

Cranbury College



CRANBURY COLLEGE

FINANCIAL MANAGEMENT POLICY

Document Control Information

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Signed	<i>L. M. Harris</i>



CRANBURY COLLEGE

Financial Management Policy

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Aims

Cranbury College is part of Reading Borough Council and though funded like a school it is not a school. (It is classed as a Pupil Referral Unit - PRU). As a result the Headteacher (Head), Management Committee and College Business Manager work under the direction and guidance of RBC's Colleges' Finance team and their policies.

This policy is guided by the Schools Financial Value Statement (SFVS). The SFVS has been designed to help schools manage their finances and to give assurance that they have secure internal controls in place.

This policy aims to:

- outline internal financial controls
- ensure compliance with the SFVS
- outline the responsibilities of the Headteacher, Management Committee and Finance, Pay and Staffing Sub-committee in managing the college's finances.

Internal financial controls

The Management Committee has strategic responsibility for the PRU's finances and the Head has operational responsibility. Delegated budgets come from public money and the Management Committee has accountability for the way in which those funds are safeguarded as well as budgeted and spent. In order to be confident in this financial safeguarding the Management Committee needs to put in place some controls. These are outlined in the document below and include:

- which posts have financial responsibilities
- financial limits allocated to each post
- the financial tasks involved in the management of the PRU
- segregation of duties in each task
- specific procedures for each task
- the requirement of a Whistleblowing Policy
- the requirement of the annual completion of the SFVS and the return of the Consistent Financial Reporting Form (CFR).

Terms of Reference for the Finance, Pay and Staffing Sub-committee

Since 1st April 2013 the Management Committee has had a delegated budget and responsibility for all other financial decisions necessary to manage budgets effectively (DfE March 2013). The Finance, Pay and Staffing Sub-committee have delegated responsibility for scrutiny and challenge of the College's finances.

1. Membership

The membership of the Sub-committee will be 5 members elected by the Management Committee including the Head. Other members (with or without

voting rights) may be appointed to the Sub-committee as the Management Committee sees fit.

2. Quorum

The quorum shall be three members.

3. Meetings

The Sub-committee will meet at least one week before the Management Committee holds its meetings plus an additional annual meeting each March prior to the end of the financial year.

4. Function

The main function of the Sub-committee is to advise and assist the Head on matters relating to the College's finances, staffing and budget. In addition the Sub-committee has the following specific functions:

- to manage the College's budget in order to ensure that it demonstrates best value in achieving the College's goals
- to monitor and challenge spending and outcomes against the College's Improvement Plan
- to consider the outturn figures for the previous financial year (when they are available)
- to submit a Consistent Financial Reporting Form(CFR) statement by the end of March each year
- to submit the Schools Financial Value Statement (SFVS) at the end of March each year
- to hold strategic responsibility for the effectiveness of internal financial controls
- to develop the College's budget for the next academic year taking account of:
 1. Funding allocation
 2. Staff pay
 3. Building and maintenance costs
 4. The school's Asset Management Plan, income from lettings, fundraising and other income generating activities
 5. Outturn from the previous financial year
- to present the budget plan to the Management Committee for approval
- to develop spending/saving plans for significant under/overspend or extra income
- to approve recommendations from Head/Deputy regarding salary changes for members of staff
- to contribute to the College's self-evaluation process and Self-Evaluation Form (SEF) as required by the Management Committee
- to anticipate financial risks and ensure that measures are put in place to minimise the chances of those risks occurring. The Management Committee member responsible for monitoring the Risk Register is the Chair of the Finance Pay and Staffing Sub-committee, who should report

to the Management Committee when changes to the Risk Register occur as set out in section D25 of the SFVS.

- to ensure that evidence of impact on outcomes for young people and most effective use of resources are at the heart of financial decision making.

5. Delegated Powers

The Sub-committee will have delegated powers within the following framework:

- total responsibility for the management of the approved budget within the following constraints:
 - i. no greater than 10% virement between headings outlined in the annual expenditure profile approved by the Management Committee
 - ii. the Head is authorised to vire between budget headings to a limit of £1,000 without reference to the Finance, Pay and Staffing Sub-committee
- meet and monitor on a regular basis all College expenditure and compare to horizontal profile, calling an emergency meeting of the Management Committee where necessary

The Chair of the Finance, Pay and Staffing Sub-committee will report back to the Management Committee 3 times annually.

Monitoring and submitting the Schools Financial Value Statement

The standard consists of 25 questions which the Management Committee should formally discuss annually with the Head and senior staff. The questions that form the standard are in sections A to D. Each question requires an answer of Yes, In Part, or No. If the answer is Yes, the Comments column can be used to indicate the main evidence on which the Management Committee based its answer. If the answer is No or In Part, the column should contain a very brief summary of the position and proposed remedial action. In Section E, the Management Committee should summarise remedial actions and the timetable for reporting back. The Management Committee should ensure that each action has a specified deadline and an agreed owner. It must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.

The Management Committee may delegate the consideration of the questions to Finance or another relevant Sub-committee, but a detailed report should be provided to the Management Committee and the Chair of the Management Committee must sign the completed form.

The College must send a copy of the signed statement to RBC Finance Department.

There is no prescription of the level of evidence that the Management Committee should require. The important thing is that the Management Committee is confident about their responses.

Budget construction

The Head is responsible for the detailed preparation of an annual College budget which addresses the strategic aims and targets established by the Management Committee. In constructing the budget, the Head must take account of priorities identified in the College Development / Improvement Plan, incorporating specific costs as detailed in the plan. In producing the budget, the Head should consult with other members of staff as appropriate to ascertain detailed requirements and cost pressures for the coming year.

The Finance, Pay and Staffing Sub-committee should meet in the autumn term to consider a broad budget strategy. In order to determine appropriate expenditure levels, the Sub-committee should consider the overall level of income expected from the RBC budget, grants and College generated income, together with any anticipated balance to be carried forward to the following financial year.

Detailed formulation of the budget should take place in spring term, and the Finance, Pay and Staffing Sub-committee should approve the detailed budget plan following receipt of the final RBC budget allocation issued in mid to late March. The Management Committee must subsequently approve the full budget, and minute this approval. The approved Management Committee Budget Plan spreadsheet template must then be submitted to the RBC Finance Team, along with a signed statement by the Chair of the Management Committee, by the end of term three deadline.

Total budgeted expenditure should not exceed the total anticipated in-year income plus or minus any balance brought forward from the previous year. If it appears that a deficit position cannot be avoided, the Head and Chair of Management Committee must inform the RBC Finance Team immediately as they must approve a Deficit Repayment Agreement (DRA) involving an appropriate recovery plan.

In constructing the detailed budget, factors for consideration include:-

- current and previous year's expenditure levels on individual budget headings
- staff pay awards and increments, and known changes
- anticipated price inflation
- changes in the supply of services and contracts (traded services, utilities etc.).
- changing College Development Plan priorities
- anticipated changes in pupil numbers
- the resulting impact on staffing structures.

Budgetary control and monitoring

The Head is responsible for regular, detailed control of the College's budget and this role will require appropriate monthly reports from the College's accounting system. The Head may assign budgetary control of individual budget headings to other members of staff, but the Head remains ultimately accountable to the

Management Committee for these budget headings. Financial reports to the Head and other budget holders, where applicable, should include the following information for each agreed budget heading:-

- total budget for year
- total expenditure and commitments to date
- projected variance.

Payroll expenditure data, as notified by RBC payroll prints, is entered promptly on to the College accounting system each month by the Business Manager.

Other, non-pay expenditure, must be reconciled promptly to the College's accounting system by the Business Manager.

It may be appropriate to action adjustments to the original budget (virements) during the year, for example as a result of additional income, new costs or changing national priorities etc. The Head should therefore be empowered to respond to changes to address variances by effecting virements between individual budget headings.

Where new or unplanned expenditure is necessary, the following individual virement authorisation limits are agreed:-

- up to £5,000 - Head
- £5,001 - £7,999 - Finance, Pay and Staffing Sub-committee
- £8,000 and over - Management Committee.

Virements, once approved, must be promptly recorded in the College's accounting system to keep the approved budget up to date.

The Head should present detailed budget monitoring statements to the Finance, Pay and Staffing Sub-committee on at least a termly basis. The Finance, Pay and Staffing Sub-committee should then consider and challenge these statements as necessary, with the Head providing explanations for any significant variances identified. The Chair of the Finance, Pay and Staffing Sub-committee should then report termly to the Management Committee, identifying any significant budgetary issues and any remedial action taken or needed, and any policy decisions needed.

When the accounts for each financial year are closed, a final statement from the College's accounting system must be presented to the next meeting of the Finance, Pay and Staffing Sub-committee.

The College uses RBC payroll and HR services and should refer to these departments for general information and guidance

Starters/variations/leavers

The College has a responsibility to ensure the forms below are completed and returned to HR and Payroll.

- setting up new employees on the payroll (starters)
- effecting variations to pay (change forms)
- taking existing employees off the payroll (leavers).

Forms should be completed by the Business Manager and authorised by the Head, or, in their absence, the Deputy Head on a timely basis. Completed forms should be sent to the relevant HR contact as directed.

Claim Forms

For relevant staff, submitted claim forms must be checked initially by the Business Manager and then authorised by the Head, as per the separation of duties matrix. Overtime is not permitted without agreement in writing from the Head and must be reported to the Finance, Pay and Staffing Sub-committee as a standing item.

Checking of payroll data

Payroll data received monthly from RBC must be scrutinised by:

- the Head, to ensure all employees are recognised, and pay appears reasonable
- the Business Manager to check accuracy of salary and expense payments.

Pay-related expenses

All pay-related expenses must be processed through the payroll system. Pay-related expenses must never be paid via petty cash, or by the creditor payment system. If any doubt exists about whether an item should be processed via the payroll system, the RBC Financial Administration section should be contacted for advice.

Supply teachers

The Management Committee will decide, on the basis of advice from the Head, whether supply insurance cover shall be taken out, and the extent of the cover. All claims submitted by supply teachers must be authorised (signed) by the Head, or in their absence, the Deputy Head. Reimbursement claims must be submitted on a monthly basis by the Business Manager. The Business Manager must check that correct amounts have been charged using the monthly expenditure printout.

Inventory of Assets

The portable, desirable, attractive assets of the College, as well as any assets of intrinsic value (e.g. antiques) will be recorded in the College's inventory. Full details (make, model, serial number, approximate value) shall be recorded.

The Business Manager is responsible for keeping the inventory up to date by adding new items when they are received into College.

Items up to a value of £50 may be sold or written out of the inventory on the authority of the Head. Over this limit, the Management Committee must authorise and details must be recorded in the minutes. Reasons must be recorded in the inventory, together with the Head's signature (up to £50) or the Management Committee' minute reference (£50 and over). An official receipt for sales income must be issued to the purchaser.

Inventories shall cover all areas of the College and be arranged on a room-by-room basis. A separate inventory shall be maintained to include items which are not allocated to a specific room.

The inventory shall be checked against the actual assets by the Head on an annual basis. Any discrepancies shall be investigated immediately, and if necessary the Management Committee, Police and the authority's auditors shall be informed. The check shall be evidenced by the checker signing and dating the inventory.

All inventory items should be security marked:

- invisibly with an ultra-violet pen, and
- visibly with warning stickers.

Off-site register

Any inventory items taken off-site by members of staff for official purposes must be recorded in a register. The date borrowed, and the signature of the borrower, must be recorded. On the return of the item the date of return will be recorded.

Credit income

Where payment for goods/services provided by the College is made after the provision takes place.

An official invoice will be raised via RBC finance department in all cases and sent to the debtor as soon as possible after the provision of the goods/service, and no later than one week after the provision.

A file of copy invoices will be maintained - this will be arranged into 'paid' and 'unpaid' invoices. The copies of unpaid invoices will act as a control record for the sending of reminders and the chasing of unpaid debts in line with RBC credit procedures

Charging policy

The Management Committee will set a Charging Policy to cover:-

- lettings
- College trips
- music tuition
- private photocopying.
- private telephone calls

The Charging Policy will be reviewed annually by the Management Committee. Charges levied by the College will be in line with this policy.

Donations

Donations from any sources must be acknowledged by the issue of an official receipt to the payer. All donations must be banked promptly and intact.

Cash received from pupils

Cranbury College does not routinely collect cash payments from pupils or their parents. All cheques should be made payable to RBC. Where Cash is received from pupils it must be recorded by the office of the centre attended by the child. Cash collected must be handed over promptly to the Business Manager. An official receipt for the income will be issued and this will be handed over directly to the pupil or sent to the parent / carer. A copy of the receipt will be retained and kept with the income record. Cash handling training must be provided by the Business Manager to administration staff.

Security of receipt books and tickets

All unused receipts and tickets to be used to acknowledge receipt of income must be held securely in the College office.

Purchasing

Ordering:

- College procedures for purchasing should ensure that purchases are as required and are for bone-fide purposes
- orders should be processed in accordance to the Separation of Duties matrices after initial approval by budget holders has been sought and given. The official order must be signed by the budget holder before it is sent to the Head for approval.
- official orders must not be used to procure goods for private purposes
- official order stationery must be held in a secure location
- copies of all official orders placed and invoices received must be retained on file at the College for at least six years.

Quotations/tenders

Financial Regulations - for orders for goods/services under £50,000:

- £500 - £5,000 - at least three prices to be examined and retained, these prices may be taken from suppliers' written quotations or catalogues/price lists. They must be retained with order documents
- £5,001 - £50,000 - independent written evidence of at least three prices should be obtained and retained. Independent written evidence means quotations provided on suppliers' headed notepaper.

Standing Orders - for orders for goods/services over £50,000:

RBC must be consulted when inviting Tenders. Tenders should be invited in one of three ways, and in accordance with specific Standing Orders.

- from at least three contractors included on a standing list - S049; or where no standing list exists

- from at least three appropriate contractors - SO.50, or
- by open competition by advertisement in local newspaper or appropriate journal - SO.51.

Management Committee involvement

As well as ensuring that the above have been adhered to, it is the responsibility of the Head to ensure that Management Committee is consulted in the following circumstances:-

- on purchasing decisions which are not planned for in the budget and College Improvement Plan exceeding £5000
- review of quotations obtained where estimated costs exceed £5,000
- review of quotations when the lowest quote is not the most suitable or the pre-requisite number of quotes could not be obtained. In such circumstances the Management Committee should formally authorise a waiver of the regulations, either prior to the purchase or retrospectively, if necessary.

Receipt of goods

Once items ordered have been received, the Business Manager in accordance with the Separation of Duties Document must ensure that items delivered correspond to details contained in the delivery note. Upon examination of goods they must ensure that both quality and quantity are appropriate.

Invoice check and authorisation

Invoices received must be checked (in accordance with the separation of duties document) to both copy orders and delivery notes to ensure that invoices relate to goods ordered and delivered. Invoices should also be checked for arithmetical correctness. All invoices must be certified for payment as outlined in the separation of duties document before being processed for payment.

Invoices passed for payment must be recorded promptly in the College's accounting system

Petty Cash

Day to day operation of the petty cash account in accordance with the separation of duties document. All petty cash expenditure, and reimbursement income, must be promptly recorded in the petty cash record.

Reimbursement must be claimed monthly or when one-half of the imprest advance has been used. Reimbursement claims must be certified by the senior manager on site as per the separation of duties document.

All members of staff who wish to purchase items from the petty cash account must obtain prior approval from the Head or site manager. Vouchers (receipts, paid invoices etc.) to evidence the payment must be presented by members of staff when reclaiming cash from the account. These vouchers must be retained and returned with the reimbursement claim.

In normal circumstances individual purchases from petty cash must not exceed £10. In exceptional circumstances payments up to £50 may be made, with the express

prior approval of the Head. Such payments should be for emergencies only and should not simply result from a lack of planning. All cash held must be retained securely.

Register of Pecuniary and Other Interests

It is a requirement for the College to maintain such a register. Signed declarations (even where there are no pecuniary or other interests to register) must be retained with the register for all roles listed below

Persons to be included:

1. all Management Committee members
2. Head
3. all senior staff (e.g. Deputy Head, Assistant Heads, Heads of Departments, senior administrative staff)
4. all staff with financial responsibility within the Separation of Duties document.

Interests to be recorded:

The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the College.

Examples of such improper influence might be:

- to purchase goods or materials from a company in which a Management Committee/senior member of staff has a financial interest without going through the correct procedures re. obtaining competitive prices
- promoting a member of staff who has close personal relationship (spouse, partner, son, daughter etc.) with Management Committee/senior member of staff, without going through correct procedures re. recruitment and selection.

There can never be a definitive, comprehensive list of the interests which should be recorded, but the following is intended to give some guidance:

- having a financial, or other, interest in an organisation which could feasibly be in a position to supply goods/services to the College e.g.
 - building contractors
 - plumbing contractors
 - electrical contractors
 - audio/visual goods suppliers (e.g. T.V.s, video recorders, hi-fi etc.)
 - repair/maintenance of equipment (electrical and other)
 - suppliers of computer hardware and software
 - suppliers of stationery
 - suppliers of educational equipment (e.g. P.E. equipment)

- suppliers of furniture, fittings, carpets, curtains etc.
- decorating contractors
- catering contractors
- suppliers of provisions
- suppliers of clothing
- suppliers of building materials
- suppliers of catering equipment
- suppliers of fuel
- suppliers of vehicles
- suppliers of books
- grounds maintenance contractors
- gardening contractors
- suppliers of grounds/garden maintenance equipment
- suppliers of plants, trees, seeds etc.
- suppliers of heating equipment
- suppliers of lighting equipment
- suppliers of musical instruments
- suppliers of insurance
- consultants (e.g. legal, financial, training, property)
- suppliers of security services and supplies
- suppliers of art materials
- suppliers of telecommunications equipment
- suppliers of photographic equipment
- transport contractors (e.g. coaches, taxis etc.)
- holiday/travel operators
- suppliers of supply teaching cover
- suppliers of peripatetic teaching
- suppliers of banking services
- suppliers of workshops etc. (e.g. drama, music)
- the interest in the above 'supplying organisations' may, for example, be:-
- as a director
- as an employee
- as a major shareholder
- as a major investor
- as a major debtor/creditor
- having a close personal relationship (spouse, partner, son, daughter, parent etc.) with a person in the above categories
- being in a position to potentially influence decisions made about the College, e.g. as a member of local council (County, District, or Parish Council)
- officer of Local Education Authority in a senior capacity
- Member of Parliament
- OFSTED Inspector
- officer of local council (County, District or Parish) in a senior capacity
- having a close personal relationship (as described above) with any person falling into the above categories
- having a close personal relationship with a Management Committee or member of staff (employed on a full-time, part-time, permanent, or temporary basis).

Whistleblowing

Whistleblowing is when a worker reports suspected wrongdoing at work. Officially this is called 'making a disclosure in the public interest'. A worker can report things that are not right, are illegal or if anyone at work is neglecting their duties, including:

- someone's health and safety is in danger
- damage to the environment
- a criminal offence (such as financial fraud)
- the company is not obeying the law (e.g. not having the right insurance)
- covering up wrongdoing
- diverting public funds or resources for private use or gain.

Staff should consult the College's Whistleblowing Policy for detailed advice and support. If staff feel unable to approach senior staff or the Chair of the Management Committee they should contact the HR department at RBC who will advise them further.

SEGREGATION OF DUTIES MATRIX

PROCUREMENT VIA REQUISITION AND PURCHASE ORDER

	DUTY TO BE CARRIED OUT BY:						
	HEAD/ DEPUTY HEAD	BUSINESS MANAGER	ADMIN OFFICER	BUDGET HOLDER	RBC	OTHER	ALL STAFF
Requisition for goods/services				x			
Authorisation of requisition	X	X					
Request to set up supplier on payments system			X				
Supplier set up					X		
Input of order			X				
Authorisation of order	X (limit £25000)	X (limit is £5000)					
Receiving goods			X				
Verification that goods received agrees with delivery note and original order			X				
Receipting order on Oracle			X				
Checking and sending invoice to LA (if required)			X				
Invoice processing					X		
Cheque run/BACS run					X		
Cheque signature/BACS run transmission					X		

SEGREGATION OF DUTIES MATRIX

REQUESTING AND BOOKING OF SUPPLY COVER

	DUTY TO BE CARRIED OUT BY:						
	HEAD/ DEPUTY HEAD	BUSINESS MANAGER	ADMIN OFFICER	BUDGET HOLDER	RBC	OTHER	ALL STAFF
Confirmation of the need for the cover						X Lead teacher	
Authorising booking cover	X	X					
Booking cover			X			X Lead teacher	
Confirmation of attendance						X Cover supervisor	
Approval of supply staff payments		X					
Transmission of supply staff payments					X		

SEGREGATION OF DUTIES MATRIX

PAYMENT OF NON-PURCHASE ORDER INVOICES

	DUTY TO BE CARRIED OUT BY:				
	HEAD/ DEPUTY HEAD	BUSINESS MANAGER	ADMIN OFFICER	RBC	SUPPLIER
Invoice received		X			
Invoice processing authorisation	X				
Input of invoice into Oracle			X		
Approving invoice on Oracle	X (if needed)	X			
Receipting order on Oracle			X		
Checking and sending invoice to LA			X		
Invoice processing				X	
Cheque run/BACS run				X	
Cheque signatures/BACS run transmission				X	
Statement of account outstanding					X
Generation of transaction reports				X	
Verification of transaction		X	X		

SEGREGATION OF DUTIES MATRIX

PETTY CASH

	DUTY TO BE CARRIED OUT BY:						
	HEAD/ DEPUTY HEAD	BUSINESS MANAGER	ADMIN OFFICER	BUDGET HOLDER	RBC	OTHER	ALL STAFF
Request for Petty Cash for goods or activity							X
Authorisation of Petty Cash for goods or activity	X	X					
Provision of receipt for reimbursement							X
Reimbursement of receipt		X	X (if BM not available)				
Transaction details entered in Petty Cash Book		X					
Reconciliation & Request for Petty Cash reimbursement completed			X				
Request for Petty Cash reimbursement authorised		X					
Reimbursement of Petty Cash Reconciliation					X		
Collection and recording of Petty Cash reimbursement		X					

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