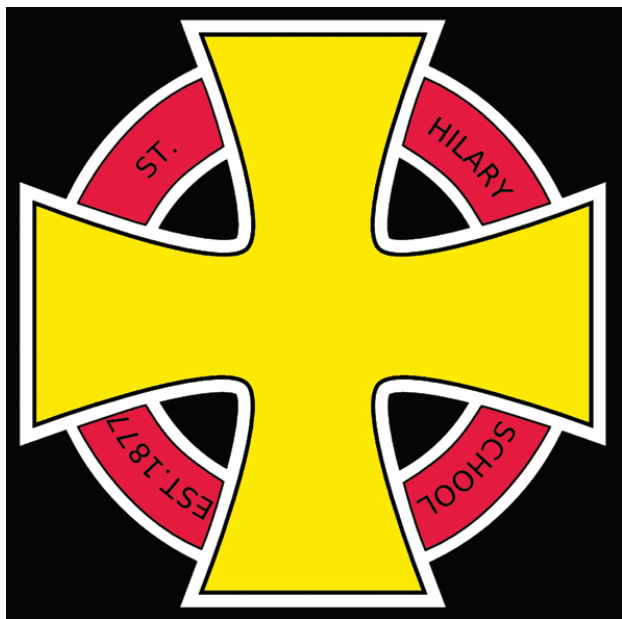


St Hilary School



Finance Policy & Procedure Manual

1. Introduction

2. Principles

3. Organisation and Responsibilities

3.1 Reporting Structure

3.2 Governing Body

3.3 Finance Committee

3.4 Head Teacher

3.5 School Business Manager

3.6 Responsible Officer

3.7 Finance Assistant

3.8 Deputy Head Teacher

3.9 Other Staff

3.10 Register of Business Interests

4. Financial Planning

5. Setting the Annual Budget

6. Budget Management

7. Accounting System

7.1 Financial Accounting System

7.2 Transaction Processing

7.3 Accounting System for Other Income

8. Payroll

8.1 Staff Appointments

8.2 Payroll Administration

8.3 Payments and Monitoring

9. Value for Money Procedures

9.1 Orders of £1,500 and below

9.2 Orders over £1,500 but less than £5,000

9.3 Orders over £5,000 (£7,500 works) but less than £15,000

9.4 Orders over £15,000 but less than £25,000

9.5 Orders over £25,000 but less than £50,000

9.6 Orders over £50,000 - E U Threshold

9.7 Orders over EU Threshold

10. Forms of Tender

10.1 Open Tender

10.2 Restricted Tenders

10.3 Negotiated Tender

10.4 Preparing for Tender

10.5 Invitation to Tender

10.6 Aspects to consider

10.7 Tender Acceptance Procedures

10.8 Tender Opening Procedures

10.9 Tender Evaluation Procedures

11. Purchasing

11.1 Order for Goods and Services

11.2 Delivery of Goods

12.1 Payment of Invoices
12.2 Payments to individuals

13. Other Purchases

13.1 Online Purchasing
13.2 Reimbursement of expenditure to individuals

14. Income

14.1 Income collected by the Academy
14.2 Trips / Activities
14.3 Lettings
14.4 Custody
14.5 Debtors

15. Cash Management

15.1 Academy Banking Arrangements
15.2 Weekly banking deposits
15.3 Payments and withdrawals
15.4 Bank Reconciliations
15.5 Petty Cash Accounts
15.6 Cash Flow Forecasts
15.7 Investments
15.8 Reserves

16. VAT

16.1 VAT 126
16.2 VAT Registration non- business activities

17. Fixed Assets

18. Key Inventory

19. Computer Systems

20. Reporting to the DfE

20.1 FMGE
20.2 Annual Budget
20.3 Budget Monitoring
20.4 Annual Accounts

21. Self Assessment of Governance and Management

22. External Auditors

23. Whole of Government Accounts

Appendix 1. Scheme of Delegation
Appendix 2. Budget Annual Cycle
Appendix 3. Requisition Form
Appendix 4. Specimen Signature Form.

The purpose of this policy is to ensure that the Academy maintains and develops systems of financial control, which conform to the requirements of both propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of St. Hilary School Primary Academy's Funding Agreement with the Department of Education

St. Hilary School must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that guidance and forms the manual detailing information on the academy's accounting procedures and systems. It should be read by all staff involved with financial systems and accountability.

2. Principles

The Governing Body will manage their affairs in accordance with the high standards detailed in 'Guidance on Codes of Practice for Board Members of Public Bodies' and in line with the seven principles of public life.

➤ Selflessness

Holders of public office should take decisions solely in terms of the public interest.

➤ Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance or their official duties.

➤ Objectivity

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

➤ Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

➤ Openness

Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interests clearly demands.

➤ Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.

➤ Leadership

Holders of public office should promote and support these principles by leadership and example.

3. Organisation and Responsibilities.

The Academy has defined the responsibilities of each person involved in the administration of the Academy's finances to avoid the duplication or omission of functions and provide a framework of accountability for governors and staff.

3.1 Reporting Structure:

3.2 Governing Body

The governing body has overall responsibility for administration of the Academy's finances. The main financial responsibilities of the governing body are prescribed in the Funding Agreement between the Academy and the DfE. The main responsibilities include:

- Ensure the grant from the DfE and other restricted funding is used for the purposes intended
- Approval of the annual budget and any material changes
- Ensure a Scheme of Delegation is in place
- Ensure assets are managed
- Ensure accurate accounting records are maintained
- Ensure the budget monitoring statements are a true and accurate record on income and expenditure
- Approval of the Annual Statutory Account

3.3. Finance Committee

The main financial responsibilities of the Finance Committee are detailed in their terms of Reference, these include:

- Initial review and recommendation to the GB of the annual budget;
- 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 up to the amount stated in the Scheme of Delegation (Appendix 1)
- Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the governing body.
- To review the financial policies of the academy and where necessary make recommendations to the GB

3.4. Head Teacher

The Head Teacher has overall executive responsibility for the Academy. The Head Teacher retains responsibilities for :

- Approving new staff appointments within the authorised establishment.
- Authorising contracts up to the amount stated in the Scheme of Delegation (Appendix 1), reporting these decisions to the Finance Committee.
- Signing cheques as detailed in the scheme of delegation.
- Debit Card Holder
- On-Line Banking & BACS Authorisation

The funding agreement identified the Head Teacher as the Accounting Officer who is personally responsible to the governing body for:

- Ensuring regularity and propriety
- Prudent and economic administration
- Avoidance of waste and extravagance
- Efficient and effective use of available Finance; and
- The day to day organisation, staffing and management of the academy

The Accounting Officer has the duty to take action if the Governing Body or Chairman is contemplating a course of action, which he or she considers an infringement of propriety or regularity. Objections should be put in writing to the governing body details sent to the Permanent Secretary and the academy's external auditors.

The Accounting Officer may delegate, or appoint others to assist in these responsibilities.

3.5. School Business Manager

The School Business Manager works in close collaboration with the Head Teacher through whom he or she is responsible to the governors. The School Business Manager also has direct access to the Finance Committee. The main responsibilities of the School Business Manager are

- The day to day management of financial issues including the establishment and operation of suitable accounting systems;
- The management of academy's financial position at strategic and operational level;

- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- Preparation of monthly management accounts
- Ensuring forms and returns are sent to the DfE in line with their reporting deadlines.
- Processing BACs in accordance with the Bank Mandates
- Liaison with payroll, preparation of staff claims and reconciliation of payroll data from the Academy's payroll service provider.
- Management of the Academy's Service Level Agreements
- Authorising orders and the award of contracts up to the amount stated in the Scheme of Delegation (Appendix 1)
- On-Line Banking

3.6. Responsible Officer

Checks and balances need to be put in place to ensure that the financial management arrangements within the Academy are monitored. The DfE (Department for Education) requires a Responsible Officer (RO) to be appointed to fulfil this role. The Responsible Officer is appointed by the Governing Body and is intended to provide an independent oversight of the Academy's financial affairs. The main duties of the RO are to provide the governing body within on-going independent assurance that:

- The financial responsibilities of the governing body are being properly discharged;
- Finance are being managed in an efficient; economic and effective manner;
- Sound systems of internal financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

The Governing Body have asked the chair of finance to undertake the duties of the Responsible Officer. A programme of checks will be agreed with the governing body financial reviews will be carried out in order to provide the governing body and indirectly the Department for Education with the required assurance. These reviews will be undertaken termly. The RO will undertake the checks and balances in line with the recommendations shown in Annex 2b of the Finance Handbook.

General areas for review will cover the following:

- Review that bank reconciliations have been carried out each month
- Review of monthly payroll to ensure that any changes have been appropriately authorised and agreed (refer to Finance, Personnel committee and SLT minutes)
- Check sample orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised.
- Check of sample payments back to invoices, orders and delivery notes to confirm they are bona fide purchases.
- Review a sample of expense claims to ensure the appropriate documentation to support the claim and that the claim is appropriately authorised.
- Review returns to Department for Education to ensure the information supplied is consistent with the underlying records and internal management reports.
- Carry out spot checks of petty cash balances and supporting vouchers
- Review all major contracts and ensure formal tender procedures exist and are being followed.

Chair of finance will produce a full report after each RO visit to the Finance Committee and these will be reported back to the Governing Body.

The Named RO for the Academy is Chair of Finance Committee.

3.7 Finance Assistant

The Finance Assistant works in close collaboration with and is directly responsible to the School Business Manager. The main responsibilities include:

- Day to day running of School Cash Office
- Cash collection
- Weekly banking
- Order and invoice processing

The Deputy Head Teacher will assume the financial responsibilities if the Head Teacher is absent.

3.9 Other Staff

All staff are responsible for the security of Academy's property, for avoiding loss or damage, for ensuring economy and efficiency in the use of Finance and conformity with the requirements of the Academy's financial procedures.

3.10 Register of Business Interests

It is vital that governors and staff act, and are seen to act, impartially. All members of the governing body are therefore required to complete a declaration of business interests. The principal and other senior staff are also required to complete declaration.

Declarations should include all business and pecuniary (monetary) interests such as directorships, shareholdings and other appointments of influence within a business or other organisation. They should also include interests of related persons such as a parent, spouse, child, cohabitee and business partner where that person could exert influence over a governor or member of staff.

The existence of a register of business interests does not of course detract from the duties of the Governors and staff to declare interests whenever they are relevant to matters being discussed by the Governors or a Committee. Where an interest has been declared, Governors and staff should not attend that part of the meeting.

It is the role of the Clerk to Governors to ensure the Register of Business Interests are up to date.

4 Financial Planning

The School Business Manager will prepare both medium and short-term financial plans. These plans are prepared to inform the academy's strategic development planning processes for the next 3 years.

The Academy's Strategic Plan identifies the development plan priorities over the medium term and the expected level of Finance available.

The Academy's Annual Improvement Plan provides the framework for the annual budget. The Annual budget is a detailed statement of the expected Finance available to the Academy and the planned use of those Finance during the year

5 Annual Budget

The budget process follows an annual planning cycle which is contained in Appendix 2.

The School Business Manager, in liaison with the Head Teacher is responsible for the preparing and obtaining approval for the annual budget from the Finance Committee and the Governing Body must approve the budget each year.

The approved budget must be submitted to the DfE by the published timetable each year. The School Business Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures the submission date published by the DfE is met.

The annual budget will reflect the best estimate of the Finance available to the academy for the forthcoming year and will detail how those Finance will be utilised establishing clear links to support the objectives identified in the School Improvement Plan.

The budget planning process will incorporate the following elements:-

- Forecasts of likely pupil numbers to estimate the amount of DfE grant receivable
- Review of other income sources
- Review of past performance against budgets
- Identification of potential efficiency and budget containment actions
- Annual review of expenditure headings to reflect known changes and expected variations in costs e.g. pay increases, inflation or other anticipated changes.

The draft budget should be presented to the Head Teacher the Finance Committee and full Governing Body together with a supporting report for approval. Once the budget is agreed this should be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.

The budget should be seen as a working document which may need revising throughout the year as circumstances change. Any revision should be reported to the Finance Committee through the School Business Managers Report to Governors. Any substantial changes must be approved in accordance with the Scheme of Delegation – Appendix 1.

6 Budget Management

The School Business Manager will reconcile all bank accounts monthly.

The Head Teacher, Finance Committee and Governors will receive, a minimum of termly budget monitoring reports from the School Business Manager on current spend against budget and forecast outturn expenditure. Recommendations will be suggested regarding appropriate action to be taken to correct any significant over or under spending and plans formulated

The Head Teacher may delegate elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the Academy as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to the Head Teacher who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed.

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

The Finance Committee will continually monitor the quality of the financial Information presented to the Committee to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.

The Original Budget must be set in the FMS accounting systems and up-to-date changes monitored against a master budget which will record in-year changes. An audit trail of all virements made after the approval of the original budget must be made.

7. Accounting Systems

7.1 Financial Accounting System

The Academy uses Capita FMS for Academies accounting system and all financial transactions must be recorded using this system. Access rights within FMS are defined for each user with a unique ID and password. Users are detailed in the Scheme of Delegation (Appendix 1).

Log in details are held in a sealed envelope in the office safe.

- All financial transactions relating to the Academy's budget must be recorded using FMS. There must be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records must be stored for 7 years in accordance with the Companies Act.
- Only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use.
- Authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified.
- All records should be protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention.
- The finance system must be protected by robust back up procedures. The system is backed up automatically on disc space held on site and up to 30 days backup held off site which can be accessed remotely through the academy's normal Back-up routines.

7.2 Transaction

- All journal transfers and transactions in the Nominal Ledger will be processed by the School Business Manager
- Cash Book entries will be processed by the finance assistant and authorised by the School Business Manager
- Fixed Asset transactions will be made by the School Business Manager
- Orders on requisitions authorised in accordance with the scheme of delegation (Appendix 1) will be raised by the Finance Assistant
- Invoices will be processed ready for payment by the Finance Assistant
- Sales Ledger & Purchase Ledger transactions will be processed by the Finance Assistant
- BACS or Manual Payments should be raised by School Business Manager and countersigned in accordance with the Bank Mandate as per Scheme of Delegation (Appendix 1)
- The School Business Manager will obtain and review system reports to ensure only regular transactions are posted to the accounting system.
- The School Business Manager will ensure monthly reconciliations in respect of the sales ledger; purchase ledger, payroll, nominal ledgers and cash book

7.3 Accounting for 'Other' Income using School Cash Office

The Academy uses Quick Books to deal with the collection of 'other income'. This system is set up for access by all Office staff; each user is defined with a unique ID and password. Users are detailed in the scheme of Delegation (Appendix 1).

- The Finance Assistant is responsible for the day to day management of Quick Books.
- The Finance Assistant produces reports for data input into FMS
- The School Business Manager is responsible for overseeing this system and receiving information from the Finance Assistant.

8. Payroll

The main elements of the payroll system are:

- Staff Appointments
- Payroll administration
- Payments and monitoring

8.1 Staff Appointments:

The governing body approves a personnel establishment for the Academy which is known as the Staffing Structure and forms part of the Pay Policy. Material changes to the Staffing Structure of the Academy may only be approved by the full Governing Body who must ensure that adequate budgetary provision exists for any established changes and after the required period of consultation with unions and staff.

The Head Teacher has the authority to appoint staff within the authorised staffing structure. The School Business Manager will maintain personnel files for all members of staff, which include contracts of employment.

8.2 Payroll Administration

The Academy's payroll is outsourced to neo people management.

All payroll transactions relating to Academy staff, permanent or casual, will be processed through the payroll system.

Payments for employment will not be made to staff or visiting lecturers through any other mechanism.

All new appointments, leavers, changes to contracts or personal details are to be notified to neo people management on the appropriate form (for guidance contact payroll mike@neopeople.net) Forms should be completed by the School Business Manager and signed by the Head Teacher. In the case of changes to the Head Teachers salary, forms should be signed by the Chair of Governors as per the Scheme of Delegation (Appendix 1). Copies should be retained on the employees personnel file and the original sent to payroll.

All personnel files shall be stored in a lockable cabinet. Only the Head Teacher and School Business Manager will have access to staff files but individuals can request to see their own files in line with data protection policies.

The School Secretary is responsible for keeping the staff personnel database up-to-date via SIMS Personnel recording system.

Absence records are maintained by the School Secretary. Unpaid leave is notified to payroll using neo additional payments form.

Staff claims for overtime must be checked by the School Business Manager. Claims for overtime / variance of grade of duties, casual claims and supply claims will be entered on to the spreadsheet provided monthly by neo people management. It will be countersigned by the Head Teacher and sent to payroll by the 8th of each month for claims up to the end of the previous month.

8.3 Payments and Monitoring

All salary payments are made by BACS.

Neo people management submit payroll reports prior to salary payments being dispatched detailing costs and individuals payment details. A BACS report is also submitted. The School Business Manager will undertake a sensibility check whenever possible to ensure the data does not contain major errors prior to salaries being paid.

The School Business Manager will undertake a reconciliation of all claims for additional hours / unpaid leave and investigate any differences between the previous months gross salary against the current months.

The payroll system automatically calculates the deductions due from salaries to comply with current legislation. Neo people management are authorised to make BACS payments from the Academy's Bank Account by direct payment for the amounts of the deductions to the following agencies: Local Government Pension Scheme, Teachers Pensions, Prudential Teachers AVC's, Unison & GMB by the 7th of the month following the pay run and to HMRC by the 19th of the month following the pay run.

The School Business Manager will enter the payroll data into FMS via Journal Transfer at the earliest opportunity.

Each year the School Business Manager will check each member of staff's gross pay against the payroll system to the contract of employment.

9. Value for Money (VFM) Procedures

All orders for goods and services are subject to the following rules concerning quotes and tenders below:

9.1 Orders of £1,500 and below

9.2 Orders over £1,500 but less than £5,000 At least two written or verbal quotes should be obtained for all orders to identify the best source of the goods and services except: a) where the service is being provided by a contractor to maintain or extend systems they have previously installed or are under contract to maintain. b) have provided quotes and tenders for a similar service within the past 12 months where they were the selected supplier. Details should be recorded on or attached to the requisition form.

9.3 Orders over £5,000 (£7,500 works) but less than £15,000

At least 2 written quotations should be obtained for all orders to identify the best sources of the goods/services. Written details of quotations should be attached to the requisition form for audit purposes.

9.4 Orders over £15,000 but less than £25,000 At least 3 written quotations should be obtained for all orders to identify the best sources of goods/ services. Written details of quotations should be attached to the requisition for audit purposes.

9.5 Orders over £25,000 - £50,000

A minimum of three formal quotations to be obtained in writing by a specified date and time based on a written specification. Evidence to be attached to the requisition form. Formal tenders may be requested if it is felt appropriate.

9.6 Orders over £50,000 – E U Threshold (check up to date limits

<http://www.ojec.com/Thresholds.aspx>)

Goods or services ordered with a value over £50,000 or for a series of contracts in which the total exceeds £50,000 must be subject to formal tendering procedures as detailed below. All paperwork relating to the tender must be kept in the School Business Managers office.

9.7 Orders over E U Threshold

Purchases over the EU Thresholds are by law subject to EU Public Procurement Directives for the advertising and Award of Contracts.

10. Forms of Tender

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

10.1 Open Tender:

This is where potential suppliers are invited to tender. The budget holder must discuss and agree with the School Business Manager how best to advertise for suppliers. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

10.2 Restricted Tenders:

This is where suppliers are specifically invited to tender and 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 requirements,
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

10.3 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 existing supplier are justified

10.4 Preparing for Tender

Full consideration should be given to:

- Object of project

- After sales service requirements
- Form of contract

It will be necessary to rank all the requirements and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

10.5 Invitation to Tender

An invitation to tender should include the following:

- Introduction/background
- Scope and objectives of the project
- Technical requirements
- Implementation of the project
- Terms and conditions of the tender
- Form of response

10.6 Aspects to consider

Financial

- Comparison of like with like cost and if a lower price means a reduced service or lower quality this should be borne in mind when reaching a decision
- Hidden costs – care should be taken to ensure tender price is the total price.
- Is there scope for negotiation?

Technical

- Qualifications of contractor
- Experience
- Descriptions of technical and service facilities
- Compliance to CDM
- Certificates
- Quality control procedures
- Details of previous sales and references

10.7 Tender Acceptance Procedures

The tender invitation will state the time and date by which the completed tender document should be received by the academy. Tender submissions should be received in plain envelopes clearly stating they contain tender documents they must be

- Date stamped and marked with the time of receipt
- Store, unopened, in a secure place prior to tender opening
- Tenders received after the deadline should not normally be accepted

10.8 Tender Opening Procedures

All tenders should be opened at the same time and tender details should be recorded and signed. Two persons should be present at the opening of the tenders this would normally be the School Business Manager and the Head Teacher, in some circumstances this could be delegated to an agent who has been employed by the Academy to undertake the tendering process i.e. a firm of architects:

10.9 Tender Evaluation Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, which may influence their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

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

Full records should be kept of all criteria used for evaluation and for contracts over £25,000; a report should be prepared to the Finance Committee.

The accepted tender should be one that is economically most advantageous unless it can be demonstrated that this is not

11. Purchasing

The Academy will aim to achieve best value for money for all its purchases ensuring that services are delivered in the most economical, efficient and effective way, within available Finance, and with independent validation of performance achieved wherever practicable. The Head Teacher is responsible for ensuring procedures are in place for testing the market, placing of orders and paying for goods and services by following the general principles of:

- Probity – an approach to all interested parties in the disclosure of information that lends itself to necessary scrutiny.
- Accountability – the process whereby individuals are responsible for their actions and decisions.
- Fairness – that all those dealt with by the Academy are dealt with on a fair and equitable basis.

The School Business Manager will ensure that there is a clear segregation of duties within the finance team.

11.1 Orders for Goods and services

Budget Holders should raise an order for goods or services using a requisition form (Appendix 3) available from the office. Where the value of an order is over £1,500, the requisition must be accompanied by evidence of appropriate number of quotes /or proof that VFM exercise has taken place – as per section 9. Orders will be authorised only if the VFM documentation is present and correct. Advice about suppliers or obtaining best value is available from the School Business Manager.

- Upon receipt of a requisition form signed by the relevant budget holder, the requisition must be authorised by a signatory in line with the Scheme of Delegation (Appendix 1).
- Official orders will be raised through FMS providing a purchase order number and then either faxed, emailed or ordered online to the supplier by the Finance Assistant
- Telephone/direct verbal ordering will be permitted only in situations where raising an official order is not practicable and with prior approval from the School Business Manager. In such cases, a written confirmation order will be raised as soon as possible, normally within 24 hours.
- Requisition forms must have the FMS generated purchase order attached to it and filed in number order in the office.

11.2 Delivery of Goods and Services

- On receipt of goods the Finance Assistant will check the goods received matched to the delivery note and sign the note to confirm this.
- The Finance Assistant will check the delivery note against the original order to ensure the correct goods have been dispatched and then attach the delivery note to the original requisition form in the file
- The Finance Assistant will raise any discrepancies with the School Business Manager for investigation
- The Finance Assistant will despatch goods to the budget holder
- The budget holder must ensure that the goods received are of acceptable quality any goods that rejected must be notified to the Finance Assistant within 2 days of delivery.

12. Payment of Accounts

12.1 Processing of Invoices

Payment for supplies and services will be paid upon receipt of an invoice when :

- It is confirmed that goods or services have been received and are of the quality expected as per section 11
- The invoice is arithmetically correct
- Prices are correct
- VAT has been treated correctly

No photocopied or faxed invoices will be paid but invoices sent electronically by email are acceptable.

At least two people must be involved in the process of agreeing invoices and authorising payment. The Finance Assistant will do the above checks and enter the invoices on to FMS as soon as possible. The School Business Manager will authorise the payment of the invoice within FMS to make it available for payment within the Accounting System. All invoices are to be processed through FMS, payments generated via BACS and authorised in accordance with the Bank Mandate. Only in exceptional circumstances should payment be made by cheque or debit card.

12.2 Payments to individuals

Payments can be made to individuals on production of an invoice. An enquiry must be carried out on the individual using the HMRC, Employer Status Indicator Tool. <https://esi2calculator.hmrc.gov.uk/esi> . The generated reference number must be kept with the invoice. If the enquiry shows that the payment cannot be made to the individual via the invoice produced, the appropriate PRISM form should be completed and the individual paid through the academy's payroll provider.

13. Other Purchases

The academy recognises that there are instances when it is not possible to process orders for goods and services in the normal way and items such as ingredients for cookery may have to be purchased and claimed back. Also purchasing goods and services over the internet which require payment at the time of ordering is becoming more common in practice. It is the function of the Petty Cash Account and the Charge Card to support these transactions.

13.1 Online Purchasing

It is expected that online purchases will be an exception to the norm.

When making a request for an Internet order

- Requisitions are required as per '*ordering goods and services*' procedures above
- The School Business Manager holds the debit card for orders placed over the Internet and orders may be placed by them or the Finance Assistant.
- The Funzone leader holds a Tesco's account for the purpose of on-line food orders only
- The transaction is recorded in FMS as soon as possible and the transaction reference number recorded on the documentation
- The debit card is held securely in the small safe, keys are held by the Head Teacher and the School Business Manager at all times and the PIN code not disclosed to any other party

13.2 Reimbursements to individuals

For reimbursement of cash transactions:

- Requests for re-imbursement to individuals are to be made on the Request for Reimbursement Form and **MUST** be supported by receipts for the goods/services received.
- Reimbursement may be refused if the School Business Manager considers maverick purchasing methods have been used, or the budget holder has already spent their full allocation and did not seek prior approval to exceed the funds available.
- The person being reimbursed signs for receipt of the reimbursement
- The reimbursement is recorded in FMS and paid via Bacs

14. Income

The main source of income for the Academy are the Grants from the EFA and the Local Authority. The receipt of these funds are monitored by the School Business Manager who is responsible for ensuring all grants due to the Academy are collected.

14.1 Income collected by the Academy

The Academy collects income from parents or the public for:

- School Meals
- Trips and residential visits
- Book bags & Uniform
- Funzone After School Club
- Lettings
- Reimbursements from various parties for activities in which the academy plays an active role.

The Academy receipts all income, each class has its own receipt book and this is completed by the class TA. Receipt book and income is then brought to the school office where the Finance assistant checks amounts tally and then records it in FMS. The Finance Assistant is responsible for the day to day administration of FMS and the collection of income. Detailed user guidance can be found in the FMS procedure guide folder in the office.

14.2 Trips / Activities

A lead teacher must be appointed for each trip. For every trip or activity an educational visits pack must be completed in addition the Head Teachers educational visits log is also completed. The School Business Manager is responsible for budgeting for the trip. The lead teacher is responsible for collecting the sums due and liaising with the Finance assistant over amounts outstanding. There must be evidence that there is no intention to make a profit from any trip or activity.

Cash/cheques sent in via pupils are receipted in the class which are taken to the office each morning. Parents may pay at reception, or online using Schoolcomms. The value of the receipt and the number of the receipt is recorded against the pupil making the payment

The policy for lettings of premises is contained in a separate document. The Policy and charges will be reviewed annually and approved by the Finance Committee.

The Finance Assistant is responsible for maintaining records of bookings facilities and for identifying the sums due from each organisation. Payments must be made in advance for these facilities whenever possible.

The Finance Assistant will be responsible for chasing outstanding debts, no debts will be written off without the express approval of the governing body. (the DfE prior approval is also required if the debt to be written off is above the value detailed in the funding agreement).

14.4 Custody

All receipts are generated and numbered automatically within FMS. All cash and cheques must be held in the school office safe prior to banking. Banking will take place weekly or more frequently if the cash sum held exceeds £3,000. The school secretary banks at the local post office on behalf of Lloyds Bank.

The finance assistant is responsible for preparing summary banking reports from the schoolcomms system for the School Business Manager. The finance assistant inputs the banking amounts into FMS and the school business manager completes reconciliations between sums collected, the sums deposited at the bank and the sums posted to the accounting system during routine month end procedure.

14.5 Debtors

Debts under £50 may be written off by the Head Teacher.

Debts over £50 may be written off only with the approval of the Finance Committee

Debts above the level as detailed in the funding agreement must be submitted to DfE for approval to be written off.

The following debt recovery policy will be applied:

- If payment has not been received 30 days after invoice a reminder will be sent asking for payment within 7 days.
- If payment is not forthcoming, a further reminder will be sent, requesting immediate payment or contact to arrange repayment by instalment.
- If payment is still not forthcoming, for debts over £300, a threat will be issued to put the matter into the hands of a nominated Solicitor if payment is not received within the next 7 days.
- If not received after 7 days, the nominated Solicitor will be asked to pursue the debt and the debtor will be notified accordingly.
- Debts of £300 and less will be pursued without reference to the nominated Solicitor and will be reported on at Finance Committee meetings where governors will decide on action to be taken.
- The current aged debtors report together with details of any debts written off (under £50) and solicitor's letters sent will be provided for each Finance Committee meeting.

15. Cash Management

15.1 Bankers

The Academy have appointed Lloyds TSB as their bankers for all funds. The opening of all bank accounts must be authorised by the governing body who must set out in the Scheme of Delegation the arrangements covering the operation of accounts. This should include any transfers between accounts, cheque signing arrangements and the operation of systems such as BACS which must also be subject to the same level of control.

15.2 Deposits

Particulars of any bank deposit must be entered in a paying in slip and should include:

- The amount of the deposit and
- Receipt number

The Counterfoil should include:

- The amount of the deposit
- Signature of person checking the banking

15.3 Payments and withdrawals

All cheques and other instruments authorising withdrawal from any of the Academy's bank accounts must bear signatures / electronic signatures in line with the scheme of delegation.

The School Business Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures will ensure:

- All Bank Accounts are reconciled to FMS system
- Adjustments are dealt with promptly.

15.5 Petty Cash Accounts

Deposits into petty cash can only be made by cash withdrawal from the Imprest Account or cashing a cheque on the Academy's main bank account. Deposits from other sources cannot be allowed.

The Academy will maintain a maximum of £200 as petty cash.

The School Business Manager will

- Ensure petty cash is held securely
- Make reimbursements only on the "Petty Cash Log" form
- In exceptional circumstances make cash available to staff in advance of a receipt being available – these should be limited to small items under £20
- Reconcile petty cash monthly
- Make the petty cash available for checking at any time
- Record all petty cash transactions in FMS as soon as possible

15.6 Charge Card Account

The Charge Card Account is set up for a specific purpose as specified in the scheme of delegation against the allotted card holder. The maximum spend limit in any one month per charge card will be £500. A Charge Card is issued to personnel under the scheme of delegation

Charge Card Holders will

- Ensure transactions are limited to the specific reason stated in the scheme of delegation
- Not disclose PIN or card details to other persons
- Ensure cards are held securely
- Supply receipts for every transaction to the School Business Manager.
- Report any instances of unauthorised card use to the School Business Manager
- Report the loss of the card or PIN to the School Business Manager immediately

The School Business Manager will

- Reconcile receipts to the Charge Card Statement monthly
- Report any instances of unauthorised transactions or losses to the Finance Committee

15.7 Cash Flow Forecasts

The School Business Manager is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to cover day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

15.8 Investments

Investments must be made only in accordance with written procedures approved by the governing body under a separate Investment Policy.

15.9 Reserves

The Budget is managed in line with the Academy's Balances and Reserve Policy which is reviewed annually

16. VAT

16.1 VAT 126 Claims

Under legislation VAT claims can be made on expenditure supporting the Academy's core business purposes according to the simplified arrangement as detailed in the VAT Information Sheet 09/11 issued in June 2011.

Claims will be made to the HMRC on form 126 by the School Business Manager monthly following full reconciliation of all

16.2 VAT Registration

Separate to the activities mentioned above the Academy may choose to register for VAT in relation to its non-business activities. I.E production of Adult Meals.

The Academy is not registered for VAT at present this is kept under ongoing review with the Academy's External Auditors. Guidance on VAT can be found at <http://www.hmrc.gov.uk/vat/start/introduction.htm>

17. Fixed Assets

The treatment of Fixed Assets is detailed in the Academy's Capitalisation and Control of Assets Policy.

18. Key Inventory

The Key inventory is the responsibility of the Premises Manager to maintain and will be kept up to date at all times. It is the responsibility of staff to report all lost and stolen keys to enable new security ensures to be put in place and for the inventory to be updated.

19. Computer Systems

Systems should be in place to protect key computer data and control features will include:

- Back-up Procedures
- Passwords
- Disaster recovery plans

20. Reporting to the DfE

The Academy is required to submit reports to the DfE in the following areas:

- Annual Accounts Return (AAR) Annual Budget
- Budget Monitoring Statutory Accounts

The School Business Manager will prepare these returns with assistance from the Academy's appointed accountants where required.

Annual Accounts Return and Whole of Government Accounts

The Academy is required to submit an AAR by 30th January each year in the format supplied by the EFA. The School Business Manager will ensure this is completed and when necessary signed off the external auditors.

20.1 The Annual Budget

The Academy is required to send a copy of its annual budget to the DfE. This will be in the format of an income and expenditure statement on an accrual basis.

The School Business Manager must ensure that a final budget is submitted setting out the Academy's plans for the forthcoming academic year in more detail in the required format and by the required deadline as notified by the DfE year on year.

20.2 Budget Monitoring

The Academy will submit budget-monitoring returns to the DfE, on an accrual basis in the required format by the required deadlines as notified by the DfE year on year.

20.3 Annual Accounts

As a Charitable company the Academy must comply with company law as set out in the Companies Act 1985. This includes a requirement to prepare a governors' report and financial statement ('annual accounts') and for these to be independently audited by a registered auditor. Financial Statements should be prepared to **31st August each year**. They should include:

- Incoming Finance from all sources receivable in the period
- Finance expended on all activities within the period
- All assets and liabilities of the Academy at the balance sheet date
- All cash received and expended within the period

The Annual accounts must be submitted to the EFA by **31st December**. As soon as the EFA deadline, but by no later than **30th June** (10 months after the end of the accounting year), a copy of the governors annual report and audited final accounts must be sent to Companies Register and to the Charity Commission. It is obligatory to publish the Academies audited accounts on the school's website.

21 Self Assessment of Management and Governance

The Governing Body has appointed the chair of finance to carry out checks on the Academy's systems of internal control and on the adequacy of the Academy's arrangements for financial management and governance. The Academy will report to the EFA annually through the Value for Money Statement on the effectiveness of the Academy's management of its Finance.

22. External Auditors

The Academy appointed Robinson Reed Layton as their external auditors in March 2015. This will be reviewed on a yearly basis. The appointment of Auditors must be approved by the Full Governing Body.

23. Whole of Government Accounts

Apart from its own year-end date of 31st August, the academy is required to supply information to the EFA as of 31st March to support the Whole of Government Accounts. The School Business manager will supply the information requested within the published deadlines for that year.

Appendix 1.

ST HILARY SCHOOL PRIMARY ACADEMY SCHEME OF DELEGATION / MANAGING MONEY

Authorising orders for goods and services, authorising payments, entering into contracts		
Position	Name	Limit/Restriction
Governing Body	David Sharp	Over £30,000 – decision recorded in minutes
Finance Committee	Nick Kelly	£30,000 - decision recorded in minutes
Head Teacher	Kelley Butcher	£15,000
Deputy Head Teacher – when acting in absence of Head Teacher	Robin Hamshar	£15,000
School Business Manager	Phillipa Daw	£5,000

Authorisation to make virements between cost centres		
Position	Name	Limit/Restriction
Governing Body	David Sharp	Over £30,000 – decision recorded in minutes
Finance Committee	Nick Kelly	£30,000 - decision recorded in minutes
Head Teacher	Kelley Butcher	£15,000
Deputy Head Teacher – when acting in absence of Head Teacher	Robin Hamshar	£15,000
School Business Manager	Phillipa Daw	£5,000

Managing the Academy Bank Accounts		
Position	Name	Authority
Head Teacher	Kelley Butcher	Cheque Signatory one of two to sign Debit Card Holder On Line Payment Authenticator one of two to authenticate payments
Deputy Head Teacher – when acting in absence of Head Teacher	Robin Hamshar	Cheque Signatory one of two to sign Debit Card Holder On Line Payment Authenticator one of two to authenticate payments
School Business Manager	Phillipa Daw	

Users of computerised finance package - FMS		
Position	Name	Access
School Business Manager	Phillipa Daw	Supervisor – access all modules
Finance Assistant	Viv Laity	Enter only
Head Teacher	Kelley Butcher	Read only

Users of computerised income collection package Quick Books		
Position	Name	Access
School Business Manager	Phillipa Daw	System user – access all modules
Finance Assistant	Viv Laity	Enter and authorise

Certification Payroll Documents		
Position	Name	Limit/Restriction
Chair of Governors	Dave Sharp	Sign payroll forms relating to Head Teacher
Head Teacher	Kelley Butcher	Sign all Appointment & Leaver Forms and change of contract forms Sign off Monthly Claim documents
School Business Manager		Sign all Appointment & Leaver Forms and change of contract forms Sign off Monthly Claim documents

Certificate of Travel / Subsistence Claims		
Position	Name	Limit/Restriction
School Business Manager	Phillipa Daw	£200 per claim
Head Teacher	Kelley Butcher	Over £200 per claim & all SBM claims
Chair of Governors	Dave Sharp	Travel Claims of Head Teacher above £200

Authorisation to write-off bad debts		
Position	Name	Limit/ Restriction
Head Teacher	Kelley Butcher	£50
Finance Committee	Nick Kelly	Over £50 – recorded in minutes
Secretary of State		Detailed in funding letter

Completion of VAT returns		
Position	Name	Limit/ Restriction
School Business Manager	Phillipa Daw	N/A

Administration of Petty Cash		
Position	Name	Limit/ Restriction
School Business Manager	Phillipa Daw	£200
Finance Assistant	Viv Laity	£50
School Secretary	Dot Whipp	£50

Opening of Tenders		
Position	Name	Limit/ Restriction
Head Teacher	Kelley Butcher	N/A
School Business Manager	Phillipa Daw	N/A

Evaluation of Tenders – for decision making at appropriate delegated levels		
Position	Name	Limit/ Restriction
Head Teacher	Kelley Butcher	N/A
School Business Manager	Phillipa Daw	N/A

In some instances it will be necessary to involve an appropriate member of staff i.e Premises, Kitchen, or network Manager in order to ensure the evaluation process take into account the view of the immediate service area.

Appendix 2.

Annual Budget Cycle.

January:	The School Business Manager will complete the AAR and submit to the EFA by 31 st January
February:	The Senior Leadership Team start work on next year's priorities and possible staffing needs. These priorities will be discussed with the various committees of the Governing Body
March:	Academy receives its Draft Recurrent Grant for the following year from the Education Funding Agency (EFA). The School Business Manager starts to construct next year's budget. A mid –year review of current budget takes place.
April / May:	The Head Teacher and School Business Manager discuss detail of next years' budget and present to Finance Committee
June:	Full Governing Body approve final budget for the following year. The School Business Manager then prepares return to EFA which is signed by head Teacher and Chair of Governors and returned to the EFA. School Business Manager monitors current budget for predicted YE figure
July:	Appointed Auditors start their preparative work on the Annual Accounts School Business Manager completes the Budget Forecast Return to EFA by end of month
Aug/Sept:	Financial Year end (31 st August) Start of new Financial Year (1 st Sept) School Business Manager & Head Teacher support Governors in preparation of Governors Report
Oct:	School Business Manager completes the census return which is used by Government as the basis for the funding for the next financial year. Appointed Auditors continue audit field work and produce draft Annual Accounts for governors to review.
Nov/Dec:	Appointed Auditors present accounts to Full Governors. Governors approve Financial Statements. School Business Manager submits Year end accounts

Specimen Signature List				
Name	Position	Signature	Initials	Date Added
Kelley Butcher	Head Teacher			
Robin Hamshar	Deputy Head Teacher			
Dave Sharp	Chair of Governors			