



**THE FEDERATION OF ABBEY SCHOOLS ACADEMY
TRUST**

Finance Procedures

2022-23

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SECTION ONE

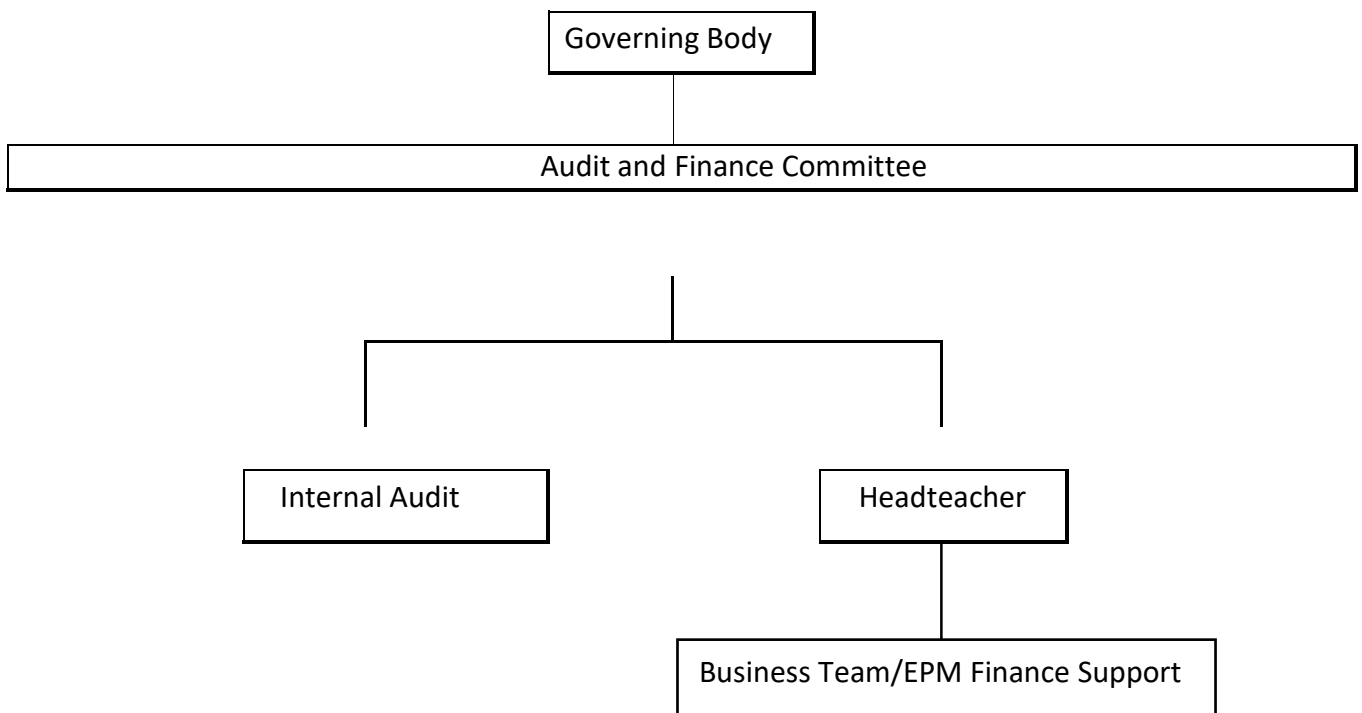
INTRODUCTION

- 1.1 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. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Education & Skills Funding Agency (ESFA).
- 1.2 The Academy must comply with the principles of financial control outlined in the Academies Financial Handbook published by the ESFA. 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.

SECTION TWO

ORGANISATION

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



The Governing Body

2.2 The Governing Body has overall responsibility for the administration of the Academy's finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the Academy and the ESFA and in the Academy Scheme of Government and include:

- ensuring that grant from the ESFA is used only for the purposes intended;
- approval of the annual budget;
- appointment of the headteacher;

The Department of Education (DfE) must be notified by using Get Information about Schools (GIAS) of the appointment or vacating of the position of any Member or Trustee.

The Academy must publish on its website up to date details of its governance arrangements.

The Audit and Finance Committee

2.3 The Audit and Finance Committee (AFC) is a committee of the Governing Body (GB). The AFC meets at least once a term but more frequent meetings can be arranged if necessary.

2.4 The main responsibilities of the AFC are detailed in written terms of reference, which have been authorised by the GB. The main responsibilities include:

- the initial review and authorisation of the annual budget;
- reviewing management accounts monthly, comprising budget variance reports and cash flow forecasts;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the ESFA guidance issued to Academies;
- authorising the award of contracts and purchases over £20,000;
- authorising changes to the Academy personnel establishment;
- reviewing the reports and recommendations of the Internal Assurance on the effectiveness of the financial procedures and controls;

The Headteacher

2.5 Within the framework of the Academy development plan as approved by the governing body the Headteacher has overall executive responsibility for the Academy's financial activities. The Headteacher is therefore responsible for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body has agreed should be approved by them;
- authorising contracts and purchases up to £20,000;
- All cheques require two authorised signatories;
- the management of the Academy's financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- the maintenance and communication of effective systems of internal control;
- authorising all orders up to the value of £20,000;

- obtaining approval for the annual budget;

The Business Team/EPM Financial Support

The Business Team is responsible to the Headteacher for the detailed operation of the Academy's financial affairs and their main responsibilities include:

- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance;
- 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;
- the preparation of management accounts for the Audit and Finance Committee and Chair of Trustees;

Internal Assurance

2.6 Internal Assurance is undertaken termly by the Academy's external auditors to provide the Board of Governors with an on-going independent oversight of the Academy's financial affairs, in addition to the internal procedures already carried out by the Business Team. A report of the findings from each audit programme will be presented to the Finance Committee. The main duties are to provide the GB with independent assurance that:

- the financial responsibilities of the GB are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained; and
- financial considerations are fully taken into account in reaching decisions.

Other Staff

2.7 Apart from the staff mentioned in the foregoing paragraphs other members of staff, primarily the Business Team and budget holders, 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.

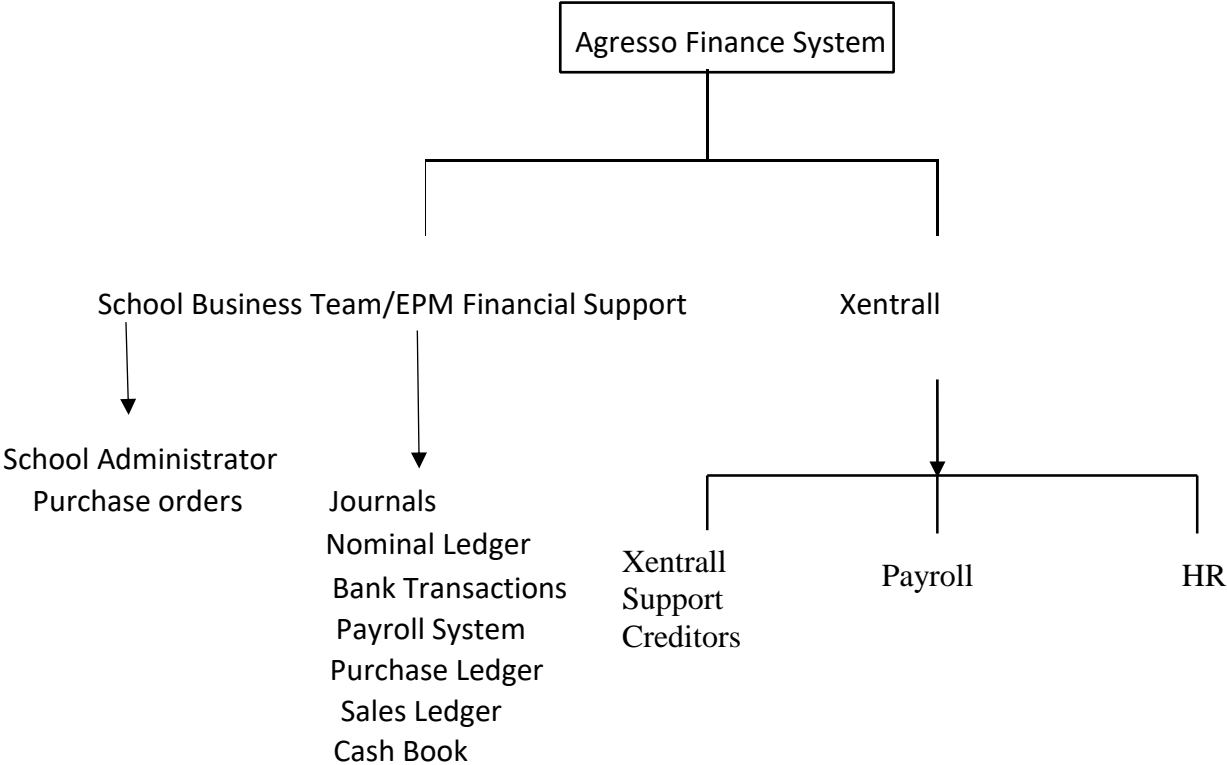
Register of Interests

- 2.8 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 and is held by the Clerk to the Governing Body. It is also published on the Academy's website.
- 2.9 The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.
- 2.10 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.
- 2.11 **Gifts and Hospitality Policy**
There is a gifts and hospitality policy which outlines procedures and appropriate protocols with regard to individuals and the acceptable manner around this area.
- 2.12 **Transparency**
Governance structures and arrangements are published on the Academy's website.
- 2.13 **Confidential Reporting**
There is a confidential reporting policy which outlines the procedures in place.

SECTION THREE

ACCOUNTING SYSTEM

3.1 All the financial transactions of the Academy must be recorded on the Agresso accounting system. The Agresso system is operated by the Business Team and consists of:



3.2 **System Access**

Entry to the Agresso system is password restricted and the system automatically password changes at regular intervals.

3.3 Access to the component parts of the Agresso system can also be restricted and the Business Team is responsible for setting access levels for all members of staff using the system. No entries can be made to the Agresso system except by authorised staff.

Back-up procedures

3.4 Agresso and IT Systems are responsible for ensuring that there are effective back up procedures for the system.

- 3.5 The Headteacher and GB are responsible with the preparation of a disaster recovery plan in the event of loss of accounting facilities or financial data.

Transaction Processing

- 3.6 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. Bank transactions should be input by the one member of Business Team, and the input should be checked, and signed to evidence this check, by the another member of the Business Team. In the event that another member of the Business Team is absent, EPM Financial Support will check, sign and evidence bank transactions.

- 3.7 Detailed information on the operation of the Agresso system can be found in the user manuals held in the finance office.

Transaction reports

- 3.8 EPM Financial Support will obtain and review system reports to ensure that only regular transactions are posted to the accounting system, including:
- management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations

- 3.9 EPM Financial Support is responsible for ensuring that the following reconciliations are performed each month:
- payroll control account;
 - all suspense accounts;
 - bank balance per the nominal ledger to the bank statement.
- 3.10 The Business Team and EPM Financial Support is also responsible for regularly reviewing Sales and Purchase ledger balances and for ensuring that Suppliers' statements are regularly checked to Purchase Ledger accounts. Any unusual or long outstanding reconciling items must be brought to the attention of the Headteacher.

SECTION FOUR

FINANCIAL PLANNING

- 4.1 The Academy prepares both medium term and short-term financial plans.
- 4.2 The medium term financial plan is prepared as part of the 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.
- 4.3 The 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.
- 4.4 The development planning process and the budgetary process are described in more detail below.

Development Plan

- 4.5 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.
- 4.6 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 ESFA.
- 4.7 Each year the Headteacher will propose a planning cycle and timetable to the governing body which allows for:-
- a review of past activities
 - definition or redefinition of aims and objectives
 - development of the plan and associated budgets
 - implementation, monitoring and review of the plan
 - feedback into the next planning cycle
- 4.8 The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Headteacher.
- 4.9 The 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.

- 4.10 For each objective, the responsibility for ensuring progress is made will be assigned to a leader within the Academy, reporting directly to the Headteacher, who will in turn, report progress to the GB.

Budgeting

- 4.11 A three year budget forecast will be prepared by the Headteacher and Business Team who are responsible for gaining budget approval by the Finance Committee and the GB
- 4.12 The approved three year budget must be submitted to the ESFA by the end of July each year and the Headteacher is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 4.13 The annual budget will reflect the best estimate of the resources available to the Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.
- 4.14 The budgetary planning process will incorporate the following elements:
- forecasts of the likely number of pupils to estimate the amount of ESFA 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;
 - review of the staffing establishment of the school;
 - 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

- 4.15 Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure 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

- 4.16 Once the different options and scenarios have been considered and agreed the Business Team/EPM Financial Support and Headteacher can prepare a draft three year budget to

present for approval to the Finance Committee and the GB. The agreed budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

- 4.17 The budget should be seen as a working document which may need revising throughout the year as circumstances change. Any significant changes to that budget can draw on unspent funds brought forward from previous years. The board must minute their approval.

Monitoring and Review

- 4.18 Reports will be prepared by EPM Financial Support on a monthly basis. The reports will detail actual income and expenditure against budget understanding and explaining the variances both for budget holders and at a summary level for the Audit and Finance Committee.
- 4.19 Any potential overspend against the budget must in the first instance be discussed with the Headteacher
- 4.20 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate.

Accruals & Prepayments

- 4.21 . Accrual and prepayments are electronically applied through the agresso system each month.
- 4.22 As part of monthly budget monitoring, the anticipated expenditure/income to the 31st August is presented to the Headteacher. As part of this process accruals and prepayments are applied to the outturn.

SECTION FIVE

PAYROLL

5.1 The main elements of the payroll system are:

- Staff appointments;
- payroll administration;
- payments.

Staff Appointments

5.2 The Governing Body approves a personnel establishment for the Academy. Changes can only be made to this establishment with the approval in the first instance of the Audit and Finance Committee who must ensure that adequate budgetary provision exists for any establishment changes.

5.3 The Headteacher has authority to appoint staff within the authorised establishment except for Headteachers whose appointments shall follow consultation with the Chair of Governors. The Headteacher maintains personnel files for all members of staff, which include contracts of employment. (Held in the Business Centre)

Payroll Administration

5.4 The Academy payroll is administered by Xentrall Shared Services – The Academy has bought into this service.

5.5 All staff are paid monthly through the Agresso payroll package. A master file is created for each employee which records:

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

5.6 The Headteacher will authorise, by signature, all salary amendments. Those paid on a variable basis will have timesheets authorised by the Headteacher. Any other variable payments must be documented and authorised by the Headteacher.

5.7 Both school and Xentrall will record any sickness and other absences during the month. Authorised staff returns are sent to Xentrall via Myhr, secure portal from the Business Team who ensures information is extracted for payroll processing.

- 5.8 Data input to the payroll system is undertaken by Xentrall from information received from the Academy via Egress Switch, secure portal.

Payments

- 5.9 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 Headteacher.
- 5.10 All salary payments and payments for deductions are made by BACS.
- 5.11 The payroll system 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 the BACS payments for these amounts are prepared by the Business Team and authorised for payment by the Headteacher (or one other authorised cheque signatory if one is unavailable) by the due date.
- 5.13 After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. EPM Financial Support will reconcile 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.

SECTION SIX

PURCHASING

1 The Academy wants to achieve the best value for money from all our purchases. This means we need to obtain them in the correct quality, quantity and time at the best price possible. A large proportion of our purchases will be paid for with public funds and we 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;
- *Fair Play*, that all those dealt with by the Academy are dealt with on a fair and equitable basis.

The aim is to give budget holders the freedom to expend money against their agreed budgets as expeditiously as possible without compromising the proper system of internal control and the segregation of the approval and payment processes.

There is therefore the aim of securing, as part of this control, a matching of authorised order, receipt of goods or services and price.

6.2 Each Budget holder will be informed of the budget available to them. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder as required and they are encouraged to keep their own records of orders placed but not paid for.

6.3 All purchases should be made using the official Academy ordering process. Subsequent paragraphs however recognise that this is not possible or practicable in all cases.

Value	Requirements – best value evidence	Requirements – approval
£5,000 and under	No specific requirement re quotations – process comparisons to be completed as appropriate to the purchase	Headteacher
£5,001-£10,000	One written quotation	Headteacher

£10,001-20,000	Three written quotations	Headteacher
£20,001-40,000	Three written quotations	Audit and Finance Committee
£40,001 and over	Formal tender procedure	Audit and Finance Committee

On occasions the above table cannot always be followed. In these cases a non-competitive tender process should be followed. This should only be used in exceptional circumstances where for example emergency event or where it is known that there is only one suitable supplier. In these circumstances the non-competitive tender form should be completed to record where standard procedures are not followed.

Routine Revenue Purchases

- 6.4 Routine purchases are those of items which of a day to day or routine nature and which are included as part of the annual budget. As such they can be ordered by budget holders through the completion of a proforma order.
- 6.5 Budget holders can submit proforma orders up to the maximum of their allocation (usually £1,000 - £3,000) however all external orders must be approved by the Headteacher. A quote or price should be obtained before any order is placed. Suppliers are chosen according to best value.
- 6.6 All purchases must be made, or subsequently confirmed, in writing using an official internal order form, stocks of which are held in the Admin Offices. Orders must bear the signature of the budget holder and forwarded to the Business Centre Office for approval by the Headteacher.
- 6.7 Signed orders are recorded as a purchase order on the Agresso system which automatically allocates a reference number and an order for dispatch to the supplier. A copy of the order is retained in the office.
- 6.8 The Business Team must make appropriate arrangements for the delivery of goods to the Academy. On receipt the budget holder must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be reported to the Business Team and discussed with the supplier of the goods without delay. All GRN and advice notes should be sent to the Business Team.
- 6.9 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Business Team should be notified who will keep a central record of all goods returned to suppliers.
- 6.10 All invoices should be sent to the Business Team. Invoice receipt will be recorded by the Business Team on the order. The Business Team will ensure invoices are authorised for payment by Headteacher, and transaction number recorded on invoice for further reference.

All invoices and credit notes will be posted to the ledger on a timely basis. If there are delivery/price queries on an invoice, these invoices will be kept separately by the SBM so that the queries can be cleared, and invoices can be accrued into the accounts to ensure cut-off is correct and that invoices/CN are recorded in the correct period.

If a budget holder is pursuing a query with a supplier the Business Team must be informed of the query and periodically kept up to date with progress.

- 6.11 If the invoice relates to an order and all aspects agree in terms of receipt and price/value then there need be no further input from the budget holder.
- 6.12 The Business Team will then input details of payments to be made and generate the cheques or BACS, as required. Where a cheque is required the associated paperwork must accompany the cheque when it is presented to the nominated signatories. Where a BACS payment is being made then the listing will be approved by Business Team and Headteacher and the associated paperwork must be checked.
- 6.13 Where the payment is made by BACS the Agresso system will automatically despatch a remittance advice to the supplier, the Business Team will stamp the invoice as PAID and place it in the appropriate file with the associated paperwork.
- 6.14 The academy has a credit card facility; cards are issued in the names of the headteacher and Business Team. Card purchases made online are recorded and printed orders made. Payment to Lloyds Credit Card facility is made each month and the balance cleared. Statements are reconciled with the bank statement and filed in the Business Team office. As with any other purchase a pro forma order should be completed and points 6.4 to 6.6 and 6.8 to 6.9 should be followed.

Petty Cash

- 6.15 The Academy operates a petty cash/non order payment system for small cash items up to a limit of £30. Before any purchases are made, approval should be sought from the Headteacher for approval to spend. The member of staff should complete a Petty Cash Voucher/Non Order Payment form on return of purchase. Forms are with the Business Team. VAT receipts should be attached to the form to support the reimbursement. The completed form is to be forwarded to the Business Team who will record and issue a unique reference number. Claims are authorised by the Headteacher and the transaction number from the Agresso system is recorded on the claim for future reference. All payments are made by BACs and follow points 6.12 and 6.13.

In exceptional emergency circumstances the £30 may be exceeded, but in-line with the above, prior approval must be obtained.

Trips

- 6.16 The Group Leader will complete an Educational Visits and Out of School Activities form which will detail costs such as venue and transport costs. The completed form will be forwarded to the Business Centre Office for approval by the Headteacher. The signed form will act as the requisition and from this a purchase order will be raised on Agresso. Points 6.10 to 6.13 will then be followed.

Payments without and Invoice

- 6.17 Where a payment needs to be made without an invoice, all documents must be retained as evidence to support the payment for audit trail. Points 6.10 to 6.13 will then be followed.

Purchasing for Contracted Services

- 6.18 There are other revenue services which will be provided on a regular basis by outside suppliers but which for practical purpose cannot be processed through the system for payment in the above manner. Nevertheless they are still subject to internal control processes.
- 6.19 Examples of such services are catering, security, insurance and utilities. In the case of these services the terms of the service are negotiated with a supplier and the payment is made against an invoice for which the contract itself forms the basis for agreeing the invoice.
- 6.20 These contracts should be negotiated on the best terms available by the Headteacher and Business Team on behalf of the GB and then authorised by the Finance Committee if more than £20,001.
- 6.21 Once the contracts are agreed the monthly or periodic invoices can be approved against them. In such cases the authority for approval should be the Business Team.

Emergency Purchases

- 6.22 From time to time budget holders may need to make purchases to cover for an emergency situation. In such cases a confirmatory internal order should be raised to ensure that documentary evidence is in place to cover the payment and the process described in 6.6 to 6.13 (above) can then be followed. Authorisation must always be given by the Headteacher and only up to the value of the agreed budget.

Capital / large purchases

- 6.23 All goods/services ordered with a value over £40,001 must be subject to formal tendering procedures. Where the level of the purchase is in excess of European Procurement limits then the tender will be conducted in accordance with European procurement regulations.

Forms of Tenders

- 6.24 There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below. Deals for Schools should be considered before a tender process is commenced.

Open Tender. This is where all potential suppliers are invited to tender. The Headteacher must discuss and agree with the FC 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

6.25 Full consideration should be given to:

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

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

Invitation to Tender

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

6.28 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
- an indication that the Academy will not be bound to accept the tender with the lowest price, but will take into account the best value principles
- terms and conditions of tender
- form of response.

Aspects to consider

Financial.

6.29 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 examine audited accounts etc.

Tender acceptance procedures

- 6.30 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 will only be accepted where proof is provided that the tender was sent in advance of the deadline.

Tender opening procedures

- 6.31 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 over £20,000– The Headteacher and a member of the Audit and Finance Committee
 - For contracts over £40,000– The Headteacher, Chair of Finance Committee and a member of the Audit and Finance Committee
- 6.32 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by all people present at the tender opening.

Tendering procedures

- 6.33 The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.
- 6.34 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 6.35 Full records should be kept of all criteria used for evaluation and for contracts over £40,000 a report should be prepared for the Audit and Finance Committee highlighting the relevant issues and recommending a decision. For contracts under £40,000 the decision and criteria should be reported to the Audit and Finance Committee.
- 6.36 Where required by the conditions attached to a specific grant from the ESFA, the department's approval must be obtained before the acceptance of a tender.

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

Related Party Transactions

- 6.38 Any related party transactions must be reported to the ESFA in advance of the transaction taking place. We are to obtain ESFA's prior approval where any of the following related parties limits arise:

- A contract exceeding £20,000
- A contract of any value that would take the total value beyond £20,000 in the same financial year ending 31 August
- A contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.

SECTION SEVEN

INCOME

- 7.1 The main sources of income for the Academy are the grants from the ESFA. The receipt of these sums is monitored directly by the Headteacher who is responsible for ensuring that all grants due to the Academy are collected.

The Academy also obtains income from:

- Catering;
- Grants;
- Students, mainly for trips;
- Out of School Clubs;
- Training;
- Insurance Payments;
- Commission;
- Donations.

Catering

- 7.3 SIMS Dinner Money report is produced and balanced each week.
- 7.4 Payment for meals is made using SIMS Pay, Parent Mail or cash. Any concerns should be raised with the Headteacher.

Grants

- 7.5 A member of staff should be appointed by the Headteacher to be responsible for each grant applied for by the Academy. A list of the grants and responsible staff members (RSM) should be provided to the Business Team.
- 7.6 When preparing an application for a grant the RSM should discuss the application with the Business Team to ensure that the financial details are complete and accurate, and can be achieved within the academy's cashflow. All grant applications, requiring match funding should be approved in advance by the Headteacher to ensure that the match funding can be provided within the budgets of expenditure already agreed.
- 7.7 Once the RSM has submitted the application to the appropriate authorities, a copy must be forwarded to the Business Team.
- 7.8 Avec Financial Support is responsible for ensuring that all budgetary headings are incorporated on the Agresso system, and any amendments to the overall academy's budget are documented.
- 7.9 The RSM is responsible for ensuring that all costs are appropriately identified to enable the Business Team/Avec Financial Support to allocate them accurately.
- 7.10 On a monthly basis the RSM and the Business Team/EPM Financial Support should meet to ensure the grant is on budget, and that costs are correctly allocated.
- 7.11 When grant claims are made, these are to be prepared by the RSM following discussions with the Business Team.

- 7.12 A copy of all grant claims must be passed to the Business Team.
- 7.13 Upon receipt of the funds from the appropriate authority the Business Team will enter the data onto the Agresso system.
- 7.14 The Business Team will inform the RSM of the receipt.

Trips

- 7.15 A lead teacher must be appointed for each trip by the Headteacher to take responsibility for costing a school trip. The Admin Team must prepare a record for each student intending to go on the trip showing the amount due. Records are kept to ensure trip is financially viable.
- 7.16 Payments can be made online.
- 7.17 The Business Team should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a regular basis and the admin staff are responsible for chasing the outstanding amounts.

Custody

- 7.18 All cash must be kept in the Office safe prior to banking. All monies are collected by G4S. This takes place as required.
- 7.19 Monies collected must be banked in their entirety in the appropriate bank account. The Business Team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

SECTION EIGHT

CASH MANAGEMENT

Bank Accounts

- 8.1 The opening of all accounts must be authorised by the Governors 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.

Deposits

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

Payments and withdrawals

- 8.3 All cheques from Academy bank accounts must bear the signatures of two of the following authorised signatories:

Headteacher, Deputy Headteacher (Curriculum)

On-line payments – authorisation by Headteacher and processed by two members of Business Team/EPM Financial Support

Supplier bank details may only be changed on the finance system on receipt of written instructions directly from the supplier. Care must be taken to ensure that the instructions are genuine and should always be confirmed by telephone from details already held or by sourcing contact details separate from the updated instructions.

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

Administration

- 8.5 The Business Team 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 nominal ledger;
- reconciliations are prepared by the Business Team; authorised by Headteacher;
- adjustments arising are dealt with promptly.

Cash Flow Forecasts

- 8.6 The Headteacher and Business Team/ EPM Financial Support are 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 reprofile GAG to cover potential cash shortages, in line with ESFA requirements.

Investments

- 8.7 Investments must be made only in accordance with written procedures approved by the governing body, through the Audit and Finance Committee.
- 8.8 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.

SECTION NINE

FIXED ASSETS

Purchase of assets

- 9.1 All assets purchased with a value over £1000 and a useful life of more than one year must be entered in the asset register, except where IT equipment is purchased in which case over £250.

Asset register

- 9.2 The asset register should be maintained by the Business Team and include the following information:

- Date of acquisition;
- Description of the asset including a unique identification mark such as a serial number;
- Cost;
- Location of asset;
- Depreciation rate / useful life of the asset;
- Funding for the asset.

The GB will agree rates of depreciation to be applied to Academy assets.

- 9.3 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

- 9.4 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 9.5 All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the governing body. Inventories of Academy property should be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it this should be noted.

Disposals

- 9.6 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and, where significant, should be sold following competitive tender. The Academy must seek the approval of the ESFA in writing if it proposes to dispose of land, buildings or heritage assets as per the ESFA's 'Academies Financial Handbook'.
- 9.7 The Academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Academy must repay to the ESFA a proportion of the sale proceeds.
- 9.8 All disposals of land must be agreed in advance with the Secretary of State.

Loan of assets

- 9.9 Items of Academy property must not be removed from Academy premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in Academy when it is returned. Responsibility for making good any damage to the asset occurring while the asset is removed from Academy premises will ordinarily reside with the individual loaning the asset.
- 9.10 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Academy's auditors.