

HIGHCLIFFE SCHOOL

FINANCIAL POLICIES

Updated September 2019

FINANCIAL POLICY

Highcliffe School converted to academy status on 1 June 2011. It is a company limited by guarantee incorporated in England and Wales under company number 07631213.

This policy has been reviewed and revised with reference to the Academies Financial Handbook (current version September 2019) and covers the duties and obligations of the academy trust arising from the Funding Agreement.

The Headteacher is designated as the Accounting Officer and takes personal responsibility for assuring the Governors that there is compliance with the Handbook and all relevant aspects of company and charitable law.

A register of business interests is maintained of all governors and senior staff staff. It is reviewed and updated on an annual basis.

Roles and Responsibilities

Governing Body

The Governing Body has wide responsibilities under statute and regulations, charity law and the Funding Agreement and whilst it has discretion over the use of the school's funds it is ultimately responsible for the proper stewardship of the funds from the Education & Skills Funding Agency (ESFA) and must ensure economy, efficiency and effectiveness in their use (Value for Money).

The Governing Body will:

- consider and approve the annual budget plan and the 3 year financial plan, and any subsequent proposed revisions as required under the Scheme of Financial Delegation;
- Approving a schedule of delegation of financial powers including any changes to limits on an annual basis;
- review from time to time the Register of Interests and to ensure it's accuracy;
- ensure the budget is managed effectively and accurate records are maintained and that these are available for audit and inspection as required;
- ensure that effective financial procedures are in place and carried out;
- Appointing an audit committee, either as a standalone committee or as part of another committee;

- Ensuring that the trust has sound internal control, risk management and assurance processes. This will include meeting with Internal Auditors of the school and agreeing a plan for the year. Reviewing the finding of the internal audits and enacting finding as agreed;
- consider the recommendations from the internal and external audit reports and ensure that any action is implemented promptly;
- approve the pay policy as recommended by the Personnel Sub - Committee.
- act as a “critical friend” to the Headteacher by providing advice, challenge and support;
- adopt the 4 principles of best value to the work of the school.
 - *Compare* the school's performance with that of other schools
 - *Challenge* the school's performance standards and methods of service provision
 - *Compete* to ensure economic, efficient and effective services
 - *Consult* service users about the services provided
- Ensure the range of competencies of governors and staff involved in financial management is such that the school is not over-reliant on one individual;
- Keeping the academy's approach to internal scrutiny under review, taking into account any changes to the academy's size, complexity or risk profile;
- Consider annually the arrangements for insurance cover and ensure they are appropriate and adequate;
- Appointing the headteacher as the accounting officer, and ensuring that the roles of senior executive leader and accounting officer do not rotate.

Resources Committee

The Governing Body delegates to the Resources Committee the regular monitoring of the School's financial activity. This body will ensure that the Governing Body is kept fully informed about financial matters through the presentation of papers and briefings.

The committee will work to **Terms of Reference** (Appendix 1) .

It's main function is to consider and make recommendations to the Governors on all financial and budgetary matters including:

- ensuring compliance with all statutory regulations governing the operations of Academy Trusts;
- establishing systems of financial control, including appointing, setting remit and reviewing findings by internal audit provider;
- Acting as the audit committee for the trust;
- consideration of the annual budget and 3 year financial plan for presentation to the full Governing Body;
- regularly assessing risks arising from the School's operations and ensuring those risks are managed
- agree a programme of work to address these risks;
 - inform the Governance Statement in the statutory published accounts;
 - provide assurance to the external auditors

The Pay Review Panel

Reviews the performance and pay of the Headteacher and Senior Leadership Team within the framework set by the pay policy, and reports these decisions to the Full Governing Body

The Audit Committee

- Meeting a minimum of three times a year (can be within the Resource Committee meetings agenda);
- Having written terms of reference in place describing its remit;
- Agreeing a programme of work annually to deliver internal scrutiny throughout the year;
- Reviewing the risk register to inform the programme of work, ensuring checks are modified as appropriate each year;
- Agreeing who will perform the work;
- Considering reports at each meeting from those carrying out the work;
- Considering progress towards recommendations;

- Considering outputs from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations;
- Having access to the external auditor, as well as those responsible for internal scrutiny, and considering their quality;
- Ensuring that information submitted to the DfE and ESFA that affects funding, including pupil number returns and funding claims (for both revenue and capital grants) completed by the trust, is accurate and in compliance with funding criteria;
- [New] Ensuring the submission of the annual summary report concerning internal scrutiny to the ESFA by 31 December each year when it submits the audited annual accounts;
- [New] Ensuring the provision any other internal scrutiny reports where requested by the ESFA.

Headteacher

The Headteacher, acting as the Trust's Accounting Officer, accepts responsibility for:

- the propriety and regularity of public finances for which they are answerable;
- the keeping of proper accounts;
- prudent and economical administration;
- the avoidance of waste and extravagance;
- ensuring value for money;
- the efficient and effective use of all resources in their charge;
- ensuring security of the School's assets
- [New] Sharing the 'Dear Accounting Officer' letter with members, trustees, the DofBF and the SLT, and arranging for the board to discuss it and take action where necessary to strengthen financial controls.
- [New] Adhering to 'The 7 principles of public life'.
- [New] Notifying the ESFA's accounting officer if the trust is in breach of its articles of association, funding agreement or the 'Academies financial handbook' and the board fails to follow their advice.

Director of Business and Finance

The Director of Business and Finance, acting as Principal Finance Officer has the following key responsibilities:

- prepare and monitor the annual budget;

- prepare the annual accounts in conjunction with the appointed accountants;
 - Submitted to the ESFA by 31 December each year.
 - Published on the trust's website by 31 January.
 - Filed with Companies House in accordance with company law requirements, usually by 31 May.
 - [New] Provided to every member.
 - [New] Provided to anyone who requests a copy.
- liaise with the internal and external auditors and accountants as necessary

Appendix 1 (of the Finance Policy)

Resources Committee – Terms of Reference

Membership

The membership of the Resources Committee will be at least 3 members, subject to annual review by the Governing Body. The Headteacher will automatically be a member. The Resources Committee will meet at least termly prior to the full Governing Body meeting. Additional meetings will be held as and when required.

Quorum

The quorum will be 3 members.

Procedure

- to elect a Chair and Vice Chair of Committee annually. A Governor who is employed at the school cannot be elected chairperson;
- annual review Committee terms of reference;
- ensure Compliance with all statutory regulations governing the operations of Academy Trusts;
- annual review of Financial Policies and Procedures;
- ensure requirements of the Academies Financial Handbook are implemented, including production of statutory accounts and other external reports;
- publication of use of the Pupil Premium;
- ensure compliance with relevant pension regulations and annually review the employer discretions for the Local Government Pension Scheme;
- establish systems of financial control that provide:
 - Compliance with delegated financial authorities
 - Propriety and regularity of financial transactions
 - Ensure efficiency and value for money
 - Apply the principles of segregation of duties
 - Ensure maintenance of proper accounts
 - Preparation of annual financial statements
- regularly assess risks arising from the school's operations and maintain a register of risks showing how these are managed or mitigated;
- minimise the risk of fraud and theft;
- recommend the School's annual revenue and capital budgets to the full governing body for approval;

- recommend 3 year financial plans;
- ensure the budget plans reflect the needs of the School Development Plan;
- monitor actual income and expenditure against approved budgets
- select, plan and oversee capital projects
- review benchmarking information;
- ensure efficiency and value for money in the organisation's activities;
- review cash flow forecasts;
- operate the Governing Body's arrangements for obtaining quotations, inviting tenders and signing contracts;
- review contracts for support services;
- recommend to the Governing Body a charging policy and arrangements for lettings;
- establish arrangements for the external audit of the School's accounts, including the provision of audit opinions on all relevant statutory documents;
- receive audit opinions and reports;
- establish arrangements for the independent checking of the School's financial controls, systems, transactions and risks;
- oversee arrangements for financial management including banking and cash flow with appropriate segregation of duties;
- ensure that delegated financial authorities are respected;
- ensure arrangements are in place to maintain the propriety and regularity of financial transactions;
- establish a framework for the review of Governor performance;
- review financial risk and control procedures and agree a programme of work;
- ensure that appropriate contingency and business continuity plans are in place.