



NWSSSS
NORTH WEST SURREY
SHORT STAY SCHOOL

Finance Policy

Document Control Information

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4		
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1. Introduction

The purpose of this policy is to ensure that the school maintains good systems of financial control and management.

The school must comply with the requirements of Surrey's Scheme for Financing Schools as well as the more detailed procedures contained in the local authority's finance manual, available on the Education Services Portal. This policy puts these requirements within the context of North East Surrey Short Stay school and provides detail of the school's systems of financial control.

This policy applies to the school's unofficial funds and locally generated income, as well as public monies delegated by the local authority to the school.

2. Roles and responsibilities

Management Committee:

The overall purpose of the Management Committee is to lead the school to provide the best possible education for the pupils.

Within this context the Management Committee has a strategic role in the financial management of the school, ensuring that money is well spent. Its key financial responsibilities include:

- To consider the extent to which it wishes to delegate its financial powers to the Finance and Premises Committee and Headteacher, whilst complying with the requirements of the Surrey Scheme for Financing Schools. Any delegation of powers, or revisions to this, must be recorded in the minutes of the Management Committee.
 - To ensure that all staff know about policies and procedures relating to fraud and theft, the controls in place to prevent them, and the consequence of breaching these controls; this must be included within the induction of staff and management committee
 - To approve the school's three-year budget forecast to allow submission to the local authority by the statutory deadline of 1st May
 - To keep, maintain and publish a register for each member of the Management Committee, Headteacher and any staff member with influence over purchasing decisions which includes:
 - any business interests they or any member of their immediate family have
 - details of any other educational establishments which they govern
 - any relationships between school staff and members of the Management Committee.
- (See Annexe 1)
- To demonstrate compliance with the schools' financial value standard (SFVS) each year
 - To receive and respond to audit reports, including the independent review of the school's unofficial funds and annual statement of accounts
 - To ensure that an up-to-date inventory is maintained for the school's moveable non-capital assets (See section U of the finance manual)

- To approve a lettings policy for the school; where the school has discretion to set their own charges, these should be reviewed on an annual basis to ensure that overall there is no net cost to the school's budget
- To approve a charging and remissions policy for the school giving details of the optional extras or board and lodging that will be charged for, and any circumstances in which the school proposes to remit (wholly or partly) any charge which would otherwise be payable
- To approve a pay policy setting out how pay decisions are taken

Finance and Premises Committee:

The Finance and Premises Committee acts on behalf of the Management Committee and reports back to them on decisions taken. Their main responsibilities include:

- To act upon any powers delegated to them by the Management Committee
- To evaluate and recommend the final three-year budget forecast, which shows clear links to the School Development Plan, for approval by the Management Committee
- To evaluate and recommend the draft three-year budget forecast
- To report monitoring and forecast of outturn position to the Management Committee, highlighting material variances and making recommendations
- To review the charging and remissions policy for approval by the Management Committee
- To advise the Management Committee of any consultations relating to finance, most notably Surrey's Funding Consultation produced each Autumn and changes to the local authority's scheme for financing schools
- To evaluate and report on tenders for contracts to the Management Committee
- To benchmark the school's financial performance

Headteacher:

The Headteacher is responsible for the operational management of the school and for implementing the Management Committee's decisions. In practice the general administration of financial procedures may be delegated to other members of staff. Main financial responsibilities include:

- To act upon any powers delegated to him/her by the Management Committee
- To consider the extent he/she wishes to delegate responsibilities to other members of staff.
- To produce a School Development Plan underpinned by sound financial planning. This should bring together, in a clear and simple way, the school's priorities, the main measures it will take to raise standards, the resources dedicated to these, and the key outcomes and targets it intends to achieve
- To prepare with the School Business Manager the school's 3-year budget forecast which reflects the school priorities for approval by the Management Committee
- To manage the school's approved budget (subject to any virement limits) effectively and efficiently, optimising the use of resources

School Business Manager:

The School Business Manager oversees the efficient day-to-day running of a school and supports the Management Committee, Headteacher and leadership team. Main financial responsibilities include:

- To act upon any powers delegated to him/her by the Headteacher
- To advise the Headteacher and committee members on financial matters
- To be responsible for the internal procedures and processes necessary for the smooth and efficient operation of the school
- To prepare statutory returns and information requested by the local authority, including month end financial reports
- To present regular financial monitoring reports to the Management Committee

3. Internal financial controls

The internal financial controls operated by the school follow the regulations set out in Surrey's Scheme for Financing Schools and the detailed procedures specified in the finance manual.

The Management Committee will ensure that appropriate cover is available in the absence of key personnel to ensure that financial control is maintained.

Separation of Duties

As far as possible the duties of staff relating to financial administration are distributed so that at least two people are involved. The work of one person acts as a check on the work of the other. All checks are fully documented.

See [Annex 2](#) – Separation of Duties example for amendment (if necessary) and completion.

4. Budget planning and monitoring

The school ensures that the School Development Plan (SDP) forms the driving force behind the budget plan, with the emphasis on value for money. Where there are competing bids for funds, these are ranked in order of priority and incorporated into the budget plan as funds allow.

The Headteacher has overall responsibility for preparing the draft and final budgets linked to the SDP. Initially, these will be considered by the Finance and Premises Committee. The final budget is approved by the full Management Committee and is submitted to the local authority by the statutory deadline of 1st May.

In its medium-term projections, the school uses realistic assumptions about future funding, pupil numbers and pressures, using guidance provided by the local authority, as well as local knowledge.

The Management Committee regularly benchmarks current and past performance to identify where the school's pattern of spend and income is misaligned with other schools, and thresholds set by the government.

The school has no legal powers to set a deficit budget. If the school is unlikely to achieve a balanced budget position, the Schools Finance and Monitoring Team at Surrey County Council should be informed immediately (sfmt@surreycc.gov.uk).

Virements (i.e., movement of funds between budget headings)

Virements to the approved budget are minuted and require the following authorisations:

- Headteacher has delegated authority from the Management Committee to vire funds between cost centres up to the value of £10,000 for a single transaction without members approval, within the framework of the budget
- Full Management Committee must agree any virement above these limits

All budget virements are recorded on a virements form by the School Business Manager and authorised by the Headteacher in advance of being actioned on FMS. They are reported to the Management Committee at the next available opportunity.

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. The Management Committee receives financial monitoring reports (FMRs) at least ten times a year, including an expected year-end financial position; the FMR includes reconciliation checks to the underlying financial records, as well as a narrative to explain the most significant variances to plan.

5. Purchasing/Payment of accounts

The school applies the principles of Best Value when making purchases and awarding contracts.

The Management Committee aims to achieve best value for money from all its purchases.

The Headteacher is responsible for ensuring procedures are in place for testing the market, placing of orders, and paying for goods and services; these comply with the requirements detailed in the local authority's finance manual.

The school maintains a Register of Business Interests (see Annexe 1) that is completed by Committee members, Headteacher and other members of staff who may have influence over purchasing decisions. This is used to disclose any business interest they or their immediate family have. This is referred to before reviewing quotations or awarding contracts and, if this confirms a business interest, the person involved leaves the meeting and can therefore take no part in the decision-making process; this is confirmed in the governors' minutes. The register is updated at least annually.

In general, when the school makes a payment, the lowest tender is accepted. If an alternative is chosen, it requires prior approval from the Management Committee and the reasons for accepting it must be recorded in the minutes.

The Headteacher keeps quotations as well as copies of contracts, to ensure compliance and for audit purposes.

Expenditure limits

The inclusion of items within the school's approved budget plan gives authority to spend. However, the school has certain expenditure limits for **single** transactions:

- The Headteacher has the delegated authority from the Governing Body to authorise expenditure up to the value of £10,000 for a single transaction, without management committee approval within the framework of the budget
- Deputy Headteacher can authorise a purchase order up to the value of £250.00
- The Management Committee must agree any expenditure above these limits or where no provision in the budget has been made

The school regularly reviews the limits set to ensure they are still appropriate and record this in the committee minutes.

Where larger value purchases are made the school complies with the financial limits set in Surrey's Procurement Standing Orders. These detail the number of quotations required at certain thresholds as well as conditions for tender.

Use of purchasing cards

For instances where the purchase order system would prove unrealistic, the school uses its purchasing card(s), obtained through Surrey's Banking Team. As this represents a greater financial risk, the management committee have adopted the following controls:

- Written instructions are provided on its use
- The spending limit for the card is £2,000 per month
- The School Business Manager controls the use of the card; this includes a record of cardholder name, spending limit as well as a signing out procedure
- A record keeping system should be used to record the details of each transaction to include date, payee and amount of transaction and authorisation for each transaction
- The authoriser will need to be a different person from the card holder
- The person/s administering the card and reconciling payments each month cannot be a card holder
- Documentary proof (including a VAT receipt) for any goods purchased with the card is provided to the person recording card transactions as soon as is reasonably practical.
- The Headteacher reviews the use of the purchasing card at least annually

- The card is returned to Surrey's Banking Team and cancelled if the cardholder leaves the school's employment.
- The card is kept with the cardholder or in the school safe when not in use.

6. Income generation & charging for school activities

The school adopts the principles that any income should be:

- Identified and collected whether in cash/cheque or via the online payment system
- Receipted, banked promptly and intact;
- Easy to track via a clear audit trail

The Headteacher is responsible for ensuring procedures are in place for collecting income and that these comply with the requirements detailed in the local authority's finance manual; these ensure separation of duties to reduce the risk of error, fraud, and protect school staff.

The Management Committee has a Charging and Remissions policy setting out the defined activities it chooses to charge for, whilst minimising the financial barriers which may prevent some pupils from taking full advantage of opportunities. The government identifies those activities for which no charge can be made. The school makes this policy available to parents upon request.

The Headteacher ensures that all income due to the school meets the requirements of these policies.

In terms of all income generation, including fundraising activities and sales of assets too, the school meets any VAT requirements.

Any money owed to the school has an impact on the budget. The Management Committee is responsible for ensuring that procedures are in place for the recovery of any outstanding debt. Bad debts up to the value of £150 may be written off by the Headteacher and reported back to the Management Committee or nominated committee at the next meeting. The school must agree any debt write off over £150 with the local authority as part of their external check on the losses of public funds.

7. Banking arrangements

The school's banking arrangements comply with the requirements of Surrey's Scheme for Financing Schools, as well as the detailed operational guidance contained with Section G of the finance manual.

Bank account signatories are limited to members of school staff. The school has two bank signatories, senior staff members, which it considers sufficient to meet its obligations for payments, whilst minimising financial risk. For control reasons none of the admin' team are signatories or can authorise BACS payments. When a signatory leaves the school, the mandate is updated immediately.

Payment requirements are for one signatory on cheques/BACS authorisations up to £250, and two signatories above this amount.

The school's bank account always remains in credit.

Petty cash

Petty cash is always held securely and the limit for petty cash is £300.00. Petty cash transactions are kept to a minimum with the maximum value of any one transaction being £20.00. All staff obtain proper VAT receipts, wherever possible, for petty cash purchases to allow VAT to be reclaimed.

The petty cash account is reconciled monthly as part of the period end process.

Use of debit card

For instances when obtaining petty cash from a bank using a cheque would prove impractical, the school uses its debit card, obtained through Surrey's Banking Team. As this represents significant financial risk, management committee have adopted the following controls:

- Only the named cardholder is authorised to use the debit card
- Staff are required to sign a declaration confirming they understand the policies and procedures for use of the debit card
- The card is used to withdraw cash from any ATM; the withdrawal limit is £200 per day
- The cash withdrawn is returned to the cardholder's base as soon as operationally possible, together with a receipt for the amount
- The School Business Manager or administrative assistant counts the cash, records on the school's finance system, and ensures it is made secure in the cash box/safe etc.
- The person reconciling receipts each month is not the card holder
- The card is kept in the safe when not in use
- The card is returned to Surrey's Banking Team and cancelled if the cardholder leaves the school's employment.

8. Asset management

The Management Committee is responsible for maintaining the assets and property of the school and ensuring that financial controls are in place to reduce theft, misuse, and loss.

Items of value are locked away when not in use, and the school has a list of keyholders.

The school maintains an inventory of moveable non-capital assets with an individual or collective value of £1,000 to comply with the Surrey Scheme for Financing Schools but has also set its own criteria for items of smaller values, including any exclusions.

Items are checked against the inventory on an annual basis by the School Business Manager and administrative assistant, with any changes of location noted, and the record is certified as retained as a permanent record.

Any loss of property is reported to the Management Committee and, if financial irregularity is suspected, the audit department, part of Orbis, are contacted.

All staff are made aware of the property they are responsible for, and the school has a means of recording items loaned to staff and taken off school premises.

When goods are disposed of, the procedures comply with the local authority's procurement standing orders.

9. Insurance

The school is insured through Surrey County Council's Scheme.

The school notifies their insurer of any changes in risk which may result in refusal to pay out a claim and, if an incident is likely to give rise to a claim, contacts them promptly.

The school recognises that cover does not apply for assets locked in the school, if keys or combination codes are left onsite outside school hours,

10. Unofficial/voluntary funds

The school's unofficial fund is for those monies that are not part of the official ones of the local authority. They are still for the benefit of the pupils and, as such, have the same extent of financial control as the public ones.

The Management Committee act as trustees of the fund, whilst day to day responsibility rests with the Headteacher.

The school has a governing document for the fund which includes:

- Types of activities dealt with by the fund
- How funds are raised
- Who benefits
- Who is responsible
- Banking arrangements and signatories
- Level of reserves to be retained
- Audit arrangements
- Level of delegated authority for spending

The governing document is reviewed annually to ensure its contents remain current.

The standards applied to the administration and control of the school fund are the same as those for the delegated budget.

The school fund accounts are examined annually by someone independent from the school's management, within three months of the account year-end. That person has a financial background and sufficient expertise to carry out their role effectively.

The Management Committee receives both the school fund accounts and the independent audit certificate each year when any discussion is formally minuted.

11. Personnel/payroll

The salaries for all members of staff are calculated for budget planning purposes, and to enable an accurate forecast of outturn.

The Pay Committee undertakes an annual review of the Headteacher's salary, making use of independent professional advice, and makes recommendations to the Management Committee for approval.

The Headteacher carries out an annual review of all other staff, consistent with the school's pay policy, and reports to the Management Committee. Details of salaries are recorded as a confidential item in the minutes.

The school's payroll provider is Surrey County Council; To ensure financial control, the Headteacher authorises all overtime as well as the monthly payroll submission.

The school uses the government's tool, Check Employment Status for Tax (CESTI, to find out of workers should be classed as employed or self-employed for tax purposes.

12. Data security

The school complies with the requirements of the General Protection Data Regulations (GDPR), designed to protect individuals and the personal data that is held about them. All information relating to personnel is processed in line with the following principles:

- obtained and processed in a lawful, fair, and transparent manner
 - held only for specified lawful purposes
 - adequate, relevant but not excessive for those purposes
 - accurate and up to date
 - retained for no longer than is required
 - kept securely

The Management Committee is responsible for the proper use of software in the school and has procedures in place to ensure only licensed software is used. Arrangements are in place for regularly updating passwords together with procedures allowing secure access to them, should a member of staff be unavailable.

The Management Committee has approved arrangements to ensure safekeeping of electronic information off school premises, using a remote backup facility.

13. Financial irregularities

Under Surrey's Whistleblowing arrangements an independent confidential hotline telephone number has been set up with NAVEX GLOBAL (previously Expolink) (confidential

whistleblowing line) 0800 069 8180; alternatively, people can email surreycc@navexglobal.co.uk. All staff are made aware of this arrangement as part of their induction. These details are also included within the school's staff handbook.

14. Audit

The school demonstrates compliance with the Schools Financial Value Standard (SFVS) each year. A working party of committee members evaluates the school's financial controls against the standard to ensure that it meets basic requirements for good financial health and resource management. The standard and any remedial actions identified (including timescales) are taken to the management committee for approval.

The Orbis Schools Audit Programme examines whether financial and other key risks within the school are robustly managed and that there are appropriate mitigating controls in place. The Headteacher is responsible for actioning any recommendations identified and, if this task is delegated, still monitors and records implementation.

The audit report is shared at the next full Management Committee meeting following its receipt. The Management Committee is responsible for reviewing progress on any actions identified.

Annex 1 – Register of business interests

Source: Schools Financial Value Standard (SFVS) – Checklist guidance

All committee members and staff should complete the school's register of business interests. This register should be kept up-to-date and be freely available for inspection by committee members, staff, and parents. For maintained schools, the guidance for local authority schemes for financing schools states that local authority schemes should require schools' governing bodies to have a register of business interests.

What interests should be declared to avoid conflicts of interest?

All business interests should be declared that could result in a conflict of interest:

- financial – interests in a contract or proposed contract by direct or family connection
- appointment – interests in the provision for sponsor governors or interests in someone's appointment, reappointment, or suspension from office as a committee member or clerk to the management committee
- pay and performance – interests in the pay or appraisal of someone working at the school in cases where the committee member or staff member is also paid to work at the school

Committee members and staff have a responsibility to avoid any conflict between their business and personal interests and the interests of the school. This is essential for effective and accountable financial management of the school.

'Declarations of interest' should be a standing item at the beginning of the agenda for every management committee meeting to help identify potential conflicts of interest and if any updating or further action is needed.

The management committee should use their up-to-date register of business interests in every meeting to identify any conflicts of interest. Individuals are responsible for declaring immediately if they have a conflict of interest with any matter being discussed. If there is a conflict of interest, the relevant person is required to withdraw from a meeting and not vote on the issue in question.

Name	Relevant Business Interest (name of organisation and nature of interest)	Links to other education establishments (name of school and nature of link)	Personal relationships (name of member of staff/ governor and nature of relationship)	Date declared

Annex 2– Separation of Duties Checklist

	Management Committee	Headteacher	Deputy Head/ Assistant Head	School Business Manager	Finance/ Admin Assistant	Other members of staff
A. ORDERING						
Complete requisition form		x	x		x	x
Authorise requisition form (with values)	x	x	x			
Process order on FMS					x	
Authorise order on FMS					x	
Sign paper copy of order						
Check delivery note to goods <u>received</u>					x	
Check delivery note to order					x	

B. INVOICE PAYMENTS	Management Committee	Headteacher	Deputy Head/ Assistant Head	School Business Manager	Finance/ Admin Assistant	Other members of staff
Check invoice to delivery note/order (where applicable)				X	X	
Sign invoice to authorise payment		X	X			
Process invoice on FMS					X	
Authorise invoice on FMS					X	
Produce cheques/BACS run				X	X	
Certify invoices				X		
Sign cheques/Authorise BACS run		X	X			

	Management Committee	Headteacher	Deputy Head/ Assistant Head	School Business Manager	Finance/ Admin Assistant	Other members of staff
C. PURCHASING CARD						
Cardholder authorised to use purchasing card: Individual transaction limit		X			X	
Process transactions on FMS					X	
Check transaction log		X				
D. PETTY CASH						
Cheque signatories for cash from bank £250		X	X			
Issue cash to staff (requires signature)					X	
Record income and expenditure on FMS				X		
Reconcile petty cash each month					X	
E. INCOME						
Raise invoices and enter				X		

system (if necessary)						
For cash: Collect income and issue receipt				X	X	
F. PURCHASING/PROCUREMENT	Management Committee	Headteacher	Deputy Head/ Assistant Head	School Business Manager	Finance/ Admin Assistant	Other members of staff
Obtain oral quotations					X	
Obtain formal written quotations					X	
Acceptance of quotations (include values)	X	X				
Prepare tender documentation				X		
Receive tenders				X		
Open tenders				X		
Evaluate Tenders				X		
Appoint Successful Contractor	X	X				

G. PERSONNEL/PAYROLL	Management Committee	Headteacher	Deputy Head/ Assistant Head	School Business Manager	Finance/ Admin Assistant	Other members of staff
Authorise appointment of staff		X				
Complete payroll forms for contract changes, supply, etc.				X		
Authorise payroll forms – additional hours etc NB Chair of Governors to authorise Headteacher's		X				
Check staff salaries on month end reports				X		
Investigate variances between actuals and estimates				X		
Monitor staff budgets				X		

H. BUDGET MANAGEMENT	Management Committee	Headteacher	Deputy Head/ Assistant Head	School Business Manager	Finance/ Admin Assistant	Other members of staff
Monthly reconciliation of school's delegated bank account				X		
Produce local authority month end reports (VAT reimbursement etc)				X		
Undertake monthly/yearly reconciliation process				X		
Authorise month end reports		X				
Produce financial reports				X		
Review monthly reports	X	X				
Complete any budget movements required – virement form: Authorise (limits) <u>Action</u>	X	X		X		

I. UNOFFICIAL FUNDS	Management Committee	Headteacher	Deputy Head/ Assistant Head	School Business Manager	Finance/ Admin Assistant	Other members of staff
Authorise bank accounts and signatories	X	X				
Appoint an auditor				X		
Present accounts for audit				X		
Receive audit certificate and statement of accounts				X		
Receive management reports	X	X				
Authorise spending (insert values)		X				
Maintenance of accounting records				X		
Monthly reconciliation of school fund to bank account		X				

	Management Committee	Headteacher	Deputy Head/ Assistant Head	School Business Manager	Finance/ Admin Assistant	Other members of staff
J. DEBIT CARD						
Cardholder authorised to use purchasing card: Individual transaction limit £200		x	x			
Process transactions of FMS				x		