G5 Financial Procedures Policy

Introduction

This document describes the practical procedures that all staff within the school community should follow when spending school funds or committing the school to expenditure. It has been endorsed by the Board of Governors, who will review it annually. All budget holders should follow its provisions.

Board of Governors' Responsibilities

The Board of Governors is responsible for the approval of the:

- Annual Statutory Accounts, the Trustees' Annual Report and the Summary Information Return (SIR)
- Recommendations of the audit report
- School's Strategic Plan and revisiting it annually
- School's medium term financial plans and cash flow projections
- Annual budget, which costs the Strategic Plan and the school's projected operating costs for the next year
- Terms and conditions of service for teaching and non-teaching staff, including staff pay and remuneration for the coming year
- Termly financial management accounts.
- Balancing the budget
- Reviewing the staffing structure.
- Tenders for building contracts and for major maintenance schemes valued over £100,000 Arrangements for tendering for catering contracts.
- Orders for goods and services worth over £20,000
- Ensuring procedures for purchasing goods and services meet legal requirements, secure value for money and protect against fraud by staff, contractors and suppliers
- Policy for fee remissions, covering bursaries and scholarships.
- The school's statement on public benefit
- Charging policy for lettings
- Disposal of items worth over £10,000 or items connected with the school's heritage.
- The school's banking and insurance arrangements
- Investment policies
- Reserves policies
- Borrowing policies
- All loan and overdraft facilities
- Tender policies
- Risk register
- Business continuity and disaster recovery plan
- Asset register
- Fundraising policy
- Fee collection policy and the management of late payers
- The appointment of Auditors and other professional advisers
- Opening and closing bank accounts
- Depreciation policies
- Use of key point indicators (KPIs) in order to benchmark financial figures against comparators

- Reviewing the operation of the whistle-blowing policy and the conflict of interest policy

The initial task of scrutinising the above and ensuring compliance with legislation and best practice is delegated to the Finance and General Purposes Committee, which is the main business committee and makes recommendations to the Board.

Every Governor at Purcell School can receive training in his/her financial responsibilities as Trustee.

Principal's Responsibilities

As part of his responsibilities for the overall financial well-being of Purcell School, the Governors have vested the following financial responsibilities with the Principal:

- Preparing the School's Strategic Plan in conjunction with the Senior Leadership Team (SLT), and after it has been costed by the Bursar, presenting it to the Governing Body.
- Implementing the endorsed Development Plan within the school
- Recruiting students against agreed targets
- Marketing the school to prospective parents
- Implementing the school's fund-raising policy, supporting any fund-raising campaigns
- Participating in the process of:
    - Allocating budgets to the academic departments
    - Prioritising bids for expenditure
- Supporting the implementation of the school's policy on the collection of fees
- Supporting the implementation of the school's policy and procedures for awarding bursaries

All Staff: Procedures for Effective Financial Control

In order to discharge their responsibilities to the Governors for the effective financial management of the school, the following financial procedures have been approved by the Finance and General Purposes Committee on behalf of the Main Board and adopted throughout the school:

Purchasing Goods and Services

Purchases on behalf of the school may only be undertaken by Budget holders. Three quotes must be obtained before purchases for goods and services worth more than £5,000 are made. The Governors' approval is required for all purchases or contracts over £20,000 with the exception of catering invoices. In an emergency, the Chairman of Governors or the Chairman of the Finance and General Purposes Committee can give approval out of committee.

Orders should be raised on a school order form and passed to the Finance Office who will issue an official purchase order and return it to the budget holder for placing the order.

Invoices received should be checked and signed to confirm that the goods have been received and then forwarded to the Finance Office for payment. Invoices will be reconciled to the purchase order.
Invoices received for which there is no purchase order may not be paid.

Any discrepancies on the invoice must be taken up with the supplier and notified to the Finance office.

Requests for payment by cheque to suppliers with whom the school does not have a credit account must be made on the appropriate form and authorised by the budget holder. Cheques must be requested at least 5 days in advance in term time and 10 days in advance during school holiday periods.

Claims for reimbursement from petty cash must be made on the appropriate form and supported by invoices/receipts and authorised by the budget holder. For claims in excess of £30 payment will normally be made as a non-taxable addition to the member of staff's next salary payment.

Claims for travel expenses must be submitted on the appropriate form and receipts are required for travel on public transport. Where it is agreed that mileage can be claimed from school the mileage rate is 45p. Staff should always ensure they have appropriate insurance arrangements in place before travelling on school business. For more information please contact the Payroll and Data Specialist.

Staff are requested to make travel plans in good time to take advantage of the most competitive prices.

Budget Holders

Budget holders participate in the annual budgeting process, which will be operated through the SLT. Staff will present requests outlining key requirements for operational expenditure for the ensuing year, and the development plan will highlight the longer term requirements for expenditure. The Senior Leadership Team will then review and prioritise the requests.

All budget holders are responsible for:

- Placing their orders and retaining a copy of the order.
- Ensuring that VAT is included within their calculations of affordability
- Managing within their allocations.
- Not exceeding their budgets without prior written agreement from the Bursar.
- Monitoring expenditure and receipts
- Ensuring value for money is obtained, e.g. by tendering, using purchase groups
- Checking that the goods received match the order and are undamaged before authorising payment
- Signing the original invoice and passing it to the Finance Department for payment

Budget holders can request monthly statements from the Finance Department.

Budget holders may not commit the school to ongoing annual payments (e.g. leases of equipment or contracts) without the approval of the Bursar in writing.

Budget holders may not employ any member of staff in any capacity without prior approval from the Principal or Bursar.

Staff in Charge of Visits

At the Purcell School, our visits are planned on a no-profit/no loss basis. Staff in charge of visits are therefore responsible for ensuring that all the costs, including those of accompanying staff and a suitable contingency for emergencies, are taken into account at the planning stage on the basis

that it is easier to give parents refunds after a visit than to ask them for additional money. The visit organiser is responsible for obtaining advance approval from parents for their child/children to participate in the trip/ passing details on costs of visits to the Finance Department, so that they can be added to the bills. Requests for cash to cover incidental expenses on a visit must be submitted in the appropriate manner, by the member of staff who is organising the visit at least 5 working days in advance, (three weeks if foreign currency or travellers' cheques/pre-paid currency cards are involved). The maximum amount of cash that will be issued for a trip is £500.

At the end of the visit, an account of all expenditure should be authorised and passed by the trip leader to the Finance Department. The Finance Department will (if appropriate) arrange for the students to receive a refund on their next bill.
Only travel agents who are members of ABTA may be used when arranging school trips.

Special Catering

Special School events are costed to the Hospitality budget.

Fundraising events are charged to the Head of Development's budget. Provision is also made for Open Evenings and similar functions that are attended by large numbers of parents and prospective parents. Any other member of staff wishing to entertain visitors is normally expected to use the school dining-room/coffee shop; these must be accounted for via the Chef Manager or Coffee Shop Recharge Form.

Any other requests for special catering should be submitted for approval to the Bursar in advance on the catering request forms available on the Staff Portal.

Requests for packed meals should be made at least 3 days in advance on a catering request form.

Private Work

Members of staff are not allowed to carry out private work on school premises or in school time without the prior agreement of the Principal or the Bursar.

The Bursar and the Finance Staff: Procedures for Effective Financial Control

5.1 Preparing the Budget

The school's aim is to integrate financial planning with the wider organisational planning and management, so that funds can be used to maximum benefit and ensure long-term financial stability. Achieving this necessitates the production of high quality financial analysis and reporting, together with robust controls and procedures.

The annual budget covers all of the school's activities. Specifically, it costs:

- The annual fee rise and projected student numbers, which it considers alongside sensitivity modelling of the impact of variations in:
    - student numbers
    - size of fee rise
    - Additional sources of income (investments, bank interest, holiday lettings etc)
    - Staff pay rise, showing the impact of incremental pay on staff costs
    - Establishment of new posts in the school

- Bursaries and fee concessions
- Provision for bad debt
- Purchases for educational and support materials
- Costs of services
- Maintenance and repairs
- Planned capital expenditure

At the Purcell School, the annual budgeting process for the next academic (and financial) year begins in February at approximately the same time as the Governors finalise the accounts for the preceding year. The process relies on the annual update and review of the Strategic Plan.

The school aims to have a finalised draft budget by June, by which time it will have a reasonably accurate (albeit incomplete) idea of student numbers for the coming September and of required staffing levels. The finalised budget is presented to the Governing body for ratification in the autumn term. The budget is profiled by the Finance Manager and this is used to produce monthly cash flows.

Government's decisions on staff pay for the coming academic year are usually considered during the first Finance Committee meeting in the new academic year, where the level of the pay rise (if any) is agreed. Increases in goods and services are taken from the prevailing rate of RPI.

Financial Reporting

Trustees' Report and Statutory Accounts

The Trustees' Annual Report and Statutory Accounts are prepared on an accruals basis in accordance with legal and best practice requirements. The prescribed Statement of Recommended Practice (SORP) format conveys a full description of the performance of the school and its assets over the past year, compared with the preceding year's performance. Performance is measured in the profit and loss (SOFA) accounts, and the Balance Sheet contains a snapshot on the last day of the financial year. Assets are depreciated in accordance with agreed policy.

The Trustees' Annual Report is a useful forum in which to highlight the school's achievements and results and to give an overview of its many and varied public benefit activities, including its bursary policy. The Audit Partner attends the Spring Finance and General Purposes Committee meeting in order to present these accounts to the Governors. The accounts are approved at the Governors' meeting at the end of the Spring term, and are then signed by the Chairman and the Auditors and filed with the Charities Commission and Companies House.

Management Accounts

Management Accounts are produced in order to help Governors, Principal and Bursar run the school on a day to day basis, to plan ahead and to make the correct decisions. They are produced on a termly basis and show:

- Actual spend against the actual spend for the same period in the previous year
- Trends, threats and opportunities
- Actual income and expenditure against budget, highlighting variations and in-year changes against the budget and previous year's outturn
- Forecast end-year income and expenditure against budget and previous year's outturn
- Fee debtors

- Performance of major projects against agreed targets

Management Accounts are valuable tools for enabling schools to control and vary expenditure to cope with the unexpected. The Purcell School includes:

- Termly cash flow statements, projecting 3 years forward
- Key Performance Indicators(KPIs) showing:
    - Breakdown of fee income showing expenditure on bursaries
    - Analysis of other income
    - Summary of fundraising income
    - Update on restricted/designated funds
    - Update on Minor Capital works budget
    - Update on any major projects.

Fee Income

Fee income is by far the largest source of income for the School. The maintenance of an accurate fees ledger as well as effective management of the MDS Scheme is a major task for the Finance Department.

Staff are responsible for providing accurate and timely re-charge information at the end of each term to ensure that bills are compiled correctly.

A cross check takes place each term to the school roll to ensure that the correct fees are billed and that any adjustments of the MDS Scheme are recorded. The Assistant Bursar undertakes an independent reconciliation of fees each term.

Collection of Fees

The Parent Contract makes clear that fees should be paid in full on the first day of term, unless the parents have arranged beforehand to pay by instalments.

Parents are normally expected to pay by direct debit or by electronic transfer into the school's bank account. We do not accept large cash payments and comply fully with the Money Laundering Regulations 2007. Payment should be made in sterling. We reconcile all electronic and cheque payments into our bank account against the fees ledger and the paper copies of the bills. The Bursar receives a weekly schedule of fee debtors from the first week of term to the end of half-term - or such other time as necessary. Where parents elect to pay fees using a credit card an additional charge is made depending on the card.

Credit Control

Under the terms and conditions for debt recovery set out in the Parent Contract, we send out an informal reminder letter to parents whose fees have not arrived within ten days of the start of term. A second reminder letter is then sent advising that the matter may be escalated. Thereafter, the Bursar/Assistant Bursar makes contact with late payers at regular intervals until payment is made.

The Principal and Bursar will meet with/inform the parents who have not made any payment during the second half of term and inform them that their child will be permanently excluded if the outstanding fees are not paid. If a student is excluded, the parents will be advised that the school's policy, as stated in the Parent Contract is to start recovery action as soon as the child

leaves the school. When this happens the School ensures that it follows the Pre-Action Protocol for Debt Claims Procedure.

The Bursar produces a termly list of fee debtors for the Finance and General Purposes Committee. Fee debt is reported in three categories - <60 days, 60 -120 days and > 120 days.

Bursaries

The Purcell School strives to offer places solely according to musical promise rather than ability to pay. Accordingly financial support is offered to students either through the Music and Dance Scheme or School Bursaries. The Bursar is responsible for managing the Music and Dance Scheme and for assessing all school bursary applications.

Leavers' Bills

The Purcell School's policy is for the Assistant Bursar to send a letter to the parents of all Year 13 parents at the end of every Spring term, enclosing the Summer term bill and reminding them that:

- This is not their last bill. That will be sent after their child has left and will cover the extras and consumables taken by their child during the summer term.
- Their acceptance deposit will be returned with their final bill, and will be used to offset the
- Cost of summer term extras and consumables.
- The termly fee is an average of the costs of teaching their child throughout the year. There are no savings in staffing accruing to the school from their child leaving at half-term.

Other Income

Income from catering, the coffee shop, concerts and lettings are tracked and reconciled on a monthly basis by the Finance office, with regular spot checks made by the Assistant Bursar to ensure correct control of income and expenditure. Regular banking of and recording of cash takings is important. Spot checks of the systems should be carried out at least once a term.

Fundraising Income

Separate records are kept of fund-raising events and gift aided donations and are posted to restricted/designated funds. Gross takings are banked so that they can be verified against paying-in slips. Gift aid is reclaimed annually. The costs of Fundraising are shown separately and not deducted from gross receipts.

Expenditure: Staff Costs

Expenditure on salaries and other staff related costs is the largest item of any school's expenditure, averaging about 80% of all operational expenditure at The Purcell School. The Payroll Administrator prepares the monthly schedule of salaries, tax, National Insurance and pension payments, including calculations of overtime and sick or maternity pay. This schedule is checked and counter-signed by the Bursar before the BACS payment into bank accounts is authorised. The Bursar completes a final review and checks that the salary bill and BACs payment reconcile. Copies of payroll statements are reconciled annually against staff contracts of employment and the pay letters that are held in personnel files.

All staff appointments must be authorised before the recruitment process starts by the Principal/Bursar.

The Bursar confirms start-dates for payroll purposes to ensure that all safeguarding checks have been completed.

All temporary appointments/overtime must be authorised by the Principal/Bursar.

Retention of Personal Information

A personnel file for each member of school staff is maintained by the HR Manager and access is restricted. These files contain copies of all contracts and any other related documents. The HR Manager will ensure that these files are complete and up to date.

All payroll and personnel records are kept securely and treated with strict confidentiality.

Access to records and data is restricted to the following authorised staff:

- Principal
- Bursar
- Principal's Executive Assistant
- Payroll and Data Specialist

Expenses

The policy at The Purcell School for reimbursing expenses incurred by staff is as follows;

- Costs of official journeys made by members of staff with the prior approval of a member of the SLT will be reimbursed either on production of receipts or, in the case of car journeys, at the rate of 45p per mile. Staff may not countersign their own claims.
- Staff are expected to use standard class rail and to "shop around" for the most favourable rates.
- The costs of a simple meal (but not of alcohol) will be reimbursed if the visit lasts for over four hours. Permission is always required before booking overnight accommodation.
- Expenses over £30 will be paid as a no-taxable addition to the member of staff's next salary and not from petty cash. Expenses can only be reimbursed if accompanied by proper documentation.
- Expenses cannot be deducted from cash takings; but must be claimed separately, so that accurate records of income and expenditure can be maintained.
- The Principal should approve the Bursar's expenses and the Bursar the Principal's expenses.

Where staff are issued with credit cards they are expected to verify their monthly statements and produce receipts for each item on the statement.

Payment of Suppliers

All invoices are recorded in the purchase ledger by the Accounts Department on arrival. They are then dispatched under a numbered covering sheet to the budget holder, who is expected to:

- Sign that the goods ordered matched the order, arrived in an acceptable condition and that

the invoice is a proper charge against his/her budget, or
- Advise the Finance Office immediately if there is a need to delay payment for any reason

Cleared invoices are held in batches and payment made by BACS and cheque once every 14 days. BACS payments require dual authorisation by two of the nominated cheque signatories.

All outstanding orders are shown on the transaction report as commitments. The Finance Manager reviews outstanding commitments on a monthly basis with budget holders to ensure that the items are still expected or that the orders have been cancelled.

Cheque Signatories

At the Purcell School, the Governors require two signatories on all cheques. A governor signature is required on any cheque over £5,000; most payments are now made by faster payment or BACS . Cheques must only be signed as required. The cheque signatories are Principal, Bursar, and The Chair of Governors. Blank cheques are never permitted. Routine BACS payments for less than £5,000 must be authorised by two members of the SLT.

Standing Orders

Checks need to be made annually with budget holders that standing order payments reflect valid instructions.

General Financial Management

Bank Reconciliation and Suspense Accounts

The Finance Manager carries out a formal reconciliation of all of the school's bank accounts within ten days of each month end. The presumption is that monies will not be carried forward in "suspense" beyond the month end. All suspense account balances should be reduced to zero at least at the end of each term.

Cash

All cash or cheques that belong to the school must be deposited with the Finance Office as quickly as possible and held in the safe before being banked. Cash is banked regularly by the Finance Manager who is given cash and cheques, together with a cash counting sheet, after it has been checked by two members of staff. Where the cash value exceeds £1,000, a second member of staff accompanies the Finance Manager to the bank. The school's insurers place a limit of £2,000 on the amount of cash that can be held overnight in the safe or transported.
Regular monthly spot checks are conducted on cash, petty cash and the bank paying in book by the Bursar

Petty Cash

The Assistant Bursar/Finance Manager keeps an average of £1,000 in petty cash in a locked box in the safe. It is designed to repay staff for small outlays that have been made on the school's behalf. Claims under £30 will be reimbursed from petty cash on presentation of a signed voucher by the relevant budget manager and supporting invoice to the Finance Office. Staff are not allowed to cash personal cheques from the petty cash. They may, however, use their debit card to obtain cash.

Disposal

The Governor's permission is required for the disposal of heritage items, or of items worth more than £5,000. The Principal/ Bursar's approval is required for the disposal of items worth between £100 and £ 5,000.

Risk Register and Insurance

The Bursar is responsible for updating the register of risks and for arranging insurance cover for the school in accordance with Governors' instructions and statutory requirements.

Financial Records

Financial Records (accounts and supporting documents, payroll, fee and purchase ledger records, bank statements, paying-in books and reconciliation statements) should be maintained in accordance with best practice.

Policy author/reviewer:	***Policy data/review date:***	***Next review date:***
Jo Wallis	November 2019	November 2020
Jo Wallis	November 2020	November 2021
Adam Wroblewski	September 2021	September 2022
Adam Wroblewski	September 2022	September 2023
Adam Wroblewski	September 2023	September 2024
Adam Wroblewski	September 2024	September 2025
Adam Wroblewski	September 2025	September 2026
Adam Wroblewski	September 2026	September 2027