



Easterside Academy

Finance Handbook

Adopted by	Easterside Governing Body
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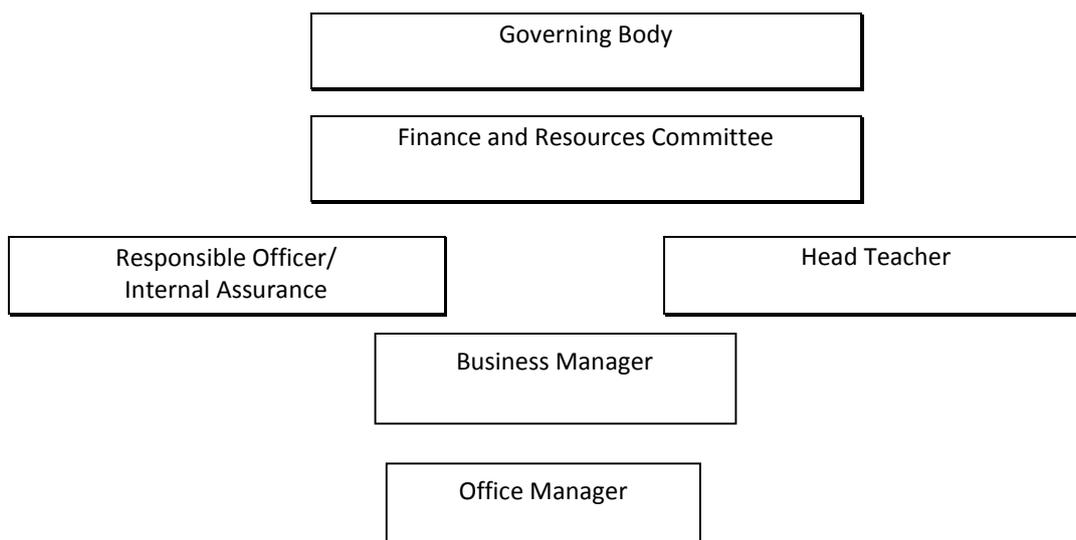
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1 Introduction

- 101 The purpose of this manual 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.
- 102 This manual 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 EFA, where appropriate.
- 105 Please also read this manual in conjunction with the Academy's Scheme of Delegation.
- 106 All queries should be referred to the Academy Business Manager (BM).

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 Governing Body

- 202 The Governing Body (GB) is the official term for the Board of Academy Governors. It is made up of representatives of the Academy staff, previous and new Governors, & parents. The Governing Body must meet at least three times per annum. No business can be conducted unless a quorum of two appointed members from the finance committee, are present.
- 203 The GB's responsibilities cover the full range of the Academy's activities, however, finance matters will be a standing agenda item. The GB may delegate some of its financial responsibilities to the Finance and Resources Committee, which is a sub-committee of the GB. A representative of the Finance and Resources Committee will report on finance matters at each GB meeting. In addition, the GB must formally discuss and approve:
- The annual budget;
 - Appointment, and remuneration, of senior staff;
 - All purchasing decisions over £50,000.00;
 - Disposal of assets above £10,000.00
- 204 Governors 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 in the capacity of governor.
- 205 No governor 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.
- 206 No governor may profit from any project connected with the school through the personal involvement with outside parties. All work carried out by any company owned or part owned by a governors must be carried out 'at cost' and no profit gained by the governor from the school budget.
- 207 The Governing body at Easterside Academy cannot have any facto trustees or shadow directors within its body, meaning a person in accordance with whose directions or instructions the directors of a company are accustomed to act.
- 208 Where the EFA has concerns about financial management and/or concerns about governance within our academy it may issue, and publish, a Financial Notice to Improve (FNtI). Easterside Governors are aware they must comply with all the terms of an FNtI. Failure to comply will be deemed a breach of the funding agreement by virtue of the relationship between the funding agreement and this handbook. In exceptional circumstances the funding agreement may be terminated due to non-compliance with the terms of the FNtI.
- 209 An FNtI sets out the actions that EFA requires the Governing Body to take in order to address underlying concerns about financial management, compliance and/or governance (financial or otherwise). For example, an FNtI may be issued where there is a deficit, a projected

deficit, cash flow problems, risk of insolvency, other financial concerns (such as irregular use of public funds), or they judge that there is inadequate governance and management (including, but not limited to, weak oversight, control or direction by trustees, poor internal scrutiny and challenge, and breaches of the duties, principles and requirements governing connected party relationships).

- 210 The governing body will publish annually on it's website in the interests of transparency its details of its governance arrangements including the structure and movements of its members and any relevant business and pecuniary interests.
- 211 The governing Body will notify via Edubase the DFE of the appointment and vacating of the positions of any member, trustee or local governor, accounting officer or Chief Financial officer of any changes that occur to the members of the governing body and its committees.
- 212 The Governing Body carry out bi-annually a skills audit the last was carried out in June 2016. The Governing Body have recently been involved in external training to enhance their skills and knowledge the latest two trainings have been covering the role of the Governing Body and how it has a key strategic role in the financial management of an academy and in ensuring financial systems and procedures are correctly managed in depth the courses covered the following topics:
- The Academy Trust structure
 - Roles and responsibilities for the Governing Body and Finance Committee
 - Funding and returns to Education Funding Agency (EFA)
 - Setting and monitoring the budget
 - Statutory reporting
- 213 All Governors and trustees must adhere to and solely act within the seven principles of public life which are as follows:
- 1, Selflessness
 - 2, Integrity
 3. Objectivity
 4. Accountability
 5. Openness
 6. Honesty
 7. Leadership

Finance and Resources Committee

- 214 The Finance and Resources Committee is a committee of the GB. It meets as required by the GB. No business can be conducted unless **a quorum of two or three members** with full voting rights is present. Staff governors cannot sit on this committee.

215 The main responsibilities of the Finance and Resources Committee are detailed in written terms of reference from the GB. 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 £20,000 but less than £50,000;
- Reviewing the reports of the Internal Assurance Service on the effectiveness of the financial procedures and controls;
- Authorising the disposal of fixed assets with a value of greater than £10,000;
- Authorising all virements to and within budget headings over 1% of delegated budget
- Establish, monitor and review employment policies on behalf of the GB
- Set and monitor remuneration levels for members of staff except for Head Teacher, Deputy Head Teacher and Business Manager. Remuneration levels for those members of staff will be set by the GB having considered the recommendations of this Committee.
- Contribute to the appraisal of the Head Teacher, Deputy Head Teacher, and Business Manager.
- Establish, monitor and review employment policies
- Review and agree staff training programmes

216 As the Finance and Resources Committee will also act as the Audit committee the following additional terms of reference will apply:

- To advise the Academy Trust on the appointment, reappointment, dismissal and remuneration of the external auditor
- To meet on a regular basis at least three times per year more if it is required or felt appropriate especially if new governors join this committee, any actions or decisions conducted only when quorate.
- To monitor the implementation of agreed recommendations relating to the external auditors management letter.
- To establish, in conjunction with the Academy's Executive, relevant performance measures and indicators, and to monitor the effectiveness of the external auditor.
- To review the annual financial statements in the presence of the external auditor, including the auditor's formal opinion, the governance statement, including consideration of the internal control systems effectiveness, risk management statements and any relevant issue raised in the external audit management letter.
- To recommend the annual financial statements to the Academy Trust for approval.
- To review the adequacy of the Academy Trust's Risk Management Policy and procedures, to regularly review the risk register and to monitor the implementation of Risk Management Action Plans.

- To review the Academy Trust's arrangements in respect of whistleblowing and anti-fraud and corruption and to make recommendations as necessary.
- To ensure that all allegations of fraud and irregularity are properly followed up and control weaknesses addressed, including being notified of all cases.

Overall

- To produce an annual report for the Academy Trust and Accounting Officer, which should include the Committee's advice on the effectiveness of the Academy's risk management, control and governance processes, and any significant matters arising from the work of the Internal Audit/Responsible Officer Service and the external auditor
- The Finance Committee internal control framework must include:
 - Co-ordinating the planning and budgeting processes
 - Applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties
 - Preparation of monthly budget monitoring reports ensuring that delegated financial authorities are respected
 - Effective planning and oversight of any capital projects
 - The management and oversight of assets
 - The propriety and regularity of financial transactions, reducing the risk of fraud and theft
 - Ensuring efficiency and value for money in the organisation's activities
 - A process for independent checking of financial controls, systems, transactions and risks

Internal Assurance reviews

217 The GB is required to obtain independent oversight of the Academy's financial affairs. The main purpose of this is to assure the GB that:

- The financial responsibilities of the GB 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.

218 The academy purchases service from an external finance support, previously known as a responsible officer to undertake a termly audit programme to ensure that financial transactions have been properly processed, and that controls are operating as laid down by the GB. A report of the findings from each visit will be presented to the Finance and Resources Committee and, where appropriate, to the GB. The presumption is that the Academy will implement any recommendations made unless it can demonstrate that to do so would not be appropriate. The Business Manager will be given an opportunity to see and challenge the report before it is given to the Finance and Resources Committee.

The Head Teacher

219 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 Business Manager(BM), but the Head Teacher retains responsibility for:

- Approving new staff appointments within the authorised structure, except for any senior staff posts requiring GB 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 £10,000 solely and between £20,000 and £50,000, in conjunction with the Chair of the Finance and Resources Committee;
- Signing cheques/authorising electronic payments in conjunction with other authorised signatories; where the amount is over £1,000 at least one signatory must be the BM or Head Teacher;
- Approving the virement between and within budget headings of up to 1% of the delegated budget;
- Authorising the disposal of assets up to £10,000 in value.
- The Accounting Officer must share all external correspondence starting with “Dear Accounting Officer” with the trustees, as well as the finance and senior Leadership team.

The Business Manager

220 The Business Manager (BM) works closely with the Head Teacher through whom he or she is responsible to the governors. The BM is deemed to be the principal Officer for reporting purposes. The BM also reports directly to the governors via the Finance and Resources Committee. The main responsibilities of the BM are:

- Day to day management of financial matters including the establishment and operation of suitable accounting and forecasting systems and an asset register;
- Management of the Academy financial resources at a strategic and operational level within the framework of financial controls determined by the GB;
- Maintenance of effective systems of internal control;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records;
- Preparation of monthly management accounts and financial reports;
- Authorising the purchases of goods and services of value of up to £5,000;
- Signing cheques/authorising electronic payments in conjunction with other authorised signatories;
- Authorising virements between and within budget headings up to a value of 1% of the delegated budget;
- Authorising the disposal of assets up to a value of £1,000.
- 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;

Finance Team

- 221 The Finance Team consists of the BM, Office Manager, external finance officers and Responsible Officer.

Other Staff

- 222 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

- 223 No-one involved in spending public money may benefit personally from the decisions they make. To avoid misunderstandings, Academy governors 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.
- 224 A register of interests should be maintained 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 GB, Finance and Resources Committee and Senior Leadership Team will need to fill out the register of interest form on appointment and this exercise should be repeated annually as a minimum. Forms are available from the BM.
- 225 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.
- 226 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 GB, 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. The procedure is in place that a Governor must absent himself or herself from any discussions of the Governors in which it is possible that a conflict will arise between his duty to act solely in the interests of the Academy Trust and any duty or personal interest (including but not limited to any Personal Financial Interest). This process will be minuted. The register of Governors interest is displayed on the academy website under the governors section.

Gifts and Hospitality

- 227 All personal gifts and hospitality (above a minimum monetary amount of £25) received by governors and staff should be declared and recorded. This minimises the risk of staff and governors being compromised by expectations of reciprocal benefits. The Head Teacher or

BM should be consulted before any such gifts or hospitality are accepted.

- 228 The Finance team should enter any receipt of gifts/hospitality into the Register of Gifts and Hospitality and this should be maintained by the BM. Gifts received on behalf of the Academy should be entered on the register.
- 229 The register is taken to the finance and staffing committee once a year and findings minuted.

3 Financial Planning

- 301 The Academy must prepare both short-term and medium-term financial plans.
- 302 The medium-term 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 three years.
- 303 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 notified by the DfE on an annual basis.

Development Plan

- 304 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.
- 305 Each year the Head Teacher must propose a planning cycle and timetable to the GB 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?"
- 306 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.
- 307 The Development Plan will include detailed objectives for the coming academic year and outline objectives for the following two years. It should also include cost estimates, both capital and revenue, associated with each objective and success criteria against which achievement can be measured. The BM should be fully involved in the development of the plan.

- 308 For each objective the lead responsibility for ensuring progress is made towards that objective will be assigned to an Academy senior team member, who should monitor performance against the success criteria throughout the year, and report quarterly to the Head Teacher. The Head Teacher will report to the GB if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

- 309 The BM is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head Teacher in conjunction with all relevant managers, the Finance and Resources Committee and the GB. 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. To that end, a detailed commentary will need to be provided with any budget submission.
- 310 The approved budget must be submitted to the DfE by the due date each year and the BM is responsible for establishing a timetable which allows sufficient time for all approvals and submissions.
- 311 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 BM 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.
- 312 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.
- 313 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

- 314 It is incumbent upon the GB to only approve annual budgets that do not show an underlying deficit position (i.e. a deficit is only acceptable when resulting from expected use of brought forward figures, such as Start Up funds).

- 315 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. Any carry-overs of GAG funding need to be in compliance with the annual funding letter.
- 316 It is not anticipated that the annual budget should show a large surplus of funds over expenditure. Irrespective of the carry-forward calculation, it is not deemed responsible to try and build up significant reserves unless there is a particular project that requires savings to fund it over a number of years. Start Up funding does not count towards the DfE carry-forward calculation.

Communicating the Budget

- 317 The budget should be communicated to all relevant staff so that everyone is aware of overall constraints and their particular responsibilities.
- 318 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is simple 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.

Risk Management

- 319 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 academy holds a Risk Register which is maintained by the BM. This document is a detailed risk -register. The Academy Risk Register is updated regularly and considered by the GB alongside the annual budget submission. The Finance and Resources Committee has risk management as a standing item on their agenda, and any significant changes to the register should be considered at each meeting. The academy ensures that information affecting funding has been double checked through the engagement of external financial support to the BM especially in association with budget setting.

Debt Write-offs

- 320 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.
- 321 Any debt write-off exceeding £500 in value will need to be approved by the Finance and Resources Committee and copied to the GB.
- 322 Any write-off over the amounts set out in the EFA's Academies Financial Handbook needs written consent by the Secretary of State. *(The delegated limits, subject to a maximum of £250,000, are: • 1% of total annual income or £45,000 (whichever is smaller) per single transaction • cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts • cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified audited accounts for the previous two financial years)*
- 323 Any loss arising from suspected fraud and any loss above the value of £500 from suspected theft must be reported to the DfE.

Monitoring and Review

- 324 Financial reports will be prepared by the BM and distributed to the Head teacher Governors and Budget Holders.
- 325 This 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 curriculum Department Budget report will be available termly for all budget holders (named cost centre holders). This will detail budgeted, actual, committed and available spend to date;
 - A variance column ;
 - A brief narrative with explanation(s) of any significant deviations from budget;
 - An update on significant capital projects in progress;
 - Summary of key balance sheet items such as creditors and debtors at month end;
 - A summary of the cash position and outlook.
- 327 If a budget overspend is forecast, it may be appropriate to transfer money from another budget or any contingency.
- 328 Reports should be reviewed by the Finance and Resources Committee. Where applicable, corrective measures may be taken to ensure that the authorised budget is not exceeded.

4 Accounting System

- 401 The system currently in use is Sage 50. 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 BM, in agreement with the Head Teacher, to identify individual budget holders and set limits for their authorisation. It is the responsibility of the Office Manager and BM to ensure that all undisputed invoices are paid within 30 days.
- 405 Accounting policies are set by the GB. The main policies are:
- A capitalisation threshold of £1,000 for any single item.
 - Depreciation rates of:
 - i. Leasehold buildings – 20 years
 - ii. Furniture and fittings – 4 years
 - iii. Computer equipment – 2 years
 - iv. Vehicles – 4 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 BM is responsible for controlling the access levels.

Back-up Procedures

- 409 The BM, together with the Academy's IT Team, should ensure that back-up procedures for the system and any other financial records are in place, to minimise the risk of data loss.
- 410 The BM, together with the Academies IT Team, 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.

Transaction Processing

- 411 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 BM or OM before entry into the accounting system.

Cash book payments should be entered by the BM or OM and the input should be checked (and signed to evidence this check) by the BM & Officer Manager.

Transaction Reports

- 412 The BM 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:
- Monthly audit trail reports;
 - Master file amendment reports for the payroll, purchase ledger and sales ledger;
 - Management accounts summarising expenditure and income against budget will be created at the end of the financial year.

Reconciliations

- 413 The BM 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;
 - Petty cash;
 - All suspense accounts; and
 - All bank accounts.
- 414 Any unusual or long outstanding reconciling items must be brought to the attention of the BM. Cheques uncashed after six months should be written back, and reissued if appropriate. The BM will review and sign all reconciliations as evidence of his or her review. A review of an aged debtors and creditors listing should also be carried out 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 GB 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 the Finance and Resources 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 approved structure except for Deputy/Assistant Head Teacher and the BM positions, whose appointments are made in consultation with the GB. The Academy maintains full personnel files for all members of staff. All personnel changes must be notified promptly in writing to the BM.

Payroll Administration

- 504 All staff members are paid monthly, by the 25th of each month.
- 505 The Academy payroll is administered by an outside supplier (currently Xentrall).
- 506 A master record is held by the Payroll Bureaux 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 Bureaux on instruction from the Head Teacher. Master file amendments will be reported by (Xentrall) the payroll bureaux and must be authorised by the BM or by the Head Teacher.
- 508 The BM will complete a monthly staff return showing sickness and unpaid absence, the staff return must be authorised by the Head Teacher via copy in e-mail. Authorised staff returns go to the BM who sends the documents for payroll processing.
- 509 The BM will provide data to Xentrall each month in accordance with the regular timetable.
- 510 The following is a summary of Xentrall's role:
- a. The Academy will notify Xentrall of all payroll changes i.e. starters, leavers, overtime, back pay and salary changes;
 - b. Xentrall 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. Xentrall will produce all reports in either PDF or Excel format;
 - d. Xentrall 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. Xentrall will prepare and file P35s, P14s, P60s and provide reports to allow completion of LGPS and TPS returns (including EOYC reports);
 - f. Xentrall 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 (Run 1) showing the amount payable in total will be provided by Xentrall, this will be checked against the HCSS database information and authorised by the BM.
- 512 All salary payments are made by BACS. The payment date is the 25th day of the month (or the Friday before in the case of the 25th falling on a weekend).
- 513 The BM should carry out regular monthly reviews to ensure that inconsistencies in the payments are all checked and that any differences are explained.

Other Considerations

- 514 Xentrall will provide monthly payroll reports which will be checked and entered into Sage authorised by the head Teacher and posted to the nominal ledger. The BM should review the payroll control account each month after posting to ensure that there are no unallocated balances.
- 515 As a minimum, the BM 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. In practice using the gross to nett overall report provided from Xentrall the BM checks the figures and balances each category of payments; i.e. basic pay, national insurance and pension contributions this is then authorised by the Accounting officer(Head Teacher).
- 516 Once a year, the BM and HT must check that employee gross pay on the payroll master file matches the contract of employment on the employee personnel file.
- 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 BM will ensure that all payments to individuals are processed through the payroll. Where an individual is self-employed or runs their own company, the BM will ensure that all necessary steps are taken to mitigate any IR35 implications (or other such legislation in this area).

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 least two months before the start of the academic year. 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 to each budget holder by the Finance team two weeks after the end of each month.
- 603 Budget Holders (except for the Head Teacher and BM) have authority to place orders for budgeted items up to a value of £1,000, and Deputy Head Teachers £5,000.
- 604 The BM and the Head Teacher have authority to place orders for budgeted and unbudgeted items up to £20,000. Spends over £20,000, but under £50,000 require Head Teacher and Chair of Finance and Resources committee authorisation. All orders of a value from £50,000 must be approved by the Finance and Resources Committee.
- 605 The BM may create approved supplier lists for some types of expenditure. If a relevant approved supplier list exists, budget holders must obtain the BM's agreement to purchase from alternative suppliers. Due process will be followed, for example a tender exercise, before assigning approved supplier status.
- 606 All requisitions from budget holders must be made in writing using an official requisition form, stocks of which are held in the reprographic room and main office, or available electronically on the network. Requisitions must bear the signature of the budget holder and must be forwarded to the Office, which will check to ensure that adequate budgetary provision exists and place the order.
- 607 Orders that are in compliance with the budget are allocated a reference number from Sage 50 and dispatched to the supplier by either the Office Manager or the BM.
- 608 The budget holder must make appropriate arrangements for the delivery of goods to the Academy. On receipt, the budget holder or admin staff 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.

- 609 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the main office should be notified. The school will keep a central record of all goods returned to suppliers.
- 610 All invoices should be sent to the Office. All invoices need to be authorised by the relevant individual before payment procedures are initiated. Invoices are to be authorised according to the following principles:
- Department spending up to £1,000 and within the department budget to be authorised by the Department Budget Holder or Deputy Head Teacher and second authorisation from the BM;
 - Spending up to £10,000 can be authorised by the Head Teacher or the BM;
 - Spending between £10,000 and £20,000 to be authorised by both the Head Teacher and BM;
 - Any spending in excess of £20,000 to be authorised by the Finance and Resources Committee.
- 611 Invoice receipt will be recorded by the Finance Team on the accounting system. The Finance Officer will stamp invoices with a grid against which the following can be evidenced:
- (a) Invoice posted to purchase ledger;
 - (b) Goods/services received as ordered;
 - (c) Invoice checked to GRN;
 - (d) Invoice authorised for payment by the correct authority;
 - (e) Payment date;
 - (f) Cheque number/BACS reference.
- 612 Boxes (a) can be completed by the OM or BM and (b) can be completed by the Office staff/curriculum resource assistant or Site manager. (c & d) The invoice will then be checked before up-date ledger process is carried out by OM. Before completing these boxes, the staff must make a detailed check against the order and the GRN, these documents must be attached to the invoice before up-dating the ledger and moving forward for on-line banking payment.
- 613 If a budget holder is pursuing a particular query with a supplier, the Office must be informed of the query and periodically kept up-to-date with progress.
- 614 At the end of every week, the OM will produce the invoices due for payment from the purchase ledger and these, together with supporting documentation, will then be reviewed by the BM.
- 615 The BM will then input the details checking (e) of payments to be made to the purchase ledger and generate the payments (f).

Orders up to £5,000

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

Orders over £5,000 but less than £50,000

- 617 Where appropriate, at least three written quotations should be obtained for all orders between £5,000 and £50,000. 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 BM or Head Teacher in all cases.

Orders over £50,000

- 618 All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000, must be subject to formal tendering procedures.
- 619 Orders or contracts with an anticipated value over the EU threshold may be subject to European Procurement Regulations. In these circumstances the BM must be contacted before proceeding with the tender.

Forms of Tender

- 620 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 BM 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

621 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.

622 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

623 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.

624 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

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

Tender Opening Procedures

- 626 All tenders submitted should be opened at the same time. At least two people should be present for the opening of tenders, the BM and / or Head Teacher and the responsible budget holder.
- 627 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

- 628 The evaluation process should involve at least two people with no conflicts of interest in the tender.
- 629 Those involved in making a decision must not accept gifts or hospitality from potential suppliers that could compromise or appear to compromise their independence.
- 630 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.

- 631 Where required by the conditions attached to a specific grant (eg from the DfEs), the grantor's approval must be obtained before acceptance of a tender.
- 632 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 GB. 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 DfEs/LA for general and specific purposes;
 - Grants from other Government Agencies or other organisations for specific purposes and programmes;
 - Meals income;
 - Off-site trip income;
 - Lettings income;
 - Bank interest;
 - Top up fees;
 - Head Teacher's consultancy work;
 - Breakfast Club income;
 - Book Bag sales;
 - Contribution towards some specific after school clubs

DfE Income

- 702 The main recurrent grants from the DfE are paid monthly around the 1st of each month.
- 703 Notification of the level of grant is usually received around March in the year before the financial year in question. Some grants are granted on a financial year basis of April to March and are therefore not notified until later in the year. Estimates may therefore be required to meet budgeting deadlines.

Off-Site Trips

- 704 An appropriate person must be appointed for each trip to collect the money due from pupils. The appropriate person should use the prepared list from Sims of the pupils going on the trip and the amount of contribution received each day. A copy of the list should be given to the Office Manager.
- 705 Pupils should make donations to the appropriate person who should forward the payment to the Office (if not collected directly by the Office).
- 706 The Office Manager should keep a copy of each trip list showing amounts received and funds balanced each day.
- 707 *Lettings*

- 708 The Academy may from time to time let premises to other organisations, subject to such lettings not clashing with the timetabling of the Academy. Any letting of the Academy's premises may be either commercially or community motivated.
- 709 New long-term letting proposals must be approved by the BM or Head Teacher. A financial analysis must be prepared showing the expected income and related costs. The Finance and Resources Committee must approve lettings which will not cover the direct occupancy costs of the letting (staff overtime, cleaning, utilities etc) since these lettings amount to an application of Academy funds.
- 710 The BM will appoint the Office Manager to deal with Academy users (the 'Lettings Co-ordinator').
- 711 The Lettings Co-ordinator is responsible for maintaining booking records and for calculating the sums due. Advance payments to be decided by the BM as applicable.
- 712 The Lettings Co-ordinator should liaise with others to avoid timetable clashes. Where possible, lettings should be arranged to minimise overtime costs, for example, by scheduling two letting activities in different areas of the Academy at the same time.
- 713 The Lettings Co-ordinator should provide details of organisations using the facilities to the Finance Officer, who will establish a sales ledger account and produce sales invoice(s) from the accounting system.
- 714 Academy users should be told to send all payments to the Office

Top up fees

- 715 Invoices will be sent to Local Authorities on a termly basis for all top up fees for pupils with base places. The payment for which should be made by BACS wherever possible. Cheques are acceptable.

Consultancy Income

- 716 Invoices for consultancy work, for example, the Head Teacher or SLT carrying out work for the LA will be raised as and when work takes place. The payment for which should be made by BACS wherever possible. Cheques are acceptable.
- 717 Academy receipts should be issued for all cash and cheques received where no other documentation exists such as passport signing Etc. Cash and cheques must be kept in the Office safe until banked.
- 718 Monies collected must be banked in their entirety.

Bank Interest

- 719 The Academy will receive bank interest on all amounts held in their interest bearing account. The ability to generate high levels of interest will however be limited and mainly only achievable in the first few of years of operation when start up funds are received.

8 Cash Management

Bank Account

- 801 The Academy will operate one current account. It is not anticipated that further accounts will be required. The opening of any further accounts must be authorised by the GB who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque-signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

Deposits

- 802 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:
- The amount of the deposit;
 - A reference, such as the number of the sales invoice or receipt or the name of the debtor.

Payment Procedures

- 803 All cheques, BACS payments or other instrument authorising withdrawal from Academy bank accounts must be signed by two of the following:
- The Head Teacher;
 - Deputy Head Teacher
 - Head TLR Teacher
 - Business Manager;
- 804 This provision applies to all accounts, public or private, operated by or on behalf of the GB of the Academy. Authorised signatories must not sign a cheque relating to goods or services for which they are the recipient.
- 805 The BM or the Office Manager will then stamp the invoice paid.

Administration

- 806 The BM 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 BM;
 - All reconciliations are reviewed by the Head Teacher
 - Reconciliations are subject to an independent review carried out by the Responsible Officer; and

- Adjustments arising are dealt with promptly.

807 Where cheques are in use:

- They must be crossed “account payee only”
- They must not be pre-signed;
- All unused cheques must be retained securely.

Cash Flow Forecasts

808 The BM is responsible for preparing cash flow forecasts 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

809 If the Academy is able to generate better returns than currently provided in the current account, it may undertake other investments. Investments may however only be made in accordance with procedures approved by the GB. It is expected that all investment decisions will be made on a risk-averse basis. All investments, outside of the deposit account, need GB approval.

810 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.

Petty Cash

811 The Academy does not operate a Petty Cash System (see Expenses below)

Administration

812 The BM is responsible for entering all Imprest transactions onto the Finance System.

Physical Security

813 For security, the safe has limited access the keys of which there are two are held with the Head Teacher and on the Office Manager’s person.

Credit Cards

814 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 BM. Additional cards will require approval of the Finance and Resources Committee.

- 815 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

- 816 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.
- 817 Wherever possible expenditure should be incurred on the basis that the supplier will invoice the Academy following delivery. It is acknowledged, however, that on occasions it will be necessary to pay by cash. Once the expenditure has been incurred, then the relevant receipts need to be submitted to Finance, along with a completed Claim Form.
- 818 When an Expenses Claim Form has been completed and submitted to Finance for reimbursement, along with the relevant receipts. The cost can then be reimbursed. 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.
- 819 All expense claim forms must be approved by the budget holder, BM, Deputy Head Teacher or Head Teacher. The Head Teachers expenses will be approved by the BM.
- 820 Reimbursements of expenses incurred will usually be made by BACs.
- 821 Expenses should only be incurred once the expenditure has been approved by the relevant budget holder.

Expenses – Travel and Subsistence

- 822 There will be occasions when staff will need to travel on Academy business. All reasonable expenses incurred whilst on such business are at present not reimbursed. It is the responsibility of the traveller, however, to ensure that these journeys are warranted and minimised.
- 823 For national and international travel, standard class public transport should be used.
- 824 Where overnight accommodation is required, the appropriate expected standard is three star or equivalent. Whilst on Academy business, reasonable living expenses will be reimbursed. This would include all meals, but not alcohol.
- 825 Receipts must be kept to facilitate reimbursement. There can be no guarantee of reimbursement where receipts have not been submitted.
- 826 All travel plans should be agreed in advance with the Head Teacher.

9 Fixed assets

Purchase of Assets

901 All assets purchased with an individual value over £5,000 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 serial number or other identifying details;
- Cost;
- Location of asset;
- Expected useful life of asset;
- Staff member or department 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.

Security of Assets

905 All assets on the register should be permanently and visibly marked as Academy property, and there should be a regular (at least annual) count by someone other than the person maintaining the register.

906 Discrepancies between the physical count and the register should be investigated promptly and, where significant, reported to the Finance and Resources Committee.

Equipment over a single monetary value of £5.000 must be secured by means of physical and other security devices. Only authorised staff may move location of equipment.

- 907 If applicable, items used by the Academy, but not owned by the Academy, should be recorded as such.

Disposals

- 908 Items to be sold or disposed of must be authorised for disposal by the BM and, where they have significant value, should be sold by competitive tender or auction. If the estimated value of the asset exceeds £10,000, the BM should obtain the Head Teacher's approval before proceeding. If the value is over £20,000 it must be agreed by the Finance and Resources Committee before proceeding.
- 909 The Academy must obtain DfE approval in writing if it proposes to dispose of an asset for which capital grant of more than £25,000 was paid.
- 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 All disposals of land must be approved in advance by the Secretary of State.
- 913 The form for seeking approval for the disposal of an asset can be obtained from the BM.

Loan of Assets

- 914 Academy property may not be removed from the premises without the authority of the Head Teacher or BM. If this were to occur the loan must be recorded by the BM and the item booked back when it is returned. Equipment will be used for the sole benefit of the Academy and not for personal use. Separate procedures will apply where appropriate (for example mobile phones or ipods).
- 915 If assets are loaned for extended periods or frequently to a single member of staff, a 'benefit-in-kind' may arise for PAYE purposes. Loans should therefore be kept under review and discussed where necessary with the Academy's auditors.
- 916 When an employee leaves the Academy, all loaned property must be returned and evidenced by the Head teacher.

Attractive Items Register

- 917 Items which fall under the de-minimus level for capital expenditure (under £1,000) still represent an investment by the Academy, and in some cases it is desirable to monitor these items in a similar way to capital purchases. In this instance, an Attractive Items Register may be used. This details information such as cost, serial number, responsibility and location.

This can be used for items such as digital cameras, camcorders, printers, ipads etc. It is the responsibility of the ICT Co-Ordinator & BM to maintain the register if required.

Premises

- 918 Damage to Academy premises should be dealt with promptly to avoid further damage and additional costs. It is the responsibility of the BM Site Supervisor to ensure that the Academy site is maintained to a standard appropriate for the Academy.
- 919 Damage should be reported to the BM who will take appropriate action. The Finance and Resources Committee must approve repairs and replacements over £50,000 unless there are exceptional and urgent circumstances, in which case the BM should obtain the approval of the Chair of the Committee, or in his/her absence, any member of the Finance and Resources Committee may provide the relevant approval.
- 920 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.

10 Contracts (including Leases)

The governing Body must obtain EFA's prior approval from for the following leasing transactions:

Taking up a finance lease on any class of asset for any duration from another party (borrowing)

Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years

Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party

- 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 in a Contracts/SLA Register.

11 Insurance

1101 The academy at present uses an independent broker to source the insurance package cover the academy has been part of a 3 year agreement and 2016-2017 the Governors will seriously consider the Government RPA scheme and its advantages and dis-advantages. The RPA covers property damage and business interruption, public liability, employers' liability and UK travel. Limits for the RPA are the reinstatement value of the property, £10m per claim for business interruption, £2,000 per person for travel expenses and no limit is applicable for liability claims. The arrangement has been operational since 1 September 2014. For those that joined the arrangement in the period to August 2015 £25 per pupil is deducted at source from the academy's general annual grant.

The package the academy currently uses includes:

- Buildings;
- Contents;
- Capital works;
- Loss of cash;
- Public liability (on and off site);
- Employer's liability;
- Hirers' liability;
- Governors' liability;
- Professional indemnity;
- Terrorism;
- Business interruption;
- Libel and slander;
- Vehicle;

12 VAT

1201 The Academy has opted not to register for VAT 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 register for VAT 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, the VAT element to be reclaimed, and the gross amount to be paid to the supplier.

- 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 monthly 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.

13 Borrowings

General Considerations

- 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.

14 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 In conjunction with the auditors, and Xentrall financial support team the BM 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 and petty cash 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;
- Other information requested by the auditors at the pre year end planning meeting.

1404 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 GB. The audited and signed accounts will be filed with the EFA and Companies House.

15 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 BM. 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% of total annual income or £45,000 (whichever is smaller);
- 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 £50,000 financed from DfE sources;
- any loss arising from suspected theft or fraud exceeding an amount set out in the annual funding letter.

1503 The BM must notify the GB or Finance and Resources Committee of such expenditure or actions before commitments are made so that statutory obligations can be met.

16 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. Please refer to the Academy Reporting and Investigation of Suspected Fraud Policy for more details.

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 GB or by fellow employees. Workers may include, for example, contractors and agency workers. All staff are instructed annually the details of how anyone can whistle blow the details of this policy are also on the academies website in Key Information/policies.

1605 The Public Interest Disclosure Act 1998 is designed to protect whistle blowers 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 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, which is available on request.