



## **Finance Handbook**

**October 2020**

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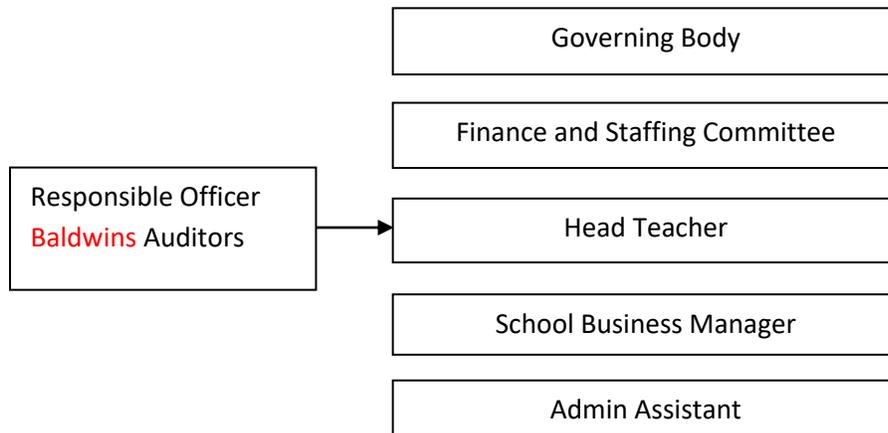
Appendix 1 – Terms of Reference  
Appendix 2 – Purchasing Sequence

## **1. Introduction**

- 101 The purpose of this manual is to ensure that the Academy establishes and maintains effective systems of financial management, control and reporting. It is aimed at Finance Staff in the Academy, but should be available to all staff with budgets, income or expenditure responsibilities.
- 102 This manual provides information about the Academy's financial and accounting procedures as well as governance and should be read by all staff working with the financial systems. Detailed operational procedures will sit outside this handbook.
- 103 Training sessions will be held periodically at the Academy to ensure that all staff involved with financial systems and controls are familiar with the Handbook and procedures and can operate the systems and procedures properly.
- 104 Reference to the Department for Education (DfE) should also be read as referring to the Education and Skills Funding Agency (ESFA), where appropriate.
- 105 Please also read this manual in conjunction with the Academy's Scheme of Delegation.
- 106 All queries should be referred to the Academy's School Business Manager.

## 2. Organisation Structure

201 The financial reporting structure is illustrated below and is followed by a short introduction to the role of each body.



### The Governing Body

202 The Governing Body (GB) is the official term for the Board of Academy Governors. It is made up of representatives of the Academy staff, sponsors, the DfE and parents. The Governing Body must meet at least three times per annum. No business can be conducted unless quorums of two appointed members are present.

203 The GB's responsibilities cover the full range of the Academy's activities; however, finance matters will be a standing agenda item. The GB may delegate some of its financial responsibilities to the **Resources** Committee, which is a sub-committee of the GB. A representative of the **Resources** Committee will report on finance matters at each GB meeting. In addition, the GB must formally discuss and approve:

203.1 The annual budget;

203.2 Budget monitoring reports received from the **Resources** committee

203.3 Appointment, and remuneration, of senior staff;

203.4 All purchasing decisions over £15,000

203.5 Disposal of assets above £1000 in conjunction with the secretary of state

204 Governors may not receive any form of payment for their work, other than payment of reasonable out-of-pocket travel, accommodation or other expenses incurred while attending in the capacity of governor.

205 No governor may hold an interest in property belonging to the Academy, nor may a governor receive remuneration in respect of any contract to which the Academy is a party.

206 Accounting officers must adhere to the seven principles of public life:

1. Selflessness:

Holders of public office should act solely in terms of the public interest.

2. Integrity:

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity:

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability:

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness:

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty:

Holders of public office should be truthful.

7. Leadership:

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## Resources Committee

- 207 The **Resources** Committee is a **sub**-committee of the GB. It meets as required by the GB. No business can be conducted unless a quorum of two members with full voting rights is present. Staff governors **can** sit on this committee **but with restricted voting rights. They cannot participate or vote on remuneration issues.**
- 208 The main responsibilities of the **Resources** Committee are detailed in written terms of reference from the GB (see appendix 1). These include:
- Initial review and authorisation of the annual budget;
  - Approve the financial statements for filing in accordance with Companies Act and Charity Commission requirements
  - Responsible to the Board for ensuring compliance with the Funding Agreement and all relevant financial regulations relating to the Academy are observed
  - Oversee capital investment programmes
  - Termly monitoring, with monthly updates, of actual expenditure and income against budget provided by the SBM and take appropriate action to ensure ongoing viability
  - Authorising the purchases of goods and services of value in excess of £5,000 but less than £15,000;
  - Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls;
  - Authorising the disposal of fixed assets with a value of greater than £500;
  - Establish, monitor and review employment policies on behalf of the GB
  - Set and monitor remuneration levels for all members of staff including the Head Teacher, Deputy Head and School Business Manager.
  - Contribute to the appraisal of the Head Teacher, Deputy Head and School Business Manager
  - Establish, monitor and review employment policies
  - Review and agree staff training programmes

## Responsible Officer

- 209 The Responsible Officer (RO) (**Baldwins** Audit Services currently fulfil this role) is appointed by the GB to provide it with an independent oversight of the Academy's financial affairs. The main duties of the RO are to assure the GB that:
- The financial responsibilities of the GB 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.

210 The RO will undertake a termly audit programme to ensure that financial transactions have been properly processed, and that controls are operating as laid down by the GB. A report of the findings from each visit will be presented to the **Resources** Committee and, where appropriate, to the GB. The presumption is that the Academy will implement any recommendations made by the RO unless it can demonstrate that to do so would not be appropriate. The School Business Manager will be given an opportunity to see and challenge the report before it is given to **the Resources** Committee.

### **The Head Teacher**

211 The Head Teacher has overall executive responsibility for the Academy's activities within the framework of the agreed annual and longer term plans. The Head Teacher is deemed to be the Accounting Officer for reporting purposes. Much of the financial responsibility is delegated to the School Business Manager (SBM), but The Head Teacher retains responsibility for:

- Approving new staff appointments within the authorised structure, except for any senior staff posts requiring GB approval;
- Authorising bonus/honorarium payments to staff as agreed by SLT as long as cost is affordable based on current budgets and forecasts; (up to a maximum of £1000, anything beyond £1000 to be agreed with the **Resources** committee)
- Authorising the purchase of goods and services of value up to £5,000 and between £5,000 and £15,000, in conjunction with the **Resources** Committee;
- Signing cheques/authorising electronic payments in conjunction with other authorised signatories; at least one signatory must be the SBM or Head Teacher;
- Authorising the disposal of assets up to £500 in value.
- Sharing the ESFA's accounting officer's annual letter with all trustees and other members of the senior leadership team.

### **The School Business Manager**

212 The School Business Manager (SBM) works closely with The Head Teacher through whom he or she is responsible to the governors. The SBM is deemed to be The Head Teacher Finance Officer for reporting purposes. The SBM also reports directly to the governors via the **Resources** Committee. The main responsibilities of the SBM are:

- Day to day management of financial matters including the establishment and operation of suitable accounting and forecasting systems and an asset register;
- Management of the Academy financial resources at a strategic and operational level within the framework of financial controls determined by the GB;
- Maintenance of effective systems of internal control;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records;
- Preparation of management accounts and financial reports;
- Authorising the purchases of goods and services of value of up to £2,500 and between £2,500 and £5,000 in conjunction with The Head Teacher.
- For expedience, an exception to above is in the case of regular monthly payments for school meals which are variable and can be > £8,000 per month. The SBM is authorised to process these payments without redress to the **Resources Committee**. Annual schools meal budget to be included and agreed as part of the normal budget setting process, and reviewed monthly as part of normal reporting.
- Signing cheques/authorising electronic payments in conjunction with other authorised signatories; all cheques to be signed by either The Head Teacher or SBM, plus another authorised signatory. (any two from three)
- The School Administrator has been added to the list of cheque signatories and as an approver for payments via our on-line banking access.
- The SBM, with the assistance of the School Administrator, will be responsible for a petty cash float of > £200. Staff making claims for reimbursement must complete a Petty Cash Claim form. The SBM will record all petty cash expenditure. **The petty cash system is currently not in use, however should the need arise we will revive the function.**
- The SBM will monitor and authorise all claims for additional hours worked i.e. staffing After School Club, Caretakers overtime etc. ONLY

the Head Teacher and SBM are authorised to agree additional hours. Additional hours must be pre-approved by the SBM/HT. Additional hours worked by the SBM will be authorised by the HT.

- ALL day to day expenditure must be authorised by the SBM and fall within allocated and agreed cost centres. Staff are not permitted to commit the Academy to any financial liability what so ever without prior authorisation. Unauthorised or 'wild' invoices will be the responsibility of the commissioning member of staff. Larger projects and SLA's will be agreed according to above described limits and authorisation procedures.
- Staff wishing to make a purchase of goods or services must complete a Purchase Requisition form or seek verbal agreement / authorisation from the SBM who will then submit the order (if appropriate the requisite approval will be obtained from the Head Teacher) BEFORE placing an order with a supplier.
- The Academy has an Amazon.co.uk account, with a Prime subscription, staff wishing to make purchase through Amazon should ask the SBM to approve the purchase and make the purchase using the Academy Prime account and Debit Card.
- The Academy debit cards are in the name of the SBM and Head Teacher, any misuse or default will adversely affect their personal credit score, therefore for both the Academy and the SBM / HT protection the cards will be kept in the possession of the SBM & HT with only the named individuals authorised to use them.
- Ensuring that all financial and administrative returns are made to the DfE and other funders;
- Ensuring that the necessary information for other statutory returns (annual accounts, Charity Commission filings etc.) is provided promptly to the appropriate authorities;
- The SBM will draw up a financial guide for staff, detailing the correct procedures for financial transactions (as outlined above). This guide will be revised as processes evolve.
- Taking into consideration the resources available, the number of orders placed and the value of most purchases, it is expedient to have a purchasing regime which remains secure but is 'fit for purpose'

- Without compromising the delegation and hierarchy of purchasing authorisation a practical regime is necessary. Consequently, the need to raise a purchase order is negated other than as a record of expenditure. The majority of purchases now use on-line ordering/ purchasing which utilises the school debit card(s) This is expedient, efficient and reduces administrative work, it means suppliers are paid without delay. It will also ensure expenditure is recorded within the appropriate month. Provided all other procedures, including audit, are correctly followed it is accepted that this practice is correct, proper and appropriate. The role of the SBM is to manage the day to day expenditure therefore, provided an order is verbally agreed and then placed by the SBM this will be deemed satisfactory. A limit of £250 per item is set for 'on demand' purchases. Robust internal audit will ensure this procedure is not abused.
- The SBM will continue to record all purchases on Sage (our financial package) and produce paper records for the purpose of recording expenditure and matching invoices / receipts.
- The monthly bank statement will become a more important document within the purchase chain, matching on-line expenditure with records of commitments.
- Larger purchases, SLA's for example will continue to be processed in the traditional way, however the recording of the purchase will be done once the invoice is received.
- Key to this 'new' system is the acceptance that the purchase orders now should be considered as internal records of expenditure to match with suppliers invoices and facilitate effective audit.

#### Financial Activities – broad over view.

Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug
			End of term financial report	Review SLA needs for next Financial year		Start budget prep.	Review draft budget with HT	Draft budget to Finance Committee.	Review / update Financial handbook	Update risk register	SBM preps client supplied data doc for acc/ts

			Evolution Present year-end report			End of term financial report	Consider staffing model			Submit approved budget to EFA	
Monthly budget report to FC	Monthly budget report to FC	Monthly budget report to FC	Monthly budget report to FC	Monthly budget report to FC	Monthly budget report to FC	Monthly budget report to FC	Monthly budget report to FC				
		Accountants Review / update				Accountants Review / update			Accountants Review / update		
								Companies House confirmation statement due			

**Finance Team**

213 The Finance Team consists of the SBM and the School Administrator

**Other Staff**

214 All staff members are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economical and efficient use of resources and for compliance with Academy financial procedures.

**Register of Interests**

215 No-one involved in spending public money may benefit personally from the decisions they make. To avoid misunderstandings, Academy governors and staff with significant financial or spending powers are required to declare their financial interests in entities from whom the Academy might purchase goods or services.

216 A register of interests should be maintained to ensure that all decision-making bodies are aware of any potential conflicts of interest when awarding contracts or making other financial decisions. All members of the GB, Finance and Staffing Committee and Senior Leadership Team will need to fill out the register of interest at the first meeting after their appointment and this exercise should be repeated annually as a minimum. The register is held by the SBM.

217 The register should include business interests such as directorships, shareholdings or other appointments of influence within any business or

organisation which might have dealings with the Academy. Business interests of relatives such as a parent, spouse or child should also be disclosed where influence could be exerted over a governor or employee by that person.

- 218 The existence of the register does not affect the duty of governors and staff to declare interests whenever they are relevant to matters being discussed by the GB, a committee or any other working group within the Academy. Where an interest has been declared, the individual(s) concerned should not attend that part of any committee or other meeting.
- 219 The chair of the board of trustees and the accounting officer **must** manage their relationships with connected parties to avoid both real and perceived conflicts of interest.
- 220 The trust will publish on its website the relevant business and pecuniary interests of trustees and members. Governance arrangements must be published in a readily accessible format
- 221 A de minimis threshold of £2,500 on the 'at cost' requirements applying to connected parties is applied to reduce bureaucracy on minor transactions. Above this limit academy trusts **must** pay connected parties at no more than 'cost'.

### **Gifts and Hospitality**

- 222 All personal gifts and hospitality (above a minimum monetary amount of £25) received by governors and staff should be declared and recorded. This minimises the risk of staff and governors being compromised by expectations of reciprocal benefits. The Head Teacher or SBM should be consulted before any such gifts or hospitality are accepted.
- 223 The Finance team should enter any receipt of gifts/hospitality into the Register of Gifts and Hospitality and this should be maintained by the SBM. Gifts received on behalf of the Academy should be entered on the register.

### **Financial Planning**

- 301 The Academy must prepare both short-term and medium-term financial plans.

302 The medium-term financial plan is prepared as part of the development planning process. The Academy 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.

303 The Academy 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 deadline for budget preparation is the 28<sup>th</sup> September.

## **Development Plan**

304 The Development Plan is concerned with the aims and objectives of the Academy and how they are to be achieved. This includes matching objectives and targets to the available human and financial resources. Plans should be kept relatively simple and flexible. They provide the broad framework within which more detailed plans may be made.

305 Each year The Head Teacher, with assistance from the SBM must propose a planning cycle and timetable to the GB which allows for:

- A review of past activities, aims and objectives - "did we get it right?"
- Definition or redefinition of aims and objectives – "are the aims still relevant?"
- Development of the plan and associated budgets – "how do we go forward?"
- Implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course"
- Feedback into the next planning cycle – "what worked successfully and how can we improve?"

306 The timetable will specify the deadlines for the completion of each of the stages described above. Responsibility for each part will be assigned by The Head Teacher.

307 The Development Plan will include detailed objectives for the coming academic year and outline objectives for the following two years. It should also include cost estimates, both capital and revenue, associated with each objective and success criteria against which achievement can be measured. The SBM should be fully involved in the development of the plan.

308 For each objective the lead responsibility for ensuring progress is made towards that objective will be assigned to an Academy senior team member, who should monitor performance against the success criteria throughout the year, and report quarterly to The Head Teacher. The Head Teacher will report

to the GB if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

## Annual Budget

- 309 The SBM, in conjunction with the HT, is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by The Head Teacher in conjunction with the **Resources** Committee and the GB. The responsibility for setting the priorities for funding, budget-setting and general financial planning lies with the Senior Leadership Team (SLT) of the Academy. All significant risks that may impact on the financial viability of the Academy will need to have been recorded, and the financial impact considered and mitigated where possible. To that end, a detailed commentary will need to be provided with any budget submission.
- 310 The approved budget must be submitted to the ESFA by the 28<sup>th</sup> September each year and the SBM is responsible for establishing a timetable which allows sufficient time for all approvals and submissions. The SBM will work closely with the Head Teacher to develop the annual budget. The setting of the budget should begin in March each year once the ESFA have announced the GAG for the following fiscal year.
- 311 The annual budget will estimate the resources available to the Academy for the next year and will show how these are to be used. The Academy Development Plan objectives and the budgeted use of resources should be clearly linked. While the SBM is primarily responsible for the completion of the annual budget, he or she should work with relevant individuals to ensure that the budget is consistent with and reconcilable to the Academy Development Plan.
- 312 The budgetary planning process shall incorporate the following elements:
- The known income from the primary funding streams; GAG, Pupil premium, sports premium
  - Use an estimated figure for the predictable but variable income sources primarily Early Years funding.
  - Review of other income sources to assess likely level of receipts;
  - Review of past performance against budgets to make the cost base clear;
  - Identification of potential efficiency savings;
  - Review of the main expenditure headings in light of Academy Development Plan objectives and expected cost variations e.g. pay increases and inflation.

- 313 It is important that any new projects proposed are robustly challenged and costed to ensure that they are the most appropriate course of action and represent value for money.
- 314 All out of hours activities should be run to be at least cost neutral, unless an educational value can be clearly demonstrated and mapped to the curriculum programme, only then will the cost be borne by the Academy

### **Balancing the Budget**

- 315 It is incumbent upon the GB to only approve annual budgets that do not show an underlying deficit position (i.e. a deficit is only acceptable when resulting from expected use of brought forward figures).
- 316 Comparison of estimated income and expenditure will identify any potential surplus or shortfall. If shortfalls are identified, opportunities to increase income should be explored and expenditure categories reviewed for areas where savings can be made. This may require projects to be deferred until funding is available. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. Any carry-overs of GAG funding need to be in compliance with the annual funding letter, which currently limits carry forwards to 12% of the GAG allocation (2% revenue and 10% capital unless a clear reason for building a surplus is articulated and documented)
- 317** It is not anticipated that the annual budget should show a large surplus of funds over expenditure. Irrespective of the carry-forward calculation, it is not deemed responsible to try and build up significant reserves unless there is a particular project that requires savings to fund it over a number of years.

### **Communicating the Budget**

- 318 The budget should be communicated to all relevant staff so that everyone is aware of overall constraints and their particular responsibilities.
- 319 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is simple for all concerned to take remedial action. The budget should be seen as a working document which will be subject to revision throughout the year as circumstances change.

### **Risk Management**

- 320 An essential part of financial planning is consideration of risks to the Academy. This covers all risks, not merely financial risks, as mitigation of non-

financial risks can still have financial consequences. The SBM should maintain a detailed risk -register. This needs to be updated regularly and considered by the GB alongside the annual budget submission. The Staffing and Finance Committee should have risk management as a standing item on their agenda, and any significant changes to the register should be considered at each meeting.

### **Debt Write-offs**

- 321 Debt write-offs may be approved for a variety of reasons. The most common reasons include:
- Insufficient legal proof of the debt or liability for the charge;
  - The likely expense of legal actions exceeds the likely recovery;
  - The debtor cannot be traced;
  - The debtor is unable to pay;
  - The debt represents the outstanding balance after a final dividend has been paid in cases of bankruptcy or insolvency.
- 322 Any debt write-off exceeding £200 in value will need to be approved by the Finance and Staffing Committee.
- 323 Any write-off over the sum of £1,000 needs written consent by the Secretary of State.
- 324 Any loss arising from suspected fraud or theft above the value of £5000 individually and cumulatively, in any academy financial year must be reported to the ESFA.

### **Monitoring and Review**

- 325 Monthly financial reports will be prepared by the SBM and distributed two/three weeks after the end of the month.
- 326 The monthly report will generally take the following format:
- Income and expenditure, actual against budget, for the period and for the year to date, in aggregate and by nominal code;
  - A projection of the anticipated end-of-year position;
  - A variance column ;
  - A brief narrative with explanation(s) of any significant deviations from budget;
  - An update on significant capital projects in progress;

- Summary of key balance sheet items such as creditors and debtors at month end;
- A summary of the cash position and outlook.

327 If a budget overspend is forecast, it may be appropriate to transfer money from another budget or any contingency.

328 Monthly reports should be reviewed by the Finance and Staffing Committee. Where applicable, corrective measures may be taken to ensure that the authorised budget is not exceeded

#### **PLASC Returns**

328 The Academy has to make returns three times a year to the DfE on pupil censuses, known as PLASCs (Pupil Level Annual School Censuses). These returns will inform the General Annual Grant (GAG) calculation for the following year and so it is vital that the census is as accurate as possible. Key concerns include:

- Pupil Numbers – the key driver for funding. Overstated amounts can be recovered if actual numbers are more than 10% lower than bid for. Pupil numbers should therefore be ambitious but achievable;
- Free school meals – these are funded through GAG, and therefore the percentage eligible for FSM should not be understated;
- SEN – lower levels of SEN funding come through the GAG, it is therefore vital that figures are not understated.

#### **GAG Recovery**

329 The main DfE grant can be recovered by the DfE in one of two circumstances.

330 First, where pupil numbers are more than 2.5% below numbers bid for. In that situation the amount beyond the 2.5% (not the full 2.5% as well) will be deducted from GAG in the following year. It is also worth noting that additional amounts will be paid by the DSCF where pupil numbers are more than 2.5% above bid for numbers.

331 Second, where more than 12% of GAG remains unspent at year end. In that case, amounts beyond the 12% can be recovered in the following year. No such restriction applies to start up grants or income from other sources, so it is vital that at year end expenditure is matched against GAG first.

## **4. Accounting System**

- 401 The system currently in use is Sage Financial. All financial transactions must be recorded on the accounting system.
- 402 The coding structure used by the Academy will be set at the outset of the Academy, but changes can be made if new codes are required due to change in circumstances.
- 403 It is the responsibility of the Academy Finance Team to ensure that all postings to the finance system are done on a timely and accurate basis, and that all required financial checks are carried out on a timely basis by appropriate personnel, such as reconciliations and payroll submissions.
- 404 It is the responsibility of the SBM, in agreement with The Head Teacher, to identify, where appropriate, individual budget holders and set limits for their authorisation.
- 405 Accounting policies are set by the GB. The main policies are:
- A capitalisation threshold of £500
  - Depreciation rates of:
    - i. Long leasehold buildings – 50 years
    - ii. Leasehold Land – not depreciated
    - iii. Furniture and fittings – 4 years
    - iv. Computer equipment – 2 years
- 406 The format of accounts complies with the most recent Charities SORP and Companies Act.

### **System Access**

- 407 The accounting system is password restricted.
- 408 Access to component parts of the system can also be restricted, and the SBM is responsible for controlling the access levels.

### **Back-up Procedures**

- 409 The SBM, together with the Academy's IT Team, should ensure that back-up procedures for the system and any other financial records are in place, to minimise the risk of data loss.
- 410 The SBM, together with the Academies IT Team, 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.

### **Transaction Processing**

- 411 All entries in the accounting system must be properly authorised. The procedures for running the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. Journal entries must be documented on a journal form (or excel spreadsheet), and authorised by the SBM before entry into the accounting system. Cash book payments should be entered by School Business Manager, and the input should be checked (and signed to evidence this check) by the SBM.

### **Transaction Reports**

- 412 The SBM will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:
- Monthly audit trail reports;
  - Master file amendment reports for the payroll, purchase ledger and sales ledger;
  - Management accounts summarising expenditure and income against budget at budget holder level.

### **Reconciliations**

- 413 The SBM is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- Sales ledger control account;
  - Purchase ledger control account;
  - Payroll control account;
  - Petty cash;
  - All suspense accounts; and
  - All bank accounts.
- 414 Any unusual or long outstanding reconciling items must be brought to the attention of the SBM. Cheques uncashed after six months should be written back, and reissued if appropriate. The SBM will review and sign all reconciliations as evidence of his or her review. A review of an aged debtors

and creditors listing should also be carried out to ensure that long-standing issues are revisited and addressed.

## **5. Staffing and Payroll**

501 The main elements of the payroll system are:

- Staff appointments;
- Payroll administration; and
- Payments.

### **Staff Appointments**

502 The GB will have approved a staffing structure for the Academy. Additions can only be made to this structure with the express approval in the first instance of the Finance and Staffing Committee, who must ensure that adequate budgetary provision exists for the increase. Changes to the structure which do not increase the overall budget can be approved by The Head Teacher.

503 The Head Teacher has authority to appoint all staff within the approved structure except for Deputy/Assistant Head Teacher and the SBM positions, whose appointments will be made by the Head Teacher, Deputy Head and one non staff Governor. The Academy maintains full personnel files for all members of staff. All personnel changes must be notified promptly in writing to the SBM.

### **Payroll Administration**

504 All staff members are paid monthly by 19<sup>th</sup> of each month.

505 The Academy payroll is administered by an outside supplier (currently Strictly Education Ltd)

506 A master record is held by Strictly Education for each employee recording:

- Salary, including pay scale and spine point;
- Pension details;
- Part-time hours, including term-time only calculations;
- Bank account details;
- Taxation status;
- Personal details; and
- Any deductions or allowances payable.

- 507 In accordance with the new General Data Protection Regulations (GDPR) all personal data will be held in secure formats, in secure locations. The payroll providers master records is highly secure and password protected, it will therefore double as the Academies master payroll database.
- 508 The SBM must complete a return showing all sickness and absence.
- 509 The SBM will provide data to Strictly Education Ltd each month in accordance with the regular timetable.
- 510 The following is a summary of Strictly Education Ltd role:
- a. The Academy will notify Strictly Education Ltd of all payroll changes i.e. starters, leavers, overtime, back pay and salary changes;
  - b. Strictly Education Ltd have responsibility to check the accuracy of data being supplied by the Academy and will have responsibility for the calculations of pensions, SMP, SSP etc;
  - c. Strictly Education Ltd will produce all reports in either PDF or Excel format;
  - d. Strictly Education Ltd will make all payments by BACS and send all reports, to third parties i.e. pension providers, union subs, attachment of earnings orders etc.
  - e. Strictly Education Ltd will prepare and file P35s, P14s, P60s and provide reports to allow completion of LGPS and TPS returns (including TR17A reports);

## **Payments**

- 511 Before payments are made, a spreadsheet of salary payments to individuals, showing the amount payable in total will be provided by Strictly Education Ltd, to be reviewed and authorised by the SBM. Strictly Education require an e-mail from the SBM, confirming the draft payroll run is correct before it issues the monthly salary payments.
- 512 All salary payments are made by BACS. The payment date is the 19th of the month.
- 513 The SBM should carry out regular monthly reviews to ensure that there are no inconsistencies in the payments and that these are reasonable. The SBM reconciles the pay roll run with the additional hours report submitted to Strictly Education Ltd.

## Other Considerations

- 514 Strictly Education Ltd will provide a monthly payroll journal to be authorised by the SBM and posted to the nominal ledger. The payments will also be entered onto Sage for Bank account reconciliation purposes. The SBM should review the payroll control account each month after posting to ensure that there are no unallocated balances.
- 515 As a minimum, the SBM should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.
- 516 Once a year, the SBM must check that employee gross pay on the payroll master file matches the contract of employment on the employee personnel file. The 'master data' is updated as personnel circumstances change.
- 517 The overall pay structure has been created by the Academy and all appointments should be made in line with that structure. Annual increases within this structure are determined centrally by reference to national agreements. Academic staff receive their cost of living rises on 1st Sept and support staff on 1<sup>st</sup> April each year.
- 518 The SBM will ensure that all payments to individuals are processed through the payroll. Where an individual is self-employed or runs their own company, the SBM will ensure that all necessary steps are taken to mitigate any IR35 implications (or other such legislation in this area).

## 6. Expenditure and Procurement

- 601 The Academy wants to achieve the best value for money from all purchases and at all times. This means purchases need to be in the correct quality, quantity and completed within the appropriate timeframe and at the best price possible. Purchases should follow the general principles of:
- Probity - it must be clear that there is no private gain in the Academy's contractual relationships;
  - Accountability - the Academy is 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

- 601 Budget holders (if applicable) will be informed of their budgets at the start of the academic year. It is their responsibility to manage the budget and to ensure that the funds available are not overspent. A print out detailing actual expenditure (including commitments) against budget will be supplied to each budget holder by the Finance team two weeks after the end of each month. (This function is currently moribund and in abeyance)
- 602 Budget Holders (except for The Head Teacher and SBM) have authority to sanction orders, through the correct channels outlined above, for budgeted items up to a value of £250. (This function is currently moribund and in abeyance)
- 603 The SBM and The Head Teacher have **individual** authority to place orders for budgeted and unbudgeted items up to £2,500 Spending over £2,500 but under £5,000 **require authorisation from the SBM and** Head Teacher. All orders of a value from £5,000 to £15,000 must be approved by the **Resources** Committee (with the exception detailed at 212 bullet 7 above) and over £15,000 by the GB
- 604 The SBM may create approved supplier lists for some types of expenditure. If a relevant approved supplier list exists, budget holders must obtain the SBM's agreement to purchase from alternative suppliers. Due process will be followed, for example a tender exercise, before assigning approved supplier status. (It is accepted that in rare cases some items may only be available from a sole supplier)
- 605 All requisitions from staff wishing to make a purchase **should** be made to the SBM. **However, given the size of school, value of an average order and the need for a proportionate system, verbal authority from the SBM will be acceptable with the caveat that the order MUST be placed by the SBM only. Larger purchases should use a requisitions form,** which must bear the signature of an approver (the SBM or HT), and must be forwarded to the Finance Office, which will check to ensure that adequate budgetary provision exists and place the order. Staff must NOT place orders themselves.
- 606** Orders that are in compliance with the budget are allocated a reference number and dispatched to the supplier by a member of the Finance Team. **As detailed above this can be in the form of an on-line purchase with an order form for record purposes and audit.**

- 607 The Finance Team will make appropriate arrangements for the delivery of goods to the Academy. On receipt, the finance team / budget holder must undertake a detailed check of the goods received against the goods received note (GRN), and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
- 608 All invoices should be sent to the Finance Office. All invoices need to be authorised by the **SBM** before payment procedures are initiated. Invoices are to be authorised according the following principles:
- Spending up to £2,500 can be authorised by The Head Teacher or the SBM;
  - Spending between £2,500 and £5,000 to be authorised by The Head Teacher **and SBM**
  - Any spending between £5,000 and £15,000 to be authorised by the Finance and Staffing Committee and spend in excess of £15,000 to be authorised by the GB.
  - The one exception is the above mentioned school meals where the SBM can authorise up to £8000
- 609 Invoice receipt will be recorded by the Finance Team on the accounting system. The School Business Manager will stamp **order forms** with a grid against which the following can be evidenced:
- a. Order Number ;
  - b. Invoice checked to GRN;
  - c. Entered onto Sage
  - d. Invoice authorised for payment by the correct authority;
  - e. Payment date;
  - f. Cheque number/BACS reference.
  - g. Head Teacher Authorisation for all purchases as part of a
- 610 Boxes (a) to (f) will be completed by the School Business Manager / Admin Assistant. GRN, if applicable, must be attached to the purchase order and / or invoice. The original internal requisition sheet, **where used**, should also be attached to the order paper trail
- 611 When all the boxes have been completed the invoice should be attached to the purchase order ready for payment by the School Business Manager.
- 612 The SBM will then input the details of payments to be made to the purchase ledger and generate the payments.

## Orders up to £5,000

- 613 Value for money should be considered for all amounts of expenditure, but no formal quotes are required for expenditure under £5,000. A verbal or e-mail quotation will suffice, provided the SBM is satisfied it represents best value available and due diligence has been applied.

## Orders over £5,000 but less than £15,000

- 614 Where appropriate, at least three written quotations should be obtained for all orders between £5,000 and £15,000. Written confirmation of oral quotes must be obtained before a purchase commitment is made. Confirmations by email are acceptable. Quotes should be attached to purchase records. Where three quotations cannot be obtained, for instance a sole supplier, this must be approved by SBM or Head Teacher in all cases.

## Orders over £15,000

- 615 All goods/services ordered with a value over £15,000, or for a series of contracts which in total exceed £15,000. must be discussed by the full GB and are subject to formal tendering procedures.
- 616 Orders or contracts with an anticipated value over the EU threshold may be subject to European Procurement Regulations. In these circumstances the SBM must be contacted before proceeding with the tender.

## Forms of Tender

- 617 There are three forms of tender: open; restricted and negotiated. The circumstances in which each should be used are described below.
- *Open Tender.* This is where all interested suppliers are invited to tender. The budget holder must discuss and agree with the SBM on how to advertise 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 avoidance of corruption.
  - *Restricted Tender.* This is where specific suppliers are invited to tender. Restricted tenders are appropriate where:
    - i. There is a need to maintain a balance between the contract value and administrative costs;

- ii. A large number of suppliers might come forward or the nature of the goods is such that only specific suppliers can be expected to meet the requirements;
  - iii. 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 is appropriate in specific circumstances:
    - i. The above methods have resulted in either no or unacceptable tenders;
    - ii. Only one or very few suppliers are available;
    - iii. Extreme urgency exists;
    - iv. Additional deliveries by the existing supplier are justified.

### **Preparation for Tender**

618 Full consideration should be given to:

- The objective of the project;
- Overall requirements;
- Technical skills required to meet the tendering criteria;
- After-sales service requirements;
- Form of contract.

619 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 fulfillment of these requirements to help reach an overall decision.

### **Invitation to Tender**

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

621 An invitation to tender should 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;

- Form of response.

## **Aspects to consider when evaluating the tender**

### ***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? If so, the Academy should always aim to achieve best value for money.

### ***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**

- 622 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 unless there are exceptional circumstances.

## **Tender Opening Procedures**

- 623 All tenders submitted should be opened at the same time. At least two people should be present for the opening of tenders, the SBM and / or Principal and the responsible budget holder.
- 624 A tender register will be held recording all tenders and hold the names of the firms submitting tenders and the amount tendered. This record must be signed by the people present at the tender opening

### **Tendering Procedures**

- 625 The evaluation process should involve at least two people with no conflicts of interest in the tender.
- 626 Those involved in making a decision must not accept gifts or hospitality from potential suppliers that could compromise or appear to compromise their independence.
- 627 Full records should be kept of each tender evaluation and a report should be prepared and considered in line with purchasing approval limits highlighting the relevant issues and recommending a decision.
- 628 Where required by the conditions attached to a specific grant (eg from the DfE), the grantor's approval must be obtained before acceptance of a tender.
- 629 The accepted tender should be the one which offers best value for the Academy and should be the one of lowest value unless there are exceptional circumstances. If the lowest value tender is not awarded the waiver must be approved by the GB. The tender evaluation must give sufficient detail and evidence for the waiver.

## **7. Income**

- 701 The main sources of income for the Academy are:
- Grants from the DfE/LA for general and specific purposes;
  - Grants from other Government Agencies or other organisations for specific purposes and programmes;
  - NLE income
  - Meals income
  - After school club income
  - Breakfast club income
  - Off-site trip income
  - Miscellaneous income e.g. commission from school photographers
  - Lettings income

- Bank interest.
- Student training payments

### **DfE Income**

- 702 The main recurrent grants from the DfE are paid monthly around the 1<sup>st</sup> of each month.
- 703 Notification of the level of grant is usually received around March in the year before the financial year in question. Some grants, such as Standards Funds, are granted on a financial year basis of April to March and are therefore not notified until later in the year. Estimates may therefore be required to meet budgeting deadlines.

### **Breakfast / Afterschool Club Income**

- 704 All payments for extra-curricular activities must be made via the school office, parents are encouraged to use our on-line payment system (Parent pay) to make payments. Only in exceptional circumstances will we accept cash payments. Credit cannot be offered and parents falling into arrears may be denied access to the service / club until debts are cleared. Staff wishing to run an after school club should consult with the SBM regarding the current pricing structure.

### **Meals Income**

- 705 The current price for school meals is £2.50 per day. Schools meals must be paid for in advance. Pricing for school meals is reviewed in April each year and any increase applied from the first Monday in April.

### **School Uniform Income**

- 706 Parents or students who wish to pay for items of school uniform should be directed to the school uniform suppliers web site, currently [Border Embroideries.co.uk](http://BorderEmbroideries.co.uk) School will not purchase uniform items on behalf of parents nor will we keep a supply of uniform items in stock.

### **Off-Site Trips**

- 701 An appropriate person must be appointed for each trip, the appointed person should prepare a list of the students going on the trip. A copy of the list should be given to the School Business Manager. The trip co-ordinator should agree a contribution amount per student with the SBM. On-line payments will then be collect for the money due from students.

- 702 The School Business Manager should keep a copy of each trip list showing amounts paid and outstanding. This record should be copied weekly to the appropriate person, who is responsible for chasing outstanding amounts.

### **Miscellaneous**

- 703 Income from miscellaneous payments such as mentorship, donations, rebates and disposal will be paid into the main academy bank accounts.

### **Lettings**

- 704 The Academy may from time to time let premises to other organisations, subject to such lettings not clashing with the timetabling of the Academy. Any letting of the Academy's premises may be either commercially or community motivated.
- 705 New long-term letting proposals must be approved by the SBM or Head Teacher. A financial analysis must be prepared showing the expected income and related costs. The Finance and Staffing Committee must approve lettings which will not cover the direct occupancy costs of the letting (staff overtime, cleaning, utilities etc) since these lettings amount to an application of Academy funds.
- 706 The SBM will appoint one member of the Finance Team to deal with Academy users (the 'Lettings Co-ordinator').
- 707 The Lettings Co-ordinator is responsible for maintaining booking records and for calculating the sums due. Advance payments to be decided by the SBM as applicable.
- 708 The Lettings Co-ordinator should liaise with others to avoid timetable clashes. Where possible, lettings should be arranged to minimise overtime costs, for example, by scheduling two letting activities in different areas of the Academy at the same time.
- 709 The Lettings Co-ordinator should provide details of organisations using the facilities to the School Business Manager, who will establish a sales ledger account and produce sales invoice(s) from the accounting system.
- 710 Academy users should be told to send all payments to the Finance Office.

## **Custody**

- 711 Pre-numbered Academy receipts should be issued for all cash and cheques received where no other documentation exists. Cash and cheques must be kept in the Finance Office safe until banked.
- 712 Monies collected must be banked in their entirety. However, it is possible to replenish petty cash from such receipts so long as this is adequately recorded so that income is not understated.

## **Bank Interest**

- 713 The Academy will receive bank interest on all amounts held in their interest bearing account. The ability to generate high levels of interest will however be limited and mainly only achievable in the first few years of operation when start-up funds are received.

## **8. Cash Management**

### **Bank Accounts**

- 801 The Academy will operate one current account. It is not anticipated that further accounts will be required. The opening of any further accounts must be authorised by The Finance and Staffing Committee who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque-signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

### **Deposits**

- 802 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:
- The amount of the deposit;
  - A reference, such as the number of the sales invoice or receipt or the name of the debtor.

### **Payment Procedures**

- 803 All cheques, BACS payments or other instrument authorising withdrawal from Academy bank accounts must be signed by two of the following:

- The Head Teacher;
- Deputy Head Teacher
- School Business Manager
- School Administrator

804 This provision applies to all accounts, public or private, operated by or on behalf of the GB of the Academy. Authorised signatories must not sign a cheque relating to goods or services for which they are the recipient.

805 The School Business Manager will then stamp the invoice paid and note boxes 'e' and 'f'.

### **Administration**

806 The SBM must ensure bank statements are received regularly and reconciled at least monthly. Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the nominal ledger;
- Reconciliations are prepared by the School Business Manager;
- All reconciliations are reviewed and signed by the Head Teacher
- Reconciliations are subject to an independent review carried out by the Responsible Officer; and
- Adjustments arising are dealt with promptly.

807 Where cheques are in use:

- They must be crossed "account payee only"
- They must not be pre-signed;
- All unused cheques must be retained securely.

### **Cash Flow Forecasts**

808 The SBM is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to cover its obligations. If significant surplus balances are forecast, steps should be taken to invest the surplus. Similarly appropriate plans should be made in the event of a forecast shortage.

### **Investments**

809 If the Academy is able to generate better returns than currently provided in the deposit account, it may undertake other investments. Investments may however only be made in accordance with procedures approved by the GB. It is expected that all investment decisions will be made on a risk-averse basis. All investments, outside of the deposit account, need GB approval.

- 810 Investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated, including the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure that income receivable is actually received.

### **Petty Cash Accounts**

- 811 The Academy has introduced a petty cash system for the reimbursement of small out of pocket expenses or the purchase of low value one off items. A 'float' of £200 is held in the office safe and replenished once depleted. All petty cash claims are made via official claim forms and are authorised by the HT or SBM. Transactions are recorded on an Excel Spreadsheet and in Sage. This function is not in use at the moment.

### **Credit Cards**

- 812 The Academy currently does not hold any credit cards.

### **Expenses**

- 813 With all expenses, proper consideration needs to be given when incurring costs that you wish to be reimbursed. Expenses will only be paid if they are wholly and necessarily for the benefit of the Academy, rather than the individual. Entertainment-related expenditure should therefore be approved before being incurred and should be minimised.
- 814 Wherever possible expenditure should be incurred on the basis that the supplier will invoice the Academy following delivery. It is acknowledged, however, that on occasions it will be necessary to pay by cash. In exceptional circumstances a cash advance can be given out by the School Business Manager to cover expenses. This must be entered into the cash book held in Finance. Once the expenditure has been incurred, then the relevant receipts need to be submitted to Finance, along with a completed Expenses Claim Form and the correct change.
- 815 If the expenditure has been incurred without a cash advance then the relevant receipts, VAT receipts if possible, must be submitted to Finance for reimbursement. If receipts are not submitted, or a reasonable explanation for the absence given, then it cannot be taken for granted that the costs will be reimbursed.
- 816 All expenses must be approved by the SBM, or Head Teacher. The Head Teachers expenses will be approved by the SBM.

- 817 Reimbursements of expenses incurred will usually be made by cheque or BACs.
- 818 Expenses should only be incurred once the expenditure has been approved by the relevant budget holder.

### **Expenses – Travel and Subsistence**

- 819 There will be occasions when staff will need to travel on Academy business. All reasonable expenses incurred whilst on such business will be reimbursed. It is the responsibility of the traveller, however, to ensure that such costs are warranted and minimised.
- 820 For national and international travel, standard class public transport should be used.
- 821 Private cars may be used if this is more convenient/cost effective, and will be reimbursed at the appropriate rate. The congestion charge may also be reimbursed, if relevant.
- 822 Where overnight accommodation is required, the appropriate expected standard is three star or equivalent. Whilst on Academy business, reasonable living expenses will be reimbursed. This would include meals, but not alcohol.
- 823 Receipts must be kept to facilitate reimbursement. There can be no guarantee of reimbursement where receipts have not been submitted.
- 824 All travel plans should be agreed in advance with the relevant budget holder.
- 825 For further information please see the Expenses Policy.

## **9 Fixed assets**

### **Purchase of Assets**

- 901 All assets purchased with an individual value over £500.00 must be entered in the asset register.

### **Asset Register**

- 902 The Asset Register helps:
- Ensure that staff take responsibility for the safe custody of assets;
  - Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;

- Manage the effective use of assets and plan for their replacement;
- External auditors to audit the annual accounts and the financial systems;
- Support insurance claims in the event of fire, theft, vandalism or other mishaps.

903 The Asset Register should include the following information:

- Date of acquisition;
- Description of the asset including serial number or other identifying details;
- Cost;
- Source of funding (if purchased from restricted funds);
- Location of asset;
- Expected useful life of asset;
- Staff member or department responsible.

904 The Asset Register is to be kept up-to-date and reviewed regularly. At least once a year a spot check should be made that assets exist and have been recorded correctly.

### **Security of Assets**

905 All assets on the register should be permanently and visibly marked as Academy property, and there should be a regular (at least annual) count by someone other than the person maintaining the register.

906 Discrepancies between the physical count and the register should be investigated promptly and, where significant, reported to the Finance and Staffing Committee.

907 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access stores.

908 If applicable, items used by the Academy, but not owned by the Academy, should be recorded as such.

### **Disposals**

909 Items to be sold or disposed of must be authorised for disposal by the SBM and, where they have significant value, should be sold by competitive tender or auction. If the estimated value of the asset exceeds £200, the SBM should obtain The Head Teachers approval before proceeding. If the value is over £500 it must be agreed by the Finance and Staffing Committee before proceeding, and if over £500 by the GB.

- 910 The Academy must obtain DfE approval in writing if it proposes to dispose of an asset for which capital grant of more than £25,000 was paid.
- 911 Disposal of equipment to staff is not encouraged, as it may be more difficult to prove that the Academy obtains value for money. In addition, there are complications with the disposal of computer equipment, as the Academy has to ensure that software licences are transferred legally to the new owner.
- 912 The Academy is expected to reinvest proceeds from sales of assets for which capital grant was paid in other Academy assets. If sale proceeds are not reinvested then the Academy must repay a proportion of the sale proceeds to the DfE.
- 913 All disposals of land must be approved in advance by the Secretary of State.
- 914 The form for seeking approval for the disposal of an asset can be obtained from the SBM.

#### Loan of Assets

- 915 Academy property may not be removed from the premises without the authority of The Head Teacher or SBM. The loan must be recorded in a loan book to be kept by the SBM and the item booked back when it is returned. Equipment will be used for the sole benefit of the Academy and not for personal use. Separate procedures will apply where appropriate (for example mobile phones).
- 916 If assets are loaned for extended periods or frequently to a single member of staff, a 'benefit-in-kind' may arise for PAYE purposes. Loans should therefore be kept under review and discussed where necessary with the Academy's auditors.
- 917 When an employee leaves the Academy, all loaned property must be returned and evidenced in the 'loan book'.

#### Attractive Items Register

- 918 Items which fall under the de-minimus level for capital expenditure (under £500) still represent an investment by the Academy, and in some cases it is desirable to monitor these items in a similar way to capital purchases. In this instance, an Attractive Items Register may be used. This details information such as cost, serial number, responsibility and location. This can be used for items such as digital cameras, camcorders, printers etc. It is the responsibility of the SBM to maintain the register if required.

## Premises

- 919 Damage to Academy premises should be dealt with promptly to avoid further damage and additional costs. It is the responsibility of the SBM and Caretaker to ensure that the Academy site is maintained to a standard appropriate for the Academy.
- 920 Damage should be reported to the SBM who will take appropriate action. The **Resources** Committee must approve repairs and replacements over £5,000, and the GB over £10,000 unless there are exceptional and urgent circumstances, in which case the SBM should obtain the approval of the Chair of the Committee, or in his/her absence, any member of the Resources Committee may provide the relevant approval.
- 921 The Academy should have a regular condition survey linked to an asset management plan to ensure that buildings are maintained appropriately and irregular expenditure is budgeted for accordingly.

## 10. Contracts (including Leases)

- 1001 Any non-routine tenders or purchases, such as leases, are subject to a contract between the Academy and the supplier which is to be signed *before* the contracted work begins or the delivery of goods.
- 1002 The contract(s) should clearly set out (as applicable):
- The scope of work with detailed and accurate specifications;
  - The timeline and completion date of the work(s);
  - Dates for completion of works;
  - Quality controls on work(s);
  - The agreed fees/charges and payment date(s);
  - Specification of the goods to be delivered (as applicable);
  - In the case of a lease, whether it is an operating or finance lease
  - leases should be avoided as they are akin to borrowing and not usually allowed by the DfE).
- 1003 The signing of a contract and/or lease should be treated like the placing of an order and the signing of a cheque.
- 1004 Copies of all contract documentation must be filed in a Contracts/SLA Register.

## 11. Insurance

- 1101 A broker (Stackhouse Poland) is used to ensure value for money and negate the need for this to be considered by governors.
- 1102 Cover arranged currently includes:
- Buildings;
  - Contents;
  - Capital works;
  - Loss of cash;
  - Public liability (on and off site);
  - Employer's liability;
  - Hirers' liability;
  - Governors' liability;
  - Professional indemnity;
  - Terrorism;
  - Business interruption;
  - Libel and slander;

## 12. VAT

- 1201 The Academy has opted not to register for VAT as taxable supplies are expected to be below the relevant registration threshold.
- 1202 The Academy shall monitor its income on a monthly basis and make arrangements to register for VAT should it expect taxable supplies to exceed the registration threshold.
- 1203 Where budget holders are placing orders, the value of the order should therefore reflect the net amount due, the VAT element to be reclaimed, and the gross amount to be paid to the supplier.
- 1204 The accounting system should reflect within expenditure the cost net of recoverable VAT. Recoverable VAT should be debited to the VAT control.
- 1205 It should be ensured that all VAT recovered is supported by an appropriate and valid VAT invoice from the supplier.
- 1206 The Academy shall ensure that VAT is only recovered on appropriate expenditure.

- 1207 The Academy shall keep proper records to justify the proportion of VAT recovered on each category of expenditure.
- 1208 The Academy shall complete VAT126 reclaims on a regular basis, but on a termly basis as a minimum, in the correct format to ensure that recoverable VAT is received on a timely basis.
- 1209 The VAT account balance and monthly VAT126 reclaim should be reconciled each time a reclaim is prepared and any discrepancies identified and corrected as soon as they become apparent.

### **13. Borrowings**

#### **General Considerations**

- 1301 Any Academy must seek the Secretary of State's approval for both short-term borrowing (including overdraft facilities) and medium/longer-term loans from the private sector (including finance leases), where such borrowing is to be repaid from DCSF grant or secured on assets funded from DFE grant. However, the Secretary of State's normal policy is that Academies should not be granted permission for medium and long term borrowing.
- 1302 As such, the Academy is unable to use loan financing or similar. An exception to this is credit cards.

### **14. Year End Procedures**

- 1401 Year end spending to 'use up' budgets is not necessary as surplus funds can be carried forward. The overriding principle at all times should be obtaining value for money, and if that means a delay while the best deal is sought, pushing expenditure into the following year, then this should be followed and accommodated. Ideally, however, expenditure should be planned during the year.
- 1402 The Finance Team should operate a purchase order system in order to be able to track commitments and apply expenditure to the year to which it relates.
- 1403 In conjunction with the auditors, the SBM will prepare the statutory accounts. In order to complete this task, a number of schedules are required:
- Aged debtors listing;
  - Aged creditors listing;

- Fixed Asset Register, also detailing all additions and disposals;
- Staff numbers in year, FTE by type (teachers, admin and support, projects and management);
- Details of governance arrangements and what the trust has done to review and improve its governance structure and composition of its board of trustees
- Prepayments schedule;
- Accruals schedule;
- Accrued and deferred income schedules;
- Year end bank and petty cash reconciliations;
- Other income breakdown;
- Listing of numbers of staff being paid over £60k, in bands of £10k;
- LGPS/TPS statements;
- Lease commitments (expiring under 1 year, 1-5 years, over 5 years);
- Related party transactions listing;
- Capital commitments listing.

1404 The Academy Finance Team will be required to aid external auditors as they will visit the Academy as part of their audit of the accounts. These auditors will be appointed by the GB. The audited and signed accounts will be filed with the DfE, Companies House and the Charities Commission and published on the Academy's website by the end of January following the financial year to which the statement relates.

## 15. External Liaison

1501 The Academy will have dealings with external bodies such as the DfE, Local Authority and other central government bodies as appropriate.

1502 Where areas of expenditure or actions are required to be passed to the Secretary of State for the DfE for their formal approval or notification, then this should be done by the SBM. The areas that this would cover will include:

- any guarantees, indemnities and letters of comfort entered into;
- write-off of debts or liabilities owed to the Academy over £1,000;
- any ex-gratia payments;
- any freehold sales or purchases;
- the grant or take-up of any leasehold or tenancy agreement for more than three years;
- capital disposals with an original cost of over £25,000 financed from DfE sources;
- any loss arising from suspected theft or fraud exceeding an amount set out in the annual funding letter.

- 1503 The SBM must notify the GB or Finance and Staffing Committee of such expenditure or actions before commitments are made so that statutory obligations can be met.

## **16. Financial Protection and Malpractice**

- 1601 All Academy staff should adhere to the Principles of Ethical Standards in Public Life.

### **Fraud**

- 1602 All staff have a responsibility to protect the assets of the Academy. As such, the Academy ensures that staff have a mechanism by which to report suspected fraud or misuse of Academy resources including funds. .
- 1603 In addition, the management of the Academy must also have the means to investigate such cases. Please refer to the Academy Reporting and Investigation of Suspected Fraud Policy for more details.

### **Whistleblowing**

- 1604 Whistleblowing inside the work place is the reporting by workers or ex-workers of wrong-doing such as fraud, malpractice, mismanagement, breach of health and safety law or any other illegal or unethical act either on the part of management, the GB or by fellow employees. Workers may include, for example, contractors and agency workers.
- 1605 The Public Interest Disclosure Act 1998 is designed to protect whistleblowers from detriment and unfair dismissal. The people protected by the Act include workers, employees, third party contractor staff, agency workers and work experience workers.
- 1606 There is a balance to be struck between the right of the individual member of staff to speak freely on a range of matters and the right of the Academy or colleagues to protect themselves against false and malicious accusations.
- 1607 As such, the Academy has a whistleblowing policy which details how concerns about malpractice may properly be raised within the Academy and if necessary, outside the Academy. For more information please refer to the Academy Whistleblowing Policy, which is available on request.

1608 Students may also have information which should be raised in the public interest and there should be proper procedures in place for them to air their concerns e.g. a students' complaints procedure.

## Appendix 1

### Terms of Reference for Resources Sub Committee

1. The Resources committee is a sub-committee of the Governing Body
2. The Resources committee shall work to ensure the Objects of the school are achieved:
  - 2.1. To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum
  - 2.2. To promote for the benefit of the inhabitants of the area surrounding the Academy the provision of facilities for the recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement
3. The Resources committee has an elected Chair
4. The Quorum is 3
5. The Resources committee has three key areas of responsibility:
  - 5.1. Finance
    - 5.1.1. Initial review and authorisation of the annual budget;
    - 5.1.2. Approve the financial statements for filing in accordance with Companies Act and Charity Commission requirements
    - 5.1.3. Responsible to the Board for ensuring compliance with the Funding Agreement and all relevant financial regulations relating to the Academy are observed
    - 5.1.4. Oversee capital investment programmes
    - 5.1.5. Termly monitoring, with monthly updates, of actual expenditure and income against budget provided by the SBM and take appropriate action to ensure ongoing viability
    - 5.1.6. Authorising the purchases of goods and services of value in excess of £5,000 but less than £15,000;
    - 5.1.7. Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls;
    - 5.1.8. Authorising the disposal of fixed assets with a value of greater than £500;
    - 5.1.9. Establish, monitor and review employment policies on behalf of the GB

#### 5.2. Staffing

- 5.2.1. Supporting the HT in ensuring the school has the right staff, performing well and with high levels of morale
- 5.2.2. Set and monitor remuneration levels for all members of staff including the Head Teacher, Associate Deputy Head and School Business Manager.
- 5.2.3. Contribute to the appraisal of the Head Teacher, Associate Deputy Head and School Business Manager
- 5.2.4. Establish, monitor and review employment policies
- 5.2.5. Review and agree staff training programmes

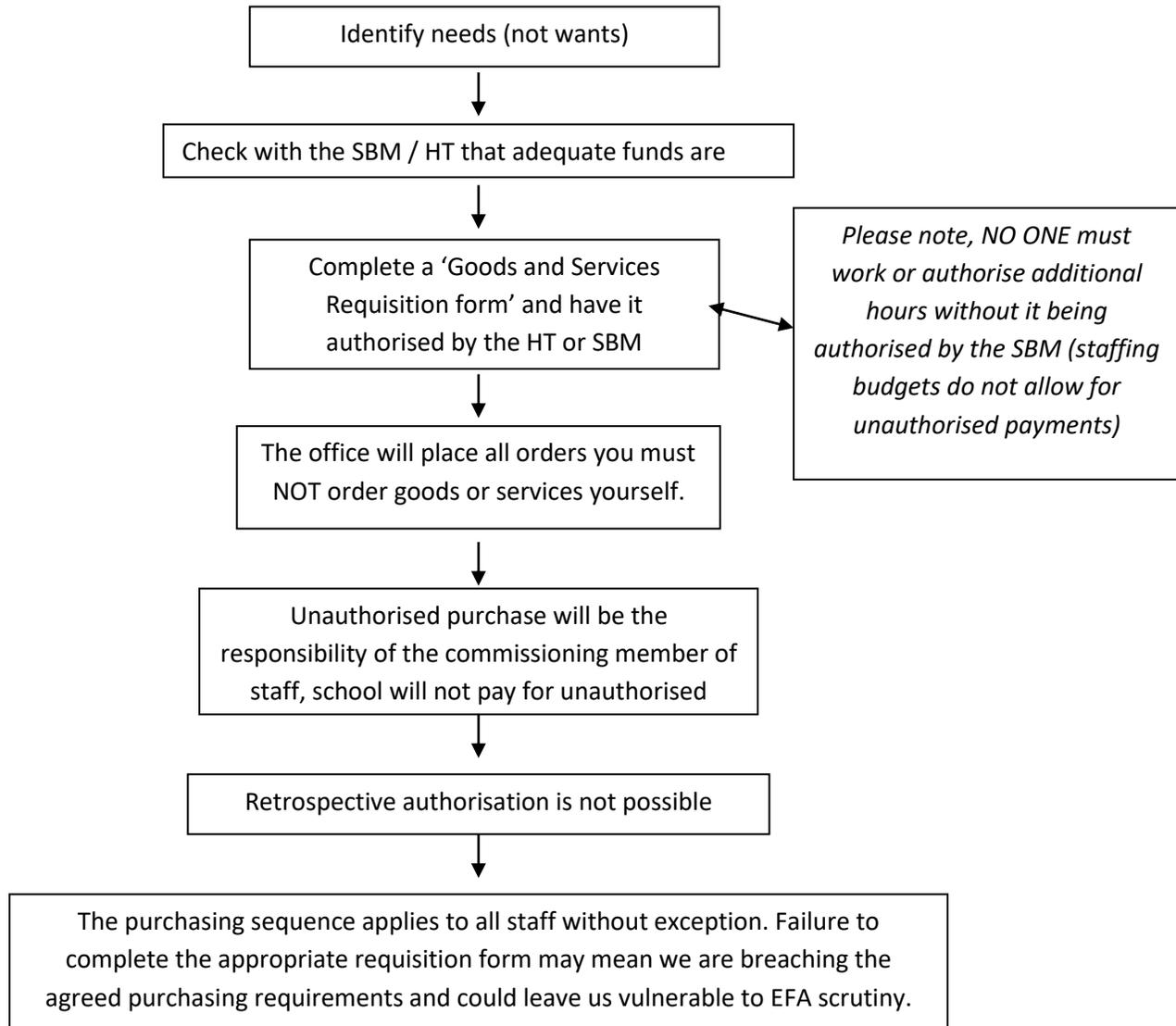
### 5.3. School operations

- 5.3.1. Risk Management. Reviewing and approving the school risk register
- 5.3.2. Health & Safety
- 5.3.3. Security
- 5.3.4. Facilities management

- 6. Resources committee must prepare minutes and updates for full GB review and approval
- 7. Resources committee must present to full GB key issues for decision, which are outside of the FSC to approve:
  - 7.1. The annual budget;
  - 7.2. Budget monitoring reports received from the finance committee
  - 7.3. Appointment, and remuneration, of senior staff;
  - 7.4. All purchasing decisions over £15,000
  - 7.5. Disposal of assets above £1000 in conjunction with the secretary of state

## Appendix 2

### Purchase Sequence



This procedure is designed to ensure we comply with the EFA funding regulations, have fully auditable purchase trails and monitor / control our expenditure. The system is designed to ensure allocated funds are spent appropriately and our budget is not compromised by unauthorised / unexpected expenditure. Your co-operation will help ensure we get the best possible value for money and our limited funds are used to the maximum benefit of all.



