



## Budget Management Policy

Adopted by Governors:	May 2013
Committee Link:	Finance and Staffing
Review Timetable:	1 Year
Renewal Date:	May 2014

### BUDGET MANAGEMENT POLICY

It is the aim of the Governing Body of Millthorpe School to ensure that all resources made available to the school are used in an efficient and effective manner. This will be achieved by applying the principles of Best Value and operating in such a way that ensures the school meets the requirements of the DfE's School Financial Value Standard. Financial decisions will be made after consideration of:

- i) priorities as identified in the costed school development plan.
- ii) the needs of the pupils and staff of the school.
- iii) the need to support and deliver the National Curriculum and the Authority's Curriculum Policy together with any modifications agreed by the Governing Body.
- iv) the resources made available to the school.
- v) conditions and requirements laid down in the Authority's approved LMS Scheme and associated LMS procedure rules

## ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

### 1. Roles and Responsibilities

- The Governors have a statutory responsibility for the oversight of the financial management of the school and for ensuring adherence to the Authority's Standing Orders and Financial Regulations.
- A Finance Committee made up of **seven** members of the Governing Body, the Headteacher, the Business Manager and the Bursar, will be established and will meet at least once a term, where possible once per half term. It will work to the agreed Terms of Reference, as approved by the full Governing Body. The Committee will consider the latest monitoring reports (termly reports as a minimum), and will consider the school's budget and long term financial forecast at the appropriate times. The Committee will submit a brief summary report to the full Governing Body at least once per term.
- The Headteacher will assume day to day responsibility for the budget and will under a scheme of delegation approved by the Governing body, have the delegated authority to determine spending within approved budget headings up to a maximum of £25,000 per individual transaction. The Head will be assisted by the Business Manager and Bursar in:-
  - the proper processing of orders and invoices generated by the school
  - the checking of goods received
  - maintaining computerised records of income and expenditure in line with the Department for Education recommendations for Consistent Financial Reporting
  - checking and reconciling the school's financial records to monthly Powersolve reports provided by the LA (Local Authority) and to monthly bank statements.
  - carrying out monitoring procedures and producing regular monitoring statements for the Finance Committee.
- All individuals who are involved in the spending, collection and custody of school resources must observe satisfactory probity and regularity as reflected in the Authority's Financial Regulations and Standing Orders for schools with delegated budgets.

### 2. Procedures

All documentation of accounts and finances will be kept in accordance with advice from the LA. Procedures for keeping accounts will be in accordance with the LA's LMS Financial Procedure Rules. A copy of the schools most recent auditor's report will be available for inspection by Governors, OFSTED Inspectors and Officers of the LA.

### 3. Pecuniary interests

Governors and staff of the school will be required to complete a Register of their Business Interests and declare any links they have with any firm from which the school may wish to buy goods or services.

## BUDGETS

### 1. Aims and Objective

The Finance Committee together with the Headteacher will consider the agreed School Development Plan, which shall cover a period of three years, and will provide costings both for maintaining the required level of existing educational provision and also for proposals to develop the school's short, medium and long term aims and objectives as identified in the Plan. Such consideration will include the determination of an appropriate level of general contingency (either an amount (£) or a % of the annual budget) and the formulation of a policy for the application of any balances in excess of the agreed target for general contingencies linked to the development proposals in the School Development Plan. It is recognised that finite resources will lead to a need to place proposals into some kind of priority order and to accelerate/delay some spending plans as circumstances change.

### 2. Budget Timetable

The Headteacher (or their representative) will prepare for consideration by the Finance Committee:

- i) A proposed starting budget and long term financial forecast in February/March when the schools Section 251 statement of resources has been received.
- ii) An updated budget and forecast during the Autumn Term to reflect any staffing changes or updated spending plans.
- iii) Monthly monitoring reports to be reviewed monthly by the Headteacher, Business Manager and Bursar and to be considered by the Finance Committee at least once a term with a brief report to the Full Governing Body. Reports will reflect both sums paid, sums committed and estimated expenditure for the remainder of the financial year, against approved budget headings and will be reconciled to the LA's Powersolve reports and school bank statements.
- iv) An out-turn statement for the Governing Body to consider performance in the previous financial year.

### 3. Efficiency & Value for Money

The school continuously seeks to achieve efficiencies and value for money to optimise the use of its resources and to invest in teaching and learning. It does this by following the principles of Best Value.

### 4. Financial Benchmarking

The Headteacher's representative will prepare for consideration by the Finance Committee financial benchmarking comparisons on an annual basis each Autumn Term. The benchmarking data will be extracted for similar schools from the local financial benchmarking database for York schools and/or the national DfE financial benchmarking database. The conclusions and recommendations resulting from this process will be used to inform the financial planning and resource allocation process.

## **5. Review of Contracts for Services**

The Finance Committee will review the quality, cost and impact of services purchased from outside providers (including the LA) on an ongoing basis and before contracts are renewed. To assist in this process the Headteacher will prepare a schedule detailing the service contracts together with values and renewal dates in order that priorities for review can be determined. After each review the Finance Committee will make recommendations to the Governing Body.

## **6. Standards of Financial Management**

The Governing Body will have regard to any Standards of Financial Management endorsed by the DfE to evaluate the quality of their financial management and to aid in training staff to become better financial managers.

## **7. Level of Revenue Balances**

The Finance Committee will annually review the level of balances held by the school and make recommendations to the Governing Body. In making its recommendations the Finance Committee will indicate an optimum level of balances which has regard to the specific issues facing the school and acknowledges that resources are allocated to schools on an annual basis based on the number of pupils in school at that time.

In determining the Balances Policy regard will be had to the Local Authority (LA) policy which states that subject to exceptional circumstances approved by the LA the maximum limit of 5% of the Section 251 resource allocation will be applied.

## **8. Submissions to the LA**

### **Budget and Forecast**

The Governing Body after approving the current budget and forward plan, will send a copy to the LA by the required date each year. The Governing Body will not submit a deficit budget unless there are exceptional circumstances and advice and written agreement have been received from representatives of the LA bearing in mind that deficits require the prior approval of the Director of Adults, Children and Education

In addition to the budget the School will also submit the following documents to the LA in accordance with required timescales:-

- a Consistent Financial Reporting return (dates to be notified on an annual basis)
- an updated Budget and Long Term Financial Forecast (by 31<sup>st</sup> December).
- A copy of the signed Schools Financial Value Standard (on an annual basis by 31<sup>st</sup> March)

## **9. Virement Procedures**

Unless the level of change does not warrant it the budget will be revised each Autumn Term and the Finance Committee will be able to vire funds between budget headings within the school's overall budget (with the exception of any earmarked funds) or from unallocated resources as appropriate. Requests by the Head for the further virement of funds outside the scope of the Scheme of Delegation to the Headteacher (Appendix B) will also be considered by the Finance Committee and be subject to their minuted approval.

## **10. Quality of Information**

It is expected that the financial information received by Governors will be relevant timely, reliable and easily understood.

## **11. Extended Activities**

The Governing Body will discuss, decide and minute their intention to use school budget funding or Standards Grant to aid in the funding of extended school activities.

## **12. Capital Expenditure**

The Finance Committee will give consideration to the use of the schools devolved capital allocations in the light of the priorities identified in the School Development Plan and then make recommendations to the Governing Body. Once considered by the Governing Body any plans for capital expenditure will be submitted to the authority for approval in accordance with the Authority's Procedure for Devolved Formula Capital.

## **13. Documentation**

All financial systems and procedures carried out in the school will be in accordance with the LA Financial Regulations, Standing Orders, Scheme of Delegation to Headteacher, the Bank Accounts for Schools Scheme and LMS procedure Rules. A copy of these documents will be readily available and kept up to date.

## **14. Purchasing**

Before purchases are made consideration should be given to the Department for Education Purchasing Guide for Schools and to the goods and services offered by the Yorkshire Purchasing Organisation (YPO).

Where a single purchase of more than £5000 is involved, written quotations will be sought from at least 3 suppliers and Governors consulted before a purchase is made. For purchases in excess of £100,000 tenders will be obtained as laid down in the LMS Contract Procedure Rules.

The Governing Body require school staff to follow official ordering procedures at all times and written pre-numbered orders will be used. Verbal orders will be followed up by a written confirmatory order. Individuals must not use official orders to obtain goods and services for their private use. All official orders will be recorded on the schools Computerised financial system.

## **15. Procedures and Security**

The school will make use of a computerised RM Finance package approved and supported by the LA. Data will be input on a regular basis including financial

commitments made by the school. Information will be input from and reconciled to the LA's financial statements and school bank statements every month. Appropriate use of the package and orderly filing procedures will ensure that all transactions are traceable. Security passwords will be maintained on the computer and documentation will be kept in a secure location. Regular backups will be made of the information held on the computer with the back up media stored securely and separately from the computer.

## **16. Security of Stocks and Equipment**

An inventory will be kept in the school and updated and checked on an annual basis in accordance with the LMS Procedure Rules and the Authority's guidance. The Governing Body will ensure appropriate and adequate insurance arrangements are in place to protect the school's assets and a copy of the policy document will be available for inspection.

1. A register will be maintained of equipment removed from school for use off-site and when it was returned.
2. The Governing Body will authorise all write-offs and disposal of surplus stocks and equipment in accordance with LMS Procedure Rules.
3. When it is considered appropriate, the Governing Body will request and act upon the advice of a Crime Prevention Officer.

## **17. Petty Cash**

The amount of cash in school will be kept to a minimum and all monies and financial records kept in secure storage. There will be a limited use of petty cash.

## **18. Income**

The Governing Body will implement a charging policy. Steps will be taken to ensure the early collection of income due and receipts issued and records kept in line with LMS Financial Procedure Rules.

A copy of the Governors Charging and Remissions policy for school activities will be found in the school brochure.

## **19. VAT Returns**

VAT returns will be made promptly and accurately using the schools computerised system.

## **20. Staffing**

The Finance and Staffing Sub-Committee will administer the schools Pay Policy annually and will consider appointments, terminations and promotions as necessary.

## **21. Insurance**

The Finance Committee will annually make recommendations to the Governing Body about the insurance requirements of the school. The recommendations will have regard to the minimum cover requirements of the LA and to the costs of insurances services offered by the LA and other providers.

## **22. Computer Systems**

The school will maintain approved software for the administration of financial records. The school has been registered in accordance with the Data Protection Act 1998.

## **23. Audit**

The systems for finance and administration will be subject to review from time to time by the Audit & Fraud Manager and the City Council's external auditors. The Governors, Headteacher and staff will co-operate with auditors in accordance with the requirements of LMS Procedure Rules and will consider and implement their requirements in a timely manner.