**Light Touch Financial Monitoring (LTFM)**

**Summary**

The Light Touch Financial Monitoring Scheme (LFTM; also known as ‘the Scorecard’) is a protocol that exists primarily to encourage timeliness and quality of reporting from schools to the Local Authority. It is a scoring system, which is used to distinguish between schools monitored on a "light touch" basis and those schools requiring a more "watchful eye" approach.

Schools amass points, on a rolling programme, based on their scoring against the agreed criteria, which include meeting required dates for the submission of key financial returns to the LA. Schools are split into 3 categories. Schools scoring fewer than 20 points are placed in the “Green” category and are subject to “light touch” monitoring. Schools scoring at least 20, but fewer than 40 points, are placed in the “Amber” category and are subject to a greater degree of monitoring and challenges. Schools scoring 40 points or more are classed as “Red” and are subject to “watchful eye” (monthly) monitoring. The scoring system is updated at the end of every quarter and the scorecard is published for schools to access.

**Scoring System**

The scoring system has been designed to:

* **Be Simple**, in that the number of factors which are used to assess the “financial health” of a school are constructed in a way which enables schools to readily remember them,
* **Be Transparent,** in that each school is made aware of the scoring system and is notified regularly of its score.
* **Be Measurable,** scoring is done on an entirely objective basis to minimise disputes.
* **Allow schools to take corrective action**

Green fewer than 20 points - “light touch” monitoring operates

Amber at least 20, but fewer than 40 points - the school is notified that a critical number of points has accumulated and is advised to redress the situation

Red 40 points or more - “watchful eye” monitoring is in place

# Where a School is in the GREEN Category

“Light Touch Monitoring” will apply

# Where a School enters the AMBER Category

#### A school is placed in the Amber category if it exceeds 20 points. The School is contacted by letter to the Head and Chair of Governors to:

* investigate and identify issues
* to identify an agreed plan of action to improve the school’s financial health. The school will be expected to take appropriate action as a self-managing school to address the issues in the plan of action. This might include:
* A review of the school’s financial procedures to ensure good practice is being adhered to
* Review of capacity available at the school or that adequate cover arrangements are in place for sickness or other absence
* Training or re-training on topics such as financial procedures or IT software applications
* Linking in to a mentor school from its cluster
* Appointing a financial bursar

#### Where a School enters the RED Category

A school is placed in the Red “watchful eye” category if it exceeds 40 points

* A meeting may be arranged with the School to support and challenge the issues that have not been resolved at the Amber stage.
* The school may then be subject to ‘watchful eye’ monitoring (i.e. monthly)
* The Local Authority may issue a Notice of Concern, which may place further formal restrictions on the school in support of improving the current position and ensuring minimum reporting requirements are met
* If the Notice of Concern is not successful in securing improvement, there is an “escalation” process with the removal of delegation as an absolute last resort.

# Administration Arrangements

* The scorecard operates on a quarterly rolling programme i.e. the scoring is based on the last four quarters.
* Each school is issued with a scorecard on quarterly basis (this is placed in the secure area of the Bradford Schools Online website for schools to access; schools can only access the scorecard for their school)
* The score of each school is monitored and, when trigger positions are reached, the school is notified of any change to reporting requirements.
* The School is expected to present the Scorecard at Governor’s meetings.
* Scorecards may also be shared with the Achievement Service

**LIGHT TOUCH FINANCIAL MONITORING (LTFM) – SCORING SYSTEM**

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| **Ref** | **Detail** | **Points** |
|  |  |  |
| **1** | **GOVERNING BODY APPROVED BUDGETS** |  |
| 1.1 | Governing Body Approved Budget not received by 15 May | 5 |
| 1.2 | Governing Body Approved Budget not received by 30 June | 35 |
| 1.3 | Subsequent receipt of Governing Body Approved Budget | -25 |
| 1.4 | 2nd and 3rd Year Budget not received by 30 June  | 15 |
| 1.5 | Subsequent receipt of 2nd and 3rd year budget  | -5 |
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| **2** | **FINANCIAL MONITORING REPORTS** |  |
| 2.1 | Quarterly Monitoring Report not received by 31 July (Quarter 1), 31October (Quarter 2), 31 January (Quarter 3)  | 5 |
| 2.2 | Consecutive Monitoring Reports not received by due date (s). | 35 |
| 2.3 | Subsequent receipt of outstanding Monitoring Report | -20 |
| 2.4 | “Proposed CFR Report” not submitted with Quarterly Monitoring Report  | 5 |
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| **3** | **BANK RECONCILIATION RETURNS** |  |
| 3.1 | Quarterly Bank Reconciliation Return not received by 31 July (Quarter 1), 31 October (Quarter 2), 31 January (Quarter 3) | 5 |
| 3.2 | Consecutive Bank Reconciliation Return not received by due date (s) | 35 |
| 3.3 | Subsequent receipt of outstanding Bank Reconciliation Return  | -20 |
| 3.4 | Late receipt of Final Year End Bank Reconciliation Return, showing transactions up to 31 March *(with no deduction of 20 points for subsequent receipt of report)*  | 40 |
| 3.5 | Submission of an Bank Reconciliation Return, which does not balance | 15 |
| 3.6 | Subsequent submission of a balanced Bank Reconciliation Return | -10 |
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| **4** | **VAT SUBMITTAL REPORTS**  |  |
| 4.1 | VAT Submittal Report not received within 10 days of month end as required by HMRC.\* Note - this does not apply for July Reports or where the school’s Easter holiday falls anywhere within the period 1 to 10 April. Please see the additional note at the end of this document regarding the submittal of VAT Short Summary Reports  | 5 |
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| **5** | **VOLUNTARY & PRIVATE FUNDS (Including School Companies)**  |  |
| 5.1 | An audit certificate or a copy of audited accounts, for the previous financial or academic year, not received by the end of December, for every voluntary & private fund (including School Companies) the Governing Body is responsible for  | 10 |
| 5.2 | Subsequent receipt of an audit certificate or annual audited accounts | -5 |
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| **6** | **FINAL CFR RETURN**  |  |
| 6.1  | Failure to submit Final CFR Return by the date set by the Local Authority | 10 |
| 6.2 | Failure to submit Final CFR Return two weeks before the DfE deadline  | 20 |
| 6.3 | Failure to submit a return that can be approved by the Authority without intervention | 10 |
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| **7** | **SCHOOLS FINANCIAL VALUE STANDARD (SFVS)** |  |
| 7.1 | Failure to submit an authorised SFVS Statement to the LA by 30 April  | 40 |
| 7.2 | Subsequent receipt of an authorised SFVS Statement | -15 |

**Additional Note – Submission of VAT Submittal Reports**

In addition to the summer and Easter holidays, when scorecard points are not allocated, there may be other occasions when school holiday closure dates conflict with VAT Submittal deadlines and staff may not be in school to submit a VAT return before the deadline date.

On all these occasions schools should initially submit to School Funding Team a “VAT Short Summary Report” at the end of the day the school closes. Scorecard Points will not be allocated where a school submits a Short Summary Report in advance of the normal VAT deadline.

**However, a school must only submit a Short Summary Report if no further transactions will be processed on the school’s finance system that month.**

**Please also note that even if a school submits a VAT Short Summary Report the school must still submit a fully authorised VAT Submittal to School Funding Team once the school returns after the holidays. Please ensure the VAT Submittal Report is run on the return day beforeany transactions are entered into FMS6. This will ensure that the figures on the VAT Submittal are the same as those on the VAT Short Summary.**

Further guidance on how to print a VAT Short Summary in FMS6 is available on Bradford Schools Online.

**Additional Note – Voluntary & Private Funds (Including School Companies)**

The Scheme for Financing School states that a Governing Body must submit to the Local Authority audit certificates in respect of **all** voluntary and private funds (e.g. School Fund) accounts which it holds and of the accounts of any trading organisation controlled by the school. This includes the externally audited accounts of any Companies established by the school. As part of the annual year end closedown, the Local Authority now requires schools to provide information about these accounts in spreadsheet format, which enables the Authority to identify the separate private & voluntary fund accounts held by each school. This however, does not replace the requirement for schools to submit an audit certificate, or a copy of audited accounts, on an annual basis for all private and voluntary fund accounts.

**Additional Note – Schools Financial Value Standard**

All maintained schools are required to submit to the Local Authority a completed authorised statement, which evidences that the school has complied with the requirements of the SFVS. This statement must be completed by schools on an annual basis by 31 March. Failure to submit an authorised statement will result in the allocation of 40 points, which will immediately place the school into the RED category. 15 points will be removed for subsequent receipt, meaning that the school will be placed in at least the AMBER category for the remainder of the year.