



# Financial Operating Procedures

**Created: November 2017**  
**Authorised By: Finance Committee**  
**Review Date: November 2019**



**Aim**

**This procedure sets out the financial requirements for the Academy and its processes to meet its accountability requirements. It should be used in conjunction with the Academies Financial Handbook 2017 edition.**



## 1. **Introduction**

The purpose of this manual is to ensure that the Academy maintains and develops systems of financial control which conform 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 Department for Education and in accordance with the Academies Financial Handbook 2017.

The Academy must comply with the principles of financial control outlined in the AFH. This manual expands on that and provides detailed information on the Academy's accounting procedures and systems. This manual should be read by all staff involved with financial systems.

## 2. **Organisation**

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. The financial reporting structure is illustrated below:

### **The 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 DFE and in the Academy's Articles of Association. The main responsibilities include:

- ensuring that grant from the DFE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget:

### **The Finance, Resources and Audit Committee**

Governors with financial expertise and knowledge are invited to join this committee. The Finance, Resources and Audit is a Committee of the Governing Body. The Committee meets at least once a term but more frequent meetings can be arranged if necessary, as extraordinary meetings. The clerk to the Governors minutes these meetings as part of a Service Level Agreement.

The main responsibilities of the Finance, Resources and Audit Committee are detailed in written terms of reference which have been authorised by the Governing Body. The main financial responsibilities include:

- self-assess skills and abilities of the committee;
- 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 the DFE guidance issued to academies;
- authorising orders and the award of contracts over £10,000



- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Governing Body.
- Ensuring that all business and financial interests such as directorship and appointments of influence have been declared.

At each meeting of the Finance, Resources and Audit Committee, the following are considered: -

- A report of the financial position of the Academy, including its income and expenditure and financial commitments against its agreed budget.
- Whether adequate financial monitoring of the Academy's budget and activities is being undertaken.
- Progress on any action identified to improve financial arrangements at the Academy.
- Significant orders/contracts proposed to be entered into by the Academy.
- Details of any significant matters affecting the Academy's assets.
- A review of capital work.
- Any guarantees, letters of comfort or indemnities to any third party.

### **The Headteacher**

Within the framework of the Academy development plan as approved by the Governing Body the Headteacher has overall executive responsibility for the Academy's activities including financial activities.

The Head is responsible for:

- Ensuring regularity and propriety
- Ensuring prudent and economical administration
- Ensuring efficient and effective use of available resources
- Approving new staff appointments within the authorised establishment
- Signing cheques and BACs payments in conjunction with the other members of Leadership Group or other authorised signatories.
- Day to day responsibility for the staffing arrangements of the Academy.

### **Assistant Headteacher/Finance Responsibilities**

The Assistant Headteacher with finance responsibilities works in close collaboration with the Headteacher through whom he is responsible to the Governors. The Assistant Headteacher also has direct access to the Governors via the Finance, Resources and Audit & Personnel Committees. The main responsibilities of the Assistant Headteacher are:

- Overseeing the day to day management of financial issues including the establishment and operation of a suitable accounting system; the management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the Governing Body and Headteacher;



- Overseeing 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;
- authorising orders and contracts of less than £10,000 in conjunction with budget holders;
- signing cheques and BACs payments in conjunction with the Headteacher or other authorised signatories and
- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance.

### **The Responsible Officer**

The Responsible Officer (RO) is appointed by the Governing Body and provides Governors with an independent oversight of the Academy's financial affairs. The main duties of the RO are to provide the Governing Body with independent assurance that:

- the financial responsibilities of the Governing Body are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

The Responsible Officer will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Governing Body. A report of the findings from each visit will be presented to the Finance, Resources and Audit Committee and to the Full Governors meeting. (See Appendix 1)

### **Division of Duties between Assistant Headteacher/Finance, Finance & Premises Manager, Finance Officer and Finance Assistant**

#### **Assistant Headteacher/Finance**

The Assistant Headteacher assists with setting the budget, signs all high value orders, countersigns bank statements, cash income summary sheets, unofficial funds income & expenditure and all cash book journals.

#### **Finance & Premises Manager**

Assists the Headteacher and Assistant Headteacher in setting the budget. Oversees the income & expenditure records for the school. Monitors cash flow and school bank accounts, completes virements and monitors all academy expenditure on a daily basis.

Raises bacs /cheque payments for goods and services. Completes VAT returns and assists with other official returns.

Oversees all School Fund accounts.

Oversees the daily transactions of the ParentPay system for cash collection. Works with the HR Manager to ensure that all salary information is reflected correctly within the FMS finance system.



## **Finance Officer**

Assists Finance & Premises Manager with all aspects of the finance office. Inputs orders, invoices for goods and services. Maintains the School Fund account, monitoring the cash collection for all school trips through the ParentPay system. Updates all budget holders on their account balances and reconciles the bank accounts.

## **Finance Assistant**

Assists the Finance Officer with the day to day running of the finance office. Inputs orders and invoices and deals with student enquires at the finance counter.

All finance office key functions are carried out jointly to ensure segregation of duties throughout.

## **Other Staff**

Other members of staff, primarily budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. 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 Business Interests**

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make.

To avoid any misunderstanding that might arise all Academy Governors and staff are required to declare any financial interests they have in companies or individuals from which the Academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Governor or a member of staff by that person.

The existence of a register of business interests does not, of course, detract from the duties of Governors and staff to declare interests whenever they are relevant to matters being discussed by the Governing Body or a committee. Where an interest has been declared, Governors and staff should not attend that part of any committee or other meeting.

### 3. Accounting system

All the financial transactions of the Academy must be recorded on the SIMS, FMS6 accounting system. The Academy payroll is administered by Coventry City Council Employment Services.



## **System Access**

Use of SIMS, FMS6 and SIMS Personnel is password restricted and the Headteacher is responsible for ensuring that only those staff who need access have rights.

## **Back-up Procedures**

The ICT Network Manager is responsible for ensuring that there are effective back up procedures for the finance system.

The academy should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link 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. (See separate Risk Management and Risk Register).

## **Journals / Transaction Processing**

All cash book journals are reviewed by the Finance & Premises Manager.

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. Bank reconciliations are checked and countersigned by the Finance & Premises Manager.

## **Transaction Reports**

The Finance & Premises Manager will review system reports to ensure that all transactions are posted correctly to the accounting system. The reports reviewed will include:

- audit trail reports;
- management accounts summarising expenditure and income against budget at budget holder level.

## **Expenses Policy**

The Academy has an Expenses Policy reviewed by Governors each year. This policy includes coverage for senior management and Governors. No overseas travel is permitted for staff or Governors, paid for from Academy funds. The Academy has a dispensation from HMRC on specific expenses from 24.10.2012.

## **Operation of Bank Accounts**

The Academy's Governing Body ensures that its bank accounts are operated by more than one person.

Bank statements are countersigned by the Finance & Premises Manager and reconciliations double checked similarly.

## **Reconciliations**

The Finance & Premises Manager is responsible for ensuring the following are processed/reviewed each month:

- Ensuring that the o/s purchase commitment report is up to date.
- Reconciliation of bank balances per the cash book to the bank statements.



Any unusual or long outstanding unreconciled items must be brought to the attention of the Assistant Headteacher. The Assistant Headteacher will review and sign all reconciliations as evidence of review.

**Ex Gratia payments**

Any severance payment to staff must be declared in the end of year accounts.

4. **Financial planning**

The Academy prepares both medium term and short term financial plans.

The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the Academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources for the following year.

The development planning process and the budgetary process are described in more detail below.

**Annual Budget**

The Finance & Premises Manager, in conjunction with the Headteacher and Assistant Headteacher is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Finance, Resources and Audit Committee and the Governing Body.

The approved budget must be submitted to the EFA by 31 July each year and the Finance & Premises Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. The budget must be approved by the Full Governing Body at the latest by the Autumn term each year.

The annual budget will reflect the best estimate of the resources available to the Academy for the forthcoming year and will detail how those resources are to be utilised.

There should be a clear link between the Academy's strategic plans and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of students to estimate the amount of EFA grant receivable
- Review of other income sources available to the Academy to assess likely level of receipts
- Review of past performance against budgets to promote an understanding of the Academy cost base



- Identification of potential efficiency savings and
- Review of the main expenditure headings in light of the strategic plan and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

### **Balancing the Budget**

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

### **Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance & Premises Manager for approval by the Finance, Resources and Audit Committee. Later, a final budget should be approved in the same way. The final budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints. The budget should be seen as a working document which may need revising throughout the year as circumstances change. Virements will be completed as required and reports for budget holders will show differences between original and revised budgets.

### **Monitoring and Review**

Monthly reports will be prepared by the Finance Officer. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Finance, Resources and Audit Committee.

Any potential overspend against the budget must in the first instance be discussed between the Headteacher and the Finance & Premises Manager.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate.

Budget virements of £3,000 or less may be authorised by the Assistant Headteacher. Budget virements and purchases exceeding £10,000 must be agreed by the Finance, Resources and Audit Committee.

### **Statutory Returns**

The Academy complies with EFA and DFE requirements relating to submitting statutory returns.

It engages the audit support of Moore Stephens Accountants.

The Academy's financial year is 1<sup>st</sup> September to 31<sup>st</sup> August each year, in line with the AFH.



## 5. Payroll

### **Staff Appointments**

The Governing Body has approved a personnel establishment for the Academy. Changes can only be made to this establishment with the express approval in the first instance of the Governors' Personnel Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has authority to appoint staff within the authorised establishment except for Leadership Group staff whose appointments must follow consultation with the Governors. Files are retained by the HR Manager for support staff and teaching staff. There is restricted access and access to Personnel files is on request only. Staff are made aware at their induction that a Personnel file is retained on them for set amounts of time.

### **Payroll Administration**

The monthly Academy payroll is administered by the City Council's Employment Services Team through a signed Service Level Agreement. Access to the system is password controlled. Password control procedures are described in section two of this manual.

New staff can only be added to the payroll with the express approval of the Head and HR Manager. New staff must complete all relevant payroll documents issued by the HR Manager. Failure to do this may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.

Salary amendments can only be made with the express approval of the Headteacher and HR Manager.

Staff can only be terminated from the payroll with the express approval of the Headteacher and HR Manager.

Payment for sickness or maternity must be authorised by the Headteacher and HR Manager in line with the employment contract for the individual.

Where leave of absence is discretionary, payment can only be made with the express approval of the Headteacher and HR Manager.

Staff who are paid on submission of a time-sheet must complete and return their time-sheet to the HR Manager by week ending nearest to 10<sup>th</sup> of each month. Failure to do this may result in non-payment of salary by the Academy. In these circumstances, the salary payment may not be paid until the next payroll run in the following month.

The HR Manager is authorised by the Governing Body to make all mandatory changes to the payroll without further authority e.g. Tax, NI and pension contribution rates, tax code changes, attachment of earnings etc.



## **Payments**

All Salary payments are made by BACS.

Payslips are issued to paid employees usually 5 days before salary payment is made into bank/building society accounts.

After the payroll, has been processed the Finance & Premises Manager will process the salary download with the payroll costs for the month.

On an annual basis, the HR Manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file of the individual.

Deductions for third party payments are made by CCC on behalf of the Academy and then recharged back for payment by the Academy. New starters, variations and leavers can only be processed if authorised by the Headteacher and HR Manager.

Establishment listings are checked every month by the HR Manager to check accuracy of SIMS records verses payroll information.

## 6. **Purchasing**

The Academy wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy;
- Accountability, the Academy is publicly accountable for its expenditure and the conduct of its affairs;
- Fairness, that all those dealt with by the Academy are dealt with on a fair and equitable basis.

### **Routine Purchasing of £999 or less**

Budget holders will be 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 will be supplied to each budget holder each month and budget holders must keep their own records of orders placed but not paid for.

A quote or price must always be obtained before any order is placed. Budget holders and the Finance Office should ensure that best value is achieved.



All orders must be prepared using an official order form. Orders must be sent by the budget holder to the Finance Office. Orders will only be processed if there is adequate budget provision for the department. The Finance & Premises Manager or Assistant Head will countersign all orders. Governors are asked to approve all expenditure of £10,000 or more.

Signed orders are allocated an order number and dispatched to the supplier by the Finance Department.

The Finance Office must make appropriate arrangements for the delivery of goods to the Academy. On receipt a detailed check of the goods received against the goods received note (GRN) must be taken and a record made of any discrepancies between the goods delivered and the GRN. All checked goods must be either signed off through the GRN or by email notification to the Finance Office.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality the Finance Office will record this.

All invoices should be sent to the Finance Office. The Invoice will be recorded by the Finance staff. The Finance staff will evidence the following: -

- invoice arithmetically correct;
- goods/ services received;
- goods/services as ordered;
- prices correct;
- Invoice posted to SIMS system;
- invoice authorised for payment.

If a budget holder is pursuing a query with a supplier, the Finance Department must be informed of the query and periodically kept up to date with progress.

The Finance staff will input details of payments to be made to the SIMS system and the Finance & Premises Manager will generate the BACs payments or cheques required. The BAC's payments or cheques must be signed and authorised by two of four nominated bank signatories. These signatories and authorisations are alternated.

Cheques will be dispatched to suppliers by the Finance staff. BACs payments will be notified to suppliers by email, fax or post.

All purchases must have the prior approval of the Finance & Premises Manager. Staff are aware that if they make purchases on behalf of the Academy without prior approval, they become liable.



## **Orders over £3,000 and up to £10,000**

At least three written quotations, where possible, should be obtained for all orders over £3,000 and up to £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared by budget holders and attached to orders passed to the Finance Office. This is for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

The Assistant Headteacher/Finance will sign orders for goods between these values.

## **Orders over £10,000**

All goods/services ordered with a value over £10,000 require four quotations. Purchases over £156,442 (threshold from 01/01/2010) excluding VAT may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook. Ordering goods which may potentially be over £25,000 must be discussed with the Headteacher prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.

## **Forms of Tenders**

There are three forms of tender procedure: open, restricted and negotiated and the guidance for circumstances in which each procedure should be used are described below.

**Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Headteacher on how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

**Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders may be appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of Suppliers would come forward or because the nature of the goods are such that only specific Suppliers can be expected to supply the Academy's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

**Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This may be appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders.
- only one or very few suppliers are available,
- extreme urgency exists,
- additional deliveries by the existing supplier are justified.



## **Preparation for Tender**

Full consideration may be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

## **Invitation to Tender**

If a restricted tender is to be used, then an invitation to tender should be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender may include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

## **Aspects to Consider**

### Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

### Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures



- Details of previous sales and references from past customers.

Other Considerations:

- Pre- sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

**Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the Academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted and any reason for accepting them should be recorded.

**Tender Opening Procedures**

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders, either the Headteacher or Assistant Head plus a member of the Finance, Resources and Audit Committee.

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

**Tendering Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation of contracts over £25,000 and a report should be prepared for the Finance, Resources and Audit Committee highlighting the relevant issues and recommending a decision.

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

The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.



7. **Income**

The main sources of income for the Academy are the grants from the EFA. The receipt of these sums is monitored directly by the Finance & Premises Manager who is responsible for ensuring that all grants due to the academy are collected.

The academy also obtains income from:

- other Schools and Academies for Consortium fees etc.
- students, mainly for trips and exam fees
- the Sports Trust for use of sports facilities.
- Sale of school uniform for students.

The Academy ensures that any grants paid for specific purposes or other restricted income is ring fenced from the other funds of the Academy.

**Receipt of cheques**

All cheques received into School are recorded in a post book.

**Trips**

A lead teacher is appointed for each trip. Trip details should be presented to finance well in advance to enable the creation of a ParentPay account.

Payments are made online in ParentPay or over the Finance counter. No receipts are produced by ParentPay, but families can check online and print details themselves if necessary.

Reports are available for the trip leader indicating student names, numbers attending and money collected to date.

**Catering**

The only payment which the Academy makes relating to Catering is for Free School Meals and for hospitality.

**Sports Facility Income**

Radford Community Sports Ltd (or other) run the Academy's leisure facilities and therefore pay an amount of money per annum for services and use of facilities. An invoice is raised every month for this.

**Custody**

Official, pre-numbered academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in a safe prior to banking.

Monies collected must be banked in their entirety, except for petty cash reimbursements, in the appropriate bank account. The Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. There is a division of duties between the Finance Officer and Assistant on preparation of banking and countersigning payment stubs through to entering onto the accounting system details of receipts. The Finance & Premises Manager checks and countersigns all banking sheets.



## 8. Cash Management

### **Bank Accounts**

Tile Hill Wood School & Language College has a current and deposit account. The account signatories are: -

Gina O'Connor	Headteacher
Chris Paton	Deputy Head
Malcolm Gardner	Assistant Head

(any 2 from 3)

Signatories may not sign a cheque reimbursing themselves.

BACS authorisations online are alternated between 3 signatories.

Gina O'Connor	Headteacher
Chris Paton	Deputy Head
Malcolm Gardner	Assistant Headteacher

The paperwork is checked and countersigned to ensure the FMS system matches the online payment.

Random checks of the payee account numbers and sort codes are made to validate.

### **Deposits**

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book.

### **Payments and Withdrawals**

In the interests of security, petty cash payments will normally be limited to £100. Higher value payments should be made by cheque or BACs directly from an Academy bank account. Payments up to £30 are authorised by the Finance & Premises Manager and over £30 by the Assistant Headteacher. There is a division of duties between the administration of petty cash and the authorisation.

### **Administration**

The Finance Office is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Finance & Premises Manager to ensure that the cash balance reconciles to supporting documentation. The Finance & Premises Manager will sign off all petty cash expenditure on a monthly basis.

### **Physical Security**

Petty cash is held in a locking cash box which is put in a safe overnight.



### **Cash Flow Forecasts**

The Finance & Premises Manager in conjunction with the Finance Assistant is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations.

### **Investments**

Investments must be made only in accordance with written procedures approved by the Governing Body.

All investments must be 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.

The Academy currently banks with Lloyds and receives interest in line with the terms of the account. Longer term investments are made using Lloyds Bank.

### **Credit Cards**

Credit cards have been issued to the Finance & Premises Manager, Finance Officer and the Headteacher's P.A. This is to enable the academy to take advantage of online savings. All transactions are cleared in full by direct debit each month.

### **Review of Aged Debtors and Creditors**

The Academy's Finance Officer undertakes a review of Aged Debtors and Creditors and debts are referred to the Governors' Finance, Resources and Audit Committee for review, if the normal reminder mechanisms do not work.

Aged creditors are reviewed and acted upon accordingly, either by disputing the invoice or by paying the amount.

## 9. **Fixed assets**

### **Asset register**

All items purchased with a value over the Academy's capitalisation limit of £1000 must be entered into the asset register. The asset register should include the following information:

- asset description
- asset number
- serial number (if available)
- date of acquisition
- asset cost
- source of funding
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset



## Depreciation

Depreciation on assets is as follows: -

- Buildings 2% straight line
- Motor vehicles 20% straight line
- Plant and machinery 20% straight line
- Furniture and equipment 20% straight line
- Computer equipment and software 20% straight line

No depreciation is provided on freehold land. Depreciation on assets in the course of construction is not charged until they are brought into use.

## Disposals

Asset items which are to be disposed of by sale or destruction must be authorised by the Finance & Premises Manager for disposal and, where significant, should be sold following competitive tender. The Academy must seek the approval of the DFE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

If disposals within one financial year (September-August) collectively originally attracted grant of more than £20,000 then the Academy must inform the DFE.

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 licenses 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 a proportion of the sale proceeds.

## Loan of Equipment/Assets

Items of Academy property must not be removed from Academy premises without the authority of the Headteacher. A record of the loan must be recorded on a loan of equipment form and booked back into the Academy when it is returned.

Any case of an asset valued originally at £20,000 or more intended for disposal or sale, must be referred to the EFA.

The Finance & Premises Manager will be asked for a copy of a loan of equipment form, should an item of equipment be missing when a fixed asset audit is undertaken.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Academy's auditors.



## **Equipment register**

The Equipment Register helps:

- ensure that staff take responsibility for the safe custody of equipment;
- enable independent checks on the safe custody of equipment, as a deterrent against theft or misuse;
- to manage the effective utilization of equipment and to plan for the annual accounts and the Academy's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

The Equipment register is a separate log of items below the asset level value.

## **Security of assets**

Equipment must be secured by means of physical and other security devices.

All the items in the register should be permanently marked by bar code as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Finance, Resources and Audit Committee. Inventories of Academy property should be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it this should be noted.

## **Gifts and Hospitality**

Please refer to Probity policy.

All staff have been alerted to the fact that if they are offered any form of benefit or hospitality from a current supplier or service provider, because of their employment at the Academy, they must ensure that this is recorded by the Finance Office. Any gift exceeding £25 must automatically be declined.

## **Financial Commitments**

All staff are made aware that they are obliged to ensure that any financial commitment which they make on behalf of the Academy, has to be authorised in advance by the delegated authority.

Staff are aware that without this authority, the financial liability rests with them.

## **Employment Status of Individuals**

All staff are aware that if they engage an individual to carry out work or provide a service for the Academy, it is very important that their employment status is established before the individual is offered the work.

## **Budget Holders**

All budget holders are required to produce a sample copy of their signature and they are required to sign all delivery notes or provide evidence of delivery by signature or email.



## **Insurance**

The Academy has adequate insurance cover to support its activities and to comply with statutory requirements. The insurance covers: -

- Buildings and contents
- Key causes of damage and disruption
- Employer and public liability cover against the Governors, responsibility for injuries and illness of staff or third parties or damage to third party property.

## **Fraud Policy**

The Academy has a Fraud policy reviewed by Governors each year. In the event of fraud or theft, the Academy is aware that this must be reported to the Secretary of State.

## **Risk Register**

The Academy has a Risk Register which it reviews each year and prioritises its top set of risks and how it manages these risks. The Responsible Officer reviews the Academy's Risk Management processes.

## **Whistleblowing Policy**

The Academy has adopted the Council's Whistleblowing policy.

## **Probity**

The Academy has a Probity Policy, reviewed each year, to ensure that all parties are dealt with fairly and equitably and that there is no financial gain, favoritism or corruption.

## **Charging and Remissions Policy**

### **1 Introduction**

- 1.1 The Governing Body recognises the valuable contribution that the wide range of additional activities, including clubs, out of school trips, residential and experiences of other environments, can make towards students' all round educational experience and their personal and social development. (Throughout this policy, the term "parents" means all those having parental responsibility for a child.)

### **2 Charging**

- 2.1 The Governing Body reserves the right to make a charge in the following circumstances for activities organised by the Academy: -
- I Academy trips and residential: All costs;
  - ii Activities outside Academy hours: All costs;
  - iii Materials: A contribution towards the costs of materials purchased by the Academy in relation to items produced by students which will be taken home for personal use;
  - iv Acts of vandalism and negligence: the Governing Body reserves the right to recover part, or the whole cost, of damage to buildings or equipment which is the result of vandalism or negligence by a student;



- v Examination fees: if a student has not regularly attended the lessons for a particular examination subject, the examination fee may be requested.

If, without a medical certificate explaining the reason, a student fails to complete examination requirements for any public examination for which the Academy has paid an entry fee, the Governing Body may seek to recover the fee from the parent.

There may be a charge for examination entry where there is a request from the parent for additional subject entries to be made, which are not supported by the Academy.

If a late exam entry fee is the direct result of actions by a student or parent(s), the Governing Body may seek to recover the fee from the parent.

### **3 Remissions**

- 3.1 The Governing Body may remit charges in full or in part to parents after considering specific hardship cases. The Governing Body invites parents to apply, in the strictest confidence, for the remission of charges in part or in full. The Principal will authorise remission in consultation with the Chair of Governors.

### **4 Insurance**

- 4.1 Any insurance costs will be included in charges made for trips or activities.

### **5 Voluntary contributions**

- 5.1 Nothing in this policy statement precludes the Governing Body from inviting parents to make voluntary contributions. The Governing Body should make clear that such contributions are voluntary, that children of parents who do not contribute will not be discriminated against, and that if insufficient contributions are received the trip may be cancelled.

### **6 Monitoring, Evaluation and Review**

- 6.1 The Governing Body will review this policy at least every two years and assess its implementation and effectiveness. The policy will be promoted and implemented throughout the Academy.