

Reach South Multi Academy Trust

FINANCIAL PROCEDURES POLICY

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1. Introduction

The purpose of this manual is to ensure that the academy maintains and develops systems of financial control which conform to the requirements of propriety, efficiency and regularity. It is essential that these systems operate properly to meet the requirements of the Funding Agreement with the Education and Skills Funding Agency (ESFA).

The academy must comply with the principles of financial control outlined in the Academies Financial Handbook published by the ESFA. This manual expands on that and provides detailed information on the academies accounting procedures and system and should be read by all staff involved with financial systems in conjunction with the Scheme of Delegation of Financial Powers.

2. 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 whom the academy may purchase goods or services. Trusts must publish on their websites business and pecuniary interests of members, trustees and the Accounting Officer.

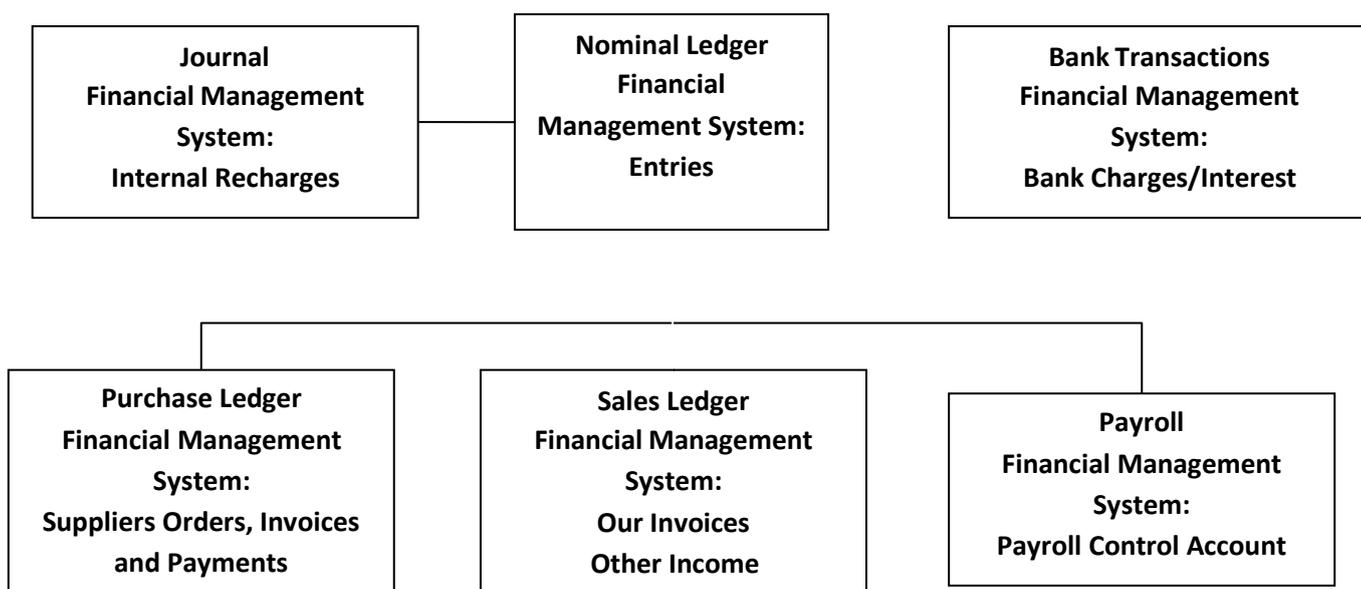
Governors and aforementioned staff are required to complete a Declaration of Interest form. If their circumstances change then a new declaration is to be completed. All declarations of interest will be held in a register which must be reviewed and updated annually.

The register should include all business interests such as directorships, share holdings or other appointments of influence within any 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 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, governors and staff should not attend that part of any committee or other meeting. Declarations of Interest must be made at the start of governing body and committee meetings.

Accounting System

All the financial transactions of the academy must be recorded on the Financial Management System called PS Financials (PSF). The finance system consists of:



3.1 System Access

Entry to PSF is password restricted. Access to the component parts of the system are also restricted according to roles. The Central Finance Team are responsible for setting access levels for all members of staff using the system.

3.2 Back-Up Procedures

PSF is a cloud-based system with remote backups, therefore, no local back-up procedure is required for this system. However, The School Business Manager (SBM) is responsible for ensuring that there is effective back-up procedures for all other non-cloud based systems used in school. Incremental updates are backed up remotely and rolled up at the end of the month so a full back-up can be held for seven years remotely. The back-ups should not be recorded on the same medium each time as this results in only one copy being available. At least one copy should be stored securely "off-site". A check will be made three times a year by the ICT Manager.

The SBM should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks and included in the risk register.

3.3 Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the bank account, payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.

3.4 Transaction Reports

The SBM will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The SBM will carry out monthly reviews of transactions posted, checking for accuracy and completeness, in particular:

- All purchase invoices posted, and any missing ones pursued.
- All sales invoices posted.
- All credit card expenses posted.
- All staff expense claims posted.
- All direct debits posted – ensure purchase ledger control balances are correct.
- All transactions are entered with the correct date and into the correct period.
- All cash receipts, bank deposits and bank receipts posted.

SBM's will review the aged creditors report and the aged debtors report regularly for completeness.

SBM's must ensure that amounts received from employees as salary deductions for childcare vouchers agree to the amount invoiced by the childcare voucher provider. Any differences must be investigated.

3.5 Reconciliations

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

- Payroll control accounts.
- Childcare Voucher control account.
- Credit Card control account.
- Purchase Ledger control account.
- Staff Expenses Ledger control account.
- Sales Ledger control account.

The Regional Business Manager or Management Accountant will review and sign all reconciliations as evidence of this review.

4 Financial Planning

The academy in consultation with the MAT 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 academies 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.

4.1 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 academies objectives and targets to the resources expected to be available. Plans will be kept flexible and simple – they are the “big picture” within which more detailed plans may be integrated.

Each year the Head Teacher will propose in consultation with the MAT a planning cycle and timetable to the 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”
- 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 Head Teacher.

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. It is essential any costs are reflected in the budgeting process.

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.

4.2 Annual Budget

The School Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head Teacher/Executive Director, Finance Committee, Governing Body and the MAT. The Regional Business Manager is responsible for overseeing and reviewing the budgeting process.

The approved budget must be submitted to the ESFA by 28th July each year. The School Business Manager and Head Teacher are 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 ESFA 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.
- 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 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.

4.4 Finalising the Budget

A draft budget should be prepared by the School Business Manager for approval by the Head Teacher, Executive Director, the Finance Committee and the Governing Body. The budget should be communicated to all staff with responsibility for departmental budgets 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.

4.5 Monitoring and Review

Monthly reports will be prepared by the School Business Manager. The reports will detail actual income and expenditure against budget, both for budget holders and at a summary level for the Finance Committee. Any potential overspend against the budget must in the first instance be discussed with the Regional Business Manager.

Each monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate with any amended re-forecast. If a budget overspend is forecast, it may be appropriate to vire (transfer) money from another budget.

5. Payroll

The main elements of the payroll system are:

- staff appointments.
- payroll administration.
- payments.
- third party deductions.

5.1 Staff Appointments

The governing body has approved a staffing structure for the academy. Changes can only be made to this structure with the approval of the Reach South Executive who must ensure that adequate budgetary provision exists for the proposed changes.

The Head Teacher has authority to appoint staff within the authorised establishment except for the Senior Leadership positions whose appointment must follow consultation with the Executive Director. The Head Teacher is appointed in consultation with the MAT. The School Business Manager must maintain personnel files for all members of staff which include contracts of employment. Additionally, all the relevant right to work evidence should be held. All personnel changes must be notified to the School Business Manager.

5.2 Payroll Administration

The academy payroll is being processed by an outsourced consultancy company. Master personnel records are held on the SIMS, payroll provider portal and HCSS software packages, access to which are password controlled. Password control procedures and back-up arrangements are described in section two of this policy. The master record on the packages contain:

- pay scale.
- duty information & hours.
- bank account details.
- taxation status.
- personal details.
- any deductions or allowances payable.

Changes to contracts, including details of any new appointments, terminations, contract changes or additional payments are prepared by the School Business Manager and pre approval must be authorised by the Head Teacher before being submitted to the payroll provider and recorded.

New staff can only be added to the payroll with the express authorisation of the Head Teacher. New staff must complete all relevant payroll documents issued by the school office or School Business Manager. Failure to do this may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.

The School Business Manager is responsible for ensuring the monthly staff return is completed, which provides details for any sickness and other absences using the payroll provider portal so any necessary adjustments can be made to pay. The deadline for the receipt of the monthly staffing changes return will be as stated on the payroll provider calendar.

Overtime claims must be submitted for checking and coding on the last working day of the month. Payments for teachers must be authorised by Head Teacher prior to submission. Payments for Teaching Assistants and other support staff must be authorised prior to submission.

5.3 Payments

After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total must be provided so it can be reviewed by the School Business Manager. This should be reviewed against the figures in the budget software to check adjustments have been made for new appointments, resignations, pay increases and to ensure that no payments have been added for non-school staff. The actuals from the payroll provider must be uploaded into the budget software and a variance report produced. This then needs to be reviewed and authorised together with authority to release payment by the School Business Manager and the Head Teacher.

Once approved, Strictly Education the external payroll provider will process all payments via BACS and provide pay slips for staff. Deductions will be made for tax, national insurance, pensions and any childcare vouchers or bike scheme payments due.

After the payroll has been processed, the salary information will be added to the Financial Management System and a monthly check run on the budget vs actual. Discrepancies identified will be investigated. On an annual basis, the School Business Manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.

6. Non Central Purchasing

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 and 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.

6.1 Routine Purchasing

Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder after the accounts have been closed for each month.

In the first instance, a supplier should be chosen from the list of approved suppliers. A quote or price should be obtained before any order is placed, except in the case of maintenance calls where the duration and final cost is unknown at the time of call out. If the budget holder considers that better value for money can be

obtained by ordering from a supplier not on the approved supplier list, i.e. a better price is found on the internet, this must be discussed with the School Business Manager so a new supplier can be set up on PSF.

All orders must be made using an official approved purchase order (PO) raised on PSF, on presentation of a signed requisition form. The PO is automatically emailed to the designated approver; in most cases this will be the Head Teacher. Once approved, the order will be placed with the supplier.

Appropriate arrangements for the delivery of goods to the academy must be arranged. On receipt, a thorough check of the goods received must be made against the goods received note (GRN) and a record made of any discrepancies between the goods delivered and the GRN. This should be raised immediately with the supplier. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the School Business Manager should be notified. A central record of all goods returned to suppliers will be maintained.

All invoices should be sent to the school. The following checks are made:

- invoice arithmetically correct.
- goods/services received.
- goods/services as ordered.
- prices correct.
- VAT treated correctly.

Once invoices have been verified they should be entered into PSF ensuring that:

- The transaction date matches the document date.
- The accounting period and VAT period selected is applicable to the period that the document date falls into.
- The amount agrees to the amount as stated on the invoice.
- The invoice matches an approved PO and GRN.
- An electronic copy of the invoice is attached to the transaction.

Once a fortnight, the School Business Manager will prepare a BACS payment proposal on PSF, called a pay list which will be printed off, signed by the Head Teacher, scanned and emailed to the Central Finance Team for payment.

6.2 Orders over £5,000 but less than £25,000

At least three written quotations should be obtained for all orders between £5,000 and £25,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes have been received before a purchase decision is made. Purchases and contracts of between £10,000 and £25,000 will be disclosed to the Finance Committee.

6.3 Orders over £25,000

All goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000 must be subject to formal tendering procedures. For purchases that may fall under EU procurement rules, current regulations must be complied with.

6.4 Forms of Tenders

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

- 1) **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the School Business 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 is such that only specific suppliers can be expected to supply the academies requirements.

- the cost 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.

6.5 Preparation for Tender

Full consideration should be given to:

- the objective of the 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.

6.6 Invitation to Tender

When a restricted tender is to be used 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.
- form of response.

6.7 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.

6.8 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.

6.9 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 contracts over £25,000 - either the School Business Manager or the Head Teacher plus a member of the Finance 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.

6.10 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 £25,000 a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance Committee. Where required by the conditions attached to a specific grant from the ESFA, 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

The main sources of income for the academy are the grants from the ESFA and from sponsors (if applicable). The receipt of these sums is monitored directly by the School Business 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, dinner, uniform sales and clubs.
- the public - mainly for lettings.
- Other schools and organisations for consultancy services.
- The Local Authority.

7.1 Trips

A lead teacher must be appointed for each trip to take responsibility for the organisation of the trip. The sum to be charged for the trip must be discussed and authorised by the School Business Manager. The letter and permission slips will then be prepared by the Admin Assistant and a record created of all the students going on the trip. Parents will be encouraged to make all payments via a cashless payments system where available, to reduce cash handling in the office. For payments made by cash the Admin Assistant will record the payment as received and issue a receipt for the parent/student. An up to date record for each student showing the amount paid and the amount outstanding will be kept. This record should be sent to the lead teacher on a weekly basis so they can chase up additional permission slips and payments.

7.2 Catering Income

Parents should be encouraged to pay dinner money half-termly in advance via a cashless payments system where available, to reduce cash handling in the office. Details should be sent out at the end of each half-term detailing the balance on the dinner money account and the amount to be paid for the coming term. Parents who struggle to pay half-termly may pay weekly but the Admin Assistant should question the parents

further to assess whether they may be entitled to free school meals and support them with their application wherever possible.

The school administration team is responsible for checking, entering and banking any locally received dinner money. Anyone else receiving dinner money payments must ensure they are locked in the safe immediately. Dinner money should be checked and entered at least once each week. Receipts should be issued to confirm receipt of payment or account statements printed off when required. The banking must be checked and signed by the School Business Manager weekly prior to filing. The Head Teacher must be notified immediately of any discrepancies. Monthly reconciliation should take place.

7.3 Dinner Numbers Reconciliation

Where academies meet the cost of catering, appropriate reconciliations must take place. The Admin Officer will provide the kitchen with the daily numbers each day using the appropriate form. The weekly client recharge form from the kitchen must be cross-checked against the form for the week. Any discrepancy between the numbers provided and the number of meals taken must be investigated immediately to ensure all the children who are entitled to meals (free and paid) are taking them and that children not registered for meals are not taking them.

7.4 Free School Meals

Free School meals can only be provided if there is an entitlement

7.5 Dinner Money Arrears

Individual pupil's arrears should not exceed 10 serving days or £30.00 (whichever is the greater) at any one time. Parents/guardians should be notified as soon as the arrears for the individual pupil are outstanding for five serving days. They should receive a second warning after 10 days stating meals have been withdrawn. Meals should only be reinstated when the arrears have been cleared and an advance payment made for the following week. Dinner money arrears cannot be written off without approval from the Head Teacher.

7.6 Uniform Sales

The Admin Assistant is responsible for the uniform sales. Sales must be listed in a stock book and the totals banked must match with the items and revenue listed on the spreadsheet. Monies should be banked weekly unless there are insufficient funds to justify this. The print out and banking must be cross-checked and signed by the School Business Manager. A termly stock count must be carried out by the Admin Assistant and any discrepancies between the stock book and actual stock levels brought to the attention of the School Business Manager. Online ordering should be encouraged where possible to reduce cash handling in the office and reduce the need for stock levels to be maintained in school. Parents without access to the internet should make payment at the time of placing their order.

7.7 Music Tuition

The school admin team is responsible for collecting music tuition monies each term. Tuition should be set up on PSF as a trip. Where possible parents should be encouraged to make online payments using a cashless payment system where available, to reduce cash handling in the office. The print-out and banking must be cross checked and signed by the School Business Manager.

7.8 Clubs

The school admin team is responsible for the activity club sign-ups. Payment should be collected at the time of booking the club and all income must be recorded on PSF. The print out and banking must be cross-checked and signed by the School Business Manager.

7.9 School Journey

The school admin team is responsible for the monetary controls for school journey. Where possible parents should be encouraged to make online payments using a cashless payments system where available, to reduce cash handling in the office. All contributions received must be recorded on PSF. The print out and banking must be cross-checked and signed by the School Business Manager.

7.10 Lettings

The School Business Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. The invoice should be raised by the Admin Assistant and payment collected, ideally in advance except in the case of regular bookings by school parents.

7.11 Online Payments

Online secure payments should be encouraged and facilitated where possible to reduce cash handling.

7.12 Debts

No debts should be written off without the express approval of the Head Teacher/Executive Director. The ESFA's prior approval is also required if debts to be written off are above the value set out in the ESFA's Academies Financial Handbook.

7.13 Custody

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 safe prior to banking. Banking should take place at least once a week or more frequently if the sums collected exceed £1,000.

7.14 Sales Ledger

Monies collected must be banked in their entirety. The Admin Assistant is responsible for listing all local income which has been banked and recorded on PSF.

8. Cash Management

8.1 Bank Accounts

The Trust operates a single bank account that can only be accessed by certain central members of staff with varying authorisation levels. Schools will not operate their own bank account or have direct access to the Trust's bank account.

8.2 Deposits

Each academy will have its own paying-in book with a unique reference so that deposits into the Trust's bank account can be identified against the relevant academy. Particulars of any deposit must be entered on a paying-in slip and should include:

- the amount of the deposit.
- the number of the receipt.
- the name of the debtor.
- the date.

8.3 Payments and Withdrawals

All payments will be made via BACS and processed by the Central Finance Team. Cheques and cash withdrawals are not permitted.

8.4 Administration

Bank reconciliations are performed by the Central Finance Team monthly.

8.5 Academy Credit Cards

Academies may request a credit card and where possible, each academy will only hold one credit card in the name of one designated card user. The cardholder is the only person who can use the card, it must not be given to anyone else in the school. The credit card must be held in the school safe at all times.

Credit cards are issued and administered (including the control of limits) by the Central Finance Team.

Purchases made via the credit card must be pre-approved by the Head Teacher and for this reason, the Head Teacher cannot be the cardholder. Purchases must be recorded in PSF and receipts (including VAT receipts) must be attached to the transactions.

The credit card must be used as a last resort and only for:

- a) spend that is budgeted **and**
- b) the supplier is reputable and will deliver the goods/service **and**
- c) the supplier will not accept payment via invoice **and**

- d) the supplier will issue a VAT invoice/receipt **and**
- e) the spend has been pre-approved

8.6 Petty Cash Accounts

Petty cash is not permitted unless with express approval by the Director of Finance.

8.7 Deposits

All cash receipts for whatever reason should be paid directly into the Trust's bank account as soon as is reasonably possible, and no later than one week from receipt.

8.8 Administration

Regular, as well as unannounced cash counts should be undertaken by the School Business Manager to ensure that the cash balance reconciles to supporting documentation.

8.9 Physical Security

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

8.10 Cash Flow Forecasts

The Central Finance Team **are** responsible for the Trust's cash flow forecast to ensure there is sufficient cash for monthly working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation.

9. Fixed Assets

9.1 Fixed Asset Register

- All items purchased with a value over the academy's capitalisation limit of £2,000 must be entered in the fixed 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 ESFA grant and % funded from other sources).
 - expected useful economic life.
 - Depreciation.
 - current book value.
 - location.
 - name of member of staff responsible for the asset.

Assets over £2,000 should be permanently and visibly marked as the academy's property, labelled and added to the inventory which is checked annually. The inventory should include:-

- asset description.
- asset number.
- serial number.
- date of acquisition.
- asset cost.
- expected useful economic life.
- location.
- name of member of staff responsible for the asset.

The Asset Register and Inventory 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.
- support insurance claims in the event of fire, theft, vandalism or other disasters.

9.2 Depreciation

Depreciation on assets is as follows: -

Land – Freehold	not depreciated
Land – Leasehold	125 years/lease term
Buildings	2%
Furniture and Equipment	25% straight line
Vehicles/Minibuses	33% straight line
Computer Equipment & Software	33% straight line

9.3 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 fixed asset register or inventory should be permanently and visibly marked as the academies 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. It should be noted where items are used by the academy but do not belong to it.

9.4 Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Head Teacher and, where significant, should be sold following competitive tender.

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 ESFA a proportion of the sale proceeds. All disposals of land must be agreed in advance with the Secretary of State.

9.5 Loan of Assets

Items of academy property must not be removed from academy premises without the authority of the Executive. A record of the loan must be recorded in a loan book and booked back into the 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 academies auditors.

10. Storage of Records

The school will retain all documents in accordance with the Records Management Society's guidelines. Financial records need to be kept for seven years. At the end of each financial year, all records should be boxed up for secure storage – clearly listing the date for disposal. All documentation pertaining to financial transactions will be held in the financial system.

11. Gifts (See separate policy)

12. Suspected Fraud

In case of suspected fraud, the Finance Committee will be notified and the external auditors called in to undertake a full investigation if required. The Head Teacher in consultation with the Finance Committee will decide whether the police should be notified. The Secretary of State must be notified of any loss arising

from suspected theft or fraud exceeding an amount set out in the ESFA's Academies Financial Handbook

13. Whistleblowing (see separate policy)

14. Complaints (see separate policy)