

Finance Policy

Forest Skies Federation



Approved by:

Mr. B Main (Chair
of Governors)
Miss. N Haughton
Miss J. Bingwa
Mr. M Davies

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Last reviewed on:

May 2021

Next review due by:

May 2023

Introduction

The Governing Body recognises that it is ultimately responsible for the financial management of the schools and has produced this policy document to help it fulfil those responsibilities.

Organisation

In view of the importance and complexity of financial management in the schools, the Governing Body has established a Finance Committee to enable due consideration to be given to all financial matters.

The Governing Body has delegated a number of its powers to the Finance Committee (details of roles and responsibilities are set out later in this policy document).

The Finance Committee members are:

Cliff Penning - Chair
Julie MacDonald - Vice-Chair
Brian Main
Lucia Redfern
Ugo Onyemekara
Joanne Bingwa
Matthew Davies
Naomi Haughton

The Chair and Vice Chair of the Finance Committee are elected by the full Governing Body in September each year.

The Finance Committee plans to meet three times each year:

May
(to agree the budget for the financial year and to agree the finance plan)

September
(to consider the budget monitoring report for the year)

February
(to consider the final budget monitoring report for the year and a revised finance plan)

The Finance Committee will report, and make recommendations, to the full Governing Body. Minutes of each Finance Committee meeting will be presented to the next meeting of the full Governing Body.

Finance Committee members will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

Roles and Responsibilities

The Governing Body recognises the importance of Governors, Finance Committee members, the Headteacher and staff being clear about their respective roles and responsibilities with regard to the financial management of the schools.

The **Governing Body** will:

- a) familiarise themselves with this policy document and their roles and responsibilities
- b) ensure that the schools comply with the Local Authority's Scheme for Financing Schools, as approved by the Secretary of State
- c) familiarise themselves with the way in which schools in Lincolnshire are funded
- d) contact the Local Authority for advice in relation to leasing arrangements (Treasury Office)
- e) produce a timetable of meetings at the start of the year outlining their key purpose
- f) consider the draft annual budget papers prepared by the Headteacher/SBM
- g) consider the draft medium term finance plan prepared by the Headteacher/SBM
- h) consider budget monitoring reports produced by the Headteacher/SBM throughout the year
- i) monitor the financial performance of catering and other functions (where applicable) throughout the year (some trading activities within schools should not be subsidised by budget share)
- j) ensure that the schools obtain value for money (refer to Finance Handbook for more information)
- k) ensure that the school's Other Government Grants allocations are fully utilised
- l) The Consistent Financial Reporting website should be used to assist with comparisons (refer to Finance Handbook for more information)
- m) ensure that the schools comply with the County Council's financial regulations
- n) report to the full Governing Body
- o) ensure that audit recommendations are implemented within a reasonable timescale

- p) ensure that the schools have a list of certifying officers for the purpose of signing cheques, certifying employee claims etc. and review this on an annual basis
- q) ensure that all minutes of the Finance Meeting are forwarded to governor.support@lincolnshire.gov.uk
- r) ensure that assets with a value up to £20,000 are disposed of in accordance with the guidance set out in Section E of the Finance Handbook

The **Headteacher** will:

- a) familiarise him/herself with this policy document and his/her role and responsibilities
- b) draft budget papers
- c) draft original and revised finance plans
- d) ensure that School Development Plan priorities are properly costed and linked to the school's budget and finance plan
- e) monitor the budget on a monthly basis
- f) oversee the day-to-day running of the school's financial administration and ensure that the County Council's timetable is adhered to (refer to Finance Handbook for more information)
- g) ensure that proper checks and controls are in place to cover day-to-day activities. (Advice on internal checks and controls should be sought from the Council's Corporate Audit and Risk Management Team)
- h) authorise transactions/processes within the school's financial system up to limits agreed by the Governing Body. This includes the release of purchase orders, etc.
- i) act as an authorised signatory for the purposes of signing cheques, certifying employee claims etc.
- j) review reconciliations and returns on a regular basis and initial documents as evidence that such checks have been carried out
- k) monitor that the Employee Costs Report is run on a monthly basis, checks have been undertaken to ensure the data is correct, and initial documents as evidence that monitoring has taken place
- l) ensure that the school fund records are kept up-to-date

- m) ensure that the school fund's annual accounts are prepared, audited and approved by the full Governing Body and submitted to the LA in the timescale specified
- n) agree virements up to his/her authorised limit
- o) ensure that income collected by external companies is reconciled on a regular basis
- p) ensure VAT is correctly accounted for
- q) ensure an inventory is maintained
- r) ensure that any budgets that are delegated to senior staff or departments operate within a similar control regime, i.e., with regard to budget monitoring and reporting etc.
- s) ensure that assets with a value up to £20,000 are disposed of in accordance with the guidance set out in Section E of the Finance Handbook

The **Business Manager** will:

- a) maintain the accounting records using the school's financial package.
- b) carry out transactions/processes within the school's financial system up to limits agreed by the Governing Body
- c) ensure that the LA's timetable for completion of bank, imprest and other reconciliations is adhered to
- d) Contact the Schools Finance Helpdesk with concerns or queries regarding financial administration
- e) ensure that purchase orders are raised prior to ordering goods/services, wherever possible, to ensure compliance with the Council's No PO No Pay policy and to aid effective budget monitoring and management – An exemptions list is available to access on the LCC Connect area at www.lincolnshire.gov.uk
- f) ensure that payments are made to suppliers within LCC's payment policy, i.e. 28 days of the date of the invoice
- g) ensure that claims for Sickness Absence Insurance Scheme are made promptly and no later than 1 month after the relevant period (SAS for Birchwood Junior School)
- h) ensure that the Employee Costs Reports and Gross to Net Report are run on a monthly basis, as close to 23rd of the month as possible, and that checks are undertaken to ensure the data is correct.

- i) ensure that income collected by an external company is recorded accurately on Business World and that regular reconciliations are undertaken.

TRANSACTIONS – PROCESSES AND LIMITS

Authorisation Limits for Purchase Orders

School Business Manager £1,000

Headteacher £500,000

Limits of authorisation:

- Governors delegate day to day expenditure to the Headteacher up to £10,000.
- Goods/Services over £10,000 requires authorisation from the Finance Committee.
- Building Improvements over £10,000 are to be given a 3 quote tendering process and the School Business Manager will engage the services of an approved company and will act as the Project Manager. For major purchases advice to be taken from Lincolnshire County Council Procurement Team, unless using a LCC approved supplier.
- School Business Manager to keep the Headteacher informed on the budget.

Agree the school's virement policy.

Virements

- Up to £5000 recommended by School Business Manager to Headteacher for approval.
- Above £5000 Governors approval required.

PROCEDURE FOR OBTAINING QUOTATIONS

In line with the Headteacher's delegated limit of £10,000, it is agreed that the policy for obtaining quotes for any projects exceeding the £10,000 limit will be required to have three separate quotations. However, if after all reasonable efforts have been made to receive three quotations and they have not been received by the deadline given, it would be at Governor's discretion to override this requirement. The successful candidate will be checked against the best value principle.

Purchase Card Limits

Name	Single Transaction	Monthly Credit
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	Limit	Limit
Mr M Davies	£2,000	£10,000
Miss N Haughton	£500	£1,000
Miss J Bingwa	£500	£1,400

These limits will be reviewed to reflect the schools spending.

Training

The Governing Body recognises the importance of financial training for governors and staff in helping them to fulfil their responsibilities in relation to the financial management of the schools.

The training needs of all governors and staff will be reviewed each year. Appropriate budgetary provision will be made, where necessary, and governors and staff will be actively encouraged to undertake that training.

A programme of free training is available through the Local Authority.

Budget Setting

The Governing Body recognises the importance of setting a detailed budget at the start of the year.

The SBM in consultation with the Headteacher will draft a detailed budget for each line of income and expenditure. The budget is re-evaluated each year for the Finance Committee's consideration.

The Headteacher will include options for increase spending, as set out in the School's Development Plan, and the options for cost cutting measures, where appropriate.

Budget Monitoring

The Governing Body recognises the importance of regular budget monitoring in helping to detect accounting errors and identify, as early as possible, potential under and overspendings.

The Headteacher/SBM will monitor on a monthly basis by reviewing reports from the school's financial system for:

- Errors
- Miscoding's
- Large or unusual items
- Potential underspendings or overspendings against budget and act promptly where appropriate.

Financial administration

The Governing Body recognises the importance of proper financial administration to safeguard against inaccuracies and out of date information being used to make erroneous financial decisions in the school.

The Headteacher will monitor the financial administration functions carried out by the SBM/administrator, ensuring that:

- accounting systems are kept up-to-date
- Sickness claims, imprest claims, etc. are completed in accordance with the LA's published timetable
- appropriate action is taken where the LA advises the school that its day-to-day administration is not up-to-date
- where income is collected by an external company, that regular reconciliations are completed

Reporting

The Governing Body recognises the importance of receiving detailed, accurate and up-to-date financial information to enable it to oversee and control the financial position of the school.

The Headteacher/SBM will prepare budget-monitoring reports for consideration by the Finance Committee.

The reports will include for each line of income and expenditure (including all Government Grants):

- Actual Expenditure to Date
- The original budget
- Changes to the budget (virements)
- Revised Budget (the current budget)
- Variance (Actuals – Revised Budget) - this is the difference between the current budget minus the actuals expenditure
- % Spent – this is the percentage of the budget that has been spent to date
- Forecast – this is the final forecasted expenditure and income for year
- Forecast Variance – this is the variance between the current budget and the forecast to give the forecasted year end position

In addition to the reports available in the school's financial system, the Local Authority issues a Medium Term Finance Plan document to schools on an annual basis which provides the framework for the preparation of finance plans and budget monitoring reports to Governors

Financial planning

The Governing Body recognises the importance of financial planning beyond the current year.

The Headteacher /SBM will prepare a financial plan covering the next five years.

The plan will show the projected numbers on roll and the impact this has on the school's budget share, expenditure and carry forward.

The level of detail shown in the School's plan will include, as a minimum, the information set out in the Medium Term Finance Plan document issued by the Local Authority to schools every year.

The plan will include contingency plans, setting out the school's proposals for dealing with variations including, in particular, changes in the projected number on roll.

The Governing Body will consider the impact that the medium term finance plan may have upon staffing levels and develop outline plans and strategies for avoiding redundancy costs for future years.

Audit

The Governing Body recognises the importance of the County Council's audit regime in assessing the adequacy of the school's financial controls.

The Governing Body and Headteacher will ensure that auditors are given access to staff, all relevant records and property, as the auditors consider necessary.

The Headteacher will ensure that audit recommendations are implemented as soon as possible.

The Headteacher will familiarise him / herself with the Financial Procedures and Finance Handbook, which give guidance on best practice, internal controls and statutory requirements

Annual timetable

The Governing Body recognises the importance of planning its financial management work throughout the year.

The Headteacher will draw up an annual timetable of key events and will submit this annually to the full Governing Body's last meeting in each financial year.

Review

The Governing Body recognises the importance of keeping its Finance Policy up-to-date and will review the policy on an annual basis.