

Finance Policy and Scheme of Delegation

School: Rawdah Montessori Primary School

Date: Feb 2026

Approved by: The Governing Body / Proprietor

Review Date: Annually

1. Introduction and Purpose

This Finance Policy sets out the framework for the proper financial management of Rawdah Montessori Primary School. It is designed to ensure that public funds (where applicable) and school income are managed with the highest standards of integrity, accountability, and transparency.

The purpose of this policy is to:

- Ensure the financial viability of the school and the efficient use of resources.
- Define clear roles, responsibilities, and authorisation levels for all financial transactions.
- Establish robust procedures for budgeting, procurement, payments, and recording.
- Prevent and detect fraud, error, and impropriety.
- Comply with all relevant legal and regulatory requirements, including those of the Charity Commission (if applicable) and HMRC.

2. Key Principles of Financial Management

Our financial practices are underpinned by the following principles:

- **Best Value:** We will seek to obtain the best value for money in all our purchases, considering quality, suitability, and whole-life cost, not just the initial price.
- **Regularity and Propriety:** All transactions must be in accordance with the school's legal framework and internal procedures, and must be proper, transparent, and defensible.
- **Separation of Duties:** No single individual should have control over all stages of a financial transaction. Duties for authorising orders, receiving goods, and approving payments will be segregated to minimise the risk of error or fraud.
- **Accuracy and Accountability:** Accurate financial records must be maintained to provide a true and fair view of the school's financial position and to inform decision-making.
- **Forward Planning:** Financial planning, particularly through the annual budget, is essential for sustainability and strategic development.

3. Roles and Responsibilities

Clear allocation of responsibilities is fundamental to good financial governance.

- **The Proprietor (Governing Body):** Has ultimate responsibility for the school's financial management. They must approve the annual budget, monitor financial performance, and ensure a robust control framework is in place. They delegate day-to-day financial management to the Headteacher.
- **Finance Committee (if applicable):** A sub-committee of the Governing Body that reviews financial plans, monitors expenditure against budget, and makes recommendations to the full Governing Body.
- **Headteacher:** As the accountable officer, the Headteacher is responsible for the day-to-day management of the school's finances in line with the delegated authorities. They ensure that staff comply with this policy and that the school operates within its approved budget.

- **Business Manager / Finance Officer:** Responsible for the operational running of the finance function, including maintaining the accounting system, processing orders and payments, preparing management accounts, and advising the Headteacher on financial matters.
- **Chair of Governors:** Authorises the Headteacher's expenses and, along with the Headteacher, signs off the annual budget and key statutory returns.
- **All Staff:** Are responsible for following this policy, ensuring value for money, and reporting any concerns about financial irregularity through the appropriate channels (e.g., the Whistleblowing Policy).

4. Annual Budget Setting and Monitoring

The annual budget is the school's financial plan for the forthcoming academic year.

- **Preparation:** The Headteacher and Business Manager will prepare a draft budget for the next academic year by [e.g., June] each year. This will be based on projected pupil numbers, known fee income, forecast expenditure, and the school's development plan priorities.
- **Approval:** The draft budget must be reviewed by the Finance Committee (if applicable) and formally approved by the full Governing Body (Proprietor) **before the start of the academic year**. The approval must be recorded in the minutes.
- **Virement (Transfer of Funds):** The Headteacher is authorised to vire (transfer) funds between budget headings up to **£1,500** without prior governor approval. Any virement between **£1,501 and £5,000** requires the approval of the Chair of Governors (or Finance Committee Chair). Any virement exceeding **£5,000** requires the approval of the full Governing Body.
- **Monitoring:** The Business Manager will produce monthly management accounts, showing actual income and expenditure against the budget. These will be reviewed by the Headteacher and presented to the Finance Committee/Governing Body at least termly to monitor performance and inform decision-making.

4.1 How Budgets for Various Cost Areas Are Determined and Set

The annual budget is not an arbitrary figure; it is constructed through a process of evidence-based forecasting and consultation to ensure resources are allocated effectively to meet the school's educational and operational goals.

The process for determining cost centre budgets is as follows:

- **Step 1: Income Forecast (January - February):** The Headteacher and Business Manager forecast the expected pupil numbers for the following academic year based on current enrolment, applications, and feeder class numbers. This determines the projected fee income.
- **Step 2: Fixed and Essential Costs (February - March):** These are non-negotiable costs calculated first.
 - **Staffing (c. 70-80% of budget):** Salaries, pensions (Teachers' Pension Scheme), and employer's National Insurance are calculated based on the staffing structure for the coming year. Increments and any planned new roles are included.
 - **Premises Costs:** Rent/mortgage, business rates, utility bills (based on historical usage plus estimated increases), building insurance, and planned maintenance contracts.
 - **Regulatory Compliance:** Costs for ISI inspection fees, safeguarding training, DBS checks, and health and safety compliance.
- **Step 3: Departmental and Curriculum Allocations (March - April):**
 - **Per-Pupil Allocations:** A base amount is allocated for each pupil for consumables (e.g., exercise books, art materials). For example, £[e.g., 50] per pupil per year for general classroom supplies.
 - **Montessori Materials:** A specific ring-fenced budget is allocated for the replacement and enhancement of Montessori learning materials, based on an audit by the Montessori Lead.
 - **Subject/Area Bids:** Class teachers and subject leads (e.g., for Islamic Studies, Science, PE) are invited to submit a "bid" for resources for the following year. Bids must include a clear educational rationale. The Headteacher reviews bids against the strategic priorities for the year.
- **Step 4: Central Service Costs (April - May):**
 - **ICT:** Budget for software licenses, device replacement cycle, broadband, and technical support.
 - **Marketing and Admissions:** Budget for open days, website maintenance, prospectus printing, and advertising.
 - **Staff Training and CPD:** A central budget is held for staff professional development, aligned with the school improvement plan.

- **Step 5: Review and Challenge (May):** The draft budget, including all the above allocations, is reviewed by the Senior Leadership Team (SLT). They challenge assumptions, review bids, and ensure that the total proposed expenditure does not exceed the forecast income plus any planned surplus.
- **Step 6: Final Approval (June):** The balanced draft budget is presented to the Finance Committee and then to the full Governing Body for final approval **before the start of the new academic year**.

Carry-Forward and Reserves: The budget will also consider any surplus or deficit from the current year. A prudent level of unrestricted reserves (typically 3 months' operating costs) is targeted to safeguard against unforeseen circumstances.

5. Scheme of Delegation: Authorisation of Expenditure

This scheme sets out who can authorise expenditure at different financial levels. The limits apply to single transactions or projects. For contracts involving ongoing payments (e.g., service contracts), the limit applies to the total contract value over its lifetime.

Value of Expenditure / Transaction	Authorisation Required	Notes
Below £500	Headteacher or Business Manager	Must be within approved budget headings.
£501 – £1,500	Headteacher and Chair of Governors	Both approvals must be obtained before a commitment is made. Written (email) approval is acceptable.

Value of Expenditure / Transaction	Authorisation Required	Notes
£1,501 – £5,000	Headteacher, Chair of Governors, and Finance Committee (or full Governing Body)	A competitive quotation process is required (see Section 6). Formal approval minuted.
£5,001 – £10,000	Full Governing Body	Full tender process may be required. Formal approval minuted before proceeding.
Over £10,000	Full Governing Body	Formal tender process required. Legal advice may be sought. Formal approval minuted.

Capital Expenditure: Any single item of capital expenditure (e.g., building works, ICT infrastructure) over **£2,000** requires Governing Body approval, regardless of the limits above, due to its impact on the school's fixed assets and long-term finances.

Note: No individual may authorise expenditure for which they are the sole beneficiary (e.g., their own expenses).

6. Procurement Policy and Procedures

We are committed to obtaining best value for money through fair, open, and transparent procurement processes.

- **General Principles:**

- All goods and services must be ordered using an official school **Purchase Order (PO)** . Verbal orders should be avoided and confirmed in writing immediately afterwards.
- Orders must not be split into smaller amounts to avoid authorisation limits.
- A record of all orders and contracts will be maintained on a contract register.

- **Competitive Quotations and Tenders:**

- **Below £500:** Direct purchase permitted, ideally from an approved supplier.
- **£501 – £1,500:** At least **two** written quotations should be obtained to demonstrate best value.
- **£1,501 – £5,000:** At least **three** written quotations must be obtained from suitable suppliers.
- **£5,001 – £10,000:** A formal tendering process should be considered, with a clear specification and invitation to tender. At least three tenders should be sought.
- **Over £10,000:** A formal, competitive tender process is required. This should include a written specification, a set of award criteria (e.g., 60% quality, 40% price), a clear timeline, and a formal evaluation process involving at least two people. The decision must be documented and approved by the Governing Body.

- **Receipt of Goods and Services:**

- Upon delivery, goods must be checked against the delivery note and the original purchase order to ensure they are correct and undamaged.
- The delivery note should be signed and dated. If goods cannot be checked immediately, note "received but not checked" on the delivery note.
- The signed delivery note is the key evidence that goods have been received and authorises the processing of the invoice for payment.

7. Payment Procedures

7.1 Bank Account Signatories and Payments

The school's bank accounts shall have a minimum of **four** authorised signatories at any time to ensure resilience (e.g., during staff absence). The customary signatories shall be:

1. The **Headteacher** (mandatory)
 2. The **Chair of Governors** (mandatory)
 3. The **Business Manager / Finance Officer** (operational)
 4. One additional **Governor** (e.g., the Vice-Chair or Treasurer), appointed annually by the Governing Body.
- **Bank Mandate:** The official bank mandate (the list of approved signatories held by the bank) must be reviewed and updated at least annually by the Governing Body, or immediately upon any change of personnel.
 - **Cheque and BACS Payments:**
 - All payments (cheque and electronic) require **two authorised signatories** from the approved list.
 - The two signatories must be different people.
 - For BACS payments, a two-stage authorisation process within the online banking system must be used (one person creates the payment, a second, different person authorises its release).
 - The person authorising the order should not be the person authorising the payment, to maintain segregation of duties.
 - **Conflict of Interest:** No signatory may authorise a payment for which they are the direct beneficiary (e.g., their own expenses or salary). In such cases, the payment must be authorised by two *other* authorised signatories.

7.2 Debit Card Custody and Management

School debit cards (and any credit cards) are strictly controlled assets.

- **Custodians:** The school shall hold a maximum of **two** debit cards.
 - **Card A:** Held by the **Headteacher**.
 - **Card B:** Held by the **Business Manager**.
- **Register:** A central Card Register is maintained by the Finance Officer (or Clerk to Governors), logging the card number, the name of the custodian, the date of issue, and the date of return.

- **Security:** Cards must be stored in a locked safe when not in use or in the personal possession of the named custodian. Card details (number, CVV, expiry) must never be written down or stored digitally on an unsecured device.
- **Authorisation of Use:** Use of the card for any transaction must be pre-authorised in line with the Scheme of Delegation limits (e.g., a transaction of £400 requires Headteacher approval before the card is used).
- **Spending Limits:** Individual transaction limits will be set on cards (e.g., a default limit of £500). Any request for a higher limit for a specific purpose must be approved by the Headteacher.
- **Receipts and Reconciliation:** A valid VAT receipt must be obtained for every card transaction. The cardholder must submit the receipt and a brief note of the business purpose to the Finance Officer immediately upon return. The Finance Officer (who is not a custodian) will reconcile all transactions against bank statements monthly to maintain separation of duties. Un-reconciled or personal transactions will be recovered from the cardholder's salary.

7.3 Petty Cash

Petty cash is for minor, urgent expenses (up to £[e.g., 30]). All petty cash transactions must be supported by a valid receipt. The float will be reconciled regularly by the Finance Officer and checked by the Business Manager.

8. Staff Expenses

Staff may claim reimbursement for authorised, reasonable expenses incurred wholly, exclusively, and necessarily in the performance of their duties.

- **Authorisation:** All expense claims must be submitted on the official expenses claim form.
 - Claims by staff must be authorised by the Headteacher (or Business Manager).
 - The Headteacher's expenses must be authorised by the Chair of Governors.
- **Mileage:** Mileage will be reimbursed at HMRC's Approved Mileage Allowance Payment (AMAP) rates to ensure the payment is tax-free. Current rates are [insert current HMRC rates, e.g., 45p per mile for first 10,000 miles].

- **Receipts:** All claims must be supported by original itemised VAT receipts. Credit card slips or bank statements are not acceptable substitutes.
- **Processing:** All expenses, including mileage, should be processed through the payroll system to ensure correct tax and NI treatment. They will not be reimbursed from petty cash.
- **Loyalty Cards:** Staff must not use personal loyalty cards (e.g., Tesco Clubcard) when purchasing items for the school, as this could create a personal benefit from school expenditure and a conflict of interest.

9. Selection and Monitoring of Contractors

Engaging contractors (e.g., for building works, cleaning, IT support) requires specific procedures to ensure quality, safety, and value.

- **Pre-Engagement Checks:** Before engaging a new contractor for work over **£1,500**, the following checks must be completed and recorded:
 - Obtain at least three quotes as per Section 6.
 - Check relevant accreditations and insurance (Public Liability Insurance minimum £5 million).
 - For regulated work (e.g., gas, electrics), check the contractor is on a recognised competent person scheme (e.g., Gas Safe Register, NICEIC).
 - For work involving contact with children, an enhanced DBS check and safeguarding reference are required.
- **Contracts:** A formal written contract must be in place for all significant works or ongoing service agreements. The contract should clearly state the scope of work, price, payment terms, start and end dates, and termination clauses.
- **Monitoring:** The Headteacher or Business Manager is responsible for monitoring the contractor's performance against the contract. Any issues should be documented and addressed promptly.

10. Banking, Security and Record Keeping

- **Banking:** The school's bank accounts will be reconciled by the Finance Officer on a monthly basis. The reconciliation must be checked and signed by the Business Manager or Headteacher.
- **Security:** Cheques, cheque books, and card details must be kept in a secure, locked location.
- **Record Keeping:** All financial records, including orders, invoices, receipts, and bank statements, must be retained for the current financial year plus the previous **six years** (or as specified by HMRC and Companies House/Charity Commission requirements). Records must be stored securely and confidentially.

11. Anti-Fraud and Corruption

The school has a zero-tolerance approach to fraud.

- All staff are expected to act with integrity and to report any concerns about potential fraud, bribery, or corruption.
- Concerns should be reported to the Headteacher, or to the Chair of Governors if the concern relates to the Headteacher.
- The school's **Whistleblowing Policy** provides a mechanism for staff to raise concerns confidentially and without fear of reprisal.
- Any suspected fraud will be investigated thoroughly and, if proven, may lead to disciplinary action, dismissal, and/or legal proceedings.

12. Review of this Policy

This policy and the accompanying Scheme of Delegation will be reviewed **annually** by the Finance Committee and approved by the Governing Body to ensure it remains fit for purpose, reflects current legislation, and meets the school's needs.

Appendix A: Scheme of Delegation Summary Table

Area	Value / Type	Authorisation Required
Budget Approval	Annual Budget	Full Governing Body
Virement	Up to £1,500	Headteacher
	£1,501 - £5,000	Chair of Governors
	Over £5,000	Full Governing Body
Revenue Expenditure	Below £500	Headteacher or Business Manager
	£501 - £1,500	Headteacher and Chair of Governors
	£1,501 - £5,000	Governing Body (with 3 quotes)
	Over £5,000	Full Governing Body (tender process)
Capital Expenditure	Any item over £2,000	Full Governing Body
Procurement	Below £500	Direct purchase

Area	Value / Type	Authorisation Required
	£501 - £1,500	Two written quotes
	£1,501 - £5,000	Three written quotes
	Over £5,000	Formal tender process
Cheque / BACS	All payments	Two authorised signatories
Debit Cards	Custody	Headteacher and Business Manager only
Expenses	All staff	Headteacher
	Headteacher	Chair of Governors

Appendix B: Bank Signatories and Card Custodians (Current)

Role	Position Holder	Bank Signatory?	Card Custodian?
Headteacher	[Name]	Yes	Yes (Card A)

Role	Position Holder	Bank Signatory?	Card Custodian?
Chair of Governors	[Name]	Yes	No
Business Manager	[Name]	Yes	Yes (Card B)
Governor (Treasurer)	[Name]	Yes	No

This table must be updated immediately upon any personnel changes.

Document Control

Version	Date	Author	Changes
1.0	[Date]	[Name]	Original policy approved by Governing Body
1.1	[Date]	[Name]	Added detailed budget setting process, named bank signatories, and card custody procedures

Review of Policy Dates

REVIEW DATE	REVIEWED BY	SIGNED OFF (Name & Role)
Feb 2026	Governing Body	Chair: Sohaib Tanvir
Next Review Due:		
Feb 2027	Governing Body	Chair:
	Headteacher	Headteacher: