**St Catherine of Siena Catholic Academy**



**Financial Management Procedures Manual**

Approved by BoD:

Policy Review Date:

**INTRODUCTION**

St Catherine of Siena Catholic Academy gained Academy status on 1 April 2015. The Academy will be referred to as the Academy throughout this Financial Procedure Manual. The purpose of this manual 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 the Academy’s Funding Agreement with the Department for Education (DfE/EFA).

This manual is based upon the strict guidance published by the DfE in the Academies Financial Handbook 2015. The manual expands on guidance given and provides detailed information on the Academies financial procedures and systems. This manual should be read by all staff involved with financial systems.

The manual will be reviewed and updated in the Autumn Term 2016 to reflect any amendments in the updated Academies Handbook/regulations.

**GOVERNANCE**

St Catherine of Siena Multi Academy Company (MAC) undertake to carry out the conditions as set out in the Academies Financial Handbook. The MAC is responsible for ensuring that the schools meet all obligations placed upon them by the Secretary of State for Education. In order to fulfil better the obligations placed upon it, the Board of Directors of the St Catherine of Siena Multi Academy Company is divided into the following sub-committees:

* Academy Committee (for each individual school)
* Finance/Audit (for each individual school)
* Outcomes (for each individual school)

The full Board of Directors and the sub-committees meet at least once each term. Each schools Outcomes Committee report to their individual schools Academy Committee. The individual Academy Committees then report to the full MAC Board of Directors. The MAC Board of Directors consists of;

* Finance/Audit Committee
* Outcomes Committee

Minutes are taken of all meetings and kept by the Headteachers of each individual schools.

**Conduct of Directors**

The Board of Directors and members of staff are public servants and as such must not use public monies or official business for personal benefit. The Board of Directors should avoid obtaining goods and services that include elements of private use or accepting excessive hospitality from prospective suppliers. The Treasury rules about the receiving of hospitality and gifts should be followed, as these rules are there to protect staff and directors. A register should be maintained to record hospitality and gifts received. This should record, as a minimum, the name of the organisation that gave the hospitality/gift, the date it was received, its nature and approximate value.

Directors should be aware that the Prevention of Corruption Act places the burden of proof on the recipient of favours.

**Declarations of Business Interests**

It is vital that directors and staff act, and are seen to act, impartially. All directors are required to complete a declaration of their business interests. Key Management Personnel must also complete a Register of Business Interests form this includes Headteachers and other senior staff. Individual declarations should be maintained together in a register of interests. Declarations should include all business and pecuniary (monetary) interests such as directorships, shareholdings and other appointments of influence within a business or other organisation. They should also include interests of related persons such as parent, spouse, child, cohabitee and business partner where influence could be exerted by that person over a director or a member of staff.

Where a director or member of staff or related person has any interest, either pecuniary or non-pecuniary, in a matter to be discussed at a Board of Directors meeting the director or member of staff must declare their interest and withdraw from that part of the meeting.

Where a director or related person has a pecuniary interest in a business, and that interest exceeds limits that may be specified in the Academy’s memorandum, articles of association, or Academies Handbook, the Academy must not enter into any contract or arrangement (such as the purchase of goods and service) with that business. For example, good practice would be that the Academy should not generally be permitted to trade with a company in whom a governor holds more than 1/100th of the share capital.

It is the responsibility of directors and staff to ensure their declarations of business interests are kept up to date at all times, and to amend or update them as necessary. There is a standard agenda item at all Board of Directors and sub-committee meetings to declare any changes to their declarations of interests.

**Payments to Directors**

It is illegal for directors to receive any remuneration for their work as trustees, other than payment of all reasonable out of pocket travel, accommodation or other expenses legitimately incurred by them in connection with their attendance at meetings acting in the capacity of director of the Academy.

In addition, no director may hold any interest in property belonging to the Academy. Nor may a director receive remuneration in respect of any contract to which the Academy is a party.

However, nothing prevents the payment of directors for the usual professional charges for business undertaken by any director who is a solicitor, accountant or other person engaged in a profession, or by any partner or connected person of his or hers, when instructed by the director body to act in a professional capacity on behalf of the Academy. This exception is only allowable if:

* at no time a majority of the directors are engaged in such a professional capacity: and
* Directors withdraw from any meeting at which his or her remuneration, or that of his or her partner / relative, is under discussion.

**Directors’ Meetings**

It is a requirement that all Board committees meet at least once a term. No business can be conducted at any meeting unless a quorum is present. A quorum is usually three foundation directors (those with full voting rights) or one-tenth of the total number of directors with full voting rights, whichever is the greater.

Directors must appoint a clerk to the full board, who must be someone other than a director or Headteacher of the Multi Academy.

Each meeting of the Committees should consider:

* the financial position of the each Academy, including its income and expenditure and financial commitments;
* whether adequate financial monitoring of each Academy’s budget and activities is being undertaken;
* progress on any action identified to improve financial arrangements at each Academy;
* significant contracts proposed to be entered into by each Academy;
* significant matters affecting each Academy’s staff;
* significant matters affecting the pupils’ welfare or education;
* significant matters affecting each Academy’s assets e.g. computers etc.

Matters that should be considered by the Committee at least once a year are:

* the Academy’s goals and how they are being met;
* review of the management structure to ensure it is operating effectively;
* review of the performance of external providers e.g. bankers, services provided under SLAs;
* review and approval of the Academy’s annual accounts and report of the trustees;
* review and approval of the financial budget for the following year;
* review and approval of the levels of insurance cover for the Academy’s assets;
* findings made by the auditors and the auditor’s management letter, and any other financial reviews, and consideration of what actions should be taken arising from their recommendations;
* review of the risks to which the Academy is exposed and determination of whether systems are in place to mitigate those risks.

**Scheme of Delegation**

The Board of Directors has agreed a formal schedule of matters reserved for their decision, i.e. those which should not be delegated. Beyond this, the board has appointed separate committees to deal with specific areas of Academy business, and has determined the delegated responsibilities to be assigned to those committees, to ensure that matters can be dealt with in appropriate detail and with sufficient frequency. Each committee is chaired by a director who will adhere to its own agreed Terms of Reference. The membership of the committee may include persons who are not director provided that a majority of the members are directors. The establishment of committees does not absolve the Board of Directors of its overall responsibility to manage the finances of the Academy.

**Board of Directors’ Responsibilities for Risk Management**

The Charity Commission requires charities to include a statement in the Board of Directors annual report confirming that all major risks to which the charity is exposed have been reviewed and systems have been established to mitigate those risks.

Academy directors need to think about the major risks from the outset in order to make and sign up to this statement. For example, directors should determine:

* what the major risks are to the Academy;
* what the likelihood is of those risks materialising;
* what would be the potential impact of the risks; and
* what systems have been put in place to mitigate and monitor the risks.

To assist in this process a tailored version of HM Treasury’s document “The Orange Book: Management of Risk – Principles and Concepts” is available to academies.

Directors will produce a “risk register” which demonstrates the results of the risk assessment process. The risk management process should include preparation of a ‘Contingency and Business Continuity Plan’ to deal with crises that could face the Academy.

Directors must also ensure that the Multi Academy complies with general legislative requirements covering employment, property and health and safety regulations. They also need to think about how they can mitigate against those working for the Multi Academy from acting unlawfully, imprudently or outside the terms of the Multi Academy’s governing documents, and are expected to consider whether indemnity insurance should be taken out to cover them against this liability.

Directors are at risk of personal liability if they cause loss to the Multi Academy by acting unlawfully, imprudently or outside the terms of the Multi Academy's governing document.

**DIRECTORS ROLES AND RESPONSIBILITIES**

The Multi Academy has defined the responsibilities of each person involved in the administration of each Academy’s finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors and staff. The financial reporting structure is illustrated below:

**The Board of Directors**

The Board of Directors has overall responsibility for the administration of the Academy’s finances. The main responsibilities of the Board of Directors are prescribed in the Funding Agreement between the Academy and the DfE and in the Articles of Association, however the main responsibilities include:

* ensuring that the grant from the DfE/EFA is received according to the Academy’s Funding Agreement, and is used only for the purposes intended;
* approval of the annual budget;
* appointment of the leadership team.

**The Resources Committee**

The Resources Committee is a sub-committee of the Board of Directors. The committee meets once per term, or more frequently if necessary. This committee is responsible for monitoring and making recommendations to the Board of Directors on matters related to finance.

The main responsibilities of the Resources Committee are in the Terms of Reference, agreed by the Board of Directors. 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 1985 and the DfE/EFA guidance issued to academies;
* authorising the delegated annual budget allocation to the sub committees
* authorising the award of contracts over £50,000;
* authorising changes to the Multi Academy personnel establishment including pay linked to leadership posts
* reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full board.

**The Headteachers**

The Headteachers have overall executive responsibility for each schools activities within the Academy including financial activities:

* approving new staff appointments within the authorised establishment, except for any leadership posts;
* authorising contracts up to £5.000;
* authorising payments in conjunction with another authorised signatory.

**The School Business Manager (SBM)**

The main responsibilities of the SBM are:

* the day to day management of financial issues including the establishment and operation of a suitable accounting system;
* ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
* authorising payments in conjunction with the Headteachers or any other authorised signatory and
* ensuring forms and returns are sent to the DfE/EFA in line with the timetable in the DfE/EFA guidance.
* Supporting the MAC and each school with regard to strategic planning.

**External Financial Monitoring**

The Board of Directors will ensure external monitoring of the end of month financial reporting and balances. School Business Manager / BMCC Financial Support will give termly reports to the external Board of Directors.

**Other Staff**

Other members of staff, primarily the Office Managers, Finance Assistants and external finance providers School Business Manager / BMCC Financial Support, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring efficiency in the use of resources and for conformity with the requirements of the Academy’s financial procedures.

**ACCOUNTING SYSTEMS**

All the financial transactions of the academy must be recorded on the SIMS/FMS accounting system. The SIMS/FMS is operated by the Finance staff and consists of:

**Transaction Processing**

|  |
| --- |
| Staff Members to fill in PO |
| PO needs to be signed by Budget Holder/HT or Director |
| PO handed to Office Manager(OM)/Finance Assistant(FA) |
| OM/FA to enter PO on FMS to generate PO number |
| OM/FA places order by email, phone or directly from FMS |
| Order arrives OM/FA checks it against Delivery Note and signed by person taking delivery |
| OM/FA receives Invoice and gets budget holder to sign |
| OM/FA processes and attaches to purchase order and delivery note |
| OM/FA FMS invoices and hands to signatories for signing (budget holder or Headteacher) |
| Invoices get authorised by Headteachers/SBM on FMS |
| Invoices are now ready for payment via BACS |

**Transaction Processing**

All transactions input to the accounting system must be authorised in accordance with the procedures specified above.

**Reconciliations**

School Business Manager / BMCC Financial Support are responsible for ensuring the following reconciliations are performed for each school each month, and that any reconciling or balancing amounts are cleared:

* purchase ledger control account;
* payroll control account;
* all suspense accounts and
* bank balance per the nominal ledger to the bank statement.

Any unusual or long outstanding reconciling items must be brought to the attention of the SBM/Headteachers. The Headteacher will review and sign all reconciliations as evidence of this review.

**Financial planning**

The Academy prepares both medium term and short-term financial plans.

The medium term financial plan is prepared as part of the school development planning process. This plan indicates how the Academy’s educational and other objectives are going to be achieved within the expected level of resources over the next three years, however 5 year plans are typically used.

The school development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources for the following year.

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

**The School Development Plan**

The plan is concerned with the future aims and objectives of the Academy and how they are to be achieved; that includes matching the Academy’s objectives and targets to the resources expected to be available. They are the “big picture” within which more detailed plans may be integrated. Due regard is given to the matters included within the guidance to Academies and any annual guidance issued by the DfE/EFA.

The plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

For each objective the Headteacher should monitor performance against the defined success criteria throughout the year and report to the leadership team on a termly basis.

**Annual Budget**

The budget sets out how resources are allocated and provides a mechanism for monitoring expenditure through the year. It is the concrete expression of the St Catherine of Siena Catholic Academy’s development plan.

The School Business Manager / BMCC Financial Support are responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, each individual schools Finance/Audit Committee and the full board.

The approved budget must be submitted to the DfE/EFA by the deadline notified by the DfE/EFA and the SBM is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

The annual budget reflects the best estimate of the resources available to the Academy for the forthcoming year and details how those resources are to be utilised. There should be a clear link between the planned objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

* review 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 headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

**Profiled Budget**

FMS budgets can be profiled to reflect seasonal fluctuations e.g. the energy budgets can be profiled to account for higher energy consumption in the winter months. Profiling allows more effective budget monitoring: a budget deficit in a particular month may be the product of a one-off expenditure item. Conversely, a surplus may merely reflect clustering of expenditure in future months. A restriction of spending is recommended on cost centres within the budget by the FMS software in order to aid spending control where applicable.

**Balancing the Budget**

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance.

**Budget Surplus**

If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. Directors are informed about the intended use of all money carried forward. Any carry forward is mainly used to enable large purchases and help protect against any changes to the financial climate in the foreseeable future.

**Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget is prepared by the School Business Manager / BMCC Financial Support for approval by each school’s Headteacher, the Finance/Audit Committee and the full board. The budget is communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget to be approved by the Board of Directors by the 30th June each year.

**Budget Monitoring and Review**

Regular monitoring of income and expenditure against the agreed budget is central to effective financial management. It allows directors, the Headteacher, SBM and staff to maintain financial control by reviewing the current position and taking any remedial action necessary. The budget should be seen as a working document which may need revising and updating throughout the year as circumstances change, following consultation with directors.

In practical terms, budget monitoring involves producing monitoring reports and drafting proposed plans of action to tackle any significant variances. Monthly reports will be prepared by School Business Manager / BMCC Financial Support. The reports detail actual income and expenditure against budget for the Headteacher and the Finance/Audit Committee. All variances are expressed in terms of both a percentage and monetary variance from the budget.

Any potential overspend against the budget must, in the first instance, be discussed with the SBM at the earliest opportunity. It is essential that orders are entered in a timely manner so that all commitments are understood when considering future purchases.

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 in line with the scheme of delegation.

**PAYROLL**

The main elements of the payroll system are:

* staff appointments
* payroll administration
* payments

**Staff Appointments**

The Board of Directors body has approved a personnel establishment for each Academy. Changes can only be made to this establishment with the express approval in the first instance of the Headteachers and Finance/Audit Committees who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteachers have authority to appoint staff within the authorised establishment other than members of the leadership, whose appointments must follow consultation with the Board of Directors. The Schools maintain personnel files for all members of staff which include contracts of employment. All personnel changes must be notified by email or via post to Shireland Collegiate Academy HR who will forward onto the Payroll service immediately.

**Payroll Administration**

The Academy payroll is outsourced to Sandwell Payroll.

All staff are paid monthly through the Sandwell Payroll contract. Shireland Collegiate Academy HR and Sandwell Payroll must be advised so that each payroll is updated each month to record the following data:

* New starter details
* Leavers
* Changes to Contract terms
* Absence
* Temporary adjustments (this includes additional hours for which the employee has completed a timesheet which has been authorised)
* Maternity / Paternity leave
* New bank account details
* Additional information

A print out of all the payroll data sheets is filed and signed by the SBM, School Business Manager / BMCC Financial Support or Headteacher for each school for authorisation.

**Payments**

After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total should be obtained from the system. The print must be reviewed and authorised together with authority to release payment by the individual Schools. All salary payments are made by BACS. Sandwell Payroll is informed of any errors in the payroll and in instances of overpayment, send letters to the employee explaining the overpayment and details of collection.

School Business Manager / BMCC Financial Support produces a reconciliation between the current month’s actual and budget estimate for that month. This reconciliation should be reviewed and signed by the Headteacher of each school.

Sandwell Payroll automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and BACs run for these amounts is be prepared by Sandwell Payroll once the final payroll report has been checked by the SBM.

After the payroll has been processed the payroll journal will be posted by School Business Manager / BMCC Financial Support. Postings will be made both to the payroll control account and to individual cost centres.

The SBM must ensure that all changes are implemented correctly and notify Sandwell Payroll of any errors.

**PURCHASING**

Because the Academy is using public funds, it is vital that it achieves the best value for money from all purchases, whether they are of goods or services. See Best Value Statement on finance document. This means obtaining the correct quality, quantity and time at the best price possible. This often means looking further ahead than the immediate purchase, especially when selecting equipment, and taking into account associated costs such as supplies and maintenance. A large proportion of 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.

Many of the procedures in this section are there to protect individuals and to ensure that public money is spent without any personal gain.

**Approved Suppliers**

The finance office maintains a database of approved regular suppliers. Where possible the Academy uses approved suppliers.

The approved suppliers list is maintained and checked by the School Business Manager or Office Manager, those suppliers who have been approved may be exempt from the quotation process, dependent of the service being engaged. Those suppliers used previously may be engaged to provide continuity of products across the MAC.

The finance office selects suppliers on the basis of their capacity to provide quality, quantity, service, timely delivery and price competitiveness. Volume discounts and credit terms are taken into account. Consortia are used where they provide value for money.

Suppliers are selected from:

* business directories;
* trade journals;
* supplier catalogues and mail shots;
* information from other academies;
* information provided by the DFE/EFA.

**Approval of Expenditure:**

|  |  |
| --- | --- |
| **Value of Goods and Services** | **Requirement** |
| Up to £1,000 | Every effort should be made to obtain best value with Headteachers approval. |
| £1,001 - £5,000 | 3 quotes in writing approved by the Headteacher |
| £5,001 - £50,000 | 3 quotes in writing approved by the Headteacher and the School’s Finance/Audit committee |
| >£50,000 | Tender subject to approval of the Full Board of Directors or delegated to committees |

Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced before a purchase decision is made.

Recurring contracts such as those for catering and cleaning will be reviewed for value for money at least every three years or prior to renewal.

**Routine Procedures**

**Ordering**

See the flow chart on page 8. Orders must only be used for goods and services provided to the school. Individuals may not use official orders to obtain goods and services for their private use.

**Payment of invoices**

1. VAT has been properly accounted for;

2. all supporting documentation (i.e. delivery note and invoice) are presented to the signatories;

3. The cheque signatories check the supporting documents are there and that the invoice has been authorised and evidenced. The cheque signatories will then approve the BACs/cheque payment.

4. In no circumstances will any cheque signatory sign a blank cheque subject to a second signature;

5. In no circumstances will payment be made against statements.

**Commercial Card Purchases**

**Issue of Cards**

Most schools have a Charge card that will be used only by authorised staff. The individual school’s headteachers will be responsible for authorising the issue of any cards to staff members, or withdrawing cards from use.

Card must be signed immediately on receipt. The set credit limits (vary across cardholders) will be adhered to at all times.

**Conditions of Use of Charge Cards**

• The Charge Card/Debit Card will be used when there is no alternative purchase path.

• Any goods or services purchased with Charge Card/Debit card should be for School use only and NOT personal use. Using it for personal use will result in disciplinary action.

• Any expenditure incurred against Charge Card should be authorised by the budget holder and headteacher.

• The card must not be used to withdraw cash.

• All items must be delivered to the school, unless there are no alternatives.

• Invoices must be VAT invoices where appropriate.

**Monitoring and reconciliation**

• The full balance is paid each month by direct debit.

• Each month the Office Manager/Finance Assistant for each school will collate the paperwork relevant to the items that appear on the statement. Any discrepancies must be investigated and any unauthorised expenditure flagged to the SBM and Headteacher immediately.

• The SBM will perform the reconciliation and post the details onto FMS and the Headteacher will counter authorise the reconciled statement.

• All records must be kept for 7 years and stored in a secure place.

**Safekeeping**

• The Charge Card must be kept secure at all times and in the school safe when not in use.

• A written record of PIN numbers must be kept in the safe.

• If the named person leaves the SBM/Headteacher will advise the charge card company to block further transactions against that card and the card must be destroyed.

**Loss or theft of commercial card**

If a commercial card is lost, the cardholder must contact Lloyds bank immediately. A delay in contacting the bank may result in unauthorised use of the credit card for which the Academy may hold the card use liable. The SBM and Headteacher must also be notified as soon as possible after the loss is discovered.

**Tendering Rules and Procedures**

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 over £144,371 excluding VAT (threshold from 31/01/06) may fall under EU procurement rules which require advertising in the Official Journal of the European Union.

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

* **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the SBM 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 and an Invitation to Tender is issued. 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**

Full consideration should be given to identify and include relevant items from the following:

* objective of project / contract
* overall requirements
* service to be provided
* quantity
* technical skills required
* after sales service requirements
* form of contract.
* total contract price with breakdown of price to specific elements of the works
* timescale and contract duration
* Information and monitoring requirements
* Health and Safety considerations
* Insurance requirements
* Payment arrangements
* Logistical details

It is recommended that all requirements are ranked (e.g. mandatory, desirable and additional) to assist in the decision making.

**Tender Acceptance Procedures**

1. All tenders should state the date and time by which the completed tender document should be received by the Academy.

2. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents and must be sent to the school.

3. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening.

4. Tenders received after the submission deadline should not normally be accepted and only done so with approval of the governors.

**Tender Opening Procedures**

All tenders submitted should be opened at the same time in the presence of at least two people.

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

**Tendering Evaluation Procedures**

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

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

Full records should be kept of all criteria used for evaluation and a report should be prepared for the relevant Committee highlighting the relevant issues and recommending a decision.

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

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

**Factors to consider**

***Financial***

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

***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
* Ability to meet timescales and contingency planning
* 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.

A formal report should be prepared summarising the above. Where it is recommended that the lowest tender not be accepted, the rationale behind the decision should be documented.

No work may commence until formal letters of approval are issued.

**Major works and/or services**

For major works the academy may choose to appoint Consultants to manage the tender process. In such circumstances they must ensure that the consultants follow the required tendering procedures.

The consultants draw up the specification identifying the work to be performed in conjunction with the Headteacher, and any other person with relevant interest depending on the work to be done, e.g. Senior Leadership Team, HR & SBM, and Site Manager etc.

**Emergency Decisions:**

If an urgent decision is necessary and it is not practicable to call a meeting of the appropriate Committee, then a decision may be taken by either the Chair of the Board of Directors or the Vice Chair in their prolonged absence.

Emergencies include urgent matters of Health and Safety, and matters, which affect the normal operation of the School.

**INCOME**

Each day income is counted and a cash sheets completed and counter signed. Income is banked weekly or at least fortnightly (with the exception of cashless schools who may bank on a monthly basis) and the amount banked is reconciled to the amount receipted and counter signed. Frequent and regular checking against bank records is important to ensure that all income is secure. It is also important that the Academy does not exceed its insurance on holding cash on school premises; this figure is currently £3,000.

**Sources of Income**

Income can come from a variety of sources, but falls into two major categories of:

1. Core external income
2. School generated income.

**Core Income**

The main sources of income for the Academy are the grants from the DfE/EFA – this is the General Annual Grant and is received each month. The receipt of these sums is monitored directly by the SBM who is responsible for ensuring that all grants due to the Academy are collected.

**Additional income**

All Invoices for request of funding should be entered onto FMS Accounts Receivable. Regular checks and monitoring of outstanding debtors list should be undertaken.

Not all schools operate with the Account Receivable package and should generate their own debtor information.

* SBM or HT needs to email the Office Manager (OM)/Finance Assistant (FA) with details of who needs to be invoiced and the amount.
* OM/FA needs to set the supplier on the accounts receivable as a debtor
* A product code may need to be created, EG course, lettings
* An invoice is generated and the FA sends it off to the company with a compliment slip
* When payment is received

Hard copies of all invoices raised on FMS and receipts are kept in each school’s finance office.

**School Generated Income**

The schools within the Academy also receive income from:

Parents Paying for:

* breakfast club
* after school club
* after school activity clubs
* school trips
* uniform
* music tuition
* Absence/late fees

**Breakfast Club, After School Club and Wrap Around**

* The person leading extended services provision maintains a waiting list
* A parent is offered a place by an identified member of school staff
* OM/FA generates a Manual invoice/receipt, including details for payment and hands a copy to parents and saves a copy electronically and files a Hard Copy in the Finance Office.
* OM/FA to monitor weekly for non-payments.
* OM/FA to send out a weekly reminder to non-payers.
* FA has to tell SBM/SLT in their admin briefing of any serious non payers, SBM/SLT to follow up.

A charging policy ensures that the Academy has a rational approach to setting charges for the many of the above items. In developing the policy Directors must decide on the level of profit (if any) and the suitability of charges in relation to other providers. The Academy’s charging policy has been determined by the Finance/Audit Committees.

Parents have the option of paying by cash or cheque. All payments are written in a receipt book and the OM/FA will record all income on spread sheets for the relevant activity. All monies collected are kept in the safe prior to banking.

The OM/FA monitors outstanding monies owed on a weekly basis and will contact the relevant parents to chase payment.

**Hire of premises to third parties**

All lettings of school facilities must be at the rates formally approved by the Board of Directors. Free use and charges below economic cost should not be permitted without the express permission of the Headteacher or relevant committee.

The SBM considers all enquiries and the level of costs involved before granting a booking. Letting rates are subject to review by the Finance/Audit Committees of each school.

All hiring of school equipment and facilities will be recorded in the diary kept by the OM/FA. The lettings diary and the lettings planner are subject to review to ensure that all lettings have been correctly invoiced and monies received.

When a letting is provisionally booked the hirer must complete a hire form. An invoice will be raised on FMS and all monies must be received before the let takes place. The FA records receipts.

**Pro-actively applying for Grants**

These may be available from central or local Government, Corporations, the National Lottery and charitable Trusts.

**Fund raising events**

Periodically the schools will organise fund raising events that support national fund raising events such as Children in Need and Comic Relief. All money collected is counted with two members of staff present.

If the PTA or any such organisation hold a fund raising event it is the responsibility of the event organiser to control the funds prior to the them being handed to School Staff. If the cash raised is to be held by the school for safe keeping, then it must be counted with two people present, one of whom is a member of staff.

**Irrecoverable debts**

When an invoice has been raised on FMS it is easy to monitor and should be regularly reviewed to ensure income is received in a timely manner, which should be within 28 days.

If all appropriate attempts to recover debts have been made, and have proved unsuccessful, they should be written off but only in accordance with Academy regulations and records all sums written off. Academy staff must not write off debts without appropriate approval.

Irrecoverable debts may only be written off in accordance with the following approvals:

Up to £250: the SBM and Headteacher of each school

£250 - £500: Chair of each individual school’s Finance/Audit Committee

Over £500: Each individual school’s Academy Committee.

Any amount written off will be reported to the school’s Academy Committee.

**CASH MANAGEMENT**

**Bank Accounts**

The opening of all accounts must be authorised by the Board of Directors which must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements.

The MAC has one Academy bank account and then each individual school has a current account and a school fund account.

The bank has been informed that the school is not allowed to borrow funds and that no account should be allowed to become overdrawn. The school will not enter into any loan arrangements without the prior approval of the Secretary of State.

Cash and cheques are locked in each school’s safe prior to banking to safeguard against loss or theft.

**Payments and withdrawals**

All withdrawals from Academy bank accounts need the signatures of two of the following authorised signatories from each school:

* Headteacher;
* School Business Manager;
* Deputy Headteacher;

Academy procedures ensure that supporting documents, e.g. invoices are made available to cheque signatories to safeguard against inappropriate expenditure. All cheques are signed by two signatories, and are crossed "account payee only". Cheques are not pre-signed.

For cheques in respect of individual items over £5,000, as well as the two signatories, the purchase order and receipt must be authorised for payment by the Chair of Finance/Audit Committee or their nominated representative.

**Deposits**

At the end of each day the Office staff will count the cash and cheques, investigating any discrepancies in what is received compared to records taken throughout the day.

Once a week, the Office Manager/Finance Assistant will prepare the banking, by reconciling the sums collected and generating a paying in slip for the amount to be banked. The Bank’s paying-in slip is completed and shows the split of cash and cheques. The name of the drawer is recorded in the paying in book. All cash and cheques are collected by G4S.

The deposits should be reviewed and certified by the SBM.

**Bank Reconciliation**

Bank reconciliations are a key element of financial control, since they can prove the accuracy of the accounts.

Bank statements are obtained monthly. Each school has access to online banking and therefore can review the bank account on an ad hoc basis as required.

The bank reconciliation is completed monthly by School Business Manager / BMCC Financial Support who are not responsible for the processing of either receipts or payments. The Headteacher certifies the bank reconciliations as correct and signs the bank reconciliation.

Reconciliation procedures must ensure that:

* all bank accounts are reconciled;
* reconciliations are prepared by School Business Manager / BMCC Financial Support
* reconciliations are subject to an independent review by the Responsible Officer (RO) and adjustments arising are dealt with promptly.

**Petty Cash and Staff Expenses**

Petty cash is useful for making small purchases with a minimum of fuss but should only be used when the supplier will not accept a purchase order or for emergency purchases. Since, however, cash is portable and desirable it is important that proper controls are in place to prevent its abuse or loss.

**Conditions of use for each school**

* The petty cash float, is kept in a locked tin in the safe.
* The petty cash float is only reimbursed by a cheque from the school's bank account and is subject to a limit of £200.
* All cash drawn is recorded on FMS.
* Petty cash is reconciled on a monthly basis.

**Reimbursement from the petty cash**

* Payments from petty cash are only made on production of a receipt identifying any VAT paid and cannot exceed £20.
* If the claim is greater than £20, reimbursement will be made by cheque/BACS.
* The Office Manager/Finance Assistant records petty cash payments on FMS which allocates a unique number. The finance system (FMS) automatically maintains a running total of cash in hand.
* All completed petty cash forms are filed.

**Cash Shortages**

The Academy must avoid each school’s current account going overdrawn.

Similarly, plans should be made to transfer funds from another bank account or to re-profile GAG to cover potential cash shortages.

**Investment Policy**

* If significant balances can be foreseen, steps should be taken to transfer the extra funds to products that will receive a better return. However consideration should only be given to invest in risk free and immediately accessible deposit accounts.
* The interest rate must be reviewed at least annually and compared with other products available.
* The Board of Directors must approve all accounts and investment vehicles.
* The Academy will have due regard to ethical and environmental issues in selecting investments and will maintain a dialogue with the companies in which they invest with regard to these matters, and will not make investment in tobacco or arms companies
* 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.

**FINANCIAL CONTROL**

The Academy has many systems for processing and recording financial transactions. These extend from petty cash to purchasing, through payroll and contracting services to income collection systems. By building internal financial controls into systems, directors and staff should be confident that transactions will be properly processed and that any errors or fraud will be detected quickly.

Internal controls include:

* internal checks - the work of one acts as a check on the work of the other and all checks such as bank and petty cash reconciliation are documented.
* separation of duties - the headteacher of each school ensures that duties related to financial administration are distributed so that no one person can complete the complete purchasing and payment process.
* systems manuals - clear, readable descriptions of how systems work and who does what;
* Only authorised staff are permitted access to the accounting records which are securely retained when not in use.
* all staff involved with financial administration receive basic training and are familiar with the operation of the computer
* a system of authorisations - each transaction is authorised before passing on to the next stage of the process.
* Any alterations to original documents such as cheques, invoices and orders will be clearly made in ink or other permanent form initialled. ‘Copy Invoices’ will be marked ‘Copy Invoice, Not Previously Passed For Payment’
* a clear audit trail covering all stages of a transaction, for example from purchase order to invoice, to accounts, to cheque, and in reverse.
* All accounting records including invoices, delivery notes, bank statements etc. are retained in hard copy for six years, plus the current year, in a secure area.
* The Headteachers/SBM ensure that all expenditure from sources of earmarked funds is accounted for separately and that the funding is used for its intended purpose.
* The Headteachers/SBM ensure that financial control is maintained in the absence of key personnel through staff training or by arranging job shadowing. Knowledge of the financial processes is shared between the SBM/Office Managers.

**TAX**

* The SBM is responsible for ensuring that all relevant finance and administrative staff are aware of VAT and Income Tax.
* The Office Manager/Finance Assistant will check the calculation of the correct rate and amount of VAT.
* The Office Manager/Finance Assistant will also check that VAT invoices show a VAT number.
* The schools will seek to ensure where expenses are paid for out of petty cash, and the amount is less than £25, the receipt received will show the supplier's VAT number, to enable a VAT reclaim to be made. If a petty cash purchase of more than £25 is made, the school will request a VAT receipt to enable a VAT refund claim to be made.
* • The school makes a monthly claim for a VAT refund from HMRC with forms completed by School Business Manager / BMCC Financial Support. The SBM is responsible for chasing HMRC in the event of a delayed refund.

**VOLUNTARY FUNDS (School Fund)**

Voluntary funds provide the individual schools within the Academy with an additional source of income. Although such funds are not public money, the standards of financial accounting that apply to income and expenditure for the school's delegated budget are also applied to the voluntary funds.

School Business Manager / BMCC Financial Support will ensure that voluntary funds are accounted for separately from each school's delegated budget. Any income that properly relates to the school's delegated budget will not be credited to the voluntary fund e.g. income from letting school property.

It is expected that school fund should operate in the same way using the same procedures as delegated bank accounts.

**SECURITY AND MANAGEMENT OF ASSETS**

**Fixed Assets**

Each school has attractive and portable items of material and equipment ranging from library books to computers, camcorders and televisions. It is important that these assets are kept identified as school property, kept securely and correctly recorded. Where items are used by the academy but do not belong to it this should be noted. Refer to the Asset Management Policy for the comprehensive controls of the Academy’s asset.

**Asset register**

All items purchased with a value over the academy’s capitalisation limit of £1000 or highly desirable must be entered in an asset register which records key information about the item.

The Asset Register helps to:

* 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 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
* support insurance claims in the event of fire, theft, vandalism or other disasters.

**Inventories**

Inventories of items in each room is kept up to date and reviewed regularly by the Office Manager/Finance Assistant. A hard copy is printed out and kept by the SBM.

**Disposals and Write-offs**

* Items will not be disposed of other than in accordance with guidelines stated in the School’s Scheme of Delegation.
* Where significant, items should be sold following competitive tender.
* All write-offs and disposals will be reported regularly to the relevant Finance/ Audit Committee.
* Disposal of equipment to staff is not encouraged.
* 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/YPLA a proportion of the sale proceeds.
* All disposals of land must be agreed in advance with the Secretary of State.

**Loan of Assets**

Items of Academy property must not be removed from Academy premises without the authority of the relevant Headteacher. A record of the loan must be recorded in the loan register and where items on are long term loan then it is recorded in the individual’s HR file.

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.

**Security of assets**

* Stores and equipment must be secured by means of physical and other security devices.
* High value items or those that are vulnerable to theft are permanently marked as property of the Academy.
* Only authorised staff may access the stores.
* All items are counted at least annually and discrepancies investigated.
* Cash and blank cheques are kept locked in the school safe.
* One safe key is removed from the school overnight, the second safe key is securely locked up in the school.
* Any losses are immediately reported to the SBM / Headteacher.

**Data Security**

The Academy is now fully reliant on computers to process and record personal, financial and other management data. Most of the controls in this section therefore cover access to data held on computers. It is important that management information is properly protected from unauthorised access and that it is backed up regularly. It is also important that the Academy has a recovery plan to ensure continuity of financial management in the case of an emergency.

**System Access**

* Entry to the FMS system is password restricted and access is controlled by the SBM.
* It is necessary on some systems used at the Academy that different levels of access are possible and implemented, to ensure that no one has inappropriate access. Graded access could, for instance, allow a member of staff to read but not alter records as is the case on FMS.
* The SBM is responsible for setting access levels for all members of staff using FMS.
* Passwords should be changed periodically and cancelled when a member of staff leaves.

**INSURANCE**

* The adequacy of insurance/Risk Protection Arrangement (RPA) is reviewed annually by the Finance/Audit Committee in line with the requirements contained within the Academies Financial Handbook.
* The school immediately informs the Insurance Company/Third party Administrator (TPA) of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under an insurance policy/Risk protection Arrangement are authorised by the Headteacher prior to submission to the insurance company/TPA.
* The school will not give any indemnity to a third party without the written consent of their insurers.
* The Academy will notify its insurers/TPA) of all new risks, property and equipment which require insurance or of any other alteration affecting existing insurance.

|  |  |
| --- | --- |
| ADOPTED AND SIGNED ON BEHALF OF THE ACADEMY BOARD OF DIRECTORS: |  |
| SIGNATURE OF BOARD OF DIRECTORS REPRESENTATIVE: |  |
| DATE: |  |
| REVISION DATE: |  |