BINBROOK CHURCH OF ENGLAND

PRIMARY SCHOOL

FINANCE POLICY

AGREED BY GOVERNORS ON

SIGNED BY A Borthwick............CHAIR

REVIEWED September 2027

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Introduction

The Governing Body recognises that it is ultimately responsible for the financial management of the school 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 school, 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:

Chair	Alexander Borthwick
Vice Chair	David Stainton
Member 1	Dianne Tuckett
Member 2	Anna Hall (Headteacher)

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 six times each year:

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

July
(to consider the first budget monitoring report for the year)

October
(to consider the second budget monitoring report of the year and to update the school's finance plan in light of the September number on roll)

December
(to consider the third budget monitoring report for the year)

January
(to consider the forth budget monitoring report for the year)

March
(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 school. This section sets out those roles and responsibilities.

The Governing Body

The Governing Body will:

a) agree, and record in writing, the roles and responsibilities of the Finance Committee and Headteacher

b) review those roles and responsibilities on an annual basis

c) elect the Finance Committee members each year

d) approve the school's budget each year, ensuring that a copy of a detailed budget report is attached to the minutes of the meeting

e) Share the detailed medium term finance plan with the Local Authority (LA) within the specified timescale

f) approve the school's original and revised finance plans each year

g) take appropriate steps to ensure the school's budget does not overspend

h) contact the LA and seek approval to overspend where this seems unavoidable (school funds must not be used to offset budget deficits)

i) authorise the school's applications for loans from the County Council

j) satisfy itself that the Finance Committee and Headteacher are fulfilling their responsibilities as set out in this policy document

k) review detailed budget monitoring reports each term, ensuring that copies are attached to the minutes

l) record in writing the transaction/process authorisation limits, etc. relating to the school's financial system for relevant members of staff (see Appendix A)

m) agree the school's virement policy (see Appendix B)

n) The policy should clearly state what financial levels have been delegated to individuals: E.g. budget holders for procuring goods/services; placing orders/goods receipting etc. and virements.

o) establish the school's charging policy and review on an annual basis

p) ensure that the school fund is audited each year

q) ensure that a signed statement confirming that the school fund has been audited is issued to the County Council within its specified timescale

r) ensure that the school fund has been appropriately used during the financial year

s) review the financial training needs of Governors, the Headteacher and staff on an annual basis and fund training needs, as appropriate. A programme of free training is available from the Local Authority

t) ensure that the school's Register of Business Interests and Conflict of Interests is kept up-to-date

u) ensure that the school complies with the Local Authority's guidance relating to Extended Schools and, in particular, that it does not subsidise extended school activities from the school's main budget share.

v) ensure that the Schools Financial Value Standard is completed and signed each year (see guidance at Schools financial value standard - GOV.UK (www.gov.uk)

w) review the Finance Policy document on an annual basis

The Finance Committee

The Finance Committee
will:

a) familiarise themselves with this policy document and their roles and responsibilities

b) ensure that the school complies 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 & Investments)

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 SBM

g) consider the draft medium term finance plan prepared by the SBM

h) consider budget monitoring reports produced by the SBM throughout the year

i) monitor the financial performance of catering and other functions (where applicable) throughout the year (some trading activities within school should not be subsidised by budget share)

j) ensure that the school obtains value for money (refer to Finance Handbook for more information)

k) ensure that the school's Other Government Grants allocations are fully utilised

l) carry out benchmarking to challenge the way the school uses its financial resources. The Schools financial benchmarking website should be used to assist with comparisons (refer to the Consistent Financial Reporting section of the Finance Handbook for more information) [Schools Financial Benchmarking - GOV.UK (schoolsfinancial-benchmarking.service.gov.uk)]

m) ensure that the school complies 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 school has 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 D of the Finance Handbook

The Headteacher

The Headteacher will:

a) familiarise him/herself with this policy document and his/her role and responsibilities

b) consider draft budget papers produced by the SBM

c) consider original and revised finance plans produced by the SBM

d) ensure that School Development Plan priorities are properly costed and linked to the school's budget and finance plan

e) ensure SBM is monitoring the budget on a monthly basis and review monitoring papers

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 could include the release of purchase orders, etc. (see Appendix A)

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) ensure that forecasts are entered into the financial system on a regular basis, as a minimum three times a year to coincide with Governor meetings

l) monitor that a detailed employee costs report is run on a monthly basis, and a reconciliation has been completed, checks have been undertaken to ensure the data is correct, and initial documents as evidence that monitoring has taken place.

m) ensure that the school fund records are kept up-to-date

n) 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

o) agree virements up to his/her authorised limit (see Appendix C)

p) ensure that income collected by external companies is reconciled on a regular basis

q) ensure VAT is correctly accounted for

r) ensure an inventory is maintained

s) 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.

t) ensure that assets with a value up to £20,000 are disposed of in accordance with the guidance set out in Section D of the Finance Handbook

School Business Manager

The School 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 (see Appendix A)

c) ensure that the LA's timetable for completion of bank 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 aid effective budget monitoring and management

f) ensure that payments are made to suppliers within LCC's payment policy, i.e. 28 days from 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

h) prepare draft budget papers

i) prepare draft original and revised finance plans

j) ensure that School Development Plan priorities are properly costed and linked to the school's budget and finance plan

k) monitor the budget on at least a monthly basis

l) ensure that payroll reports are generated and reviewed monthly, and that a comprehensive payroll reconciliation is completed each month to verify accuracy and compliance

m) ensure that income collected by an external company is recorded accurately on the finance system and that regular reconciliations are undertaken.

n) ensure that forecasts are entered into the financial system on a regular basis, as a minimum three times a year to coincide with Governor meetings

o) undertake monthly monitoring of all income and expenditure transactions

<u>Authorisation Limits for Purchase Orders (see Appendix A)</u>

Administrator	£……………………..	(default £1,000)
Headteacher	£……………………..	(default £500,000)

Virement Limits (see Appendix B)
Virements of £10000 or more should be approved by resolution of the full Governing Body.

The following virement limits have been agreed:

Finance Committee	£10,000
Headteacher	£5,000
SBM	£5,000

Purchase Card Limits

Transaction Limit	**Designation**
Up to £1000	SBM
Up to £1,000	Headteacher

Monthly Credit Limit	**Designation**
Up to £3,000	SBM
Up to £3,000	Headteacher

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 school.

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 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 will draft a detailed budget for each line of income and expenditure. It is recommended that the budget is re-evaluated each year (as opposed to incremental budgeting) for the Finance Committee's consideration.

The SBM will include options for increased spending, as set out in the School's Development Plan, and 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 SBM will monitor the budget on a monthly basis by reviewing reports from the school's financial system for:

- errors
- miscodings
- large or unusual items
- potential underspending or overspendings against budget

and act promptly, where appropriate. Recommended reports can be found in the Finance Handbook.

As part of regular budget monitoring, the Governing Body will review the forecasts entered into the financial system at least three times a year.

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 Governing Body holds strategic responsibility for ensuring that all school funds are managed appropriately and in line with financial regulations. School funds must not be used to offset budget deficits.

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

- accounting systems are kept up to date
- minimum of 3 forecasts are submitted in the financial system each year
- sickness claims are completed in accordance with the LA's published timetable
- monthly payroll reconciliation is completed
- 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
- procurement card reconciliations are completed in accordance with the Local Authority's published timetable

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 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, schools will use Medium Term Finance Planning software to prepare finance plans and budget monitoring reports for Governors.

Financial planning

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

The 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 required to produce a comprehensive financial plan and budget monitoring reports for Governors, in line with the school's chosen financial planning system.

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.

APPENDIX A Authorisation Limits

The authorisation limits relate to processing and release of purchase orders and invoices. The governing body has agreed to adopt the default limits as recommended:

SBM	£1000
Headteacher	£500,000

APPENDIX B Virement Policy

Virements are in-year changes between budgets, e.g., £5,000 is moved from contingency to teaching staff.

The Schools virement policy forms part of their Finance Policy. The virement policy clearly states what financial levels have been delegated to individuals to vire the budget from one budget heading/account code to another. The virement policy has a similar principle to Headteachers or procuring goods/services; placing orders/goods receipting etc.

The governing body has agreed to adopt the default limit for Headteachers as recommended and have also allocated virement levels to the SBM and Finance Committee.

Financial levels are set out below:

SBM	£5,000
Headteacher	£5,000
Finance Committee	£10,000

APPENDIX C Income Collected by External Company Policy

The school has entered into a contract with Parenthub (Nexus Software) which collects income from parents for trips, swimming etc. The school does not accept any payment directly in school either by cash, card or cheque.

Payment is paid over weekly directly into the LCC County Fund Account. The SBM is responsible for reconciliation and for completing the income lodgement on Heycentric.

APPENDIX D

Schools Finance – Monitoring and Intervention Policy

Introduction

This document sets out the policy and procedures of the Local Authority (LA) with respect to monitoring and intervention of schools' finances. The policy is reviewed annually and the Financial Adviser (Children's Services) is responsible for ensuring that the policy is implemented.

Background

Lincolnshire's Scheme for Financial Management of Schools governs the relationship between the LA and schools. The Scheme states that schools are not permitted to overspend without obtaining the LA's prior approval and where schools do overspend, the law prohibits the writing off of such sums.

The finance team's work in monitoring and intervention has evolved over the last ten years. It remains an important and integral part of the LA's overall approach to the monitoring and intervention process.

It is through the finance team's monitoring and intervention process that the LA's responsibilities under the Scheme are discharged.

The LA's approach to monitoring and intervention for finance

The LA has a pro-active approach to monitoring and intervention. The aim is to identify schools with financial problems before they overspend, so that appropriate action can be taken. History has shown that the vast majority of schools with financial problems can be identified through this process. Nevertheless, concerns are occasionally highlighted by schools themselves, their Link Inspectors, Internal Audit, or Schools Finance Team.

Schools will be identified through the monitoring and intervention process where:

- They have a significant overspend carried forward at the end of the last Financial year.
- Information indicates they are likely to carry forward a significant overspend at the end of the current financial year.
- Information indicates that there will be a significant reduction in the number on roll in the following financial year.
- Serious concerns have been raised by Internal Audit, following their latest inspection.

- Serious concerns have been raised by Schools Finance Team regarding financial administration.

- Serious concerns have been raised by Ofsted through their inspection of schools.

- They have carried forward significant underspends at the end of the previous financial year. This will be dealt with in conjunction with the LA's School Carry Forward Policy.

Identification process

Schools that are likely to overspend are identified by reviewing the following information on a six-monthly basis:

- carry forward - i.e. the scale of under or overspend for the previous financial year;
- pupil numbers - including forecasts and trends therein;
- spending - percentage of the main budget share and Standards Fund grants spent to date.

School Budget Monitoring Group (SBMG)

Reports are issued to the SBMG prior to meetings in April and October. The SBMG membership comprises:

- LCC's Financial Adviser
- Schools Finance Team Leader
- LCC's Technical Finance Officer

Those schools that have overspent, or the SBMG anticipates may overspend, are discussed, as are the actions taken by each school to address its financial problems.

At the conclusion of each SBMG meeting:

- Each school causing concern will be identified by looking at key, high level data.
- Within two weeks, the report will be amended to include those schools identified and will be distributed to the Link Inspectors and senior managers within Children's Services for information.
- The headteacher and Chair of Governors for schools that are identified will be sent a letter within two weeks of the SBMG meeting, highlighting the causes of concern. Further advice and guidance will be offered by the LA to schools that indicate that they require assistance.
- Schools that have overspent will have been contacted by the LA previously. Appropriate monitoring procedures will, therefore, be in place for these schools.

Following the SBMG's meeting in October, information will be sent to HR representatives, to highlight those schools that the SBMG might expect to reduce staffing levels at 31 August of the following year. HR Advisers will then be expected to contact those schools in January or February that have not already initiated contact with them.

<u>Schools with overspends</u>

Each school that has overspent will be asked to submit a detailed financial plan to the LA to demonstrate its ability to repay the deficit within a reasonable (usually between one and four years) period of time.

The LA will aim to issue such letters within two weeks of the meeting in April, when carry forward figures are determined, and schools will usually be asked to submit their finance plans within four working weeks of receipt of the LA's letter.

The LA will aim to review the school's finance plan within two weeks of receipt and make further enquiries with the school, where necessary. Once officers are satisfied that the financial plan is complete, accurate, realistic and deliverable, the LA will write to confirm both acceptance of the plan and the repayment targets. The financial position will then be reviewed by the LA on a six-monthly basis until such time as the deficit is cleared.

<u>Escalation procedures</u>

Schools <u>may</u> be asked to meet with the LA's Financial Adviser to review the school's financial position on a quarterly basis in the following circumstances:

- A primary school's overspend at the end of the last financial year exceeded £50,000.
- A school has failed to reduce the overspend by at least 80% of the agreed target in the previous financial year.

Schools <u>may</u> be asked to meet with Schools Finance Team Leader to review the school's financial position on a quarterly basis in the following circumstances:

- A primary school's overspend at the end of the last financial year exceeded £20,000 but was less than £50,000.
- A secondary school's overspend at the end of the last financial year exceeded £50,000 but was less than £100,000.

The headteacher and chair of governors will be invited to attend these meetings, although other governors or school representatives may also attend if the school wishes.

In accordance with the Scheme for Financial Management of Schools, the LA will consider annually whether schools that have overspent should be permitted to operate prime accounts. Schools must satisfy the LA that sound financial management and accounting systems are in place before they regain the right to hold prime accounts. This is likely to take a minimum of two years.

The LA will consider withdrawing delegation where schools continue to give significant cause for concern regarding their financial management. This might occur, for example, where a school has a very significant overspend and has failed to meet repayment targets in two consecutive years. Schools will be expected to meet the costs associated with withdrawal of delegation. The LA will comply with DCFS guidance in such circumstances.

Throughout each year, the LA will provide a fully comprehensive training programme aimed at raising the standards of financial management in schools.

Information requirements of schools

Schools with overspends will, as a minimum, be asked to supply an up-to-date outturn projection for the current financial year together with a three or four-year plan which demonstrates how the deficit will be repaid. These documents are essential and must be provided to the level of detail set out in the Schools Finance handbook. They must include detailed costs for individual members of staff.

Schools may be asked to supply copies of previous financial reports to their Governing Body so that the LA can assess and advise on their suitability.

Cost

The cost of delivering the SBMG's monitoring and intervention policy, including visits to schools, is estimated at £15,000 per annum. These costs are funded from budgets held centrally under the "Strategic Management" heading of the section 52 budget statements.

Communication

This policy will be included in the Schools' Finance Handbook. It will also be copied to officers involved in the LA's monitoring and intervention process.

Review Mechanism

This policy will be reviewed on an annual basis.