



Kepier
Believe in you

Financial Handbook

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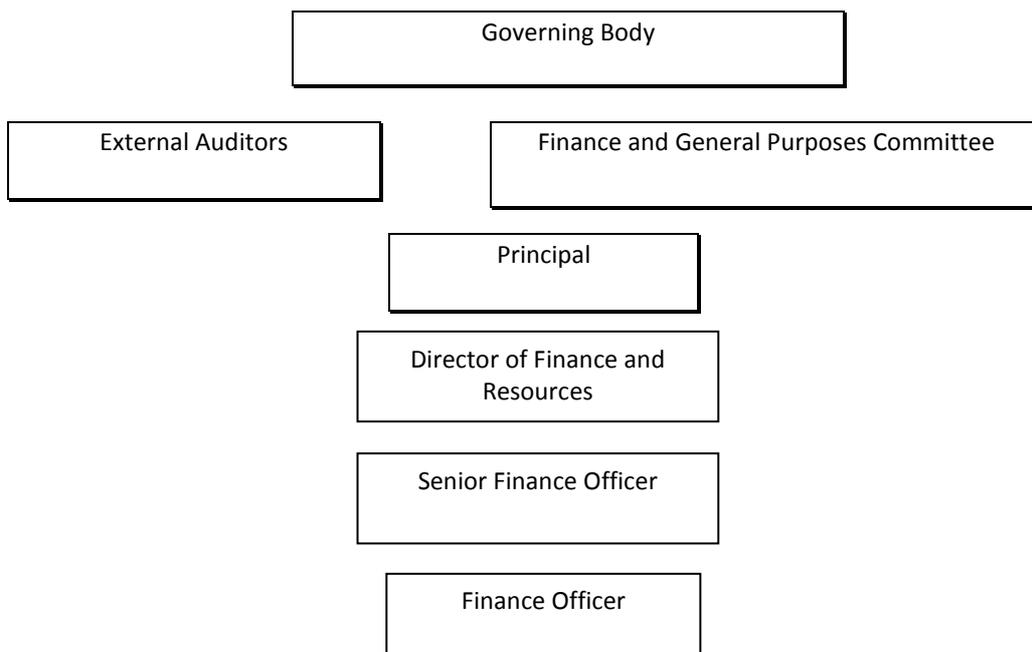
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1. Introduction

- 101 The purpose of this handbook is to ensure that the Academy establishes and maintains effective systems of financial management, control and reporting. It is a key document for all staff with budgetary, income or expenditure responsibilities. This handbook complies with the requirements of the EFA and DFE as set out in the Academies Financial Handbook published by the EFA in October 2013 and supplements the contents of that document.
- 102 This handbook provides information about the Academy's financial and accounting procedures as well as governance and should be read by all budget holders and staff working with the financial systems. Detailed operational procedures will sit alongside this handbook.
- 103 Training sessions are available on request 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 All queries should be referred to the Academy Director of Finance and Resources.

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 Trust, Academy staff, community members and parents. The Governing Body must meet at least four times per annum. No business can be conducted unless a quorum of 50% of appointed members are present.
- 203 The GB's responsibilities cover the full range of the Academy's activities. The GB may delegate some of its financial responsibilities to the Finance and General Purposes Committee, which is a sub-committee of the GB.
- 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.

Finance and General Purposes Committee

- 206 The Finance and General Purposes Committee is a committee of the GB. It meets at least termly. No business can be conducted unless a quorum of three members with full voting rights is present.
- 207 The main responsibilities of this committee are detailed in written terms of reference from the GB. These include:
- Initial review and recommendation of the annual budget to the full governing body;
 - Approval of the financial statements for filing in accordance with Companies Act and Charity Commission requirements;
 - Ensuring compliance with the Funding Agreement and all relevant financial regulations;
 - Overseeing capital investment and premises improvement programmes;
 - Regular monitoring of actual expenditure and income against budget;
 - Authorising the purchases of goods and services of value in excess of £25,000;
 - Reviewing the reports of the Responsible Officer and external auditors on the effectiveness of the financial procedures and controls;
 - Reviewing the effectiveness of financial and other control systems;
 - Monitoring the implementation of audit recommendations;
 - Reviewing the risk management procedures and risk register;
 - Authorising the disposal of fixed assets with a value of greater than £5,000;
 - Authorising all virements to and within budget headings over £25,000;
 - Establishing, monitoring and reviewing all policies on behalf of the GB;
 - Ensuring the EFA Academies Financial Handbook is adhered to.

Responsible Officer

- 208 The Responsible Officer (RO) is appointed by the GB to provide it with an independent oversight of the Academy's financial affairs. The main duties of the RO are 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.
- 209 The RO will 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 General Purposes Committee and, where appropriate, to the GB. The presumption is that the Academy will implement any recommendations made by the RO unless it can demonstrate that to do so would not be appropriate. The Director of Finance and Resources will be given an opportunity to see and challenge the report before it is given to the Finance and General Purposes Committee.
- 210 The RO inspections are carried out by the external auditors who report their findings to the Finance and General Purposes Committee.

The Principal

- 211 The Principal has overall executive responsibility for the Academy's activities within the framework of the agreed annual and longer term plans. The Principal is deemed to be the Accounting Officer for reporting purposes. The Accounting Officer must take personal responsibility (which must not be delegated) for assuring the GB that there is compliance with the Academies Financial Handbook, the Funding Agreement and all aspects of company and charitable law.
- 212 As Accounting Officer, the Principal is personally responsible to the GB, and through it to the Secretary of State and Parliament, for:
- Ensuring propriety and regularity:
 - Ensuring prudent and economical administration:
 - Avoiding waste and extravagance:
 - Securing value for money through the efficient, effective and economic use of available resources: and
 - The day to day organisation, staffing and management of the Academy Trust.
- 213 Much of the managerial financial responsibility is delegated to the Director of Finance and Resources, but the Principal retains specific responsibility for:
- Approving new staff appointments within the authorised structure, except for any 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 £25,000 in conjunction with the DFR;
- Signing cheques/authorising electronic payments in conjunction with other authorised signatories;

The Director of Finance and Resources

214 The Director of Finance and Resources (DFR) works closely with the Principal through whom he or she is responsible to the governors. The DFR is deemed to be the Principal Finance Officer and Company Secretary for reporting purposes. The DFR also reports directly to the governors via the Finance and General Purposes Committee. The main responsibilities of the DFR are:

- Day to day management of financial matters including the establishment and operation of suitable accounting and forecasting systems and an asset register;
- Managing of the Academy financial resources at a strategic and operational level within the framework of financial controls determined by the GB;
- Maintaining of effective systems of internal control;
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records;
- Preparing of monthly management accounts and financial reports;
- Authorising the purchases of goods and services of value of up to £25,000;
- Signing cheques/authorising electronic payments in conjunction with other authorised signatories;
- Authorising virements between and within budget headings up to a value of £25,000;
- Authorising the disposal of assets up to a value of £5,000.
- 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

215 The Finance Team consists of the DFR, the Senior Finance Officer and Finance Officer.

Other Staff

216 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

- 217 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.
- 218 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 General Purposes 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 Administration and Governance Manager.
- 219 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.
- 220 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.

Gifts and Hospitality

- 221 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 Principal or DFR should be consulted before any such gifts or hospitality are accepted.
- 222 The Finance team should enter any receipt of gifts/hospitality into the Register of Gifts and Hospitality and this should be maintained by the DFR. Gifts received on behalf of the Academy should be entered on the register.

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 (also known as School Improvement Plan or SIP) 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 (SIP) 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 annual budget is normally prepared and approved in the summer term prior to the start of the new financial year and submitted to the DFE and EFA in line with given timescales.

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 Principal 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 Principal.
- 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 DFR 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 regularly to the Principal. The Principal 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 DFR is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Principal in conjunction with SLT, the Finance and General Purposes 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.

- 310 The approved budget must be submitted to the EFA by whatever timescale and format communicated each year and the DFR 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. While the DFR 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;
 - Levels of academy staffing;
 - 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 approve annual budgets that are realistic and do not show an underlying deficit position. The use of financial reserves in order to balance a budget is permissible however there should not be a long term reliance on this.
- 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 Funding Agreement and Academies Financial Handbook.
- 316 The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Internal Control and Risk Management

- 317 The academy should have procedures in place for recognising, managing and tracking opportunities and risks. A separate Risk Management strategy is in place to this effect. This policy document sets out in detail how Kepier manages its risks. A detailed risk

register is managed by the DFR and reported regularly to the Finance and General Purposes Committee. A Business Continuity Plan is also in place, which is updated annually and approved by the Finance and General Purposes Committee.

- 318 The Finance and General Purposes Committee undertakes the role of an audit committee, which includes ensuring that it reviews the risks to internal financial control at the academy and agreeing a programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors. The programme of work undertaken by the Responsible Officer forms part of this assurance work.

Debt Write-offs

- 319 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.

- 320 Any debt write-off exceeding £1,000 in value will need to be approved by the Finance and General Purposes Committee.

- 321 Any write-off over the sum of £45,000 or 1% of total annual income (whichever is smaller) per single transaction needs the prior approval of the Secretary of State. Reference should be made to the EFA Academies Financial Handbook for more detailed information.

Monitoring and Review

- 322 Termly financial reports will be prepared by the DFR and distributed to the Finance and General Purposes Committee one week prior to the arranged meeting.

- 323 These reports will generally take the following format:

- Income and expenditure, actual against budget, for the year to date, by nominal code;
- A projection of the anticipated end-of-year position (from mid year point onwards);
- 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.

- 326 If a budget overspend is forecast, it may be appropriate to transfer money from another budget or any contingency.

327 Termly reports should be reviewed by the Finance and General Purposes Committee. Where appropriate, corrective measures should be taken to ensure that the authorised budget is not exceeded.

PLASC Returns

328 The Academy has to make returns twice a year to the DFE on pupil censuses, known as PLASCs (Pupil Level Annual School Censuses). These returns will inform the General Annual Grant (GAG) calculation for the following year and so it is vital that the census is as accurate as possible.

4. Accounting System

401 The system currently in use is Corero Resource Financials. 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 changes 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 DFR, in agreement with the Principal, to identify individual budget holders and set limits for their authorisation. It is the responsibility of the Senior Finance Officer 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 £2,000
- Depreciation rates of:
 - i. Furniture and equipment – 4 years straight line
 - ii. Computer equipment – 2 years straight line
 - iii. Freehold Buildings - 50 years straight line
 - iv. Freehold Land - zero depreciation
 - v. Perimeter Fencing - 15 years
 - vi. Roofing works – 10 years

406 The format of accounts complies with the most recent Charities SORP and Companies Act. Financial statements are prepared under the historical cost convention. Income and expenditure is accounted for using the accruals concept.

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 DFR is responsible for controlling the access levels.

Back-up Procedures

- 409 The DFR, together with the Academy's ICT 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 DFR, together with the Academy's ICT 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 DFR before entry into the accounting system. Cash book payments should be entered by the Senior Finance Officer, and the input should be checked (and signed to evidence this check) by the DFR.

Transaction Reports

- 412 The DFR will obtain and review system reports to ensure that only regular transactions are posted to the accounting system.

Reconciliations

- 413 The DFR 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 DFR. Cheques uncashed after six months should be written back, and reissued if appropriate. The DFR 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 has approved a staffing structure for the Academy. Minor changes to this structure can be made by the Principal with the prior approval of the Chair of Governors. Amendments to the structure are reported to the Finance and General Purposes Committee who monitor the financial effects of such changes and ensure a sustainable and affordable staffing structure is in place.

503 The Principal has authority to appoint staff within the approved structure except that for Vice/Assistant Principal, DFR positions and teaching staff 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 DFR.

Payroll Administration

504 All staff members are paid monthly, by the 21st of each month.

505 The Academy payroll is administered by an external supplier.

506 A master record is held by the Academy payroll supplier 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 Personnel Officer on instruction from the Principal or DFR.

508 The Academy must complete a monthly staff return showing all sickness and absence and also appointments and departures and send this to payroll for processing.

- 509 The DFR will provide data to payroll each month in accordance with the regular timetable.
- 510 The following is a summary of the payroll providers role:
- a. The Academy will notify payroll of all payroll changes i.e. starters, leavers, overtime, backpay and salary changes;
 - b. The payroll provider 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. The payroll provider will produce all reports in either PDF or Excel format;
 - d. The payroll provider 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. The payroll provider will prepare and file P45s, P35s, P14s, P60s and provide reports to allow completion of LGPS and TPS returns (including TR17A reports);
 - f. The payroll provider will administer all starter, leaver and amendment forms for the LGPS and TPS.

Payments

- 511 Before payments are made, a print of salary payments by individuals and showing the amount payable in total will be provided by payroll, to be reviewed and authorised by the DFR.
- 512 All salary payments are made by BACS. The payment date is the 21st of each month or before.
- 513 The DFR should carry out regular monthly reviews to ensure that there are no inconsistencies in the payments and that these are reasonable.

Other Considerations

- 514 The payroll provider will provide a monthly payroll journal to be authorised by the DFR and posted to the nominal ledger. The DFR should review the payroll control account each month after posting to ensure that there are no unallocated balances.
- 515 As a minimum, the DFR 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.
- 516 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.
- 517 The DFR will ensure that all payments to individuals are processed through the payroll. Where an individual is self-employed or runs their own company, the DFR 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's policy is to achieve value for money from all purchases. This means purchases need to be in the correct quality, quantity and completed within the appropriate timeframe and at the best price possible. Purchases should follow the general principles of:

- Probity - it must be clear that there is no private gain in the Academy's contractual relationships;
- Accountability - the Academy is accountable for its expenditure and the conduct of its affairs;
- Fairness - that all those dealt with by the Academy are dealt with on a fair and equitable basis.

Routine Purchasing

602 Budget holders will be informed of their budgets at the start of the academic year or before. 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 All orders placed are authorised by the DFR, subject to funds being available.

604 The DFR and the Principal have authority to place orders for items up to £25,000. Spends over £25,000 must be approved by the Finance and General Purposes Committee.

605 The DFR may create approved supplier lists for some types of expenditure. If a relevant approved supplier list exists, budget holders must obtain the DFR's agreement to purchase from alternative suppliers.

606 All requisitions from budget holders must be made in writing using an official requisition form, stocks of which are held in the Finance Office or available electronically on the network. Requisitions must bear the signature of the budget holder and must be forwarded to the Finance 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 and dispatched to the supplier by a member of the Finance Team.

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

- 609 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified.
- 610 All invoices should be sent to the Finance Office. All invoices need to be authorised by the relevant individual before payment procedures are initiated. All invoices will be authorised for payment by the DFR.
- 611 Invoice receipt will be recorded by the Finance Team on the accounting system.
- 612 If a budget holder is pursuing a query with a supplier, the Finance Office must be informed of the query and periodically kept up-to-date with progress.

Orders up to £5,000

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

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

- 614 Where appropriate, at least three written quotations should be obtained for orders between £5,000 and £75,000. 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 DFR or Principal in all cases.

Orders over £75,000

- 615 All goods/services ordered with a value over £75,000, or for a series of contracts which in total exceed £75,000, must be subject to formal tendering procedures.
- 616 Orders or contracts with an anticipated value over the EU threshold may be subject to European Procurement Regulations. In these circumstances the Finance and General Purposes Committee must approve the tender.

Forms of Tender

- 617 There are three forms of tender: open; restricted and negotiated. The circumstances in which each should be used are described below.
- *Open Tender.* This is where all interested suppliers are invited to tender. The budget holder must discuss and agree with the DFR on how to advertise e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and avoidance of corruption.

- *Restricted Tender*. This is where specific suppliers are invited to tender. Restricted tenders are appropriate where:
 - There is a need to maintain a balance between the contract value and administrative costs;
 - A large number of suppliers might come forward or the nature of the goods is such that only specific suppliers can be expected to meet the requirements;
 - The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- *Negotiated Tender*. The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - The above methods have resulted in either no or unacceptable tenders;
 - Only one or very few suppliers are available;
 - Extreme urgency exists;
 - Additional deliveries by the existing supplier are justified.

Preparation for Tender

618 Full consideration should be given to:

- The objective of the project;
- Overall requirements;
- Technical skills required to meet the tendering criteria;
- After-sales service requirements;
- Form of contract.

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

Invitation to Tender

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

621 An invitation to tender should include the following:

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

- Form of response.

Aspects to consider when evaluating the tender

Financial

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

Technical/Suitability

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

Other Considerations

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

Tender Acceptance Procedures

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

Tender Opening Procedures

623 All tenders submitted should be opened at the same time. At least two people should be present for the opening of tenders, the DFR and / or Principal and the responsible budget holder.

624 A tender register will be held recording all tenders and hold the names of the firms submitting tenders and the amount tendered. This record must be signed by the people present at the tender opening.

Tendering Procedures

625 The evaluation process should involve at least two people with no conflicts of interest in the tender.

626 Those involved in making a decision must not accept gifts or hospitality from potential suppliers that could compromise or appear to compromise their independence.

627 Full records should be kept of each tender evaluation and a report should be prepared and considered in line with purchasing approval limits highlighting the relevant issues and recommending a decision.

628 Where required by the conditions attached to a specific grant (e.g. from the DFE), the grantor's approval must be obtained before acceptance of a tender.

629 The accepted tender should be the one which offers best value for the Academy and should be the one of lowest value unless there are exceptional circumstances. If the lowest value tender is not awarded the waiver must be approved by the Finance and General Purposes Committee. The tender evaluation must give sufficient detail and evidence for the waiver.

7. Income

701 The main sources of income for the Academy are:

- Grants from the DFE/LA for general and specific purposes;
- Grants from other Government Agencies or other organisations for specific purposes and programmes;
- Meals income;
- Lettings income;

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.

Off-Site Trips

704 An appropriate person must be appointed for each trip to collect the money due from students. The appropriate person should prepare a list of the students going on the trip and the amount due from each. A copy of the list should be given to the Finance Team.

- 705 Students should make payments to the appropriate person who should then make the payment to the Main Office. A receipt must be issued for each payment. Payments can also be made via the Parent Pay system, which is reconciled by the Finance Team.
- 706 The Finance Team should keep a copy of each trip list showing amounts paid and outstanding. This record should be copied weekly to the appropriate person, who is responsible for chasing outstanding amounts.

Meals Income

- 707 Payment for meals is either paid by cash using the account revaluation machines or by using the online Parent Pay system. Each learner or member of staff is identified via an individual PIN or by biometric means.
- 708 Revaluation machines are emptied daily and cash is counted and reconciled to the CRB cashless catering system. It is then paid over to the Finance Team in secure cash bags for banking. The Finance Team reconcile the Parent Pay transactions with the bank reconciliations on a weekly basis.

Lettings

- 709 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.
- 710 New long-term letting proposals must be approved by the Community Development Manager in line with the lettings policy / procedures and availability of staff and premises.
- 711 The Finance and General Purposes Committee must agree the lettings rates on an annual basis. These rates will be prepared by the Community Development Manager and take into account aspects such as demand, inflation and the rates of local competing facilities.
- 712 The Community Development Manager is responsible for maintaining booking records and for calculating the sums due, in line with Academy Lettings Procedures.
- 713 The Community Development Manager should provide details of organisations using the facilities to the Finance Team, who will establish a sales ledger account and produce sales invoice(s) from the accounting system.
- 714 Academy users should send all payments to the Finance Office.

Custody

- 715 Pre-numbered Academy receipts should be issued for all cash and cheques received where no other documentation exists. Cash and cheques must be kept in the Finance Office safe until banked.

716 Monies collected must be banked in their entirety. However it is possible to replenish petty cash from such receipts so long as this is adequately recorded so that income is not understated.

Bank Interest

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

8. Cash Management

Bank Accounts

801 The Academy will operate two accounts, one current and one deposit. 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.

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

Deposits

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

- The amount of the deposit;
- A reference, such as the number of the sales invoice or receipt or the name of the debtor.

Payment Procedures

804 All cheques, BACS payments or other instrument authorising withdrawal from Academy bank accounts must be signed by two of the following:

- The Principal;
- Vice Principal
- Director of Finance and Resources;
- Chair of Governing Body

805 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.

Administration

806 The DFR 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 Senior Finance Officer;
- All reconciliations are reviewed by the DFR
- 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 DFR is responsible for overseeing cash flow forecasts prepared by the Senior Finance Officer 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 deposit account, it may undertake other investments such as the use of Fixed Term Deposits. It is expected that all investment decisions will be made on a risk-averse basis. All investments, outside of the deposit account, need Finance and General Purposes Committee approval.

Petty Cash Accounts

810 The Academy maintains a maximum cash balance of £1500 at any one time to meet unexpected payments and reimbursements with short notice. The cash is administered by the Senior Finance Officer and is kept in the Finance Office safe.

811 For security, the keys to the safe are only held by the DFR, Senior Finance Officer and Principal.

812 The guideline maximum reimbursement through petty cash is £25.

813 All requests for petty cash must be authorised and a budget code given by the appropriate budget holder on the receipt to be reimbursed. This authorisation must be given at the time petty cash is withdrawn.

- 814 Petty cash withdrawals require a signed acknowledgement for the funds withdrawn from the person receiving the funds through a petty cash voucher.
- 815 The petty cash fund is reconciled monthly, where the total signed acknowledgements and the total cash must equal the approved holding balance. The Senior Finance Officer is responsible for reconciling the petty cash.
- 816 Petty cash reconciliations are reviewed and countersigned by the DFR.
- 817 Replenishment of the petty cash fund is performed through either a request for a cheque or by use of the academy debit card by the Senior Finance Officer and approved by the DFR.

Deposits

- 818 The only deposits to petty cash should be from cheques cashed or generated cash sales to top up the box. Deposits should be recorded in the petty cash account with the date, amount and a reference, normally the cheque number.

Payments and Withdrawals

- 819 In the interest of security, petty cash payments will usually be limited to £25. Higher value payments should be made by cheque or BACS where possible.

Administration

- 820 The Senior Finance Officer is responsible for entering all petty cash transactions into the petty cash book. Regular and unannounced cash counts should be made by the DFR to ensure that all petty cash is accounted for.

Physical Security

- 821 Petty cash should be held in a locked cash box that is kept in the safe overnight.

Credit Cards

- 822 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 Principal, PA to the Principal, DFR and Senior Finance Officer. Additional cards will require approval of the Principal and DFR.
- 823 A full reconciliation should be carried out on receipt of the monthly statement. The same level of proof of purchase is required as with other payments, so receipts and print-outs of online purchases should be kept and attached to the statement.

Expenses, Travel and Subsistence

- 824 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. The Staff Benefits and Expenses Policy should be consulted for detailed procedures.
- 825 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. In exceptional circumstances a cash advance can be given out by the Senior Finance Officer to cover expenses. This must be entered into the cash book held in Finance. Once the expenditure has been incurred, then the relevant receipts need to be submitted to Finance, along with a completed Expenses Claim Form and the correct change.
- 826 If the expenditure has been incurred without a cash advance then an Expenses Claim Form needs to be completed and submitted to Finance for reimbursement, along with the relevant receipts. If receipts are not submitted, or a reasonable explanation for the absence given, then it cannot be taken for granted that the costs will be reimbursed.
- 827 All expense claim forms must be approved by the budget holder, DFR, or Principal. The Principals expenses will be approved by the DFR.
- 828 Reimbursements of expenses incurred will usually be made by cheque or BACs.
- 829 Expenses should only be incurred once the expenditure has been approved in line with the Staff Benefits and Expenses Policy.

9. Fixed assets

Purchase of Assets

- 901 All assets purchased with an individual value over £2000 must be entered in the asset register. These assets will be depreciated as appropriate (refer to section 4).

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;
- Source of funding (if purchased from restricted funds);
- 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 DFR.

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

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

Disposals

909 Items to be sold or disposed of must be authorised for disposal by the DFR and, where they have significant value, should be sold by competitive tender or auction. If the estimated value of the asset exceeds £1,000, the DFR should obtain the Principal's approval before proceeding. If the value is over £5,000 it must be agreed by the Finance and General Purposes Committee before proceeding and if over £10,000 by the GB.

910 Disposal of equipment to staff and learners is not routinely 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 ICT Strategy Manager. The Academy Disposal of Assets Policy contains more detail.

Loan of Assets

- 914 Academy property may not be removed from the premises without the authority of the Principal or DFR. The loan must be recorded in a loan book to be kept by the Finance Team 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.
- 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 in the 'loan book'.

Attractive Items Register

- 917 Items which fall under the de-minimus level for capital expenditure (under £2000) 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, these items will be added to the asset register under an 'attractive items' category. This details information such as cost, serial number, responsibility and location. This can be used for items such as digital cameras, camcorders, printers etc. The maintenance of the register will rest with the Senior Finance Officer and the ICT Strategy Manager and its contents reported to the DFR.

Premises

- 918 Damage to Academy premises should be dealt with promptly to avoid further damage and additional costs. It is the responsibility of the Estates Manager to ensure that the Academy site is maintained to a standard appropriate for the Academy.
- 919 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. This should be reported to the Finance and General Purposes Committee.

10. Contracts (including Leases)

- 1001 Any non-routine tenders or purchases, such as leases, are subject to a contract between the Academy and the supplier which is to be signed *before* the contracted work begins or the delivery of goods.
- 1002 The contract(s) should clearly set out (as applicable):
- The scope of work with detailed and accurate specifications;

- The timeline and completion date of the work(s);
- Dates for completion of works;
- Quality controls on work(s);
- The agreed fees/charges and payment date(s);
- Specification of the goods to be delivered (as applicable);
- In the case of a lease, whether it is an operating or finance lease (finance leases should be avoided as they are akin to borrowing and not usually allowed by the DFE).

1003 The signing of a contract and/or lease should be treated like the placing of an order and the signing of a cheque.

1004 Copies of all contract documentation must be filed with the Finance Team.

1005 No leases or contracts should be entered into without the approval of the DFR.

11. **Insurance**

1101 Insurance should be placed with approved insurers and take account of the up to date guidance from the EFA.

1102 Cover arranged should usually include:

- Buildings;
- Contents;
- Computer;
- Loss of cash;
- Public liability (on and off site);
- Employer's liability;
- Hirers' liability;
- Governors' liability;
- Fidelity guarantee;
- Business interruption;
- Personal accident (governors and employees);
- Contract disputes;
- Libel and slander;
- Motor (minibus and staff business use);
- Engineering.

12. **VAT**

1201 The Academy is able to reclaim VAT on educational expenses. It is therefore VAT registered with HMRC.

- 1202 Where budget holders are placing orders, the value of the order should therefore be the amount to be paid, excluding VAT, rather than the gross figure, which may be the one quoted by suppliers.
- 1203 The accounting system provides a report on the actual cost of VAT to the Academy.
- 1204 The DFR will submit an online return to HMRC by the relevant deadlines each month to reclaim the VAT due to the Academy.

13. **Borrowings**

- 1301 Any Academy must seek the Secretary of State's approval for both short-term borrowing (including overdraft facilities) and medium/longer-term loans from the private sector (including finance leases), where such borrowing is to be repaid from DFE grant or secured on assets funded from DFE grant. However, the Secretary of State's normal policy is that Academies should not be granted permission for medium and long term borrowing.
- 1302 As such, the Academy is unable to use loan financing or similar. An exception to this is credit cards.

14. **Year End Procedures**

- 1401 Budget holders are 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.
- 1404 In conjunction with the auditors, the DFR 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.

1405 The Academy Finance Team will be required to aid external auditors as they will visit the Academy as part of their audit of the accounts. These auditors will be appointed by the GB. The audited and signed accounts will be filed with the DFE 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 or the DFE / EFA for their formal approval or notification, then this should be done by the DFR.

1503 The DFR will inform GB or Finance and General Purposes Committee of such requirements during the year as necessary.

16. **Financial Protection and Malpractice**

1601 All Academy staff and governors should adhere to the Principles of Ethical Standards in Public Life.

Whistleblowing

1602 Whistleblowing inside the work place is the reporting by workers or ex-workers of wrong-doing 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.

1603 The Public Interest Disclosure Act 1998 is designed to protect whistleblowers from detriment and unfair dismissal. The people protected by the Act include workers, employees, third party contractor staff, agency workers and work experience workers.

1604 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.

- 1605 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 the network.
- 1606 Learners may also have information which should be raised in the public interest and there should be proper procedures in place for them to air their concerns e.g. a learner's complaints procedure.
- 1607 All instances of fraud or theft committed against the academy, whether by employees or governors or third parties, above £5,000 must be reported to the EFA. Any unusual or systematic fraud, regardless of value, must also be reported.