



# **FINANCIAL REGULATIONS MANUAL**

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## Introduction

- 101 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).
- 102 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 systems. The manual should be read by all staff involved with financial systems.

## 2. Organisation and Scheme of delegation for governance functions (1.5.15 and 2.5.2)

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

### **The Governing Body**

- 202 The governing body has overall responsibility for the administration of the academy's finances. The main responsibilities of the governing body are prescribed in the Funding Agreement between the academy and the DfE and in the academy's scheme of government. The main responsibilities include:
- approving the academy's financial controls and procedures through the Financial Regulations Manual;
  - ensuring that grant from the DfE is used only for the purposes intended;
  - approval of the annual budget;
  - appointment of the Head Teacher;
  - appointment of The Accounting Officer
  - appointment of the Business Manager and
  - approval of the academy's personnel establishment.
  - ensuring Governors maintain a skill level commensurate with the requirements of the Academies Financial Handbook (1.5.13 – 1.5.19)

### **The Performance Review and Development Committee**

- 203 The Performance Review and Development Committee is a committee of the governing body. The Committee meets at least once a term but more frequent meetings can be arranged if necessary.
- 204 The main responsibilities of the Performance Review and Development Committee are detailed in written terms of reference which have been authorised by the governing body. The main responsibilities include:



- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
- authorising the award of contracts and orders over £10,000;
- authorising and reviewing the virement limits delegated to the Head Teacher and
- reviewing reports on the effectiveness of the financial procedures & controls. These reports must also be reported to the full governing body.

### **The Head Teacher**

- 205 Within the framework of the academy development plan as approved by the governing body the Head Teacher (Accounting Officer) has overall executive responsibility for the academy's activities including financial activities. Some of the financial responsibility has been delegated to the Business Manager but the Head Teacher (Accounting Officer) still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body has agreed should be approved by them;
- authorising contracts and orders between £1,000 and £9,999;
- authorising payroll payments.

### **The Business Manager**

- 206 The Business Manager works in close collaboration with the Head Teacher (Accounting Officer) through whom he or she is responsible to the governors. The Business Manager also has direct access to the governors via the Performance review and Development Committee. The main responsibilities of the Business Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- the preparation of termly management accounts and
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance
- Carry out an Annual Financial management and governance self-assessment and present it to the Performance Review and Development Committee.

### **The Company Secretary**

- 207 The Company Secretary will notify the Department for Education (through Get information about school's formerly Edubase) of appointment and vacating of the positions of members, Trustees, Chair of Trustees, Accounting Officers and Chief Financial Officer (4.7.4)

### **Independent Oversight and Internal Scrutiny**

- 208 Sandwell Inspired Partnership (SIPS) have been appointed by the governing body to provide an independent oversight of the academy's financial affairs. SFS will visit bi-



monthly and will provide the governing body with independent assurance that:

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

The Performance Review and Development Committee will develop a scheme of work for internal scrutiny informed by risk and be timely with the programme of work spread appropriately over the year so high risk areas are reviewed in good time.

- 209 The visits by SIPS will ensure that financial transactions have been properly processed and that controls are operating as laid down by the governing body. A report of the findings from each visit will be presented to the Performance Review and Development Committee.

### **Other Staff**

- 210 Other members of staff, primarily the Finance Administrator and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff members 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**

- 211 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 whom the academy may purchase goods or services. The register is open to public inspection and will be published on the school website.
- 212 The register of interests will capture relevant business and pecuniary interests of members, trustees, and senior employees, including:
- directorships, partnerships and employments with businesses that provide goods or services to the trust; (2.5.2)
  - trusteeships and governorships including at other educational institutions and charities irrespective of whether there is a trading relationship with the trust; and
  - for each interest: the name of the business, the nature of the business, the nature of the interest, and the date the interest began. 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.
- 212 The existence of a register of business interests does not, of course, detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the governing body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

## **3. Accounting system**



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

- Journals
- Nominal Ledger
- Bank Transactions
- Purchase Ledger
- Sales Ledger

### **System Access**

302 Entry to the SIMS system is password restricted and the Network Manager is responsible for implementing a system which ensures that passwords are changed at least every 3 months. When passwords are changed the new password should be placed in a sealed envelope and passed to the Business Manager to keep in the safe.

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

### **Back-up Procedures**

304 The Network Manager is responsible for ensuring that there are effective back up procedures for the system. Data should be copied onto an external hard drive or other removable medium and the copies stored in a secure place preferably in a fireproof container. Back up copies should be taken on at least a weekly basis.

305 The back-ups should not be recorded on the same medium each time as this will result in only one copy being available. In order to provide more protection from the loss of data at least three different storage media should be used in rotation and stored in different locations. At least one copy should be stored off-site.

306 The Network Manager has prepared a disaster recovery plan in the event of loss of accounting facilities or financial data. This links 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**

307 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.

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

### **Transaction Reports**

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

- the audit trail reports;
- Performance review and development Committee management account reports



summarising expenditure and income against budget.

### **Reconciliations**

- 310 The Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- sales ledger control account;
  - purchase ledger control account;
  - payroll control account;
  - bank balance per the nominal ledger to the bank statement;
  - Vat control account.
- 311 Any unusual or long outstanding reconciling items will be reviewed and queries addressed by the Business Manager.

## **4. Financial planning**

- 401 The academy prepares both medium term and short-term financial plans.
- 402 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.
- 403 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.
- 404 The development planning process and the budgetary process are described in more detail below.

### **Development Plan**

- 405 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.
- 406 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.
- 407 Each year the Head Teacher (Accounting Officer) will propose a planning cycle and timetable to the governing body which allows for:
- a review of past activities, aims and objectives - "did we get it right?"
  - definition or redefinition of aims and objectives – "are the aims still relevant?"



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- development of the plan and associated budgets – “how do we go forward?”
- implementation, monitoring and review of the plan – “who needs to do what by when to make the plan work and keep it on course” and
- feedback into the next planning cycle – “what worked successfully and how can we improve?”

- 408 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 Head Teacher (Accounting Officer) .
- 409 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.
- 410 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a senior manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the Leadership team on a quarterly basis. The senior manager 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**

- 411 The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head Teacher (Accounting Officer), Performance Review and Development Committee and the Governing Body.
- 412 The Academy **must** submit to the EFA a copy of the budget forecast in a form specified by EFA by a date to be notified ( currently 31<sup>st</sup> July) and the Business Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 413 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.
- 414 The budgetary planning process will incorporate the following elements:
- forecasts of the likely number of pupils to estimate the amount of DfE grant receivable;
  - review of other income sources available to the academy to assess likely level of receipts;
  - review of past performance against budgets to promote an understanding of the academy cost base;
  - identification of potential efficiency savings and
  - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

### **Balancing the Budget**

- 415 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**

- 416 Once the different options and scenarios have been considered, a draft budget should be prepared by the Business Manager for approval of the Head Teacher (Accounting Officer), the Performance review and development 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.
- 417 The budget should be accompanied by a statement of assumptions and hierarchy of priorities (see the school development plan) 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**

- 418 Monthly reports will be prepared by the Business Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Partner Head Teacher (Accounting Officer) and the Performance Review and Development Committee.
- 419 Any potential overspend against the budget must in the first instance be discussed with the Business Manager. The accounting system will not allow payments to be made against an overspent budget without the approval of the Business Manager.
- 420 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements must be authorised by the Head teacher within the limits set and then reported to the Performance review and development Committee.

## **5. Payroll ( see Appendix 1)**

- 501 The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

### **Staff Appointments**

- 502 The governing body has approved a personnel establishment for the academy. Changes can only be made to this establishment with the express approval in the first instance of the Performance review and development Committee who must ensure that adequate budgetary provision exists for any establishment changes.
- 503 The Head Teachers have the authority to appoint staff within the authorised establishment except for Deputy Head Teachers and the Business Manager whose appointments must



follow consultation with the governors. The Head Teacher (Accounting Officer) maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the Head Teacher (Accounting Officer) in the first instance. The Head Teacher (Accounting Officer) can delegate this authority as appropriate.

### **Payroll Administration**

- 504 The academy payroll is administered by Education Personnel Management (EPM) Ltd. EPM are administrators of the system including setting up users and security levels on written confirmation from the Partner Head Teacher (Accounting Officer) .
- 505 All staff members are paid monthly by BACS payments.
- 506 New appointment details or adjustments can only be created by the Head Teacher (Accounting Officer) or a delegate as in point 503 above. Any amendments made by the nominated delegate must be authorised by the Head Teacher.
- 507 Each department manager must complete a monthly staff return which provides details for all staff in their section of overtime, sickness. The staff return must be authorised by the department manager. Authorised staff returns should be sent to the HR Officer who will then compile a monthly staff return which provides details of overtime, staff sickness and other absences during the month. This will then be signed by the Head Teacher (Accounting Officer) and entered on to the EPM Portal. Monthly variation new starters and leavers will be processed by the Head Teacher (Accounting Officer) .
- 508 Data input to the payroll system should be undertaken by the Head Teacher (Accounting Officer) in accordance with the timetable and then authorised

### **Payments**

- 509 The Business Manager will 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 the Head Teacher (Accounting Officer).
- 510 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net report and BACS payments for these amounts are automatically processed by them.
- 511 The Business Manager should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.
- 512 After the payroll has been processed the nominal ledger will be posted. The Business Manager will make postings to both the payroll control account and to individual cost centres.

## **6. Purchasing (see Appendix 2)**

- 601 The academy wants to achieve the best value for money from all our purchases. This



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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

- 602 Budget holders will be informed of the budget available to them during the first half term of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder half-termly and budget holders are encouraged to keep their own records of orders placed but not paid for.
- 603 Routine purchases up to the lower of their annual budget limit or £1,000 can be ordered by budget holders or a member of their department. The budget holder will authorise expenditure requested by a member of staff of their department. 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 or a member of staff considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the value for money statement must be completed with an explanation
- 604 All orders must be placed using an internal requisition form, signed by the budget holder. An official order will be produced from the financial accounting system by the Finance Administrator The Partner Head Teacher (Accounting Officer ) will authorise the order and the Finance Administrator will print off the orders which will then be signed by the Partner Head Teacher (Accounting Officer). are allocated an order number by the system and despatched or faxed to the supplier by the Finance Administrator.
- 605 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 original order and 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. Agreed delivery notes should be signed and returned to the Finance Office.
- 606 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 Administrator will keep a central record of all goods returned to suppliers and also signed delivery notes.
- 607 All invoices will be reviewed by the Finance Administrator.
- 608 The Finance Administrator will attach the signed delivery note or despatch notes to the invoice and then enter the details onto the finance system. Any anomalies between the invoice amounts and the original order will be reported to the Budget holder before they



are amended on the system. The Finance Administrator will have a tolerance level between 5 and 10% of the total invoice value.

- 609 The Finance Administrator will input details of payments to be made to the purchase ledger and then generate the BACS lists or cheques required. The BACS list or cheques and associated paperwork must be signed and authorised by one of the nominated BACS/cheque signatories on List A and the BACS/cheques will then be countersigned another signatory from List B.
- 610 Cheques will be dispatched to suppliers by the Finance Administrator who will also complete payment details on the invoices and then place in the appropriate file.

**Orders over £5,000 but less than £10,000**

- 611 At least three quotations should be obtained for all orders between £1,000 and £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and passed to the Finance Administrator to be attached to the official purchase order for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

**Orders over £10,000 but less than £50,000**

- 612 All goods/services ordered with a value over £10,000, or for a series of contracts which in total exceed £10,000, must have the prior approval of the Performance review and development Committee.

**Orders over £50,000**

- 613 All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000, will be subject to formal tendering procedures. Purchases over £181,302 (threshold from 01/01/2018) may fall under EU procurement rules which require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in Annex 3d to the Academies Financial Handbook.

**Forms of Tenders**

- 614 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 Business Manager how best to advertise for supplier's 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**

615 Full consideration should be given to:

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

616 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**

617 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.

618 An invitation to tender should include the following:

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

### **Aspects to Consider**

#### ***Financial***

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

#### ***Technical/Suitability***

- Qualifications of the contractor



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

#### ***Other Considerations***

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

#### **Tender Acceptance Procedures**

- 619 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**

- 620 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:
- The Partner Head Teacher (Accounting Officer, Business Manager plus a member of the Performance Review and Development Committee.
- 621 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**

- 622 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.
- 623 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.
- 624 Full records should be kept of all criteria used for evaluation and a report should be prepared for the Performance Review and Development Committee highlighting the relevant issues and recommending a decision.



- 625 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.
- 626 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**

- 701 The main source of income for the academy is the General Annual Grant (GAG) from the DfE. The receipt of all income is monitored directly by the Business Manager who is responsible for ensuring that all grants due to the academy are collected.
- 702 The academy also obtains income from:
- parents, for trips, breakfast club, school club, dinner monies and extended services
  - the public, mainly for lettings.

### **Trips, Dinner and Club monies**

- 703 A lead teacher must be appointed for each trip to take responsibility for the booking of the trip venue and costing. The Finance Administrator will administer the collection of monies and ordering of coaches.
- 704 Parents should make payments via their class or through a debit card payment in the Finance Office.. The class money sheet and debit card payments will be used to record all payments.
- 705 The Finance Administrator should maintain an up-to-date record for each student showing the amount paid and the amount outstanding. These details will be reported to the lead teacher on a regular basis and the Finance Administrator will be responsible for chasing the outstanding amounts.

### **Lettings**

- 706 The Business Manager is responsible for maintaining records of bookings of halls, informing relevant staff and for identifying the sums due from each organisation. A deposit must be made in advance for the use of facilities. This is subject to change with prior approval from the P Head Teacher (Accounting Officer) to assist with good community relationships and good debtors.

### **Custody**

- 707 All payments must be collected via the pupil's class on a daily basis by the Pastoral Assistant. Payments then come to the finance office and are checked by the Finance Administrator. All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place every weekly or more frequently if the sums collected exceed the £5,000 insurance limit on the Finance Office safe.
- 708 Monies collected must be banked in their entirety in the appropriate bank account. The Finance Administrator is responsible for preparing the banking deposits. The Business Manager checks the deposits before they are collected by the cash collection agency. The sums deposited at the bank along with all voucher and BACS payments made by parents for services will be posted onto FMS by the Finance Administrator. Amounts banked will be reconciled by the Business Manager during the bank reconciliation process.



## 8 Cash Management

### Bank Accounts

- 801 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

- 802 Particulars of all deposits are recorded on the copy paying-in slip spreadsheet. The details include:
- the amount of the deposit;
  - the name of the debtor;
  - and the total income banked broken down over different cost centres.

### Payments and withdrawals

- 803 All transactions authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:

List A BACS  
Business Manager  
Head Teachers  
Deputy Head Teacher

- 804 This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy. The purchasing system provides a division of duties.

### Administration

- 805 The Business Manager must ensure bank statements are reconciled regularly and at least on a monthly basis. Reconciliation procedures must ensure that:
- all bank accounts are reconciled to the academy's finance system;
  - reconciliations are prepared by the Business Manager.

### Cash Flow Forecasts

- 806 The Business Manager is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Any concerns with the academy's cash position should be reported to the EFA.





## **Investments**

- 807 Investments must be made only in accordance with written procedures approved by the governing body. The investment policy will manage, control and track financial exposure and to ensure value for money. Investment decisions should only be made after professional advice is taken and the security of funds must take precedence over income maximisation.
- 807 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**

- 901 All items purchased with a value over the academy's capitalisation limit (currently £1,000) 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)
  - location
  - name of member of staff responsible for the asset
- 902 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**

- 903 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 904 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**

- 905 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Performance review and development Committee and, where significant, should be sold following competitive tender. The academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in was paid. This is subject to the delegated limits, subject to a maximum of £250,000, which are;
- 1% of total annual income or £45,000 whichever is smaller per single transaction.
- 906 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.
- 907 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.
- 908 All disposals of land must be agreed in advance with the Secretary of State.

### **Loan of Assets**

- 909 Items of academy property must not be removed from academy premises without the authority of the Partner Head Teacher (Accounting Officer). A record of the loan must be recorded in a loan book and booked back into the academy when it is returned.
- 910 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.

## **10 Risk Register**

- 1001 A risk register (including all financial risks) should be maintained and reviewed annually.
- 1002 The academy should review its risk protection strategy annually. It currently subscribes to the "Risk Protection Arrangement"



Date of approval:

Signed (on behalf of the Governing Body)



## Payroll Administration

All Staff are paid monthly by BACS and this is administered by our payroll provider EPM



All new appointments can only be created by The Partner Head Teacher (Accounting officer) except for the appointment of Deputy Head Teacher and School Business Manager



The appointment of the Deputy Head and the Business Manager is made following consultation with the Governing Body.



The Partner Head Teacher (Accounting officer) confirms the appointment and enters the contract on the EPM Portal. The contract is returned and a signed copy is retained in the individuals personnel file. The Business Manager conducts pre-employment health checks though Heales and DBS checks through EPM and enters individual bank details onto the EPM portal.





EPM issue a payroll schedule which dictates variance cut-off date, a costings date, an authorisation date and a pay date.



Line Managers authorise monthly variations and submit them to SLT PA, They are then sent to EPM to be added to the monthly payroll.



The draft costings are issued and are checked by The Partner Head Teacher (Accounting officer). Any queries are emailed to our dedicated payroll officer and hard copies are kept. Once the Partner Head Teacher (Accounting officer) is happy a hard copy of the draft pay run is signed and archived and authorisation is emailed to EPM.



On pay day pay slips are issued and salaries are BACS'd to the nominated bank account. The Business Manager checks the payroll and performs a random check on 4 members of staff. The check compares the staff gross and net pay with the contract issued by EPM. This check is countersigned by the Partner Headteacher (Accounting officer) and is presented to the PRD committee. The Business Manager then completes salary reconciliation and posts this onto the school's Financial Management System which is subsequently reconciled to the school's bank account.



## Appendix 2

### Scheme of Delegation Separation of Duties

Order placed by Budget Holder



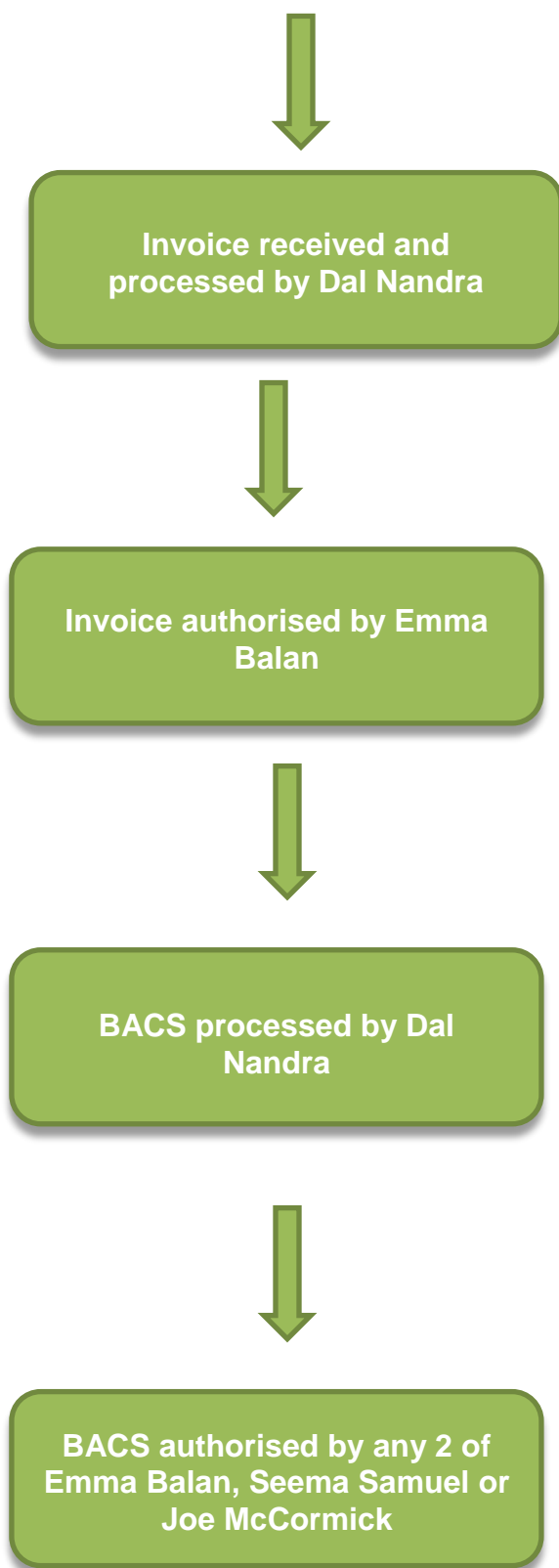
Order checked by Dal Nandra  
and recorded on FMS



Order authorised by D. Loane



Goods or service received and  
signed for by Budget holder





## Rookery Financial Regulations Manual 22/23