

# THE PEELE COMMUNITY COLLEGE

## FINANCE POLICY

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TARGET AUDIENCE	Peele Finance Team, Governors and Headteacher
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## SECTION 1

# THE PEELE COMMUNITY COLLEGE FINANCE POLICY

## SECTION 1

### 1.1 Introduction

The governing body recognises that it is ultimately responsible for the financial management of the college and has produced this policy document to help it fulfil those responsibilities.

### 1.2 Organisation

In view of the importance and complexity of financial management in the college, the governing body has established a leadership and management committee to enable due consideration to be given to all financial matters.

The governing body has delegated a number of its powers to the leadership and management committee (details of roles and responsibilities are set out later in this policy document).

The leadership and management committee members are:

Chair	Mr G Hoyles
Member 1	Mr E Saxton
Member 3	Mr S Day-Coombs
Member 4	Mr S Morrow
Member 5	Mr B Shrosbree
Member 6	Mrs P Persaud
Member 7	Ms E Smith

The chair and vice chair of the leadership and management committee are elected by the full governing body in September each year.

The leadership and management committee plans to meet four times a year:

#### TERM 1/2

- Elect chair and vice chair of the leadership and management committee
- To consider the half yearly budget monitoring report of the year
- To update the college's finance plan in light of the September number on roll and recruitment
- Update finance plan

#### TERM 3/4

- To consider the final budget monitoring report for the year
- To consider the draft budget for the following financial year

#### TERM 5

- To agree the budget for the new financial year

#### TERM 6

- To consider the first budget monitoring report for the year
- To consider final outturn
- To consider school fund accounts

The leadership and management committee will report, and make recommendations, to the full governing body. Minutes of each leadership and management committee meeting will be presented to the next meeting of the full governing body.

Leadership and management committee members will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

### 1.3 Roles and Responsibilities – See Section 2

The governing body recognises the importance of governors, leadership and management committee members, the Headteacher and staff being clear about their respective roles and responsibilities with regard to the financial management of the college. This section sets out those roles and responsibilities.

#### 1.3.1 The **governing body** will:

agree, and record in writing, the roles and responsibilities of the leadership and management committee and Headteacher;

review those roles and responsibilities on an annual basis;

elect the leadership and management committee members each year;

approve the college's budget each year, ensuring that a copy is attached to the minutes of the meeting;

submit the approved budget to the LEA within the specified timescale;

approve the college's original and revised financial plans each year;

take appropriate steps to ensure the college's budget does not overspend;

contact the LEA and seek approval to overspend where this seems unavoidable;

authorise the college's applications for loans from the County Council;

satisfy itself that the leadership and management and Headteacher are fulfilling their responsibilities as set out in this policy document;

review detailed budget monitoring reports each term, ensuring that copies are attached to the minutes;

record in writing the transaction/process would include tenders authorisation limits, etc, relating to the college's financial system for relevant members of staff;

agree the college's virement policy;

The policy should clearly state what financial levels have been delegated to individuals: e.g. budget holders for procuring goods/services; placing orders/goods receipting etc. and virements. **See Appendix 1**

establish the college's charging policy and review on an annual basis;

ensure that the college fund is audited each year;

ensure that a signed statement confirming that the college fund has been audited is issued to the County Council within its specified timescale;

review the financial training needs of governors, the Headteacher and staff on annual basis and fund training needs, as appropriate;

ensure that the college's Register of Business Interests and Conflict of Interests is kept up-to-date;

ensure that the college complies with the LEA's guidance relating to Extended Colleges and, in particular, that it does not subsidise extended college activities from the college's main budget share;

ensure that a statement of Internal control is completed and signed each financial year;

review this policy document on an annual basis.

### 1.3.2 The **leadership and management committee** will:

familiarise themselves with this policy document and their roles and responsibilities;

ensure that the college complies with the LEA's Scheme for Financial Management, as approved by the Secretary of State;

familiarise themselves with the way in which colleges in Lincolnshire are funded;

contact the LEA for advice in relation to leasing arrangements, as appropriate;

produce a timetable of meetings at the start of the year outlining their key purpose;

consider the draft budget papers prepared by the Headteacher;

consider the draft finance plan prepared by the Headteacher;

consider budget-monitoring reports produced by the Headteacher throughout the year;

monitor the financial performance of catering and other functions (where applicable) throughout the year;

ensure that the college obtains value for money;

ensure that the college's other Government Grant allocations are fully utilised;

use management information, particularly that supplied by the County Council, to challenge the way in which the college uses its financial resources;

ensure that the college complies with the County Council's financial regulations;

ensure that the college does not overdraw its bank account (where applicable);

ensure that the college produces a best value statement and adheres to it;

report to the full governing body;

ensure that audit recommendations are implemented within a reasonable timescale;

ensure that the college has a list of certifying officers for the purpose of signing cheques, certifying employee claims etc., and review this on an annual basis.

### 1.3.3 The **Headteacher** will:

familiarise him/herself with this policy document and his /her role and responsibilities;

draft budget papers;

draft original and revised finance plans;

ensure that college development plan priorities are properly costed and linked to the college's budget and finance plan;

monitor the budget on a monthly basis;

oversee the day-to-day running of the college's financial administration and ensure that the County Council's timetable is adhered to;

ensure that proper checks and controls are in place to cover day-to-day activities. (Advice on internal checks and controls should be sought from the council's audit team);

authorise transactions / processes within the college's financial system up to limits agreed by the governing body;

act as an authorised signatory for the purposes of signing cheques, certifying employee claims, etc.

review reconciliations and returns on a regular basis and initial documents as evidence that such checks have been carried out;

ensure that the college fund records are kept up-to-date;

ensure that college fund's annual accounts are prepared, audited, approved by the full governing body and submitted to the LEA in the timescale specified;

agree virements up to his/her authorised limit;

ensure pupil premium is correctly accounted for;

ensure VAT is correctly accounted for;

ensure an inventory is maintained;

ensure that any budgets that are delegated to senior staff or departments;

operate within a similar control regime, i.e. with regard to budget monitoring & reporting etc.

#### 1.3.4 The **Business Manager** will:

maintain the accounting records using the college's financial package;

carry out transactions / processes within the college's financial system up to limits agreed by the governing body;

ensure that the LEA's timetable for completion of bank, imprest and other reconciliations is adhered to;

submit income and expenditure statements, VAT returns, etc. to the LEA within the specified timescales;

contact the college's nominated financial assistant in the schools finance team at County with concerns or queries regarding financial administration;

ensure that purchase orders are raised prior to ordering goods /services, wherever possible, to aid effective budget monitoring and management – see finance handbook for possible exemptions;

ensure that all purchases in excess of value detailed at 1.3.6 are put out to formal tender;

ensure that payments are made to suppliers within LCC's payment policy, i.e. 28 days of the date of the invoice;

ensure that, where appropriate, claims for sickness absence scheme are made promptly and no later than 3 months after the relevant period;

ensure that the payroll print is run on a monthly basis as close to 23<sup>rd</sup> of the month as possible and that checks are undertaken to ensure the data is correct.

### 1.3.5 Credit Cards

This section should be included if the school is prime or bank account and holds a credit card. Each member of staff should be listed with their credit limit.

Name	Credit Limit
Betty Boor	£20,000

### 1.3.6 Authorisation Limits for Purchase Orders

Heads of Department	£1,000
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For any urgent/emergency expenditure the following limits have been agreed

Up to £10,000	Headteacher
Between £10,000 and less than £19,999	In consultation with chair of leadership and management and /or chair of governors
£20,000 or more	In consultation with the full governing body at an emergency meeting

All purchases with a greater value than £10,000 must be put out to formal tender

### 1.3.7 Virement Limits for Bank Accounts

The following virement limits have been agreed:

Up to £100,000	Both signatures of Headteacher and Business Manager
Over £100,000	In consultation with chair of leadership and management and/or chair of governors

## 1.4 Training

The governing body recognises the importance of financial training for governors and staff in helping them to fulfil their responsibilities in relation to the financial management of the college.

The training needs of all governors and staff will be reviewed each year. Appropriate budgetary provision will be made, where necessary, and governors and staff will be actively encouraged to undertake that training.

#### 1.5 Budget setting

The governing body recognises the importance of setting a detailed budget at the start of the year.

The Headteacher will draft a detailed budget for each line of income and expenditure. It is recommended that the budget is re-evaluated each year (as opposed to say incremental budgeting) for the leadership and management committee's consideration.

The Headteacher will include options for increased spending, as set out in the college's development plan, and options for cost-cutting measures, where appropriate.

#### 1.6 Budget monitoring

The governing body recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under and overspendings.

The Headteacher will monitor the budget on a monthly basis by reviewing printouts from the college's financial system for:

errors;

Miscodings;

large or unusual items;

potential underspendings or overspendings against budget;

and act promptly, where appropriate.

#### 1.7 Financial administration

The governing body recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the college.

The Headteacher will monitor the financial administration functions carried out by the Business Manager, ensuring that:

accounting systems are kept up-to-date;

bank reconciliations, sundry expenses claims, etc. are completed in accordance with the LEA's published timetable;

appropriate action is taken where the LEA advises the college that its day-to-day administration is not up-to-date.



## 1.8 Reporting

The governing body recognises the importance of receiving detailed, accurate and up-to-date financial information to enable it to oversee and control the financial position of the college.

The Headteacher will prepare budget-monitoring reports for consideration by the leadership and management committee.

The reports will include for each line of income and expenditure (including other government grants):

the original budget;

changes to the budget;

current budget;

expenditure and commitments to date;

expenditure and commitments to date expressed as a percentage of the current budget;

an outturn projection;

a variance between outturn and current budget;

an explanation for all variances exceeding £1,000 in value;

details of proposed virements;

details of proposals for additional spending or cost-cutting measures.

In addition to the reports in the college's financial reporting system, the Local Authority issues spreadsheet and word-processing documents to colleges on an annual basis to provide a framework for the preparation of finance plans and budget monitoring reports to governors.

## 1.9 Financial planning

The governing body recognises the importance of financial planning beyond the current year.

The Headteacher will prepare a financial plan covering the next three to four years.

The plan will show the projected numbers on roll and the impact this has on the college's budget share, expenditure and carry forward.

The level of detail shown in the plan will include, as a minimum, the information set out in the County Council's financial planning spreadsheet, which is issued to college each year.

The plan will include contingency plans, setting out the college's proposals for dealing with variations including, in particular, changes in the projected number on roll.

The governing body will consider the impact that the medium term finance plan may have upon staffing levels & develop outline plans & strategies for avoiding redundancy costs for the future years

#### 1.10 Cash flow management (for colleges with local bank accounts only)

The governing body recognises the importance of cash flow management in helping the college to avoid overdrawing its bank account.

The Headteacher will produce a cash flow report at the beginning of the financial year and monitor and update it on a regular basis.

The governing body will notify the County Council of its decision to withdraw from the bank account scheme where it becomes clear that, due to financial pressures, the college is no longer able to keep the bank account in credit.

The governing body of non-prime account colleges will review, on an annual basis, the advantages and disadvantages of holding a bank account.

#### 1.11 Audit

The governing body recognises the importance of the County Council's audit regime in assessing the adequacy of the college's financial controls.

The governing body and Headteacher will ensure that auditors are given access to staff, all relevant records and property, as the auditors consider necessary.

The Headteacher will ensure that audit recommendations are implemented as soon as possible.

The Headteacher will familiarise him/herself with the Financial Procedures and Finance Handbook, which give guidance on best practice, internal controls and statutory requirements.

#### 1.12 Annual timetable

The governing body recognises the importance of planning its financial management work throughout the year.

The Headteacher will draw up an annual timetable of key events and will submit this annually to the full governing body's last meeting in each financial year.

#### 1.13 Review

The governing body recognises the importance of keeping its Finance Policy up-to-date and will review the policy on an annual basis.

### 2.1 Governing Body

The responsibility for the financial management of the college is delegated to the college's governing body.

The governing body is entitled, subject to any provisions made under the Scheme for Financing Colleges, to spend any sum made available to it in respect of the college's budget share for any financial year as it thinks fit for the purposes of the college.

The governing body may delegate any of the responsibilities for financial matters to either a finance committee or the Headteacher, whilst retaining overall responsibility for the proper exercise of its duties. **The roles and responsibilities of all parties should be set out in writing, and be formally agreed by the full governing body and reviewed annually.**

The governing body's responsibilities include:

- managing the budget made available to it by the County Council both efficiently and economically, ensuring value for money at all times;
- adhering to the County Council's financial regulations;
- compliance with the County Council's Scheme for Financial Management of Colleges as approved by the Secretary of State;
- approval of the college's medium term financial plan (the Council recommends that such a plan should be produced by all colleges each year; guidance on the content is available from the College's Finance Team);
- approval of the college's annual budget (the Council requires this to be submitted by 31 May following the start of the financial year);
- approval of the content, format and frequency of financial monitoring reports for the finance-committee and full governing body (guidance on the content is available from the College's Finance Team);
- regular monitoring of actual and forecast income and expenditure against the budget (the Council recommends that 'outturn' reports are considered at least termly);
- taking all reasonable steps to ensure that the college does not overspend (where overspending is unavoidable, the Council must be notified as soon as possible);
- reviewing the County Council's audit reports and ensuring that wherever possible, the recommendations are implemented;

- overseeing the financial administration of privately raised funds (the County Council requires colleges to submit a statement confirming that the fund's accounts have been independently audited within six months of the year end).

Where a governing body is responsible for a substantial or persistent failure to comply with any of the requirements set out in the Scheme for Financing Colleges, or is not managing its delegated budget in a satisfactory manner, the County Council, through the Director of Children's Services, may suspend the governing body's right to a delegated budget.

## 2.2 Headteacher

The Headteacher's responsibilities include:

- obtaining in writing, details of his/her responsibilities with respect to the financial management of the college;
- managing the budget made available to the college by the County Council both efficiently and economically, ensuring value for money at all times;
- adhering to the County Council's financial regulations;
- ensuring compliance with the County Council's Scheme for Financial Management of Colleges;
- preparing the college's medium term financial plan for the governing body's consideration, incorporating costings of college development plan priorities (the council recommends that such a plan should be produced by all colleges each year and guidance on the content is available from the college's finance team);
- drafting of the college's annual budget for the governing body's consideration, incorporating costings of college development plan priorities;
- submission of the college's approved annual budget to the County Council by 31<sup>st</sup> May following the start of the financial year;
- monitoring the college's income and expenditure against budget on a monthly basis (this should include a review of each month's transactions to ensure they are complete, have been properly coded and contain no errors);
- preparation of regular budget monitoring reports, covering actual and forecast income and expenditure against the budget, for the governing body or finance sub-committee (the Council recommends that 'outturn' reports are considered at least termly);
- making recommendations, where appropriate, to the college's governing body on action needed to avoid overspending;
- seeking prior approval to overspend from the County Council as soon as this appears unavoidable;
- approving virements of budgets up to limits set by the governing body;

- reviewing the County Council's audit reports and responding to its recommendations in consultation with the governing body;
- supervising the day-to-day administration of the college's finances (including bank reconciliations, where appropriate);
- ensuring that returns are submitted to the Council in accordance with the published timetable (these include budget statements, income and expenditure statements, VAT returns, income tax and pension returns, balance sheet and other end of year returns, etc.);
- ensuring that proper internal checks and controls are in place covering day-to-day activities (advice on internal checks and controls will be given during the course of an audit or can be obtained by contacting the Council's Corporate Audit and Standards team);
- establishing effective internal budget monitoring and reporting arrangements for budgets delegated to departments;
- managing the college's cash flow on a regular basis;
- supervising the recording and maintaining the college's financial records on a computerised accounting system;
- overseeing the financial administration of privately raised funds (the County Council requires colleges to submit a statement confirming that the fund's accounts have been independently audited within six months of the year end).

## PURCHASE ORDERS

## Authorising Limits

Departmental Heads	up to	£1,000
Headteacher	see section 1.3.6 / 1.3.7	

## GOODS RECEIPT

All purchase orders to be receipted by departments on delivery notes or purchase order requests.

**BANK SIGNATORIES  
THE PEELE COMMUNITY COLLEGE****List A**

Miss E Smith - Headteacher  
Mrs B Boor - College Business Manager

**List B**

Mr S Gilman - Deputy Headteacher  
Mr D Gibson - Deputy Headteacher

Signing instructions per Mandate dated 1<sup>st</sup> June 2012 (AMENDMENT)  
10<sup>th</sup> March 2014 (AMENDMENT)  
18<sup>th</sup> September 2015 (AMENDMENT)  
10<sup>th</sup> October 2016 (AMENDMENT)

Two to sign.

Either two from list A or one from list A and one from list B

## **Introduction**

In order to achieve best value and be consistent with the tendering process at The Peele Community College, I outline the values and the process by which to achieve these by:

### **Values**

The values that would be applied to ensure best value and consistency are the four Cs:

Challenge  
Compare  
Consult  
Compete

Each are taken in turn in order to apply consistency and rigour to achieving best value.

#### **Challenge**

We need to question why, how and by whom an activity is carried out; is it the most efficient and effective and in the best interests of the college?

#### **Compare**

What are we achieving compared to like companies? Are we costing more than other schools?

#### **Consult**

We need to gather views from shareholders, especially governors and LEA.

#### **Complete**

Ensure we are securing efficient and effective services by checking provision is at the right price; that services are economic and effective; ensuring that competitive tendering process is in place and used; ensuring monitoring and evaluation is productive.

### **Process**

- 1) Initiative identified via the AMP.
- 2) Schedule clarified by AMP.
- 3) Documents drawn up to identify action plan and way forward.
- 4) Clear guidelines/parameters set for any project undertaken.
- 5) External agencies e.g. LCC, Hyder approached for funding, advice and support as necessary.

### **Tender Process**

All purchases with a value greater than £10,000 must be put out to formal tender. The following procedures must be followed in such circumstances:

- 1) A specification will be prepared by budget holder, authorised by the chair of the leadership and management committee and Business Manager and sent to at least three suppliers. It is anticipated that for any major building works of a value greater than



£5,000 the services of the college's architects or the services of the buy back scheme would be engaged to deal with the handling of specifications and suitability to tender.

2) Where appropriate, the suppliers invited to tender should be drawn from the approved list maintained by the Business Manager, or in the case of building works, from those agreed with the architect. Otherwise, invitations to submit tenders will be advertised in local newspapers and trade journals if appropriate. The invitations to tender will include:

- The scope and objectives of the project;
- Any technical requirements;
- Implementation details for the project;
- The number of tenders required, normally three but will be dependant on the value and the nature of services required;
- The terms and conditions of the tender; and
- The form and date of response to the college, or in the case of building works, to the architect or quantity surveyor;
- Funds are available.

All replies if to the college, should be addressed to the Business Manager in a plain sealed envelope marked 'Tender' to reach him/her by a specified date. All replies must be kept sealed until that date and passed to the chair of the relevant committee.

All tenders will be opened at the same time and details of the contractor, quotation and any other details recorded at the time of opening.

No contractors will be allowed to amend the tender after the time fixed for receipt.

The Business Manager will open a separate correspondence file for each tender which will contain copies of all correspondence or other relevant information.

For purchases up to £19,999, provided the expenditure is included in the budget, the decision as to which tender to accept will be taken by the Headteacher in consultation with the chair of the leadership and management committee and/or chair of governors.

For purchase exceeding £20,000 provided the expenditure has been budgeted for, a decision will be recommended by the leadership and management committee. The decision will need to be ratified by the full governing body.

Where expenditure is not included in the budget or anticipated expenditure exceeds the budget allocation, the decision as to which tender to accept will be taken by the leadership and management committee, in consultation with the relevant committee, and then ratified by the full governing body; and the reasons for accepting a particular tender must be documented, especially if it is decided to accept other than the lowest tender. All decisions must be reported to the full governing body.

### **Acceptance of Tender**

The following points will be considered when deciding which tender to accept:

- The overall price and the individual items or services which make up that price
- Whether there are any 'hidden' costs; that is additional costs which the college will have to incur to obtain a satisfactory product

- Whether there is scope for negotiation, while being fair to all tenderers
- The qualifications and experience of the supplier, including membership of professional associations
- Compliance with the technical requirements laid down by the college
- Whether it is possible to obtain certificates of quantity
- The supplier's own quality control procedure; pre sales demonstrations, after sales service and, for building works, a six month defects period and insurance guarantees
- The financial status of the supplier
- References from other schools or colleges
- Understanding & compliance with health & safety, CDM regulations and child protection issues related to working on the college site.

In the case of building works, where the tendering process is being carried out by the architect or quantity surveyor, they will be responsible for checking the documents of the lowest tender before making a recommendation to the college.

Once a tender is accepted an order should be issued immediately to the supplier in the normal way.

The successful contractor should be informed that the school is a NON SMOKING site.