



Financial Regulations & Scheme of Delegation

Responsibility: Director of Finance & Premises

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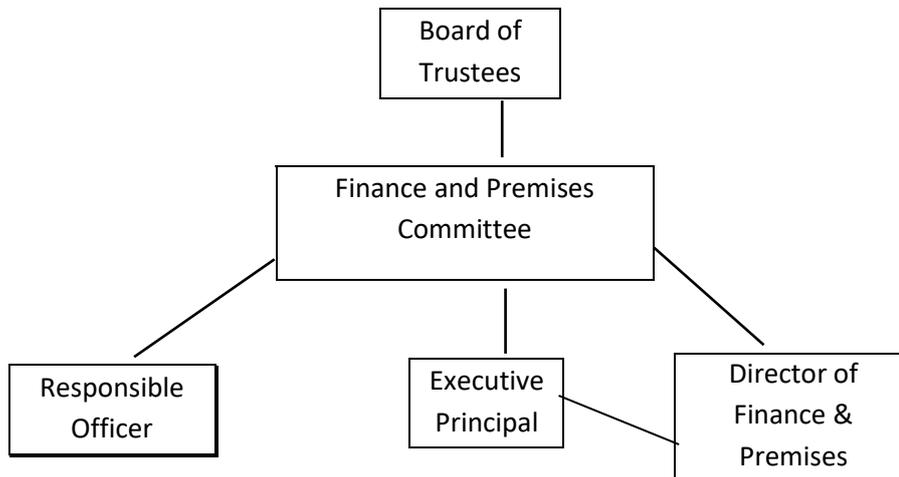
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1. Introduction

- 101 The purpose of these financial regulations and scheme of delegation 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 Education Funding Agency (ESFA).
- 102 The academy must comply with the principles of financial control outlined in the academies guidance published by the ESFA (The Academy Trust Handbook). This manual expands on that and provides detailed information on the academy's accounting procedures and system manual should be read by all staff involved with financial systems.

2. Organisation

- 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 Trustees and staff. The financial reporting structure is illustrated below:



The Board of Trustees

- 202 The Board of Trustees has overall responsibility for the administration of the academy's finances. The main responsibilities of the Board of Trustees are prescribed in the Funding Agreement between the academy and the ESFA and in the academy's scheme of government. The main responsibilities include:
- ensuring that grant from the ESFA is used only for the purposes intended
 - approval of the annual budget
 - appointment of the Executive Principal
 - appointment of the Director of Finance & Premises, in conjunction with the Executive Principal
 - authorising the award of contracts (tenders) over £100,000
 - receiving notification of all virements – irrespective of value
 - authorising the disposal of assets, in conjunction with Finance & Premises Committee, with an original purchase price in excess of £20,000.

Finance & Premises Committee

203 Finance & Premises Committee is a committee of the Board of Trustees. Finance & Premises Committee meets at least once a term but more frequent meetings can be arranged if necessary.

204 The main responsibilities of Finance & Premises Committee are detailed in written terms of reference which have been authorised by the Board of Trustees. 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 ESFA guidance issued to academies
- authorising the award of contracts (tenders) over £50,000 and up to £100,000
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Trustees
- authorising virements over £50,000
- authorising disposal of assets with an original purchase price between £10,001 - £20,000.

The Executive Principal

205 Within the framework of the academy development plan as approved by the Board of Trustees. The Executive Principal has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Director of Finance & Premises but The Executive Principal retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Trustees have agreed should be approved by them
- authorising contracts between £10,000 and £50,000, and above £50,000 in conjunction with the Chair/Vice-Chair of the Board of Trustees or Chair of the Finance & Premises committee
- signing cheques and authorising BACS payments in conjunction with the Director of Finance & Premises or other authorised signatory
- authorising virements up to £50,000 in conjunction with the Director of Finance & Premises and reporting to Finance & Premises Committee.

The Director of Finance & Premises

206 The Director of Finance & Premises works in close collaboration with The Executive Principal through whom he is responsible to the Trustees. The Director of Finance & Premises also has direct access to the Trustees via Finance & Premises Committee. The main responsibilities of the Director of Finance & Premises 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 Board of Trustees
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy
- the preparation of monthly management accounts
- authorising orders below £10,000 in conjunction with budget holders
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance
- authorising virements up to £50,000 in conjunction with The Executive Principal and reporting to Finance & Premises Committee
- authorising disposal of assets with an original purchase price up to £10,000

The Responsible Officer

207 The Responsible Officer (RO) is appointed by the Board of Trustees and provides Trustees with an independent oversight of the academy's financial affairs. The main duties of the RO are to provide the Board of Trustees with independent assurance that:

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

208 The Responsible Officer will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Board of Trustees. A report of the findings from each visit will be presented to Finance & Premises Committee. Detailed guidance on the actions to be checked by the RO are given in the Academy Trust Handbook.

Other Staff

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

Register of Interests

210 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 Trustees 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.

211 The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Trustee 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 Trustees and staff to declare interests whenever they are relevant to matters being discussed by the Board of Trustees or a committee.

3. Accounting system

301 All academy financial transactions must be recorded on the IRIS Financials accounting system.

System Access

302 Entry to the IRIS Financials system is password restricted and the IT 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 Director of Finance & Premises to keep in the safe.

303 Access to the component parts of the IRIS FINANCIALS system is restricted; the IT Manager is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

304 The IT Manager is responsible for ensuring that there is effective back up procedures for the system. Data is backed up daily using mirrored servers across both academy campuses and additionally backed up onto cloud based servers based within the EU ensuring compliance with the Data Protection act 2018.

305 The Director of Finance & Premises should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by Trustees 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

306 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.

307 Detailed information on the operation of the IRIS FINANCIALS system can be found in the user manuals held in the Finance Office and online on the IRIS user files.

Transaction Reports

308 The Director of Finance & Premises will on a monthly basis obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The reports obtained and reviewed will include

- trial balance
- cost centre summary report
- aged debtor and creditor reports
- management accounts summarising expenditure and income against the budget.

Reconciliations

309 The Senior Finance Officer is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- Control accounts (purchase ledger, sales ledger and payroll control)
- Bank balance per the nominal ledger to the bank statement.

310 Any unusual or long outstanding reconciling items must be brought to the attention of the Director of Finance & Premises. The Director of Finance & Premises will review and sign all reconciliations as evidence of their review.

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.

Budget Development Plan

- 405 The budget 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 ESFA.
- 407 Each year The Executive Principal will propose a planning cycle and timetable to the Board of Trustees which allows for:
- a review of past activities, aims and objectives - "did we get it right?"
 - definition or redefinition of aims and objectives – "are the aims still relevant?"
 - development of the plan and associated budgets – "how do we go forward?"
 - implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course"
 - feedback into the next planning cycle – "what worked successfully and how can we improve?"
- 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 Executive Principal.
- 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 member of the senior leadership team who should monitor performance against the defined success criteria throughout the year and report to the senior leadership team on a quarterly basis. The senior leadership team will report to the Board of Trustees if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

- 411 The Director of Finance & Premises is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by The Executive Principal, Finance & Premises Committee and the Board of Trustees.
- 412 The approved budget must be submitted to the ESFA by 31 July each year (or other deadline as prescribed by the ESFA) and the Director of Finance & Premises 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 students to estimate the amount of ESFA grant receivable
 - review of other income sources available to the academy to assess likely level of receipts
 - review of past performance against budgets to promote an understanding of the academy cost base
 - identification of potential efficiency savings
 - review of the 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 Director of Finance & Premises for approval by The Executive Principal, Finance & Premises Committee and the Board of Trustees. 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 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 Director of Finance & Premises. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for The Executive Principal and Finance & Premises Committee.
- 419 Any potential overspend against the budget must in the first instance be discussed with the Director of Finance & Premises.

- 420 The monitoring process should be effective and timely in highlighting variances in the budget, differences 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.
- 421 The Finance & Premises Committee is responsible for authorisation of all virements in excess of £50,000 between budget headings. Details of all virements will be reported to Finance & Premises Committee and formally notified to the Board of Trustees irrespective of their value.

5. Payroll

Staff Appointments

- 501 The Board of Trustees has approved a personnel establishment for the academy based on a financial envelope. Changes can only be made to this establishment with the express approval in the first instance of Finance & Premises Committee who must ensure that adequate budgetary provision exists for any establishment changes.
- 502 The Executive Principal has authority to appoint staff within the authorised establishment except for Head(s) of Academy whose appointments must follow consultation with the Trustees. The Director of Human Resources maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Director of Human Resources immediately.

Staff Pay Amendments

- 503 Any changes to staff pay as a result of incremental progression, performance and re-evaluation of pay/ grade will be made in accordance with the approved Pay Policy. The Director of HR will request changes to be made to staff pay which will be authorised by the Executive Principal.
- 504 Any changes to whole staff group's pay as a result of inflationary/ cost of living rises (ordinarily recommended by the National Joint Council (NJC) or Joint Teaching Unions - School Teachers' Review Body (STRB)) will be approved by the Chair of Trustees following recommendation from the pay committee.
- 505 Where changes relate to the Executive Principal's pay then these will be authorised by the Chair of the Board of Trustees.

Payments

- 506 After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total should be obtained from the system. The print must be reviewed and authorised together with authority to release payment by the Director of Finance & Premises.
- 507 All salary payments are made by BACS via the payroll bureau who have delegated authority to perform the payment under the monthly instruction of the Director of Finance & Premises.
- 508 The Finance Assistant should prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by the Director of Finance & Premises.
- 509 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. These payments are taken by direct debit from the Academy's bank account. Further checks shall be made by the Finance Manager for deductions relating to Student Loans, Childcare Vouchers, Apprentice Levy, Union deductions and all other deductions.
- 510 The Director of Finance & Premises 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.

- 511 After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. Director of Finance & Premises should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.
- 512 The Director of Human Resources selects two employees at random and checks the salary paid against the physical personnel contracts on file.

6. Purchasing & Payments

601 The academy wants to achieve the best value for money from all of its purchases. This means it wants to get what it needs in the correct quality, quantity and time at the best price possible. A large proportion of its purchases will be paid for with public funds and it needs 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 month of the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder a week after the end of each month and budget holders are encouraged to keep their own records of orders placed but not paid for. Budget-holders (or their appropriate staff) will be responsible for making the first request for the purchase of items or services from their own budgets.

603 Any urgent order that is placed verbally should be entered onto the accounting system as soon as possible so that a purchase order can be setup to register the financial commitment.

604 Routine purchases up to £5,000 can be ordered by budget holders. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Office. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Director of Finance & Premises.

605 Budget-holders (or their appropriate staff) will be responsible for making the first request for the purchase of items or services from their own budgets. All requisitions must be made via the IRIS Financials accounting web portal if available, or in writing using an official order form, stocks of which are held in the Finance Office. Paper orders must bear the signature of the budget holder and must then be forwarded to the Finance Office.

606 On receipt of the IRIS Financials requisition/ order form, the Finance Assistant will determine that the appropriate budget has sufficient funds to meet the order. Where sufficient budgeted funds are identified, the Finance Assistant will raise an official sequentially numbered Purchase Order. The Senior Finance Officer will authorise all system generated purchase orders before the Finance Assistant places the order with the relevant suppliers.

607 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 delivery note and make a record of any discrepancies between the goods delivered and the delivery note. Discrepancies should be discussed with the supplier of the goods without delay.

608 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Finance Assistant will keep a central record of all goods returned to suppliers.

609 All invoices should be sent to the Finance Office. They will be checked against the original order for accuracy (and delivery notes where appropriate) and entered on IRIS FINANCIALS.

- 610 The invoice will then be sent to the budget holder who must make a detailed check against the order and the delivery note before signing it and returning it to the Finance Office. Budget holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.
- 611 If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.
- 612 At the end of every week the Finance Assistant will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the Director of Finance & Premises. The Director of Finance & Premises will indicate on the list the invoices that should be paid.
- 613 The Finance Assistant will then input details of payments to be made to the purchase ledger and generate the cheques required. The BACS/ cheques and associated paperwork must be authorised by two of the nominated signatories.

For any cheque/ BACS having a value of £50,000 and above, the signatures/ authorisation codes must include any 2 of either the Executive Principal or the Chair of Trustees or Chair of Finance – or appointed Trustees representative in the absence of the chairs

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

- 614 At least three written quotations should be obtained for all orders between £10,001 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

If a purchase is considered to be unique and is deemed to be impossible to source multiple written quotations from more than one source, (eg specific IT licences, bespoke replacement parts). Then the reasons why no other quotation is possible must be clearly documented and retained by the academy.

Orders over £50,000

- 615 All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures.

Official Journal of the European Union (OJEU) – PENDING BREXIT REVIEW

- 616 Purchases over the OJEU threshold (as at 01/04/2021 GBP £189,330 (EUR214,000) fall under EU procurement rules which require advertising in the Official Journal of the European Union.
- 617 The likely successor to OJEU is FTS – Find a Tender Service. It is assumed that OJEU limits will apply to the FTS service which must be followed.

618 Authorisation Limits

All purchases regardless of value must be authorised by the relevant person: as follows
 Up to £5,000 – budget holder
 Between £5,000 - £10,000 – Director of Finance & Premises
 Between £10,000 and £50,000 Executive Principal
 Greater than £50,000 Chair of Finance & Premises Committee or Chair of Trustees
 Greater than £100,000 full Board of Trustees approval

Forms of Tenders

619 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 Director of Finance & Premises 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. However, if the EU threshold is likely to be breached, the tender must be carried out via OJEU.
- **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 (Note, EU regulations override necessity if value breaches thresholds
 - additional deliveries by the existing supplier are justified.

Preparation for Tender

620 Full consideration should be given to:

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

621 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

622 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.

623 An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project

- terms and conditions of tender
- form of response.

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

- 624 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

- 625 All tenders submitted should be opened at the same time and the tender details should be recorded.
- tenders expected to be over £50,000 but under £100,000 must be authorised by the Director of Finance & Premises, Executive Principal and Finance & Premises Committee
 - The Board of Trustees is responsible for the authorisation of the advertising of tenders above £100,000 and authorising the award of such tenders.

- 626 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

- 627 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.
- 628 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.
- 629 Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a

report should be prepared for Finance & Premises Committee highlighting the relevant issues and recommending a decision. For contracts under £50,000 the decision and criteria should be reported to Finance & Premises Committee.

630 Where required by the conditions attached to a specific grant from the ESFA, the department's approval must be obtained before the acceptance of a tender.

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

INTERNET PURCHASES

629 At all times, the same rigour of internal control must be placed on internet purchases as is normally applied to standard procurement with regard to separation of duties, authorisation controls and independent management checking.

630 Internet Orders:

The Finance Officer will be authorised to place online purchases.

Requests should be made to the Finance Officer from the budget holder in the normal manner (section 604), an official order should be raised on the financial accounting system and authorised as specified (section 614).

It is the responsibility of the budget holder to ensure the internet is the most appropriate means for procurement.

Where possible the official order number should be quoted on the internet order as a cross reference.

The internet order must be raised in the name of the academy with the academy's address, not to an individual.

The Director of Finance & Premises is authorised to overrule all internet purchases if it is deemed to be unsafe or better value can be sought from normal suppliers

The preferred method of payment for internet purchases will be the request of an invoice from the supplier, which can be paid via the academy's normal payment route.

If the supplier is unable to supply an invoice in advance, the finance officer will be authorised to use the academy's purchase/ charge card to make payment (the same rules for card authorisation apply).

Payment should not be made by an individual's personal credit card. The correct authorisation procedure for purchases should still be adhered to (section 614), and the academy retains the right to refuse to reimburse the individual if the academy's procedures are not followed.

Supplier invoices, delivery notes and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system. This is especially important if the academy is to recover any VAT element.

All purchases should only be made from secure websites that the Director of Finance & Premises has gained reassurance are reasonably safe and free from fraudulent activity. The use of online auction websites is not generally recommended, but is permitted where best value has been demonstrated.

631 **Leasing Policy and Arrangements**

By law an operating lease is the only type of lease available to schools. These leases involve the school paying a rental for the hire of an asset for a period of time and have the character of a rental agreement. No other lease, such as finance leases or hire purchase, may be entered into by the school as this is a form of borrowing.

- (a) Leasing agreements will only be made where the financial arrangements are such that they benefit the academy and the Chair of the Finance & Premises Committee has given their approval.
- (b) Once approval has been given, leasing agreements are to be signed by the Director of Finance & Premises on behalf of the Trustees.
- (c) The Director of Finance & Premises will be responsible for ensuring that all leasing agreements are kept under review and that appropriate arrangements are made for renewals.
- (d) Any lease entered into must meet the following criteria:
 - ownership of the asset must remain with the leasing company and there is no option for the academy to purchase the asset during the period of the lease
 - any extension of the lease must be at open market values
 - the academy will not benefit from any sale proceeds of the asset
 - the termination value of the lease is equal to or exceeds 10% of the value of the asset at the commencement of the lease.

7 Income

701 The main sources of income for the academy are the grants from the ESFA and Local Authority. The receipt of these sums is monitored directly by the Director of Finance & Premises who is responsible for ensuring that all grants due to the academy are collected.

702 The academy also obtains income from:

- students, mainly for trips and uniform
- catering
- the public, mainly for lettings (AGP etc.).
- donations

Trips

703 A lead teacher must be appointed for each trip to take responsibility. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance Assistant.

704 Students should make payments at the Finance Office. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

705 The Finance Assistant should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a weekly basis and the lead teacher is responsible for chasing the outstanding amounts.

Lettings

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

707 Details of organisations using the facilities should be entered by the Finance Assistant on the IRIS FINANCIALS accounting system. They will produce sales invoices and is responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

708 No debts should be written off without the express approval of the Board of Trustees (the ESFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

Custody

709 Official, pre-numbered academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £5,000 insurance limit on the Finance Office safe.

710 Monies collected must be banked in their entirety in the appropriate bank account. The Finance Assistant is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

711 When transporting cash in transit from the Academy to the Bank, it must be provided by a licenced security company (accredited to the SIA – Security Industry Authority) for sums in excess of £5,000 (above the academy cash in transit insurance limit). This is the preferred method for transferring cash to the bank. For sums less than £5,000 a minimum of 2

members of the academy staff (1 of whom works with the Finance Department plus one other) are permitted to walk the cash directly to the bank provided the distance is less than 500 meters and the cash is disguised in a plain, secure carrier. These members of staff should have no other duties to perform during this time and the transfer should take place at different times, on different days, where possible using different routes each week ie there should be no regular routine to the money transfer. All members of staff should carry a working mobile phone at all times during the transfer in case of emergency. Phones can be provided from the finance office on request.

8 Cash Management

Bank Accounts

- 801 The opening of all accounts must be authorised by the Board of Trustees that must set out, in a formal memorandum, the arrangements covering the operation of accounts, including 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 any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

- the amount of the deposit and
- a reference, such as the number of the receipt or the name of the debtor.

Payments and withdrawals

The academy's preferred method of payment to suppliers will be via electronic transfer/ BACS

- 803 All payments made by BACS authorising withdrawal from academy Bank Accounts must be made via the Lloyds Link secure payment system. The academy will retain bank mandates of all authorised persons which will require at least 2 authorisation codes from:

- Chair of Trustees
- Chair of Finance & Premises Committee
- Executive Principal
- Head(s) of Academy
- Vice Principal(s)
- Assistant Vice Principal(s)

The Lloyds Link system will be operated by the Finance Manager/ Officer or Director of Finance & Premises, who are not signatories.

Authorisation limits apply – see below:

All cheques and other instruments authorising withdrawal from academy bank accounts (excluding payroll) must bear the signatures of two of the following authorised signatories.

- Chair of Trustees
- Chair of Finance & Premises Committee
- Executive Principal
- Head(s) of Academy
- Vice Principal(s)
- Assistant Vice Principal(s)

Authorisation limits apply – see below:

804 Authorisation Limits

Payment authorisation limits are as follows:

- Less than £10,000 – any 2 signatories
- Between £10,000 and £50,000 any 1 signatory and either Executive Principal, Chair of Trustees or Chair of Finance
- Greater than £50,000 must include any 2 of either the Executive Principal or the Chair of Trustees or Chair of Finance – or appointed Trustees representative in the absence of the chairs

805 This provision applies to all accounts, public or private, operated by or on behalf of the Board of Trustees of the academy. Authorised signatories must not validate a BACS authorisation code or sign a cheque relating to goods or services for which they have also authorised the expenditure.

Administration

806 The Director of Finance & Premises must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the academy's cash book
- reconciliations are prepared by the Senior Finance Officer
- reconciliations are subject to an independent monthly review carried out by the Director of Finance & Premises or in their absence the Responsible Officer (RO)
- adjustments arising are dealt with promptly.

Petty Cash Accounts

807 The academy maintains a maximum cash impress balance of £500. The cash is administered by the Finance Officer and is kept in the finance office safe.

808 The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the BACS ref/ cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

809 In the interests of security, petty cash payments to individuals will be limited to £50 per transaction. Higher value payments should be made by BACS or cheque directly from the main bank account as a cash book payment. Petty cash claims in excess of £50 should not be broken down into small amounts in order to circumnavigate these rules.

810 The budget holder authorising the release of petty cash must sign to confirm that they have seen the physical presence of the goods or services at the academy. If it is the Budget Holder requesting petty cash to be paid to them from their own budget, then their immediate line manager must sign to confirm visual sight of the goods/ services. Petty cash claims by the Executive Principal must be authorised by the Chair of Trustees

811 The Finance Assistant is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Senior Finance officer to ensure that the cash balance reconciles to supporting

documentation.

- 812 All petty cash items should be preceded by an official order (section 604). The academy reserves the right to not reimburse individuals for items bought without authorisation and not gaining prior consent if the Director of Finance & Premises determines that he purchases was not necessary or not following the academy's best value procedures. The Executive Principal retains the final authority on this matter.

Physical Security

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

814 Cash Flow Forecasts

The Director of Finance & Premises is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds.

Investments

- 815 Investments must be made only in accordance with written procedures approved by the Board of Trustees.

- 816 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.

Purchase / Credit / Charge Cards

- 817 Purchase Cards are not considered to infringe the borrowing restrictions imposed on Academies, providing any balance is cleared in full at the end of each month.

- 818 The Finance Officer will be appointed to administer the use of cards, they will not be a card signatory themselves, but will maintain a list of those staff members who are authorised signatories.

- 819 A direct debit will be set up between the bank and purchase card provider to clear the monthly balance in full.

- 820 The card will be restricted to a maximum transaction limit of £750

- 821 All purchases made using a purchase card must be authorised in the same way as any other purchase with an official order being raised and a commitment entered onto the accounting system prior to the purchase being made (section 604). Purchase order numbers should be quoted on any purchase card purchase.

- 822 Purchase receipts will be returned as soon as is practically possible from card users to the Finance Office, who will reconcile receipts on a monthly basis against the statements and subsequently against the bank direct debit charge.

- 823 When not in use, all purchase cards will be kept in the academy safe.

9 Fixed assets

Tangible Fixed Assets

901 Land and buildings (and Investment Assets)

Freehold buildings are depreciated over their useful lives of between 15 and 50 years from the date of the revaluation. No depreciation is provided on buildings until they are brought into use. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific grants they are capitalised and the buildings are depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciated policy.

A review of impairment of a fixed asset is carried out if events or changes in circumstances indicate that the book value of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value certified and other direct costs incurred to 31 August. They are not depreciated until they are brought into use.

Investment Assets are not subject to depreciation.

902 Equipment

Equipment costing less than £2,000 per individual item is written off back to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

Second hand equipment is depreciated on a straight line basis over its remaining useful economic life. Other equipment is depreciated over 3-5 years.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

903 All items purchased with a value over £2,000 must be entered in the fixed asset register. The asset register should include the following information:

- asset description
- quantity
- asset number
- serial number
- date of acquisition
- asset cost
- expected useful economic life
- depreciation
- current book value
- location
- supplier
- name of member of staff responsible for the asset

- 904 The Asset Registers helps:
- ensure that staff take responsibility for the safe custody of assets
 - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
 - to manage the effective utilisation of assets and to plan for their replacement
 - help the external auditors to draw conclusions on the annual accounts and the academy's financial system
 - support insurance claims in the event of fire, theft, vandalism or other disasters.

905 **Depreciation**

Depreciation shall be calculated on a monthly basis for inclusion in the management accounts. Depreciation rates (all straight line) to be normally used are as follows:

Motor vehicles	5 years
Equipment	5 Years
Computers	3 Years
Furniture & Fittings	5 Years

Security of assets

- 906 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 907 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 Board of Trustees. 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

- 908 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Director of Finance & Premises and, where significant, should be sold following competitive tender/ auction.
- 909 The Director of Finance & Premises is responsible for authorising the disposal of individual items with an original purchase price of up to £10,000.
- 910 The Finance & Premises Committee is responsible for authorising the disposal of individual items with an original purchase price of between £10,001 and £20,000.
- 911 The Board of Trustees in conjunction with Finance & Premises Committee is responsible for authorising the disposal of individual items with an original purchase price in excess of £20,000.
- 912 The academy must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where the assets have a residual value.
- 913 All disposals of land, buildings & heritage assets must be agreed in advance with the Secretary of State.

Loan of Assets

- 914 Items of academy property must not be removed from academy premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.
- 915 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.

Small Asset Inventories

- 916 All portable assets with an individual cost of £2,000 excluding VAT, or higher, will be recorded in the Fixed Asset Register. All Department Heads (or their delegates) must also keep an inventory of items with values greater than £2,000 and items that have a value less than this but are deemed "attractive and portable". As stated above, these inventories must be checked on an annual basis to verify the existence of the assets.
- 917 Inventories may be in the form of a book, sheets or computer record and must include the following minimum detail:
- the item and the model
 - date of purchase and the supplier
 - a serial number and any other identifying marks
 - the normal storage location
 - quantity (small items may be batched).

Review of this policy: This policy will be reviewed annually by the Director of Finance & Premises.

This Financial Regulations & Scheme of Delegation Policy was reviewed and ratified at the Finance & Premises Meeting by Trustees of Plume Academy on 22 September 2021