



Finance Policy

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Lightyear Federation Finance Policy

1. Introduction

The Governors of Lightyear Federation are committed to providing sound financial controls, to achieving value for money and to being worthy custodians of public money. To achieve these aims the Executive Headteacher and the Governing Body have drawn up this Finance Policy to provide the guiding principles for which all Governors and staff will operate within.

This Policy has been drawn up in accordance with the Local Authority's (LA) Scheme for Financing Schools.

2. Principles

Lightyear Federation Finance Policy will adhere to the following principles;

- The responsibilities of the Governing Body, its committees, the Executive Headteacher and staff will be clearly defined and limits of delegated authority established, where applicable.

The **Governing Body** is responsible for taking steps to ensure that expenditure reflects best value principles. This is done by;

- Using both performance data and financial benchmarking to **compare** to similar schools locally and nationally.
- Using the information gained to **challenge** performance and set new targets
- Using fair **competition** through quotations and tenders, ensuring resources and contracts for services are secured in the most economic, efficient and effective way
- **Consulting** parents on policy development and major changes in the use of resources

The Federation will establish sound internal financial controls, based on the LA's Financial Controls to ensure the reliability and accuracy of its financial transactions.

The budget will reflect the federation's prioritised educational objectives through its links to the Federation and Individual School Development Improvement Plans, which indicates the resource implications of each priority.

The budget will be subject to effective monitoring, allowing the Governors, Executive Headteacher and staff to maintain financial control in line with the Balance Control Mechanism by reviewing the current position and taking any remedial action necessary.

The federation will be adequately insured against exposure to risk.

The federation will ensure that:

- The Budget Share is spent for the purpose of the federation only
- Purchasing arrangements achieve value for money
- There are sound procedures for the administration of personnel matters
- There are sound procedures for the administration of payroll matters
- Stocks, stores and assets are recorded and adequately safeguarded against loss or theft
- All income due is identified and all collections receipted, recorded and banked promptly
- The operation of the bank account and the reconciliation of bank balances with the accounting records are properly controlled
- The use of petty cash is strictly controlled
- The use of a NatWest onecard is strictly controlled
- Any suspected irregularity will be reported immediately to the LA's Head of Internal Audit
- The school will adhere to current GDPR and Data Protection legislation
- Appropriate training in financial administration will be given to enable staff cover at all times

3. Putting Policy into Practice

3.1 Delegated Authority

The Full **Governing Body** of Lightyear Federation has overall responsibility for the management of all of the federation's finances covering the revenue budget, other budgets delegated or devolved by the LA and other funds.

The **Full Governing Body** of Lightyear Federation will ensure the annual detailed report of the Schools Financial Value Standard (SFVS) is provided to them and the chair of governors will sign the completed form prior to sending a copy to the Local Authority.

The **Local Board Committees** are delegated responsibility by the Full Governing Body for the following aspects of financial management;

- Evaluate and recommend the three-year budget plan, which shows clear links to the Federation and Individual School's Development/Improvement Plans, for approval by the Full Governing Body
- To review the Finance Policy and agree levels of delegation for approval by the Full Governing Body
- To review the Charges and Remissions Policy for approval by the Full Governing Body
- To review a Pay Policy for approval by the Full Governing Body
- To make decisions in respect of service agreements and insurance
- To advise the Full Governing Body of any consultations to change the LA Scheme for Financing Schools, to allow the federation to respond to any consultation
- To report monitoring and the outturn position to the Full Governing Body, highlighting any significant variances
- Evaluate any proposed virements (If applicable)
- Evaluate and report on Tenders for Contract Services to the Full Governing Body
- Keeping in-school financial procedures under review
- Benchmark the federation's financial performance and report to the Full Governing Body

The ***Executive Headteacher*** is responsible for implementing the decisions of the Governing Body and for the operational management of the school. The general administration of financial procedures are delegated to the Heads of School, the Business Manager and other members of staff at the discretion of the Executive Headteacher.

3.2 Internal Financial Controls

The internal financial controls operated by Lightyear Federation follow the financial controls set out in the LA's Scheme for Financing Schools.

3.3 Financial Links to the School Improvement Plan

The Federation and Individual School's Development/Improvement Plans has sufficient scope and depth of the financial implications and it is reflected in the federation and individual school's three-year budget plan.

3.4 Monitoring and Virements

Lightyear Federation recognises that the regular monitoring of income and expenditure against the agreed budget is central to effective financial management. To this end, the Headteacher carries out a monthly internal monitoring procedure. A monitoring report is taken to all meetings of the Resources Committee which reports, if required, to the Full Governing Body. Monitoring reports are submitted to the LA in accordance with its timetable. Governors should ensure their meetings are timed to see all monitoring submitted to the LA either prior to submission or soon after. This will ensure they have an up-to-date position of the federation's finances.

On occasions, virements may need to be carried out. Virements to the approved budget are minuted appropriately and require the following authorisation:

Virements up to £8,000 - The Executive Headteacher, reported to the Local Board Committee

Virements from £8,000 to £15,000 – The Local Board Committee

Virements over £15,000 – The Full Governing Body

3.5 Insurance

Lightyear Federation is insured through ***the Kent County Council (KCC) 'Safe Hands' Scheme*** with relevant cover, as identified by the schedule received from the LA's Insurance section.

Lightyear Federation is insured as standard through the Safe Hands (RPA) Scheme and therefore recognises that only cash held on site up to £3000 if held in a safe/strongroom or £250 if held in a locked receptacle (other than a safe/strongroom) is insured.

Lightyear Federation does not purchase Money Cover through the Safe Hands scheme and therefore recognises that cash is not insured.

3.6 Purchasing

At Lightyear Federation, budgets are delegated to phase leaders, subject leaders and class teachers. Budget holders prepare a 'needs budget' for their area of responsibility, which is approved by the Executive Headteacher in line with the priority needs of the federation and the Federation and Individual School's Development/Improvement Plans.

All staff adhere to the federation procedures for purchasing items, as laid down in the Federation's Staff Handbook, paying regard to value for money at all times. The Executive Headteacher, Head of School, Deputy or Business Director authorises all orders and invoices prior to payment.

As a matter of good practice, orders over £1,000 have three quotations sought.

Where the federation purchases larger items, we adhere to the procedure for Spending the Council's Money as laid down in the Scheme for Financing Schools

(<http://www.kelsi.org.uk/policies-and-guidance/finance-guidance-and-policies/scheme-for-financing-schools>),
in summary:

- For orders in excess of £8,000, but less than £50,000, three written quotations are obtained and submitted to the Local Board Committee for approval and report to the Full Governing Body.
- For orders of £50,000 or over, no fewer than three competitive tenders are sought and submitted to the Full Governing Body for approval

All of the above will be minuted at the appropriate committee/Governing Body meeting to ensure that the Federation is seen to be obtaining value for money at all times.

The federation does not enter into any Hire Purchase agreements, Finance agreements or Finance Leases as this constitutes borrowing which is not permitted.

3.7 Personnel Matters

At Lightyear Federation, at the start of every financial year the **Headteacher** uses a financial planning tool to calculate the salary costs of all members of staff, including increments, where applicable. These details are used by the Local Board Committee for incorporation into the school budget planning process.

The **Performance Management Committee** undertakes an annual review of the Executive Headteacher's salary, and recommends enhancements, if applicable, to the Full Governing Body for approval.

The Executive Headteacher undertakes an annual review of all other staff, in accordance with the Governors' Pay Policy and reports to the Full Governing Body.

Details of all salaries are recorded as a confidential item in the minutes.

3.8 Payroll Matters

The payroll provider at Lightyear Federation is SPS Intepay, who provides payroll services to the specification laid down by the LA. The Executive Headteacher, Heads of School, Deputies or School Business Manager signs off the monthly payroll reports once they have been checked for accuracy.

3.9 Safeguard of Stocks, Stores and Assets

All staff at Lightyear Federation are responsible for the security of federation assets. Co-ordinators, subject managers and class teachers safeguard their assets and maintain asset registers, which are checked at least on an annual basis and certified by the Executive Headteacher, Heads of School or designated deputy. Other federation assets are recorded on a general asset register, maintained and updated by the Site Manager.

Items of value are held in a locked cupboard/cabinet, wherever possible and all items are visibly security marked to deter theft.

Where assets are written off and disposed of, the Local Board Committee agrees this on behalf of the Full Governing Body and the agreement is minuted.

Where federation assets are loaned to staff or pupils, a loans agreement form is completed and signed when borrowing the item and again when the item is returned.

3.10 Income

At Lightyear Federation, the Lettings Policy is reviewed and approved by the Governing Body.

Where debts are required to be written off, after every effort has been made by the Executive Headteacher and Governors to recoup the monies, the Full Governing Body will approve up to £1,000. Approval to write off debts over £1,000 is required in writing from the LA Finance Business Partner CYPE.

We have agreed a level of cash to be held in each school at any one time as £200. Cash will be receipted, recorded and banked, promptly, at all times.

3.11 The School Bank Account

Lightyear Federation operates its federation bank accounts in accordance with the regulations in the LA's Scheme for Financing Schools. The school operates only one current account for the administration of KCC official funds.

Bank account signatories are updated immediately there is a change in staffing and details are copied to the Schools Financial Services, as a matter of course.

Lightyear Federation pays suppliers/invoices via online banking/BACS ensuring it adheres to all financial controls within the Scheme for Financing Schools.

Bank statements at Lightyear Federation are received/printed out on at least a monthly basis and reconciled in accordance with LA guidelines. The Executive Headteacher, Heads of School or designated deputy signs and dates the bank statement as soon as possible after the reconciliation has been checked.

3.12 Petty Cash

Petty Cash is held securely at all times and the limit for petty cash is £100. At Lightyear Federation, petty cash transactions are kept to a minimum and the maximum value of any one transaction is £25. All staff obtain proper VAT receipts for petty cash purchases, wherever possible, as this demonstrates value for money in respect of the school budget and satisfies legislative requirements.

3.13 NatWest Onecards

Lightyear Federation operates an approved Corporate Card in accordance with the LA guidance.

The approved users at Repton Manor Primary School are the Executive Headteacher, Matt Rawling, the School Business Manager, Vikki Reeves and the Site Manager, Terry Wells. The monthly card limit is £2,000 for Executive Headteacher and £2,500 for School Business Manager and Site Manager.

The approved users at Greatstone Primary School are the Deputy Head, Fiona Roberts and the Finance Administrator, Sheran Dawson. The monthly card limit is £15,000 for the Deputy Head and £15,000 for the Finance Administrator.

Personal credit / Debit cards will not be used for the purchase of items for the school.

3.14 Irregularities

All staff at Lightyear Federation are aware of the LA's Whistleblowing arrangements and to whom they should report concerns. These details are available to staff on the school website –

www.reptonmanorprimary.co.uk

<https://greatstoneschool.co.uk/>.

3.15 Data Protection

Lightyear Federation (as Data Controller) adheres to the GDPR and the Data Protection Act 2018 including paying a data protection fee to the Information Commissioners Office (ICO). Lightyear Federation pays £35 as determined by the ICO.

3.16 Information Systems

Lightyear Federation has a password protection procedure laid down in the staff handbook. Systems are backed up regularly and the backups held securely, virus protection is in place and is updated regularly and the school has a disaster recovery plan for the administration network.

3.17 Financial Administration

At Lightyear Federation, three members of staff are trained in the use of the finance software and financial administration procedures, in event of staff absence. We also purchase a support contract through the Schools Financial Services which is reviewed on an annual basis, allowing us the option to purchase additional support, if required.