

GREAT SANKEY PRIMARY SCHOOL

FINANCIAL MANAGEMENT - BUDGET PLANNING

INTRODUCTION

Much of a School's life is directly or indirectly controlled by the School budget. The School has in fact two major budgets to manage:

- 1) The delegated budget, often referred to as the 'budget'.
- 2) the private school fund subject to the same standards of financial management as the main budget.

The constant monitoring, evaluating and reviewing of the budget is crucial if it is to be deployed in a dynamic and effective way. The management of the budget should also provide the mechanics of accountability for the budget holders and managers. Budget planning is a drawn out process and must be completed before any more than a small proportion of the prospective budget can be allocated. The formation and management of the budget should always endeavour to ensure that all available funding is used to meet the School 'Aims and Objectives', priorities as identified in the School Improvement Plan and changing needs.

BUDGET PLANNING

The day to day steering and strategic budget planning has been delegated by the Governors to the Headteacher. The Headteacher will consult closely at all stages with the school's Finance Officer, the Budget Manager from the Local Authority and the SMT. Budget holders (Subject area Co-ordinators) are involved at various points and their Improvement Plans are pivotal in planning some aspects of the budget. The Chair of Governors or another governor will attend important meetings concerned with budget planning, and a general Governors' meeting is required to endorse the proposed budget.

N.B. The payroll is the largest single budgetary consideration and much of its administration is conducted by the LA. The Headteacher, Finance Officer and School Secretary directly liaises with the LEA on payroll issues.

The Finance Planning Cycle Is As Follows:-

The following planning cycle attempts to provide sufficient time for all relevant factors to be considered in the formulation of the Budget.

Autumn Term

- ☐ Initial planning and curriculum needs established.
- ☐ Draw up spending plan.
- ☐ Review of progress of School Improvement Plan.
- ☐ Draw up and confirm annual SIP objectives.
- ☐ Conduct half-yearly budget review.

Spring Term

January/March

- ☐ Review SIP progress and spending plan.

- ☐ Budget review.
- ☐ Draft budget drawn up discussed with SMT, Finance Officer, Budget Manager and Chair of Governors.
- ☐ Governors meet to discuss proposed budget.
- ☐ Draft budget discussed with staff to inform their planning.
- ☐ Previous year's budget analysed. Most orders committed by the end of February.
- ☐ Budget discussed with whole Governing Body, also staffing implication, etc.,
- ☐ Budget holders meet to discuss allocation.
- ☐ Old accounts reconciled and preliminary allocation made for the new financial year.

April

- ☐ New budget to school analysed and checked against initial budget plan, preliminary adjustments made.
- ☐ Budget discussed at Governors Meeting. VB 1 agreed.
- ☐ Adjustments made.
- ☐ Budget allocated and returns sent to LA. VB1 returned

Summer Term

May

- ☐ Chair of Governors regularly informed of progress.
- ☐ Review SIP progress and spending plan.
- ☐ Budget formally agreed by Governing Body.
- ☐ Development fund allocated on the basis of draft School Improvement Plan.

During the course of the year the budget is regularly monitored by the Headteacher and the Finance Officer - information is provided to budget holders and the Governing Body. From September 2008. information has been provided on a monthly basis. Staff are regularly informed at briefings about the state of the budget. The budget is managed in a dynamic way and funds are moved between budget headings (virement) to reflect changing needs. Any virements greater than £3000 are only made with the Governors' approval.

INTERNAL FINANCIAL CONTROL

Different aspects of budget management have their own specific systems for processing and recording transactions - see policies on income and purchasing. By implementation of the correct procedures dictated by the specific system, a high degree of sound financial control should be achieved. Some internal controls are common to most systems and are outlined below:

- ☐ the checking of one person's work by another;
- ☐ the separation of duties - this can also produce a degree of security for staff;
- ☐ authorisations, e.g. a transaction may only continue for processing by one person when authorised as 'correct' by another;
- ☐ alterations to any original documents, e.g. cheques, invoices and orders should be made clearly in permanent ink. Correcting fluid must not be used;
- ☐ descriptions of the control - a written policy or handbook;
- ☐ security of accounting records, .e.g. the use of passwords to accounts data;

- all transactions should be traceable from the original document to the account records and vice versa, e.g. by use of a reference(s) a cheque, respective ledger entry, invoice and original order should all be traceable to each other.

A TYPICAL BUDGET DISTRIBUTION - NOMINAL

N.B. The largest area of budget expenditure, i.e. payroll is only administered through the payroll system which is run by the LA.

The following nominal headings are those usually used to give details about the budget:

Employee Costs:

- + Teachers
- + Supply Teachers
- + Admin & clerical staff
- + Nursery Nurses
- + Mainstream Teacher Assistants
- + SEN Support
- + Cleaners
- + Maintenance Officer
- + MDAs
- + Senior MDAs
- + Sickness Insurance Premium
- + Training

Premises Costs:

- + Cleaning Materials
- + Buildings Maintenance
- + Vandalism
- + Grounds Maintenance
- + Water
- + Oil
- + Electricity
- + Gas
- + Hire of Pools
- + Rates

Supplies and Services:

- + Equipment – Admin.
- + Equipment - Curriculum
- + Equipment – Contracts
- + Equipment – Medical and Hygiene
- + Photocopier
- + Capitation
- + Furniture
- + Hospitality
- + Textbooks
- + Purchased Meals (MDA)
- + Uniform
- + Printing

- + Agency supply Teachers
- + Agency Supply Teaching Assistants
- + Postage
- + Refuse Removal
- + Insurance
- + ICT Development – hardware
- + ICT Maintenance
- + Service Level Agreements with the LA
- + Telephones and Telephone Lines
- + Internet

Transfer Payment:

- + School Contingency Fund

Income:

- + Hire of the hall and playing field