

Heigham Community Federation



FINANCE POLICY 2022 -23

(Incorporating Bad Debt Policy)

Purpose: The Governing Board believes that sound financial management is vital to delivering the best educational outcomes for the school's pupils. The Governing Board also has a duty as custodian of public funds.

Status: Recommended

What was consulted? The policy follows the model policy provided by Norfolk County Council which is based on Norfolk's Scheme for Financing Schools and guidance from the Audit Commission

Relationship to other policies/procedures: The policy complements the school's charging and letting policies

Roles and responsibilities of headteacher, other staff, governors.

The policy states clearly the roles of all members of staff, and particularly the senior management team and the finance officer, in ensuring sound financial management of the school.

Arrangements for monitoring and evaluation

The Governing Board will monitor the impact of this policy by receiving on a monthly basis financial reports and will receive periodic proposals for revision of the budget.

The Full Governing Board has responsibility for approving the Original Budget annually and for the approval of all revisions of the budget

The school's financial controls are subject to periodic audits by Norfolk Audit Services.

Review

This policy will be reviewed on an annual basis. The next review is February 2023.

CONTENTS

Section A	Governance	3
Section B	Financial Planning	4
Section C	Budget Monitoring	6
Section D	Purchasing	7
Section E	Financial Controls	8
Section F	Income (including Bad Debt Policy)	8
Section F	Banking	10
Section H	Payroll	11
Section I	Petty Cash	11
Section J	Tax	11
Section K	Voluntary Funds	12
Section L	Assets	12
Section M	Insurance	12
Section N	Data Security	13
Appendices:		
A	Terms of Reference for Resources Committee	14
B	Authorised Signatories	17

This is a Statement of Organisation and Arrangements for Avenue Junior School. The Statement does not replace Norfolk County Council's Finance Procedures Manual

Section A Governance

The Governors

1. The Governing Board meets on a monthly basis. The terms of reference of the Governing Board are attached at Appendix A.
2. The governing board approves the annual budget and the associated policies, eg charging policy and lettings policy.
3. The governing board is responsible for the overall direction of the school; it determines the school's spending priorities and evaluates the effectiveness of spending decisions.

The Executive Headteacher

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

The Staff

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

The Governing Board

11. The Governing Board assigns members of the board with responsibility for Finance. This is reviewed annually in the Autumn term.
12. The Governing Board 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 approving any adjustments to in-year expenditure

This Finance Policy was reviewed & approved by the Full Governing Board of Heigham Community Federation
28/2/2022 Review: 2/2023

- approving in-year budget revisions
- ensuring accounts are properly closed and reviewing the outturn position
- evaluating the effectiveness of financial decisions
- Submission of the Schools Financial Value Standard (SFVS) return

as set out in the terms of reference for The Governing Board.

13. Any review of personnel is discussed at The Governing Board to assess the budgetary implications of the recommendations and to advise the governing body accordingly.

Expenditure Limits

14. The inclusion of an item in the approved budget plan gives authority to spend, save that the executive headteacher seeks approval from the finance committee for any individual transaction in excess of £5,000. If immediate approval is required approval may be requested via email to the Chair of Resources or, in their absence, by one of the Co-Chairs of the Governing Body. All evidence kept and recorded at the next Resources Committee.
15. The executive headteacher has no authority to make virements unless approved by The Governing Board. All virements are minuted.

Orders

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

Minutes

17. 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 and are agreed and signed at its next meeting. The minutes of all committees are reported to the governing body.

Register of Business Interests

18. The executive headteacher maintains a register of business interest for governors and for staff who influence financial decisions.

SECTION 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 current financial year and two further years in accordance with Local Authority directives.
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 Governing Board in relation to their costs, benefits and sustainability.
12. Benchmarking information helps to identify priorities.
13. The budget cycle is as follows:

Spring Term

- The executive headteacher prepares a revised budget for the current year for the Governing Board to consider at its meeting in the first half of the term.
- The budget revision is reviewed and approved by the Governing Board and 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 executive headteacher and taken to the Governing Board meeting in the second half of the spring term.
- The governing body will carefully consider the budget plan before approving the school's budget plan.
- The executive headteacher submits the approved budget plan to the LA by 1 May each year.

Summer Term

- The executive headteacher prepares a revised budget for the Governing Board to consider. The revision takes account of the actual balance in hand or overspending for the previous financial year.
- The budget revision is reviewed and approved by the Governing Board
- The approved budget revision is sent to the LA by the end of the summer term.

Autumn Term

- The executive headteacher prepares a revised budget for the Governing Board 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 is reviewed and approved by the Governing Board.
- The approved budget revision is sent to the LA by the end of the autumn term.

SECTION C BUDGET MONITORING

1. The executive headteacher provides monthly monitoring reports, which include committed expenditure.
2. The Governing Board receives the monitoring report at each meeting together with the executive headteacher's report thereon. The report takes the form of Norfolk's budget proforma.
3. The executive headteacher identifies and recommends to the Governing Board appropriate remedial action for budget variances.
4. The executive headteacher recommends to the Governing Board how to vire any in-year underspends.
5. The executive headteacher monitors expenditure on initiatives in the school development plan.
6. The executive headteacher monitors devolved budgets and agrees remedial action plans where necessary.
7. The executive headteacher provides monthly cash flow forecasts to ensure the school does not go overdrawn.

SECTION 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 at over £5,000 as long as comparable quotes are possible.
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 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 B.
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. 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. An invoice is not authorised for payment by the person who signed the order nor by the person who checked receipt of goods/services. Payment is only made against the original supplier's invoice and not on a statement.
16. Personal loyalty cards should not be used when purchasing goods for school.

SECTION 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 executive headteacher has secured contingency arrangements to ensure that financial control can be maintained in the absence of key staff. Sufficient numbers of staff will be authorised to use the school's financial systems. Should exceptional circumstances render these arrangements inadequate, the Co-Chairs of Governors will involve the finance officers of Norfolk County Council.
3. The executive headteacher has due regard to separation of duties in authorised 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.
6. All records are securely stored and access allowed only to authorised staff, i.e. the executive headteacher, the deputy executive headteacher, the finance officer and finance administration staff.
7. Where there is a requirement to account separately for earmarked funding the executive headteacher ensures this is done and that money is spent on its intended purpose.
8. Evidence of procedures is kept up to date to facilitate the School Financial Value Standard (SFVS) and Internal Audit reviews.

SECTION F INCOME

1. The full governing body approves the school's charging policy and lettings policy and reviews these annually.
2. Proper records of all income due are kept. Lettings are approved by the executive headteacher in accordance with the governors' policy and recorded in the lettings register.
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 given for all cash collected. 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. Bad Debts. Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. Where this is not possible, an invoice will be raised for immediate payment.

All debts will be recorded and non-payment will be followed up by issuing reminders as outlined below. Where a service is being provided, this will cease immediately and the debtor will be informed of this in writing. The service will not be reinstated until the debt is cleared and payment of future services is made in advance.

1. 3 weeks from date of invoice - 1st reminder
2. 6 weeks from date of invoice - 2nd reminder
3. 9 weeks from date of invoice - final reminder

The final reminder will be sent by recorded delivery and threatens legal action if the account is not settled within 14 days.

After 14 days, where a debt is still outstanding, legal action will be considered and the debtor will be informed of this in writing. The debt may be referred to the County Legal Services, where appropriate.

Legal action will not be taken for debts under £50.

If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:

- those up to the value of £100 to be approved by the executive headteacher and reported to the next meeting of the governing body
- those exceeding £100 and up to the value of £500 to be referred to the governing body for approval, either directly or after consideration by the finance committee
- those exceeding £500 to be referred to the Head of Children's Services (Finance & ICT) (as per the Norfolk Scheme for Financing Schools)

The VAT element of any debt must not be written off as this contravenes HM Customs and Excise statutory requirements.

10. Any cash transfers between staff are recorded and signed for.

SECTION G BANKING

For official funds, the school banks with Barclays Bank. The bank account name is NCC Avenue Junior School.

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 is not responsible for processing receipts and 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.
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 executive headteacher ensures 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. School adheres 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. Each BACS (Bank Automated Credit System) payment batch is signed by an authorised signatory and supporting vouchers are made available to the signatory to safeguard against inappropriate expenditure. The BACS Creator and BACS Authoriser must not be the same person.

Each BACS payment will generate a remittance document, which will be sent to the supplier, either by post or by email, to notify them of their payment having been sent.

13. All Any BACS transfers above batches over £1000 require 2 authorised users to independently sign off the transactions.
14. A copy of the invoice for any individual BACS payment over £10,000 should be emailed to finance.support@educatorsolutions.org.uk to be checked prior to payment.

SECTION H PAYROLL

1. Personnel procedures, including appointments, promotions and terminations are supervised by HT and overseen by the Governing Board
2. The executive headteacher ensures that the duties of authorising any variations to the payroll are separated from the processing of claims.
3. The executive 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 the executive headteacher, the deputy executive headteacher and the finance officer or finance administration staff.
6. Arrangements have been made for staff to access their own records. These are by request to the executive headteacher or the deputy executive headteacher.
7. Payroll transactions are processed only through the payroll system; this includes the payment of all expenses and benefits.
8. The executive headteacher maintains an up-to-date list of teachers and other staff employed at the school. This is held on the Capita SIMs system and is amended, as necessary, on a monthly basis.
9. The monthly reports on payroll transactions are checked against the school's budget working papers to ensure they match.

SECTION I PETTY CASH

The School has been advised by Norfolk Audit Services that petty cash cannot be used for the purchase of postage stamps. As that is the only use the school might have, the school has no arrangements to hold petty cash.

SECTION J TAX

1. The executive 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.

SECTION K VOLUNTARY FUNDS

The School does not run a voluntary fund.

SECTION L ASSETS

1. The executive 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 to 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 Children's Services (Finance & ICT).
4. Whenever school property is allocated and may be taken off site, e.g. musical instruments, the register is noted accordingly. The register is held in the school.
5. The governors have approved a policy in relation to redundant equipment.
6. The safe is kept locked and the keys removed and held elsewhere.
7. The school's asset management plan will be reviewed when this function is available as part of the Star Accounts package. Or
The school's asset management plan is supervised by the **governors' Resources committee**.
8. The school will maintain a Gift Register of all donations to the school, either in cash or kind.

SECTION 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

SECTION N DATA SECURITY

1. Computer systems used for school management are protected by password security. Passwords are changed monthly 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 executive headteacher has established a contingency plan for recovery from an emergency. The school uses Bromcoms Management Information System which can be accessed remotely and is cloud based. All the school data including financial data is backed up to the cloud daily using Back Up Intelligence.
4. Only authorised software is installed on any school computer to safeguard against computer viruses.
5. The governors ensure that the Information Commissioners Office (ICO) is notified in accordance with the General Data Protection Regulation 2018, 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.

AVENUE JUNIOR SCHOOL

Heigham Community Federation

Terms of Reference

Responsibilities: Financial policy planning and monitoring

- To provide guidance and assistance to the headteacher in all matters relating to budgeting and finance, with reference to the 'Norfolk Scheme for Financing Schools'
- To review, adopt and monitor a Finance Policy.
- To review, adopt and monitor all additional financial policies, including a charging and remissions policy.
- To recommend the level of delegation to the headteacher for the day to day financial management of the school
- To review any internal / external audit reports as to the effectiveness of the financial procedures and controls
- To establish and maintain a three-year financial plan, taking into the account priorities of the School Improvement Plan, roll projection and signals from central government and (if applicable) the LA regarding future years' budgets, within the constraints of available information.
- To draft and propose to the governing board for adoption an annual school budget considering the priorities of the School Improvement Plan.
- To make decisions in respect of service level agreements and to consider the awarding of contracts by tender according to the stated amount within the Finance Policy
- To ensure that enough funds are set aside for pay increments as set out in the Pay Policy and as recommended by the headteacher.
- To monitor the income and expenditure throughout the year of all delegated and devolved funds against the annual budget plan and to approve any budget virements that will from time to time be necessary in response to the evolving requirements of the school
- To monitor the impact of spending decisions upon educational achievement in school
- To receive at least half termly budget monitoring reports from the headteacher.

- To report back to each meeting of the full governing board and to alert them of potential problems or significant anomalies at an early date and provide them with the information they need to perform their duties.
- To review, complete and submit the School Financial Value Standard (SFVS). To undertake any remedial action identified as part of the SFVS. To receive and act upon any issues identified by a local authority audit.
- To recommend the amount which can be spent between budget headings by the headteacher without prior agreement of the board.
- To consider each year's School Improvement Plan (or post-Ofsted Action Plan) priorities, and to draw up an annual budget plan for reporting to the full governing board.
- To ensure the audit of unofficial school funds (where in place)
- The chair of governors should ensure a skills matrix has been completed by those governors directly responsible with financial management and signpost training where required

Appendix B

AVENUE JUNIOR SCHOOL

List of Authorised Signatories

For official funds (NCC Avenue Junior School account)

Debbie Dismore – Executive headteacher *

Mike Hooper –Head of School*

Steve Chambers – Deputy headteacher

** must be one of the signatories (except for payments to self)*

