



Financial Procedures

Key points and summary

This document outlines:

- Financial responsibilities
- Scheme of financial delegation (including a summary matrix)
- Procurement procedures
- Statements and procedures relating to financial management and probity

1. Introduction and statement of intent

- 1 The purpose of these financial procedures is to ensure that the Multi Academy Trust adopts systems of financial control that conform to the requirements both of propriety and good financial management. It is essential that these systems operate properly to meet the requirements of the Funding Agreement and company and charity law.

2. Scope and applicability

2. This policy applies to all Directors, Governors and Staff.
3. Staff with regular involvement with financial systems and procedures should be familiar with the contents.

3. Financial responsibilities

4. The scheme of financial delegation (outlined in Appendix 1: Scheme of Financial Delegation and Appendix 2: Delegation Matrix) is designed to guide directors, governors and staff in the exercise of their duties.
5. The system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:
 - comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Full Governing Body;
 - regular reviews by the Operations Committee of reports which indicate financial performance against the forecasts and of major purchase plans, any planned capital works and expenditure programmes;
 - setting targets to measure financial and other performance;
 - clearly defined purchasing (asset purchase or capital investment) guidelines;
 - delegation of authority and segregation of duties;
 - identification and management of risks.

4. Appendices

Appendix 1: Scheme of Financial Delegation

Appendix 2: Delegation Matrix

Appendix 3: Procurement procedures

Appendix 4: Financial Management and Probity statements and processes

Appendix 1: Scheme of Financial Delegation

Governing Body

1. The Directors/Governing Body is responsible for the financial performance of the Trust, although it may delegate responsibilities to the Operations Committee and/or individual staff to ensure that matters can be dealt with in appropriate detail and with sufficient frequency. The establishment of a committee, or delegation of powers, does not absolve the Directors/Governing Body of its overall responsibility to manage the finances of the trust.
2. The Governing Body is responsible for:
 - a. Approving the scheme of delegation and financial procedures, and reviewing them annually, to ensure that it satisfies the Governing Body's ultimate responsibility for ensuring that there are adequate operational controls in place for all financial processes within the academy
 - b. Appointing the Responsible Officer with appropriate Terms of Reference
 - c. Receiving any audit inspection report and associated action plan
 - d. Approving the financial accounts
 - e. Approving the initial budget each financial year
 - f. Receiving information from the Resources Committee as appropriate
 - g. Determining appropriate virements (as set out in the Delegation Matrix)
 - h. Approving and reviewing appropriate contracts (as set out in the Delegation Matrix)
 - i. Writing off debts or liabilities, or authorising ex-gratia payments, in line with limits set in the Scheme of Delegation.

Operations Committee

3. The Operations Committee exercise the powers and duties of the Governing Body in respect of the financial management/administration of the Trust, except for those items specifically reserved for the Governing Body or delegated to staff.
4. The Operations Committee is responsible for:
 - a. Approving banking arrangements
 - b. Ensuring effective budgetary control, including through receiving reports on the financial position at each meeting and authorising (or recommending to the Governing Body as appropriate) necessary actions
 - c. Receiving any audit inspection report and ensuring the production of a resulting action plan
 - d. Receiving reports from the Responsible Officer and ensuring any necessary recommendations are implemented
 - e. Ensuring production of the financial accounts in accordance with company, charity and DfE requirements
 - f. Preparing the initial budget each financial year
 - g. Determining appropriate virements (as set out in the Delegation Matrix)
 - h. Approving and reviewing appropriate contracts (as set out in the Delegation Matrix)
 - i. Ensuring appropriate insurance arrangements are in place to meet the requirements of the DfE
 - j. Authorise and manage the approach to investing any surplus funds
 - k. Prepare and review the Financial Management and Governance Evaluation (FMGE) annually
 - l. Authorise all disposals

Responsible Officer

5. The Responsible Officer (RO) is appointed by the Governing Body to provide them with an independent oversight of the Trust's financial affairs. The main duties of the RO are to provide the governing body with independent assurance that:
 - a. The financial responsibilities of the governing body are being properly discharged;
 - b. Resources are being managed in an efficient, economical and effective manner;
 - c. Sound systems of internal financial control are being maintained;
 - d. Financial considerations are fully taken into account in reaching decisions.
6. The Responsible Officer will undertake a regular programme of reviews (at least in accordance with DfE requirements) 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 Operations Committee.

Headteacher

7. The Executive Headteacher is responsible for:
 - a. Signing contracts on behalf of the Governing Body
 - b. Determining appropriate virements (as set out in the Delegation Matrix)
 - c. Approving appropriate contracts (as set out in the Delegation Matrix)
 - d. Acting as a cheque signatory/payment authoriser (as set out in the Delegation Matrix)
 - e. Approving orders
 - f. Approving new staff appointments (besides any that require Governor involvement)

Operations Director

8. The Operations Director works in close collaboration with the Executive Headteacher through whom s/he is responsible to the governors. The Operations Director also has direct access to the directors/governors via the Operations Committee.
9. The main financial responsibilities of the Operations Director are:
 - a. The management of financial issues including the establishment and operation of a suitable accounting system
 - b. The management of the academy financial position at a strategic and operational level within the framework for financial control determined by the governing body
 - c. The establishment of effective systems of internal control
 - d. Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and manual and computer records of the academy
 - e. The preparation of monthly management accounts
 - f. Authorising contracts and orders within the limits set down in the current Scheme of Delegation in conjunction with budget holders
 - g. Authorising payment as appropriate
 - h. Ensuring forms and returns are completed and set to the DfE/EFA in line with the timetable in the DfE guidance
10. In detail, the Operations Director is responsible for:
 - a. Managing financial staff
 - b. Accounts
 - The management of financial processes within the academies, ensuring that adequate operational controls are in place and that the principles of internal control are maintained.

- Ensuring that full, accurate and up to date records are maintained in order to provide financial and statistical information and that the figures have been reconciled with each academy's bank account.
- c. Audit
- Ensuring that all records and documents are available for audit by the chosen auditor and arrange for the required accommodation of the auditors.
- d. Banking arrangements
- Maintaining proper records of account.
 - Maintaining banking mandate arrangements.
 - Producing monthly reconciled bank statements.
- e. Budgets/Budgetary Control
- Regular monitoring of expenditure and income against the approved budget and submitting reports on each academy's financial position to every meeting of the Operations Committee. Any actual or potential overspending shall be reported to the Operations Committee.
 - Ensuring that all required reports and closing of accounts information is sent to the DfE/EFA within the required timescales.
 - Preparing an annual draft budget plan for consideration by the Operations Committee before the start of the relevant financial year.
- f. Contracts
- Exercising the following powers and duties on behalf of the Governing Body:
 - Ensuring that all contracts and agreements conform with the Procurement Regulations
 - Acceptance of quotations
 - Receipt and custody of all tenders
 - Authorisation of senior members of staff to open tenders
 - Signing contracts on behalf of the Governing Body
 - Maintaining a register of formal contracts entered into, amounts paid and certificates of completion
 - Retention of quotes obtained for goods, works and services
 - Signing certificates where contracts require that interim and final payment are made on such certificates
 - Ensuring that the requirements of the Construction Industry Scheme are adhered to where applicable
- g. Income
- Ensuring that arrangements for collection of income are in accordance with the Financial Regulations.
 - Ensuring that all income is accurately accounted for and is promptly collected and banked intact.
 - Ensuring that all receipt systems, forms, books, tickets and other such items shall be ordered and issued in a form approved by the auditors and the DfE/EFA.
 - Reporting debts to the Operations Committee.
- h. Information and communication systems
- The standards of control for such systems in operation within the school to include the use of properly licenced software, and for the security and privacy of data in accordance with the Data Protection Act.

i. Insurances

- Researching and recommending insurance arrangements to the Resources Committee that meet the requirements of the academy and the DfE/EFA.

j. Lettings

- Ensuring that any percentage income from Third Party Lettings is duly collected from the Private Finance Initiative (PFI) provider.

k. Orders for goods, works and services

- Ensuring that arrangements for the ordering of goods, works and services are in accordance with the Financial Procedures.
- Authorising members of staff to order and receive goods and certify invoices for payment, ensuring the appropriate division of these duties between the staff. A record must be maintained of such authorisations.
- Approving orders. The financial limits for the approval of orders can be found at Annex B.

l. Payments

- Ensuring the arrangements for processing payments are in accordance with the Financial Procedures.
- Ensuring that all correct invoices are duly certified by authorised staff before payments are made.
- Ensuring that invoices, vouchers and other records are retained and stored in a secure way and are readily available for inspection by authorised persons.
- Acting as a cheque signatory in accordance with the banking mandate.

m. Salaries, Wages and Pensions

- Ensuring the arrangements for processing salaries, wages and pensions are in accordance with the Financial Regulations
- Authorising members of staff to certify pay documents and time records, maintaining a record including specimen signatures of such authorised staff.
- Collecting any monies advanced to a member of staff who is to leave either academy's employment.

n. Security of Assets

- Ensuring the arrangements for security of assets are in accordance with the Financial Procedures.
- Ensuring that proper security is maintained at all times for all buildings, furniture, equipment, vehicles, stocks, stores, cash, information and records, etc. under his/her control.
- Ensuring an inventory is maintained in accordance with the instructions in the Finance Handbook, of all items of furniture, equipment, and vehicles. The inventory record, whether manual or computerised, shall be a permanent and continuous record.
- Where appropriate, arranging for the security marking of such items.
- Arranging for annual independent checks and certification of stock and inventory records, in accordance with the instructions in the Finance Handbook.
- Authorising the write off of any deficiencies of individual stock and inventory items with original purchase values up to £500. Where the original purchase is not available, the current market value should be used. All such write offs should be in accordance with the Finance Handbook and be formally reported and minuted at the following Operations Committee meeting.
- Authorisation, in accordance with the instructions in the Finance Handbook, of the disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete with a realisable value of less than £500. All such authorisations should be in

accordance with the Finance Handbook and be formally reported and minuted at the following Operations Committee meeting.

- Ensuring that keys to safes and other similar receptacles are held under the close personal security of responsible staff at all times.

The Finance Team

11. The Finance Team (herewith known as the Finance Office) has responsibilities including the following:
 - a. Receiving requisitions for goods and services from budget holders
 - b. Gaining appropriate approval for requisitions
 - c. Placing orders with suppliers
 - d. Confirming the receipt of goods and services
 - e. Arranging payment for goods and services
 - f. Resolving queries and discrepancies regarding orders, deliveries and invoices
 - g. Banking of all monies
 - h. Maintaining an inventory of student lockers and collecting deposits
 - i. Maintaining asset registers

Budget Holders

12. Budget holders are responsible for the management and monitoring of their own delegated budgets with information provided on a regular basis by the finance team. Additionally they are responsible for:
 - a. Requisitioning goods and services that enhance the educational experience of students
 - b. Seeking out best value
 - c. Confirming the receipt of goods and services or any discrepancies to the finance team in a timely manner
 - d. Authorising orders. The financial limits for the approval of orders can be found at Annex B
13. Budget holders must ensure that all goods and services are procured using a purchase order and must not use their own resources to obtain items for their academy.
14. Budget holders are not to exceed their budget allocation without the prior authorisation of the Governing Body.

All Staff

15. All staff members are responsible for:
 - a. The security of academy property
 - b. Avoiding loss or damage
 - c. Ensuring economy and efficiency in the use of resources
 - d. Conforming with the requirements of the academy's financial procedures
16. All staff must comply with the requirements of the academy's financial procedures.

Appendix 2: Delegation Matrix

Role	Cheque Signing	Purchasing, Procurement and Contract Processing	Purchase Order Authorisation Limits	Virements	Investments**
Governing Body		Approve contracts over £100k		Over £50k	Over £100k
Resources Committee		Approve contracts up to £100k		£25k to £50k	Up to £100k
Responsible Officer					
Chair of Governors	Above £25k		All order values	Up to £25k	
Headteacher	Up to £25k	Signs contracts on behalf of GB Approve contracts up to £50k	All order values	Up to £25k	
Deputy Headteacher/s	Up to £25k	In lieu of headteacher in cases as required	In lieu of headteacher in cases as required	In lieu of headteacher in cases as required	
Business Manager	Up to £25k	Signs contracts on behalf of GB Approve contracts up to £25k Leads procurement of contracts with a value of £50k and over (£100k works) (in association with budget holder) Ensure compliance with procurement regulations.	Up to £25,000	Action approved virements	Funds in Treasury account or in current account
Budget Holders (BH)		Ensure procurement process is appropriate for size of contract – see advice from FM / DoB	Up to £1000		

* - Cheques on the school account will be signed by two people. BACS authorisation will follow the same model. Authorised signatories must not sign a cheque / authorise a payment relating to goods or services for which they have also authorised the expenditure.

** - investments do not include cash being held in the current account or any associated "sweeping" facility.

Appendix 3: Procurement procedures

Introduction to Procurement Regulations

1. The Academy Trust intends to achieve the best value for money from all its purchases. This means obtaining what is required in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and it is vital to maintain the integrity of these funds by following the general principles of:
 - **Probity.** It must be demonstrable that there is not 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.** All those dealing with the academy must be treated on a fair and equitable basis.

Best Practice

2. Policies and procedures for procurement are documented in this Appendix and must be adhered to so as to ensure that the process is being carried out on a fair, open and best value basis. The Appendix describes:
 - The roles and responsibilities of those involved in procurement
 - Delegated authority levels; in particular setting out the procedures to be followed for purchases above specified values, to ensure sufficient levels of oversight by the Governing Body
 - Arrangements to ensure segregation of duties
 - How purchases are recorded (paper records and computer records)
3. In all cases it is important to ensure that the procedures that are set out are followed, both for routine day to day procurement, and for periodic high value items.
4. Where appropriate, individuals with relevant experience including the end-users (e.g. ICT managers and teachers) should be involved when putting together invitations to tender, or making key decisions. This will not only aid selection of the best solutions for the academy, but will also help achieve buy-in by the end-users.
5. Procurement decisions must be clearly recorded to ensure that each decision has been reached fairly and to provide a clear audit trail:
 - Minutes must be taken of all relevant meetings
 - The options available should be recorded
 - The basis for scoring/ranking should be set out
 - The individuals responsible for scoring/ranking should be identified
 - The outcome of the scoring and the final decision should be recorded
 - The reasons on which the decision was reached should be clearly documented
6. All key documents should be retained together by the academy. These include:
 - Invitations to tender
 - Tenders received from bidders
 - Quotes obtained for smaller purchases
 - Papers/minutes documenting the procurement decision
 - Signed copies of the contracts awarded
 - Invoices

7. Where procurement is carried out with the assistance of an external project management company (for example the initial procurement of ICT) key documents should be transferred to, and retained by, the academy prior to cessation of the contract with the project management company.
8. An asset register for the academy of all capital items should be established in an appropriate format and should be updated on a continual basis as assets are purchased.
9. Updating of the register as assets are procured ensures that it is always current and eases the task of end of year asset verification. It will also simplify the setting of insurance levels and the handling of any claims.
10. A similar register should also be maintained of "attractive items" (i.e. items with a cost below the Academy's capitalisation threshold) such as minor office equipment.
11. Fitness for purpose must be a key consideration in any procurement decision (e.g. ICT should be of the correct specification; fixtures and fittings should be of adequate durability).
12. Opportunities should be taken for bulk purchase discounts, for example by combining similar orders.
13. When ordering goods an assessment of likely delivery timeframes should be made, to ensure appropriate staff are available on site to receive them (particularly during school holidays), and that adequate space is available to locate or store the delivery.

Routine Purchasing

14. Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Information detailing actual expenditure against budget is available from the Finance Office and budget holders are required to review this on a monthly basis.
15. Routine purchases up to £1,000 can be ordered by budget holders (subject to higher approval). In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Business Manager. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Business Manager.
16. All requisitions must be made, or confirmed, using the SIMS FMS system to produce an official purchase order number. Orders must be placed via the Finance Office on an approved order form.
17. Requisitions are entered onto the SIMS FMS finance system, approved on the system, automatically allocated a reference number and dispatched to the supplier either electronically or manually.
18. The budget holder must make appropriate arrangements for the delivery of goods to the school. On receipt the budget holder must undertake a detailed check of the goods received against the delivery note and make a record of any discrepancies between the goods delivered and the delivery note. Discrepancies should be discussed with the supplier of the goods without delay.
19. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified.
20. All invoices should be sent to the Finance Office. Invoice receipt will be recorded by a member of finance staff by entering it into the finance system. The member of finance staff will ensure that the following can be evidenced:
 1. Invoice arithmetically correct
 2. Invoice posted to purchase ledger

3. Goods/services received
4. Goods/services as ordered
5. Prices correct
6. Invoice authorised for payment
7. Payment authorised
8. VAT treated correctly
9. Payment made

21. If a budget holder is pursuing a query with a supplier the Finance Office must be informed of the query and periodically kept up to date with progress.
22. A member of finance staff will then input details of payments to be made to the purchase ledger and generate the cheque payments required. The cheques must be authorised by two of the nominated cheque signatories.

Cheques will be dispatched to suppliers by a member of finance staff.

Orders over £1,000 but less than £5,000 (or £15,000 for works)

23. For contracts for works, supplies or services (including consultancy) with an estimated cost not exceeding £5,000 (or £15,000 for Works), the budget holder will work with the Operations Director to obtain a single written quotation (or more than one where practicable), or place an order with a contractor under a Framework Agreement or Consortia, where such arrangements exist.
24. The aim is to identify the best source for the provision of the goods or services. Written details of quotations obtained should be retained by with the purchase order, delivery note and invoice for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed/emailed confirmation of quotes has been received before a purchase decision is made.

Orders £5,000 and over (£15,000 works) but under £50,000 (£100,000 works)

25. In the case of contracts (including consultancy) with an estimated cost greater than £5,000 (£15,000 Works) and not exceeding £50,000 (£100,000 Works), the budget holder will work with the Finance Manager to obtain at least three written quotations, or place an order with a contractor under a Framework Agreement or Consortia, where such arrangements exist.
26. If three quotations cannot be obtained due to lack of suitable suppliers prepared to quote, the Operations Director must keep a record of the reasons for this with the tender file.

Contracts valued over £50,000 (£100,000 works)

27. Contracts (including consultancy) with an estimated value exceeding £50,000 (£100,000 for Works) must be let by formal competitive tender.
28. Where the estimated value of the contract is in excess of the relevant EU threshold, EU procurement procedures must be followed. Appropriate advice should be sought, via the Operations Director.

Tendering

29. 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

30. This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Operations Director how best to advertise for suppliers (e.g. general press or 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

31. 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

32. 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 tenders 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

33. Full consideration should be given to:
- Objective of project
 - Overall requirements
 - Technical skills required
 - After sales service requirements
 - Form of contract
34. 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

35. 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.
36. An invitation to tender should include the following:
- Introduction/background to the project
 - Scope and objectives of the project
 - Technical requirements
 - Implementation of the project
 - Terms and conditions of tender
 - Form of response

Considerations when drafting tender documents/processes

37. 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?

38. 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

39. 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

40. The invitation to tender should state the date and time by which the completed tender document should be received by the Trust or 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

41. 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, who should not be part of the evaluation process.
42. A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering evaluation

43. 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.
44. 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.
45. Full records should be kept of all criteria used for evaluation and the evaluation summary for each tender.

46. For contracts above the thresholds specified in the Delegation Matrix, reports should be prepared for the Executive Headteacher/Operations Committee/Governing Body highlighting the relevant issues and recommending a decision.
47. Where required by the conditions attached to a specific grant from the DfE/EFA, the Department's approval must be obtained before the acceptance of a tender.
48. The accepted tender should be the one that scores most highly against the evaluation criteria that were outlined in the tender documentation.
49. All parties should then be informed of the decision. Feedback should always be offered to unsuccessful tenderers.

EU Procurement Rules

50. The European Union (EU) has introduced rules to open up public purchasing by making member states remove restrictive practices. Government departments and other public bodies are subject to these rules. They are relatively complex but in general terms include a requirement to follow a prescribed tendering procedure, to operate to a minimum timescale and **a requirement to advertise contracts in the Official Journal of the European Union (OJEU)** if they exceed certain financial thresholds. Where the Trust or its academies are likely to enter into such contracts it is essential to seek more detailed guidance and legal advice from the DfE and others.
51. Purchases over the thresholds set out below may fall under EU procurement rules.

Thresholds from 01/01/2010 and net of VAT	Goods	Services	Works
Public sector contracting authorities including academies	£156,442 (€193,000)	£156,442 (€193,000)	£3,927,260 (€4,845,000)

Appendix 4: Financial Management and Probity

Register of Pecuniary Interests

1. Governors, who might have an interest with regard to tenders or provision of services/equipment, should declare that interest. A register will be kept of any such interests.
2. All reasonable steps will be taken to ensure that any employee who might have an interest with regard to tenders or provision of services/equipment, should declare that interest. A register will be kept of any such interests.

Accounting system

3. All the financial transactions of the academy must be recorded on the SIMS FMS accounting system. The SIMS FMS system is operated by the Finance Department and consists of:
 - Journals
 - Nominal Ledger
 - Bank Transactions
 - Purchase Ledger
 - Sales Ledger
 - Automatic update
 - Manual update
 - System Access
4. Entry to the system is password restricted and the Finance Manager is responsible for implementing a system which ensures that passwords are changed at least every 3 months.
5. Access to the component parts of the system can also be restricted and the Finance Manager is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

6. The Finance Manager is responsible for ensuring that there are effective back up procedures for the system.
7. The Finance Manager should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

Annual cycle of financial planning

8. The Trust 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 budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year. The development planning process and the budgetary process are described in more detail.

School Improvement Plan/SIP

9. The SIP is concerned with the future aims and objectives of the school and how they are to be achieved; that includes matching the school'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.

10. The form and content of the SIP are matters for the school 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.
11. Each year the Executive 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?”
 - Feedback into the next planning cycle – “what worked successfully and how can we improve?”
12. 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.
13. For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a school 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

14. The Operations Director is responsible for preparing and obtaining approval for the annual budget.
15. The budget must be approved by the Executive Headteacher, Operations Committee and the Governing Body.
16. The approved budget must be submitted to the DfE by 31 July each year and the Operations Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
17. 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/EFA grant receivable
 - Review of other income sources available to the academy to assess likely level of receipts
 - Review of past performance against budgets to promote an understanding of the academy cost base
 - Identification of potential efficiency savings
 - 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

Payroll

18. The main elements of the payroll system are:

- Staff appointments
- Payroll administration
- Payments

Staff Appointments

19. The governing body has approved a personnel establishment for the school. Changes can only be made to this establishment with the express approval in the first instance of the Pay & Salaries Committee who must ensure that adequate budgetary provision exists for any establishment changes.

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

Payroll Administration

21. The school's payroll is administered by Dataplan payroll services. All staff are paid monthly on the 15th of each month. A master file is created for each employee in SIMS Personnel which records:

- Salary
- Personal details
- Any deductions or allowances payable

22. New master files can only be created by the Executive Headteacher's PA. Any master file amendments concerning salary information are to be made by the Business Manager.

Data input to the payroll system should be undertaken by the Finance Manager in accordance with the payroll timetable. Before the payroll is processed a print of all data input should be obtained and this should be checked against source documentation.

Payments

23. 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 Operations Director.

24. All salary payments are made by BACS.

25. 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.

26. After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance 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.

27. On an annual basis the Finance Manager/HR 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.

Income

28. The main sources of income for the academy are the grants from the DfE, EFA and other Government sources. The receipt of these sums is monitored directly by the Finance Manager who is responsible for ensuring that all grants due to the academy are collected.
29. The academy also obtains income from students, mainly for trips.

Trips

30. A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. The lead teacher may do this with the help of admin staff. A copy of the record must be given to the Finance Team.
31. Students should make payments at the Finance Office. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.
32. The Finance Office 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 lead teacher is responsible for chasing the outstanding amounts.

Payments

33. 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 week or more frequently if the sums collected exceed the £5,000 insurance limit on the finance safe.
34. Monies collected must be banked in their entirety in the appropriate bank account. The Finance Office is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. Each banking is to be checked by another member of finance staff and signed off as correct. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Finance Manager.

Cash Management

Bank Accounts

35. 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.
36. 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
 - A reference, such as the number of the receipt or the name of the debtor
37. Payments and withdrawals – All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signature of two of the following authorised signatories:

- Chair of Governors
- Executive Headteacher
- Deputy Headteacher
- Operations Director

38. This provision applies to all accounts, public or private, operated by or on behalf of the Governing body. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.
39. Administration - The Finance 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 school's cash book and are signed off by the Executive Headteacher
 - Reconciliations are prepared by the Finance Manager/Finance Office
 - Reconciliations are subject to an independent monthly review carried out by the Operations Director or in their absence the Responsible Officer (RO)
 - Adjustments arising are dealt with promptly
40. Deposits: The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded on the Tucasi system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.
41. Payments and Withdrawals: In the interests of security, reimbursements are to be made by cheque directly from the main bank account as a cash book payment.
42. Administration: The Finance Office is responsible for entering all transactions into the SIMS FMS system on a regular basis and regular as well as unannounced cash counts should be undertaken by the Finance Manager to ensure that the cash balance reconciles to supporting documentation.
43. Physical Security: Cash and cheques should be held in the safe overnight.
44. Cash Flow Forecasts: The Finance Manager is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.
45. Investments: Investments must be made only in accordance with written procedures approved by the Governing Body. When considering individual investments or an overall policy the Governing Body will be mindful of its need to balance risk and return, to protect the assets of the academy while seeking to gain returns that benefit its charitable objectives. 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.

Fixed assets

46. Asset register: All items purchased with a value over the school's capitalisation 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

47. 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
- Support insurance claims in the event of fire, theft, vandalism or other disasters

Security of assets

48. Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
49. 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 school but do not belong to it this should be noted.

Disposals

50. Items which are to be disposed of by sale or destruction must be authorised for disposal by the Operations Director and, where significant, should be sold following competitive tender. The academy must seek the approval of the EFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
51. 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.
52. 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 EFA a proportion of the sale proceeds.

Loan of Assets

53. Items of school property must not be removed from school premises without the authority of the Operations Director. A record of the loan must be recorded in a loan book and booked back in school 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 school's auditors.