

Financial Policy & Procedures

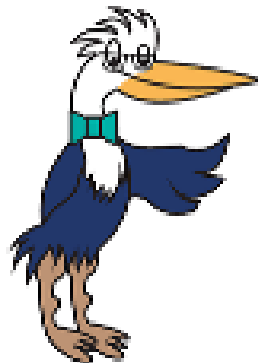
The Rivers C of E Academy Trust

Policy Approved By Academy Trust Directors Board

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Policy to Be Reviewed Before

31st August 2017



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This Financial Policy and Procedures Manual follows the example provided by DfE in the Academies Financial Handbook.

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1 Introduction

- 101 The purpose of this manual is to ensure that the Academy maintains and develops systems of financial control which conforms 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 for Education (DFE).
- 102 The Academy must comply with the principles of financial control outlined in the academies guidance published by the DFE. This manual expands on that and provides detailed information on the Academy's accounting procedures and system manual should be read by all staff involved with financial systems.
- 103 The following will be indicators to the Board of Directors and staff that this policy is being implemented successfully
- 01. No inappropriate use of money
 - 02. Adherence to budgets
 - 03. Best value expenditure targeted on key priority areas
 - 04. Up to date and accurate records
- 104 This policy refers to the 'Academy', as The Rivers C of E Academy Trust, incorporating St Clement's C E Primary School, Cutnall Green C E First School and Heronswood Primary School. The Rivers Academy Trust (company number 9199379) is funded through the Department for Education's Academy Programme.
- 105 This policy refers to 'the Board of Directors of the Academy Trust' as this is the body responsible to the DfE under the funding agreement and also to Companies House under company law. The Board of Directors will also hold the local governing bodies to account.
- 106 This policy refers to the Executive Principal, Headteacher, Heads of School, the Business Manager, the Office Managers and the office staff team.
- 107 All duties and responsibilities of the Board of Directors apply equally to persons who are not directors but who have been appointed to serve on a committee of the Academy and /or local governing body.

2 Organisation

201 The Academy has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below.

The Board of Directors of the Academy Trust

202 The Board of Directors of the Academy Trust has overall responsibility for the administration of the Academy's finances. The main responsibilities of the directors are prescribed in the Funding Agreement between the Academy and the DFE and in the Academy's scheme of government. The main responsibilities include:

01. Agree the long term financial objectives of the Trust
02. Ensuring that grant from the DFE is used only for the purposes intended
03. Ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended
04. Approval of the annual budget and any material change
05. Receive reports on expenditure against budget
06. Appointment of the Accounting Officer for the Trust
07. Appointment of Auditors
08. Appointment of the Responsible Officer and reviewing reports of the Responsible Officer on the effectiveness of the financial procedures and controls
09. Appointment of the Executive Principal
10. Appointment of the Business Manager, in conjunction with the Executive Principal.

The Finance Committee

203 The Finance Committee is a committee within the board of directors. The Finance Committee will meet at least once a term but more frequent meetings can be arranged if necessary. Each local governing body will also have a Finance Committee which meets termly within the full governing body and submits a report to the Business Manager who reports to the Directors Board.

204 The main responsibilities of the Finance Committee are detailed in written terms of reference which have been authorised by the directors board. The main financial responsibilities include:

01. The initial review and recommendation of the annual budget to the Board
02. The regular monitoring of actual expenditure and income against budget
03. Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DFE guidance issued to academies
04. Authorising orders and the award of contracts within the approval limits shown in the appendix
05. Authorising changes to the Academy personnel establishment
06. Act as the 'Audit Committee' for the Academy Trust.

Accounting Officer (Kathryn Brunt)

205 The Accounting Officer within the Academy will generally be The Executive Principal, who is responsible for:

01. Ensuring all items of income and expenditure within the Academy are dealt with in accordance with legislation, the funding agreement and other DFE guidance and the Trusts own internal procedures (**regularity**)
02. Ensuring income and expenditure within the Academy are dealt with in accordance with Parliament's intentions (**propriety**)
03. Ensuring that the best possible educational outcomes are achieved within the Academy through economic, efficient and effective use of all resources (**value for money**)

The Executive Principal (Kathryn Brunt)

206 Within the framework of the Academy development plan as approved by the governing body the Executive Principal has overall executive responsibility for the Academy's activities including financial activities.

01. Approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them;
02. Authorising orders and the award of contracts within the approval limits shown in the appendix
03. Authorising payments within the approval limits shown in the appendix
04. Agreeing the delegated budget and authorisation responsibility with the Academy
05. Monitoring the regular budget reports with the Business Manager and acting upon overspends or risks

The Business Manager (Sandra Jennings)

207 The Business Manager works in close collaboration with the Executive Principal through whom he or she is responsible to the Directors and the Governors. The Business Manager also has direct access to the directors of the trust. The main responsibilities of the Business Manager are:

01. The day to day management of financial issues including the establishment and operation of a suitable accounting system
02. The management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the directors of the trust and the Executive Head.
03. The maintenance of effective systems of internal control
04. Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy
05. The preparation of monthly management accounts
06. Authorising orders and contracts within the approval limits shown in the appendix
07. Authorising payments within the approval limits shown in the appendix
08. Ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance.

The Responsible Officer (Nick Mossop)

208 The Responsible Officer is appointed by the board of directors and provides governors with an independent oversight of the Academy's financial affairs. The main duties of the Responsible Officer are to provide the Trust's directors with independent assurance that:

01. The financial responsibilities of the Board are being properly discharged;
02. Resources are being managed in an efficient, economical and effective manner;
03. Sound systems of internal financial control are being maintained and
04. Financial considerations are fully taken into account in reaching decisions.

209 The Responsible Officer will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the board of directors. A report of the findings from each visit will be presented to the Board.

Other Staff

210 Other members of staff, including administration assistants 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 Business Interests

211 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 directors, governors and staff with significant financial or spending powers are required to declare any

financial interests they have in companies or individuals from whom the Academy may purchase goods or services. The register is open to public inspection.

212 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. 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.

213 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 of directors or a committee. Where an interest has been declared, directors, governors and staff should not attend that part of any committee or other meeting.

3. Accounting system

301 All the financial transactions of the Academy must be recorded on the Academy's accounting system

The accounting system used by the Academy is P S Financials.

System Access

302 Entry to the system is password protected.

303 Access to the component parts of the system should also be restricted and the Business Manager is responsible for setting access for all members of staff using the system.

Back-up Procedures

304 The Business Manager is responsible for ensuring that there are effective back up procedures for the finance system. Data should be copied onto a removable medium and the copies stored in a secure place preferably in a fireproof container. Back-up copies should be taken on at least a weekly basis.

305 The back-ups should not be recorded on the same media each time as these result in only one copy being available. In order to provide more protection from the loss of data at least three different back-ups should be used in rotation. At least one copy should be stored in a separate building.

306 A hard copy of the nominal ledger and audit trail should be printed as a pdf, and should be stored outside the accounting system.

307 The Business Manager 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 directors 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

308 All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. All journal transfers must be recorded in the journal book and authorised by the Business Manager prior to being input to the accounting system. Bank transactions input by the others should be checked and signed by the Business Manager.

309 Detailed information on the operation of the Academy's financial system (p s financials) can be found in the user manuals provided online.

Transaction Reports

310 Each office administrator will obtain and review system reports for own location prior to the The Business Manager reports who will obtain and review system reports to ensure that all transactions are posted correctly to the accounting system. The reports reviewed will include:

01. Audit trail reports
02. Monthly payroll files
03. Management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations

311 The office administrator is responsible for ensuring the following are reconciled each month within own location before given deadline as requested by the Business Manager who will compile MAT reports:-

01. Sales ledger control account
02. Purchase ledger control account
03. Suspense accounts
04. Bank balances per the cash book to the bank statements.

312 Any unusual or long outstanding reconciling items must be brought to the attention of the Accounting Officer / Business Manager, who will review and sign all reconciliations as evidence of review.

4. Financial planning

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

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

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

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

Development Plan

405 The Development Plan is concerned with the future aims and objectives of the Academy and how they are to be achieved; that includes matching the Academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

406 The form and content of the Development Plan will be proposed by the Executive Head and agreed by the Board giving due regard to the matters included within the guidance to Academies and any annual guidance issued by the DFE.

407 Each year the Executive Principal will propose a planning cycle and timetable to the governing body which allows for:

01. A review of past activities, aims and objectives - "did we get it right?"
02. Definition or redefinition of aims and objectives – "are the aims still relevant?"
03. Development of the plan and associated budgets – "how do we go forward?"
04. Implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course"

05. Feedback into the next planning cycle – “what worked successfully and how can we improve?”

408 The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Executive principal.

409 The completed Development Plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

410 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the Executive principal on a quarterly basis. The Executive Head will report to the Board if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

411 The Business Manager is responsible for collating the information from all school finance managers and preparing and obtaining approval for the annual budget. The Executive Head is responsible for the approval of the budget by the Board of Directors.

412 The approved budget must be submitted to the DFE by 31ST july each year and the Business Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

413 The annual budget will reflect the best estimate of the resources available to the Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

414 The budgetary planning process will incorporate the following elements:

01. Forecasts of the likely number of pupils to estimate the amount of DFE grant receivable
02. Review of other income sources available to the Academy to assess likely level of receipts
03. Review of past performance against budgets to promote an understanding of the Academy cost base
04. Identification of potential efficiency savings
05. Review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

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

Finalising the Budget

416 Once the different options and scenarios have been considered, a draft budget should be prepared by the Office Manager in conjunction with the head of school / headteacher and sent to the Business Manager for approval by the Executive principal, Finance Committee and the Board of Directors. The approved budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

- 417 The budget should be accompanied by a statement of assumptions and hierarchy or priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review

- 418 Monthly reports will be prepared by the Office Manager for Local Governing Body Meetings and these will be collated for Directors by the Business Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Executive Principal and the Finance Committee.
- 419 Any potential overspend against the budget must in the first instance be discussed between the Executive Head and the Business Manager. Systems should be implemented that will not allow payments to be made against an overspent budget without the approval of the Executive Head.
- 420 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 contingency. All budget virements must be authorised as shown in the appendix.

5. Payroll

Staff Appointments

- 501 The Board of Directors has approved a personnel establishment for the Academy. Changes can only be made to this establishment with the express approval in the first instance of the LGB Finance Committee who must ensure that adequate budgetary provision exists for any establishment changes. The Executive Principal will then take to Directors for approval.
- 502 The Executive Principal has authority to appoint staff within the authorised establishment except for Headteachers, Heads of School and the Business Manager whose appointments must follow consultation with the Board of Directors. The Headteacher / Heads of Schools ensure maintenance of personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Business Manager immediately.

Payroll Administration

- 503 The monthly Academy payroll is administered by Worcestershire County Council. The council will only accept changes to payroll that have been authorised and advised to them by the Executive Head or the Business Manager or Chair of Directors.
- 504 All staff are paid monthly; a master file is created for each employee which records:
01. Salary
 02. Bank account details
 03. Taxation status
 04. Personal details
 05. Any deductions or allowances payable
- 505 New payroll files and contractual changes can only be notified to the payroll provider with the express approval of the Executive Principal. All starters, leavers, contract changes and casual payments must be printed prior to the payroll run and authorised by the Executive principal with notification sent also to the Business Manager; under no circumstance should a person be authorising changes to their own records.

- 506 Worcestershire County Council provides a timetable at the start of each year which the Academy follows to ensure payment to staff are made promptly and correctly.
- 507 The Office administrators must complete monthly staff returns which provide details of sickness and other absences during the month. In accordance with the monthly timetable, each report should be authorised by the Executive principal and a copy retained by the Business Manager.
- 508 Staff who are paid on submission of a time-sheet (Executive principal approval) must complete and return their time-sheet to the Office administrator in accordance with the monthly timetable. Failure to do this may result in non-payment of salary by the Academy, and in these circumstances, the salary payment may not be paid until the next payroll run in the following month. The Headteacher / Heads of School will then check and sign the time-sheet. A copy must be sent via e mail to the Business Manager.
- 509 Before the payroll is processed the file should be checked against source documentation. If this is undertaken by an Assistant (Office administrator) it should be reviewed by the Business Manager, but if it is undertaken by the Business Manager then it should be reviewed by the Executive Principal.

Payments

- 510 Once monthly staff returns have been passed to Worcestershire County Council, they calculate the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and payments or these amounts should be prepared by the due date.
- 511 On pay day Worcestershire County Council will provide details of calculated payments as an Excel File.
- 512 Salary payments are made by BACS, or by cheque if staff bank details are not available.
- 513 The Office Administrator / Business Manager should prepare a reconciliation between the current month's payments and the expected monthly payments, including national insurance and pension, based upon staff contracts.
- 514 After the payroll has been processed and the nominal ledger has been updated, the Business Manager should review the payroll control account and individual cost centres to ensure amounts have been correctly posted.
- 515 On an annual basis the Business Manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

6. Purchasing

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

Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy;

Accountability, the Academy is publicly accountable for its expenditure and the conduct of its affairs;

Fairness, that all those dealt with by the Academy are dealt with on a fair and equitable basis.

Approved Suppliers

- 602 For orders up to £500 staff should use suppliers which the Academy has approved and have an account with. Where this is not possible, budget holders may order from suppliers who they believe provide good value. Heads of school will pre approve orders and pass to business manager for authorisation, Headteachers can authorise orders up to the value of £500.
- 603 For orders over £500 and up to £3,000 budget holders should use suppliers which the Academy has approved and have an account with. Where this is not possible three quotes should be obtained, with the preferred supplier authorised by the Business Manager or Executive principal. The School Business Manager can advise budget holders of approved suppliers will support budget holders in obtaining quotes. The executive principal will approve these orders.
- 604 For orders over £3,000 and up to £20,000 at least three written quotations should be obtained to identify the best source of the goods/services. For audit purposes telephone quotes are acceptable if these are evidenced later, and email or faxed confirmation of quotes has been received before a purchase decision is made. The Executive Head will sign orders for goods between these values and will clarify with Directors board.
- 605 All goods or services ordered with a value over £20,000, or a series of contracts that over time are expected to exceed £20,000 must be subject to formal tendering procedures. Purchases over €207,000 (£172,514 - threshold from 01/01/2014) excluding VAT fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook.

Further guidance on the Form of Tenders is provided below.

Routine Purchasing

- 606 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. Budget holders will be provided each month by the Office administrators with details of actual expenditure and known commitments against budget. Budget holders should review this and advise the Office Administrator immediately of any concerns or missing commitments.
- 607 It is the responsibility of the budget holder to manage their budget and ensure that funds available are not overspent.
- 608 In the first instance a supplier should be chosen from the list of approved suppliers maintained by the School Administrators. A quote or price must always be obtained before any order is placed (see Approved Suppliers, below, for further guidance). If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Business Manager
- 609 All orders must be prepared using an official order form and sent by the budget holder to the school Administrators. Orders will only be processed if there is adequate budget provision for the cost centre.
- 610 Orders will be approved as follows:
01. Routine orders up to £500 can be approved by the Business Manager
 02. Orders from £501 to £3,000 should be authorised by the Executive Principal once budget provision has been confirmed by the Business Manager.
 03. Orders in excess of £20,000 require authorisation from the Directors and will be subject to a competitive tender process.
- 611 Countersigned orders are recorded in the commitment report, allocated a reference number and dispatched to the supplier by the Office Managers
- 612 The budget holder must make appropriate arrangements for the delivery of goods to the Academy. On receipt the budget holder, or the person the budget holder has arranged to take delivery, must undertake a

detailed check of the goods received against the goods received note and make a record of any discrepancies between the goods delivered and the goods received note. Discrepancies should be discussed with the supplier without delay.

- 613 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality the School Office Managers must be notified by the budget holder.
- 614 All invoices should be sent to the school Finance Office. The Invoice will be matched against the order, and then recorded by the Office Manager in the purchase ledger against the appropriate ledger code. Budget holders will be requested to authorise all invoices unless the invoice matches the order and goods received notice, in which case further authorisation by the budget holder is not required.
- 615 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.
- 616 Normally suppliers are paid within 30 days of the invoice date. On a monthly basis the school office administrator will generate a bacs run / cheque run for invoices that are due payment that month. The Business bacs runs / cheque runs and the associated paperwork must be authorised by two of the nominated bank signatories.

Forms of Tenders

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

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

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

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

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

01. The above methods have resulted in either no or unacceptable tenders,
02. Only one or very few suppliers are available,
03. Extreme urgency exists,
04. Additional deliveries by the existing supplier are justified.

Preparation for Tender

- 618 Full consideration may be given to:

01. Objective of project
02. Overall requirements
03. Technical skills required
04. After sales service requirements
05. 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 fulfilment 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 should 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 may include the following:

01. Introduction/background to the project;
02. Scope and objectives of the project;
03. Technical requirements;
04. Implementation of the project;
05. Terms and conditions of tender and
06. Form of response.

Aspects to Consider

- 622 ***Financial***

01. 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.
02. Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs
03. Is there scope for negotiation?

- 623 ***Technical/Suitability***

01. Qualifications of the contractor
02. Relevant experience of the contractor
03. Descriptions of technical and service facilities
04. Certificates of quality/conformity with standards
05. Quality control procedures
06. Details of previous sales and references from past customers.

- 624 ***Other Considerations***

01. Pre sales demonstrations
02. After sales service
03. 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

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

Tender Opening Procedures

- 626 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, the School Business Manager or the Head plus a member of the Finance & Personnel Committee.
- 627 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

- 628 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.
- 629 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.
- 630 Full records should be kept of all criteria used for evaluation of contracts over £25,000 and a report should be prepared for the Board of Directors, highlighting the relevant issues and recommending a decision.
- 631 Where required by the conditions attached to a specific grant from the DFE, the department's approval must be obtained before the acceptance of a tender.
- 632 The accepted tender should be the one that is economically most advantageous to the Academy. All parties should then be informed of the decision.

7 Income

- 701 The main sources of income for the Academy are the grants from the DFE. The receipt of these sums is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the Academy are collected.
- 702 The Academy also obtains income from the following:
01. Wrap around care – Parental contributions, invoices raised weekly in arrears
 02. Early Years – Parental contributions paid weekly in advance, and a grant payment from the Local Authority
 03. School trips, catering or music tuition in relation to students
 04. The public, through lettings
 05. Consultancy services provided to other academies and schools

Wrap Around, and Early Years

- 703 The School Office Administrator is responsible for ensuring invoices are raised in respect of the wrap around services provided (weekly in arrears) and Early Year's education (termly in advance).
- 704 Parents should make payments to the School Admin Officers, which may be handed in using a sealed envelope. Payments should be recorded against the pupil on the record; if a receipt is requested this will be issued by the Finance Office.

Trips

- 705 The School Administrators have overall responsibility for administering trips undertaken. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due, and pass this to the School Administrator.

- 706 Students or parents should make payments to the School Administrator, which may be handed in using a sealed envelope. Payments should be recorded against the pupil on the record for the trip; A receipt will be issued by the School Finance Office. All trips will be recorded on PSF Financial system.
- 707 The School Administrators should maintain an up to date record for each student showing the amount paid, the amount outstanding and be responsible for chasing any outstanding amounts.

Facility Income / Lettings

- 708 The School Office is responsible for maintaining records of bookings of the Academy's facilities for identifying the sums due from each organisation and raising invoices. Invoices will be issued prior to the letting date.
- 709 The Office staff will be responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made. If still outstanding notify Business Manager.
- 710 No debts should be written off without the express approval of the Finance Committee (the DFE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

Invoices

- 711 Invoices should be raised where the Academy provides a service, the standard terms for payment is within 14 days, unless it is a condition of the service that payment is received first. Organisations should be instructed to send payment to the relevant Finance Office.

Custody

- 712 Official, pre-numbered Academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept safe prior to banking. Banking must take place every fortnight or more frequently if the sums collected exceed £4000. Monies must be stored in a fireproof metal safe.
- 713 Monies collected must be banked in their entirety in the appropriate bank account. The office Administrators are responsible for preparing monthly reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The Business Manager will be responsible for preparing MAT reconciliations.

8 Cash Management

Bank Accounts

- 801 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 the Bank Automated 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:

01. The amount of the deposit and
02. A reference, such as the number of the receipt or the name of the debtor.

Payments and withdrawals

- 803 All cheques and other instruments authorising withdrawal from Academy bank accounts must bear the signatures of two authorised signatories and be in accordance with limits set out in the appendix. This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Academy Trust.
- 804 Staff expenses should be made by bacs payment / cheque if necessary..

Administration

- 805 The Office Administrators must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
01. All bank accounts are reconciled to the Academy's cash book
 02. Reconciliations are subject to a monthly review and sign off carried out by the Headteacher / Heads of School / Executive Principal
 03. Adjustments arising are dealt with promptly.
 04. Business Manager to perform MAT reconciliation and sign off by Executive Principal/ Finance Director.

Petty Cash Accounts

- 806 The Academy does not maintain a cash balance.

807

Payments and Withdrawals

- 808 In the interests of security, expense payments will normally be limited to the amounts shown in the appendix (100.00). Higher value payments should be made by BACS /Cheque directly from an Academy bank account.

Administration

- 809 The Office Administrators are responsible for entering all transactions into the finance system on a regular basis. The relevant authorised personnel will sign off all expenses expenditure.

Physical Security

- 810 Any cash should be held in a locking cash box which is put in a locked cabinet /safe overnight. The limit to be kept at school on premises at any one time is £ 4000.00

Cash Flow Forecasts

- 811 Office Administrators are responsible for preparing cash flow forecasts to ensure that each of the Academies has sufficient funds available to pay for day to day operations. Business manager to monitor.

Investments

- 812 Investments must be made only in accordance with written procedures approved by the Board of Directors.
- 813 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

Asset Register (SEPT 2015)

901 All items purchased with a value over the Academy's capitalisation limit of £1000.00 must be entered in an asset register. The asset register should include the following information:

01. Asset description
02. Asset number
03. Serial number (if available)
04. Date of acquisition
05. Asset cost
06. Source of funding (% of original cost funded from DFE grant and % funded from other sources)
07. Expected useful economic life
08. Depreciation
09. Current book value
10. Location
11. Name of member of staff responsible for the asset

902 The Asset Register helps:

01. Ensure that staff take responsibility for the safe custody of assets;
02. Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
03. To manage the effective utilisation of assets and to plan for their replacement;
04. Help the external auditors to draw conclusions on the annual accounts and the Academy's financial system and
05. Support insurance claims in the event of fire, theft, vandalism or other disasters.

Depreciation

903 The Academy will depreciate fixed assets in line with recognised accounting standards, Academy best practice and DFE guidelines

904 Depreciation rules will be approved by the Board of Directors in advance of preparing the annual accounts in the first year of operation. Any revisions thereafter will be approved by the Board.

Security of Assets

905 Equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

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

Disposals

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

908 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with

the disposal of computer equipment, as the Academy would need to ensure licences for software programmes have been legally transferred to a new owner.

909 The Academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Academy must repay to the DFE a proportion of the sale proceeds.

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

Loan of Assets

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

911 The Budget Holder will be asked for a copy of a loan of equipment form, should an item of equipment be missing when a fixed asset audit is undertaken.

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