



## Finance & Malpractice Policy

| Policy Details                             | Date                          |
|--------------------------------------------|-------------------------------|
| Policy Adopted by Full Board of Trustees   | 21 March 2012                 |
| Reviewed – Finance/Audit Committee         | 30 <sup>th</sup> January 2019 |
| Approved by Full Board of Trustees         | 6 <sup>th</sup> March 2019    |
| Reviewed – Finance/Audit Committee         | 11 <sup>th</sup> March 2020   |
| Approved by Full Board of Trustees         | Spring 20                     |
| Reviewed – Finance/Audit Committee         | Spring 21                     |
| Approved by Full Board of Trustees         | Spring 21                     |
| Reviewed – Finance Audit & Risk Committee  | Summer 22                     |
| Approved by Board of Trustees              | Summer 22                     |
| Reviewed by Finance Audit & Risk Committee | Spring 23                     |
| Approved by Full Board of Trustees         | Summer 23                     |
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## **FINANCE POLICY INDEX**

### Introduction

1. Organisation
2. Financial Planning & the Annual Budget
3. Budget Management
4. Accounting System
5. Monitoring of Payroll
6. Purchasing
7. Authorisation Limits
8. Value for Money
9. Forms of Tender
10. Cash Purchases
11. Income & Banking Arrangements
12. Bank Accounts
13. Tangible Fixed Assets & Depreciation
14. Keys' Inventory
15. Computer Systems
16. Reporting
17. Insurance

Appendix 1 Scheme of Delegation

Appendix 2 Financial Malpractice Policy

Appendix 3 Public Procurement 02/20

# Introduction

The purpose of this policy is to ensure that the Academy maintains and develops systems of financial control, which conform with the requirements of both propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Funding Agreement and the key standards within the Department for Education's Academies Financial Handbook

## 1 Organisation

### The Board of Trustees

The Trustees will manage their affairs in accordance with the high standards as detailed in "Guidance on Codes of Practice for Board Members of Public Bodies" and in line with the seven principles of public life:

#### **Selflessness**

Holders of public office should take decisions solely in terms of the public interest.

#### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

#### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

#### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

#### **Openness**

Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

#### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

#### **Leadership**

Holders of Public Office should promote and support these principles by leadership and example.

### 1.1 Managing the Academy Finances

The Board of Trustees has overall responsibility for administration of the Academy's finances. The main responsibilities of the Board of Trustees are prescribed in the Funding Agreement between the Academy and the DfE. The main responsibilities include:

- Ensure the grant from the DfE is used for the purposes intended
- Ensure that funds from sponsors are received according the Funding Agreement, and are used for the purposes intended

- Approval of the annual budget
- Appointment of the Headteacher
- Appointment of the Finance Director, in conjunction with the Headteacher

## **1.2 The Finance Audit & Risk Committee**

The Finance Committee is combined with the Audit & Risk Committee and is a sub-committee of the Board of Trustees. They meet at least once a term but more frequent meetings can be arranged as necessary.

The Finance Committee has delegated authority to deal with financial matters and the Audit & Risk Committee considers the risks to internal financial controls and agrees a programme of work that addresses these risks. A Pay sub-Committee is formed annually from the Staffing Committee to deal with the Headteacher's Performance Management.

### **The main responsibilities of the Finance Committee include:**

- Initial review and authorisation of the annual budget
- Regular monitoring of actual expenditure and income against budget
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies
- Authorising the award of contracts over £5,000
- Authorising changes to the personnel establishment
- Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must be reported to the Audit & Risk Committee
- Ensure a Scheme of Delegation is in place
- Ensure assets are managed
- Ensure accurate accounting records are maintained

## **1.3 The Headteacher**

The Headteacher has overall executive responsibility for the Academy. The Headteacher retains responsibilities for:

- Approving new staff appointments within the authorised establishment.
- Authorising contracts between £1,000 and £4,999 in conjunction with the Finance Director
- Signing cheques in conjunction with the Finance Director or other authorised signatory.
- Proposing a planning cycle and timetable for the School Improvement Plan

The funding agreement identified the Headteacher as the Accounting Officer who is personally responsible to the Board of Trustees for:

- Ensuring regularity and propriety
- Prudent and economic administration
- Avoidance of waste and extravagance
- Efficient and effective use of available resources; and
- The day to day organisation, staffing and management of the academy

The Accounting Officer has the duty to take action if the Board of Trustees or Chairman is contemplating a course of action, which he or she considers an infringement of propriety or regularity. Objections should be put in writing to the Board of Trustees and details sent to the Permanent Secretary and the academy's external auditors.

The Accounting Officer may delegate, or appoint others to assist in these responsibilities.

## 1.4 The Finance Director

The Finance Director works in close collaboration with the Headteacher through whom he or she is responsible to the Trustees. The Finance Director also has direct access to the trustees via the Finance Committee.

### **The main responsibilities of the Finance Director are:**

- The day to day management of financial issues including the establishment and operation of a suitable accounting system
- The management of the academy's financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees
- The maintenance of effective systems of internal control
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy
- The preparation of monthly management accounts
- Authorising orders below £5,000 in conjunction with any delegated budget holders
- Signing cheques in conjunction with the Headteacher or other authorised signatory
- Ensuring forms and returns are sent to the DfE in line with their reporting deadlines

## 1.5 The Responsible Officer

The Responsible Officer (RO) should not be a member of the Finance Committee and will have the appropriate experience necessary to perform the role.

The Responsible Officer is intended to provide an independent oversight of the Academy's financial affairs. The main duties of the RO are to provide the Board of Trustees within on-going independent assurance that:

- The financial responsibilities of the Board of Trustees are being properly discharged;
- Resources are being managed in an efficient; economic and effective manner;
- Sound systems of internal financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

A programme of checks will be agreed with the Board of Trustees and the RO will carry out financial reviews in order to provide the Board of Trustees and indirectly the Department for Education with the required assurance. These reviews will be undertaken at least twice a year.

The RO will undertake the checks and balances in line with the recommendations shown in Annex 2b of the Finance Handbook.

General areas for review will cover the following:

- Review that bank reconciliations have been carried out each month
- Review of monthly payroll to ensure that any changes have been appropriately authorised and agreed
- Check sample orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised
- Check of sample payments back to invoices, orders and delivery notes to confirm they are bona fide purchases
- Review a sample of expense claims to ensure the appropriate documentation to support the claim and that the claim is appropriately authorised
- Review returns to Department for Education to ensure the information supplied is consistent with the underlying records and internal management reports
- Carry out check on petty cash vouchers and ensure appropriate authorisation & documentation exists
- Review all major contracts and ensure formal tender procedures exist and are being followed
-

The Responsible Officer will submit a written report of the findings to the Audit Review Committee at their subsequent meeting.

### **1.6 Other Staff**

All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and conformity with the requirements of the Academy's financial procedures.

### **1.7 Register of Interests**

It is vital that Trustees and staff act, and are seen to act, impartially. All members of the Board of Trustees are therefore required to complete a declaration of business interests. The principal and other senior staff are also required to complete declaration.

Declarations should include all business and pecuniary (monetary) interests such as directorships, shareholdings and other appointments of influence within a business or other organisation. They should also include interests of related persons such as a parent, spouse, child, cohabitee and business partner where that person could exert influence over a governor or member of staff.

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

## **2 Financial Planning & the Annual Budget**

Financial planning is an essential part of good financial management and provides a clear view of how the Academy intends to use its resources. The School Improvement Plan should cover, in outline, the school's educational priorities and budget plans for at least the next three years, showing how the use of resources is linked to the achievement of the Academy's goals.

The Finance Director is responsible for the preparation of the three-year plan and the obtaining of approval of the annual budget.

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

The annual budget will reflect the best use of resources available to the Academy for the forthcoming year and will detail how those resources will be utilised, in line with the School Improvement Plan.

The budget planning process will incorporate the following elements:-

- Forecasts of likely pupil numbers to estimate the amount of DfE grant receivable
- Review of other income sources and allocation of overheads
- Historical review of past performance against budgets
- Identification of potential efficiency savings
- Annual review of expenditure headings to reflect known changes

The draft budget should be presented to the Headteacher, the Finance Committee and full Board of Trustees together with a supporting report for approval. Once the draft budget is agreed this should be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.

The budget should be seen as a working document which may need revising throughout the year as circumstances change.

## **2.1 School Improvement Plan**

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

The form and content of the Development Plan are matters for the Academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

Each year the Headteacher will propose a planning cycle and timetable to the Board of Trustees which allows for:

- A review of past activities, aims and objectives
- Definition or redefinition of aims and objectives
- Development of the plan and associated budgets
- Implementation, monitoring and review of the plan
- Feedback into the next planning cycle

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 Headteacher. The plan should include detailed objectives for the coming academic year. It should include, where applicable, estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

## **3. Budget Management**

The Finance Committee will receive termly budget monitoring reports from the Finance Director on current spend against budget and forecast outturn expenditure. Recommendations will be suggested regarding appropriate action to be taken to correct any significant over or under spending and plans formulated for consideration at Finance Committee.

The Headteacher may delegate elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the Academy as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to the Headteacher who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed.

Any potential overspends against the budget must in the first instance be discussed with the Finance Director. The accounting system will not permit payments to be made against an overspend budget without the approval of the Finance Director.

Virements of up to £5,000 between costs centres should be authorised by the Headteacher and over £5,000 by the Finance Committee. The Finance Director to report all Budget Adjustments of virements to the Finance Committee.

The Finance Committee will continually monitor the quality of the financial Information presented to the Committee to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.

## 4 Accounting System

All financial transactions must be recorded on the Sims FMS Financial system. Access rights within FMS (the Academy's accounting package) are defined for each user with a unique ID and password.

- All financial transactions relating to the Academy's budget must be recorded using FMS. There must be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records must be stored for 7 years in accordance with the Companies Act.
- Only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use.
- Authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified.
- All records should be protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention.
- The finance system must be protected by robust back up procedures.

### Transaction Processing

- All journal transfers will require signed authorisation by the Finance Director
- Bank Transactions should be input by the Finance Administrator, checked, and signed by the Finance Director
- The Finance Director will obtain and Review System Reports to ensure only regular transactions are posted to the accounting system.
- The Finance Director will ensure monthly reconciliations in respect of the Sales, purchase, payroll, suspense and bank balance (per the nominal ledger to the bank statement)

## 5 Monitoring of Payroll

The Board of Trustees will approve a personnel establishment for the Academy. Changes can only be made to this establishment with the approval, in the first instance, of the Finance Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has the authority to appoint staff within the authorised establishment except for Deputy Headteacher and the Finance Director whose appointments must follow consultation with the Trustees. The Headteacher will maintain personnel files for all members of staff, which include contracts of employment.

All Payroll transactions relating to Academy staff, permanent or casual, will be processed through the Torbay Payroll & Pensions Services. Payments for employment will not be made to staff or visiting lecturers through any other mechanism.

Salary payments, supply and additional claims will be authorised by the Finance Director and the Headteacher (or in his/her absence, the Deputy Headteacher).

All personnel files shall be stored in a lockable cabinet. Only the Headteacher, Finance Director and Finance Administrator will have access to staff files but individuals can request to see their own files in line with data protection policies.

The Finance Director is responsible for keeping the staff personnel database up-to-date via SIMS Personnel recording system.

### 5.1 Monitoring of the salaries budgets



The Finance Director will undertake a monthly reconciliation between the downloaded payroll information from Torbay Payroll & Pensions Service and the SIMS FMS payroll calculations for gross salary, National Insurance and Pension Scheme.

Staffing budgets will be monitored monthly by the Finance Director and any significant variances reported to the Finance Committee.

## 6 Purchasing

The Academy will aim to achieve best value for money for all its purchases ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable. The Headteacher is responsible for ensuring procedures are in place for testing the market, placing of orders and paying for goods and services by following the general principles of:

- Probity – an approach to all interested parties in the disclosure of information that lends itself to necessary scrutiny.
- Accountability – the process whereby individuals are responsible for their actions and decisions.
- Fairness – that all those dealt with by the Academy are dealt with on a fair and equitable basis.

### Separation of Duties

In order to reduce the risk of error or intentional manipulation, the Finance Director will ensure the clear separation of duties within the finance team, which would, if combined, enable one individual to record and process a complete transaction. Wherever possible duties will be separated in accordance with the following criteria:

- authorisation – of a transaction such as a purchase order or payment
- execution – the placing of an order, receiving of goods and services
- custody – the holding of goods and services
- recording – the completion of accounting records

| Separation of Duties               |                                             |
|------------------------------------|---------------------------------------------|
| Orders raised                      | Budget Holder                               |
| Orders processed                   | Administrator                               |
| Orders authorised                  | Headteacher or Finance Director (to £5,000) |
| Goods & services checked in        | Admin Team                                  |
| Payments processed or returns made | Administrator                               |
| Payments authorised                | Headteacher & Finance Director              |

### 6.1 Orders for Goods and services

Budget holders will be informed of the budgets, early in the financial year. Orders are to be placed using requisition forms signed by the Budget holder. Orders will be raised using the financial system except, utilities, rates petty cash catering, supply teachers, reactive works and renewals. Where the value of an order is over £4,000 the requisition must be accompanied by the appropriate number of quotes.

Official orders are to be authorised by the Headteacher, Deputy Headteacher (in HT absence) and Finance Director (to value of £5,000).

## 6.2 Payment of Accounts

Invoices will be paid when the Admin Team has shown approval that goods or services have been received and are of the quality expected any discrepancies must be notified to the Finance Administrator for appropriate action to be taken.

The Finance Administrator will ensure that cheques are sent out with the required number of signatures and that all controlled stationery is stored in a locked cupboard.

All cheques and cash are to be stored in the safe and the keys held by designated staff.

## 7 Authorisation limits

The Headteacher has the delegated authority to proceed with projects up to £5,000 (subject to the rules concerning quotes and tenders below)

- **A project estimated at over £5,000 and not more than £25,000** may proceed without referral to Trustees in that price range as part of the School Improvement Plan. If not previously approved, the project will be referred to the Finance Committee. The approval to proceed, together with any conditions, will be recorded in the Minutes.
- **A project over £25,000 will be subject to the following rules:**  
Whether or not it has been included in the School Improvement Plan the planned project will always be referred to Finance Committee for consideration in light of the budgetary situation at the time.

## 8. Value for Money

In accordance with the Schemes for Financing Primary, Secondary & Special Schools section 4.7.10 for quotes and tenders, the following limits will apply unless *the purchase forms part of an existing contract, for example a Torbay Development Agency call-off contract, where value for money procedures will already have been completed (ref. Schools Audit Bulletin, Autumn 1998).*

### Goods/Works/Services

- £0 to £4,000 - Headteacher or authorised deputies to arrange directly. No formal written competitive quotations are necessary, but due regard shall be made to the desirability of securing best value by verbal enquiry and written confirmation, where appropriate. File notes to be kept to indicate action taken, where relevant.
- £4,001 to £10,000 – ONE quotation (fax/e-mail/written) should be obtained and documentation held on file. Such expenditure to be reported to either the Governing Body or Finance Committee. Good practice to seek most favourable prices and terms by obtaining more than one quotation.
- £10,001 to £50,000 – Offer the opportunity to at least THREE economic operators via formal written quotations. Documentation must be held on file. Expenditure to be authorised by the Board of Trustees or Finance Committee.
- £50,000 to EU Spend Threshold - Advertised invitation to tender. The formal tendering process can be delegated to Property Services, Torbay Development Agency. Documentation must be held on file. Expenditure to be authorised by the Board of Trustees or Finance Committee.

- EU Spend Threshold and Above – Advertised invitation to tender. Procurement process to be run in accordance with the Public Contract Regulations 2015. Documentation must be held on file. Expenditure to be authorised by Board of Trustees or Finance Committee.

The Board of Trustees to obtain a minimum of FIVE written tenders. Tenders may be obtained via public advertisement, invitation to tender from a standing list where such a list is maintained, or from named persons. Where price is expected to exceed EU thresholds, EU tendering rules would apply including appropriate advertisement in the Official Journal of the European Union (OJEU).

Where major works are commissioned with a value in excess of £50,000 the written tenders will be sought and procedures for advertising submission, receipt and opening and recording of tenders as below. In instances where the lowest quotation is not accepted and expenditure does not exceed £10,000 this should be reported to the finance committee and the reasons for the decision recorded in the minutes of the meeting.

Where the lowest quotation or tender is not accepted for purchases above £10,000 the approval of the Finance Committee, through the Chair must be sought.

The Finance Committee will undertake a value for money audit annually that covers pre-determined budgets that usually represent significant spending through any School Improvement Plan Priorities.

## 9. Forms of Tender

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

### 9.1 Open Tender:

This is where potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Director how best to advertise for suppliers. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

### 9.2 Restricted Tenders:

This is where suppliers are specifically invited to tender and are appropriate where:

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

### 9.3 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 existing supplier are justified

- Suppliers are already approved as part of the Torbay Development Agency Repairs & Maintenance Contract which the Academy buys into.

## **9.4 Preparing for Tender**

Full consideration should be given to:

- Object of project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract

It will be necessary to rank all the requirements and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

## **9.5 Invitation to Tender**

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

**An invitation to tender should include the following:**

- Introduction/background
- Scope and objectives of the project
- Technical requirements
- Implementation of the project
- Terms and conditions of the tender
- Form of response

## **9.6 Aspects to consider**

### **Financial**

- Comparison of like with like cost
- Hidden costs
- Scope for negotiation

### **Technical**

- Qualifications of contractor
- Experience
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references

### **Other considerations**

- Pre sales demonstrations
- After sales service
- Financial status of supplier

The standardised Tender templates should be used when inviting tenders and can be obtained from the Finance Office.

## **9.7 Tender Acceptance and Opening 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.

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

- For contracts up to £50,000 (if using the Tender process) the Headteacher and the Finance Director
- For contracts over £50,000 either the Headteacher or the Finance Director plus a member of the Finance Committee

## **9.8 Tendering Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, which may influence their objectivity.

Those involved must take care not to accept gifts or hospitality from potential suppliers.

Full records should be kept of all criteria used for evaluation and for contracts over £50,000; a report should be prepared to the Finance Committee.

Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be one that is economically most advantageous. All parties should then be informed of the decision. If other than the lowest tender is accepted, the reasons should be documented and reported to the Finance Committee.

## **10. Cash Purchases**

### **10.1 Small items of Expenditure**

The Academy maintains maximum cash balance of £400. The cash is administered by the Finance Administrator and is kept in the office safe.

Budget holders may authorise the use of Petty Cash for items of expenditure up to £50. Higher value payments should be made by cheque directly from the main bank account as a cash book payment. However, cash payments will be allowed over £50 with authorisation of the Headteacher or Finance Director. Payments of petty cash will not be made without receipts and a signature on the Petty Cash Record sheet. The Petty Cash system is not for benefit of staff to cash personal cheques. The Headteacher may authorise an increase in this limit to £200 in special circumstances. The following supplies may be obtained without special circumstances.

Up to £100 may be issued to be used for the purchase of items during School Activities Week.

Up to £100 may be used to purchase stamps on a single occasion.

Up to £100 may be made available to the Premises department for 'over the counter' purchases of goods and materials for repairs and improvements.

VAT receipts will be obtained for purchases where appropriate.

#### **Petty Cash Float**

The Headteacher or Deputy Headteacher will arrange a spot check to verify the petty cash float at least once a term.

## **11. Income and Banking arrangements**

The main source of income for the academy are the grants from the DfE. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants due to the academy are collected.

### **11.1 Trips**

A lead teacher must be appointed for each trip to take responsibility for budgeting for the trip.

The Admin Staff will set up a payment schedule on Schoolcomms system for parents to pay on-line where possible. Where parents are unable to pay through this on-line system, cash will be recorded manually on the Schoolcomms system and an electronic receipt is generated for the parent.

Residential trips are set up in the same way but allow for parents to pay in instalments.

### **12.2 Lettings**

The policy for lettings of premises is contained in a separate document. The Policy and charges will be reviewed annually and approved by the Finance Committee.

The Finance Team are responsible for maintaining records of bookings facilities and for identifying the sums due for each organisation. Payments must be made in advance for these facilities.

The Finance Team will be responsible for chasing outstanding debts, no debts will be written off without the express approval of the Board of Trustees. (the DfE prior approval is also required if the debt to be written off is above the value detailed in the funding agreement).

### **11.3 Custody**

Official, pre numbered receipts will be issued for all cash and cheques received where no formal documentation exists, and cannot be receipted through the on-line system. All cash and cheques must be held in the Finance Office safe prior to banking.

As the Academy encourage payments through the on-line system very little cash is kept in the safe, there banking will take place as necessary.

The finance assistant is responsible for preparing reconciliations between sums collected, the sums deposited at the bank and the sums posted to the accounting system. Reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Finance Director.

### **11.4 Debtors**

Debts under £100 may be written off by the Headteacher

No other debts should be written off without the approval of the Board of Trustees (The DfE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

The following debt recovery policy will be applied:

- If payment has not been received 30 days after invoice a reminder will be sent asking for payment within 7 days with a threat of further (unspecified) action to recover the debt.
- If payment is not forthcoming, a further reminder will be sent. If the debt is over £100, a threat will be issued to put the matter into the hands of the nominated Solicitor if payment is not received within the next 7 days.
- If payment is still not forthcoming, for debts over £100, the nominated Solicitor will be asked to pursue the debt and the debtor will be notified accordingly.
- Debts of £100 and less will be pursued without reference to the nominated Solicitor and will be reported on at Finance Committee meetings where Trustees will decide on action to be taken.
- The current aged debtors report together with details of any debts written off (under £100) and solicitor's letters sent will be provided for each Finance Committee meeting.

## **12. Bank Accounts**

The opening of all bank accounts must be authorised by the Board of Trustees who must set out in the Scheme of Delegation the signatory arrangements covering the operation of accounts.

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.

### **12.1 Deposits**

Particulars of any deposit must be entered in a paying in slip and should include:

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

### **12.2 Payments and withdrawals**

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

- \* The Headteacher
- \* Finance Director
- \* Deputy Headteacher
- \* Assistant Headteacher

This provision applies to all accounts, public or private, operated by or on behalf of the Board of Trustees of the academy.

### **12.3 Bank Reconciliations**

The Finance Director must ensure bank statements are received regularly and that the bank account is reconciled to the academy's cash book and are performed at least on a monthly basis. Any adjustments arising should be dealt with promptly. Reconciliations will be prepared by the Finance Director and reviewed by the Headteacher.

## **12.4 Cash Flow Forecasts**

The Finance Director is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to cover day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

## **12.5 Investments**

Investments must be made only in accordance with written procedures within the Investment policy, approved by the Board of Trustees.

# **13. Tangible Fixed Assets and Depreciation**

All assets costing more than £1000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property - 2% straight line

Fixtures and fittings - 15% straight line

Computer equipment - 20% straight line

All items purchased with a value of over £1000 (capitalisation limit) must be entered in an asset register. The asset register should include the following information:

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Source of funding
- Expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset

The asset register helps to ensure that staff take responsibility for the safe custody of assets, acts as a deterrent for theft, manages effective utilisation of assets and helps to plan for their replacement. It also helps the external auditors to draw conclusions on the annual accounts and the academy's financial system and finally to support insurance claims in the event of fire, theft, vandalism or other disasters.

## **13.1 Security of Assets**



All items in the register should be permanently and visibly marked as the Academy's property and there should be a regular annual count. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, if significant, reported to the Board of Trustees.

Inventories should be kept up to date and reviewed annually.

### **13.2 Disposals**

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Finance Director and where significant should be sold through competitive tender. The Academy must seek approval in writing from the DfE if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.

Disposal of equipment to staff is discouraged, as it is difficult to evidence the Academy obtained value for money. 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.

### **13.3 Loans of Assets**

Items belonging to the Academy must not be removed from the academy without the authority from the Headteacher. A record of the loan must be kept.

## **14 Keys Inventory**

The Key inventory is the responsibility of the Site Manager to maintain and will be kept up to date at all times. It is the responsibility of staff to report all lost and stolen keys to enable new security measures to be put in place and for the inventory to be updated.

## **15 Computer Systems**

Systems should be in place to protect key computer data and control features will include:

- Back-up Procedures
- Passwords
- Disaster recovery plans

## **16 Reporting**

### **16.1 The Budget**

The Academy is required to submit a copy of its annual budget to the DfE. This will be in the format of an income and expenditure statement on an accrual basis.

The Finance Director must ensure that the completed final budget summary is supplied to the DfE (EFA) within 6 weeks of receipt of the EFA final funding letter, summarising the planned income and expenditure for the forthcoming year running from 1<sup>st</sup> September to 31<sup>st</sup> August.

### **16.2 Budget Monitoring**

The Academy will submit budget-monitoring returns to the DfE, as required.

### 16.3 Annual Accounts

As a Charitable company the Academy must comply with company law as set out in the Companies Act 1985 (and subsequent acts). This includes a requirement to prepare a Trustees' report and financial statement ('annual accounts') and to arrange for these to be independently audited by a registered auditor. Financial Statements should be prepared to **31st August each year**. They should include:

- incoming resources from all sources receivable in the period
- resources expended on all activities within the period
- all assets and liabilities of the Academy at the balance sheet date
- all cash received and expended within the period
- notes to the accounts

A de minimis of £1000 has been set for accruals for the End of Year Accounts

The audited annual accounts must be submitted to the Education Funding Agency (EFA) by **31<sup>st</sup> December**. A copy of the audited final accounts must also be sent to Companies House.

## 17. Insurance

The Board of Trustees must ensure the Academy has adequate insurance cover to support its activities and to comply with statutory requirements. The DfE recommend that insurance quotations are sought through the Crescent Purchasing Consortium. Suggested levels of excess are indicated in the Academies Financial Handbook.

Appendix 1  
**St Margaret's Academy Scheme of  
Delegation - Managing Money**

**Authorising spending on any one order for goods and services.** Beyond these levels the approval from the Finance Committee or Board of Trustees will be required

| <b>Position</b>    | <b>Name</b>  | <b>Limit/Restriction</b>                 |
|--------------------|--------------|------------------------------------------|
| Headteacher        | Tim Hughes   | £5,000 (£25,000 for planned expenditure) |
| Deputy Headteacher | Sara Pike    | £5,000 in HT's absence                   |
| Finance Director   | Karen Colmer | £5,000 with Budget Holders               |

**Lloyds Bank Chargecard Holders & Expenditure Limits**

| <b>Position</b>    | <b>Name</b>  | <b>Limit/Restriction</b> |
|--------------------|--------------|--------------------------|
| Headteacher        | Tim Hughes   | £2000 per calendar month |
| Deputy Headteacher | Sara Pike    | £2000 per calendar month |
| Finance Director   | Karen Colmer | £2000 per calendar month |

**Input of data onto school's computerised finance package**

| <b>Position</b>       | <b>Name</b>  | <b>Limit/Restriction</b> |
|-----------------------|--------------|--------------------------|
| Finance Director      | Karen Colmer | N/A                      |
| Finance Administrator | Bridget Duff | N/A                      |

**Authorising Certificate of Travel / Subsistence Claims**

| <b>Position</b>    | <b>Name</b>  | <b>Limit/Restriction</b> |
|--------------------|--------------|--------------------------|
| Finance Director   | Karen Colmer | £300 per calendar month  |
| Headteacher        | Tim Hughes   | Over the above amount    |
| Deputy Headteacher | Sara Pike    | £300 per calendar month  |

**Authorisation to certify payroll input documents**

| <b>Position</b>    | <b>Name</b>  | <b>Limit/Restriction</b>     |
|--------------------|--------------|------------------------------|
| Headteacher        | Tim Hughes   | N/A                          |
| Finance Director   | Karen Colmer | Finance & Support staff only |
| Deputy Headteacher | Sara Pike    | In absence of Headteacher    |

**Authorisation to write-off bad debts**

| <b>Position</b>       | <b>Name</b> | <b>Limit/ Restriction</b>  |
|-----------------------|-------------|----------------------------|
| Headteacher           | Tim Hughes  | £100                       |
| Finance Committee/FBT |             | Over £100                  |
| Secretary of State    |             | Detailed in funding letter |

**Completion of VAT returns**

| <b>Position</b>       | <b>Name</b>  | <b>Limit/ Restriction</b> |
|-----------------------|--------------|---------------------------|
| Finance Administrator | Bridget Duff | N/A                       |

**Authorisation of VAT returns**

| Position         | Name         | Limit/ Restriction |
|------------------|--------------|--------------------|
| Finance Director | Karen Colmer | N/A                |

#### Authorisation to make virements between cost centres

| Position          | Name       | Limit/ Restriction |
|-------------------|------------|--------------------|
| Headteacher       | Tim Hughes | £5,000             |
| Finance Committee |            | Over £5,000        |

#### Administration of Petty Cash

| Position             | Name             | Limit/ Restriction |
|----------------------|------------------|--------------------|
| Senior Administrator | Bridget Duff     | £200               |
| Administrator        | Laura Mallandine | £50                |

#### Authorisation of petty cash/expenses vouchers

| Position         | Name         | Limit/ Restriction |
|------------------|--------------|--------------------|
| Headteacher      | Tim Hughes   | £200               |
| Finance Director | Karen Colmer | £200               |
| Budget holders   |              | £50                |

### Contracts and Tendering

#### Authorised person to enter into contracts over £5,000 (but under £25,000) and included within the School Improvement Plan

| Position    | Name       | Limit/ Restriction |
|-------------|------------|--------------------|
| Headteacher | Tim Hughes | As above           |

#### Authorised signatory of contracts over £25,000

| Position           | Name       | Limit/ Restriction                                                                |
|--------------------|------------|-----------------------------------------------------------------------------------|
| Headteacher        | Tim Hughes | Unlimited (subject to approval by the Finance Committee & Full Board of Trustees) |
| Deputy Headteacher | Sara Pike  | As above                                                                          |

### CAPITAL PROJECTS

#### All projects over £50,000 in respect of school budget share

| Position           | Name       | Limit/ Restriction                                                                |
|--------------------|------------|-----------------------------------------------------------------------------------|
| Headteacher        | Tim Hughes | Unlimited (subject to approval by the Finance Committee & Full Board of Trustees) |
| Deputy Headteacher | Sara Pike  | As above                                                                          |

**NB. One off approval for an agreed limit without requiring individual approval can be sought at the beginning of the financial year. Disposals**

| Position          | Name         | Limit/Restriction  |
|-------------------|--------------|--------------------|
| Finance Director  | Karen Colmer | Items under £1,000 |
| Finance Committee |              | Items over £1,000  |
|                   |              |                    |

### **Financial Malpractice Policy**

This policy on financial malpractice provides a procedure that allows for the confidential raising of concerns regarding the financial management and procedures at St Margaret's Academy. It allows people who have a worry or suspicion to take it to the right people and have confidence that their concerns will be considered appropriately.

We are acutely conscious of the responsibilities carried by all those involved in the management and administration of any funds or assets belonging to the school and our finance policy specifically details how these roles and responsibilities should be undertaken. This provides security for the school and the individuals concerned and is rigorously adhered to. St Margaret's Academy has the highest expectations of the professional conduct of all staff and is also committed to tackling fraud and other forms of malpractice should it occur. The term malpractice would likely include inappropriate use of delegated budget, tampering with tender documents to advantage a particular party, manipulation of accounting records and finances, decision making for personal gain, inappropriate use of school assets, deceit or abuse of position.

Should anyone have any concerns that such malpractice might exist they should follow this procedure.

1. Raise your concern with the Chair of Trustees who has no role in the financial management and administration except for the membership of the Finance Committee. This should be in writing and marked personal and confidential.
2. Full support will be given to those who raise concerns in respect of their confidentiality and, if necessary, there will be protection from reprisals. All concerns raised will be taken seriously and victimising employees or the public or deterring them from raising concerns is unacceptable and may constitute a serious disciplinary offence.
3. The raising of concerns should be considered internally in the first instance to allow those people in positions of responsibility to right the wrong.
4. The Chair of Trustees will undertake this task in consultation with the Headteacher as long as they are not the subjects of the allegation.
5. If concerns still exist the Chair of Trustees will assign a Governor, who does not serve on the Finance Committee, to lead an investigation in tandem with an external audit.
6. The Chair of Trustees should inform the individual raising concerns of the results of the investigation stating what actions are to be taken. If the individual is not satisfied with the response and proposed action or is unhappy with the conduct of the investigation or alternatively prefers anonymity from the school and Board of Trustees, they can contact the Academy's Financial Monitoring Officer at the EFA who represents the regulatory body so that concerns can be raised externally.
7. For an Academy, the EFA is the regulator in this context and have procedures to ensure that appropriate individuals in their organisation are alerted to the situation to progress the case. Alternatively it may be more appropriate for them to discuss the matter with the police.

8. False or malicious allegations may result in disciplinary proceedings being taken against the claimant.

This policy is made available to all staff. Any external parties expressing concern will be handed a copy of the policy in the event that they have legitimate concerns or complaints. All staff and external parties will be aware that there is an external route for raising the matter outside the management structure of the school through the policy.

Finance Committee

## Appendix 3

### 2.1.1 Public Procurement Note 02/20

- in March 2020, the Cabinet Office published the 'Procurement Policy Note 02/20 – Supplier relief due to COVID-19'. This confirmed that contracting authorities would act to support critical suppliers 'at risk' due to coronavirus (COVID-19) on a continuity and retention basis so they are better able to cope with current challenges and to resume normal service delivery and fulfil their contractual obligations when the outbreak is over
- it covers procurements carried out under the Public Contract Regulations 2015, Defence and Security Public Contracts Regulations 2011, the Utilities Contracts Regulations 2016 and the Concession Contracts Regulations 2016
- contracting authorities will need to ensure that spending is regular, proper and value for money and conduct appropriate and proportionate due diligence is carried out to ensure any relief is necessary for the continuity of supply of a critical service
- [read more about the Cabinet Office PPN 02/20 guidance](#)

The guidance below is intended to offer a view of the likely suitability of each of the schemes above, based on provider type. For further guidance on eligibility criteria of the above support packages, please refer to their respective guidance page as linked above.