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# Finance Policy

**Adopted November 2020**

**A Governance**

<b>Formally adopted by the Governing Body of All Angels' Federation</b>	
<b>On:</b>	<b>November 2020</b>
<b>Chair of Governors:</b>	<b>Rosemary Games</b>
<b>Review:</b>	<b>November 2021</b>

## General

1. A list of all governors, their membership of committees and terms of reference thereof, is attached at Appendix A.
2. The governing body meets at least once a term.
3. Committees of the governing body meet at least once a term.
4. The governing body agrees, no later than by the end of term, the dates of meetings for at least the next term.

## The Governors

5. The governing body approves the annual budget and the associated policies, e.g. charging policy, bad debt and redundant equipment policy.
6. The governing body is responsible for the overall direction of the school; it determines the school's spending priorities and evaluates the effectiveness of spending decisions.

## The Headteacher

7. The governors delegate responsibility for the day-to-day management of the school to the Headteacher.
8. The Headteacher ensures compliance with the financial regulations in Norfolk's Scheme for Financing Schools.
9. The Headteacher ensures that sound systems of internal control are in place.
10. The Headteacher compiles draft budgets.
11. The Headteacher monitors the budget monthly and supplies the finance committee with monitoring information.
12. The information for the finance committee takes the form of Norfolk's budget proforma (BCR), includes committed expenditure and is accompanied by a written commentary (MMR).

## The Staff

13. Staff comply with financial regulations in Norfolk's Scheme for Financing Schools and any school specific requirements.
14. Staff are responsible for any budget whose management is delegated to them.

## The Finance Committee

15. Membership is determined by the governing body and reviewed annually in the Autumn term.

16. The finance committee is responsible for:
- agreeing draft budgets for the governing body's approval in time for submission to the LA by 1 May each year
  - all financial appraisals
  - forecasting numbers on roll and future budget shares
  - monitoring and adjusting in-year expenditure
  - ensuring accounts are properly closed and reviewing the outturn position
  - evaluating the effectiveness of financial decisions
  - administering voluntary funds
  - as set out in the terms of reference for the finance committee.
17. Any review of staffing is agreed by the Finance and General Purposes Committee who assess the budgetary implications of the recommendations and advise the governing body accordingly.

### Expenditure Limits

18. The inclusion of an item in the approved budget plan gives authority to spend, save that the Headteacher seeks approval from the finance committee for any individual transaction in excess of £5,000.
19. The Headteacher authorises virements up to £10,000. Above this amount finance committee approval is sought. All virements are minuted.

### Orders

20. Quotations are obtained or tenders sought for purchases exceeding the limits set out in Norfolk's Scheme for Financing Schools.

### Minutes

21. Minutes are taken which record the basis for any decisions made and clearly state the decisions themselves. Draft minutes are circulated to members of the committee within one week of its meeting and are agreed and signed at its next meeting. The minutes of all committees are reported to the governing body.

### Register of Business Interests

The Clerk to the Governors maintains a register of business interest for governors and the Headteacher maintains one for staff who influence financial decisions. The register is attached at Appendix B. (Ref: 1B)

## **B FINANCIAL PLANNING**

1. The school development plan includes a statement of its educational priorities to guide the planning process. The school development plan states the priorities in sufficient detail to provide the basis for constructing budget plans.
2. There is a clear, identifiable link between the school's annual budget and the school development plan.
3. For each of the key issues in the school development plan, costs and other inputs are identified and budgets prepared.

4. The school development plan is reviewed in the autumn term to ensure that educational priorities are stated for the next three years and shows how the use of resources is linked to achieving the goals.
5. The school budget is revised after the review of the development plan and resources identified within the budget to deliver the plan's priorities.
6. The school budget is maintained for the statutory 3 financial years.
7. The budget is based on realistic estimates of all income and expenditure so that planned expenditure does not differ materially from the agreed budget.
8. The budget and cash flow forecast are profiled in accordance with likely spending patterns.
9. In the event of a budget surplus this is earmarked for a future specified use.
10. A record is maintained of all ongoing commitments with explanations of any significant year-on-year changes.
11. All new initiatives are appraised by the finance committee in relation to their costs, benefits and sustainability.
12. The main elements of the budget are fundamentally reviewed within a five year cycle. Benchmarking information helps to identify priorities.
13. The budget cycle is as follows:

#### Spring Term

- If necessary, the Headteacher prepares a revised budget for the current year for the finance committee to consider at its meeting in the first half of the term.
- The budget revision, once approved by the finance committee, is taken to the next meeting of the governing body for governor approval.
- The approved budget revision is sent to the LA by 28 February.
- A draft budget plan for the coming financial year, and at least two further years, is prepared by the Headteacher and taken to the finance committee meeting in the second half of the spring term. This will form the basis of the committee's recommendation to the governing body.
- The full governing body meeting is arranged to take place after the meeting of the finance committee. The governing body will carefully consider the budget plan and a report from the finance committee before approving the school's budget plan.
- The Headteacher submits the approved budget plan to the LA by 1 May each year.

#### Summer Term

- The Headteacher prepares a revised budget for the finance committee to consider. The revision takes account of the actual balance in hand or overspending for the previous financial year.
- The budget revision, once approved by the finance committee, is taken to the next meeting of the governing body for governor approval.
- The approved budget revision is sent to the LA by the end of the summer term.

#### Autumn Term

- The Headteacher prepares a revised budget for the finance committee to consider. The revision takes account of any changes to the school development plan, staffing

- adjustments and changes to the number of pupils on roll.
- The budget revision, once approved by the finance committee, is taken to the next meeting of the governing body for governor approval.
  - The approved budget revision is sent to the LA by the end of the autumn term.

## **C BUDGET MONITORING**

1. The school finance officer produces monthly monitoring reports, which include committed expenditure.
2. The finance committee receives the monitoring report at each meeting. The report takes the form of Norfolk's budget proforma.
3. The Headteacher, School Secretary and Finance Officer identifies and recommends to the finance committee appropriate remedial action for budget variances.
4. The Headteacher recommends to the finance committee how to vire any in-year underspends in excess of £10,000.
5. The Headteacher monitors expenditure on initiatives in the school development plan.
6. Holders of devolved departmental budgets are supplied with monthly monitoring reports. The Headteacher, School Secretary and Finance Officer monitor devolved budgets and agrees remedial action plans where necessary.
7. The Finance Officer monitors monthly cash flow to ensure the school does not go overdrawn.

## **D PURCHASING**

1. All orders comply with the LA's Standing Orders for Contracts as published in Norfolk's Scheme for Financing Schools.
2. The school demonstrates value for money through competitive tendering when appropriate or by using ESPO or other approved purchasing arrangements.
3. Prior approval of the governors is obtained for any expenditure in excess of £5,000. Orders are not artificially split to evade this limit.
4. The school will not enter into any "finance lease" and will ensure that any lease entered into is an "operating lease".
5. Three written quotations are obtained for any order whose value is estimated between £5,000 and £20,000.
6. If a quotation other than the lowest is accepted, it is reported to governors and the reasons minuted.
7. Contract specifications will contain the following:
  - contract duration
  - definitions
  - contract objectives
  - services to be provided
  - service quantity
  - service quality standards
  - contract value and payment arrangements
  - information and monitoring requirements
  - procedure for disputes
  - review and evaluation requirements

8. The official pre-numbered orders are used for all services except utilities, rent, rates, petty cash, kitchen provisions for school meals and any payments due under a loan/lease agreement. Any urgent oral order is confirmed by a written order.
9. Individuals will not use official orders to obtain goods or services for themselves.
10. All orders are signed by an authorised signatory and the finance office maintains an up-to-date list of signatories. This is attached at Appendix C.
11. The signatory will be satisfied that the goods or services are appropriate and necessary, that competitive tenders have been obtained where necessary and that there is sufficient budgetary provision.
12. Each order placed is entered in the school's financial system as a commitment.
13. Staff Charge cards may be used for purchasing item strictly in accordance with the Charge Card Policy see Appendix I (Charge Card Policy).
14. The school checks goods received against the delivery note and the delivery note is checked against the invoice. The invoice is also checked against the order. Evidence of this is provided by the use of rubber stamps approved by Norfolk Audit Services. The other checks indicated on the stamps are also carried out. These checks are not done by the person who signed the order.
15. Payment is made within the agreed time limits after certification by an approved signatory.
16. An invoice is authorised by the Headteacher then in addition approved by at least one alternative member of staff who is designated as a BACS approver. Orders and invoices are not approved by the same individual who checked receipt of the goods/services. Payment is only made against the original supplier's invoice and not on a statement.

## **E FINANCIAL CONTROLS**

1. A written description of all the school's financial systems and procedures is maintained. These are kept up to date and all appropriate staff trained in their use.
2. The Headteacher has secured contingency arrangements to ensure that financial control can be maintained in the absence of key staff. The Headteacher will be key contact for schools' financial controls. In her absence a member of staff in each school office is trained in the school's financial controls and could complete these in either of the federation's schools.
3. The Headteacher has due regard to separation of duties in organising financial duties. At least two people are involved in the completion of tasks and the work of one acts as a check on the work of the other.
4. The school maintains proper accounting records. All transactions can be traced from accounting records to prime vouchers and all prime vouchers are traceable in the accounting records. The use of correcting fluid is not allowed. Any alterations to original documents are clearly made in ink and initialled to identify the person making the alteration.
5. Documents relating to financial transactions are retained in line with the LA's recommendations, as outlined in Appendix D. (Ref: 4A)
6. All records are securely stored and access allowed only to authorised staff, i.e. school office staff, school finance officer and the Headteacher.
7. Where there is a requirement to account separately for earmarked funding the Headteacher ensures this is done and that money is spent on its intended purpose.



## F INCOME

1. The full governing body approves the school's charging policy and reviews it annually. The charging policy is attached at Appendix E. (Ref: 9A)
2. Proper records of all income due are kept. Lettings are approved by the Headteacher in accordance with the governors' policy and recorded in the lettings register. The lettings policy is attached at Appendix F. (Ref: 9C)
3. The responsibility of identifying and recording sums due is separated from the responsibility for collecting and banking income.
4. Official pre-numbered receipts are provided for any cash collected greater than £35 on request. Other formal documentation is kept for other income. Receipts are kept securely and in order.
5. Pending banking, cash and cheques are locked away.
6. Income is banked promptly and in full. Paying-in slips show the analysis between cash and cheques and cheques are individually listed. Income is not used for making any payment or for cashing personal cheques.
7. Income recorded in the accounts is reconciled monthly with the bank statement.
8. Where invoices are required, they are issued within 30 days.
9. The school sends a first reminder for any unpaid invoice after 3 weeks, a second reminder after 6 weeks and a final reminder after 9 weeks. Legal action is considered if a further 14 days lapse. Debts are written off only in accordance with the school's bad debt policy (see Appendix G). (Ref: 9B)
10. There are no vending machines or payphones in the schools.
11. Any cash transfers between staff are recorded and signed for.
12. The school uses Parent Pay for processing online payments from parents therefore all cash payments are discouraged.
13. Parent Pay transactions are reconciled with the bank statement as with all other income streams. Charges for online payments are accounted for as expenditure and income is recorded as gross receipts.

## G BANKING

For official funds, the school banks with Barclays Bank.

1. Bank reconciliations are completed monthly and any discrepancies resolved.
2. The reconciliation statement is signed by the person undertaking the reconciliation and reviewed and countersigned by someone who understands the reconciliation process.
3. The person completing the reconciliation should not be responsible for processing receipts or authoring payments.
4. Staff never use their private bank accounts for any receipt or payment due to or from the school budget.
5. The school's banker has been advised that the school is not allowed to go overdrawn or negotiate overdraft facilities.
6. The school is not allowed to enter any loan agreement except with the LA. (This does not apply to loans pre-existing at 1 April, 1999).
7. Each cheque is signed by two authorised signatories and supporting vouchers are made available to each signatory to safeguard against inappropriate expenditure. Cheques are not pre-signed. Only manuscript signatures are allowed.

8. All cheques are crossed 'account payee'. Cheque books are stored securely when not in use.
9. The Headteacher must ensure that the correct staff are assigned the access rights within the banking online system that is appropriate (considering separation of duties) and ensure that these are kept up to date i.e. staff leavers.
10. Online user ids/cards/Pin numbers are specific to named staff and must not be shared with others.
11. Schools must adhere to the policies laid down by their banker in respect of online payments and ensure that the Data Protection Act is not breached in regard to holding suppliers bank information.
12. Supporting vouchers are made available to each BACS authoriser to safeguard against inappropriate expenditure.

## **H PAYROLL**

1. Personnel procedures, including appointments, promotions and terminations are supervised by the personnel committee.
2. The Headteacher ensures that the duties of authorising any variations to the payroll are separated from the processing of claims.
3. The Headteacher ensures that at least two people are involved in completing, checking and authorising any variations to payroll, whether temporary or permanent, and the payment of expenses.
4. Names and specimen signatures of authorised signatories have been sent to the payroll provider who will be promptly notified of any changes.
5. Only authorised staff are allowed access to personnel records, i.e. Headteacher, staff authorised by the Headteacher and school secretary.
6. Arrangements have been made for staff to access their own records. This is arranged via the Headteacher or school secretary.
7. Payroll transactions are processed only through the payroll system; this includes the payment of all travel expenses and benefits.
8. The Headteacher maintains an up-to-date list of teachers and other staff employed at the school. This is held by the school secretary and is amended, as necessary, on a monthly basis.
9. The monthly reports on payroll transactions are checked against the schools' budget working papers to ensure they match.

## **I PETTY CASH**

The school does not hold petty cash.

## **J TAX**

1. The Headteacher ensures that all relevant staff are aware of relevant provisions concerning VAT, tax and the Construction Industry Scheme (CIS) as the LA will pass back to the school any penalties imposed on it arising from an error by the school.
2. Proper VAT invoices are obtained for all transactions involving VAT.
3. The LA's VAT manual for schools gives details of accounting for VAT and is adhered to by the school.
4. All payments falling within CIS are made in accordance with the LA's agreed procedure.



## K VOLUNTARY FUNDS

For voluntary funds, the school banks with Santander at St Michael's and Lloyds at Clover Hill.

1. The School Fund Account is accounted for separately from the school's delegated budget and is held in a separate bank account.
2. The governors have appointed a treasurer for each school. The treasurer's name for St Michael's is Vanessa Doddington. The treasurer's name for Clover Hill is Louise Hurr.
3. The governors have appointed as the independent auditor Schools NCC Finance.
4. The same standards that apply to the school's delegated budget apply to the school fund except that it is kept on a receipts and payments basis rather than an income and expenditure basis.
5. Only income unconnected with the delegated budget is credited to the fund. Any income properly belonging to the school's delegated budget is credited to the delegated budget.
6. The Headteacher presents the audited accounts together with the auditor's certificate and written report on the accounts to the governors as soon as possible after the end of the accounting year.
7. The Headteacher sends a copy of the audited accounts and auditor's certificate to the LA as soon as the governors accept them.
8. Each school fund cheque is signed by two authorised officers. The authorised officers are listed in the appendix.
9. Where no material income has been collected, it should be banked at least monthly. (See [section 9.3.3](#))
10. All income will be receipted upon request.
11. A minimum balance of £500 is to be held in each school fund unless the Governor's Finance Committee gives permission for this amount to be reduced.
12. Bank reconciliations are carried out at least termly, but larger schools should do this monthly.

## L ASSETS

1. The Headteacher ensures that stocks are maintained at reasonable levels and are checked physically at least once a year.
2. An up-to-date inventory is being maintained of all items of equipment. Those that are portable, valuable and desirable are identified as school property with security marking.
3. The inventory is checked at least once a year. The inventory is signed as evidence of the check having been undertaken. All discrepancies are investigated and any resulting in a loss of £100 or more will be reported to the governors. Any loss exceeding £500 will be referred to the Head of Children's Services (Finance & ICT).
4. Whenever school property is taken off site, e.g. musical instruments/computers, they are signed for and the register noted accordingly. The register is held in the school office.
5. The governors have approved a policy in relation to redundant equipment (see Appendix H). (Ref: 6A)
6. The safe is kept locked and the combination is known only by the Headteacher and key office personnel.
7. The school's asset management plan is supervised by the governors' finance committee.



## **M INSURANCE**

1. The school reviews all risks annually to ensure that the cover available and the sums insured are adequate. Advice is available from NCC's Risk and Insurance Manager.
2. The governors consider whether to insure against any uncovered risks.
3. The school will notify the LA/its insurers of any new risks or any other alterations affecting existing insurance.
4. The school will not give any indemnity to a third party.
5. The school will immediately advise the LA/its insurers of any accident, loss or other incident which may give rise to an insurance claim.
6. Insurance will cover the use of school property when off the premises, e.g. musical instruments/computers.

## **N DATA SECURITY**

1. Computer systems used for school management are protected by password security.
2. All data is backed up daily and the back-ups stored in a secure fireproof location, preferably off site.
3. The Headteacher has established a contingency plan for recovery from an emergency.
4. Only authorised software is installed on any school computer to safeguard against computer viruses.
5. The governors ensure that the Data Protection Commissioner is notified in accordance with the Data Protection Act 1998, and that the school's use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with the legislation.

## **Appendices**

- Appendix A: List of Governors
- Appendix B: Register of Business Interests
- Appendix C: Authorised Signatories
- Appendix D: Retention of Records
- Appendix E: Charging and Refunds Policy
- Appendix F: Lettings Policy
- Appendix G: Bad Debt Policy
- Appendix H: Redundant Equipment
- Appendix I: Purchasing Card Policy
- Appendix J: Governors' Allowances Policy