



# Finance Policy

June 2019

Review Due: June 2020

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### 1. Introduction

The purpose of this manual is to ensure that the Academy maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department of Education.

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

This policy should be read in conjunction with The Herefordshire Marches Federation of Academies (HMFA) Scheme of Financial Delegation.

### 2. Organisation

The Herefordshire Marches Federation of Academies (HMFA) has defined the responsibilities of each person involved in the administration of School 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:

#### *Board of Directors*

The Board of Directors (BOD) has overall responsibility for the administration of the HMFA finances. The main responsibilities of the BOD are described in the Funding Agreement between the Academy Trust and the EFA and in the MAT Scheme of Delegation. The main responsibilities include:

- ensuring that grant from the EFA is used only for the purposes intended;
- approval of the annual budget;
- appointment of the CEO/Executive Headteacher;
- appointment of the Finance Director, in conjunction with the CEO/Executive Headteacher;
- 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 EFA guidance issued to academies;
- authorising the award of contracts as per the scheme of delegation;
- authorising changes to the School personnel establishment in line with the School's Development Plan;

The Board of Directors has appointed a Finance Committee under terms of reference to carry out some of the above duties.

#### *The CEO/Executive Headteacher*

Within the framework of the School Development Plan as approved by the Local Advisory Body, the CEO/Executive Headteacher has overall executive responsibility for the Academy Trust's activities including financial activities. Much of the financial responsibility has been delegated to the Academy Finance Director, but the CEO/Executive Headteacher still retains responsibility for:

- approving new staff appointments in line with the School Development Plans except for any leadership team posts which the Board of Directors have agreed should be approved by the Local Advisory Body of each Academy.
- authorising contracts as per the Scheme of Delegation in conjunction with the Finance Director
- authorising trust's expenditure in line with the Academies Financial Handbook, Funding Agreement and Scheme of Delegation
- signing cheques and authorising BACS payments in conjunction with the Finance Director or other authorised signatory.

### ***Finance Director***

The Finance Director works in close collaboration with the CEO/Executive Headteacher through whom he or she is responsible to the Board of Directors and will report directly to the BOD in the absence of a Finance Committee. The main responsibilities of the Finance Director are:

- 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 BOD;
- 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 Trust;
- authorising orders as per the Scheme of Delegation in conjunction with budget holders;
- signing cheques and authorising BACS payments in conjunction with the CEO/Executive Headteacher or other authorised signatories; and
- ensuring forms and returns are sent to the EFA in line with the timetable in the EFA guidance.

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### ***The Internal Audit***

The Internal Auditor (IA) or non-employed trustee is appointed by the Board of Directors and provides them with an independent oversight of the Trust's financial affairs. The main duties of the IA are to provide the BOD and/or its Finance Committee with independent assurance that:

- the financial responsibilities of the Board 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 Academy Trust complies with appropriate financial regulations

The Internal Audit 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 Board of the Academy Trust. A report of the findings from each visit will be presented to the Finance Committee. Guidance on the transactions to be checked by the IA can be found in the EFA Academies Financial Handbook and the Charity Commission Internal Financial Controls for Charities Checklist.

### ***Other Staff***

Other members of staff, primarily the Finance Manager/Officer, and 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 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 with significant financial or spending powers 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 and is made available on the school's websites.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Academy Trust. 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 directors, governors and staff to declare interests whenever they are relevant to matters being discussed by the Board or one of its committees. Where an interest has been declared, directors, governors and staff should not attend that part of any committee or other meeting.

### **3. Accounting system**

All the financial transactions of the Academy relating to the use of EFA funding must be recorded on the PS Financials accounting system. The PSF system is operated by the Finance department.

School Fund or subsidiary company accounts must be recorded on either a suitably secure database such as School's Cash Office, Microsoft Excel or Xero Accounting. In these cases, financial information can be held locally at the individual academy site but regular updates must be made available to the Finance department.

### *System Access*

Entry to the PSF system is password restricted and the Finance Director is responsible for implementing a system which ensures that passwords are changed at least every 6 months and that sufficient staff have access to the system to cover for staff absence.

Access to the component parts of the finance system can also be restricted and the Finance Director is responsible for setting access levels for all members of staff using the system.

### *Back-up Procedures*

The Director of IT is responsible for ensuring that there are effective back up procedures in place.

The network is backed-up daily via Altaro software on a Qnap device (which is housed in a separate building to the server), Synergy Cloud back-up solution provides a daily off-site back up that is secure, military-grade encrypted and completely private. These back-up systems ensure that the Server, SIMS, finance packages, user data and mail are fully safe and secure.

A hard copy of the nominal ledger (Trial Balance) is printed as part of the month-end process and stored securely.

An annual assessment of risk (Risk Register), approved by the BOD, should consider the event of loss of accounting facilities or financial data.

### ***Transaction Processing***

All transactions input to the PSF 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. The Finance Director must give permission for any journal entries posted to PSF.

### ***Transaction Reports***

The Finance Director will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed may include:

- Detailed transaction reports;
- Bank reconciliation;
- Cost-centre reports summarising expenditure and income against budget at budget holder level.

### ***Reconciliations***

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

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- inter-company transactions;
- all suspense accounts; and
- bank balance per the nominal ledger to the bank statement.

Any unusual or long outstanding reconciling items must be brought to the attention of the Finance Director. The CEO/Executive Headteacher will review and sign all reconciliations as evidence of his review.

### ***Management Accounts***

In accordance with the Academies Financial Handbook, management accounts are produced monthly by the Finance department and made available to the Chair of Directors via Governor Hub. These reports are also accessible by all HMFA Trustees.

## **4. Financial planning**

The Academy prepares both long term (5yr) and short-term (1yr) financial plans.

The long term financial plan is prepared to indicate how the Academy Trust's educational and other objectives are going to be achieved within the expected level of resources over the next four years ahead.

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

### ***Strategic Plans***

Strategic Plans are concerned with the future aims and objectives of the Academy and how they are to be achieved.

The completed strategic plans include detailed objectives for the coming academic year. For each objective, the lead responsibility for ensuring progress is made towards the objective is assigned to a member of the Leadership Team. The responsible leader monitors performance against the defined success criteria throughout the year and reports to the leadership team on a termly basis. The Head Teacher reports to the Local Advisory Body on all aspects of the strategic plans.

### ***Annual Budget***

The Finance Director is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Board of Directors.

The approved budget must be submitted to the EFA by the specified deadline each year (27<sup>th</sup> July in 2019), and the Finance Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

Completion of financial reporting in the form and timing required by the EFA:

Date	Action
November 5 <sup>th</sup>	Land and Buildings collection tool
December 31 <sup>st</sup>	Submission of audited accounts and financial statements, auditor's management letter, accounts submission coversheet online form to EFA for year just ended from 1 Sept to 31 August
Jan 22 <sup>nd</sup>	Accounts Return for previous financial year Sept to August
Jan 31 <sup>st</sup>	Publish financial statements on Trust's website
Upon request from the EFA	Whole of government accounts return for period 1 <sup>st</sup> April to 31 <sup>st</sup> March
May 18 <sup>th</sup>	Submission to EFA Budget Forecast Return Outturn for actuals to 31 <sup>st</sup> March and forecasts to 31 <sup>st</sup> August of the current accounting year.
May 31 <sup>st</sup>	Deadline for filing audited accounts with Companies House
July 30 <sup>th</sup>	Submission to EFA of finalised Budget Forecast Return for forthcoming year from 1 Sept to 31 August

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.

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 development plan objectives and the expected variations in cost e.g. personnel establishment, 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 and budget expenditure under GAG and other income receivable. 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 in line with GAG revenue and Capital Budget carry forward limits permitted by the EFA and due regard for the provisions of the Charities Act.

### ***Policy on Reserves***

The policy of the Academy is to carry forward a prudent level of reserves designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies. The Academies Financial Handbook no longer specifies a limit on the amount of GAG that can be carried forward by trusts from year-to-year.

### ***Finalising the Budget***

Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance Director for approval by the CEO/Executive Headteacher, Finance Committee and the Board of Directors. The 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.

### ***Monitoring and Review***

Termly reports will be prepared by the Finance Director. The reports will detail actual income and expenditure against budget at a summary level for the CEO/Executive Headteacher, the Finance Committee and the Internal Auditor/Non employed trustee.

Budget holder's reports will be issued regularly and upon request. Any potential overspend against the budget must in the first instance be discussed by Budget Holders with the Finance Director. The accounting system will not allow payments to be made against an overspent budget without the approval of the Finance Director.

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. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. Budget virements may be approved as authorised under the scheme of financial delegation.

## **5. Payroll Administration**

The Academy payroll is administered within a service level agreement which will be reviewed every 5 years as a minimum.

### ***Payroll***

The main elements of the payroll system are:

- staff appointments;
- payroll administration; and
- payments.

### ***Staff Appointments***

The CEO/Executive Headteacher have authority to appoint staff within the authorised establishment/staffing budgets except for members of the Leadership Team whose appointments must follow consultation with the



Local Advisory Body of each school. The Head of School responsible for Admin, School Business Manager or Personnel Manager (depending on who is relevant in each of the MAT schools), maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be authorised by the CEO/Executive Headteacher and notified to the Finance Director immediately.

### ***Pay Review Committee***

The Committee meet at least annually to conduct an annual salary review for HMFA Staff. They are responsible for reviewing salary procedures and the Pay Policy.

The Committee determines appropriate salary scales, awards and honorarium payments.

### ***Personnel Changes***

The Executive Headteacher has authority to make decisions regarding salaries and contractual changes such as hours and pay grades in circumstances when it isn't possible to delay such decisions for consideration by the Pay Review Committee.

### ***Payments***

After the payroll has been processed but before payments are dispatched, the Payroll service provider should provide a pre-BACS report of salary payments by individual and showing the amount payable in total. The report must be reviewed and authorised together with authority to release payment by the Finance Director.

The review consists of the Finance Manager/Officer, HR Director or Finance Director carrying out a reconciliation between the current month's and the previous month's gross salary payments checking adjustments made for new appointments, resignations, pay increases, timesheet payments etc. The Finance Director emails authorisation to the Payroll Service provider to indicate that this check has been completed.

All salary payments are made by BACS.

The Finance Manager/Officer posts payroll journals to PSF system following receipt of final Costings reports from the Payroll service provider.

The Finance Director should regularly review the finance system to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and that salary payments to date are in line with budget projections.

### ***Staff Expenses***

All authorised staff expense payments relating to mileage are made by BACS in accordance with the standard mileage rates as set by the payroll provider. Claim forms are signed by the Executive Headteacher and sent to Payroll.

Other authorised staff expenses are paid by Petty Cash in accordance with the procedure in Section 8. Cash Management.

### ***PAYE/P11D Returns***

The payroll provider will be responsible for the completion of all required returns.

## **6. Purchasing**

The Academy wants to achieve the best value for money from all purchases. A large proportion of purchases will be paid for with public funds and the Academy needs 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***

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

Routine Purchases up to £5,000 can be ordered by budget holders and must be approved/signed by an authorised signatory.

Expenditure in excess of £10,000 must be approved by any of the Chair of Governors.

Capital expenditure in excess of £30,000 must be approved by the HMFA Board of Directors.

Orders between £5000 and £100,000 should be signed by the CEO/Executive Headteacher.

Any order amount over £100,000 would require the Chair of Director's and CEO/Executive Headteacher's signature having already had approval from the Board of Directors.

In the first instance a supplier should be chosen from the list of current suppliers maintained by the Finance Office. A quote or price should always be obtained before any order is placed unless there is a genuine emergency e.g. emergency repairs. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the current supplier list then the Finance Director must approve the addition of the new supplier.

All orders should be made either using an official order form, stocks of which are held in the Finance Office, by email request to the Finance department and/or uploaded directly on to PSF Web Portal by the Finance Manager/Officer. Finance staff make regular checks that cost-centres are within the budget limits set.

Orders must be authorised by the Finance Director electronically via PSF Web Portal. Orders over £5000 are then printed and signed in accordance with the authorised signatories list. The PSF system will allocate a reference number to the order and the Finance Manager/Officer will dispatch the order to the supplier by email, post or confirm verbally by telephone.

The budget holder must make appropriate arrangements for the delivery of goods to the Academy. On receipt the budget holder must undertake a detailed check of the goods received against the goods received note (GRN) if provided, 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.

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 should be notified. The Finance Manager/Officer will keep a record of all goods returned to suppliers. Checked GRN's should be passed to the Finance Manager/Officer to input all goods received on PSF Web Portal.

All invoices should be sent to the Finance Office. Invoice receipt will be recorded by the Finance Manager/Officer in the purchase ledger. The Finance Manager/Officer will stamp invoices with a grid against which the following can be evidenced:

- a. Invoice number; purchase order number; goods received number; monetary value of invoice; initial of person processing invoice; goods/services received
- b. Authorising Signature;
- c. Cost centre/nominal to be charged for payment;
- d. Payment date and cheque number/BACS reference

The invoice will be sent to the budget holder to complete box (c – goods received). Before completing the box the budget holder must make a detailed check against the order and the GRN before it is sent back to the Finance Office. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.

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

When the invoice has been fully approved it should be sent to the Finance Office. It is the policy of the Academy to pay invoices within the usual supplier payment terms.

### **Related Party Transactions**

Invoices from Related Parties over £1,000 must be signed by the Chair of Directors or Vice Chair of Directors. The Academy Trust is mindful of the EFA's 'at cost' policy and ensures best value at all times.

### **Payments**

The Finance Director or Finance Manager/Officer will input details of payments to be made to the purchase ledger and generate the cheques/BACS payments required. The cheques or associated BACS paperwork must be authorised by two of the nominated bank signatories.

This also applies to Direct Debits where the Direct Debit mandate should be authorised by two of the nominated bank signatories.

Cheques will be dispatched to suppliers or BACS remittance advices will be emailed to suppliers by the Finance Department who will then file the invoice in the appropriate file for future audit purposes.

### **Orders over £5,000**

At least three quotations should be obtained for any contract with a value exceeding £5,000, to identify the best source of the goods/services. Records of quotations obtained should be retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced before a purchase decision is made. Orders should be signed in accordance with 'Authorised Signatories and Financial Limits'.

### **Orders over £50,000**

All goods/services ordered with a value over £50,000 or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. Supplies and Services over £172,514 (threshold from 1/1/2014) may fall under EU procurement rules which require advertising in the Official Journal of the European Union. The threshold for Construction Works is £4.3 million. Guidance on the OJEU thresholds is given in Annex 3d to the Academies Financial Handbook.

The Academy Trust uses the professional services of a suitably qualified project manager who deals with the tender procedures on its behalf.

When applications are made to ESFA for Capital projects over £50,000, this must be approved in principle by the Board of Directors.

### **Forms of Tenders**

There are three forms of tender procedure: open, restricted and negotiated and the 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 Finance Director how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practicable. 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 are 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 School'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 is 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 should 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 fulfillment 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 must 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 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 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 upon receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

#### ***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 as follows:

- For all contracts - Two of the Authorised Signatories

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.

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 considered to offer best value 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 ESFA. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants due to the Academy are collected.

The Academy also obtains income from:

- pupils, mainly for Academy meals and trips
- the Local Authority for specific funding streams such as Banded Funding or Nursery Education Funding
- Service Level Agreements to local schools for provision of staffing services
- Nursery/pre-school school provision
- trading activities via the subsidiary company; HMFA Enterprises Ltd

#### ***Lunch monies***

LSA – new arrangement as from March 2019; parents pay for school meals via ParentPay online system and a bank credit is received into HMFA bank account weekly where it is then reconciled back to booked meal reports. The catering provider invoices the school for all meals provided (Paid, FSM & UIFSM)

SPA & KCA - the catering provider takes responsibility for the collection of sums due for school meals.

#### ***Trips***

The Trip Organiser will liaise with the School office in arranging collection of sums due for each trip. Records are prepared for each student intending to go on the trip showing amounts due, payments received and permission slips if necessary.

The Trip Organiser will liaise with the Admin office who will review the overall budget for the trip to ensure that no shortfall is intended. In the event of a shortfall, the continuation of the trip will be at the discretion of the CEO/Executive Headteacher.

In the event of a surplus following completion of a trip, balances in excess of £15.00 per pupil will be offered as a refund to parents/carers. Smaller surpluses will be transferred to a 'General Fund – Trips' for future educational visit contingencies and bursaries.

#### ***Lettings***

The Admin office is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

Details of organisations using the facilities should be provided to the Finance Director who will establish a sales ledger account and the Finance Manager/Officer will produce a sales invoice from the PSF accounting

system. Details of payments made will be forwarded to the Finance Director who is responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

No debts should be written off without the express approval of the Board of Directors (the EFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

### ***Custody***

A printed receipt is issued for ALL payments (cash, cheques & direct credits) received towards Nursery fees. A receipt should be issued for any other cash or cheques received over the value of £50, where no other formal documentation exists. In the case of payments over £50 for residential trips, payment record cards are provided instead. All cash and cheques must be kept in the safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £2,000 insurance limit on the safe. Monies collected must be banked in their entirety in the appropriate bank account.

### ***Service Level Agreements / Sales Ledger***

The Finance Manager/Officer is responsible for raising Sales Invoices for the provision of staffing/educational services to other schools, either as ad-hoc charges or through annual Service Level Agreements.

Fees are calculated taking into account various factors including school pupil numbers, affordability and are at the discretion of the CEO/Executive Headteacher.

### ***Nursery Provision***

Booking forms will be issued by the School Office and returned with payment in advance of the sessions to secure the child's nursery place. All records of payments will be made on the School Cash Office system.

## **8. Cash Management**

### ***Bank Accounts***

The opening of all accounts must be authorised by the Board of Directors 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***

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, and
- a reference, such as the number of the receipt or the name of the debtor.

### ***Payments and withdrawals***

All cheques and other instruments authorising withdrawal from Academy bank accounts must bear the signatures of two authorised signatories agreed by the Board of Directors.

This provision applies to all accounts, public or private, operated by or on behalf of the Academy Trust.

### ***Administration***

The Finance Director must ensure bank statements are received regularly no less than monthly, and that

reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the School's cash book;
- reconciliations are subject to an independent monthly review carried out by the Finance Director, CEO/Executive Headteacher or Finance Manager/Officer;
- adjustments arising are dealt with promptly.

### ***Petty Cash Accounts***

The Academy is authorised by the Governing Body to maintain a maximum cash balance for each of the schools as follows:

Lord Scudamore Academy	-	£400
Sutton Primary Academy	-	£350
Kings Caple Academy	-	£250

The cash is administered by the Finance Manager/Officer and is sent to each School where it is kept in a locked tin in a secure cupboard.

### ***Deposits***

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference. A summary report shows the transactions and the cheque number which relates to those payments. All other cash receipts for whatever reason should be paid directly into the bank.

### ***Payments and Withdrawals***

In the interests of security, petty cash payments will be limited to £100 per claim. This has been increased due to the high cost of staff train travel expenses. Higher value payments should be made by cheque or BACS directly from the main bank account as a cash book payment.

### ***Administration***

The Finance Manager/Officer is responsible for entering all transactions into the petty cash records on a regular basis. Regular as well as unannounced cash counts should be undertaken by the Finance Director to ensure that the cash balance reconciles to supporting documentation.

### ***Physical Security***

Petty cash should be held in a locking cash box which is locked in a secure locked cupboard overnight.

### ***Cash Flow Forecasts***

The Finance Director is responsible for monitoring cash flow to ensure the Academy has sufficient funds. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile expenditure to cover potential cash shortages.

### ***Investment Policy***

At present there are no investments.

Investment must be made only in accordance with written procedures approved by the Board of Directors. 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.



### 9. Fixed assets

#### Fixed Assets

The Trust's capitalisation limit shall be £2500.00 and the Finance Director will be responsible for deciding if a purchase should be capitalised and for maintaining the asset register.

Items include those in permanent use and part of a Property Improvement Scheme.

#### *Asset register*

All items purchased with a value over the Trust's capitalisation limit must be entered in an asset register.

The asset register should include the following information:

- asset description
- date of acquisition
- supplier
- asset cost
- depreciation
- current book value
- details if procured with a specific grant

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;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the School's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

#### *Security of assets*

A list of itemised, marked IT equipment at Lord Scudamore Academy is kept up to date by the Director of IT and or ICT co-ordinator.

All the items in the IT stock register should be visibly marked with an ID label and there should be a regular (at least annual) review of the items listed. Any discrepancies between the physical checks and the items recorded in the register should be investigated promptly and, where significant, reported to the Finance Director. (Where items are used by the Academy, but do not belong to it, should be noted.

#### *Disposals*

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

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.

