

St. Mary's Catholic Primary Schools Trust



'Aspire not to have more, but to be more'

(Oscar Romero)

FINANCE POLICY & PROCEDURES

2024

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1. Introduction

The purpose of this manual is to ensure that the academy maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management.

The academy must comply with the principles of financial control outlined in the academies guidance published by the DfE/YPLA. This manual expands on that and provides detailed information on the academy's accounting procedures and system manual should be read by all staff involved with financial systems.

Governance

At St. Mary's we undertake to carry out the conditions as set out in the Academies Financial Handbook.

The Board of Governors of St. Mary's School are responsible for ensuring that the school meets all obligations placed upon it by the Secretary of State for Education.

In order to fulfil better the obligations placed upon it, the Board of Governors is divided into Resources, Admissions, Learning & Well-being and Safeguarding sub-committees.

The full Board of Governors meets at least once each term, other committees meet regularly. Minutes are taken of all meetings.

Corporate Governance

Corporate governance is the way in which organisations are directed and controlled. It defines the distribution of rights and responsibilities among different stakeholders and participants in the organisation, determines the rules and procedures for making decisions on corporate affairs including the process through which the organisation's objectives are set, and provides the means of attaining those objectives and monitoring performance. The following section looks at governors' responsibilities for the corporate affairs of academies.

The Governing Body

The Multi Academy Trust (MAT) is governed by a governing body constituted under a Memorandum of Association and Articles of Association. The governing body is responsible for ensuring that high standards of corporate governance are maintained. It should exercise its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the academy, addressing such matters as:

- **policy development and strategic planning**, including target-setting to keep up momentum on school improvement;
- ensuring **sound management and administration** of the academy, and ensuring that managers are equipped with relevant skills and guidance;
- ensuring compliance with **legal requirements**;
- establishing and maintaining a transparent system of prudent and **effective internal controls**. (Note that the academy's annual report and accounts must include a statement on the efficiency and effectiveness of such controls);
- management of the academy's financial, human and other **resources**
- **monitoring performance** and the achievement of objectives, and ensuring that plans for improvement are acted upon;
- helping the academy be **responsive to the needs of parents and the community** and making it more accountable through consultation and reporting;
- setting the academy's **standards of conduct and values**;
- assessing and managing **risk**

The governing body also has a duty to take appropriate action when there are weaknesses in the academy. Where individual governors have concerns which cannot be resolved about the running of the academy or a proposed action, they should ensure that their concerns are recorded in minutes.

NB: All duties and responsibilities of governors detailed in this handbook apply equally to persons who are not governors of the academy but who have been appointed to serve on a committee of that academy in an honorary capacity.

The governing body must appoint an Executive Headteacher to the MAT who will also act as an ex-officio governor. The headteacher is responsible for the internal organisation, management and control of the academy, the implementation of all policies approved by the governing body and for the direction of teaching and the curriculum. The governing body should formally delegate these powers and functions to the headteacher.

Obligations of Governors

As academies are companies limited by guarantee with charitable status, the governors who sit on the governing body are the legal trustees of the charity. This confers certain obligations upon the trustees to protect the assets, property and good name of the charity. The legal requirements of trustees are set out below.

Trustees (governors) have full responsibility for the charity and must:

- act together and in person and not delegate control of the charity to others;
- act strictly in accordance with the academy's governing documents;
- act in the academy's interests only and without regard to their own private interests;
- manage the academy's affairs prudently throughout the life of the academy;
- not derive any personal benefit or gain from the academy of which they are trustees; and
- take proper professional advice on matters on which they are not themselves competent.

In managing the academy's finances governors must:

- make sure that bank accounts, financial systems and financial records are operated by more than one person;
- make sure that all the academy's property is under the control of the trustees;
- keep full and accurate accounting records; and
- prepare accruals accounts giving a true and fair view of the academy's incoming resources and application of resources during the year and of its state of affairs at the year end.

In applying the academy's income governors must spend it solely for the purposes set out in the academy's governing documents and spend it with absolute fairness between persons qualified to benefit from the charity.

Conduct of Governors

Governors and staff are public servants and as such must not use public monies or official business for personal benefit. The governing body 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 governors. 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.

Governors 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 governors and staff act, and are seen to act, impartially. All members of the governing body are therefore required to complete a declaration of their business interests. It is also strongly recommended, as a matter of good practice, that the headteacher and other senior staff complete declarations. 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 governor or a member of staff.

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

Where a governor or related person has a pecuniary interest in a business, and that interest exceeds limits that may be specified in the academy's memorandum or articles of association, the academy must not enter into any contract or arrangement (such as the purchase of goods and service) with that business. For example, an academy would 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 governors 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. As good practice, it is recommended that monthly/termly meetings of governors and senior managers include a standing agenda item for attendees to declare any changes to their declarations of interests.

Payments to Governors

It is illegal for governors 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 governor of the academy.

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

However, nothing prevents the payment of governors for the usual professional charges for business undertaken by any governor 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 governing 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 governors are engaged in such a professional capacity: and
- governors withdraw from any meeting at which his or her remuneration, or that of his or her partner / relative, is under discussion.

Governors' Meetings

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

Governors must appoint a clerk to the governing body, who must be someone other than a governor or the headteacher of the academy.

Each meeting of the governing body should consider:

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

Matters that should be considered by trustees 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 eg 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 - Attached

The governing body should agree a formal schedule of matters reserved for their decision, ie those which should not be delegated within the academy. Beyond this, the governing body should consider establishing separate committees to deal with specific areas of academy business, and should determine the delegated responsibilities to be assigned to those committees, to ensure that matters can be dealt with in appropriate detail and with sufficient frequency. However, as a minimum, it is a requirement that all academies establish a finance committee separate from the governing body to deal with financial matters. The governing body should also consider whether they ought to have a remuneration committee to decide upon the remuneration of staff.

Where the governing body decides to delegate certain matters for consideration by committees, each committee should be chaired by a governor. The membership of the committee may include

persons who are not governors provided that a majority of the members are governors. The governing body should ensure that it receives adequate feedback on the work of those committees and is able to consider their decisions formally.

Governors' Responsibilities for Risk Management

The Charity Commission requires charities to include a statement in the trustees' 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 governors need to think about the major risks from the outset in order to make and sign up to that statement. For example, governors 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 included.

Governors should 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.

Governors must also ensure that the 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 academy from acting unlawfully, imprudently or outside the terms of the academy's governing documents, and are expected to consider whether indemnity insurance should be taken out to cover them against this liability.

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

2. Organisation

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 illustrated below:

The Governing Body

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 and in the academy's scheme of government. 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
- appointment of the School Business Manager, in conjunction with the Headteacher.

The Finance & Premises Committee

The Finance & Premises Committee is a committee of the governing body. The Finance & Premises Committee meets at least once a term but more frequent meetings can be arranged if necessary.

The main responsibilities of the Finance & Premises 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 1985 and the DfE guidance issued to academies;
- authorising the award of contracts over £5,000 [actual amount to be agreed at each individual academy];
- authorising changes to the academy personnel establishment and
- 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 governing body.

The Headteacher

Within the framework of the academy development plan 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 School 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 upto £15,000 in conjunction with the School Governors;
- authorising payments in conjunction with the School Business Manager or other authorised signatory.

The School Business Manager

The School Business Manager works in close collaboration with the Headteacher through whom he or she is responsible to the governors. The School Business Manager also has direct access to the governors via the Finance & Premises Committee. The main responsibilities of the School 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;
- processing orders which have been previously authorised by an SLT member
- authorising payments in conjunction with the Headteacher or other authorised signatory and
- ensuring forms and returns are sent to the appropriate bodies.

The Responsible Officer

The Responsible Officer (RO) is appointed by the Finance & Premises Committee and provides governors with an independent oversight of the academy's financial affairs. The main duties of the RO 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.

The Responsible Officer will undertake 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 Finance & Premises Committee.

Other Staff

Other members of staff, primarily the School Administrator and budget holders, 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 economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

Register of Interests

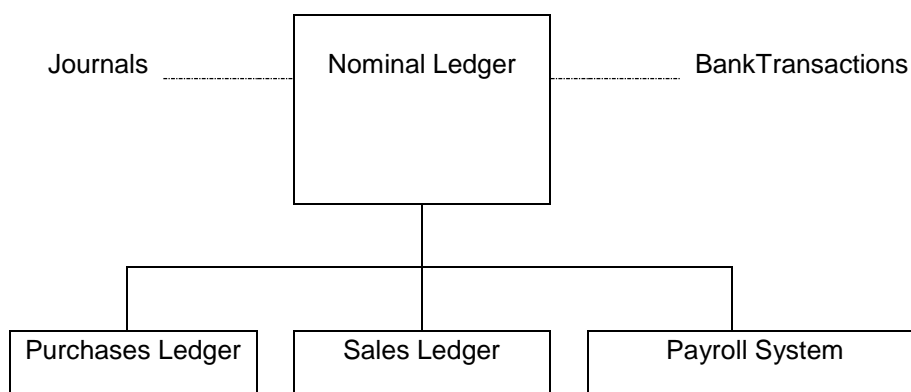
It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all academy governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.

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.

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

All the financial transactions of the academy must be recorded on the SIMS/FMS6 accounting system. The SIMS/FMS6 is operated by the Finance Department and consists of:



System Access

Entry to the SIMS/FMS system is password restricted and the School Business Manager and Budget Advisor is responsible for implementing a system which ensures that passwords are changed at least every 3 months.

Access to the component parts of the SIMS/FMS system can also be restricted and the School Business Manager is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

The School Business Manager is responsible for ensuring that there are effective back up procedures for the system. Data should be stored electronically and held in a secure place preferably in a fireproof container. Back up copies should be taken on at least a weekly basis.

In order to provide more protection from the loss of data at least three different back up devices should be used in rotation and stored in different locations. At least one copy should be stored off-site.

A disaster recovery plan should be practice 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

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.

Detailed information on the operation of the SIMS/FMS system can be found in the user manuals held in the Finance Office.

Transaction Reports

The School Business Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- the weekly audit trail reports;
- Masterfile amendment reports for the payroll, purchase ledger and sales ledger;
- management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations

The School 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.

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

4. Financial planning

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

The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The development plan provides the framework for the annual budget.

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

Development Plan

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

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

Each year the Headteacher will propose a planning cycle and timetable to the 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?"

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Headteacher.

The completed development 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 lead responsibility for ensuring progress is made towards the objective will be assigned to an academy manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team 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

The School Business Manager / Budget Advisor is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Finance & Premises Committee and the governing body.

The approved budget must be submitted to the DfE by the deadline notified by the DfE and the School Business Manager / Budget Advisor 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 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 development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DfE 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.

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. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the School Business Manager / Budget Advisor for approval by the Headteacher, the Finance & Premises Committee and the governing body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

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

Monthly reports will be prepared by the School Business Manager / Budget Advisor. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the Resources Committee.

Any potential overspend against the budget must in the first instance be discussed with the School Business Manager. The accounting system will not allow payments to be made against an overspent budget without the approval of the Headteacher

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 Finance & Premises Committee in line with the scheme of delegation

5. Payroll

The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

Staff Appointments

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 Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteachers and the School Business Manager whose appointments must follow consultation with the governors. The School Business Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Headteacher immediately.

Payroll Administration

The academy payroll is outsourced to Strictly Education.

All staff are paid monthly through the Strictly Education payroll contract. A master file is created for all employees which records:

- salary;
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable.

New master files can only be created by Strictly Education with the express approval of the School Business Manager. Any master file amendments made by the School Business Manager must be printed out each month prior to the payroll run and must be authorised by the Headteacher.

By the 5th of each month the School Business Manager will prepare and distribute a timetable for payroll processing specifying key details for the month in question. Data input to the payroll system should be undertaken by the School Business Manager in accordance with the timetable. Before the payroll is processed a print of all data input should be obtained and this should be checked against source documentation by the School Business Manager and then authorised and initialled by the Headteacher.

Payments

After the payroll has been processed but before payments are dispatched a check should be made of salary payments showing the amount payable by the School Business Manager.

All salary payments are made by BACS.

The School Business Manager / Budget Advisor should prepare a reconciliation between the current month's actual and budget estimate for that month. This reconciliation should be reviewed and signed by the Headteacher.

Strictly Education 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 payments for these amounts are prepared by Strictly Education.

The School 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.

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 School Business Manager 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.

On an annual basis the School 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 in the Headteachers office.

6. Purchasing

The academy wants to achieve the best value for money from all our purchases. See Best Value Statement. 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

Orders are only made by telephone in exceptional circumstances. Where goods are required urgently and an order is placed by telephone the order must always be confirmed by fax or in writing in the usual way.

Access to the computer system is restricted to Headteacher, School Business Manager, Budget Advisor and School Administrator.

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.

Ordering procedures are as follows:

A requisition is made by the budget holder and given to the School Business Manager. The order is authorised and entered onto FMS and the available budget is checked on the computer and the order is printed and passed to an authorised signatory for authorisation.

The signatory of the order satisfies him or herself that the goods or services are appropriate and needed, that there is adequate budgetary provision, and that quotations or tenders have been obtained if necessary.

The School Business Manager despatches the order.

When an order is cancelled reasons for cancellation are recorded on order form.

Receipt of goods:

All goods received should be delivered to the school reception. All staff to be aware that when signing for delivery of goods if not checked they must sign "unchecked" on the delivery note.

The following procedures then take place:

- ✓ the budget holder evidences the check of goods received on the delivery note
- ✓ the delivery note and the order are retained until the purchase invoice is received
- ✓ if goods received are part of a larger order, the Admin Assistant will record the part payment
- ✓ invoice on the local order form and indicate which items have been received.

- ✓ any shortages or defective items in the goods supplied must be clearly indicated on the delivery note. The School Business Manager is responsible for ensuring the delivery is rectified.

Purchase invoices:

All purchase invoices are authorised by the Headteacher or Deputy Head.

Where goods received were short or defective in some respect, and this still has not been rectified, this must be clearly noted on the invoice so that payment is not made until either a credit note is received or the delivery is put right.

The invoices are returned to the School Business Manager for payment.

Payment of invoices:

The School Business Manager reviews invoices on a regular basis ensuring that they are paid by the due date or that any discounts available for early settlement are not lost.

Invoices should not be paid early as a matter of course.

Payment is only made when the Admin Officer has made the following checks:

- ✓ goods or services have been received and checked to the order;
- ✓ expenditure has been properly incurred and payment has not already been made;
- ✓ prices agree with quotations, tenders, contracts or catalogue prices and arithmetic is correct;
- ✓ VAT has been properly accounted for;
- ✓ the invoice has been correctly coded and certified for payment.
- ✓ discounts have been taken where applicable.

The Headteacher, or Deputy Headteacher authorise payment according to their levels of delegation set out in the Scheme of Delegation, having ensured that all of the school's procedures have been followed.

All cheque payments from public and non-public funds are signed by two of the authorised signatories.

The following procedures are followed when a cheque is signed:

- ✓ all supporting documentation (i.e. delivery note and invoice) are presented to the signatories;
- ✓ the cheque signatory must not sign a cheque relating to goods or services for which he has also authorised the expenditure;
- ✓ All cheques drawn are crossed as account payee only to avoid the possibility of improper negotiation of cheques;
- ✓ The cheque signatories check the supporting documents are there and that the invoice has been authorised and evidence.
- ✓ The School Business Manager files all documentation in cheque payment number sequence;
- ✓ In no circumstances will any cheque signatory sign a blank cheque subject to a second signature;
- ✓ No payment will be made on a photocopied invoice unless exhaustive checks have been made to confirm that payment has not previously been made. Confirmation that such checks have been made is to be recorded by the School Business Manager writing on the invoice

"copy not previously passed for payment and signing". Any copy invoice to be marked "this is an official copy invoice",

- ✓ In no circumstances will payment be made against statements.

Charge card purchases

- all charge cards to be kept in the school safe – the card holder should not divulge the card or PIN numbers to any other person
- each card issued has a limit of £5,000
- the card is not to be used:
 - for personal purchases
 - by anyone, other than the member of staff to whom the card has been issued
 - to withdraw cash
 - outside of St. Mary's School's financial procedures.

All receipts for purchases must be passed to the School Business Manager immediately

Any purchase made on the School charge cards held by members of the SLT must be authorised by a third party.

All orders placed over the internet must be printed as a record of the order, copies must be passed to the School Business Manager immediately

The School Business Manager will reconcile all card purchases against the card statement and receipts.

7. Tendering Rules

Orders less than £5000

Every effort should be made to obtain best value but there is no requirement to obtain written quotations.

Orders over £5,000 but less than £15,000

At least two written quotations should be obtained for all orders between £5,000 and £15,000 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 confirmation of quotes has been received before a purchase decision is made.

Orders over £15,000

All goods/services ordered with a value over £15,000, or for a series of contracts which in total exceed £15,000 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 requires 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 School Business Manager how best to advertise for suppliers 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

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

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

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

- An invitation to tender should include the following:
- introduction/background 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

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

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

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 £25,000 - two of the budget holder, the School Business Manager or the Headteacher;

For contracts over £25,000 - either the School Business Manager or the Headteacher plus a member of the Finance & Premises Committee.

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 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 for contracts over £25,000 a report should be prepared for the Finance & Premises Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance & Premises Committee.

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

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

8. Income

The main sources of income for the academy are the grants from the DfE. The receipt of these sums is monitored directly by the School Business Manager who is responsible for ensuring that all grants due to the academy are collected.

The academy also obtains income from:

- The Local Authority for SEN and Early Years funding
- Parents for school trips, uniform & dinner money
- Other for Lettings

SEN, Early Year Funding & other grants

All Invoices for request of funding should be entered onto SIMS Accounts Receivable. This module will maintain a debtor listing and the aged debtor report should be produced monthly and all debtors that have invoices that remain unpaid after 30 days should be sent a statement.

Trips

When planning any excursion, the consent of the Headteacher must be obtained before any commitment is made to pupils, parents or third parties.

All monies received for excursions are to be paid to the Class Teacher / School Office. Money is passed to the School Administrator who is responsible for banking it.

Bad debts

Bad debts are only written off when the school has followed all possible procedures to ensure their recovery. The school keeps a record of any bad debts written off.

Other matters

Proper records are kept of all income due to the school. The responsibility of identifying sums due to the school is the Headteacher's, and is separate from the process of collecting and banking such sums.

The School Business Manager / Budget Advisor is responsible for reconciling monthly the amounts collected with the amount paid in at the bank.

Invoices for sums due to the school are issued within 30 days.

Income collections should not be used for the encashment of personal cheques. Any transfers of school money between staff are recorded and signed for.

Dinner money

Pupil's money to be collected via ParentPay.

The Admin Officer to calculate totals daily.

Any unpaid money to be collected by the School Administrator.

Amounts must be reconciled with invoices monthly.

Fund raising events

It is the responsibility of the event organiser to control income prior to the monies being handed to the School Administrator. Monies are collected by event organisers and then passed to the Admin Officer. A paying-in slip is completed by the event organiser.

The Admin Officer records and balances cash. The cash is banked by the Receptionist and Premises Officer.

Custody

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 Finance Office safe prior to banking. Banking should take place every month or more frequently if the sums collected exceed the £5,000* insurance limit on the Finance Office safe.

Monies collected must be banked in their entirety in the appropriate bank account. The School Administrator 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 after each banking and must be reviewed and certified by the School Business Manager.

9. Cash Management

Bank Accounts

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 and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

The school holds separate bank accounts for public and non-public funds.

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.

Bank statements are obtained monthly. The 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 the School Business Manager / Budget Advisor.

All cheques are signed by two signatories, and are crossed "account payee only". Cheques are not pre-signed; cheque books are held in the school safe when not in use.

Cash and cheques are locked in the school safe prior to banking to safeguard against loss or theft. All cash is banked intact and recorded on paying-in slips. Bank paying-in slips show the split of cash and cheques. Cheques will be identifiable by reference to the receipt numbers and names of the drawers and cash by reference to receipt numbers. All cash and cheques are banked by the School Business Manager and School Administrator and collected by a secure banking service on a monthly basis. Where unusually high levels of cash are received these are banked on the day of receipt.

Deposits

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

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

- Headteacher;
- School Business Manager;
- Deputy Headteacher;
- Chair of Governors;

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 payment relating to goods or services for which they have also authorised the expenditure.

Administration

The School 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 Admin Assistant or the School Business Manager;
- reconciliations are subject to an independent monthly review carried out by the School Business Manager or in his/her absence the Responsible Officer (RO) and
- adjustments arising are dealt with promptly.

Cash Flow Forecasts

The School Business Manager / Budget Advisor 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 GAG to cover potential cash shortages.

Investments

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

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 Controls

The governing body ensures that the school has written descriptions of all its financial systems and procedures. These are kept up to date.

The school's accounting system is computerised using 'SIMS/FMS' system. It is the school's policy that all staff involved with financial administration receives basic training and is familiar with the operation of the computer.

The proper functioning of the accounting system is the responsibility of the School Business Manager and in her/his absence, the Headteacher.

Only authorised staff are permitted access to the accounting records which are securely retained when not in use.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink. The use of correcting fluid or the erasure of information is not acceptable.

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.

All financial transactions are traceable from original documentation to accounting records, and Vice versa.

The Headteacher ensures that all expenditure from sources of earmarked funds is accounted for separately and that the funding is used for its intended purpose.

Tax

The Headteacher is responsible for ensuring that all relevant finance and administrative staff are aware of VAT, Income Tax, and Construction Industry Scheme regulations.

As part of its tests on purchase controls, the calculation of the correct rate and amount of VAT will be checked. The school will also check that VAT invoices show a VAT number

The school makes a monthly claim for a VAT refund from HMRC. The School Business Manager is responsible for chasing HMRC in the event of a delayed refund.

If the school generates income on which VAT should be charged, it will account for this as a deduction from its normal monthly claim for a VAT refund.

The school will only make payments to building contractors and subcontractors in accordance with the Construction Industry Scheme.

Voluntary Funds

The Headteacher will ensure that voluntary funds are accounted for separately from the school's delegated budget and that they are held in a separate bank account.

The governing body will ensure that relevant voluntary funds are registered with the Charity Commission.

The governing body will appoint a controller to oversee the voluntary funds.

The governing body will appoint an Independent Examiner who is independent of the school and who is not a member of the governing body.

The Headteacher will ensure that the same standards of financial accounting apply to income and expenditure for the school's delegated budget are applied to the voluntary funds.

Any income that properly relates to the school's delegated budget will not be credited to the voluntary fund.

School Fund account will be subject to an Independent Examination annually. The Independently Examined accounts, the Independent Examiner's certificate and any written report on the accounts shall be presented to the governing body as soon as possible after the end of the accounting year.

The governors should consider each year whether the voluntary funds should be covered by Insurance

The adequacy of insurance is reviewed annually by the school in line with the requirements contained within the Academies Financial Handbook.

Details of all insurance policies held by the school are kept in the school's Admin office under the control of the Admin Officer.

The school will not give any indemnity to a third party without the written consent of their insurers.

The school immediately informs the Insurance Company of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under an insurance policy are authorised by the Headteacher prior to submission to the insurance company.

10. Fixed assets

Asset register

All items purchased with a value over the £2000 limit must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% 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

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

Security of assets

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

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

Items which are to be disposed of by sale or destruction must be authorised for disposal by the School 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.

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.

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 Head of Department. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.

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.