

The Federation Of Angel Road Schools



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Finance Policy

Approved by the Full Governing Body
at the meeting dated 16th November 2017

Next due for review: November 2018

A. Governance

General

1. A list of all governors, their membership of committees and terms of reference thereof, is attached at Appendix A1 and A2.
1. The governing body meets at least once a term.
2. Committees of the governing body meet at least once a term The governing body agrees, no later than by the end of term, the dates of meetings for at least the next term.

The Governors

3. The governing body approves the annual budgets and the associated policies, e.g. charging policy, bad debt and redundant equipment policy.
4. The governing body is responsible for the overall direction of the schools; it determines the schools' spending priorities and evaluates the effectiveness of spending decisions.

The Headteacher

5. The governors delegate responsibility for the day-to-day management of the schools to the headteacher.
6. The headteacher ensures compliance with the financial regulations in Norfolk's Scheme for Financing Schools.
7. The headteacher ensures that sound systems of internal control are in place.
8. The headteacher compiles draft budgets.
9. The headteacher monitors the budgets monthly and supplies the Finance committee with monitoring information. The information for the finance committee takes the form of Norfolk's budget proforma, includes committed expenditure and is accompanied by the School Business Manager's written commentary.

The Staff

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

The Finance Committee

12. Membership is determined by the governing body and reviewed annually in the Summer term.
13. 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.

14. Any review of staffing agreed by the personnel committee is first referred to the finance committee who assesses the budgetary implications of the recommendations and advises the governing body accordingly.

Expenditure Limits

15. 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 £7,000
16. The headteacher authorises virements up to £10,000. Above this amount Finance committee approval is sought. All virements are minuted.

Orders

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

Minutes

18. 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

19. The headteacher maintains a register of business interest for governors and for staff who influence financial decisions. The register is attached at Appendix B.

Key Financial Tasks

20. The finance committee undertake the key financial tasks each term as outlined in the document at Appendix C.

B. Financial Planning

1. The schools' development plans include a statement of their educational priorities to guide the planning process. The school development plans state the priorities in sufficient detail to provide the basis for constructing budget plan.
2. There is a clear, identifiable link between the schools' annual budget and the school development plans.
3. For each of the key issues in the school development plans, costs and other inputs are identified and budgets prepared.
4. The schools' development plans are reviewed in the autumn term to ensure that educational priorities are stated for the next three years and show how the use of resources are linked to achieving the goals.
5. The schools budget is revised after the review of the development plans and resources identified within the budget to deliver both plan's priorities
6. The schools' budget is maintained for the current financial year and two further 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 on-going 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 third revision of the budget for the current year for the finance committee to consider at its meeting in the first half of the term.
- Once approved by the finance committee, the approved budget revision is sent to the LA by the 28 February.
- Draft budget plans for the coming financial year, and at least one further year, are prepared by the headteacher and taken to the Finance committee meeting in the second half of the spring term. These will form the basis of the committee's recommendation to the governing body.
- The full governing body meeting is arranged to take place during the meeting of the Finance committee. The governing body will carefully consider the budget plans before approving the schools' budget plans.
- The headteacher submits the approved budget plans to the LA by 1 May each year.

Summer Term

- The headteacher prepares a first revision of the budget for the finance committee to consider. The revisions take account of the actual balances in hand or overspending for the previous financial year.
- Once approved by the finance committee, the budget revision is sent to the LA by the end of the summer term, as per Norfolk's Scheme for Financing Schools.

Autumn Term

- The headteacher prepares a second revision of the budget for the Finance committee to consider. The revision takes account of any changes to the school development plans, staffing adjustments and changes to the number of pupils on roll.
- Once approved by the finance committee, the budget revision is sent to the LA by the end of the autumn term, as per Norfolk's Scheme for Financing Schools.

C. Budget Monitoring

1. The headteacher produces monthly monitoring reports which include committed expenditure.
2. The Finance committee receives the monitoring report at each meeting together with the business manager's written report thereon. The report takes the form of Norfolk's budget proforma.
3. The headteacher 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 £5,000 (The Headteacher is authorised to vire amounts up to £10,000).
5. The headteacher monitors expenditure on initiatives in the schools' development plans.
6. Upon request, holders of devolved departmental budgets are supplied with monthly monitoring reports. The headteacher monitors devolved budgets and agrees remedial action plans where necessary.
7. Where appropriate, the headteacher produces monthly cash flow forecasts 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 schools demonstrate 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 £7,000. Orders are not artificially split to evade this limit.
4. The schools will not enter into any "finance lease" and will ensure that any lease entered into is an "operating lease". Leases will be submitted to Children's Services Finance to be checked as to their type before any agreement is entered into.
5. Three written quotations are obtained for any order whose value is estimated between £5,000 and £50,000.
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 and any payments due under a loan/lease agreement. Any urgent verbal order is confirmed by an official 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:-
 - Main fund authorised signatories: Mr Chris Read (headteacher) , Mrs Al Whalen, Mrs L Moody, (deputy headteachers)

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 schools' financial systems as a commitment.
13. 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.
14. Payment is made within the agreed time limits after certification by an approved signatory.
15. Wherever possible, an invoice is not authorised for payment by the person who signed the order or by the person who checked receipt of 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 schools' 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. These arrangements are that in the absence of the headteacher all financial roles and responsibilities are passed to the deputy headteachers.
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 act as a check on the work of the other.
4. The schools maintain 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.
6. All records are securely stored and access allowed only to authorised staff, ie via School Business Manager or Finance Assistant.
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.
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 registers. The lettings policy is attached at Appendix F.
3. The responsibility of identifying and recording sums due is separated from the responsibility for collecting and banking income.
4. The schools operate a cashless payment system for parents which automatically issues receipts. Reports can then be created to identify payments made.

Finance Policy

5. Any minor amounts of pending banking, cash and cheques are locked away in a secure place or safe, as per insurance limits.
6. Any 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, attached at Appendix G
10. Any cash transfers between staff are recorded and signed for.

G. Banking

1. For official funds, the schools bank with Barclays. The bank account name is NCC Angel Road Schools Federation and the bank account number is 30938424.
2. Bank reconciliations are completed monthly and any discrepancies resolved.
3. The reconciliation statement is signed by the person undertaking the reconciliation and reviewed and countersigned by someone who understands the reconciliation process.
4. The person completing the reconciliation is not responsible for processing receipts and payments.
5. Staff never use their private bank accounts for any receipt or payment due to or from the school budget.
6. The schools' banker has been advised that the schools are not allowed to go overdrawn or negotiate overdraft facilities.
7. The schools are not allowed to enter any loan agreement except with the LA. (This does not apply to loans pre-existing at 1 April, 1999).
8. Where the value of any cheque payment is over £500, it must be signed by two authorised signature. Where the value of any cheque payment is less than £500, one authorised signature is acceptable, unless this relates to a staff reimbursement, in which case two authorised signatures are always required. Supporting vouchers are made available to each signatory to safeguard against inappropriate expenditure. Cheques are not pre-signed. Only manuscript signatures are allowed, i.e. not electronic or from rubber stamps.
9. All cheques are crossed "account payee". Cheque books are stored securely when not in use.

Where schools use online payments through their bank:

10. Headteachers must ensure that the correct staff are assigned to 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.
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 regards to holding suppliers bank information.
12. Supporting vouchers are made available to each authoriser to safeguard against inappropriate expenditure.

H. Payroll

1. Personnel procedures, including appointments, promotions and terminations are supervised by the Finance and Resources 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, ie School Business Manager, School Secretary, Deputies, Assistant Headteachers and Headteacher.
6. Arrangements have been made for staff to access their own records. These are by arrangement with the headteacher or, in his absence, with the deputy headteachers.
7. Payroll transactions are processed only through the payroll system; this includes the payment of all expenses and benefits.
8. The headteacher maintains an up-to-date list of teachers and other staff employed at the schools. This is held on the school management information system 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

1. The schools do 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 schools any penalties imposed on it arising from an error by the schools.
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 schools.
4. All payments falling within CIS are made in accordance with the LA's agreed procedure.

K. Voluntary Funds

5. The school does not hold a voluntary fund account.

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 be 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, in the spring Term. 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 EF & ICT Services.

4. Whenever school property is taken off site for personal use, eg musical instruments/computers, it is 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, attached at appendix H.
6. The safe is kept locked and the keys removed and held elsewhere.
7. The schools' asset management plan is supervised by the governors' finance and resources committee.
8. The school maintains a Gift Register of all donations to the school, either in cash or kind.

M. Insurance

1. The schools review 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 schools will notify the LA/its insurers of any new risks or any other alterations affecting existing insurance.
4. The schools will not give any indemnity to a third party.
5. The schools 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, eg musical instruments/computers.

N. Data Security

1. Computer systems used for school management are protected by password security. Passwords are changed termly and more frequently in the event of staff changes.
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 of data from an emergency through daily system backups and weekly checks by the ICT service engineer.
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 schools' use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with the legislation.