposals of assets should be authorised by the Full Governing Body

17. Income

17.1. The main sources of Income are Grants from the EFA

17.2. The Academy has a published scale of fees for Lettings and these should be reviewed annually. Wherever possible no more than £500 cash should be held on the premises. In cases where it is not practicable to bank such sums they should be held in the school safe until ready for banking.

17.3. Monies collected must be banked in their entirety in the appropriate bank account. The Finance Department is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed by the Director of Finance & Operations.

18. Cash Management Bank Accounts

18.1. The Academy operates 2 current accounts with Lloyds Bank and where appropriate opens higher savings accounts. The Academy uses the local Lloyds Branch at Rickmansworth for lodgment and withdrawal of day to day Funds.

18.2. In addition to the above information we have the use of Lloyds Online where we can make payments, check Bank Balances and other information at any time.

18.3. The opening of all accounts must be authorised by the Governing body and all cheques issued over £250 must be signed by two authorised signatories who are elected from within the Academy.

19. Administration

19.1. The Director of Finance & Operations must ensure that Bank statements are received regularly and that reconciliations are performed at least monthly. Reconciliation procedures must ensure that:-

19.1.1. All Bank accounts are reconciled to the Academy's cash book

19.1.2. Reconciliations are prepared by a member of the Finance Department

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19.1.3. Reconciliations are subject to an independent monthly review carried out by a Senior Member of Staff or in his absence the Responsible Officer/Internal Auditor (RO)

19.1.4. Any matters arising are dealt with promptly.

20. Suspected Financial Irregularities

20.1. The Chair of Governors will ensure that the Academy complies with its own internal procedures with regard to the disclosure of any suspected financial irregularities.

20.2. This being that any person in the Academy suspecting the occurrence of a financial irregularity shall immediately notify the Academy's appointed Responsible Officer/Internal Auditor or by following the guidance on the Whistle Blowing Policy, any related evidence will be securely retained pending any investigation.

21. Subsidiary Company

21.1. Rickmansworth School has established a wholly owned subsidiary on 1st September 2018, Rickmansworth School Enterprises Limited, to account for the trading activities of the school including the letting of school facilities.

21.2. The directors of the subsidiary are the Chair of Governors and the Headteacher.

21.3. The subsidiary has a financial year ending on 31st August and financial accounts will be prepared each year and subject to external audit.

21.4. It is intended that profits generated within the subsidiary will be 'gift-aided' each year to Rickmansworth School.