

# Aylesford School

and Sixth Form College



wonder aspiration respect discipline

## Financial Procedures Manual

September 2020

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Via: Finance and Premises

**'from potential to reality'**

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## **INTRODUCTION**

The purpose of this manual is to ensure that the academy maintains and develops systems of financial control which conform to 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.

The academy must comply with the principles of financial control outlined in the guidance published by the DfES in the Academies Financial Handbook each year. 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.

## **RESPONSIBILITIES**

### **Introduction**

The academy has defined the responsibilities of each person involved in the administration of academy 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 overall responsibility for the administration of the academy's finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the academy and the Secretary of State. The main responsibilities include:-

- Ensuring that grants from the DfE are used only for the purposes intended
- Approval of the annual budget
- Appointment of the Accounting Officer/Head teacher
- Appointment of the principal finance staff, in conjunction with the Head teacher

### **Finance and Premises Committee**

The Governing Body has established a Finance and Premises Committee, which meets five times per year or more frequently if necessary. This committee is responsible for monitoring and making recommendations to the Governing Body on matters related to Finance. 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 Finance Committee's remit and membership annually.

### **Role of the Finance Committee in Relation to Finance**

The Governing Body has adopted the pro forma terms of reference for a finance committee based on governance requirements outlined in the Academies Financial Handbook. The main responsibilities for finance include:-

- The initial review and authorisation of the annual budget
- The regular monitoring of actual expenditure and income against budget
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and DfE guidance issued to academies
- Authorising the award of contracts over £50,000
- Review reports of the Responsible Officer on the effectiveness of the financial procedures and controls
- Advise the governing body on the adequacy and effectiveness of the Academy Trust's systems of internal control and its arrangements for risk management and control and make recommendations
- Review the academy's Trust Risk register and make recommendations to governors on control and action points

- Review the statement on internal control and make appropriate recommendations to the governing body
- Monitor the implementation of agreed audit recommendations

### **Role of the Responsible Officer (RO)**

The Governing Body has appointed a Responsible Officer in accordance with the guidelines set out in Academies Financial Handbook. The Responsible Officer must not be a member of the academy staff nor the Chair of Governors or a member of the Finance Committee, but may be another governor, or an individual outside the academy community.

The principal role of the RO is to provide assurance to the Governing Body on the following issues:-

- The discharge of its financial responsibilities according to the requirements of the DfE/ESFA
- The efficient, economical and effective management of resources and expenditure, including funds, capital assets and equipment and staff
- The introduction and maintenance of sound internal financial controls
- That financial considerations are taken fully into account in reaching decisions

The programme of checks carried out is agreed with the Governing Body. After each checking session, the RO provides the Governing Body with a written report.

### **Role of the Accounting Officer (Head teacher)**

The Head teacher is responsible for the following, in accordance with DfE/ESFA guidance:-

- To fulfil the duties of the Accounting Officer according to the guidance in the Academies Financial Handbook 2017
- The Accounting Officer is responsible to the Governing Body for:
  - ensuring regularity and probity
  - prudent and economical administration
  - avoidance of waste and extravagance
  - obtaining value for money by achieving the best possible educational outcomes through economic, efficient and effective use of resources
  - the day to day organisation, staffing and management of the academy
- Included in the responsibilities of the Accounting Officer is a duty to take appropriate action if the Governing Body or the Chairman is contemplating a course of action which he or she considers would infringe the requirements of propriety or regularity or would not represent prudent or economical administration or the efficient or effective discharge of the governing body's functions.

### **The Role of the Chief Finance Officer (Finance Manager)**

The Finance Manager is responsible for the following financial duties:-

- To fulfil the duties of the Chief Finance Officer according to the guidance in the Academies Financial Handbook. These are:
  - the day to day management of financial transactions and issues
  - the management of the academy's financial position
  - the maintenance of effective systems of internal control
  - ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy
  - the preparation of monthly management accounts
  - preparing and ensuring statutory returns are sent to the DfE in line with the timetable set by the DfE

**Other staff**

Other members of staff, primarily the Finance Assistants and Budget holders will have some financial responsibilities and these are detailed in the job/role descriptors and the Financial Responsibilities and Scheme of Delegation Policy. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

**REGISTER OF FINANCE AND PECUNIARY INTERESTS POLICY**

(Appendix 1)

The Governing Body and members of staff who can influence buying decisions recognise their responsibility to avoid any conflict between their Finance and personal interests and those of the academy.

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

The register includes all Finance interests such as directorships, share holdings or other appointments of influence within a Finance or organisation that may have dealings with the academy.

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 Finance 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 academy 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, Finance and Premises Committee or any other committee, which can influence a buying decision record a standard agenda point seeking updates to governors' Finance interests.

The only exception to the requirement to disclose a Finance 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 academy 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. The school has a Gifts and Hospitality policy that outlines where registration of a gift and/or hospitality would be necessary.

**Expenditure on Gifts, Hospitality, Entertainment and Favours**

Expenditure on hospitality from public funds is only incurred in the provision of education. Hospitality is generally only provided in the workplace and usually restricted to tea/coffee and light refreshments. Modest hospitality is occasionally provided outside the workplace.

### **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**

#### **Public Funds**

The academy adheres to the external audit regime as outlined in the Academies Financial Handbook and Accounts Direction and as required by Companies House. A programme of regular checks to be carried out by the Responsible Officer is agreed by the full Governing Body. The programme for external audit is agreed with the external auditor approximately one month before the audit work is carried out.

The Head Teacher must inform the DfE/ESFA and the Governing Body immediately if the following are discovered or suspected:-

- Loss or misuse of money
- Financial irregularities
- Fraud or Corruption

### **INSURANCE**

Funds for insurance are delegated to the academy and it must demonstrate it can cover insurable interests under a policy arranged by the Governing Body.

The Finance Committee reviews insurance arrangements annually. They ensure that the sums insured are commensurate with risks and include cover for academy property when off the premises.

The Academy is currently insured with Zurich Municipal policy number: KSC-242046-5253.

Full details of the policy including sums insured and excesses are held by the Finance Manager.

The insurance headings are:-

- Material damage : buildings and contents including computer equipment
- Finance interruption
- Material damage –works in progress
- Money
- Public liability
- Hirers liability
- Employers liability
- Libel and slander
- Governors liability
- Motor
- Motor legal expenses and uninsured loss recovery
- Inspection contract
- Engineering Insurance
- Deterioration of Stock
- Fidelity Guarantee
- Personal accident

- School Journey
- Commercial legal expenses

Budget Holders must ensure that **ALL** valuables are kept under lock and key when not being used in a supervised manner.

All losses have to be reported to the Police before a claim can be made against insurance. It will be necessary to give details of purchase and serial numbers etc.

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

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

The academy 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 Head Teacher prior to submission to the insurance company.

Any member of staff regularly using their car for academy purposes should amend their personal insurance for this. Although the Academy does hold occasional Finance use as part of their all risks insurance policy.

## **TAXATION**

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

## **FINANCIAL PLANNING**

### **Budgeting**

The Governing Body has a three-year academy Budget Plan, which explains how it intends to use its resources to achieve its aims and objectives. The plan is costed for three years. The financial year runs from 1<sup>st</sup> September – 31<sup>st</sup> August annually.

The Budget plan is implicitly linked to the School Improvement Plan and focuses on:-

- The educational priorities for the academy
- Likely demographic changes affecting students and staff
- The building asset management and maintenance programme
- Repair and renewal programmes for furniture, fittings and equipment

The plan is an integral part of the academy's self-evaluation cycle and it is reviewed on an annual basis and updated in the light of new information and changed priorities.

The plan is constructed using the following processes:-

- An estimation of income, based on the academy census for delegated AWPU funding, plus indicatives for pupil premium and high level SEN allocation, lettings and other income
- An estimation of staffing costs, based on a staff salary calculator taking account of known increments, responsibility allowances, retirements, etc.
- An estimation of operational expenditure, based on known cost trends for utilities, supplies, contracts, service level agreements etc.
- The identification of potential efficiency savings



- The allocation of curriculum budgets to departments, using a formula (per student and with specific weighting depending on complexity of subject) to allocate funds equitably in line with need and academy priorities
- An annual review of the academy's self-evaluation priorities, which forms part of the OFSTED inspection requirements;
- The identification of ICT developments on the basis of priorities detailed in the ICT development plan
- The identification of premises developments on the basis of priorities detailed in the asset management plan
- Verifying planned levels of unspent balances - ensuring 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 development plans

The annual budget is derived from the academy improvement plan. The budgeting process starts at the beginning of the spring term each year. The Head teacher, and Finance Manager draw up a draft budget for the following financial year by May and this is submitted to the Finance Committee for their review, discussion and amendment if appropriate. The budget is then submitted to the full Governing Body for formal review and approval.

The Governing Body may not set a deficit budget. If an unplanned deficit occurs during the financial year, the academy notifies the DfE/ESFA as soon as it is aware of this. Draft budgets will be fully discussed with the Governing Body and their requirements actioned as appropriate.

The finalised budget must be submitted to the EFA as part of the budget forecasting return by the specified deadline at the end of July each year.

The budget can only be amended for virements after it has been approved by the Governing Body. Budget holders cannot exceed their budget allocation, unless they have the written approval of the Head teacher.

The Finance Committee formally monitors the implementation of the academy's budget on behalf of the Governing Body.

## **FINANCIAL REPORTING**

The academy prepares accounts in the various formats required as specified in the Academies Financial Handbook.

### **Budget Monitoring Reports**

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

- The annual budget (approved by governors)
- Total spend to date
- Estimated spend remaining period
- Total forecast full year spend
- Forecast balance

The Finance Manager carries out monthly reviews of actual performance against budget and produces a monthly Budget Monitoring Report. The Finance and Premises Committee review a Budget Monitoring report at each of their committee meetings.

Budget holders receive monthly reports showing budgeted expenditure, actual expenditure and commitments. Budget holders are encouraged to seek reports more frequently on request.

### **CASH FLOW**

The Finance Manager is responsible for monitoring cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations and will report

concerns to the Head Teacher. If significant balances can be foreseen, steps are taken to invest the extra funds. Similarly plans are made to transfer funds from an investment account to cover potential cash shortages.

### **COMPUTERISED ACCOUNTING SYSTEM**

The Academy has a Serious Incident and Finance Continuity Plan which is reviewed annually. This will include a disaster recovery plan in the event of loss of accounting facilities or financial data. This links in with the annual assessment made by governors of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

The academy's accounting system is computerised. Access to the system is restricted to the academy's employees and those authorised by the Head teacher, such as an outside accountancy or 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.

Three-monthly reviews are carried out by the Finance Manager 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 academy are removed as soon as the staff member leaves.

Backups are carried out nightly to two purpose built virtual servers in separate locations within the school campus.

Server snapshots/images are taken using Veeam Backup and Replication. A full server backup is taken each night and will allow a faulty virtual machine to be reinstated in a very short amount of time.

The FMS SQL Database is also backed up during the same nightly process and all backups are verified before the task is complete.

Emails are sent from the servers to the Senior Technician detailing whether the backup procedure was successful or has failed.

The academy complies with the requirements of the Data Protection Act.

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. The Finance Manager must authorise all transactions.

The Finance Manager will review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:-

- Audit trails
- Reports for the payroll, purchase ledger and sales ledger
- Management accounts summarising expenditure and income against budget

### **Reconciliations**

The Finance 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 controls debtors e.g. lettings
- Purchase ledger control account
- Payroll control account
- All suspense accounts
- Bank balance per the nominal ledger to the bank statement

The Finance Manager will sign all reconciliations as evidence of review.

### **AUTHORISED SIGNATORIES LIST**

An authorised signatory list, including specimen signatures and covering all the 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 Head teacher maintains a list of staff employed by the academy and their current salaries, which has been authorised by the Governing Body.

The academy uses the services of Warwickshire County Council payroll as a traded service, the service level agreement of this contract is held by the Finance Manager.

Access to personnel files is restricted to the Head teacher, Finance Manager and HR Officer.

The payroll agent is authorised to process the staff payroll only on the written instructions of either the Head teacher, Deputy Head, HR Manager or Finance Manager. They do not process salary changes authorised by the person whose salary is changing. The Chair of Governors notifies any changes to the Head teacher's salary to the payroll agent.

Payments are made as follows:-

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

Third party, including payments to HMRC, Teachers Pensions, LPGS and Trade Union subscriptions are processed by WCC Payroll. Reports advising these monthly payments are provided by the payroll agent.

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

### **Monthly Procedures for Payroll**

- Finance Manager receives all expenses and overtime and supply claims
- Finance Manager checks the validity of the claim, identifies ledger to be charged and hourly rate if necessary. Claim form is passed to the Head teacher for authorisation
- Data Manager enters details of claim onto Your HR (WCC Payroll/managed website), the claim is then checked and approved by the Finance Manager
- HR Officer inputs any contracted changes for the monthly payroll onto Your HR. This is then approved by the Data Manager
- Finance Manager and/or HR Officer check the payroll draft monthly payslips to ensure accuracy of payments made
- Finance Manager or HR Officer authorises the payroll agent by email that the payslips are agreed or corrections must be made
- Finance Manager will download Payroll reports and undertake a balance check, reconciliation of totals before preparing a BACS and THIRD PARTY authorisation forms. The Head Teacher will check this reconciliation before signing and giving authorisation. The Finance Manager then sends BACS and THIRD PARTY authorisation to payroll.
- Finance Manager will check Third Party payment reports and authorise WCC Payroll by email that these payments can be made.
- Finance Manager will reconcile all payroll transactions to correct ledger codes paying careful attention to clearing payroll control each month. If any balances remain on payroll control they are clearly annotated
- All payroll checks and reports are retained for inspection

### **Failure to the Payroll System**

The academy'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. Our payroll provider has reciprocal arrangement in place with external payroll agencies. In the event of total failure either CHAPS or cheques would be used.

### **Travel expenses claims**

Travel expenses may be claimed for work related travel. A Travel expenses form must be completed with a relevant VAT receipt and signed by the claimant and budget holder. In the event of a staff member deciding to travel directly to their destination from home the claim must cover the shorter of the two journeys. All claims must be signed and authorised either by the Head Teacher or Director of Studies

### **PROCUREMENT**

The Governing Body makes their buying decisions in accordance with the principles of 'best value', probity and accountability and fairness.

The Health and Safety competence of contractors is assessed, taking into account the policies and procedures of the DfE/ESFA.

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

### **Procurement Procedures**

The value of the purchase or contract will determine the purchase procedure, namely:-

### **Purchases under £5,000**

Routine purchasing using catalogue prices, quotes not necessary although encouraged for values above £1,000.

### **Purchases £5,000 to £50,000**

Three quotations requested and written specification provided.

### **Purchases over £50,000**

Formal Open Tender. Contract values over the European Community tender limit (currently £181,302 net of VAT) must be advertised in the Official Journal of the European Union (OJEU).

Purchases will be made in accordance with the budget approved by the Full Governing Body.

### **Orders from one source of supply**

Where it is considered that there is only one source of supply and/or it is not in the interest of the Academy to pursue other supplies the Head teacher and Governors must satisfy themselves that competition is not possible or the timeframe is prohibitive and delay would have significant detriment to the success of the project. Records to support these decisions will be kept.

### **Routine Purchases**

Governors would prefer that each purchase is made on its merit and individual suppliers used as and when required. The proper maintenance of an approved list is thought not to warrant the time required. The Academy will seek value for money for each purchase as detailed in the Academy's Procurement Policy.

### **Quotations**

At least three written quotations should be obtained for all orders between **£5,000** and **£50,000**. Written details of the quotations should be prepared and held by the Finance Manager for audit purposes. Telephone quotes are acceptable but these must be evidenced with emailed confirmation of quotes. Where the market of suppliers/contractors is limited none quotes (a supplier declining to quote) will be deemed as acceptable.

### **Tendering**

All purchases with a value of **£50,000** or more are put out to formal tender. The academy advertises throughout the member states of the European Community where there is a legal requirement to do so, currently £181,302 net of VAT per contract. Orders over the EC tender limit, a single order or a period over 48 months must be advertised in the [Official Journal of the European Union](#) (OJEU).

Where required by the conditions attached to a specific grant from the DfE/EFA, the department's approval must be obtained before the acceptance of a tender.

Recent contracts for the Academy awarded by tender have involved the use of a procurement agent to operate the tendering process.

In all cases the following tendering procedures are followed:-

- A specification is prepared which is authorised by the Head Teacher and sent to at least four 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 academy

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 Finance Manager, other named member of academy leadership team or Procurement Consultant (if using one), 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 as follows:
  - for contracts up to **£100,000** – Assistant Head or Deputy Head, the Finance Manager or Head teacher
  - for contracts over **£100,000** – Assistant Head or Deputy Head, Finance Manager or Head Teacher plus a member of the Finance Committee
- 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, e.g. 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 Head Teacher 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 Finance 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 best value principles as detailed in the Academy's Procurement Policy
- The following points are also considered when deciding which tender to accept:-
  - Suppliers
    - qualifications, technical ability and experience
    - pre-sales demonstrations
    - after sales service
    - quality procedures
    - references from existing customers
    - financial status
    - professional indemnity insurance
  - Cost
    - overall price
    - unit price for parts of the product or service
    - the possibility of 'hidden costs'
    - scope for negotiation

The lowest quotation should normally be accepted if the required quantity and specification has been met. Where it is **NOT** considered to be in the best interest of the school to accept the lowest quote, the Head teacher should be consulted and have the final say. Reasons for award should be given and must be clearly noted.

## **Procurement of Reactive Maintenance Services**

Reactive maintenance services are procured either through WCC Hotline approved contractors or an order is raised directly by the Academy with the contractor. The latter arrangement adheres to the following areas of control:-

- Contractors will have provided a quote/estimate/hourly rate for works
- Contractor will have fulfilled all safeguarding control regulations
- Contractor will have appropriate liability insurance
- Contractor will have supplied a method statement and/risk assessment for works
- Contractor will be registered with the appropriate professional or trade association, the need for this will be determined by the size/scale and type of job required

The Academy Site Manager will keep a record of all contractors used directly by the Academy and file documentation relating to the control measures listed above.

## **Purchase Orders**

### Appendix 2

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

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

The process for ordering is as follows:-

- 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 finance office who checks that the budget holder has sufficient funds for the purchase
- The finance office enters the order onto SIMS FMS and generates a two-part official computer order
- The Finance Manager authorises and signs the official order
- The Finance Office distributes the copy orders as follows:-
  - top copy (official order) to the supplier
  - the second copy is retained in the finance office
- 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 finance office

## **Receipt of Goods**

- All goods received are delivered to the budget holder who carries out a prima facie check to ensure that the delivery is complete
- If the delivery is only partly fulfilling an order, the budget holder notifies the finance office which maintains a record of this
- The finance office follows up any shortages or defective items with the supplier

## **Purchase Invoices (of orders)**

- The Finance Office grid stamps the invoice on receipt and passes it to the budget holder for approval and signature
- The Finance Office checks the invoice against the order and delivery note (if supplied) which should be included with the signed invoice from the budget holder

## **Purchase Invoices (of non-orders)**

### Appendix 3

It is the policy of the Academy to restrict the number of non-order purchases wherever possible.

There are circumstance however where this is unavoidable e.g. payment of monthly utility invoices.

Reimbursements to staff for 'one off' purchases will be made under certain circumstances and will be made by cheque or BACS. In these circumstances a Cheque/BACS Request form must be completed and receipt/invoice must be supplied.

In all cases payment must be authorised by the budget holder.

## **Payment of Invoices**

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 finance office 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 where available
- 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 Finance Office completes the entry of the invoice onto SIMS FMS.

The Finance Manager authorises payment, having ensured that the budget holder has signed the order and that all of the academy's procedures have been followed.

The Finance Office will perform a weekly cheque run or BACS run (more often if necessary).

## **Cheque/BACS payment**

All supporting documentation is passed to the signatories together with the cheque/BACS slips for signing. The cheque/BACS signatories initial the cheque/BACS run 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.

## **Credit Notes**

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



### **Controls over Expenditure**

Individual budget holders are able to authorise for goods and services up to £1,000 (for individual items) and within their budget. Authorisations over this amount must be referred to the Finance Manager who can authorise expenditure up to £3,000 (for individual items). Authorisations over £3,000 must be referred to the Head Teacher who can authorise expenditure of up to £50,000 (for individual items) provided they have already been budgeted for. Over this, authorisation must be sought from the full Governing Body.

### **Virements**

Virements (internal transfers) of up to £50,000, within the agreed budget, may be authorised by the Head teacher and these must be reported to the Finance Committee. For virements over £50,000 consultation is required with the Head teacher and agreement sought from the full Governing Body who may authorise any virement of funds from the contingency.

### **Budget Holders**

Budget holders are informed of the budget available to them at 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 print out detailing actual expenditure against budget is supplied to each budget holder at least monthly (more often on request) and budget holders are encouraged to keep their own records of orders placed.

### **PETTY CASH**

Appendix 4

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 balance is £400. The float is reimbursed from the main bank account or School Fund bank account. The petty cash tin is held in the safe.

Payments from petty cash for urgently required items are only made on completion of a Petty Cash Request Form (Appendix 4) and valid till (VAT) receipt or other proof that payment has been made. Payment **should not** exceed £30.00 in value. Exceptional requests for cash exceeding £30 may be made when no alternative method of purchase is possible. In these circumstances a petty cash request form must be authorised by the budget holder and all receipts presented. The limit of these exceptional transactions would not exceed £500. Petty cash payments are subject to the same authorisation procedures as any purchases from the main bank accounts. The person receiving reimbursement signs for the amount received. Since Covid-19 all petty cash reimbursements will be made via BACS

Petty cash is administered by the Finance Office.

The petty cash float is reconciled on a weekly basis by the Finance Office. The reconciliation is checked by the Finance Manager and initialled as evidence of this review. The Finance Manager will carry out an unscheduled count of petty cash at least once a year.

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 academy is properly accounted for. Day-to-day responsibility for this is delegated to the Finance Manager. The main sources of income for the Academy are the annual GAG and other government grants. The academy also obtains income from:-

- Students and parents, mainly for trips, music tuition and contributions for curriculum project materials
- Charitable donations, the PTA for example
- Hirers of lettings facilities
- Payment for After School Club (Griffins) sessions

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**

#### Appendix 5

The academy operates the following control procedures for income:-

- The responsibility for identifying and recording sums due is separated from the responsibility for recording and banking monies received
- Where invoices are required they are issued promptly
- Numbered academy income slips are maintained which link to the bank paying in slip
- All documentation relevant to income received is maintained and filed
- Cash and cheques are locked in the safe
- Income collected is paid promptly into the school bank account
- Income collected is not used for the encashment of personal cheques or other payments
- Income collected is reconciled to income banked and bank paying in slips show the split between cash and cheques
- The Head teacher and/or governing body must give approval for any write off of debts not collectable

### **Postal Receipts**

All incoming cheques, BACS payments and cash are recorded promptly 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 Head teacher, after reviewing local lettings prices approves rates on an annual basis. Free use and charges below economic cost are not permitted, with the exception of agreed social and community use where the free use benefits the whole of the local school community. Day to day operation or lettings is delegated to the Site team and Finance Office.

- All hiring of academy equipment and facilities is recorded on the lettings diary kept by the Lettings Administrator in the Finance Office
- The lettings diary is reviewed by the Finance Manager on a termly basis to ensure that all lettings have been invoiced
- When a letting is booked the hirer completes a hire form which must be signed by the Head teacher or Site Manager

- The Finance Office generates a sales invoice for services on the 1<sup>st</sup> of each month for the month ahead
- Receipts are carefully recorded against the invoicing schedule and debtors are proactively chased
- A member of the Finance Office collects the cash and banks all receipts intact
- The academy ensures that relevant insurance is in place for each letting

### **Academy Trips/Educational Visits**

All transactions relating to Academy's trips/educational visits, charity events and donations are accounted for separately in School Fund. All monies relating to School Fund are held in a separate bank account.

Letters are sent to parents requesting payment for voluntary contributions.

All monies received for trips are paid to the finance office via a holding safe at student services or electronically using Parent Pay. The Finance Office is responsible for keeping adequate records of income and expenditure on a class list/cash collection sheet. All receipts are banked intact.

The Finance Office prepare a final income and expenditure account for each trip which has taken place and reports these to the Finance Manager who ensures that money collected and expended for each trip is in accordance with the academy's charging policy.

### **Bad Debts**

The policy of the Governors is to ensure that all practicable steps are taken to recover money due to the school.

The Governing Body aim to minimise the number of instances that credit is given and to take prompt and appropriate recovery action in respect of unpaid debts.

The Finance Manager and Finance Office will monitor outstanding debts regularly (at least monthly) using the Aged Debtors reports, lettings records, music tuition records and school fund accounts. After 30 days, issue first reminder. After a further 14 days, issue second and final reminder

Authority to write off unpaid debts as follows:-

Up to £250    Head teacher

£251 - £1,000 Finance and Premises Committee

Over £1,000    Full Governing Body and/or refer to debt collecting agency

If a debt remains unrecoverable after one year or if during the year, it becomes clear that the debt will remain unpaid, the Finance Manager submits a report to the Governing Body for approval to write off the debt. Bad debts are only written off when the academy has followed all possible procedures to ensure their recovery.

## **BANK AND CASH**

### **Bank Facilities**

Only the Governing Body can authorise the opening or closing of bank accounts.

The academy ensures that all transactions on its bank accounts comply with DfE/ESFA regulations and with relevant, current accounting instructions and procedures issued by the DfE/EFA.

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 academy does not offer any security to the bank. All funds surplus to immediate requirements are invested in accordance with the Governing Body's Reserves and Investment Policy.

The academy holds separate bank accounts for public and private funds (Main Account and School Fund) and public and private funds are separately accounted for.

All cheque payments from the bank accounts require two authorised cheque or BACS signatories. There are five cheque or BACS signatories (Head teacher, Deputy Head Teacher, Assistant Head teacher, Director of Studies and Finance Manager), who are all senior members of staff. The Finance 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 numbered or secure stationery resources are kept in a locked cupboard or filing cabinet. All bank statements are filed sequentially.

It is good practice for authorised signatories not to authorise cheque/BACS relating to goods or services for which they have also authorised the expenditure although in practice exceptions must be made.

The operation of systems such as Bankers 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 Finance Manager. The Head teacher 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.

The Finance Office banks all cash and cheques. Where unusually high levels of cash are received these are banked on the day of receipt. In no circumstances do cash holdings on the academy premises exceed the insured limit.

### **Credit Cards**

Appendix 6

The following procedures apply for the use of a charge and credit card system:-

- Academy credit card holders are the Head teacher, Finance Officer, HR Officer and Site Manager
- The academy's credit cards will be charged to the academy budget account and can only be used for specific purposes
- Authorised users are established as approved by the Head teacher
- The credit cards are kept in the school safe
- Budget Holder requests for use of the credit card are made on a Credit Card Transaction Request form and must be authorised by the Head teacher or Finance Manager
- Authorised users must supervise the use of the online/telephone purchase
- All receipts and documentation of the transactions are filed and referenced
- The expenses are posted and reconciled to the relevant accounts
- The balance on the cards is to be paid in full each month by direct debit

## **FIXED ASSETS**

### **Asset Register**

The Finance Manager and Senior IT technician maintain the asset registers. The academy includes details of all assets with a cost greater than £5,000 and 'attractive' items below that value, in the asset register. The register records:-

- Asset description
- Asset number
- Serial number (if applicable)
- Date of acquisition
- Asset cost
- Source of funding (if applicable)
- Expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset
- The asset register will also contain details of a 'standard' classroom cost – i.e. 30 tables and chairs, electronic whiteboard, shelving and file cabinets, book and stationery stock etc.

The Finance Manager checks that the asset register has been maintained twice annually. Any discrepancies are investigated and reported to the Head teacher who informs the Governing Body of the loss and any known reason for this. The insurers are notified as appropriate.

### **Disposal of Assets**

Items which are no longer required by the school but are still useable and could be offered for sale, should be referred to the Head teacher or designate for authorisation for sale (NB: this does not include leased equipment).

- Up to £5,000 – Head teacher or Finance Manager may decide
- Residual Value over £5,000 – refer to Finance and Premises Committee
- The asset register should then be amended accordingly

Computer Equipment can be offered for sale, however this must only be actioned through the ICT support team. Equipment must be cleaned and wiped of any data or ownership markings. Where this is not possible the items should be destroyed and hard drives, computer memory etc. made unusable. Disclaimer forms for sold as seen must be signed by purchaser.

The academy must seek the approval of the DfE/ESFA in writing if it proposes to dispose of an asset, or group of assets, for which capital grant in excess of £20,000 was paid.

All disposals of land must be agreed in advance with the Secretary of State.

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 academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the academy must repay to the DfE/ESFA a proportion of the sale proceeds.

The following records are kept for all disposals:-

- The item disposed of

- The date of disposal
- The method of disposal
- The proceeds of sale or how disposed of if scrapped
- The person authorising the disposal

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

If the item for disposal is of a confidential nature e.g. IT data disposal must be arranged with both the Finance Manager Site Manager and must include confidential data destruction and a Data Destruction Certificate must be obtained.

### **Losses**

All losses are reported to the Finance Office. The Finance Office 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. Leasing must be limited to operating leases only.

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.

The academy may not enter into any lease agreement to dispose of land and property without the approval of the DfE/EFA.

### **INVESTMENTS**

Investments are made only in accordance with Reserves and Investments policy approved by the Governing Body.

Investments are recorded in sufficient detail to identify the investment and to enable the current market value/return to be calculated. The information required will normally be the date of purchase, amount invested, type of investment and anticipated return on investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Investments will be undertaken only through the schools nominated bank and any investments involving risk of any kind will not be either considered or undertaken.