

# Bishop Chadwick Catholic Education Trust



## St Anthony's Girls' Catholic Academy

<b>Policy type:</b>	<b>M.A.T.</b>
<b>Policy:</b>	<b>Finance Handbook</b>
Ratified by MAT Directors:	December 2020
Head Teacher signature:	<i>M. Shepherd.</i>
Chair of Directors signature:	<i>Sr. M. Josepha</i>
Review Date:	December 2021
Ownership:	M .Shepherd (Headteacher)

## CONTENTS

<b>1.</b>	<b>Introduction .....</b>	<b>4</b>
<b>2.</b>	<b>Organisation Structure.....</b>	<b>4</b>
	The Directors .....	4
	The Finance Sub-Committee.....	5
	Internal Assurance Officer .....	5
	The Head Teacher .....	6
	The Chief Finance Officer.....	6
	Finance Team .....	7
	Other Staff .....	7
	Register of Interests .....	7
<b>3.</b>	<b>Financial Planning .....</b>	<b>7</b>
	Development Plan.....	8
	Annual Budget .....	8
	Balancing the Budget ....	9
	Communicating the Budget .....	9
	Risk Management .....	9
	Debt Write-offs .....	9
	Monitoring and Review .....	10
	School Census Returns .....	10
<b>4.</b>	<b>Accounting System.....</b>	<b>10</b>
	System Access .....	11
	Back-up Procedures .....	11
	Transaction Processing .....	11
	Transaction Reports .....	12
	Reconciliations .....	12
<b>5.</b>	<b>Staffing and Payroll .....</b>	<b>12</b>
	Staff Appointments .....	12
	Payroll Administration .....	13
	Payments .....	14
	Other Considerations .....	14
<b>6.</b>	<b>Expenditure and Procurement .....</b>	<b>14</b>
	Routine Purchasing .....	15
	Orders up to £5,000 .....	16
	Orders over £5,000 but less than £75,000.....	16
	Orders over £75,000 .....	16
	Forms of Tender .....	16
	Preparation for Tender .....	17
	Invitation to Tender .....	17
	Aspects to consider when evaluating the tender .....	17
	Tender Acceptance Procedures .....	18
	Tendering Procedures .....	18
<b>7.</b>	<b>Income.....</b>	<b>19</b>
	DfE Income .....	19
	Off-Site Educational Visits.....	19
	Custody .....	19
	Bank Interest .....	19

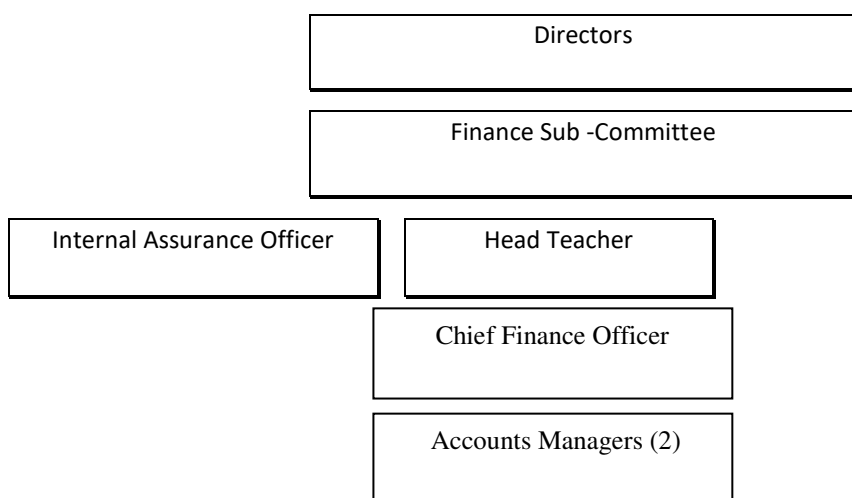
<b>8. Cash Management .....</b>	<b>20</b>
Bank Accounts .....	20
Deposits .....	20
Meal and Other Cash Income .....	20
Cashless/ParentPay System.....	20
Payment Procedures .....	21
Administration .....	21
Cash Flow Forecasts .....	21
Investments .....	21
Credit Cards .....	22
Expenses – Travel and Subsistence .....	22
<b>9. Fixed assets.....</b>	<b>22</b>
Purchase of Assets .....	22
Asset Register .....	23
Acquisition and disposal of fixed assets.....	23
Disposals .....	23
Premises .....	24
<b>10. Contracts (including Leases).....</b>	<b>24</b>
<b>11. Insurance.....</b>	<b>25</b>
<b>12. VAT .....</b>	<b>25</b>
<b>13. Borrowings .....</b>	<b>25</b>
<b>14. Year End Procedures.....</b>	<b>26</b>
<b>15. External Liaison .....</b>	<b>26</b>
<b>16. Financial Protection and Malpractice .....</b>	<b>27</b>
Fraud .....	27
Whistleblowing .....	27

## 1. Introduction

- 101 The purpose of this handbook 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, senior staff, members, trustees and governors. Further detailed information can be found in the Academies Financial Handbook, which is published by The Education Funding Agency and updated annually.
- 102 This handbook 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 Funding Agency (EFA), where appropriate.
- 105 All queries regarding this handbook should be referred to the Accounts Managers.

## 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 Directors

- 202 The Directors are the official term for the Board of Academy Directors. The Directors must meet at least three times per annum. No business can be conducted unless a quorum of two Directors are present.
- 203 The Directors responsibilities cover the full range of the Academy's activities, however, finance matters will be a standing agenda item. The Directors may delegate some of their financial responsibilities to the Finance Sub-Committee.

- 204 Directors 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 meetings in the capacity of director.
- 205 No director 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.

### **Finance Sub-Committee**

c

- 206 The Finance Sub-Committee is a committee of the Board of Directors. There are five meetings during the year. No business can be conducted unless a quorum of two members with full voting rights is present.
- 207 The main responsibilities of the Finance Sub-Committee are detailed in written terms of reference from the Board of Directors. 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
  - Regular monitoring of actual expenditure and income against budget;
  - Authorising the purchases of goods and services of value in excess of £75,000
  - Reviewing the reports of the Internal Assurance Officer on the effectiveness of the financial procedures and controls;
  - Authorising the disposal of fixed assets with a value of greater than £5,000
  - Authorising all virements to and within budget headings over £20,000

### **Internal Assurance Officer**

- 208 The Internal Assurance Officer (IAO) is appointed by the Board to provide it with an independent oversight of the Academy's financial affairs. The main duties of the IAO are to assure the Directors that:
- The financial responsibilities of the Directors 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.
- 209 The IAO will review reports with the Accounts Managers from the Internal Assurance Officer visits undertaken by the Academy Auditors. This ensures that financial transactions have been properly processed, and that controls are operating as laid down by the Board. A report of the findings from each visit will be presented to the Finance Sub-Committee and, where appropriate, to the Board. The presumption is that the Academy will implement any recommendations made from these visits unless it can demonstrate that to do so would not be appropriate. The Accounts Managers will be given an opportunity to see and comment on the report before it is shared with the IAO and subsequently the Finance Sub-Committee.

### **The Head Teacher**

210 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 Chief Finance Officer but the Head Teacher retains responsibility for:

- Approving new staff appointments within the authorised structure, except for any senior staff posts requiring Board approval;
- Authorising bonus/honorarium payments to staff as agreed by SLT as long as cost is affordable based on current budgets and forecasts;
- Authorising the purchase of goods and services of value up to £75,000 in conjunction with the Chief Finance Officer
- Signing cheques/authorising electronic payments in conjunction with other authorised signatories
- Approving the virement between and within budget headings of up to £20,000
- Authorising the disposal of assets up to £5,000 in value.
- Authorising the Academy monthly payroll invoice.
- The Head Teacher must share all correspondence starting "Dear Accounting Officer" with the Board as well as the academy finance and senior management teams.

### **The Chief Finance Officer**

211 The Chief Finance Officer works closely with the Head Teacher through whom he or she is responsible to the governors. The Chief Finance Officer is deemed to be the Principal Finance Officer for reporting purposes. The Chief Finance Officer also reports directly to the Board. The main responsibilities of the Chief Finance Officer are:

- Management of the Academy financial resources at a strategic level within the framework of financial controls determined by the Board.
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records.
- Ensuring the preparation of monthly management accounts and financial report.
- Authorising the purchases of goods and services up to £30,000.
- 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.
- In the absence of the Head Teacher, authorising the monthly payroll invoice.

### **Account Managers**

- Day to day management of financial matters including the establishment and operation of suitable accounting systems and an asset register.
- Management of the Academy resources at operational level within the framework of financial controls determined by the Board.
- Maintenance of effective systems of internal control.
- Authorising the purchases of goods and services of up to £5,000.
- Authorising electronic payments in conjunction with other authorised signatories

### **Finance Team**

212 The Finance Team consists of the Chief Finance Officer, and two full time Account Managers.

## **Other Staff**

- 213 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**

- 214 No-one involved in spending public money may benefit personally from the decisions they make. To avoid misunderstandings, Academy Board members 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.
- 215 A register of interests will be maintained by the Company Secretary 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 Board, Finance Sub-Committee and Senior Leadership Team will need to fill out the register of interest form on appointment and this exercise will be repeated annually. Forms are available from the Company Secretary.
- 216 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.
- 217 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 Board, 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.

## **3. Financial Planning**

- 300 The Board must approve a balanced budget for the financial year to 31<sup>st</sup> August.
- 301 The 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 two years.
- 302 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 30<sup>th</sup> June, since it must be submitted by 31<sup>st</sup> July to DfE for approval.

## **Development Plan**

- 303 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.

- 304 Each year the Head Teacher must propose a planning cycle and timetable to the Board 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?"
- 305 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.
- 306 The Development Plan will include detailed objectives for the coming academic year and outline objectives for the following two years. It should also include any cost estimates, both capital and revenue, associated with each objective and success criteria against which achievement can be measured. The Chief Finance Officer should be fully involved in the development of the plan.
- 307 For each objective the lead responsibility for ensuring progress is made towards that objective will be assigned to an Academy leadership group, who should monitor performance against the success criteria throughout the year, and report termly to the Head Teacher. The Head Teacher 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**

- 308 The Chief Finance Officer is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head Teacher in conjunction with the Finance Sub-Committee and the Board. The responsibility for setting the priorities for funding, budget-setting and general financial planning lies with 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.
- 309 The approved budget must be submitted to the DfE by the 31<sup>st</sup> July each year and the Chief Finance Officer is responsible for establishing a timetable which allows sufficient time for all approvals and submissions.
- 310 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 Chief Finance Officer 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.
- 311 The budgetary planning process shall incorporate the following elements:
- Forecasts of pupil numbers and characteristics to estimate the DfE grants receivable;
  - Review of other income sources to assess likely level of receipts;
  - Review of past performance against budgets to make the cost base clear;
  - Levels of central spend grant to be passed to the Academy;
  - 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.

312 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.

### **Balancing the Budget**

313 It is incumbent upon the Board to only approve annual budgets that do not show an underlying deficit position.

314 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. There is no limit on the amount of GAG funding academy trusts are allowed to carry forward.

315 The DFE expects academy trusts to use their allocated funding for the full benefit of their current pupils. Therefore, it is important that, if the trust has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils.

### **Communicating the Budget**

316 The budget should be communicated to all relevant staff so that everyone is aware of overall constraints and their particular responsibilities.

### **Risk Management**

317 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 Chief Finance Officer should maintain a detailed risk -register. This needs to be reviewed and updated regularly. The Finance Sub-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 and entering into liabilities**

318 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.

319 Any debt write-off exceeding £500 in value will need to be approved by the Finance Sub-Committee and copied to the Board.

320 Other than land, buildings and heritage assets, trusts can dispose of any other fixed asset without EFA's prior approval. Trusts must ensure that any disposal achieves the best price that can

reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where assets have a residual value.

### **Monitoring and Review**

- 321 Termly financial reports will be prepared by the Chief Finance Officer and distributed to the Finance Sub-Committee at the meeting.
- 322 The termly 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;
  - A summary of the cash position and outlook.
- 324 If a budget overspend is forecast, it may be appropriate to transfer money from another budget or any contingency.
- 325 Termly reports should be reviewed by the Finance Sub-Committee. Where applicable, corrective measures may be taken to ensure that the authorised budget is not exceeded.

### **School Census Returns**

- 326 The Academy has to make three returns a year to the DfE on pupil information. 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.
  - Free school meals – these are funded through GAG, and therefore the percentage eligible for FSM should not be understated;
  - SEND – lower levels of SEND funding come through the GAG, it is therefore vital that figures on School Action and School Action + are not understated.

## **4. Accounting System**

- 401 The financial system currently in use is Agresso Business World, 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 Accounts Managers, in agreement with the Head Teacher, to identify individual budget holders and set limits for their authorisation. It is the responsibility of the Accounts Managers to ensure that all undisputed invoices are paid within 30 days.

405 Accounting policies are set by the Board. The main policies are:

- A capitalisation threshold of £2,000
- Depreciation rates of:
  - i. Furniture fittings and equipment – 10 years
  - ii. General electrical and photography – 10 years
  - iii. Computer equipment – 3 years
  - iv. Leasehold Buildings 125 years
  - v. Mini bus – 4 years
  - vi. Building Improvements – 50 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 and passwords should be changed regularly.

408 Access to component parts of the system can also be restricted, and the Chief Finance Officer is responsible for controlling the access levels.

### **Back-up Procedures**

409 The financial software package in place is provided by Xentrall, is cloud based and back ups are carried out daily in Holland.

410 The package in place for storing/managing personnel and student information is SIMS. The Academy buys into a service level agreement with Stockton Council for support with this. Back ups are carried out on a daily and weekly basis.

411 Back up's for all other data are carried out in the Academy by our I.T. technicians, every day.

412 The Academy has a Business Continuity Plan in place which links in with the assessments made by the Board of the major risks to which the Academy is exposed.

### **Transaction Processing**

413 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 Head Teacher before entry into the accounting system. Cash book payments should be entered by the Accounts Managers, and the input should be checked (and signed to evidence this check) by the Accounts Mangers. Xentrall, our financial software provider also process BACS payments on our behalf. The BACs report is printed on a weekly basis each Thursday morning by the Accounts Managers and checked for any anomalies before being authorised by the Chief Finance Officer. A remittance advice is then sent to respective suppliers from Xentrall, notifying payment will be completed during Thursday afternoon.

### **Transaction Reports**

414 The Accounts Mangers will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include:

- 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**

- 415 The Accounts Mangers are responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- Purchase ledger control account;
  - Payroll control account;
  - Suspense account;
  - All bank accounts.
- 416 Any unusual or long outstanding reconciling items must be brought to the attention of the Accounts Mangers. Cheques uncashed after six months should be written back, and reissued if appropriate. She/he will review and sign all reconciliations as evidence of his or her review. She/he will authorise a monthly review of aged debtors/creditors 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 Board 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 both the Personnel Committee and the Finance Sub-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 staff within the structure approved by the Board. The Academy maintains full personnel files for all members of staff. All personnel changes must be notified promptly to the Chief Finance Officer.

### **Payroll Administration**

- 504 All staff members are paid monthly, by the 21st of each month.
- 505 The Academy payroll is administered by an outside supplier Sunderland City Council.
- 506 A master record is held by Sunderland City Council 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 New master records are created by the Chief Finance Officer on instruction from the Head Teacher for starters/leavers/amendments. An Info Path form is completed and forwarded to Sunderland Council. Personal, contractual, salary information, professional certificates, references and DBS (Disclosure and Barring) information is included with the form. This then instructs Sunderland Council to implement the changes.
- 508 The Academy must complete a monthly staff return showing all sickness and absence and also individual returns for appointments and departures. These returns are sent to payroll for processing.
- 509 The Accounts Managers will ensure data is provided to Sunderland City Council each month in accordance with the regular timetable.
- 510 The following is a summary of Sunderland City Council's role:
- a. The Academy will notify Sunderland City Council of all payroll changes i.e. starters, leavers, overtime, backpay and salary changes;
  - b. Sunderland City Council 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. Sunderland City Council will produce all reports in either PDF or Excel format;
  - d. Sunderland City Council 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. Sunderland City Council will prepare and file P35s, P14s, P60s and provide reports to allow completion of LGPS and TPS returns.
  - f. Sunderland City Council will administer all starter, leaver and amendment forms for the LGPS and TPS.

## **Payments**

- 511 Before payments are made, a print of salary payments by individuals and showing the amount payable in total will be provided by Sunderland City Council, to be reviewed and authorised by the Accounts Managers.
- 512 All salary payments are made by BACS. The payment date is the 21<sup>st</sup> of the month.
- 513 Under the direction of the Accounts Managers regular monthly reviews are carried out to ensure that there are no inconsistencies in the payments and that these are reasonable.

## **Other Considerations**

- 514 Sunderland City Council will provide a monthly payroll journal to be authorised by the Head Teacher and posted to the nominal ledger. The Accounts Managers should review the payroll control account each month after posting to ensure that there are no unallocated balances.
- 515 The Accounts Managers will 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 Accounts Managers must check the contents of the payroll master file against personnel records or within our Management Information System (SIMS). This will be carried out annually during the Spring term.
- 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.
- 518 The Accounts Managers will ensure that all payments to individuals are processed through the payroll. Where an individual is self-employed or runs their own company, the Accounts Managers will ensure that all necessary steps are taken to mitigate any IR35 implications (or other such legislation in this area). IR35 is an HMRC rule that affects contractors and the like. Some people took advantage of the attractive tax regime for small companies by setting themselves up as companies and essentially working as employees, but with the company contracted to the "employer" instead. This meant they paid less tax than someone employed doing the same job. IR35 rules basically make sure that this cannot happen, their tax charge is adjusted to ensure that it's the same as it would be had they been employed instead.

## **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**

- 602 Budget holders will be informed of their budgets at the start of the summer term. It is their responsibility to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure (including commitments) against budget will be supplied monthly and on request by the budget holder during the year.
- 603 The Accounts Managers have authority to pass orders from Budget Holders up to £5,000. Orders up to a limit of £30,000 are to be passed by either the Head Teacher, the Deputy

Head Teachers (2) (with responsibility for premises/site). The Head Teacher may authorise orders up to £75,000. Expenditure over £75,000 is presented to the Board.

- 604 The Accounts Managers may create approved supplier lists for some types of expenditure. If a relevant approved supplier list exists, budget holders must obtain the Accounts Managers agreement to purchase from alternative suppliers.
- 605 All requisitions from budget holders must be made in writing using an official requisition form, stocks of which are held in the Finance Office or available electronically on the network. Requisitions must bear the signature of the budget holder and will be checked by the Accounts Managers, who will check that adequate budgetary provision exists before the order is authorised and placed.
- 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.
- 607 On receipt, the 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 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.
- 609 All invoices should be sent to the Finance Office. All invoices need to be authorised by the relevant individual before payment procedures are initiated. The Accounts Managers have authority to pass invoices up to £5,000. Invoices up to a limit of £30,000 are to be passed by either the Head Teacher, or the Deputy Head Teachers (2). The Head Teacher may authorise invoices up to £75,000, and the monthly payroll invoice. Invoices over £75,000 are presented to the Board.
- 610 Invoice receipt will be recorded by the Finance Team on the accounting system.
- 611 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.

### **Teaching School Budget**

- 612 The Teaching School Partnership Co-ordinator is responsible for linking with the Accounts Managers on all matters relating to the Teaching School budget. Where there is to be a charge raised for the deployment of a member of staff from our Teaching School Team, including the Accounting Officer, a form must be completed and authorised by the Teaching School Partnership Co-ordinator. The forms must then be passed on to the SFA's on a weekly basis so invoices can be raised on a needs basis. Additionally sales invoices must be raised on a needs basis for any services we are charging for, such as CPD events.

### **Orders up to £5,000**

- 613 Value for money should be considered for all amounts of expenditure, but no formal quotes required for spend under £5,000

### **Orders over £5,000 but less than £75,000**

614 Where appropriate, at least three written quotations should be obtained for all orders between £5,000 and £75,000, excluding Service Level Agreements which will be tendered for every three years. Written confirmation of oral quotes must be obtained before a purchase commitment is made. Confirmations by email and/or fax are acceptable. Quotes should be attached to purchase requisitions. Where three quotations cannot be obtained, for instance a sole supplier, this must be approved by Chief Finance Officer or Head Teacher in all cases.

### **Orders over £75,000**

615 All goods/services ordered with a value over £75,000 or for a series of contracts which in total exceed £75,000, must be subject to formal tendering procedures.

616 Orders or contracts with an anticipated value over the EU threshold may be subject to European Procurement Regulations.

### **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 Accounts Managers 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:
  - There is a need to maintain a balance between the contract value and administrative costs;
  - 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;
  - 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**

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 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 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 Chief Finance Officer and / or Head Teacher 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 Board. 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;
  - Meals income;
  - Off-site educational visit income;
  - Bank interest.

- Sales Invoices

### **Sales Invoices**

- 702 During the financial year 2014-2015, the Academy commenced to utilise the sales invoice facility which is an element of our financial software package. The principal requirement for this relates to our Teaching School Budget. All sales receipts will be reconciled by our Accounts Managers. The Accounts Managers, will be responsible for raising invoices on a needs basis.

### **DfE Income**

- 703 The main recurrent grants from the DfE are paid monthly around the 12<sup>th</sup> of each month.
- 704 Notification of the level of grant is usually received around March in the year before the financial year in question.

### **Off-Site Educational Visits**

- 705 An appropriate person must be appointed for each educational visit. The appropriate person should prepare a list of the students going on the visit and the amount due from each. A copy of the list should be given to the Finance Team.
- 706 The academy are moving toward a cashless payment system, ParentPay. However, any student requiring to make cash payment will do so at the Learning Resource Centre. A receipt must be issued for each payment.
- 707 The Accounts Managers should keep a copy of each visit list showing amounts paid and outstanding. This record should be copied weekly to the appropriate person, who is responsible for chasing outstanding amounts.

### **Custody**

- 708 A printed receipt from Tucasi or a pre-numbered receipts should be issued for all cash and cheques received where no other documentation exists. Cash and cheques must be kept in a school Office safe until banked.
- 709 Monies collected must be banked in their entirety.

### **Bank Interest**

- 710 The Academy will receive bank interest on all amounts held in their interest bearing account.

## **8. Cash Management**

### **Bank Accounts**

- 801 The Academy will operate two accounts, one current, and one for school fund. It is not anticipated that further accounts will be required. The

opening of any further accounts must be authorised by the Board 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.

- 802 The funds in the current account are swept nightly into the deposit account to maximise the interest.

### **Deposits**

- 803 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.

### **Cashless/ParentPay System**

#### **Meal and other cash income**

- 804 Students pay income into school for a variety of reasons and events such as educational visits, school concerts and music tuition. The academy are moving toward a cashless payment system, ParentPay. However, any student requiring to make a cash payment will do so at the Learning Resource Centre. A receipt is issued via Tucasi, an electronic copy is available in school. We have a service level agreement with Sunderland Council for 'cash in transit'. Cash is collected twice a week, is receipted and signed for by the academy and Sunderland Council.
- 805 The school provides a printing service for students. To access this service students are required to top-up their Papercut accounts via Parentpay.
- 806 Meals and other cash income should be logged on the appropriate form and recorded on a daily basis. It should only be recorded as banked when the cash is taken out of the safe and physically banked.
- 807 School meals income should be split between students and staff when it is recorded to ensure that VAT is correctly accounted for.
- 808 Any balances remaining on school meals income accounts for students who leave school in Year 11 and Year 13 will be refunded.
- 809 All cash income from all sources should be promptly recorded and banked, it is not acceptable to have unrecorded and unknown cash balances in the safe or finance office.
- 810 All income and expenditure shall be posted to the accounting system on a weekly basis with all income and expenditure analysed to the appropriate headings.

### **Payment Procedures**

- 811 All cheques, BACS (Bankers' Automated Clearing Service) payments or other instrument authorising withdrawal from Academy bank accounts must be signed by two of the Following:

- a. The Head Teacher
- b. Deputy Head Teacher's (2)

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

### **Administration**

813 The Accounts Managers 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 Accounts Managers.
- All reconciliations are reviewed by the Headteacher.
- Adjustments arising are dealt with promptly.

814 Where cheques are in use:

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

### **Cash Flow Forecasts**

815 The Chief Finance Officer is responsible for ensuring preparing cash flow forecasts are undertaken 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**

816 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 Board. It is expected that all investment decisions will be made on a risk-averse basis. All investments, outside of the deposit account, need Finance Sub-Committee approval.

817 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.

### **Credit Cards**

818 To aid purchases where the best deals do not allow for purchase on invoices (i.e. internet purchases) the Academy will be provided with credit cards in the name of the Head Teacher, and 3 Finance staff. Additional cards will require approval of the Finance Sub-Committee. The credit card limits are as follows:-

Mrs Shepherd - £5k

Mrs Jewitt £2k  
Mrs Devine £2k  
Ms Jackson £2k

- 819 A full reconciliation should be carried out on receipt of the monthly statement. The same level of proof of purchase is required as with other payments, so receipts and print-outs of online purchases should be kept and attached to the statement.

### **Expenses Travel and Subsistence**

820 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.

821 Wherever possible expenditure should be incurred on the basis that the supplier will invoice the Academy following delivery.

822 If the expenditure has been incurred without a cash advance then an Expenses Claim Form needs to be completed and submitted to Finance for reimbursement, along with the relevant receipts. 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.

823 All expense claim forms must be approved by the budget holder, Accounts Managers or Head Teacher. The Head Teacher's expenses will be approved by the Chief Finance Officer.

824 Reimbursements of expenses incurred will usually be made by cheque or BACs.

825 Expenses should only be incurred once the expenditure has been approved by the relevant budget holder or Head Teacher.

## **9. Fixed assets**

### **Purchase of Assets**

- 901 All assets purchased with an individual value over £2,000 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 where possible a serial number or other identifying details
- Cost;
- Location of asset;
- Expected useful life of asset;
- Budget Holder 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.

### **Acquisition and disposal of fixed assets**

905 All assets on the register should be permanently and visibly marked as Academy property.

906 Academy trusts must seek and obtain prior written approval from EFA for the following transactions:

- acquiring a freehold of land or buildings
- disposing of a freehold of land or buildings
- disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

907 Other than land, buildings and heritage assets, trusts can dispose of any other fixed asset without EFA's prior approval. Trusts must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where assets have a residual value.

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 Chief Finance Officer and, where they have significant value, should be sold by competitive tender or auction. If the estimated value of the asset exceeds £1,000, the Chief Finance Officer should obtain the Head Teacher's approval before proceeding. If the value is over £5,000 it must be agreed by the Finance Sub-Committee before proceeding, and if over £10,000 by the Board.

910 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.

911 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.

- 912 The Trustees have leased the land to the Academy as part of the legal process of Academy transfer. The Academy does not have the right to dispose of land.

### **Premises**

- 913 Damage to Academy premises should be dealt with promptly to avoid further damage and additional costs. It is the responsibility of the Assistant Head Teacher responsible for site management to ensure that the Academy site is maintained to a standard appropriate for the Academy.
- 914 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.

## **09. 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 (finance 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 with the Chief Finance Officer

## **10. Insurance**

- 1105 Cover arranged currently includes:
- Buildings
  - Contents;
  - Loss of cash;
  - Public liability (on and off site);
  - Employer's liability;
  - The Boards' liability;

- Terrorism;
- Business interruption;
- Personal Accident (governors and employees)
- Computer
- Minibus.

## 11. **VAT**

- 1201 The Academy has opted not to VAT register 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 VAT register 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.
- 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 quarterly basis 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.

## 12. **Borrowings**

- 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 DfE 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.

## 13. **Year End Procedures**

- 1401 Budget holders should be advised against rushing into commitments at year end in order to use up their budgets. 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 The Academy needs to complete a return for the year end income and expenditure position by the end of September. Where this differs from the year end management accounts, then a full reconciliation will need to be provided. A full year end exercise to check income and expenditure postings, prepayments, accruals and to be able to provide balance sheet figures is required.
- 1404 In conjunction with the auditors, the Chief Finance Officer /Accounts Managers 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);
  - Prepayments schedule;
  - Accruals schedule;
  - Accrued and deferred income schedules;
  - Year end bank 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.
- 1405 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 Board. The audited and signed accounts will be filed with the DfE, Companies House and the Charities Commission.

#### 14. **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 Chief Finance Officer. 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 £10,000 financed from DfE sources;
- any loss arising from suspected theft or fraud exceeding an amount set out in the annual funding letter.

1503 Chief Finance Officer must notify the Board or Finance Sub-Committee of such expenditure or actions before commitments are made so that statutory obligations can be met.

## **15. 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.

1603 In addition, the management of the Academy must also have the means to investigate such cases.

### **Whistleblowing**

1604 Whistleblowing inside the work place is the reporting by workers or ex-workers of wrongdoing 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 Board 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 (Staff Concerns 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 (Staff Concerns Policy), which is available on the academy web site