FINANCIAL TERMS OF REFERENCE AND ROLES, RESPONSIBILITIES

To be reviewed annually

Chair of Governors, Mr. Chris Dingle

Signed

Reviewed October 2026

Financial Terms of Reference and Roles, Responsibilities for East Preston Infant School

(See appendix for Delegation and Virements)

Introduction

The terms of reference have been produced to enable us to have a clear policy statement that identifies financial procedures and the financial management structure operating in East Preston Infant School.

These procedures are located in one reference document, which is available to view should the need arise during an internal audit or external assessment.

The Role of the Governing Body

The Governing Body is given their powers and duties as an incorporated body. The statutory responsibilities of the Governing Body are detailed in Section 21 of the Education Act 2002.

The Governing Body is the body ultimately responsible for the overall financial affairs of East Preston Infant School. It exercises this responsibility by establishing clear levels of delegation to the Finance Committee, to other Committees and to the Headteacher. The Headteacher and the Finance Committee may, in turn, authorise delegation to other members of staff to ensure sufficient clarity of responsibility and separation of duties to secure the effective and efficient administration of the school's financial affairs.

The Governing Body has a strategic role in the financial management of schools and its key responsibilities include:

- Approval and monitoring of the Annual Budget
- Authorisation of the 3 year financial plan
- Setting financial priorities through the School Development Plan, 3 year Financial Plan and the Annual Budget
- Ensuring the budget is managed effectively
- Ensuring the school meets all its statutory obligations and complies with its LEA's Financial Regulations and Standing Orders
- Determining virements and expenditure thresholds
- Authorisation of the Statement of Internal Control
- Appointment and salary of the Headteacher
- Determination of the staff complement and Pay policy for the school
- Authorisation of Terms of Reference for all committees
- Evaluating the effectiveness of spending decisions
- Authorisation of non-budgeted expenditure and virements subject to the limits in Appendix 1
- To approve financial regulations and procedures on an annual basis
- Act as a critical friend to the school on all financial matters

Where there are serious concerns over the schools finances the Governing Body will report these to the County Treasurer.

Terms of Reference and Role of the Finance Committee

The Finance Committee will meet at least once per term. The school will produce a report to each meeting of the Finance Committee showing expenditure to date, including commitments, compared to the budget set for each budget heading.

The Finance Committee has responsibility for the following:

- Provide guidance and assistance to the head and Governors in all matters relating to budgeting and finance, and to clearly define financial responsibilities
- Oversee the preparation of the annual budget plan and ensure links to the School Development Plan
- Recommend the final budget for approval by the full governing body
- Ensure that a recovery plan is put into place where a budget has gone into a deficit position or that there is a plan to spend surpluses
- Notify the approved budget to the LEA by the agreed deadline of 31st May
- Ensure that the school maintains compliance with the Schools Financial Value Standard (SFVS)
- Ensure the school adheres to the LEA's conditions of the 'Scheme for Financing Schools'
- Agree the level of delegation to the Headteacher for the day-to-day financial management of the school and authorise expenditure as per the limits set out in Section 2
- Monitor budgeted income and expenditure, ensuring that full explanations are available and ensure corrective action is taken where necessary
- Approve any debts written off
- Review tenders received for contracts, up to the limits in Section 2. Agree which contractors are to be awarded contracts and make recommendations to the full Governing Body
- Approve, after due consideration of costs and quality issues, the continuation (or cessation) of contracts, including LEA sources services
- Report on the schools finances at full Governing Body meetings
- Prepare and report upon a 3 year financial plan, to be presented to a full meeting of Governors
- Consider and approve a Statement of Internal Control and recommend it to the full Governing Body for approval
- Evaluate spending to ensure the budget provides value for money in terms of raising standards of education

- Approve and monitor transfer between budget headings (virements) within the agreed limits set out in Appendix 1
- Appoint an independent auditor for the audit of all non-public (voluntary) funds, including school funds and charity funds, which must be run in accordance with LEA regulations and ensure this audit is presented to the Governing Body
- Ensure recommendations arising from school audits are properly implemented
- Ensure a register of pecuniary and business interests for governors and staff is kept and is open to inspection
- Be aware of the Confidential Reporting (Whistle Blowing) policy
- Participate in staffing reviews and implement the Pay policy
- Establish procedures for governors to claim expenses and review these annually
- Agree the Risk Management policy statement
- Review these Terms of Reference annually and propose any amendments to the Governing Body
- Review and make recommendations to the Governing Body, on an annual basis, as to the formal approval and adoption of the schools financial procedures (e.g. purchasing and petty cash)
- Undertake reviews, in conjunction with the Headteacher, from time to time of the management organisation, accountancy systems and financial procedures of the school and their effectiveness including access to the computer systems
- Review the school lettings policy on an annual basis
- Ensure that records and assets are properly maintained and securely held
- Ensure that there is documentation containing information and a description of financial systems and procedures for all staff with financial management responsibility

Role of the Headteacher

The Headteacher has responsibility for the overall supervision of the day-to-day running of the financial affairs of the school.

The Headteacher can delegate specific responsibilities to members of staff as appropriate to their job descriptions, ensuring adequate separation of duties in both manual tasks and financial systems.

The Headteacher is responsible for the operation of the school's accounting systems, the supporting financial records and for the proper operation of financial processes in the school.

The Headteacher should monitor the financial position of the school on a regular (not less than monthly) basis.

The Headteacher should ensure that staff receive relevant financial training.

The Headteacher is responsible for drawing up and submitting to the Governing Body, an annual budget plan for the school's voluntary fund, and any proposals for revisions to the budget plan as required by the LEA.

The Headteacher is responsible for the preparation and presentation to the Finance Committee and to the full Governing Body, of reports on the school's finances in accordance with a pre-determined timetable as well as on an ad hoc basis as necessary.

The Headteacher is responsible for initiating consultations with the Chair of Governors and the Chair of the Finance Committee on any significant and exceptional financial circumstances or any financial matter that is causing concern. She should also report to the Chair of Governors:

- Any failure in any material respect of any member of the school staff to comply with these procedures
- Any circumstances which could adversely affect the school's finances
- Any matter of serious concern in relation to the school's finances

The Headteacher can amend the agreed budget by virements between any budget heading up to the limits set out in Appendix 1.

The Headteacher can authorise the purchase of individual items up to the limits indicated in Appendix 1.

The Headteacher must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under freedom of information legislation.

The Headteacher must give the Governing Body enough information to ensure that the Governors are confident that delegated responsibilities and the Headteacher's responsibilities have been met.

More specifically, the Headteacher has responsibility to:

- obtain Governors approval for any budget virements above her delegated authority level
- consider and respond promptly to recommendations in school audit/inspection reports, and advise Governors of results and any remedial action to be implemented
- ensure the adequacy of the school's insurance arrangements as part of the annual financial review
- implement the school Pay policy and appointment procedures
- set appropriate priorities for expenditure, allocate funds and ensure effective administrative control
- ensure efficiency and secure value for money

The Headteacher has delegated responsibility for:

- ensuring that the relevant LEA Financial regulations/Standing Orders and DCSF requirements are implemented
- establishing sound internal financial controls which are managed on a daily basis by the Headteacher and SBM
- ensuring the effective implementation of current financial systems and procedures described in the financial management handbook (even in the absence of key staff)
- checking that the funds delegated by the Local Authority are correct
- compiling draft budgets to the Governing Body and appropriate committees
- producing regular reconciled budget/financial reports to the Governing Body, LEA and DCSF as appropriate

Role of the Deputy Headteacher

The Deputy Head will have the authority of the Headteacher to continue the day-to-day running of the school's financial affairs when the Headteacher is unable to do so.

At any other time the Deputy Head may authorise payments as per Appendix 1.

The Deputy Head will also undertake such other duties or responsibilities relating to financial matters as may be required of them by the Headteacher. In exceptional circumstances or in an emergency situation, additional authority may be obtained from the Chair of Governors and the Chair of the Finance Committee or other Finance Committee member acting jointly.

Role of the SBM

- Responsibility for monitoring all day-to-day records of the school and reconciling them with the records of the Local Authority as appropriate
- Responsibility for the regular preparation, from the school's accounting system, of reports that will show the position of the school's finances as may be required by the Head and the Governors
- Responsibility for ensuring on a day-to-day basis that the financial procedures as set out in this documents and following guidance issued by the local authority, are followed by all who may be involved in any way in the school's finances
- Responsibility for reporting to the Headteacher any failure in any material respect of any member of school staff to comply with these procedures, any circumstances which could adversely affect the schools finances, any matter of serious concern in relation to the school finances
- Work with the Headteacher to prepare an annual budget for the school
- Responsibility for the management of staff appointed to undertake duties involving any aspect of the schools finances
- Authority to vire within Budget Headings as per the limits set out in Section 2, such as virements to be reported monthly to the Headteacher and included on regular virements reports to the Finance Committee
- Authorise orders not exceeding the limits set out in Appendix 1
- Duties commensurate with current job description

Administration

1. Keys to the safe are held by: Headteacher, Deputy Headteacher and SBM and are removed from the premises each evening
2. Cheque signatories are Claire New, Miss P. Moulson and SBM, as per the bank mandate which is held securely
3. The petty cash imprest level is authorised at £200

October 2026

Authorisation

Headteacher…… Date 23/10/2026

Chair of Finance Committee …… Date 23/10/2026

Chair of Governors …… Date 23/10/2026

Risk Management Policy Statement

Our approach to managing risks will be open and transparent and blame will not be attributed if decisions made in good faith turn out to be wrong.

Consistency in our approach to identifying, assessing, and managing risks across the school is key. Risks are regularly reviewed and any changes in circumstances are recorded and acted upon.

There is clear accountability for our risks. This includes the Scheme of Delegation, the Roles and Responsibilities document and an annual statement of internal control (SIC), signed by the Chair of Governors. We are open to regular internal audit and audit inspection by external agencies.

APPENDIX 1: LEVEL OF DELEGATION AND VIREMENTS

		Full Governing Body	Finance Committee	Chair of Finance Committee and Head	Head	Deputy Head	Head of Dept/ Budget Holder	School Business Manager/ Finance Officer
	Approval of Annual Budget/3 Year Plan	✓	✓					
	Variations to budget heads (Virement) over £3,000.	✓	✓					
	Variations to budget heads (Virement) under £3,000.				✓			
	Authorise expenditure Over £150,000	With the Director of Finance						
	Authorise expenditure £75,000 - £150,000	✓	✓					
	Authorise expenditure £20,001 - £75,000		✓	✓				
	Authorise expenditure £5001 - £20,000				✓			
	Authorise expenditure up to £5,000				✓	✓		
	Authorise expenditure up to £3,000				✓	✓		✓
	Authorise Petty Cash up to £200				✓	✓	✓	✓
	Appointment and salary of all permanent staff				✓			
	Appointment and salary of temporary staff				✓			
	Appointment and salary of supply staff				✓	✓		
	Appointment and salary of Head Teacher	✓						