



Financial Procedures Handbook

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1. Introduction

- 1.1 The purpose of this manual is to ensure that the Academy maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).
- 1.2 The Academy must comply with the principles of financial control outlined in the academies guidance published by the DfE. This manual expands on that and provides detailed information on the Academy's accounting procedures and system. This manual should be read by all staff involved with financial systems. Where further details are required the Academies Financial Handbook (AFH) should be consulted.
- 1.3 As an Academy, the financial year runs from September to August and aligns with the academic year. The cycle of governing body and committee meetings is also aligned to this. All documents and policies, including this Handbook, will be reviewed annually in the second half of the summer term.

2. Organisation

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

The Governing Board

- 2.2 The Governing Board has overall responsibility for the administration of the Academy's finances.
The main responsibilities of the governing body are prescribed in the Funding Agreement between the Academy and the DfE and in the Academy's scheme of government. The main responsibilities include:

- ensuring that the grant from the DfE is used only for the purposes intended;
- approval of the annual budget;
- appointment of the Headteacher
- appointment of the Deputy Headteacher and
- appointment of the Finance & Operations Manager, in conjunction with the Headteacher.

The Finance & Premises Committee

- 2.3 The Finance & Premises Committee is a committee of the Governing Body. The Finance & Premises Committee meets half-termly but more frequent meetings can be arranged if necessary.
- 2.4 The main responsibilities of the Finance & Premises Committee are detailed in written terms of reference which have been authorised by the governing body (these are contained in the Governing Body Handbook and appended as Appendix 1 of this Handbook). The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;

- authorising the award of contracts over £25,000
- authorising changes to the Academy personnel establishment and reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.

The Headteacher (Senior Accounting Officer)

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 activities including financial activities. Much of the financial responsibility has been delegated to the Finance & Operations Manager but the Headteacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Governing Body have agreed should be approved by them;
- authorising contracts under £25,000 in conjunction with the Finance & Operations Manager
- authorising BACs payments and/or signing cheques in conjunction with other authorised signatories.

The Finance & Operations Manager

2.6 The Finance & Operations Manager works in close collaboration with the Headteacher through whom he or she is responsible to the governors. The Finance & Operations Manager also has direct access to the governors via the Finance & Premises Committee. The main responsibilities of the Finance & Operations Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the Academy financial position at an operational level within the framework for financial control determined by the governing body;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
- the preparation of monthly management accounts;
- authorising orders below £1,000* in conjunction with budget holders;
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance;
- making authorised cash withdrawals and payment using the school debit card up to £250; and in exceptional cases this may be higher, maximum limit £500.
- Authorising BACs payments (second signature only) in cases of emergency and unavailability of members of the SLT during the school holidays.

Other Staff

2.7 Other members of staff, primarily the Finance Officer, two Finance Assistants and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of Academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

Register of Interests

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.

Other staff required to complete a register of interests are: all members of SLT who are account signatories; Finance & Operations Manager, Site Manager and Caretakers.

- 2.9 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.
- 2.10 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. Declaration of interests shall be an agenda item at the start of every meeting of the governing body and its committees.

3. Accounting system

- 3.1 All the financial transactions of the Academy must be recorded on the PS Financials (PSF) accounting system. The PSF system is operated by the Finance Department and consists of:
- Journals
 - Nominal Ledger
 - Bank Transactions
 - Purchases Ledger, Sales Ledger and Payroll System
 - Automatic update
 - Manual update

System Access

- 3.2 Entry to the PSF system is password restricted by all users of the system.
- 3.3 Access to the component parts of the PSF system can also be restricted and the Finance & Operations Manager is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

- 3.4 The Finance & Operations Manager is responsible for ensuring that there are effective back up procedures for the system.
- 3.5 Further back-up procedures are described in the ICT policy.
- 3.6 A hard copy of the nominal ledger and audit trail should be printed each month and should be stored separately from the accounting system in a fireproof container.
- 3.7 The Finance & Operations Manager should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the Academy is exposed and the systems that have been put in place to mitigate those risks

Transaction Processing

- 3.8 All transactions input 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. All journal entries must be documented on the appropriate journal form, recorded in the journal file and authorised by the Finance Officer prior to being input to the accounting system.
- Bank transactions should be input by the Finance Assistant and the input should be checked, and signed to evidence this check, by the Finance Officer.

- 3.9 Detailed information on the operation of the PSF system can be found in the user manuals held in the Finance Office.

Transaction Reports

- 3.10 The Finance & Operations Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:
- masterfile amendment reports for the payroll, purchase ledger and sales ledger;
 - management accounts summarising expenditure and income against budget at budget holder level;
 - other reports as required.

Reconciliations

- 3.11 The Finance Officer is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- sales ledger control account;
 - purchase ledger control account;
 - payroll control account;
 - suspense accounts and
 - balance per the nominal ledger to the bank statement.
- 3.12 Any unusual or long outstanding reconciling items must be brought to the attention of the Finance & Operations Manager. The Headteacher will review and sign all reconciliations as evidence of his/her review.

4. 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.

School 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 DfE.
- 4.7 Each year the Headteacher will propose a planning cycle and timetable to the governing body to make sure it reflects what is done in practice.
- 4.8 The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Headteacher.

- 4.9 The completed 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 lead responsibility for ensuring progress is made towards the objective will be assigned to an Academy manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the governing body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

- 4.11 The Finance & Operations Manager (with the Headteacher) is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Senior Leadership Team, Finance & Premises Committee and the Governing Body.
- 4.12 The approved budget must be submitted to the EFA (for the DfE) by 31st July each year and the Finance & Operations Manager 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 DfE grant receivable, using the DfE notification of funding (and adjusting for known variance) and estimate for Year 2 /Year 3;
 - review of other income sources available to the Academy to assess likely level of receipts;
 - review of past performance against budgets to promote an understanding of the Academy cost base;
 - identification of potential efficiency savings and
 - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

- 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, a draft budget should be prepared by the Finance & Operations Manager for approval by the Headteacher, the Finance & Premises Committee and the Governing Body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints (prior to the end of the summer term).
- 4.17 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review

- 4.18 Monthly reports will be prepared by the Finance & Operations Manager and his/her team. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the Finance & Premises Committee.
- 4.19 Any potential overspend against the budget must in the first instance be discussed with the Finance & Operations Manager. The accounting system will not allow payments to be made against an overspent budget without the approval of the Finance & Operations Manager.
- 4.20 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget variances must be authorised by the Finance & Premises Committee.

5. Payroll

- 5.1 The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

Staff Appointments

- 5.2 The governing body (through its Staffing Committee) has approved a personnel establishment for the Academy. Changes can only be made to this establishment with the express approval in the first instance of the Staffing and Finance & Premises Committees who must ensure that adequate budgetary provision exists for any establishment changes.
- 5.3 The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteachers whose appointments must follow consultation with the governors. The Headteacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Finance & Operations Manager immediately who will ensure that the school's HR and payroll providers are informed.

Payroll Administration

- 5.4 The Academy payroll is administered by EPM, an external payroll provider.
- 5.5 All staff are paid monthly. Records for all staff are maintained in school in addition to those held by our HR and Payroll provider. These include:
 - salary;
 - bank account details;
 - taxation status;
 - personal details and
 - any deductions or allowances payable.
- 5.6 New instructions to payroll can only be processed by the Finance & Operations Manager/ Finance & HR Officer and are supported by written instructions from the Headteacher (or Chair of Governors in respect of the Headteacher).
- 5.7 The School Officer completes a weekly staff schedule which provides details of all staff sickness and other absences. This weekly staff return must be authorised by the Headteacher prior to the Finance & Operations manager sending the details to Capita via a secured password protected web portal.

- 5.8 EPM prepare the payroll reports monthly, after input into their portal by the Academy's Finance & HR Officer. The monthly payroll is reviewed internally by the Finance & Operations Manager, and confirmation provided to the Headteacher that the payroll can be approved. Payments are then authorised.

Payments

- 5.9 Salary payments are processed on the last working day of the month, and are subject to the authorisation being processed by the Headteacher via the EPM portal.
- 510 All salary payments are made by BACS.
- 511 The Finance & Operations Manager should prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by Headteacher or Assistant Headteacher (Staffing). This is also checked against the payroll invoice from EPM
- 5.12 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. These are indicated on payslips and the return to the school.
- 5.13 The Finance & Operations Manager checks the calculation of gross to net pay to ensure that the payroll system is operating correctly.
- 5.14 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 Officer should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.
- 5.15 On an annual basis the Finance & Operations Manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the Head teacher's office.
- 5.16 The Finance & Operations Manager will also prepare a Pay statement for each member of teaching staff annually. These will be checked against the timetabled staffing data (from Deputy Headteacher). The Headteacher will be involved in this process and signs all pay statements. Pay statements must legally be issued by 31st October annually.

6. Purchasing

- 6.1 The Academy wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:
- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy;
 - **Accountability**, the Academy is publicly accountable for its expenditure and the conduct of its affairs;
 - **Fairness**, that all those dealt with by the Academy are dealt with on a fair and equitable basis.

Routine Purchasing

- 6.2 Budget holders will be informed of the budget available to them at least one month after the start of the academic year. Heads of Departments will normally be informed of Curriculum Development bid outcome prior to the end of the summer term preceding the new school and financial year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Budget Holders will have access to their budgets on the PSF system and can monitor their expenditure. They are encouraged to keep their own records of orders placed.

- 6.3 Routine purchases up to £1,000 can be ordered by budget holders. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Office. 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 Finance & Operations Manager.
- 6.4 All orders requested must be confirmed by the Budget Holders using the Purchase Order (PO) requisition system on PSF. The Finance & Operations Manager is then alerted by email with details of the order and they are checked to ensure budgetary provision exists before authorising the order.
- 6.5 The PSF system will automatically allocate a P O number and the finance office will print a hard copy and file for reference. The Finance Officer will despatch order to the supplier by email, fax or post.
- 6.6 The budget holder 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 discussed with the supplier of the goods without delay. The GRN must be recorded on the PSF system.
- 6.7 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Finance Assistant will keep a central record of all goods returned to suppliers.
- 6.8 All invoices should be sent to the Finance Office in a timely manner.
- 6.9 Invoice receipt will be recorded by the Finance Department on PSF.
- 6.10 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.
- 6.11 If a budget holder agrees the order to the GRN he/she will acknowledge this entry on the PSF system and this will alert the Finance Office as authorisation to pay invoice.
- 6.12 The Finance Assistant will then input details of payments to be made to the purchase ledger and generate the payment required. The few cheques issued and associated paperwork must be authorised by two of the nominated cheque signatories.
- 6.13 On-line banking is now in place and most payments are made by BACs with on-line approvals being undertaken by two authorised signatories as before.

Orders over £5,000 but less than £25,000

- 6.14 At least three written quotations should be obtained for all orders between £5,000 and £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and emailed confirmation of quotes has been received before a purchase decision is made.

Orders over £25,000

- 6.15 All goods/services ordered with a value over £25,000, or for a series of contracts which in total exceed £25,000 must be subject to formal tendering procedures.

Purchases over £164,176 for goods and services, and £4,104,394 for works (correct as at 1st January 2016) may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in Annex C to the Academies Financial Handbook. Guidance on the thresholds can be found at www.ojeu.eu/thresholds

Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance & Operations Manager how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.
- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - there is a need to maintain a balance between the contract value and administrative costs,
 - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academy's requirements,
 - The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - the above methods have resulted in either no or unacceptable tenders,
 - only one or very few suppliers are available,
 - extreme urgency exists,
 - additional deliveries by the existing supplier are justified.

Preparation for Tender

6.17 Full consideration should be given to:

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

6.18 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

6.19 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.

6.20 An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

Aspects to Consider

Financial

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

- Is there scope for negotiation?

Technical/Suitability

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

Other Considerations

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

Tender Acceptance Procedures

- 6.21 The invitation to tender should state the date and time by which the completed tender document should be received by the Academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

- 6.22 All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:
- For contracts up to £25,000 - two of the budget holder, the Finance & Operations Manager or the Headteacher;
 - For contracts over £25,000 – either the Finance & Operations Manager or the Headteacher plus a member of the F & P Committee.
- 6.23 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Procedures

- 6.24 The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.
- 6.25 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 6.26 Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance & Premises Committee highlighting the relevant issues and recommending a decision.
For contracts under £25,000 the decision and criteria should be reported to the Finance & Premises Committee.
- 6.27 Where required by the conditions attached to a specific grant from the DFE, the department's approval must be obtained before the acceptance of a tender.
- 6.28 The accepted tender should be the one that is economically most advantageous to the Academy. All parties should then be informed of the decision.

7. Income

- 7.1 The main sources of income for the Academy are the grants from the EFA (for the DfE). The receipt of these sums is monitored directly by the Finance & Operations Manager who is responsible for ensuring that all grants due to the Academy are collected.
- 7.2 The Academy also obtains income from:
- students, mainly for trips
 - the public, mainly for sports lettings
 - from QEGSA (the school's PTA) (usually in support of capital purchases or items of curriculum development
 - from the Trustees of the Queen Elizabeth's Grammar Schools for assistance to necessitous pupils, prizes and other items which correspond with the terms of the Trust.

Trips

- 7.3. Trips are administered in accordance with school's Visit and Journeys policy. The teacher leading the trip should liaise with the finance office to obtain best prices and to assist with calculations before sending details out to parents. The teacher leading the trip should then provide as much information and list of students participating to the finance office.
- 7.4. Parents should make payments online using the WisePay system. If this is not possible cash/cheques will be accepted and manually input onto the WisePay system. A summary of payments will be posted onto the trips ledger within PS Financials on a monthly basis. Individual records for students will remain on Wisepay. Expenses relating to a trip will be paid from PS Financials from the Trips ledger and all reporting on a trip will come from there.

Custody

- 7.5 Computerised 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 £2,000 insurance limit on the Finance office safe.
- 7.6 Monies collected must be banked in their entirety in the appropriate bank account. The Finance Assistant is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The procedure of depositing the monies to the bank is carried out by another member of the finance department to ensure separation of duties.

8 Cash Management

Bank Accounts

- 8.1 The opening of all accounts must be authorised by the governing body who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts 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 and other instruments authorising withdrawal from Academy bank accounts must bear the signatures of two of the following authorised signatories:
- Headteacher;
 - Deputy Headteacher
 - Assistant Headteacher
- 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 Finance & Operations Manager must ensure monthly bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:
- all bank accounts are reconciled to the Academy's cash book;
 - reconciliations are prepared by the Finance Assistant or the Finance Officer;
 - reconciliations are subject to an independent monthly review carried out by the Finance & Operations Manager or in his/her absence the Headteacher and
 - adjustments arising are dealt with promptly.

Petty Cash Accounts

- 8.6 The Academy maintains a maximum cash balance of £250. The cash is administered by the Finance department and is kept in the Finance office safe. Personal cheques will not be cashed.

Deposits

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

Payments and Withdrawals

- 8.8 In the interest of security, all purchases above £20 or any purchases made by credit card will be reimbursed via BACS directly into the claimant's bank account. Any cash/debit card receipts up to a maximum value of £20 may be reimbursed in cash. All payments must be supported by VAT invoice/receipts and must be signed for by recipient. The monthly report will be authorised by the Headteacher. Payments in excess of £20 can be made under exceptional circumstances only and only if authorised by the Finance & Operations Manager in advance.

Administration

- 8.9 The Finance Assistant is responsible for entering all transactions into the petty cash records on a regular basis. Regular as well as unannounced cash counts should be undertaken by the Finance Officer to ensure that the cash balance reconciles to supporting documentation.

Physical Security

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

Cash Flow Forecasts

- 8.11 The Finance & Operations Manager and Finance Officer 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.

Investments

- 8.12 Investments must be made only in accordance with written procedures approved by the governing body.
- 8.13 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

9 Fixed assets

Asset register

- 9.1 All items purchased with a value over the Academy's capitalisation limit of £1000 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 All ICT/digital hardware must be registered irrespective of value
 - name of member of staff responsible for the asset
- 9.2 The Asset Register helps:
- ensure that staff take responsibility for the safe custody of assets;
 - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
 - to manage the effective utilisation of assets and to plan for their replacement;
 - help the external auditors to draw conclusions on the annual accounts and the Academy's financial system and
 - support insurance claims in the event of fire, theft, vandalism or other disasters.

Security of assets

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

Disposals

- 9.5 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher for recommendation to the Governing Body. See Appendix 4. Where significant, should be sold following competitive tender. The Academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
- 9.6 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Academy would need to ensure licences for software programmes have been legally transferred to a new owner. Authorisation for disposal of asset must be completed by budget holder and signed by the Headteacher for recommendation to the Governing Body.
- 9.7 The Academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Academy assets. If the sale proceeds are not reinvested then the Academy must repay to the DfE a proportion of the sale proceeds.
- 9.8 All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

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

Depreciation on tangible fixed assets

- 9.11 Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful lives, as follows;
- fixtures, fittings and equipment 10%
 - ICT equipment 20%
 - Motor vehicles 7%
 - Plant & Machinery 6.67%
 - Leasehold property 2%

10. Tax

- 10.1 The school is registered for VAT purposes as business activity is expected to exceed £83,000 per annum. For further guidance visit www.hmrc.gov.uk
- 10.2 VAT claims are made to HMRC every three months by the Finance & Operations Manager.

11. Insurance

- 11.1 The school is now a member of the Risk Protection Arrangement (RPA) through the DfE and is administered by Willis.com. Zurich Municipal provides insurance for the school's minibuses, mechanical inspections and trips and journeys.
- 11.2 The School reviews all risks annually to ensure the cover available and the sums insured are adequate.
- 11.3 The School will notify the insurers of any new risks or any other alterations affecting existing insurance.
- 11.4 The School has "Hirers liability" insurance for all school and sports centre lettings.
- 11.5 The School will immediately advise the insurers of any accident, loss or other incident which may give rise to an insurance claim.

12. Bad Debts

- 12.1 The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance.
- 12.2 Wherever possible, income due will be collected before or at the time the relevant sale or service provided. If this is not possible, an invoice will be issued.
- 12.3 All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:-
- 3 weeks from date of account – 1st reminder
 - 6 weeks from date of account – 2nd reminder
 - 8-10 weeks from date of account – Final reminder
- The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days.
- After 10 weeks from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.
- 12.4 If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:-
- The Headteacher on behalf of the Academy Trust must provide 30 days notice to the Secretary of State for Education of its intention to write off any debts owed to it as set out in Section 83 of School's Funding Agreement. This notice is required whether or not the circumstances require the Secretary of State for Education's approval (see below).
 - Those debts below the value set out in the Annual Letter of Funding can then be approved and written off by the Finance & Premises Committee reported to the next meeting of the Governing Body in accordance with section 2.67 of the Academies Financial Handbook.
 - Any proposed write off of debts above the value set out in the Annual Letter of Funding require the prior written consent of the Secretary of State for Education in accordance with section 82 of Schools Funding Agreement.
- 12.5 To ensure sound internal control, staff who raise invoices, will have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.
- 12.6 The School will retain a Bad Debt Write-Off Summary.

13. Redundant Equipment

- 13.1 The Governing Body has the authority to declare equipment, furniture or other assets or stores, surplus to requirements and to make arrangements for their sale or write off, provided that the items concerned were purchased in whole or in part with a grant from the Secretary of State for Education.
- 13.2 A Disposal of Equipment form will be completed for all items which are to be disposed of and internal control will be exercised to ensure that the asset is no longer of use (i.e. it is obsolete) and that obsolete stocks are destroyed to ensure they are not illegitimately procured and then resold.
- 13.3.1 Where the estimated disposal value of surplus or redundant assets (equipment) is less than £500 or sale is to be by public auction or competitive tendering, disposal can be authorised by the Headteacher.
- 13.3 The prior approval of the Governing Body will be required if;
- The estimated disposal value is above £500 and the sale is not to be by public auction or competitive tendering;
 - The estimated disposal value is above £500 or;
 - The sale is to be to a Governor or employee of the School.
- 13.5 The prior written consent of the Secretary of State for Education is required in accordance with section 89 of the School Funding Agreement as follows:-

- Before the disposal of any asset for which a grant of over £20,000 was made, or land and buildings which had been transferred from the Local Authority at no cost to the School.
- Before the sale or disposal by other means, or reinvestment of proceeds from the disposal of an asset or group of assets for which a capital grant in excess of £20,000 was paid.

13.6 As set out in section 93 of the School Funding Agreement the School will provide 30 days notice to the Secretary of State for Education of its intention to dispose of assets for a consideration less than the best price that reasonably be obtained, whether or not such disposal requires the Secretary of State for Education's consent as detailed above.

CONTROLS MATRIX

Monthly Payroll Reconciliation
Monthly Balance Sheet Reconciliation
Monthly Bank Reconciliation
Monthly Management Accounts review
Monthly Credit Card spend
Monthly Petty Cash spend
Supplier detail checks to make sure we pay account detailed on invoice

QUEEN ELIZABETH'S GIRLS' SCHOOL

CREDIT/DEBIT CARD Procedures

START: June 2018

REVIEW: June 2019

From time to time the school may be offered an opportunity to purchase goods or arrange for services for the school from companies that do not invoice but only accept a direct payment. In order to make use of these Best Value offers the school holds a debit and credit card, (charge cards).

The primary method of payment remains invoicing and this shall generally be used in preference to card purchase where such is offered by the supplier.

- Any application for a charge card(s) shall have the approval of the Governing Body on the recommendation of the Head teacher.
- The head teacher may authorise any one or more of the following to be a cardholder: School Finance & Operations Manager, School Finance Officer.
- Each card will remain on the school site and be stored in the school safe when not in use.
- The PIN number for each card shall be known only by the cardholder and not disclosed to anyone else or written down.
- Should the card be lost or stolen the loss shall be reported by the cardholder to the school finance department immediately who will then contact the issuing bank, police and the Head teacher.
- Both charge card(s) shall be issued by NatWest, the school's bankers.
- The credit charge card(s) accounts shall have a spending limit of £10,000. Controlled by the bank. Any increase in this limit must be authorised by the Headteacher and another signatory and reported to the Finance and Premises committee.
- The credit charge card(s) balance shall be settled in full automatically each month by direct debit thereby avoiding charge card interest charges.
- The debit cards will automatically be charged to the current account and reconciled monthly.
- All receipts shall be authorised by the either the Head teacher, Chair of Governors or Chair of Finance and Premises.
- The charge card(s) shall not be used for personal expenditure under any circumstances.
- Cash withdrawals are permitted on the debit card(s) only. For control purposes £250 per day limit shall be set.
- All authorised cardholders shall sign to accept that they have a personal responsibility for transactions on "their" card which are not conducted with the approval of the school in accordance with this policy. Refer to Appendix 3 (A) attached.

- Cardholders shall also authorise the school to recover the cost of any unauthorised transactions and where reimbursement is not received then the school is authorised to make a salary deduction for the unauthorised amount. The nominated cardholder should also be aware that unauthorised use will be a disciplinary matter.
- Cardholders shall be made aware of the action to take in the event of a card being stolen, lost or missing.
- Separation of duties is fulfilled by the following:
 1. Head of Department/Budget Holder authorises the purchase order and the use of the card.
 2. Cardholder makes purchase either by telephone, online or facsimile.
 3. School Finance Assistant records expenditure on PSF accounts system.
 4. Head teacher authorises receipt of transaction submitted by cardholder.
 5. School Finance Officer to reconcile direct debit/payments on bank statement against charge card statement.
 6. School Finance & Operations Manager to check and sign off reconciliation each month.

PURCHASES

- All purchases must be made on site.
- A VAT (if applicable) receipt must be obtained.
- Cardholder must present the receipt for goods/services to the Finance department.
- All orders must be delivered to the school address and delivery note signed by budget holder and returned to the finance department immediately.
- If online ordering using the security code (3 digits on reverse of card) the cardholder must have a purchase order signed in advance by the Budget holder or School Finance & Operations Manager.
- All orders must be evidenced/recorded (computer or paper).

School Charge Card ("the card") Cardholder Consent Form

I consent to be a cardholder on the following Queen Elizabeth's Girls' School credit and debit accounts with NatWest:

Charge Card Issuer

Credit Card number.....

Debit Card number

(Debit cards mainly used for petty cash withdrawals up to £250 limit).

I confirm that I have read the Q E Girls' School Charge Card Procedures and that I will abide by its terms and conditions. In particular I acknowledge and agree that:

1. I will use the account only to purchase items/services on behalf of the School and not for any personal expenditure.
2. I will only purchase items/services in accordance with the Policy.
3. I will take care of the card(s) whilst in my possession to avoid its loss or theft.
4. I will not disclose to any other person, or write down, the card(s) PIN numbers.
5. I will only use the Card(s) security number for online purchases where a security number is requested and only on a secure (indicated by padlock symbol) internet website.
6. I will not use the **credit** card to withdraw cash.
7. I will use the debit card to withdraw petty cash up to £250 limit and in exceptional cases this may be higher maximum limit £500.
8. I understand that upon discovery of loss or theft of either card, I must as soon as possible notify:
 - a) The issuing bank: and
 - b) The School Finance & Operations Manager or Head teacher; and
 - c) The police.
9. I understand that I am personally liable for all charges on the account(s) which relate to transactions which have not been conducted in accordance with the policy.
10. I accept that I must reimburse the School promptly should I cause the account to incur any unauthorised charges and in the absence of prompt reimbursement, I authorise the school to recover all unauthorised charges by deduction from any amounts otherwise owing to me by the school, including but not limited to salary and expenses. I also understand that any misuse of the credit/debit card(s) is likely to be treated by the school as a disciplinary matter.
11. I agree that, when not required for purchases, I will return the card(s) for safekeeping in the school safe, to the finance department.
12. I agree that if I cease to be employed by the school I will return the card(s) to the Headteacher.

Signed..... Signed.....

Name..... Head teacher.....

Date..... Date.....

QUEEN ELIZABETH'S GIRLS' SCHOOL

Finance & Premises Committee
Approval of Premises works/Contracts/Major Equipment orders

<i>Brief Details of Item:</i>
<i>Summary of quotes requested and received</i>
<i>Recommendations (including justification of best value)</i>

Signed (Headteacher).....

Dated:.....

Endorsed by (Chair of Governing Board),.....

Dated:.....