



# **Financial Procedures Manual**

**November 2020**

**Date of next review – November 2021**

Signed \_\_\_\_\_ S Reast \_\_\_\_\_

(Chair)

Date \_\_\_\_\_ 1.12.20 \_\_\_\_\_

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## **Introduction**

The purpose of this manual is to ensure that the academy trust maintains and develops systems of financial control which comply with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education and Skills Funding Agency (ESFA).

The trust must comply with the principles of financial control outlined in the guidance published by the Education & Skills Funding Agency (ESFA) in the Academies Financial Handbook (2020). This manual expands on that and provides detailed information on the academy's accounting procedures. The manual should be read by all staff involved with financial systems.

### **Proper and regular use of public funds**

In accordance with the academies financial handbook, the trust must ensure that:

- Spending has been for the purpose intended.
- No trustee, governor, employee or related party has benefited personally from the use of funds.
- All trustees have completed the register of business interests and there are measures in place to manage any conflicts of interest.
- There are no payments to any trustee unless such payment is permitted by the articles and, where applicable, comply with the terms of any relevant agreement entered into with the Secretary of State for Education.
- Their senior officers' payroll arrangements fully meet their tax obligations and comply with the Treasury's directions regarding the employment and contract arrangements of individuals on the avoidance of tax.
- There is probity in the use of public funds.
- A competitive tendering policy is in place and applied.
- There is no disposal of publicly funded assets without the consent of the Secretary of State for Education, where such consent is required.

## Responsibilities

The trust has defined the responsibilities of each person involved in the administration of the academy's finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff.

### Governing body

The governing body has responsibility for ensuring that the trust's funds are used only in accordance with:

- The law.
- Their powers under the funding agreement, including the articles of association which set out the powers of the trust and its governance arrangements.
- The academies financial handbook.

The governing body is responsible for the proper stewardship of the trust's funds and for ensuring economy, efficiency and effectiveness in their use. It must also ensure that it uses its discretion reasonably, and take into account relevant guidance on accountability or propriety.

The members of the governing body are charity trustees and company directors.

As charity trustees they are required to:

- Ensure compliance with legal obligations.
- Report on the trust's activities.
- Fulfil the charitable object of the charity as set out in the articles of association.
- Comply with the rules of the charity, as set out in the articles of association.
- Act with integrity and avoid any personal conflicts of interest.
- Not to misuse charity funds or assets.
- Act prudently in the financial management of the charity, avoiding putting the assets, funds or reputation of the charity at risk.
- Exercise reasonable care and skill, using personal knowledge and experience to ensure the charity is well run and efficient.
- Act responsibly, obtaining advice from others, including professional advisers, where appropriate.

As company directors, they are required to:

- Exercise their powers only for a proper purpose of the company.
- Promote the company's success.
- Exercise independent judgement.
- Exercise care and skill.
- Avoid conflicts of interest.

The specific tasks of the governing body are to:

- Approve the academy's budget and minute their approval.
- Submit the budget to the ESFA in the form they require by the specified date.
- Notify the ESFA of significant changes to the budget.
- Comply with the ESFA's requirement to obtain its permission before entering into certain transactions.

- Manage the academy's tax affairs in accordance with legislation and avoid any penalties.
  
- Have in place:
  - Sound internal control procedures
  - Risk management procedures.
  - Adequate insurance cover.
  - A business continuity plan.
- Approve the academy's accounting policies.
- Maintain proper accounts.
- Appoint a registered auditor, avoiding conflicts of interest.
- Prepare annual financial statements.

### **Finance, general purposes, personnel and pupils committee (FGPPP)**

The governing body has established a FGPPP committee, which meets once a term, or more frequently if necessary. This committee is responsible for monitoring and making recommendations to the governing body on matters related to finance and audit. The governing body has:

- Defined its terms of reference.
- Prescribed the extent of its delegated authority.
- Ensured it receives minutes of the committee's meetings.
- The governing body reviews the FGPPP committee's remit and membership annually.

### **Audit and Risk – Internal Scrutiny**

As part of the Finance, general purposes, personnel and pupils committee, a programme of internal scrutiny will be established to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively.

An internal scrutineer will be appointed and their role will be to:

- give assurance,
- help the trust improve governance, risk, and control arrangements, and
- provide comfort that the leadership is doing the right things in the right way.

### **Accounting officer**

The accounting officer is the Headteacher who has personal responsibility to the governing body, Parliament and the accounting officer of the ESFA for the resources under their control. The essence of the role is:

- Personal responsibility for the propriety and regularity of the academy's funds.
- Keeping full and accurate accounting records to support the annual accounts.
- Prudent and economical administration.
- The avoidance of waste and extravagance.
- Ensuring value for money.
- The efficient and effective use of all of the resources in their charge.
- The day-to-day organisation, staffing and management of the academy.

The accounting officer must advise the board of trustees in writing if, at any time, in his or her opinion:

- Any action or policy under consideration by the governing body is incompatible with the terms of the academies financial handbook or the funding agreement.
- The board appears to be failing to act where required to do so by the terms and conditions of the academies financial handbook or the funding agreement.

If the board proceeds, contrary to the advice of the accounting officer, and the accounting officer believes that they are in breach of the academies financial handbook or the funding agreement, the accounting officer must advise the ESFA's accounting officer of the position in writing.

### **Specific financial tasks delegated to the Headteacher**

The Headteacher has delegated responsibility for:

- Leading and managing the academy improvement plan which is underpinned by sound resource planning, and identifies priorities and targets for ensuring that pupils achieve high standards and make progress, increase teachers' effectiveness and secure improvement of the academy's performance.
- Ensuring that all relevant ESFA financial requirements are implemented.
- Establishing and maintaining sound internal financial controls which are managed on a daily basis by the Headteacher and business manager.
- Ensuring the effective implementation of current financial systems and procedures described in the financial procedures manual.
- Ensuring that the funds delegated to the academy are in accordance with their legal entitlement.
- Ensuring draft budgets are compiled for the governing body and appropriate committees.
- Ensuring the efficient and effective deployment of the academy's resources.
- Ensuring that financial reports are produced for the governing body, ESFA and Companies House as required.

### **Business Manager**

The business manager is the principal finance officer and is responsible for the following financial duties:

- The day-to-day management of financial issues.
- The maintenance of effective systems of internal control.
- The maintenance of the academy's accounting records.
- Preparing and monitoring the budget.
- Reporting the academy's results to the Headteacher and governing body.
- Providing financial advice to the Headteacher and governing body.
- Ensuring that the annual financial statements are properly presented and adequately supported by the underlying books and records of the academy.
- Ensuring that the academy receives all of the income to which it is entitled.
- Ensuring the accuracy and integrity of the academy's payroll.
- Making purchases in accordance with the academy's procurement policy.
- Managing specific projects, eg capital projects.
- Obtaining legal advice when appropriate.
- Ensuring regular communication with the responsible officer and auditors.
- Liaising with budget holders and providing regular reports
- Ensuring the register of business interests is updated.

- Lead officer for the FGPPP committee.

### **Business Support Administrator**

The Business Support Administrator is responsible for:

- Maintaining the academy's accounting records.
- Ensuring financial procedures are adhered to at all times.
- Preparation of monthly payroll information.
- Managing petty cash.
- Maintaining sample signature lists.

### **Register of business interests**

The governing body and members of staff who can influence buying decisions recognise their responsibility to avoid any conflict between their business and personal interests and those of the trust.

The academy therefore maintains a register of the business interests of each governor, member of staff with significant financial responsibilities, their relatives and other individuals who may exert influence. The register includes:

- Interests with suppliers from which the academy may wish to buy goods or services.
- Interests in the appointment, salary, promotion or conditions of service of members of staff.
- Declaration of close family relationships between members or trustees and between members or trustees and the academy's employees

The information in the register is taken into account whenever buying or staffing decisions are made. Any governor or member of staff who has an interest in a business tendering for a contract does not form part of the committee awarding the contract. Any governor or member of staff who has an interest in the appointment, salary, promotion or conditions of service of a member of staff does not form part of the committee recommending or deciding these.

Governors and members of staff are required to inform the trust of any changes in their interests as these arise so that they can be entered in the register. The register is also updated annually. Nil returns are obtained as appropriate. Any governor or member of staff who is unwilling to declare their interests or complete a nil return is not permitted to influence a buying or staffing decision.

The minutes of the full governing body, FGPPP committee, or any other committee which can influence a buying decision record a standard agenda point seeking updates to governors' business interests.

The only exception to the requirement to disclose a business interest is that if the interest is so distant or small that no ordinary right-thinking person would expect it to influence a person who might have dealings with the firm concerned. In such cases, it need not be disclosed. An example is a modest shareholding in a large public company even if the trust has or may have dealings with the company.

The register is freely available for inspection by governors, staff and parents.



### **Receipt of gifts, hospitality, entertainment and other services**

Governors and members of staff involved in making buying decisions do not accept excessive, frequent or regular gifts, hospitality, entertainment or other services from existing or prospective suppliers. When considering whether to accept such offers, they consider whether they could affect their independence or cause concern that they might affect their independence. Governors and members of staff are required to inform the trust of such offers as they arise.

### **Private use**

The academy does not obtain goods or services for the private use of governors and members of staff. Governors and members of staff may not:

- Hold any interest in any equipment or property held or used for the academy.
- Acquire any interest in the disposal of academy equipment or property at the end of any contract between the academy and any third party.

## **Audit**

The trust has appointed statutory auditors, who are registered under the requirements of the Companies Act, to carry out an audit and certify that the accounts are 'true and fair'. The auditors are engaged to carry out a 'true and fair' audit and a regularity audit. The engagement letter complies with the requirements of the ESFA for regularity auditing. Additional services are not supplied but, should they be, these will be subject to a separate letter of engagement.

The letter of engagement:

- Provides for the removal of the auditors before the expiry of their term of office in exceptional circumstances. Proposals to remove the auditors require a majority vote of the members of the trust board.
- Requires the auditors to state their reasons if they resign from office.

The board must notify the ESFA immediately of the removal or resignation of the auditors:

- In the case of removal, the trust board must notify the ESFA of the reasons for the removal.
- In the case of resignation, the auditors must copy to the ESFA a statement of their reasons.

An accounting officer's statement on governance, regularity, propriety and compliance is included in the trust's annual report. A review of this statement is included within the external auditors' remit and their opinion on this is addressed jointly to the trust and the ESFA.

The accounting officer also has a responsibility to advise the governing body and the ESFA of any instances of irregularity or impropriety, or non-compliance with the terms of the trust's funding agreement.

## **Insurance**

The Academy is a member of the Department for Education's Risk Protection Arrangement.

Insurance for vehicles and engineering inspections not covered by the RPA are covered separately by Zurich Insurance. This is reviewed and renewed annually.

Details of all insurance policies held by the academy are kept in the office of the business manager.

The insurers are notified of all new risks which require insurance or any other alteration affecting existing insurance on a timely basis.

The trust does not give any indemnity to a third party without the written consent of their insurers.

The trust immediately informs its insurers of all accidents, losses and other incidents, which may give rise to an insurance claim.

Claims under an insurance policy are authorised by the business manager prior to submission to the insurance company.

Any member of staff using their car for academy purposes amends their personal insurance for this.

## **Taxation**

The academy abides by the procedures issued by the HMRC (Her Majesty's Revenue & Customs) in connection with VAT.

The academy keeps potential 'trading' activities under review and considers whether to set up a subsidiary trading company.

## **Academy improvement plan and budgeting**

### **Budgeting**

The governing body has a three-year improvement plan, which explains how it intends to use its resources to achieve its aims and objectives. The three year budget derives from this plan.

The plan takes account of:

- The educational priorities for the academy.
- Likely demographic changes affecting pupils and staff.
- The building and repair maintenance programme.
- Repair and renewal programmes for furniture, fittings and equipment.

The plan is reviewed on an annual basis and updated in the light of new information and changed priorities.

The budget is constructed using the following processes:

- An estimation of income, including grant and other income such as income from lettings.
- An estimation of staffing costs, based on a staff salary calculator and taking into account known appointments, retirements and rates of pay.
- An estimation of other expenditure based on service level agreements and likely cost trends.
- The identification of potential savings.
- The allocation of curriculum budgets to departments, using a transparent formula to allocate funds equitably in line with need and academy priorities.
- Managing planned levels of unspent balances – ensuring that the resulting annual surplus or deficit is in line with plans to recover from an overall deficit position, or build up unspent balances to fund future improvement plans.

The budgeting process starts at the beginning of the spring term each year. The business manager draws up a draft budget for the following financial year. This is submitted to the FGPPP committee for their review, discussion and amendment if appropriate. The budget is then submitted to the full governing body for formal review and approval, before sending to the ESFA by their specified deadline.

The governing body may not set a deficit budget. If an unplanned deficit occurs during the financial year, the trust must notify the ESFA as soon as it is aware of this.

The budget can only be amended for virements after it has been approved by the governing body and sent to the ESFA. Budget holders cannot exceed their budget allocation, unless they have the written approval of the Headteacher.

The FGPPP committee formally monitors the implementation of the academy's budget on behalf of the governing body.

## **Budget monitoring reports**

The academy's budget monitoring reports display the following information in columnar format:

- The annual budget approved by governors.
- The actual spend to date.
- Commitments.
- The percentage of the budget spent and committed.
- End-of-year projections.

Budget holders receive half termly reports showing budgeted expenditure, actual expenditure on an accruals basis and commitments.

## **Cash flow**

The business manager is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps are taken to invest the extra funds. Similarly plans are made to transfer funds from another bank account or to re-profile general annual grant to cover potential cash shortages.

## **Computerised accounting system**

The trust's accounting system is computerised. Access to the system is restricted to the trust's employees and those authorised by the Headteacher, such as an outside bursarial service. The system is accessed by passwords, which are changed routinely. Passwords are only known by the relevant member of staff and the system manager. Passwords are changed immediately if an employee is aware that an unauthorised person has learnt their password. If an outside provider uses the computerised accounting system, they are given their own user id and password.

Software is installed on the academy's computer systems to detect viruses, spyware, and other malicious threats. Regular updates are used to ensure that the latest threats are detected. There is also a facility for cleaning up infected files.

Reviews are carried out to ensure that access rights and levels of access are still relevant to the responsibilities of individual users. Access for staff who are no longer employed by the trust is removed as soon as the staff member leaves.

The system is backed up daily by the ICT Technician. A full weekly backup is taken and not overwritten for three weeks. Backup media are stored in a secure fire-proof location on the trust's premises. A second copy is stored off-site so that these are available in the event of a disaster. A backup is always made before any major change to the system, such as an accounting software upgrade.

A hard copy of the nominal ledger and audit trail is printed each month and stored separately from the accounting system.

The trust complies with the requirements of the Data Protection Act 2018 (including the General Data Protection Regulation).

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and initialled. The use of correcting fluid or the erasure of information is not acceptable.

All accounting records including invoices, delivery notes, bank statements etc are retained in hard copy for six years, plus the current year, in a secure area.

## **Transaction processing**

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. All journal entries must be documented on the appropriate journal form, recorded in the journal book and authorised by the business manager before being input to the accounting system.

The business manager obtains and reviews system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed includes:

- Weekly audit trails.
- Management accounts summarising expenditure and income against budget at budget holder level.

## **Reconciliations**

The business manager is responsible for ensuring that the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- Sales ledger control account.
- Purchase ledger control account.
- Payroll control account.
- All suspense accounts.
- Bank balance per the nominal ledger to the bank statement.

The business manager signs all reconciliations as evidence of review.

## **Authorised signatories list**

An authorised signatory list, including specimen signatures and covering all key financial systems, is held in the finance office for reference purposes.

## **Payroll**

The governing body formally approves all appointments, terminations and salary levels. They have established procedures to:

- Ensure personnel are competent, suitably qualified and trained to a level consistent with their responsibilities.
- Provide clear statements of criteria for personnel selection.
- Provide formal job descriptions.
- Ensure that the cost of all appointments, re-gradings and any other changes in conditions of service of staff can be met within the resources available to the academy.

The Business Manager maintains a list of staff employed by the trust and their current salaries, which has been authorised by the governing body.

The academy uses the services of a payroll agent and the contract between the academy and the agent includes:

- The responsibilities of the academy and the payroll bureau.
- The responsibility for making returns to HMRC and the dates by which these returns should be made.

- Details of ownership of programs and data files.
- Responsibilities for the control and accuracy of data.
- Details of authorised signatories for payroll amendments.
- Back up provisions.
- A schedule of reports to be sent to the academy for financial and personnel monitoring purposes.
- An agreement as to the response time and costs that will be charged for any additional data or reports required by the academy.
- Provision for access for academy staff and auditors.

The payroll agent processes the staff payroll only on the written instructions of the Headteacher and the business manager. They do not process salary changes authorised by the person whose salary is changing. The chair of governors notifies any changes to the Headteacher's salary to the payroll agent.

Payments are made as follows:

- Net payments to staff, by BACS, to employees of the trust.
- Overtime claims, as part of net payments to staff, through the payroll.
- Expense payments, through the payroll.

Access to personnel files is restricted to the Headteacher and the business manager.

No individual is treated as 'self-employed' without the clearance of HMRC.

### **Monthly procedures**

- The Business Support Administrator ensures that expenses and overtime have been validly incurred and appropriately authorised. Claims are not returned to claimants after this check has been carried out.
- The business manager ensures these checks have been carried out and authorises the information to be sent to the payroll agent.
- The business manager checks the payroll printout received from the payroll agent to ensure that it is only paying its own staff at the correct rates.
- The business manager authorises the payroll agent in writing to make the salary payments.
- A monthly print-out of amounts paid to employees is retained by the academy and initialled by the Business Support Administrator and business manager as evidence of the checking and authorisation procedure.
- The business manager checks gross pay as per the payroll to personnel records annually.
- The business manager prepares payments to the HMRC, Teachers Pensions, LPGS, Prudential, Unison and GMB (monthly payovers).

### **Failure of the payroll system**

Monthly salary payments are transmitted via the payroll agent. The transmission to bank takes place at least three working days before the payment date. Therefore the academy should be aware of any difficulties at least three working days in advance, thus minimising risk.

The trust's bank has been consulted regarding a possible failure to the payroll system or the usual method of transmission. In the event that pay details could not be transmitted to the bank via the usual system, the payroll database would be emailed directly to the bank and the content checked via telephone. The bank would arrange payments directly.

In the event of total IT failure at the academy, payments would be discussed directly by telephone with the payroll agent.

## **Purchasing**

The governing body makes their buying decisions in accordance with the principles of 'best value' probity and accountability. Contracts are placed on a competitive basis and the reasons for selecting a supplier are minuted. Divisible contracts are prohibited.

The health and safety competence of contractors is assessed.

Only contractors registered with their professional or trade association are employed to carry out major work at the academy.

### **Approved suppliers**

The finance office maintains a database of approved regular suppliers.

The finance office selects suppliers on the basis of their capacity to provide quality, quantity, service, timely delivery and price competitiveness. Volume discounts and credit terms are taken into account. Consortia are used where they provide value for money.

Suppliers are selected from:

- Business directories
- Trade journals
- Supplier catalogues and mailshots
- Information from other academies
- Information provided by the ESFA

The listing of approved suppliers is reviewed and approved on an ongoing basis by the business manager.

### **Tendering**

All purchases with a value of £25,000 or more should be put out to formal tender. The trust advertises throughout the member states of the European Community where there is a legal requirement to do so. Where purchases exceed £50,000 in value the governing body seeks the agreement of the ESFA to invite tenders. Where appropriate, the suppliers invited to tender are drawn from the approved list maintained by the finance office.

Where required by the conditions attached to a specific grant from the DFE/ESFA, the relevant body's approval is obtained before accepting a tender.

- The following tendering procedures are followed:
- The budget holder prepares a specification, which is authorised by the Headteacher and sent to at least three suppliers.
- The invitations to tender include:
  - An introduction/background to the project.
  - The scope and objectives of the project.
  - Any technical requirements.
  - Implementation details for the project.
  - The terms and conditions of the tender.
  - The form and date of response to the trust.

The use of brand names is avoided and, where appropriate, a European or British Standard or other quality guideline is sought. Reference is made to appropriate safety standards and fire and health and safety regulations.

- All replies are addressed to the business manager in a plain sealed envelope marked 'Tender'.
- No supplier is allowed to amend their tender after the fixed date for receipt.
- All tenders are opened at the same time by staff authorised to do so. Two persons should be present for the opening of tenders (normally the Headteacher and business manager) plus a member of the FGPPP committee, in the case of higher value tenders.
- The following information is recorded:
  - The date and time of opening.
  - The names and signatures of those present.
  - The value of each tender.
  - Details of suppliers who declined the invitation, or failed to submit a tender.
  - Any omissions in the submission, for example, documents, signatures, missing data.
- Late tenders are rejected and retained unopened until the contract is awarded. They are then returned to the tenderer with an explanatory note.
- Where contracts under seal provide for payments to be made in instalments, the Headteacher ensures a contract register is maintained which shows the state of the account on each contract together with related professional fees and other payments.
- The FGPPP committee make recommendations as to which tender to accept. The decision as to which tender to accept is made by the full governing body.
- The reasons for accepting a particular tender are in accordance with the trust's best value policy.
- Suppliers: the following points are considered when deciding which tender to accept:
  - Qualifications, technical ability and experience.
  - Pre-sales demonstrations.
  - After sales service.
  - Quality procedures.
  - References from existing customers.
  - Financial status.
  - Professional indemnity insurance.
- Cost: the following points are considered when deciding which tender to accept:
  - Overall price.
  - Unit price for parts of the product or service.
  - The possibility of 'hidden costs'.
  - Scope for negotiation.

## Quotations

Quotations are obtained as follows:

- Purchases of £5,000 to £24,999, – three written quotations.

The academy keeps a record of suppliers who have been contacted but who have declined to provide a quotation.

## Purchase orders

The financial limits of delegated authority as approved by the Governing Body for entering into commitments and ordering goods and services are as detailed below:

Headteacher	£25,000
Business Manager	£25,000
Cost Centre Budget Holders	Up to their budget allocation or £500



Computerised, pre-numbered orders are used for all goods and services and orders are placed through the receptionist.

Orders are only made by telephone in exceptional circumstances and then confirmed in writing. A copy of any spoiled order is retained, and marked as such. Official academy orders are not generated for the private use of individuals.

### **The ordering process**

- The budget holder raises and signs a requisition form stating the number of items and price of the order to be raised.
- The budget holder sends the requisition to the reception who checks that the budget holder has sufficient funds for the purchase.
- The reception generates a two-part official computer order.
- The business manager approves and signs the official order before it is despatched.
- The reception distributes the copy orders as follows:
  - Top copy (official order) to the supplier.
  - The second copy is retained in the reception.
  - The third copy is returned to the originator.
- The computer records all orders placed that have not yet been invoiced. The finance office provides a list of orders to the relevant budget holders on request.
- Cancelled orders are marked as such, with the reason for cancellation, and retained in the reception.

### **Receipt of goods**

- All goods received are delivered to the main reception who carries out a check to ensure that the delivery is complete.
- If the delivery is only partly fulfilling an order, the reception maintains a record of this.
- The reception follows up any shortages or defective items with the supplier.
- The reception records shortages or defective items in the orders file.

### **Purchase invoices**

- The Business Support Administrator records invoices on the computer as soon as they are received by the academy.
- The Business Support Administrator checks the invoice against the order and delivery note and evidences this on the grid stamp.

### **Payment of invoices**

The limits of delegated authority as approved by the Governing Body for authorising invoices for payment are as detailed below. There is no limit set for the Headteacher as control over the level of authorisation has already been applied in the ordering process.

Headteacher	No limit
Business Manager	£25,000

The Business Support Administrator reviews the creditors' ledger regularly and selects invoices for payment.

It is the policy of the academy to pay all invoices by the due date and to take advantage of any discounts available for early settlement where this is to the academy's advantage.

Invoices are paid within 30 days unless they are disputed.

Payment is made when the Business Support Administrator has made the following checks:

- The purchase is recorded on the purchase ledger.
- The purchase represents valid academy expenditure.
- Goods or services were ordered using the academy's ordering policy.
- Goods or services have been received and checked to the order and delivery note.
- Payment has not already been made.
- Prices agree with quotations, tenders, contracts or catalogue prices.
- The arithmetic on the invoice is correct.
- The invoice has been correctly coded.
- Discounts have been taken where applicable.
- VAT is properly accounted for and not claimed on pro-forma invoices.

The Business Support Administrator completes the relevant sections of the grid stamp. The business manager authorises payment, having ensured that the budget holder has signed the order and that all of the academy's procedures have been followed.

### **Cheque payment**

The supporting documentation is passed to the cheque signatories together with the cheque for signing. All cheques raised require two signatures. The cheque signatories initial the invoices they have seen as a record to show that they were signing for valid academy expenditure and that the relevant pre-checking process had been carried out by the finance office.

### **BACS payment**

Payment by BACS is subject to the same level of control as cheque payments.

The financial limits of delegated authority as approved by the Governing Body for signing cheques/BACS payments are detailed below.

Headteacher	No limit
Business Manager	£65,000

### **Credit notes**

Credit notes are attached to the relevant invoices when they are received.

### **Completeness of supplier balances**

Invoices and credit notes are posted to the computer as soon as the academy receives them.

The Business Support Administrator reconciles individual supplier balances to supplier statements, where available, on a monthly basis.

### **Controls over expenditure**

Individual budget holders are able to authorise for goods and services up to £500 (for individual items) and within their budget. Authorisations over this amount must be referred to the business manager who can authorise expenditure up to £15,000 (for individual items). Authorisations over £15,000 must be referred to the Headteacher who can authorise expenditure of up to £25,000 (for individual items) provided they have already been budgeted for. Over this, authorisation must be sought from the FGPPP committee.

### **Virements**

Virements (internal transfers) of up to £10,000 may be authorised by the Headteacher and these must be reported to the FGPPP committee. For virements over £10,000 and up to

£30,000, consultation is required with the Headteacher and agreement sought from the FGPPP committee who may authorise any virement of funds from the contingency. If the necessary virement exceeds £30,000, then the full governing body authorise the virement.

### **Budget holders**

Budget holders are informed of the budget available to them before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A printout detailing actual expenditure against budget is supplied to each budget holder every half term and budget holders are encouraged to keep their own records of orders placed but not paid for.

### **Petty cash**

Petty cash is used for the purchase of minor items, which have been budgeted for. The petty cash float is maintained on the imprest system and the maximum level of petty cash to be drawn at any one time is £500. The float (which may exceed £500 where there has been a previous underspend) is only reimbursed from the main bank account. The petty cash tin is held in the safe.

Payments from petty cash are only made on production of a till receipt or other proof that payment has been made and cannot exceed £60 in value. Petty cash payments are subject to the same authorisation procedures as purchases from the main bank accounts. They are passed for payment by the business manager. The person receiving reimbursement signs for the amount received.

The petty cash float is reconciled on a monthly basis by the Business Support Administrator. The reconciliation is checked by the business manager and initialled as evidence of this review.

In no circumstances are:

- Personal cheques cashed through petty cash.
- Staff loans paid through petty cash.

### **Income**

The governing body has overall responsibility for ensuring that all income due to the trust is properly accounted for. Day-to-day responsibility for this is delegated to the business manager. Income, including valuations for donated services and gifts in kind, is accounted for in accordance with the requirements set out in the academies financial handbook.

### **Controls over incoming funds**

#### *Postal receipts*

All incoming cheques and cash are recorded immediately and entries verified by someone other than the person who has made the entry.

#### *Fund-raising events*

Records are maintained for each fund-raising event, in sufficient detail to identify gross receipts and how they have arisen, and all costs incurred.

For all events for which there is ticket income or gate money, reasonableness checks are carried out to ensure the takings equate to the number of tickets issued multiplied by the price per ticket.

Similar records are maintained for sponsored events.

### *Letting of academy facilities*

All lettings are subject to a letting agreement, setting out the terms and conditions of the academy letting, including the agreed charge.

The governing body, on the recommendation of the FGPPP committee, approves letting rates. Free use and charges below economic cost are not permitted.

- All hiring of academy equipment and facilities is recorded.
- When a letting is booked the hirer completes a hire form.
- The Business Support Administrator generates a sales invoices.
- All monies are received at the end of each term.
- The academy ensures that relevant insurance is in place for each letting.

### *Academy trips*

Letters are sent to parents requesting payment for voluntary contributions.

All monies received for trips are paid to the Student Services Office which collects the cash. The Student Services office is responsible for keeping adequate records of income on a class list.

All receipts are banked intact.

The Business Support Administrator prepares a final income and expenditure account for each trip which has taken place and reports these to the FGPPP committee. The FGPPP committee ensures that money collected and expended for each trip is in accordance with the trust's charging policy.

### *Bad debts*

The academy chases all money due to it, which has not been paid within 30 days of an invoice being issued, by telephone and letter, depending on how much time has elapsed since the money was due to be paid.

## **Bank and cash**

### **Bank facilities**

Only the governing body can authorise the opening or closing of bank accounts.

The academy does not overdraw its bank account or arrange with its bankers for overdrafts, loans or any other form of credit or deferred purchases. The bank has been informed that the academy is not allowed to borrow funds and that no account should be allowed to become overdrawn. The trust does not offer any security to the bank. All funds surplus to immediate requirements are invested in accordance with the governing body's investment policy.

The trust holds separate bank accounts for public and private funds, and public and private funds are separately accounted for.

All cheque payments from the bank accounts require two authorised cheque signatories. There are four cheque signatories, who are all senior members of staff. The business manager maintains an approved list of signatories (including specimen signatures). Cheques are not pre signed.

All cheques drawn are crossed 'account payee only'. All chequebooks and other stationery are kept in a locked cupboard or filing cabinet. All bank statements are filed sequentially.

The operation of systems such as banker's automatic clearing system (BACS) and other means of electronic transfer of funds are subject to the same level of control.

### **Bank reconciliations**

All bank accounts are reconciled on a monthly basis by the Business Support Administrator and the business manager reviews all reconciliations, signing them as evidence of review.

### **Cash banking**

Cash and cheques are locked in a secure place prior to banking to safeguard against loss or theft. All cash is banked intact, without delay and recorded on paying-in slips. Bank paying-in slips show the split of cash and cheques and reference cheques to the related debt. Cheques are identifiable by reference to the receipt numbers and names of the drawers and cash by reference to receipt numbers.

The Business Support Administrator banks all cash and cheques. Where unusually high levels of cash are received these are banked on the day of receipt. Unbanked receipts are kept in a safe to safeguard against loss or theft. In no circumstances do cash holdings on the trust premises exceed the insured limit.

### **Debit card usage**

The academy has a debit card(s) and the use of the card(s) has been approved by the Governing Body.

The approved card holders are:

Business Manager  
Business Support Administrator

- The issue and control of the card(s) is managed by the Business Manager. Cardholders have signed to acknowledge receipt of the card and acceptance of the conditions of use, as below, and have signed the card.
- All debit cards are held securely in school, in a secure location where there is limited access, when not in use.
- Any misuse of the cards outside of the conditions of use will result in the immediate withdrawal of the card from the cardholder. The Headteacher will take any appropriate action.
- The loss of any card(s) will immediately be reported to the bank and the business manager.
- If the card(s) are no longer required or the cardholder leaves the school they shall be destroyed in accordance with accepted procedures.
- Cards will not be used for withdrawal of cash through and ATM or cash back facilities.
- In exceptional circumstances cash may be withdrawn with prior approval of the Headteacher.
- School debit cards must not be used for personal purchases.
- The use of the school debit card for ordering goods and services shall operate in conjunction with the principles of best value.
- The debit cards should not be used until confirmation has been made with the relevant budget holder that there is budget available under the budget heading to cover the cost of the proposed expenditure. Confirmation should also be sought that there are sufficient balances in the bank account prior to the use of cards.
- A record of expenditure incurred together with supporting vouchers or receipts should be maintained by the cardholders, including a valid VAT receipt where relevant.

These should be submitted to the Business Manager for the purpose of checking payments made.

- Debit card payments should be debited directly from the school bank account.
- The spending limit on the debit card is £1000, however, the Headteacher may approve spend above this limit, where this is deemed appropriate.

## **Fixed assets**

### **Asset register**

An asset register is maintained by the academy. This includes details of all assets with a cost greater than £1,000, and 'attractive' items below that value. The register records:

- Asset description.
- Asset number.
- Serial number.
- Date of acquisition.
- Asset cost.
- Expected useful economic life.
- Depreciation.
- Current net book value.
- Location.
- Name of member of staff/faculty responsible for the asset.

Leased items are identified as such with the termination date of the lease.

The business manager checks that the asset register has been checked to assets in the academy annually. Any discrepancies are investigated and reported to the Headteacher who informs the governing body of the loss and any known reason for this. The insurers are notified as appropriate.

Any assets removed from the academy site should be recorded.

All assets are security marked.

Depreciation is provided on the following bases:

Freehold property	– 2% straight line
Furniture and equipment	– 20% straight line
Plant and machinery	– 20% straight line
Computer equipment	– 20% straight line

### **Disposal of assets**

All disposals and write-offs of assets are authorised by the FGPPP committee. Items no longer required are sold when their estimated residual value exceeds £500.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.

The following records are kept for disposals:

- The item disposed of.
- The date of disposal.
- The method of disposal.

- The proceeds of sale or how disposed of if scrapped.

No item is sold, leased or hired to a third party without the approval of the FGPPP committee.

### **Losses**

All losses are reported to the business manager. The business manager informs the police if the loss is a result of burglary or theft and the insurance company is informed at the same time. Action is taken immediately to prevent further loss.

The finance office maintains a record of losses and insurance monies received. The governing body is informed of all losses.

### **Leasing**

The governing body is responsible for approving all leasing and hiring arrangements and ensuring that finance leases are not entered into.

No leased item is disposed of without the express permission of the leasing company. This includes sale, part exchange, scrapping, writing-off, donating, re-leasing, subletting or any other form of disposal.

### **Investments**

Investments are made only in accordance with written procedures approved by the governing body.

Investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

### **Risk Management**

The trust shall maintain a risk register and have overall oversight to ensure its effective operation. Risk management shall cover the full operations of the trust, including financial risk, contingency and business continuity planning. The risk register will be reviewed on an annual basis.