



The Academy for Character and Excellence

Financial Regulations Policy Manual

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Prepared by :	Group Finance Manager
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1 Introduction

- i. The purpose of this manual is to ensure that the academy maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).
- ii. 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 the system manual should be read by all staff involved with financial systems.

2 Organisation

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

2.1 The Strategic Governing Body (also includes Local Governing Bodies)

The strategic governing body has overall responsibility for the administration of the academy's finances. The main responsibilities of the strategic governing body are prescribed in the Funding Agreement between the academies and the DfE and in the academy's scheme of delegation.

The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring that funds from any sponsors are received according to the academy's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the Headteachers and
- Appointment of the Finance Director, in conjunction with the Principal.

2.2 The Finance and Audit Committee

The Finance and Audit Committee is a committee of the Strategic Board. The Finance and Audit Committee meets at least once a term but more frequent meetings can be arranged if necessary.

The main responsibilities of the Finance and Audit Committee are detailed in written terms of reference which have been authorised by the governing body. The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
- authorising the award of contracts over £50,000
- authorising changes to the academy personnel establishment and

- reviewing the reports of the Accounting Officer (Responsible Officer) on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.

2.3 The Chief Executive Officer (CEO)

Within the framework of the academy development plan as approved by the governing body the Principal has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to The Finance Director and the Finance and Operations Manager but the CEO still retains responsibility for:

- 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;
- authorising contracts between £1,000 and £50,000 in conjunction with The Finance Director and / or The Finance and Operations Manager
- signing cheques up to £25,000 in conjunction with The Finance Director or other authorised signatory

2.4 The Finance Director

The Finance Director works in close collaboration with the CEO through whom he or she is responsible to the directors / governors. The Finance Director also has direct access to the governors via the Finance and Audit Committee. The main responsibilities of The Finance Director (delegated to the Finance and Operations Manager where appropriate and agreed) are:

- the establishment and operation of a suitable accounting system;
- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- implementation and operation of rigorous and robust audits and control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- the preparation of monthly and annual management accounts;
- signing cheques in conjunction with the CEO or other authorised signatory up to £25,000 and
- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance.

2.5 The Finance and Operations Manager

The Finance and Operations Manager works in close collaboration with the CEO and Finance Director to provide strategic vision and operational leadership in the operation, maintenance and development of systems, processes and procedures relating to financial management. The main responsibilities of the Finance and Operations Manager are:

- the day-to-day management of financial issues;
- the monitoring of the Facilities Management contract (new building)
- to provide day-to-day guidance and support to the Finance and Administration staff;
- ensure finance and payroll systems are effectively managed;
- writing bids for funding and development;
- the maintenance of effective internal controls;
- authorising orders below £2,500 in conjunction with budget holders;
- to manage the tendering of all service contracts



- monitoring all insurance policies.

2.6 The Accounting Officer (Responsible Officer)

The Accounting Officer (AO) is appointed by the governing body and provides directors / governors with an independent oversight of the academy's financial affairs. The main duties of the AO are to provide the governing body with independent assurance that:

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

The AO will undertake a quarterly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the governing body. A report of the findings from each visit will be presented to the Finance and Audit Committee.

2.7 Other Staff

Other members of staff will have some financial responsibilities. 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.

2.8 Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all academy governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.

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

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

3) Accounting system

3.1 Finance System

All the financial transactions of the academy must be recorded into an approved computerised financial system – the current system is Xero. This system is operated by the Finance Department and consists of:



Journal Nominal Ledger Bank Transactions
Purchase Ledger Sales Ledger

3.2 System Access

Entry into the approved financial system, is password restricted and The Finance and Operations Manager is responsible for implementing a system which ensures that passwords are changed at least every 3 months. When passwords are changed the new password should be placed in a sealed envelope and passed to The Finance and Operations Manager to keep in the safe. The Finance and Operations Manager is responsible for implementing a system which ensures that passwords are changed regularly

Access to the component parts of approved financial system are restricted to The Finance and Operations Manager who is responsible for setting access levels for all members of staff using the system.

3.3 Back-up Procedures

The Finance and Operations Manager is responsible for ensuring that there are effective back up procedures for the system. Data should be backed up on a suitable medium or server 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.

The back-ups should not be recorded on the same disc each time as this results in only one copy being available. In order to provide more protection from the loss of data at least three different discs should be used in rotation and stored in different locations. At least one copy should be stored off-site.

A hard copy of the nominal ledger and audit trail should be printed each month and should be stored separately from the accounting system in a fireproof container.

The Finance Director and the Finance and Operations 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 / governors of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

3.4 Transaction Processing

All journal entries must be documented on the appropriate journal form, recorded in the journal book and authorised by The Finance and Operations Manager prior to being input to the accounting system. Bank transactions should be input by the Finance Department and the input should be checked, and signed to evidence this check, by The Finance and Operations Manager

Detailed information on the operation of the Financial Information System can be found in the user manuals held in the Finance Department and online.

3.5 Transaction Reports

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

- the monthly audit trail reports;
- amendment reports for the purchase ledger and sales ledger;
- management accounts summarising expenditure and income against budget and at budget holder level where agreed.
- Copies of Payroll reports provided by the 3rd party supplier.

3.6 Reconciliations

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

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

Any unusual or long outstanding reconciling items must be brought to the attention of The Finance and Operations Manager. The Finance and Operations Manager will review and sign all reconciliations as evidence of his/her review.

4) Financial Planning

4.1 Overview

The academy prepares both medium term and short-term financial plans.

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

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

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

4.2 Development Plan

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.

The form and content of the development plan are matters for the academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DFE.

Each year the CEO will propose a planning cycle and timetable to the strategic governing body 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” and
- feedback into the next planning cycle – “what worked successfully and how can we improve?”

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 Principal.

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.

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

4.3 Annual Budget

The Finance Director is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the CEO, Finance and Audit Committee and the strategic governing body.

The approved budget must be submitted to the DFE by 30 June each year and The Finance Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

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.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DFE grant receivable;
- review of other income sources available to the academy to assess likely level of receipts;

- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

4.3.1 Balancing the Budget

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

4.3.2 Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by The Finance Director for approval by the CEO, the Finance and Audit Committee and the strategic governing body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget should be accompanied by a statement of assumptions and hierarchy of 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.

4.3.3 Monitoring and Reviewing the Budget

Monthly reports will be prepared by The Finance and Operations Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Principal and the Finance & Resources Committee.

Any potential overspend against the budget must in the first instance be discussed with The Finance and Operations Manager. The accounting system will not allow payments to be made against an overspent budget without the approval of The CEO.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements over £10,000 must be authorised by the Finance and Audit Committee, and under £10,000 by the CEO.

5) Payroll

501 The main elements of the payroll are:

- staff appointments;
- staff absence;

- payroll administration and
- payments.

5.1 Staff Appointments

The strategic governing body has approved a personnel establishment for the academy. Changes can only be made to this establishment with the express approval in the first instance of the Finance and Audit Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The CEO has authority to appoint staff within the authorised establishment except for Deputy CEO and The Finance Director whose appointments must follow consultation with the directors / governors. The individual schools maintain personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to The Finance and Operations Manager immediately.

5.2 Staff Absence

All staff absence should be reported in a timely manner by the School administration teams by using the Payroll Provider's online system.

Records of all absence must be kept at each school.

5.3 Payroll Administration

The academy payroll is administered through the Academy's payroll provider

All staff are paid monthly through the Academy payroll provider. A master file is kept by the Payroll Provider for each employee which records:

- salary;
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable.

New master files and master file amendments can only be created by the Finance Department with the express approval of The Finance and Operations Manager – these must be reported to the Payroll Provider using the appropriate form. Any master file amendments made by the Finance Department must be printed out each month prior to the payroll run and must be authorised by The Finance and Operations Manager. Any master file amendments made by The Finance and Operations Manager must be authorised by the CEO and / or the Deputy CEO.

All relevant staff must complete a monthly staff return which provides details for all additional hours worked during the month. The staff return must be authorised by the nominated budget holder. Authorised staff returns should be sent to the Finance Department which then produces the files for payroll processing. All files regarding additional hours must be sent to the Payroll Provider in line with the stipulated timetable as late returns are not permitted and will not be processed.

5.4 Payments

Before payments are dispatched a printout of all data should be obtained from the payroll provider and this should be checked against source documentation by the Finance Department and then reviewed and initialled by The Finance and Operations Manager. Authority to release payment will be by The Finance and Operations Manager and the Principal.

All salary payments are made by BACS on the 24th (or nearest working day) of the following month.

The Finance Department should prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by The Finance and Operations Manager.

The payroll system automatically calculates 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 cheques for these amounts should be prepared by the Finance Department and authorised for payment by The Finance and Operations Manager and the CEO (or other authorised cheque signatory if one is unavailable) by the due date.

The Finance and Operations Manager should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly, and this check should be recorded and available for checking by the Finance Director.

After the payroll has been processed the Payroll Provider will prepare and supply monthly reports to enable The Finance and Operations Manager to update the nominal ledger by journal. Postings will be made both to the payroll control account and to individual cost centres. The Finance Department should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

On an annual basis The Finance and Operations 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 in the relevant School office.

6) Purchasing

6.1 Overview

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.

6.2 Routine Purchasing

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder each month. Budget holders will also be able to look up data relating to their own budget areas via the on line financial information system.

Routine purchases up to £1,000 can be ordered by budget holders. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Department. A quote or price must always be obtained before any order is placed. 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 Finance and Operations Manager.

All orders must be made, or confirmed, in writing using an official order form, stocks of which are held in the Finance Department. Orders must bear the signature of the budget holder and must be forwarded to the Finance Department where The Finance and Operations Manager will check to ensure adequate budgetary provision exists before placing the order.

Approved orders will be recorded in the purchase order module of the financial information system which allocates a reference number. Orders will be dispatched to the supplier from the Finance Department

The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the budget holder must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Department should be notified. The Finance Department will keep a central record of all goods returned to suppliers.

All invoices should be sent or e-mailed to the Finance Department. Invoice receipt will be recorded by the Finance Department (and the invoice scanned if appropriate) into the Financial Information System purchase ledger module. The Finance Department will stamp and sign invoices so that the following can be evidenced by the budget holder authorising payment:

- a) invoice arithmetically correct;
- b) invoice posted to purchase ledger;
- c) goods/ services received;
- d) goods/services as ordered;

- e) prices correct;
- f) invoice authorised for payment;
- g) payment authorised;
- h) VAT treated correctly and
- i) payment made.

The budget holder must make a detailed check against the order and the GRN and these documents must be attached to the invoice before it is sent back to the Finance Department. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.

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

The Finance Department will input details of payments to be made to the purchase ledger and generate the BACS payments / cheques as required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories.

Cheques will be dispatched to suppliers by the Finance Department.

6.2.1 Orders Above £1,000 and up to £10,000

Three recorded and referenced quotations by telephone, email, or internet. Purchase by purchase order and invoice.

6.2.2 Above £10,000 and up to £25,000

Three formal written quotations to be submitted in writing by a specified date and time based upon terms and conditions approved by the Local Governing Boards against a written, specified and pre-defined evaluation criteria. Purchase via formal acceptance of winning tender followed by purchase order and invoice.

6.2.3 Above £25,000 and up to EU thresholds

Three formal written quotations to be submitted in writing by a specified date and time based upon terms and conditions approved by the Strategic Board against a written, specified and pre-defined evaluation criteria. Purchase via formal acceptance of winning tender followed by purchase order and invoice. Also advertised as a tender exercise on websites approved by the Strategic Board where appropriate and agreed.

6.2.4 Over EU Thresholds

Giving due regard to EU thresholds, associated legislative requirements, and risk, must consider appointing specialise expertise to support the procurement. All legislative obligations must be met including tender advertising, timescales, process, and transparency. Terms and conditions of contract must be approved by the Strategic Board.

6.3 Forms of Tenders

6.3.1 Overview

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

1. **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with The Finance and Operations Manager how best to advertise for suppliers 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.
2. **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs, a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
 - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
3. **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.

6.3.2 Preparation for Tender

Full consideration should be given to:

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

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

6.3.3 Invitation to Tender

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

An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;

- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

6.3.4 Aspects to Consider

Financial

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

Technical/Suitability

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

Other Considerations

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

6.3.5 Tender Acceptance Procedures

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

6.3.6 Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

- For contract sums up to £20,000 - two of The Finance and Operations Manager, The Finance Director or the CEO;
- For contracts over £20,000 - either The Finance Director or the CEO plus a member of the Finance and Audit Committee.

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

6.3.7 Tendering Procedures

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

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

Full records should be kept of all criteria used for evaluation and for contracts over £20,000 a report should be prepared for the Finance and Audit Committee highlighting the relevant issues and recommending a decision. For contracts under £20,000 the decision and criteria should be reported to the Finance and Audit Committee.

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.

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

7.1 Overview

The main sources of income for the academy are the grants from the DFE and from our sponsors. The receipt of these sums is monitored directly by The Finance and Operations Manager who is responsible for ensuring that all grants due to the academy are collected.

The academy also obtains income from:

- students, mainly for trips, clubs and school lunches.
- the public, mainly for sports and other lettings.
- Grant making organisations.
- General donations.
- Associations linked with the schools i.e. Friends of, Parent Associations
- Business by way of financial donation or pro-bono work under the terms of their Corporate Social Responsibility policy.

7.2 Trips

A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Department.

Students (or Parents) should make payments at the Finance Department. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

The Finance Department should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis and the lead teacher is responsible for chasing the outstanding amounts.

7.3 School Lettings

The individual school Administration teams are responsible for maintaining records of bookings of school facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities. All school lettings must follow the agreed academy Lettings Policy (ACEFxxx).

Details of organisations using the school facilities will be held by the Finance Department who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.

No debts should be written off without the express approval of the local governing body (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).

Organisations using the school's facilities should be instructed to send all payments to the Finance Department.

All organisations using the school's facilities should be instructed to send all liability insurance information to the Finance Department and they will not be allowed to use any facilities until this is done.

All organisations using the school's facilities should be made aware of the school's Health & Safety / Safeguarding policy and procedures and they will not be allowed to use any facilities until this is done.

7.4 Custody

Official, pre-numbered academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Finance Department safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £500 insurance limit on the Finance Department safe.

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Department is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must

be prepared promptly after each banking and must be reviewed and certified by the Finance and Operations Manager.

8) Cash Management

8.1 Bank Accounts

The opening of all accounts must be authorised by the governing body 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.

8.2 Deposits

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

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

8.3 Payments and withdrawals

All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:

- CEO;
- Finance Director;
- Finance and Operations Manager (to be agreed)
- Deputy CEO;
- Chairman of Strategic Board;
- Chairman of Finance & Resources Committee;

This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

8.4 Administration

The Finance and Operations Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the academy's computerised cash book;
- reconciliations are prepared by the Finance Department;
- reconciliations are subject to an independent monthly review carried out by The Finance Director or in his/her absence the Accounting Officer (AO) and
- adjustments arising are dealt with promptly.

8.5 Petty Cash Accounts

The academy maintains various cash balances. The cash is administered by the Finance Department and is kept in the office safes.

8.5.1 Deposits

The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

8.5.2 Payments and Withdrawals

In the interests of security, petty cash payments will be limited to £25. Higher value payments should be made by cheque directly from the main bank account as a cash book payment.

8.5.3 Administration

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

8.5.4 Physical Security

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

8.6 Other Methods of Payment

The Academy currently uses the option of a Debit Card linked to the main bank account. The authorisation, use and limit on this card is set by the Finance and Audit Committee.

All requests for new cards must be authorised by the CEO.

If the Academy decides to use a different method of payment i.e. credit card, employee expense card etc. the authorisation, use and limit on this card must be set by the Finance and Audit Committee.

8.7 Online Banking

The Academy manages its day to day banking by using the appropriate online banking website.

The Finance and Operations Manager is the designated System Administrator and is responsible for ensuring that the appropriate Finance staff have the necessary and agreed access rights.

8.8 Cash Flow Forecasts

The Finance and Operations Manager is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made re-profile Income and Expenditure to cover potential cash shortages.

8.9 Investments

The Academy does not currently have any Investment Assets.

Investments will be made only in accordance with written procedures approved by the governing body.

All investments will 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

9.1 Asset Register

All items purchased with a value over the academy's capitalisation limit of £1,000 must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DFE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets;
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- to manage the effective utilisation of assets and to plan for their replacement;
- help the external auditors to draw conclusions on the annual accounts and the academy's financial system and
- to support insurance claims in the event of fire, theft, vandalism or other disasters.

9.2 Security of assets

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

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 governing body. 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.

9.3 Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by The Finance and Operations Manager using the procedures set out in the Asset Write and Disposal Policy (ACEF003) 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.

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.

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.

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

9.4 Loan of Assets

Items of academy property must not be removed from academy premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.

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.

Annex A

Procurement - Best Practice Checklist

1. **Policies and procedures for procurement should be documented and adhered to**, to ensure that the process is being carried out on a fair, open and best value basis. The documentation should describe:

- **roles and responsibilities** of those involved in procurement;
- **delegated authority levels** in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the Governing Body;
- **arrangements to ensure segregation of duties**;
- **how purchases are recorded** (papers records and computer records (e.g. accounting system arrangements)).

In all cases, it is important to ensure that the procedures that are set out are followed, both for routine day to day procurement, and for periodic high value items.

2. Where appropriate, **individuals with relevant experience including the end-users (eg ICT managers, teachers) should be involved** when putting together invitations to tender, or making key decisions. This will not only aid selection of the best solutions for the academy, but may also help achieve buy-in by the end-users.

3. **An officer should be nominated for coordinating the initial procurement of assets, and stocks of teaching and learning materials, during the academy's start up period.** This person should provide an assessment of the completeness and reasonableness of items procured, to ensure that all essential purchases are made prior to opening, and that a non-essential purchases are challenged.

4. **Procurement decisions should be clearly recorded** to ensure that the decision has been reached fairly and to provide a clear audit trail:

- minutes should be taken of all relevant meetings;
- the options available should be recorded;
- the basis for scoring/ranking should be set out;
- the individuals responsible for scoring/ranking should be identified;
- the outcome of the scoring and the final decision should be recorded;
- the reasons on which the decision was reached should be clearly documented.

5. **All key documents should be retained together by the Academy.** This includes:

- invitations to tender;
- tenders received from bidders;
- quotes obtained for smaller purchases;
- papers/minutes documenting the procurement decision;
- signed copies of the contracts awarded;
- invoices.

Where procurement is carried out with the assistance of an external project management company (for example the initial procurement of ICT, furniture and equipment prior to moving into a new building) key documents should be transferred to, and retained by, the academy prior to cessation of the contract with the project management company.

6. An asset register of all capital items should be established in an appropriate format and should be updated on a continual basis as assets are purchased. The register should include:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DFE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

Updating of the register as assets are procured should ensure that it is always current and should ease the task of end of year asset verification. It should also simplify the setting of insurance levels and the handling of any claims.

A similar register should also be maintained of “attractive items” (i.e. items with a cost below the Academy’s capitalisation threshold) such as minor office equipment.

7. Fitness for purpose should be a key consideration in any procurement decision (e.g. ICT should be of the correct specification; fixtures and fittings should be of adequate durability).

8. Opportunities should be taken for **bulk purchase discounts**, for example by combining similar orders.

9. When ordering goods an assessment of likely **delivery timeframes** should be made, to ensure that appropriate staff are available on site to receive them (particularly during school holidays), and that adequate space is available to locate or store the delivery.



Annex B

Summary of EU Threshold Levels from 1st January 2016 to 31 December 2017

The Public Contracts Regulations

Supplies & Services (except subsidised services contracts)

Schedule 1 bodies - £106,047

Others - £164,176

Subsidised services contracts

All bodies - £164,176

Works

All bodies - £4,104,394

Light Touch Regime for Services

All bodies - £589,148

Small lots

Supplies and services - £62,842

Works - £785,530