



# FINANCIAL MANAGEMENT POLICY

Date ratified by the Governing Board	MARCH 2022
Review date (by)	MARCH 2024

*Remember that I commanded you to be strong and brave. So don't be afraid. The Lord your God will be with you everywhere you go<sup>3</sup> (Joshua 1:9)*

As the harvest grows from the soil, Hayfield Cross came to life in 2015. From nothing, we have grown at the heart of our new community, persevering through challenge into a flourishing school. Guided by our Christian values the seeds of Joy, Integrity and Fellowship are planted as we instil this pioneering spirit in our children, challenging them through exciting learning to aspire to greatness in all that they do.

# FINANCIAL MANAGEMENT POLICY

**Date:**

**Review:**

Signed: Chair of Governors

Headteacher

## **Rationale:**

The Governors of Hayfield Church of England School believe that sound financial management policies enable them to fulfil their statutory duties under government legislation. Sound financial management is achieved by:

- Defining the financial roles and responsibilities of staff and Governors;
- Providing a framework of policies and plans to ensure that a consistently high standard of education is maintained for pupils within the available resources;
- Preparing the budget in accordance with the agreed priorities of the School as identified in its Self Evaluation Form and its School Development Plan.

This policy on Financial Management is supported by policies and prescribed procedures on specific aspects of financial management and control as indicated.

This policy has been agreed with staff and will be implemented by all parties in order to maintain a consistency throughout school that will support all children in their learning and treat all pupils and staff fairly regardless of age, ability, gender race or faith.

## **Responsibility and Accountability:**

The Governing Body are accountable for the proper financial management and probity of their school. They have the responsibility for ensuring all money and property belonging to the school is managed according to the agreed policies of the school and the Scheme of Delegation to the Headteacher. This includes the delegated revenue budget, devolved capital fund, any additional revenue and capital grants and the school's private funds.

Therefore its key responsibilities include;

- Setting financial priorities through the School Development Plan, 3 year financial plan and the annual budget
- Approving and monitoring the annual budget
- Ensuring the budget is managed effectively
- Ensuring the school meets all its statutory obligations and, through the Headteacher, complies with the Local Authority's Financial Regulations and Standing Orders
- Evaluating the effectiveness of spending decisions.

The headteacher should:

- Establish an appropriate framework of financial control in the public interest
- Ensure clear records of financial transactions and decisions are maintained
- Establish procedures that seek value for money
- Ensure the delegation of responsibility to staff is accompanied by clear accountability and appropriate level of management supervision and monitoring.
- Ensure this financial management policy and other financial instructions are available to the staff.

A register will be kept of the pecuniary interests of all governors and those members of staff with delegated authority for financial management or administrative decisions in the School.

This register will be held in the school office, updated annual and available for inspection by Governors, staff and parents.

The School accepts responsibility for ensuring that the statutory record of the School's accounts held on North Northants Council's accounting system accurately reflects the income and expenditure incurred by the School. The School will notify North Northants Council if budget changes and debits are not properly recorded on the North Northants Council account.

If it is suspected that money or property belonging to the school has been stolen or misappropriated or that a financial irregularity has occurred, the Governors and/or the Headteacher will immediately report the matter to the Director of Customers, Communities and Learning and the Head of Finance for North Northants Council.

### **Management and Administration of School Finances**

The School delegated to the Headteacher to manage the schools finances and property, including to incur expenditure, to make budget virements and to write off property, in accordance with the 'Statement of Delegation of Authority to the Headteacher' and this statement will be reviewed annually following the agreement of the School's annual budget plan.

The procedure to be adopted depends on the value of the contract. Generally the position is as follows:

- Up to £3,000 – at the discretion of the Headteacher and school bursar
- Between £3,000 and £10,000 – at least two written quotations
- Between £10,000 and £20,000 – at least three written quotations (the purchase order must be authorised by Chair of Governors)
- Over £20,000 – written tenders (the purchase order must be authorised by the Chair of Governors)
- Procurement card x2 (limit £4,000 per card). Purchases signed off by Chair of Finance when monthly statement has been reconciled.

The Headteacher will provide the Governing Body (through the relevant committee or named governor) with a written statement of the authority that is delegated to other members of the school staff to certify orders and make payments. This will also be reviewed annually.

The principles and procedures of the NNC Schools Financial Management Handbook will be followed at all times and the treatment of:

- Quotes and Tenders
- Orders
- Payments
- V.A.T.

The agreed Authority scheme for managing VAT exemption will be used for purchases wherever possible.

The Headteacher will set out in writing any deviation from the procedures recommended by the NNC Schools Financial Management Handbook for Governing Body approval before implementation.

Accounting procedures will utilise the FMS6 computer system and follow procedures in the Local Authority's Financial Management Handbook.

FMS is backed up daily by IT Service Provider.

The school is registered under the Data Protection Act and will observe the requirements of the Act for the protection of data.

### **Purchasing**

The Headteacher/Bursar will always consider the price, quality and fitness for purpose when purchasing goods or services in order to seek value for money. Quotations will be obtained for all expenditure unless it is impractical to do so. The Headteacher will seek prior approval from the Governing Body for expenditure above the limits set out in the School's Scheme of Delegation to the Headteacher.

- If the staff wish to order any resource or equipment, this is to be approved by the Headteacher.
- The school bursar will ensure sufficient funds are available in the relevant budget and then process the order, entering the details on the finance system against the relevant cost centre and ledger code.
- The official order is passed to the Headteacher for authorisation and then faxed or posted to the supplier.
- Orders over £5,000 must also be countersigned by a member of the Finance committee in addition to the Headteacher.

### **Payment of Invoice**

- The school bursar checks that the goods have been received and that the invoice is correct.
- The invoice is signed by the Headteacher. The cheques are then printed off and passed to the Headteacher for authorisation along with all relevant documentation.
- The Headteacher checks the invoice and paperwork and signs as follows:
  1. Signature on invoice (noting that there may be more than one invoice relating to a single cheque) – full signature
  2. FMS cheque (full signature)
  3. Cheque stub (initials only)
  4. Cheque run report (initials only)

### **Bacs Payments**

Payment is uploaded and submitted by School Business Manager. Two signatories will check and sign the BACS report (Deputy and Headteacher) and then using online passwords and PINS Headteacher authorises the BACS payment. The most senior signatory should be the final authoriser.

### **Contracts**

The Headteacher/bursar will ensure that there are proper procedures for establishing and monitoring contracts and will present an annual review of the contracts in existence to the Governing Body, through the appropriate committee or named Governor, towards the end of each financial year.

### **Lettings**

The Governing Body delegates authority to the Headteacher to negotiate letting charges using the North Northants council's Lettings Schedule and Rates of Payment as a general guide. Agreed charges will be reported to the Governing Body (through the relevant committee or named governor) at the next available opportunity.

## **Income**

The Headteacher/bursar will check that the funds delegated by the Local Authority and from other grant funding agencies are correctly calculated and transferred.

All income will be handled in accordance with the procedures recommended by NNC Financial Management Handbook for Schools.

All charges levied will be in accordance with the School's Charging Policy and will be reviewed annually by the Governing Body through the appropriate committee or named Governor.

Invoices will be administered in accordance with the NNC Financial Regulations relating to Accounts Receivable. The receipt of income in respect of debtors invoices and non-invoiced income will be recorded promptly on the school's local accounting system. The write off debts will only be considered when the credit control procedures have been exhausted.

Before closure of the financial year a list of debts proposed for write off will be prepared by the Headteacher/bursar and submitted to the Governing Body, through the appropriate committee or named Governor, for consideration.

## **School Fund Account**

Formal accounts of activities in the School Fund Account will be prepared for the period 1<sup>st</sup> April to 31<sup>st</sup> March each year. These will be independently examined and presented to the Governing Body (through the relevant committee or named governor) before 31<sup>st</sup> July of the same year. Preparation of these accounts will conform to the relevant provisions in the NNC Financial Management Handbook for Schools. Individual balance sheets for each school trip or specific school activity where a charge to parents is made will be prepared in order to make the results of such activities clear to all concerned.

## **School Property**

The Headteacher/Bursar will ensure that an up-to-date inventory of school property is kept, with a record of serial numbers and/or identification marks and adequate descriptions of insurable items.

Surplus material, stores, equipment, furniture or any other surplus assets should be dealt with in a manner that best serves the interests of the School, taking account of the likely realisable value of the asset.

## **Insurance**

The Headteacher/Bursar will ensure the adequacy of the schools insurance arrangements as part of the annual financial review.

## **The Annual Budget**

The School's Budget Plan will be prepared at the start of each financial year with a view to breaking even. Where a small surplus is anticipated this will not exceed 8% of the total funding for the year. The Budget Plan will be prepared in accordance with the priorities of the School as identified in the Self Evaluation Form and the School Development Plan. If a deficit budget is anticipated, the NNC Head of Finance will be notified immediately.

## **Development Planning Cycle**

In the late autumn/early spring, the Headteacher will review strategic development plans for the school in discussion with the staff. These plans will be presented to the Governing Body, as appropriate, in order to identify the cost implications of the School's strategic planning.

In spring the Headteacher/bursar will recommend a draft Budget Plan for the coming financial year to the Governing Body, through the appropriate committee or named Governor, taking into account the cost implications of the School's strategic development plans and within the constraints of the Provisional Budget Allocation from the Local Authority.

When the Final Budget Allocation is received from the Local Authority in late March or early April the Headteacher/bursar will prepare a final Budget Plan and present this for approval by the full Governing Body. Following approval the annual budget proposal will be forwarded to NCC.

In the summer the Governing Body, through the appropriate committee or named Governor, will commence monitoring the School's spending by comparison with the final approved Budget.

### **Budget Monitoring**

During terms 1-3 of the school year, the Headteacher/bursar will keep under review any potential surplus balances and make virements to other headings seeking the Governing Body's approval, through the appropriate committee or named Governor, where these exceed the Headteacher's delegated authority.

At least once each term the Headteacher/bursar will report to the Governing Body, through the appropriate committee or named Governor, on the progress of the School against its agreed Budget Plan, highlighting any variances of significance. Forecasts of the likely outcome for the year will also be provided to aid in the forward planning process.

Following the close of each financial year the Governing Body, through the appropriate committee or named Governor, will receive a final statement of the previous financial year's spending which it will review against the original Budget Plan, relevant benchmark data and value for money principles. Evidence is to be presented to the Governing Body of the impact of purchases on pupil outcomes.

### **Reconciliation of Oracle/ERP and SIMS**

The Headteacher/bursar will ensure that the School's accounts are accurate and there is reconciliation between the NNC account (Oracle/ERP) and the School's FMS6 records.

### **Balances and Contingencies**

It is a fundamental aim of the School that the income for one financial year is used in that year. It is not the policy of the School to hold large balances or contingencies. The exceptions to this general rule will be;

1. Capital Funds, retained to cover major works as identified by the School's Premises Plan;
2. A small general contingency fund (not exceeding 8% of the total annual budget) to cover any unforeseen overspending or changes in external circumstances;
3. An agreed amount set aside for identified exceptional circumstances, in accordance with NNC guidance on schools balances.

### **Controls Assurance**

Every effort will be made to ensure sound financial control whilst acknowledging that internal control systems cannot prevent or detect all errors or irregularities.

As part of the financial year end processes the Governing Body, through the appropriate committee or named Governor, will complete such auditing procedures as it deems necessary to assure itself of the sound financial management, e.g. the pre-certification checklist for the Statement of Internal Control, NNC Thematic Audit schedules, Governors' Audit Checklist.

Following the successful completion of the checklist(s) the Governing Body will ratify a Statement of Internal Control.

The Governing Body will also undertake annually a self review against the School Financial Value Standard.

### **Monitoring, Evaluation and Review**

The Headteacher and Governing Body will monitor the implementation of this policy and review its effectiveness every 2 years or more frequently if deemed necessary.

### **Additional References:**

Related School Policies:

- Whistle-blowing Policy
- Charging and Remissions Policy
- Statement of Delegation of Authority to the Headteacher

Supporting Documents:

- Scheme for the Local Management of Schools, NCC
- Financial Management Handbook, NCC
- Schools Property Management Handbook, NCC
- Internal Financial Controls Good Practice Summary, DCSF

Internal Documents:

- Annual Statement of Internal Control for Hayfield Cross Church of England School
- Schools Financial Value Standard; Hayfield Cross School Self Assessments