

# Kenmont Primary School



## Finance Policy

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Kenmont Primary School

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## **Kenmont Primary School Finance Policy**

The School's Financial Policy is to be read in conjunction with the Financial Procedures Manual and the Finance Committee Terms of Reference.

The school's Financial Policy describes the processes in respect of:

- Responsibilities
- Budget monitoring
- Ordering and purchasing
- Payment of invoices
- Security of stock
- School fund

It serves as a description of the procedures which are in place and acts as guidance to all staff on the procedures which apply to them.

### **BUDGET PLANNING**

The school's budget is set at the beginning of the financial year in April.

The Headteacher assesses the school's needs on the basis of core and development objectives as outlined in the School Development Plan.

The Head will provide costed Budget Plan options for the Finance Committee to consider. A final budget is prepared, for presentation to the Finance Committee.

The committee consider the plan and if this is agreed, this is recommended to the Governing Body for approval.

The process described above includes allocations for all staffing budgets as well as non-staffing budgets.

The school can breakdown the budget into smaller budget categories known as cost centres. The school will setup a cost centre for every type of expenditure or income it wishes to monitor.

### **RESPONSIBILITIES**

The Governing Body is responsible for the school budget, but usually chooses to delegate some of that responsibility to the Finance Committee.

The responsibilities of the Finance Committee are set out in the Terms of Reference and these include the scheme of delegation to the Headteacher.

1. The Headteacher is responsible to the Governing Body for ensuring that sound systems of financial control are established and maintained to ensure that transactions are processed correctly.
2. The Headteacher is responsible for ensuring that the Local Authority's (LA) financial regulations or standing order are implemented.
3. The School Business Manager (SBM) is responsible for operating the accounts in accordance with the LA financial procedures and the school's procedures. IN the absence of the SBM the Headteacher will delegate the administrative function to the Senior Admin Officer.
4. Curriculum Co-ordinators are responsible for curriculum budgets assigned to them.

## BUDGET MONITORING

The school will monitor expenditure against the school's budget on a monthly basis by checking salaries payments and through half-termly budget monitoring reports. In addition the SBM will ensure that all commitments (orders & personnel contracts) are entered onto SIMS finance packages (FMS) to ensure that cost centres do not overspend & that monitoring reports show actual expenditure as well as future committed expenditure.

A budget monitoring report will show expenditure to date, projected commitment and projected balance and will be sent to the Chair of the Finance Committee, which will then be discussed by the Committee at their termly meeting.

The Governors shall keep under review the amount of each budget estimate and shall make transfers between budgets (virements) as necessary to cover cost increases, to secure the most effective deployment of resources or otherwise to cover increases in expenditure.

The Headteacher is authorised to make virements in accordance with agreements made by the Committee and should ensure that the virement does not lead to an overspend in the original budget area.

Virements are subject to the following limits:

- Up to £5000
- Over £5000 in consultation with Chair of Finance
- Over £10,000 in consultation with Finance Committee

Over £20,000 in consultation with Full Governing Body

### Finance Scheme of delegation to the Executive Head Teacher

- Authorise expenditure, in line with the school's financial policy, within the agreed budget plan.
- To approve any urgent/emergency expenditure not identified in the agreed budget plan to a limit of **\*£5,000 per term** in consultation with the Chair of the Finance Committee and to report said expenditure to the committee.
- For any urgent/emergency expenditure **over \*£5,000** the Executive Head Teacher must have prior approval from the Chair of Finance.
- For any urgent/emergency expenditure **over \*£10,000** the Executive Head Teacher must have prior approval from the Finance Committee.

- For any urgent/emergency expenditure **over \*£20,000** the Executive Head Teacher must have prior approval from the full Governing Board.
- To adjust the budget plan (process virements), across budget headings including the allocation of contingency funds, in line with the school development plan, subject to the following limits :
  - **Up to \*£5,000**
  - **Over \*£5,000** in consultation with Chair of Finance
  - **Over \*£10,000** in consultation with Finance Committee
  - **Over \*£20,000** in consultation with full Governing Board.

## ORDERING AND PURCHASING

All purchases are made by placing a requisition/order stating amount committed.

These must be authorised by an authorised signatory\* before they can be processed.

### GENERAL

- When arranging the purchase of work, services or goods the best value for money will be achieved and competitive tenders sought where practicable.
- Expenditure of over £1.00 for local purchases is to be authorised beforehand by the Headteacher.  
Expenditure by the Site Manager for miscellaneous items is to be authorised beforehand by the Headteacher.  
An Expenses Claim Form should be completed with relevant receipts attached, displaying the VAT number. The Claim form must be authorised by the Headteacher or another authorised signature. Claim forms for the Headteacher must be authorised by the Chair of Governors.
- Expenditure likely to exceed £1000.00 should only be committed after an estimate, in writing, has been obtained.
- Before committing any order for works, goods, or services in excess of £5000.00, three written quotations should be obtained. The Governing Body is not required to accept the lowest tender if this does not appear to offer value for money. This information to be sent to LBHF for information.
- Review of annual contracts to governors termly meetings.
- Payment of examination fees, goods works, or services of a proprietary/specialist nature may be processed but will first be notified to the Governing Body and Director of Education.

### PLACING ORDERS

1. Either the school's requisition form or that of the firm will be used to place orders. The order request must state from which budget (cost centre) the payment is to be made.
2. The SBM will collate requests for goods and complete a FMS order form. **All orders must bear a FMS order number.**

3. The SBM will check whether there are sufficient funds in the cost centre concerned and orders will be passed to the Headteacher to authorise.
4. Once authorised the SBM will either send or telephone the order to the company. A copy of the FMS order will be held on file in the office.
5. All deliveries will be received by the office and will only be signed for once they have been checked for damage and accuracy against the original order. A copy of the delivery note will be held on file in the office.
6. Relevant items must then be entered in the stock records.

## **PAYMENT OF INVOICES**

1. On receipt of invoices the SBM will stamp them with the official London Borough of Hammersmith and Fulham authorisation stamp.
2. The person receiving goods (in most cases this will be the SBM) should act as the **Certifying Officer\*** and must sign next to the area "certified correct".

### **This certification means that:**

- The goods supplied, work done, or services rendered have been satisfactorily carried out and order complied with;
  - The charges are correct and in accordance with quotations or contracts;
  - All appropriate discounts have been claimed (every effort should be made to ensure that discounts are not lost) i.e. discounts for early payment;
  - The account has not been previously certified for payment (photocopies, faxes or statements should NOT BE certified);  
The proper entries have been made in the inventories or stores record;
  - Any VAT recoverable on the payment has been identified and expenditure coded accordingly.
1. The invoice is then passed to an **Authorising officer\*\*** who authorises the invoice for payment by signing next to area "Authorised to Pay".

### **This authorisation means that:**

- The invoice has been correctly certified and coded;
  - The invoice has not been previously paid (we will not authorise faxes, photocopies or statements, only original invoices);
  - The expenditure is covered by an approved budget provision.
2. All invoices should have the cost centre code, written in the boxes provided on the "official stamp" to which the expenditure should be charged.
  3. Invoices should be then passed to the SBM for payment.

### **NOTE:**

The **\*Certifying Officer** (Jacquie Williams, SBM) must be different from the **\*\*Authorising Officer** (Julie Howarth, Headteacher).

The school should hold a list of authorised signatories, some authorised signatories maybe only authorised to sign for certain budget cost centres and up to certain limits.

Once the above procedure has been followed, payment can be made via FMS.

The LA financial procedure will be followed

**This will include:**

- Payments against original invoices only;
- Adherence to VAT procedures;
- Paid invoices will be kept in monthly folders for easy access.

The SBM will print the cheque and pass the cheque plus the invoice to the authorised bank signatories for signing in accordance with the LA financial regulations.

Staff authorised by the Headteacher to purchase goods or pay for services on behalf of the school may do so by the use of Credit Cards or Personal Cheques/Cash. Reimbursements will only be made on correct completion of an Expenses claim form and attaching appropriate receipts. Copies of Credit Card Vouchers are not sufficient.

Repayment will be made by cheque or cash (if under £50).

## **SECURITY OF STOCKS**

Stocks will be periodically checked and where new items need to be ordered the School Administration Officer will be informed and an order placed following the procedure for ordering above.

The school will maintain appropriate stock records in line with the LA recommendations.