



Signed: (Chair GB)
Review Date : Autumn 2020

Governing Bodies are the front line for ensuring financial integrity in their institutions. They have a duty to ensure that staff and their own members understand the standards expected in financial matters and are aware of the protection provided by the Governing Body's policy on Reporting Concerns at Work (whistleblowing). This can be viewed in the *Manual of Financial Management* and the *Manual of Personnel Practice*.

The Governing Body should ensure that the designated people responsible for checking the payroll and approving payments to staff can directly contact the Chair of Governors if they want to express any concerns about how financial matters are conducted in the school.

All funds that the County Council provides and delegates or devolves to schools are intended for children's education. The governors are responsible for managing these funds locally, and must be satisfied that official and unofficial funds available to the school are used appropriately.

1. If the Governing Body awards contracts or commission work, which is to be paid for from school delegated budgets, all decisions relating to the tendering process must be recorded formally in the minutes of the Governing Body or authorised committee. Any pecuniary interests must be declared both at that time and during the annual review of pecuniary interests.
2. Any member of the Governing Body or member of staff with a personal, pecuniary or non-pecuniary, interest in an item must withdraw from its discussion and decision.
3. Pecuniary interests of all governors and staff with financial responsibilities must be recorded, reviewed annually and kept up to date.
4. When a member of staff makes a request to undertake work for other education agencies for which a payment is to be received, the benefits of this arrangement to the school needs to be considered, agreed and minuted by the Governing Body or authorised committee. All fees generated from this type of work should be paid in full into school funds. The Governors may pay over a percentage of the fees earned

to the member of staff where they feel it is appropriate to do so. Advice on this issue can be sought from Education Personnel Services.

5. The general principle is that a member of staff should not retain any payment in full if they had continued to receive normal salary from the school unless the work concerned had been done wholly outside the time when school duties would be performed, for example providing private tuition or consultancy during school holidays. If the Governing Body determines that the member of staff may receive a percentage of the fees generated, then the agreed amount should be processed through the salary payroll arrangement of the County Council and not through any other means.
6. When a member of staff receives a gift for approved work for other education agencies then the gift and its value must be recorded within the minutes of the Governing Body or authorised committee. As a general rule, a gift with a **value less than £60** can be retained without reference to the Governing Body or authorised committee.
7. The expectations upon governors and head teachers as public servants differs from the expectations and practices that can often be seen and experienced by governors in the private sector. School staff are bound by the same codes of conduct in financial matters as all other officers of the County Council.

They must therefore ensure that they use public funds entrusted to them in a responsible and lawful manner, ensure value for money to the local community and avoid legal challenge to the authority.

8. DBS or other pre-employment checks should apply to prospective service providers (for example any regular IT or other maintenance contractors) as well as new staff. Any departure from County Council approved lists leaves governors responsible for ensuring compliance with these checks to minimise risks relating to Health and Safety and Insurance requirements.
9. Financial procedures in place and followed by all members of the school staff with financial responsibilities must adhere to the principles as set out in the **Schools' Financial Value Standard (SFVS) : see Appendix A.**

Appendix A:

The Schools' Financial Value Standard (SFVS) assists in managing finances and gives assurance that secure financial management is in place.

The essential aspects for achieving the Schools' Financial Value Standard are as follows:
A. The Governing Body and School Staff
1. The Governing Body includes individuals who are able to:
i) Provide strategic leadership on financial management issues ii) Ensure financial management accountability iii) Be an effective "critical friend" on financial management issues
2. The Governing Body has a finance committee with clear terms of reference and a knowledgeable and experienced chair in order to:
i) Lead the development of strategic plans ii) Have a clear understanding of best financial management practice and the school's performance compared to it iii) Understand the statutory financial requirements for the school and the LA's requirements for maintained schools iv) Understand the importance of communicating the school's performance to stakeholders v) Have a commitment to the school and the work of the Governing Body vi) Present information and views clearly and influentially to others
3. The staff and governors have a shared understanding of their own financial management roles, responsibilities and accountabilities, and those of others to:
i) Ensure that all essential duties are carried out and all requisite controls exercised without unnecessary duplication of effort by staff and governors ii) Ensure all staff understand their responsibilities in respect of financial management and that they can be held accountable for how duties are carried out iii) Prescribe the limits of each person's financial responsibility and authority iv) Determine the best means for giving governors the financial information they need for decision-making purposes
4. The Governing Body receives clear and concise monitoring reports of the school's budget position at least three times annually to enable them to:
i) Review income and expenditure against the agreed budget and challenge variances ii) Safeguard the large amounts of public money for which they are responsible
5. Business interests of the Governing Body members and staff are registered properly and taken into account so as to avoid conflicts of interest including:
i) Financial – interests in a contract or proposed contract by direct or family connection ii) Appointment – interests in the provision for sponsor governors or interest in someone's appointment, reappointment or suspension from office as a governor or clerk to the GB iii) Pay and performance – interests in the pay or appraisal of someone working at the school in cases where the governor or staff member is also paid to work at the school
6. The school has access to an adequate level of financial expertise, including when specialist finance staff are absent in order to:
i) Develop strategic financial plans ii) Understand and operate good financial management practices iii) Understand national and local financial requirements of the school and the school's own framework of financial control iv) Understand and operate budget setting and monitoring v) Operate, control and monitor financial systems
7. The school reviews its staffing structure regularly to ensure that it:
i) Matches as closely as possible the current and future needs of the school, which will change over time ii) Considers how best to make the most of the skills and talents of their staff, the curriculum is delivered, the needs of the pupils met and best value secured for the school

8. Pay decisions are reached in accordance with a pay policy reflecting clear performance criteria in order that:
<ul style="list-style-type: none"> i) Annual individual pay decisions for all classroom teachers and senior leadership teachers are explicitly linked to performance. ii) All staff can clearly access the criteria that will be taken into account when judgements are being made about whether objectives and the relevant standards have been met, including for teachers for movement to the upper pay range. iii) Pay decisions are objective and equal, giving due regard to equalities considerations throughout appraisal and the pay determination cycle. iv) Performance objectives are closely linked to the school's priorities as defined by school leadership and the governing body, including impact on pupil progress; wider outcomes for pupils; improvements in specific elements of practice e.g. behaviour management or lesson planning; impact on wider teacher effectiveness; wider contribution to the work of the school. v) All objectives are clearly defined and measurable. vi) Objectives enable teachers and school leaders to demonstrate performance rather than simply results.
9. Professional independent advice informs part of the pay decision process in relation to the headteacher to ensure that:
<ul style="list-style-type: none"> i) The governing body is supported and confident about their decision making processes. ii) If, during the salary-setting process, the governing body deems it appropriate to set a salary in excess of 25% above the maxima of the relevant pay range, their decision to do so is well informed and that the correct procedures are followed. iii) Whilst final decisions are at the discretion of the school, due regard is given to all relevant advice.
B. Setting the Budget
10. There is a clear and demonstrable link between the school's budgeting and its plan for raising standards and attainment in order to:
<ul style="list-style-type: none"> i) Highlight the most effective way for the school to use its workforce to improve outcomes for its pupils ii) Assess whether the actions are viable and cost-effective iii) Understand the impact that its intended plans will have on the workload of its staff
11. The school makes a forward projection of budget, including both revenue and capital funds, for at least three years, using the best available information to ensure that:
<ul style="list-style-type: none"> i) Planned resource allocations match the school's priorities ii) Projections of income, including income raised by the school itself, are realistic and achievable.
12. The school sets a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit) in order to:
<ul style="list-style-type: none"> i) Lead to neither an excessive surplus nor deficit at the end of the year ii) Provide vital information about spending patterns that help management to make realistic forecasts of year-end, under or overspends
13. End of year outturn is in line with budget projections, or if not the Governing Body is alerted to significant variations in a timely manner that these have arisen from explicitly planned changes or from genuinely unforeseeable circumstances, demonstrating that:
<ul style="list-style-type: none"> i) The budget has been well planned ii) Changes to pupil number on roll (upward or downward) have been taken into consideration iii) Account has been taken of costs that are likely to rise iv) The school does not end up with an excessive surplus for which it has no plans - nor deficit
C. Value for Money
14. The school benchmarks its income and expenditure annually against that of similar schools and investigates further where any category appears to be out of line in order to:
<ul style="list-style-type: none"> i) Consider whether and how better use might be made of resources and identify where change can be made ii) Review school contracts for procuring goods and services iii) Report findings from benchmarking to the Governing Body for comparison to other schools iv) Submit income and expenditure data using the Consistent Financial Reporting (CFR) framework

15. The school has procedures for purchasing goods and services that both meet legal requirements and secure value for money to:
<ul style="list-style-type: none"> i) Ensure that purchases made with public funds are fair, legal and open as well as securing the best value for money, and demonstrate compliance with UK legal requirements ii) Comply with the requirements of the local authority, including any tendering thresholds as set out in their scheme for financing schools
16. Balances are at a responsible level and the school has a clear plan for using the money it plans to hold in balances at the end of each year through:
<ul style="list-style-type: none"> i) Reviewing balances especially those deemed 'excessive' to ensure that best value for money is being considered ii) Accounting for surplus balances as and if required by the Local Authority iii) Submitting balance information as part of Consistent Financial Reporting (CFR) return
17. The school maintains its premises and other assets to an adequate standard to avoid future urgent need for replacement, ensuring that:
<ul style="list-style-type: none"> i) School premises are kept in good working order and continue to be available to meet users' needs i.e. continue to perform their required function ii) The best use of premises is made to provide a safe school environment for learning iii) Urgent need for replacement which could be more expensive is reduced iv) A coordinated asset management plan is in place to prioritise work appropriately to reduce the need for premises to be replaced early and thus maximise value for the public purse
18. The school considers collaboration with others eg on sharing staff or joint purchasing where that would improve value for money through:
<ul style="list-style-type: none"> i) Sharing valuable skills and knowledge to make procurement more effective ii) Combining purchasing power that would not be possible for an individual school
19. The school can give examples of where it has improved the use of resources during the past year in order to:
<ul style="list-style-type: none"> i) Buy goods or services more cheaply without any loss of quality ii) Re-organise an area of work within the school to improve productivity iii) Switch resources towards a particular school priority (eg improving attainment in Maths) iv) Use staff time more effectively by having support staff take over appropriate tasks from teachers v) Gain extra income from additional letting of the school building
D. Protecting Public Money
20. The Governing Body is sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the Governing Body and following an audit, ensure that:
<ul style="list-style-type: none"> i) A list is drawn up of issues to be addressed and a timed plan put in place ii) Progress against issues is monitored and reviewed at the Finance & Personnel committee in order to feedback to the Governing Body iii) Each action is assigned to a named owner who has the appropriate level of responsibility for carrying it out and reporting back iv) Progress against issues are formally minuted
21. There are adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers (any instances of fraud within the last 12 months to be noted here) to ensure that:
<ul style="list-style-type: none"> i) A robust system of controls to safeguard against fraudulent or improper use of public money and assets is in place (see below <i>**Internal Controls to Check Against Fraudulent Usage</i>) ii) A written log is maintained of any instances of fraud or theft detected – <i>including attempted fraud or theft (so long as this would not prejudice any ongoing legal action against the perpetrator(s))</i> iii) Separation of duties operates so that no one member of staff processes and validates a transaction iv) Careful pre-employment checks are undertaken on staff who will have financial responsibilities v) Staff members' financial responsibilities are clear through written job descriptions and desk instructions
22. All staff are aware of the Whistleblowing Policy and to whom they should report any concerns.
<ul style="list-style-type: none"> i) The Whistleblowing Policy, based on the LA model policy, is in place and reviewed annually, recorded in Governing Body minutes ii) All staff have access to a copy and sign a record to that effect iii) The Governing Body should have identified one or more members of the school staff to whom concerns should be reported and, in the event of the concern being about the HT, a member of

the Governing Body	
23. The school has an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return which:	
i) Records accurately income and expenditure ii) Produces reliable and accurate management information including providing decision makers with timely and accurate information relevant to their responsibilities and requirements iii) Contains adequate internal control measures to ensure the protection of assets and the provision of reliable information iv) Is sufficiently flexible to accommodate changes in volumes and operating procedures without requiring drastic modification v) Can produce an annual and profiled budget	
24. The school has adequate arrangements for the audit of voluntary funds in order that:	
i) The fund concerned is being correctly operated in accordance with fund objectives ii) Financial statements produced by the fund manager are correctly stated	
25. The school has an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance to establish:	
i) Contingency arrangements in the event that the school's premises are not available for an extended period eg flood, large scale loss of property eg theft or fire, loss of information through catastrophic failure of IT systems, mass unavailability of staff eg pandemic	
**Internal Controls to Check Against Fraudulent Usage	
<ul style="list-style-type: none"> • Financial management system • Income received • Payroll • Purchasing 	<ul style="list-style-type: none"> • The banking system • Petty cash holdings and payments • The School's assets