

<b>POLICY / PROCEDURE / ACADEMY DOCUMENT:</b>	<b>FINANCE POLICY</b>	
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<b>THIS VERSION APPROVED (DATE):</b>	<b>7<sup>th</sup> March 2016</b>	
<b>SIGNED: (CHAIR OF MEETING)</b>	.....	
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<b>COMMITTEE:</b>	<b>Leadership and Management</b>	
<b>RESPONSIBLE OFFICER:</b>	<b>Strategic Business Manager</b>	

## FINANCE POLICY

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## **FINANCE POLICY**

## **1 INTRODUCTION**

- 1.1 The purpose of this policy is to ensure that the academy maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).
- 1.2 The academy must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that and provides detailed information on the academy's accounting procedures and systems and should be read by all staff involved with financial systems.
- 1.3 This policy is supported in its implementation by further academy documents:
- Local Financial Procedures and
  - Record of Financial Responsibility.

## **2 ORGANISATION**

- 2.1 The academy has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is more fully discussed in the following paragraphs.

### **Governing Body**

- 2.2 The governing body has overall responsibility for the administration of the academy's finances. The main responsibilities of the governing body are prescribed in the Funding Agreement between the academy and the DfE. The main responsibilities include:
- Ensuring that grant from the DfE is used only for the purposes intended;

- Ensuring that funds from sponsors are received according to the academy's Funding Agreement, and are used only for the purposes intended;
- Approval of the annual budget;
- Appointment of the Headteacher and Deputy Headteachers; and
- Appointment of the Strategic Business Manager, in conjunction with the Headteacher.

### **Leadership and Management Committee**

2.3 The Leadership and Management Committee is a committee of the governing body. The Leadership and Management Committee meet generally twice a term and more frequently if necessary.

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

- The initial review and authorisation of the annual budget;
- The regular monitoring of actual expenditure and income against budget;
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and Charities Act 2011 and the DfE guidance issued to academies;
- Authorising the award of contracts over £100,000
- Authorising changes to the academy personnel establishment and
- Reviewing the Internal Audit reports sent directly to the Nominated Governor (previously Responsible Officer role) on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.

### **Headteacher**

2.5 Within the framework of the School Development Plan (SDP) as approved by the governing body the Headteacher has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Strategic Business Manager but the Headteacher still retains responsibility for:

- ♦ approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them;
- ♦ Authorising contracts between £50,000 and £100,000 in conjunction with the Strategic Business Manager;
- ♦ Signing financial instruments, including cheques in conjunction with the Strategic Business Manager or other authorised signatory.

### **Strategic Business Manager**

2.6 The Strategic Business Manager works in close collaboration with the Headteacher through whom he or she is responsible to the governors. The Strategic Business Manager also has direct access to the governors via the Leadership and Management Committee. The main responsibilities of The Strategic Business Manager are:

- ♦ The day to day management of financial issues including the establishment and operation of a suitable accounting system;
- ♦ The management of the academy financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- ♦ 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 / Certifying payments, including cheques, in conjunction with the Headteacher or other authorised signatories;
- Ensuring forms and returns are sent to the DfE / EFA and similar bodies in line with the timetable in the DfE / other relevant guidance;
- To lead and provide day-to-day guidance and support to the Professional Services staff;
- Ensure finance and payroll systems are effectively managed;
- Writing bids for funding and development;
- Authorising contracts / orders between £10,000 and £50,000 in conjunction with budget holders;
- To manage the tendering of all service contracts, and
- To procure and maintain all insurance policies.

**The Nominated Governor** (previously Responsible Officer role)

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

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

- 2.8 The Nominated Governor will oversee a quarterly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the governing body. A report of the findings from each visit will be presented to the Leadership and Management Committee.

### **Other Staff**

- 2.9 Other members of staff, primarily the Finance Assistant and budget holders, will have some financial responsibilities. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's Local Financial Procedures.

### **Register of Interests**

- 2.10 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all academy governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.
- 2.11 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.
- 2.12 The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.



### **3 ACCOUNTING SYSTEM**

3.1 All the financial transactions of the academy must be recorded on the academy Financial Management System – SIMS-FMS. The academy system is operated Professional Services and consists of:

- Journal
- Nominal Ledger
- Bank Transactions
- Purchase Ledger (Sales)
- Sales Ledger (Debtors)
- Automatic Update
- Manual Update

#### **System Access**

3.2 Entry to SIMS-FMS is password restricted and the I.T. Manager is responsible for implementing a system which ensures that passwords are changed regularly.

3.3 Access to the component parts of SIMS-FMS can also be restricted and the I.T. Manager is responsible for setting access levels (in conjunction with the Strategic Business Manager) for all members of staff using the system.

#### **Back-up Procedures**

3.4 The I.T. Manager is responsible for ensuring that there are effective back up procedures for the system. Data should be backed up on a suitable medium or server and the copies stored in a secure place preferably in a fireproof container. Back-up copies should be taken on at least a weekly basis.

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

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

- 3.7 The Strategic Business Manager should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by 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**

- 3.8 All transactions input into the accounting system must be authorised in accordance with the procedures specified within this policy and Local Financial Procedures. The detailed procedures for the operation of payroll processing, the purchase ledger and the Sales ledger are included in the following sections of this policy.
- 3.9 All journal entries must be documented on the appropriate journal form, prior to being input to the accounting system. Bank transactions should be input by the Finance Assistant and the input should be regularly monitored, checked, and signed to evidence this check, by The Strategic Business Manager.
- 3.10 Detailed information on the operation of the Financial Management System can be found in the user manuals held in the School Office, or online within SIMS-FMS.

### **Transaction Reports**

- 3.11 The Strategic Business Manager will, from time to time, obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed may include:
- The weekly audit trail reports, when available;
  - Master file amendment reports for the payroll, purchase ledger and sales ledger;
  - Management accounts summarising expenditure and income against budget at ledger code / cost centre / budget holder level, as appropriate.

### **Reconciliations**

3.12 The Strategic Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- Sales Ledger control account;
- Purchase Ledger control account;
- Payroll Control account;
- All Suspense accounts and
- Bank Balance per the Nominal Ledger to the Bank Statement.

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

## **4 FINANCIAL PLANNING**

### **Overview**

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

4.2 The medium term financial plan is prepared as part of the School Development Planning process. The SDP indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next three-five years.

4.3 The SDP 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.

4.4 The SDP process and the budgetary process are described in more detail below.

### **School Development Plan (SDP)**

- 4.5 The SDP 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.
- 4.6 The form and content of the development plan are matters for the Headteacher and Governing Body 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.
- 4.7 Each year the Headteacher will propose a planning cycle and timetable to the governing body which allows for:
- A review of past activities, aims and objectives - "did we get it right?"
  - Definition or redefinition of aims and objectives – "are the aims still relevant?"
  - Development of the plan and associated budgets – "how do we go forward?"
  - Implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course" and
  - Feedback into the next planning cycle – "what worked successfully and how can we improve?"
- 4.8 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.
- 4.9 The completed SDP will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

4.10 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a specific postholder. The responsible postholder should monitor performance against the defined success criteria throughout the year and report to the Senior Leadership Team (SLT) on a quarterly basis. The SLT will report to the governing body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

### **Annual Budget**

4.11 The Strategic Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Leadership and Management Committee and the full governing body.

4.12 The approved budget must be set by 30 June each year and The Strategic Business Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the approval date is met.

4.13 The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the SDP objectives and the budgeted utilisation of resources.

4.14 The budgetary planning process will incorporate the following elements:

- Forecasts of the likely number of pupils to estimate the amount of DfE / EFA grant receivable;
- Review of other income sources available to the academy to assess likely level of receipts;
- Review of past performance against budgets to promote an understanding of the academy cost base;
- Identification of potential efficiency savings and

- Review of the main expenditure cost centres in light of the SDP objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

### **Balancing the Budget**

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

### **Finalising the Budget**

- 4.16 Once the different options and scenarios have been considered, a draft budget should be prepared by The Strategic Business Manager for approval by the Headteacher, the Leadership and Management Committee and the full governing body. The budget should be communicated to all staff with responsibility for budget cost centres so that everyone is aware of the overall budgetary constraints.
- 4.17 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

### **Monitoring and Review**

- 4.18 Regular reports will be prepared by The Strategic Business Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher. Termly, and more detailed, reports will be prepared for the Leadership and Management Committee.

- 4.19 Any potential overspend against the budget must in the first instance be discussed with The Strategic Business Manager. The accounting system and process followed by the Finance Assistant will not allow payments to be made against an overspent budget without the approval of The Strategic Business Manager.
- 4.20 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements must be authorised by the Headteacher and also reported to the next Leadership and Management Committee.

## **5. PAYROLL**

### **Overview**

- 5.1 The main elements of the payroll system are:
- Staff appointments;
  - Payroll administration and
  - Payments.

### **Staff Appointments**

- 5.2 The governing body has approved a personnel establishment for the academy. Changes can only be made to this establishment with the express approval in the first instance of the Leadership and Management Committee who must ensure that adequate budgetary provision exists for any establishment changes.
- 5.3 The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteacher roles and the Strategic Business Manager whose appointments must follow consultation with the governors. The Headteacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to The Strategic Business Manager immediately.

### **Payroll Administration**

- 5.4 The academy payroll is administered through the Academy's payroll provider, Schools' Choice. All payroll transactions are downloaded regularly and entered / imported into the SIMS-FMS system by the Professional services team. Access to this process is limited to members of the Professional Services team and managed through password controls.
- 5.5 All staff are paid monthly through the Academy payroll provider, Schools' Choice. A master file is created for each employee which records:
- Salary;
  - Bank account details;
  - Taxation status;
  - Personal details and
  - Any deductions or allowances payable.
- 5.6 New master files can only be created by the Personal Assistant to Headteacher / Finance Assistant with the express approval of the Strategic Business Manager. Any master file amendments made by the Personal Assistant to Headteacher / Finance Assistant must be authorised by the Strategic Business Manager.
- 5.7 Each month the Personal Assistant to Headteacher / Strategic Business Manager will prepare and distribute a timetable for payroll processing specifying key dates for the month in question.

### **Payments**

- 5.8 After payroll has been processed but before payments are dispatched a print of all salary payments by individual and showing the amount payable in total should be obtained from the system. The print must be reviewed and authorised by The Strategic Business Manager and / or the Headteacher to release payment.
- 5.9 All salary payments are made by BACS.
- 5.10 The Personal Assistant to Headteacher / Finance Assistant should prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by The Strategic Business Manager.



- 511 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for Income Tax, National Insurance contributions and pension scheme contributions.
- 5.12 The Strategic Business Manager should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.
- 5.13 After the payroll has been processed the Nominal Ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Assistant should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.
- 5.14 On an annual basis the Strategic Business Manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file by the academy.

## **6 PURCHASING**

### **Overview**

- 6.1 The academy wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

- **Probity**
  - It must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;
- **Accountability**
  - The academy is publicly accountable for its expenditure and the conduct of its affairs;

- ♦ **Fairness**
  - ♦ That all those dealt with by the academy are dealt with on a fair and equitable basis.

### **Routine Purchasing**

- 6.2 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder regularly.
- 6.3 Routine purchases up to their allocated budget or £999 (whichever is the less) can be ordered by budget holders. In the first instance a supplier should be chosen from the list of regular suppliers maintained by the Strategic Business Manager. A quote or price must always be obtained before any order is placed, where the value exceeds £1,000. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the regular supplier list the reasons for this decision must be discussed and agreed with the Strategic Business Manager.
- 6.4 All requisitions must be made, or confirmed, in writing (to include electronic requests) and must be forwarded to the Strategic Business Manager where the Strategic Business Manager will check to ensure adequate budgetary provision exists before placing an Official Purchase Order.
- 6.5 Official Purchase Orders will be recorded in the purchase order module of SIMS-FMS which will allocate a unique reference number. Official Purchase Orders will be dispatched to the supplier by the Finance Assistant.
- 6.6 The Finance Assistant must make appropriate arrangements for the delivery of goods to the academy. On receipt the Finance Assistant 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.

- 6.7 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Strategic Business Manager should be notified. The Strategic Business Manager will keep a central record of all goods returned to suppliers.
- 6.8 All invoices should be sent to the School Office. The Finance Assistant will stamp invoices with a grid against which, some or all, the following can be evidenced by the budget holder, Finance Assistant or Strategic Business before a payment can be considered authorised:
- a) Invoice arithmetically correct;
  - b) Invoice posted to purchase ledger;
  - c) Goods/ services received;
  - d) Goods/services as ordered;
  - e) Prices correct;
  - f) Invoice authorised for payment;
  - g) Payment authorised;
  - h) VAT treated correctly and
  - i) Payment made.
- 6.9 In many cases these checks will happen routinely within the school office particularly where the Official Purchase Order has been raised by the School Office and the goods delivered to the School Office. A simple signature without the use of the grid boxes may be taken that the initials of that person is happy that the goods have been received and are as ordered and fit for purpose.
- 6.10 If a query with a supplier is instigated the invoice should be clearly marked that it is in dispute and not be paid until the disputed entry has been satisfactorily resolved.
- 6.11 Once all relevant and necessary checks have been undertaken the Strategic Business Manager will then input details of payments to be made to the purchase ledger and generate the supplier payments required. The payment and associated paperwork must be authorised by two of the nominated authorised signatories.

- 6.12 Payments will be made by BACS or cheques dispatched to suppliers by the Strategic Business Manager.

**Orders over £1,000 but less than £50,000**

- 6.13 At least three written quotations should be obtained for all orders between £1,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed / emailed confirmation of quotes has been received before a purchase decision is made.

**Orders over £50,000**

- 6.14 All goods / services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. Purchases which may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given below:

***PUBLIC CONTRACTS REGULATIONS 2006 - FROM 1 JANUARY 2014***

	<b>SUPPLIES</b>	<b>SERVICES</b>	<b>WORKS</b>
Other public sector contracting authorities	£172,514 (€207,000)	£172,514 (€207,000)	£4,322,012 <sup>3</sup> (€5,186,000)

**Forms of Tenders**

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

• **Open Tender:**

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with The Strategic Business Manager how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

• **Restricted Tender:**

This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

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

6.16 Full consideration should be given to:

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

- 6.17 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**

- 6.18 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.

- 6.19 An invitation to tender should include the following:

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

### **Aspects to Consider**

- 6.20 The following aspects should be considered when requesting or evaluating tenders:

#### ***Financial***

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

### ***Technical Suitability***

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

### ***Other Considerations***

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

### **Tender Acceptance Procedures**

- 6.21 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.

### **Tender Opening Procedures**

- 6.22 All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:
- For contracts up to £49,999.99 – at least one person shall be The Strategic Business Manager or the Headteacher;

- For contracts over £50,000 - either The Strategic Business Manager or the Headteacher plus the Chair, or in their absence another member, of the Leadership and Management Committee.

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

### **Tendering Procedures**

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

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

6.26 Full records should be kept of all criteria used for evaluation and for contracts over £100,000 a report should be prepared for the Leadership and Management Committee highlighting the relevant issues and recommending a decision.

6.27 For contracts Between £10,000 and up to £100,000 the decision and criteria should be reported to the Leadership and Management Committee.

6.28 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.

6.29 The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.



### **Payment Cards**

- 6.30 The Ashley School Academy Trust is committed to ensuring that its systems of financial governance conform to the requirements of both propriety and sound financial management.

This includes making sure that there are adequate controls in place over the use of the school payment cards, both debit and credit, required to enable the school to purchase goods/services, where the company being used provides the best value but an invoice cannot be raised or a credit account set up.

A separate Payment Card policy is intended to provide guidance and assistance in the correct and responsible use of the school's payment cards.

- 6.31 The Payment Card Policy will be fully incorporated into the school's financial policies and procedures. It contains the following sections:

- Procurement
- Issue
- Usage
- Restrictions
- Record keeping, reconciliation and payment
- Security
- Payment Card User Agreement

## **7. INCOME**

### **Overview**

- 7.1 The main sources of income for the academy are the grants from the DFE, Suffolk County Council and from donations. The receipt of these sums is monitored directly by The Strategic Business Manager who is responsible for ensuring that all grants due to the academy are collected.

- 7.2 The academy also obtains income from:
- Pupils, mainly for trips, and
  - The public, mainly for sports lettings.

### **Trips**

- 7.3 A lead (Teacher or Teaching Assistant / Learning Support Assistant) must be appointed for each trip to take responsibility for the co-ordination of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Strategic Business Manager.
- 7.4 Pupils should make payments to the School Office and all payments must be payable to "The Ashley School Academy Trust". A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the pupil making the payment.
- 7.5 The Finance Assistant should maintain an up to date record for each pupil showing the amount paid and the amount outstanding. This record should be sent to the lead person on a weekly basis and the lead person is responsible for chasing the outstanding amounts, in conjunction with the Finance Assistant.

### **Sports Lettings**

- 7.6 The Strategic Business Manager is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Wherever possible payments must be made in advance for the use of facilities.
- 7.7 Details of organisations using the sports facilities will be held by the Strategic Business Manager who will establish a sales ledger account and produce a sales invoice from the Financial Management System.
- 7.8 No debts should be written off without the express approval of the governing body (the DfE's prior approval is also required if debts to be written off are above the value set out in the EFA's annual Academies Financial Handbook).
- 7.9 Organisations using the sports facilities should be instructed to send all payments to the School Office.

### **Custody**

- 7.10 Official, pre-numbered, academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Strategic Business Manager safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £2,000 insurance limit on the Strategic Business Manager safe.
- 7.11 Monies collected must be banked in their entirety in the appropriate bank account. The Finance Assistant is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly for each banking and must be reviewed and certified by the Strategic Business Manager.

## **8. CASH MANAGEMENT**

### **Bank Accounts**

- 8.1 The opening of all accounts must be authorised by the governing body who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts, cheque signing arrangements and payments using other financial instruments. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

### Deposits

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

### Payments and withdrawals

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

- Headteacher;
- Deputy Headteacher (Behaviour for Learning)
- Deputy Headteacher (Teaching and Learning)
- Strategic Business Manager;
- Finance Assistant
- Chairman of Governors
- Other appointed Governor.

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

#### Administration

8.5 The Strategic Business Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis.

Reconciliation procedures must ensure that:

- All bank accounts are reconciled to the academy's cash book;
- Reconciliations are prepared by the Strategic Business Manager;
- Reconciliations are subject to an independent monthly review carried out by the Headteacher or in his / her absence the Nominated Governor (NG), and
- Adjustments arising are dealt with promptly.

### **Petty Cash Accounts**

- 8.6 The academy maintains a maximum cash balance of £1,500. The cash is administered by the Strategic Business Manager and is kept in the office safe.

#### Deposits

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

#### Payments and Withdrawals

- 8.8 In the interests of security, petty cash payments will be limited to £150. Higher value payments should be made by BACS or cheque directly from the main bank account.

#### Administration

- 8.9 The Finance Assistant is responsible for entering all transactions into the petty cash records within SIMS-FMS on a regular basis and regular unannounced cash counts should be undertaken by the Strategic Business Manager to ensure that the cash balance reconciles to supporting documentation.

#### Physical Security

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

#### **Cash Flow Forecasts**

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

#### **Investments**

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

8.13 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

## **9 FIXED ASSETS**

### **Asset Register**

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

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Source of funding (% of original cost funded from DFE grant and % funded from other sources)
- Expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset

9.2 The Asset Register helps:

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

### **Security of assets**

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

9.4 All the items in the register should be permanently and visibly marked as the academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the governing body. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

### **Disposals**

9.5 Items which are to be disposed of by sale or destruction must be authorised for disposal by The Strategic Business Manager and, where significant, should be sold following competitive tender. The academy must seek the approval of the DFE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

9.6 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.

9.7 The academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the academy must repay to the DfE a proportion of the sale proceeds.

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

#### **Loan of Assets**

9.9 Items of academy property must not be removed from academy premises without the authority of the Headteacher. A record of the loan must be recorded by the School Office and booked back in to the academy when it is returned.

9.10 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.



## 10 VERSION CONTROL

Academy Version 2015-2016/002 <del>2014-2015/001</del>	v.002 - February 2016 <del>v.001 - March 2015</del>
Date agreed by the Leadership & Management Committee:	7 <sup>th</sup> March 2016
This policy updates and replaces that approved by Governors:	2 <sup>nd</sup> March 2015
<p>In this policy as in all documents of The Ashley School Academy Trust ("TASAT") any reference to The Ashley School, The Academy, School, Governors of The Ashley School or Trustees of The Ashley School is a reference to The Board of Directors of The Ashley School Academy Trust and any reference to the Headteacher of The Ashley School is a reference to the Chief Executive Officer of TASAT.</p>	
<p>The Ashley School Academy Trust An exempt charity limited by guarantee Company Number: 07729412</p>	