


Shenfield High School

FINANCIAL REGULATIONS

Approved by Full Governing Body 8th December 2016

Chair of Governor's Signature	
Print Name	LEANNE HODSON
Date	12/12/16

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Authorisation and Monetary Limits

These limits are taken from the financial regulations that were approved by the full Governing Body on:(Enter Date)

Authorisation Limits

Expenditure Limits

Site Manager (emergency minor building repairs)	Up to £500
Business Manager	Up to £15,000
Headteacher	Up to £25,000
Chair of Resources committee	From £25,001 to £50,000
Nominated named governor	From £25,001 to £50,000
Chair of Governors	Over £50,000

Orders on the Business Manager's Budget will be authorised by another member of the Senior Leadership Team.

Payment Signatories

Two signatories	Up to £25,000
Chair of Governors (or Chair of Resources/nominated named governor (plus one other))	Over £25,000

Virement Limits

Headteacher or Business Manager	Up to £10,000
Chair of Resources committee Resources committee	Up to £10,000 From £10,001 to £35,000 Over £35,000

Writing off bad debts

Finance Manager	Up to £25
Headteacher or Business Manager	From £26 to £1,000 From £26 to £1,000
Resources Committee	From £1,001 to £5,000
Full Governing Body	Over £5,000

Disposal of Surplus Stock, Stores & Assets (estimated value)

Headteacher	Up to £5,000
Full Governing Body plus EFA	over £5,000

Other Monetary Limits

Mileage Allowance	40p per mile
Petty Cash	£500
Safe Cash/ Cheque limits (as per our insurance policy)	£5,000 – cash £5,000 – cheques (recorded at point of receipt) £500 monetary instruments i.e. stamps, vouchers
Ordering Procedures	
3 Competitive quotations (written evidence required)	£5,000 - £50,000
Tendering procedure	Over £50,000
Tendering procedure + OJEU	€200,000+ (Euros) for supplies and services
Tendering procedure + OJEU	€5,000,000+ (Euros) for works
Asset Register	
Capitalisation limit	Over £5,000

1. GENERAL

- 1.1 In accordance with the Academies Financial Handbook and Education Funding Agency (EFA) updates, the Governors of Shenfield High School hereby recognise the need to lay down formally a policy for the overall management of the Academy budget and the day-to-day management of the Academy's financial affairs.
- 1.2 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 Education Funding Agency (EFA).
- 1.3 The academy must comply with the principles of financial control outlined in the academies guidance published by the EFA. This manual expands on that and provides detailed information on the academy's accounting procedures and systems. This manual should be read by all staff and governors involved with financial procedures and it should be readily available.
- 1.4 The general conditions that follow are subject to annual review and consideration by the Full Governing Body, whom must formally minute both the review and any subsequent amendments and approval each year
- 1.5 The Governing Body confirms that failure to observe these conditions is considered a serious matter and might involve disciplinary procedures being taken against the individual concerned.
- 1.6 The Governing Body confirms that day-to-day financial management of the Academy is delegated to the Headteacher, subject to exceptions contained in these regulations.
- 1.7 Throughout these conditions, delegation to the Headteacher shall imply further delegation to the Deputy Headteacher when the Headteacher is not on the Academy site. Where the Headteacher wishes to permanently delegate certain financial matters or activities, then the level of that delegation shall be notified in writing to the individual(s) concerned, reported to the Governing Body in writing and incorporated in these conditions.
- 1.8 Whilst the main financial responsibilities are listed for the Governing Body and Resources Committee, their terms of reference are not included in this document. Similarly, all the financial duties of academy staff are not listed but may be found in their job descriptions.

2. DAY-TO-DAY DELEGATION OF AUTHORITY

2.1 Expenditure Limits

- 2.12 The Business Manager is able to authorise expenditure for day-to-day items and services up to £15,000 on any one item (excluding utility charges and annual contracts where the approximate cost has clearly been documented and approved in the annual budget) as long as an adequate budget provision exists.
- 2.13 A sequence of orders all within the above limit to cover a larger order or orders is not permitted.

Authorisations between £15,001 and £25,000 are to be referred to the Headteacher, between £25,001 and £50,000 to the Chair of Resources Committee or the nominated named governor, who have full authorisation to approve all such expenditure, and over £50,000 to the Chair of Governors who has full authorisation to approve all such expenditure on behalf of the Full Governing Body. For small emergency repairs, the Site Manager is able to authorise minor building repairs, where they are of an emergency nature, up to a value of £500 on any one repair.

- 2.14 Budget holders cannot commit the School to any lease, contract hire, or any other financial commitments where the cost of the contracts/lease lifetime exceeds the authorisation limits on page 4. All agreements beyond these authorisation limits should be discussed and approved at the Resources Committee.

2.2 Staff Appointments

- 2.21 The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteachers and the Business Manager whose appointments must follow consultation with the governors. The HR Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Business Manager immediately.
- 2.22 All relevant forms and paperwork with regard to the appointment of, or amendment to contracts, of staff should be sourced from the academy's HR Manager.
- 2.23 All personnel pre-employment checks should be completed and relevant clearances obtained for all staff before they start their employment and renewed as per the academy's personnel policies.

2.3 Virement (Budget Transfer) Limits

- 2.31 The Headteacher or Business Manager is able to authorise virements between individual cost centres up to a limit of £10,000. Virements over this amount are to be referred to the Chair of the Resources Committee, who has authorisation to approve virements up to a limit of £35,000. Authorisations over £35,000 are to be referred to the Resources Committee.
- 2.32 All virements, including increases to income, are to be formally recorded. All virements over £5,000 must be reported to the Resources Committee at the next meeting.

2.4 Bad Debts

The Finance Manager can authorise minor write offs up to a value of £25. The Headteacher or Business Manager may authorise writing off bad debts up to a value of £1,000. Requests for write offs above this amount are to be referred to the Resources Committee. However, all bad debts written off by the Business Manager or Headteacher will be reported to the Resources Committee at the next meeting. Write offs exceeding £5,000 will require full Governing Body approval.

- 2.41 For any write offs above the value in the annual funding letter, authorisation will be required from the Education Funding Agency (EFA).
- 2.42 A sequence of smaller write offs within the above limits to cover a larger write off, is not permitted.

2.5 Disposal of Surplus Stocks, Stores and Assets

- 2.51 The Headteacher can dispose of surplus stocks, stores and assets to the value of £20,000 without prior authorisation from the Governing Body. All disposals to this value must be reported to the Resources Committee at the next possible meeting. Authority for disposals above this amount can only be given in accordance with the specified limits.
- 2.52 All disposals must be formally recorded in the minutes and in addition, where the amount exceeds £20,000 a separate report will be issued to the full Governing Body for their approval.

2.53 Amounts above £20,000 if they are a capital asset must be approved by the Education Funding Agency.

2.54 Disposal of freehold of land or buildings must be pre-approved by the EFA.

2.6 Receiving of Goods / Acknowledgment of Service

Receiving of goods and signing of delivery notes will not in normal circumstances be undertaken by the person authorising payment.

2.7 Mileage Allowances and Subsistence Claims

2.71 The Academy will reimburse mileage expenses to individuals for business journeys at a rate within the limitations set out by HM Revenue & Customs.

2.72 The claimant is entitled to be notified of this rate in advance of commencing their journey. The claimant must have suitable insurance in place to cover both the vehicle and passengers and that indemnifies the Academy against any claim.

2.73 VAT is not reclaimed on fuel for mileage claims but this is offset by the Academy paying 40p per mile which is slightly lower than the HMRC suggested amount.

2.74 All expense claims are to be authorised by the Budget Holder. If the claim is payable to the Budget Holder authorisation from the SLT Line Manager is required.

2.75 The Chair of Governors or Chair of the Resources Committee must sign any claims relating to the Headteacher

2.76 Receipts or other appropriate evidence of expenditure must be attached to the claim in respect of all purchases, i.e. rail/bus fares, subsistence, telephone calls, postage and any other purchases that may be approved.

2.77 Rates of subsistence will be paid up to the rates below, will not include claims for alcohol and must be supported by receipts whatever the expenditure:-

Breakfast	£5
Lunch	£7.50
Evening Meal	£15

2.78 The Academy may not reclaim VAT without a proper VAT receipt.

2.79 The Academy has a dispensation from the HMRC in order that expenses and benefits in kind are paid without deduction of tax and National Insurance. A dispensation is a notice from HM Revenue & Customs (HMRC) that removes the requirement to report certain expenses and benefits at the end of the tax year on forms P11D or P9D. There is also no need to pay any tax or National Insurance contributions on items covered by a dispensation. Once granted, dispensations last indefinitely.

2.8 VAT Returns

2.81 It is the responsibility of Business Manager to ensure that the academy's VAT is correctly accounted for in accordance with HMRC requirements and promptly claimed on a monthly basis.

2.82 Specific advice on VAT matters should be sought from the HMRC, Academies Financial Handbook / Education Funding Agency bulletin updates and from the academy's external auditors.

3. Organisation

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:

3.1 The Governing Body

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 EFA and in the academy's scheme of government. The main responsibilities include:

- ensuring that grant from the EFA is used only for the purposes intended
- ensuring that funds from sponsors are received according to the academy's Funding Agreement, and are used only for the purposes intended
- approval of the annual budget
- appointment of the Headteacher and the Business Manager in conjunction with the Headteacher
- approval of the academy's financial regulations
- approval of the annual accounts
- approval of the Governors' Annual Report
- appointing / agreeing the continued appointment of the trust's auditors and ensuring the contract takes the form of a letter of engagement for the external audit. Additional services purchased must have a separate letter of engagement specifying the precise requirements of the work

Apart from the above, delegation of the academy's financial matters to the Resources Committee. In addition, the Governing Body has included the role of an Audit Committee into the Resources Committee terms of reference.

3.2 The Resources Committee

The Resources Committee is a committee of the Governing Body which meets **at least once a term** with interim meetings arranged as necessary. The main responsibilities of the Resources Committee are detailed in written terms of reference which have been authorised by the Governing Body. The responsibilities include:

- To advise the Governing Body on the application of the Annual Grants and Special Purpose Grants to the Academy in accordance with the Funding Agreement and to ensure that the grants from the EFA are used only for the purposes intended.
- To ensure that funds from sponsors are received according to the academy's Funding Agreement, and are used only for the purposes intended.
- To advise the Governing Body on financial strategy and policy within the resources available.
- To receive, consider and present to the Governing Body annual estimates of the School budget and the annual end of financial year statements.
- To receive regular reports on the School's income and expenditure showing a comparison of these against the annual budget, cashflow and financial forecasts beyond one year.
- Reviewing and then recommending the annual accounts for approval by the Governing Body.

- To receive regular reports on Internal Control systems from Essex Financial Services via the Business Manager.
- To review the financial procedures within the School, taking into account any recommendations made in Internal Control review reports and by the Auditors.
- To advise the Chair of Governors on the letter to accompany the audited accounts and to implement any suggestions in relation to any comments made by the Auditors.
- To agree variations between budgets.
- To consider and present to the Governing Body the Academy's Financial Regulations.
- Reviewing annually the Terms of Reference of the Resources Committee.
- Agreeing appropriate charges for lettings of the premises, in line with the Academy's lettings policy.

3.3 Audit Committee (included within the Resources Committee)

The duties of the Audit Committee are as set out in its terms of reference and include the following financial responsibilities:

- considering all relevant reports by the appointed external auditor, including reports on the body's accounts, achievement of value for money and the response to any management letters
- receiving and commenting on the content of any audit report relating to Education Funding Agency funding and monitoring the implementation of the agreed action plan. These reports must also be reported to the full Governing Body
- To receive regular reports on Internal Control systems from Essex Financial Services via the Business Manager.
- To review the financial procedures within the School, taking into account any recommendations made in Internal Control review reports and by the Auditors.

3.4 The Headteacher and the Accounting Officer

Within the framework of the academy development plan as approved by the Governing Body the Headteacher has overall executive responsibility for the academy's activities including financial activities and is the designated Accounting Officer who is responsible to Parliament. Accounting Officers have a personal responsibility for:

- the propriety and regularity of the public finances for which they are answerable
- keeping proper accounts
- prudent economical administration
- avoidance of waste and extravagance
- effective and efficient use of all the resources in their charge
- lease contract hire or other financial agreement and commitments

Much of the financial responsibility has been delegated to the Business Manager but the Headteacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Governing Body have agreed should be approved by them;
- authorising contracts between £1,000 and £25,000 in conjunction with the Business Manager
- signing cheques / authorising BACS payments in conjunction with the Business Manager or other authorised signatory.
- signing the academy's annual Governance Statement, jointly with the Chair of Governors (see latest Academy Accounts Direction)

- signing the academy's annual Statement of Regularity, Propriety and Compliance (see latest Accounts Direction) and other returns as required by the Education Funding Agency, ie Whole of Government Accounts
- attending meetings of the Resources Committee

3.5 The Business Manager

The Business Manager works in close collaboration with the Headteacher through whom he or she is responsible to the governors. The Business Manager also has direct access to the governors via the Resources 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 monthly management accounts
- VAT returns
- authorising orders below £15,000 in conjunction with budget holders
- signing cheques / authorising BACS payments in conjunction with the Headteacher or other authorised signatory (only if orders were raised by someone else)
- ensuring forms and returns are sent to the EFA in line with the timetable in the published guidance and bulletins.
- Report findings of internal controls reviews and any actions taken in response to the reviews, to the Resources committee.

3.6 Other Staff

Other members of staff, primarily the Finance Manager, the Finance Assistant 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. In addition a member of the Senior Leadership Team will authorise orders below £15,000 when the Business Manager is the budget holder.

3.7 Register of Interests

- 3.71 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.
- 3.72 The register is reviewed annually and is open to public inspection. It 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 / cohabitee or business partner where influence could be exerted over a governor or a member of staff by that person.

- 3.73 In addition to the register of business interests, all governors and staff must declare interests whenever they are relevant to matters being discussed by the Governing Body or a committee at each meeting. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting. The opportunity should also be given for governors and staff to declare previously undeclared interests at every meeting.

4. Accounting System

- 4.1 All the financial transactions of the academy must be recorded on the academy's financial accounting system (FAS). The FAS is operated by the Finance Department and consists of:

- Journals
- Nominal Ledger
- Transactions
- Purchases Ledger
- Sales Ledger
- Payroll System

4.2 System Access

- 4.21 The academy must be registered under the Data Protection Act.
- 4.22 Entry to the FAS system is password restricted and Business Manager is responsible for implementing a system which ensures that employees' passwords are changed at least every term .
- 4.23 The password for each user will be written down and kept in separate sealed envelopes in the academy safe which should carry the date reference of the last password change.
- 4.24 The Business Manager is responsible for allowing access by designated employees to authorised levels only.

4.3 System Back-up Procedures

- 4.31 The IT Manager is responsible for ensuring that there are effective back up procedures for the system. Data should be copied onto removable medium and the copies stored in a secure place in a fireproof and water resistant container away from the server or on secure online back-up systems. Back-ups should be done daily and additional ones considered before major financial procedures are applied to the financial accounting system, i.e. at year end.
- 4.32 The back-ups should not be recorded on the same disk each time as this results in only one copy being available. In order to provide more protection from the loss of data at least three different disks should be used in rotation and stored in different locations.
- 4.33 The Business Manager should prepare a disaster recovery / business continuity plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

4.4 Transaction Processing

- 4.41 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.
- 4.42 Bank transactions should be input by the Finance Manager and the input should be checked, and signed to evidence this check, by the Business Manager.

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

4.5 Transaction Reports

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:

- Masterfile amendment reports for the payroll.
- management accounts summarising expenditure and income against budget at budget holder level, i.e. cost centre summaries.

4.6 Reconciliations

4.61 The Finance 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
- VAT control account
- all suspense accounts
- bank balance per the nominal ledger to the bank statement

4.62 Any unusual or long outstanding reconciling items older than 6 months must be brought to the attention of the Business Manager who will review and sign all reconciliations as evidence of the review

5. FINANCIAL PLANNING AND REVIEW

The academy prepares both medium term (3 years) and short-term financial plans.

5.1 Development Plan

5.11 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. 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 Education Funding Agency.

5.2 Annual Budget

5.21 The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Resources Committee and the Governing Body.

5.22 The approved budget must be submitted to the Education Funding Agency in accordance with their published deadline each year 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.

5.23 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.

- 5.24 Detailed records will be kept of all information used in preparing the budget including estimation of staffing requirements and calculations of all costs cross referenced to any assumptions made.
- 5.25 The annual budget will be profiled to facilitate a cash flow estimate for each month.

5.3 Budget Planning

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of EFA grant receivable;
- review of other income sources available to the academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes
- consideration of asset management plans and surveys.
- ensuring that the academy has budgeted business plans in place for all trading activities e.g. catering, uniform sales etc. The business plan should clearly show the anticipated operating surplus or deficit. If a subsidy is required from the budget to cover a budgeted deficit, then this must be formally approved by the Governing Body and recorded in the minutes of the meeting at which it was discussed and agreed. All budgeted business plans should be clearly linked to the Academy Development Plan.

5.4 Balancing the Budget

- 5.41 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.
- 5.42 If a significant deficit is expected, after having reviewed all possible avenues, i.e. cuts and redundancies, the Business Manager with the Governing Body's approval, should contact the Education Funding Agency for further instruction before setting a deficit budget.

5.5 Finalising the Budget

- 5.51 Once the different options and scenarios have been considered, a draft budget should be prepared by the Business Manager for approval by the Headteacher, the Resources 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.
- 5.52 The budget must be approved by the Governing Body. Once approved, the budget should be promptly loaded on the academy's financial accounting system and "fixed" as at the approval date. Any subsequent changes to the budget virements, including changes to funding) should be in accordance with Section 2.3
- 5.53 A copy of the signed budget plan should be placed in the Governing Body's minute file and a further copy retained by the Headteacher and Business Manager.
- 5.54 Budget holders will be informed of the budget available to them as soon as the budget is approved. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

5.6 Budget Monitoring and Review

- 5.61 Monthly reports will be prepared by the Business Manager. The reports including actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the Resources Committee
- 5.62 A narrative report should accompany the system reports, including reasons for significant variances against budget and with a forecast of income and expenditure to the year end.
- 5.63 Any potential overspend against the budget must in the first instance be discussed with the Business Manager. The accounting system may be set up to not allow payments to be made against an overspent budget without the approval of the Business Manager.
- 5.64 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, budget virements must be reported to the Resources Committee in accordance with Section 2.3.
- 5.65 The academy's cash flow or reconciled bank statement/s should be updated monthly and more often when there are significant overspends.
- 5.66 If financial monitoring reports are given in a non-system format, i.e. spreadsheets or user defined reports, then they will be reconciled with a system generated report. This will be agreed with and evidenced to, the Chair of the Resources Committee prior to presentation.

5.7 Financial Returns

- 5.71 The Business Manager will be responsible for ensuring that all financial transactions are recorded on the academy's financial accounting system in accordance with the guidelines issued by the Education Funding Agency.
- 5.72 The Business Manager will be responsible for ensuring that Value Added Tax (VAT):
- is correctly accounted for on the academy's financial accounting system in accordance with Education Funding Agency and HMRC requirements
 - is properly and promptly claimed on a monthly basis and supported by relevant system reports and documentation to facilitate HMRC inspection and external audit.
- 5.73 The Business Manager will be responsible for preparing all the financial returns required by the Education Funding Agency including Budget Forecast, Annual Accounts, Abbreviated Accounts Return (AAR), etc. and other organisations whose funding is linked to conditions of spending. All returns will be completed in the required timescales.
- 5.74 In order to give a true and fair view the financial statements for the annual accounts must be prepared according to the requirements of the Companies Act 2006 and Regulations made under the Act, and applicable United Kingdom accounting standards. Academy Trusts must also prepare their accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (revised) ('the SORP'). They must also be prepared in accordance with the accounting policies agreed by the Academy Trust's governing body
- 5.75 The Governing Body is responsible for approving the academy's annual accounts and annual report and ensuring the annual accounts are audited and submitted to the Education Funding Agency by the required deadlines. Details of the all financial information required are as set out in the latest Accounts Direction for the year being reported.
- 5.76 In addition to submitting accounts to the Education Finding Agency, under section 442 (2a) of the Companies Act 2006, accounts must be filed with Companies House within 9 months of the end of the accounting period. However, where an academy trust is preparing accounts for its first period after incorporation and is preparing them for a period of greater than 12 months, then

under section 442 (3) of the Companies Act 2006 the accounts must be filed within 21 months of incorporation, or within 3 months of the end of the accounting period, whichever is the latter.

5.77 A copy of the annual report and audited financial statements must be sent to the companies' registrar on a timely basis and the registrar will levy an automatic penalty of at least £150 if accounts are filed late.

5.78 The Companies Act 2006 requires the Academy to publish its Annual Accounts and Annual Report. This will be done via the Academy's website.

6. PAYROLL AND PERSONNEL PROCEDURES

6.1 Staff Appointments

6.12 Staff appointments will be authorised in accordance with Section 2.2

6.13 All appointments, terminations and contract amendments will be authorised by the Headteacher and notified in writing to the HR Manager for payroll processing on a monthly basis.

6.2 Payroll Administration

6.21 The academy's payroll is administered on the Essex County Council payroll via the payroll provider's portal operated in the Finance Office. Access to the system is password controlled. Password control procedures and backup arrangements are described in Section 4.2

6.22 Details of how to update the monthly payroll on the academy's financial accounting system or payroll system or via the payroll provider are contained in the payroll manual.

6.3 Payroll Process

6.31 All staff are paid monthly via BACS through Essex County Council payroll. A personnel data file is created for each employee which records:

- salary;
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable.

6.32 All amendments to pay including overtime, additional hours, contract changes, appointments and terminations must be documented using the required paperwork by the HR and Payroll providers and authorised by the Business Manager. Where changes are made online, the Business Managers personal authorisation should be evidenced by either audit trail reports clearly showing electronic authorisation or the documents should be printed and signed and dated by the Business Manager and retained as a financial record for 6 years plus current.

6.33 New master files can only be created by the HR Manager with the express approval of the Business Manager. Any master file amendments made by the HR Manager must be printed out each month prior to the payroll run and must be authorised by the Business Manager. Any master file amendments made by the Business Manager must be authorised by the Headteacher.

6.34 Any payroll transactions relating to the Headteacher must be authorised only by the Chair of Governors or Chair of the Resources Committee.

6.4 Payroll Returns

6.41 Authorised staff returns in respect of absence should be sent to the HR Manager who then files / updates the documents for payroll processing.

6.42 All changes to the payroll are processed by the HR and Finance Managers and reviewed and signed by the Business Manager prior to payroll processing.

6.5 Payments and Control Checks

6.51 The Finance Manager should prepare a reconciliation between the payroll reports and the school FMS system showing adjustments made for new appointments, resignations, pay increases etc. The Business Manager should check that this reconciliation has been completed.

6.52 The academy's payroll provider's system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and BACS payments for these amounts are arranged by the payroll provider.

6.53 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.

6.54 After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

6.6 Retention of Records

6.61 Payroll records should be kept for 6 years plus current.

6.62 Pension records must be retained for 40 years.

7. PURCHASING AND PAYMENT PROCEDURES

The Academy wants to achieve the best value for money from all our purchases. This means we want to get what we need in the correct quality, quantity and time at the best price possible. A large proportion of our purchases will be paid for with public funds and we 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.

7.1 Routine Purchasing

Budget-holders will be responsible for requesting the purchase of items or services from their own budgets. This will be done by the appropriate budget-holder via an Internal Order.

7.11 On receipt of the Internal 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 to send / transmit to the supplier/contractor. Internal Order Forms will be kept in a file in the Finance Office.

7.12 Orders are to be authorised by the relevant person in accordance with **Section 2.13**. Paper copies of official orders will be kept in numerical sequence in a file in the Finance Office. Where appropriate, a copy of the official order will be sent to the budget-holder.

- 7.13 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. An Internal Order form should be used to notify the Finance Office so that a commitment may be raised. It is not acceptable to wait until the invoice/ delivery note is received before entering a commitment onto the accounting system.
- 7.14 All invoices should be sent to the Finance Office and will be checked against the original order for accuracy and entered promptly on the Academy's financial accounting system.
- 7.15 The cheque / BACS signatories are any two from the following:-
- Headteacher
 - Chair of Resources Committee
 - Chair of the Governing Body
 - Business Manager
 - Deputy Headteachers
 - Assistant Headteachers
 - Nominated named governor

For any payment having a value of £25,000 and above then one of the signatures must be the Chair of Governors, Chair of Resources or the nominated named governor. In the case of emergencies i.e. all Governors unavailable, then providing authorisation has been received via email the payment can be signed by two other signatories. Document to be signed by the Governor as soon as possible. In the case of BACs payments this limit applies to a single BACs transaction not a batch of transactions.

- 7.16 The Finance Assistant has control of the cheques / BACS and must ensure that:
- where continuous cheque stationery is used, the approved format is complied with
 - all cheques are securely stored and properly accounted for
 - cheque / BACS run / remittance reports are kept on file and are signed by at least one cheque signatory to confirm that all cheques have been accounted for.
 - all cheques are entered correctly and promptly on the financial accounting system.
 - spoiled cheques are marked as cancelled and retained
 - blank cheques are not pre signed.
 - minimum remaining cheque levels are established with the bank.
- 7.17 The Business Manager must ensure that all prime records are retained for six financial years plus the current year and are stored in a secure and logical manner.
- 7.18 If discounts are available for prompt payment then payments can be made immediately. If not, cheques/BACs will be issued in accordance with the trading terms of the individual supplier.
- 7.19 Copy invoices are not to be paid unless exhaustive checks have been performed to confirm that payment has not previously been made. References back to the original order are to be made in every case. Once the checks have been made, the invoice should be signed to confirm this and endorsed "copy invoice not previously passed for payment".
- 7.20 Under no circumstances are payments to be made against supplier statements.
- 7.21 Amounts between £5,000 and £50,000, will be subject to the receipt of at least 3 competitive quotations. Documentary evidence of the various quotations must be obtained and attached to the purchase order and appropriately authorised. Where a quotation other than the lowest is accepted, the reasons for its acceptance must be documented, attached to the purchase order.

- 7.22 Approval of contracts over £50,000 will only be made after following the tendering procedure as set out in **Section 8**.

7.2 Internet Purchases

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.

- 7.21 The Finance Manager will be authorised to place online purchases. Requests should be made to the Finance Manager from the budget holder in the normal manner an official order should be raised on the financial accounting system and authorised by an appropriate signatory.
- 7.22 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.
- 7.23 The internet order must be raised in the name of the Academy with the Academy's address, not to an individual.
- 7.24 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 Manager will be authorised to use the Academy's purchase card to make payment.
- 7.25 Payment by an individual's personal credit or debit card should only be considered when the above options have been exhaustively attempted and failed. The correct authorisation procedure for purchases should still be adhered to and the Academy retains the right to refuse to reimburse the individual if the Academy's procedures are not followed. Reimbursement to individuals should be made in the normal manner upon production of an original invoice/receipt.
- 7.26 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.
- 7.27 All purchases should only be made from secure websites that the Finance Manager has gained reassurance they are safe and free from fraudulent activity. The use of online auction websites is not recommended.

7.3 Petty Cash

- 7.31 The academy maintains a maximum cash balance of £500. The cash is administered by the Finance Assistant and is kept in the Finance office safe.
- 7.32 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 cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.
- 7.33 In the interests of security, petty cash payments will be limited to £30. Higher value payments should be made by BACs or cheque directly from the main bank account..
- 7.34 All purchases made through petty cash, regardless of size, should be authorised by the Business Manager. Purchases made by the Headteacher must be authorised by the Chair of Governors.
- 7.35 All payments made must be supported by VAT receipts for the goods purchased, along with an appropriate voucher signed by the member of staff receiving the cash.

- 7.36 The Finance Manager is responsible for entering all transactions into the petty cash records on a regular basis.
- 7.37 The Finance Manager will be responsible for reconciling the petty cash account each month. The reconciliation will involve matching cash in hand, plus the value of receipts and vouchers received for claims made system balance.
- 7.38 Unannounced cash counts should be undertaken by the Business Manager to ensure that the cash balance reconciles to supporting documentation.

7.39 Petty cash should be held in a locking cash box and stored in the safe.

7.4 Purchase Cards

7.41 Purchase cards may be issued by the academy to key staff members to purchase items for the academy instead of using petty cash.

7.42 The following controls are in place

- cards are issued in the academy's name
- cards are kept in the Finance Office Safe
- expenditure is approved following the same procedures as 7.1
- personal use is not permitted
- retention of receipts, delivery notes and invoices follow the same procedures as 7.1

7.43 The Finance Manager is responsible for reconciling purchase card transactions each month. This reconciliation should be checked by the Business Manager.

7.5 Lease Agreements

7.51 The Academy may only take out operating leases. An operating lease means entering into an agreement to rent equipment whereas a finance lease is equivalent to committing the academy to a loan, for which permission from the Secretary of State is required.

7.52 The Academy will consider the following when taking out / renewing lease agreements:

- Independent procurement advice on leases, i.e. DfE advice in the Academies Procurement Resource – Buying for Your Academy:
- Schemes that include 'cashback' or 'free' or subsidised equipment / goods should be avoided.
- Leasing agreements will only be made where the financial arrangements are such that they benefit the Academy and the Resources Committee have given their approval.
- For leases above £50,000 over the term of the lease, approval must come from the Full Governing Body **before any lease is signed**.
- Once approval has been given, lease agreements should be signed by the Headteacher or Business Manager on behalf of the Governors.
- The Business Manager will be responsible for ensuring that all leasing agreements are kept under review and that appropriate arrangements are made for renewals.

7.53 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 at any time;
- 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.

8. TENDERING PROCEDURES

8.1 Introduction to Tendering

- 8.11 Approval of contracts over £50,000 will only be made following the academy's tendering procedure. If you are undertaking a high-value or EU-Qualifying purchase you will need to issue an Invitation to Tender as part of the process. An Invitation to Tender (ITT) is a pack of documents sent out to potential suppliers inviting them to submit a bid.
- 8.12 For more specialist or complex works and purchases, the academy may choose to appoint a professional third party to carry out the tender process on their behalf (i.e. consultant, architect etc.). If a third party is used, it is expected to apply these regulations with the same rigour and ensure that the principles of the Office of Government Commerce (OGC) Procurement Policy and Standards Framework are adhered to.
- 8.13 Contracts for supplies and services whose values equal or exceed €200,000 Euros (approximately £173,934) and for works whose values equal or exceed €5,000,000 Euros (approximately £4,348,350) are subject to further requirements as per the Public Contracts Regulations 2006. Such contracts require advertisement in the Official Journal of the European Union (OJEU). This is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation must be published. These thresholds are net of VAT.

8.2 Forms of Tenders

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 suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders,
- only one or very few suppliers are available,
- extreme urgency exists,
- additional deliveries by the existing supplier are justified.

8.3 Preparation for Tender

Full consideration should be given to the objective of project, overall requirements, technical skills required, after sales service requirements and form of contract. 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.

8.4 Invitation to Tender

8.41 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.

8.42 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.

8.5 Aspects to Consider

8.51 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

8.52 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.

8.53 Other Considerations

- Pre sales demonstrations
- After sales service, warranties
- 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.

8.6 Tender Instructions

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.

8.7 Tender Opening Procedures

8.71 All tenders submitted should be opened at the same time and the tender details recorded. 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.

8.72 Two people should be present for the opening of tenders as follows:

- For contracts up to £50,000 - two of the budget holder, the Business Manager or the Headteacher
- For contracts over £50,000 - either the Business Manager or the Headteacher plus a member of the Resources Committee.

8.8 Tendering Evaluation and Acceptance

- 8.81 The Governing Body has set a minimum requirement of 3 tenders for fair evaluation purposes and in the interest of achieving best value. In any consideration of less than that number being received, the Governing Body should consider whether this is sufficient and consider re tendering. Decisions to go ahead should fully document the justification.
- 8.82 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.
- 8.83 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.
- 8.84 Full records should be kept of all criteria used for evaluation and for contracts over £50,000, and a report should be prepared for the Resources Committee highlighting the relevant issues and recommending a decision. For contracts under £50,000 the decision and criteria should be reported to the Resources Committee.
- 8.85 Where required by the conditions attached to a specific grant from the DfE / EFA, their approval must be obtained before the acceptance of a tender.
- 8.86 The accepted tender should normally be the one that is economically most advantageous in terms of best value to the academy that meets all the requirements. All parties should then be informed of the decision. Where a tender other than the lowest has been accepted, the reasons for its acceptance must be documented and reported to the Governing Body. All decisions made must be justified and recorded as such in the minutes of that meeting for future reference.
- 8.87 A copy of the tender documentation should be held on site for easy reference as required.
- 8.88 Acceptance of any tender will be confirmed to the contractor in writing and no work shall be started until this has been done.
- 8.89 Any contracts awarded will include a paragraph to the effect that any contractor will be prohibited from transferring or assigning, directly or indirectly, any portion of the contract to any other person or contractor, without discussion with, and agreement from the school.

9. INCOME

9.1 General

- 9.11 The sources of income for the academy are the grants from the Education Funding Agency, the LEA, students and the public. It is the responsibility of the Finance Manager to ensure that all income due to the academy has been received, banked and that all income due to the academy is collected and reconciled to its financial accounting system.
- 9.12 All income received should be recorded immediately and entered onto the academy's financial accounting system. The collection record should contain the amount received, the name of the person / organisation making the payment, the date the payment is received, and the method, i.e. cash or cheque.

- 9.13 All income received by the academy should be banked at a minimum of weekly and **in full**. The insurance policy cover for cash and cheques held on site must not be exceeded. However, if a high level of income is expected e.g. proceeds from a fete, the insurer must be informed to obtain additional short term cover, and the income must then be banked as soon as is practicable.
- 9.14 Personal cheques should not be cashed.
- 9.15 Receipt of cash will be discouraged where possible, with parents being informed that this is not a suitable method of payment. All payments should be made by Parentpay. The maximum amount to be taken in cash is £5,000 should one payment exceed this amount parents will be called to collect the balance.
- 9.16 When income is banked the collection record must be totalled in value in order to provide a clear cross reference to the value entered on the bank paying in slip. The bank paying in slip number should then be entered onto the income collection record to assist in providing a clear and simple audit trail. Money transported to the bank by staff will not exceed the amount covered by the school's insurance for this action.
- 9.17 When banking money received (either cash or cheques) the bank paying in slips will be completed in full, clearly showing the split between cash and cheques, and each cheque will be listed separately.
- 9.18 Income received by the academy will be acknowledged to the payer by either the issue of a receipt or by the collector signing an official document. Copies of receipts should be retained for future reference.

9.2 Custody

- 9.21 All cash and cheques must be kept in the Finance Office safe prior to banking.
- 9.22 Monies collected must be banked in their entirety (intact) in the appropriate bank account. The Finance Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system and related system generated reports. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Finance Manager.

9.3 Trips

- 9.31 The academy uses ParentPay for recording and collecting payments for trips / events.
- 9.32 Any element of a trip costing more than £5,000 must be supported by three quotes which will be kept on file by the Finance team.
- 9.33 The Deputy head trained in trip management will check and agree all financial elements of the trip with the Finance team and any other parties necessary.

9.4 Automated Payments e.g. Parent Pay etc.

- 9.41 When setting up a contract with a new supplier for provision of this service, consideration should be given to the following areas:
- i) Basis of fees payable to the company
 - ii) Complete audit trail and facility of income reconciliation of totals received
 - iii) Reminder facilities to chase up overdue amounts

9.42 Any contract for the services of an online parental payment system Service Provider will be reviewed regularly to ensure that the academy is getting value for money and that the provider is giving an adequate service. A copy of the contract should be held in academy.

9.5 Lettings

9.51 The Governing Body recognises the position of the academy in the local community and that encouragement should be given to the use of the academy premises by outside organisations. The Governing Body wishes to take every possible care to ensure that all children / young people and others using the academy premises out of academy hours are safe from abuse and that they are treated with dignity and respect.

9.52 The letting of the academy is the responsibility of the Governors and the administration of the letting is the responsibility of the Admin team.

9.53 The Lettings Officer is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities for one off bookings, terms may be negotiated with regular bookings.

9.54 All hirers will complete the appropriate lettings application form. Long term hirers must complete a letting application form at least annually. Day to day approval of requests for hire will be the responsibility of the Lettings Officer who will sign the letting application form in the designated space, after -

- Agreeing the scales of charges to be applied..
- Checking to ensure the application form has been properly signed by the hirer.
- Confirming if the hirer is affiliated to any national association that has its own child protection policy.
- Checking that a copy of the academy's own child protection policy and guidelines has been passed to the hirer.
- Deciding if it is necessary to seek references for the hirer
- Obtaining a copy or signed confirmation of the hirer's:
 - public liability insurance
 - PPL licence

9.55 All requests for hire will be logged in the lettings or office diary by the Lettings Officer. Payment will be required in advance for all one-off lettings or if the hirer is not known to the academy. In other instances it may be appropriate to require a deposit. All deposits will be banked immediately and should a refund of the deposit be subsequently required, then a cheque will be issued.

9.56 Details of organisations using the academy's facilities should be sent to the Finance Manager who will produce a sales invoice from the accounting system.

9.57 Organisations using the facilities should be encouraged to pay by BACS.

9.58 In the absence of specific terms agreed with the hirer, payment terms will be 28 days from date of hire. If payment has not been received by the due date, the following will apply:

- | | |
|---|---|
| (a) 28 days after date of hire | - First reminder letter to be issued. At this point all future hire dates could be suspended pending payment in full. |
| (b) 14 days after first reminder letter | - Second reminder letter to be issued advising the hirer that non-payment |

could result in referral to the academy's legal services provider.

- (c) 14 days after second reminder letter - Issue report to the Governing Body for advice on how to proceed e.g. referral to academy's legal services provider for recovery of debt.

If, having taken legal advice, it is determined that the debt is not recoverable it will need to be 'written off' as set out in Section 2.4.

10. CASH MANAGEMENT, BANKING AND INVESTMENTS

- 10.1 Cash flow forecasts will be produced by the Business manager and Finance manager 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. Similarly plans should be made to transfer funds from another bank account or to delay non-essential payments to cover potential cash shortages.
- 10.2 If significant cash shortfalls have been identified and are unexpected, this should be promptly investigated, ensuring all income due for the period has been received and that expenditure is not irregular. The investigation and its results should be reported to the Resources Committee. If fraud is suspected, the academy's Whistleblowing policy should be followed, including notifying the Education Funding Agency if the fraud is significant.
- 10.3 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, i.e. Direct Debits and Standing Orders must also be subject to the same level of control.
- 10.4 The academy's bank and / or building society must be informed that the accounts must never become overdrawn. The academy must seek the Secretary of State's approval for borrowing (including overdraft facilities). The Secretary of State's normal policy is that academies should not be granted permission for medium and long term borrowing.
- 10.5 Governors will wish to maximise income as far as possible and, where appropriate, a high interest or deposit account will be maintained, in addition to the normal current account. Surplus balances will, as far as possible, be transferred to a high interest or deposit account.
- 10.6 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, split between cash and cheques with cheques listed separately and a reference i.e. receipt number or the name of the debtor.
- 10.7 Transfers between the academy's bank accounts if more than one bank account, should have a suitable narration to facilitate audit trail, especially where on line banking facilities are used.
- 10.8 Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure. This provision applies to all accounts operated by or on behalf of the Governing Body of the academy.
- 10.9 All cheques and other instruments authorising withdrawal (including direct debits and standing orders) from academy bank accounts must bear the signatures of **two** of the following authorised signatories

- Headteacher
- Deputy Headteacher
- Chair of Governors
- Chair of Resources Committee
- Nominated named Governor
- Business Manager

10.10 For any Direct Debit or Standing Order authorisation over £10,000 one of the signatories must be the Chair of Governors.

10.11 A current bank mandate for Direct Debits and Standing Orders must be retained on file and the mandated signatories should be consistent with those detailed above.

10.12 The Academy will use BACS facilities to replace cheques wherever possible. The control principles and authorisation remain the same as for cheque payments.

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

- all bank accounts are reconciled to the academy's accounting system
- reconciliations are prepared by the Finance Manager within one week of receipt;
- reconciliations are subject to an independent review carried out by the Business Manager
- adjustments arising are dealt with promptly, i.e. any un-reconciled payments older than six months, and unreconciled receipts older than one month, must be investigated and appropriate action taken and recorded.

10.14 Investments must be made only in accordance with written procedures approved by the Governing Body and clearly held in the academy's name. Aspects to consider include:

- objectives
- risk
- type of investment and term
- academy's financial position
- financial limit for type of investment
- spreading investments between providers to ensure savings are covered by the Financial Services Authority
- security of access
- rate of return
- charges
- business interests of Governors and academy staff
- ethical, social and environmental considerations
- review including review of performance

10.15 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 and recorded on the financial accounting system.

11. FIXED ASSETS

11.1 Fixed assets include:

- land including freehold
- buildings including freehold

- equipment
- motor vehicles

- 11.2 Fixed Assets are depreciated at the following rates: buildings – over 50 years, fixtures, fittings and equipment – over 5 years and computer equipment – over 4 years.
- 11.21 The trust must seek prior approval from the EFA before acquiring a freehold of land or buildings.
- 11.3 All items purchased with a value over the academy’s capitalisation limit of £5,000 must be entered in an asset register. Other attractive items below the limit could be included to assist with insurance claims. The Asset Register helps:
- ensure that staff take responsibility for the safe custody of assets;
 - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
 - to manage the effective utilisation of assets and to plan for their replacement;
 - help the external auditors to draw conclusions on the annual accounts and the academy’s financial system
 - support insurance claims in the event of fire, theft, vandalism or other disasters.
- 11.4 The IT Manager is responsible for maintaining the asset register.
- 11.5 All the items in the register should be permanently marked as the academy’s Property.
- 11.6 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

- 11.8 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Business Manager up to £20,000, over £20,000 by the full Governing Body. Where significant, the items should be sold following competitive tender. The academy must seek the approval from the EFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
- 11.9 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.
- 11.10 The academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the academy must repay to the EFA a proportion of the sale proceeds.
- 11.11 All disposals of land must be agreed in advance with the Secretary of State.
- 11.12 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.
- 11.13 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.

12. GOVERNORS' ALLOWANCES

- 12.1 The policy of the governors in respect of payment of allowances must be openly available to parents and governors. The Governing Body must consider the payment of allowances annually, and the outcome must be recorded appropriately in the minutes.
- 12.2 The Education (Governors' Allowances) Regulations 2003 provide the legal framework for governing bodies to pay 'out of pocket' expenses to their governors. The then DCSF (now DfE) guidance which accompanied those regulations states, "It is good practice to pay such allowances as governors should not be out of pocket for the valuable work they do".
- 12.3 Legitimate allowances include: travel allowances to Governing Body, Committee meetings or training courses, cost of child-care while attending meetings or / training, cost of photocopying / printing papers for governing body business.
- 12.4 The Academy will reimburse mileage expenses to Governors for journeys at a rate in accordance with the limitations set out by HM Revenue & Customs.
- 12.5 Rates of subsistence will be paid up to the rates below, will not include claims for alcohol and must be supported by receipts. The same conditions apply as set out in section 2.7 covering mileage and subsistence.

Breakfast	£5
Lunch	£7.50
Evening Meal	£15

- 12.6 Authorisation of governors' expenses will be by the Chair of the Governing Body. Claims by the Chair of the Governing Body will be authorised by **both** the Vice Chair of the Governing Body and the Chair of the Resources Committee. Where this is the same person a second authorising governor will be appointed.

13. GOVERNORS' WHISTLEBLOWING POLICY

Existing good practice within the academy in terms of its systems of internal control, both financial and non-financial and the external regulatory environment in which the academy operates will ensure that cases of malpractice rarely occur. This whistleblowing policy is provided as a reference document to establish a framework within which issues can be raised confidentially internally, and if necessary outside the management structure of the academy. This document is a public commitment by the Governing Body that concerns are taken seriously and will be acted upon.

Governors' Statement

- 13.1 The Governors of Shenfield High School are committed to tackling all forms of malpractice, fraud etc. and treat these issues seriously. The Governors recognise that some concerns may be extremely sensitive and have therefore developed a system which allows for the confidential

raising of concerns within the academy environment but also has recourse to an external party outside the management structure of the academy.

- 13.2 The Governors are committed to creating a climate of trust and openness so that a person who has a genuine concern or suspicion can raise the matter with full confidence that the matter will be appropriately considered and resolved. The provisions of the policy apply to matters of suspected malpractice and fraud and not matters of more general grievance which would be dealt with under the academy's grievance procedures.

13.3 **Background and Context**

This policy on 'whistleblowing' has the following background and context:

- (a) Any version of the code adopted by the Governing Body will form part of the Conditions of Employment. The code currently states:

"Academy employees are expected to give the highest possible standard of service to the public through the performance of their duties. Employees will be expected through agreed procedures and without fear of recrimination, to bring to the attention of their line manager any deficiency in the provision of service.

Employees must report to the appropriate manager any impropriety or breach of procedure."

- (b) The legal background relating to "whistleblowing" is covered by the Public Interest Disclosure Act 1998 which affords protection against dismissal penalty where an employee discloses in good faith, with reasonable grounds for belief in the disclosure, certain information relating to the following examples:-

Malpractice	Fraud
Failure to comply with legal obligations	Manipulation of accounting records / finances
Child protection issues	Inappropriate use of academy assets / funds
Miscarriages of justice	Decision making for personal gain
Criminal offences	Abuse of position to influence decisions
Danger to Health & Safety	Fraud and deceit
Damage to the environment	
Concealment of evidence relating to the above	

- (c) This policy sets out the agreed procedures that should be followed where employees have concerns about what they regard as such impropriety or neglect of duty. Such breaches of acceptable standards may be in relation to ethical or professional standards, as well as the academy's expectations on money, gifts, hospitality, health and safety and welfare, equal opportunities, relationships and outside interests. The Code of Conduct gives greater details.
- (d) This procedure should be used where concern is about the consequences for other employees or the public. If the concern is about the individual being disadvantaged, by the action or failure to take action, then that should be pursued through the Academy's Grievance Procedure.

13.4 What Should an Individual Do if “Whistleblowing”?

- 13.41 Judgement will need to be exercised here if the inaction or lapse of standards seems to be minor, then it may well be sufficient just to bring the matter to the attention of the employee who appears to be at fault.
- 13.42 If the matter is more significant, particularly if it involves breaches of the academy’s Code of Conduct or where a previous informal response has been apparently disregarded, then the matter should be raised formally with the line manager and as a matter of urgency if it appears serious. If given verbally, confirmation of the complaint should be made in writing as soon as possible.
- 13.43 Where the complaint concerns the line manager, or having made the report it is believed that appropriate action has not been taken then the complaint should be brought to the attention of a more senior manager.
- 13.44 If it is believed that fraud, theft or other potential gross misconduct is involved; the matter should be raised quickly as mentioned above. It must not be mentioned to the subject of the complaint or other colleagues as this could prejudice subsequent investigation.
- 13.45 The Academy must notify the Secretary of State via the Education Funding Agency of any instances of fraud or theft where the value exceeds the sum set out in the funding agreement. Any unusual or systematic fraud, regardless of value, must also be reported.
- 13.46 Where there are genuine and justified suspicions of wrong doing, even though at the time of “whistleblowing” there is no concrete evidence of serious wrong doing, this should not deter anyone from going ahead and reporting the matter, particularly where it may involve potential risk to vulnerable people.
- 13.47 The Governing Body encourages the “whistleblower” to raise the matter internally in the first instance to allow those academy staff and governors in positions of responsibility and authority the opportunity to right the wrong and give an explanation for the behaviour or activity.

The Governing Body has designated a number of individuals to specifically deal with whistleblowing and if the “whistleblower” feels that appropriate action has not been undertaken after following the actions in paragraphs (b) and (c) above then the matter should be referred to one of the individuals shown below:-

Headteacher
Chair of Governors

- 13.48 The “whistleblower” may prefer to raise the matter in person, by telephone or in written form marked “private and confidential” and addressed to one of the above named individuals. All matters will be treated in strict confidence and anonymity will be respected wherever possible. Alternatively if the “whistleblower” considers the matter too serious or sensitive to raise within the internal environment of the academy, the matter should be directed to the Education Funding Agency.
- 13.49 In addition, information and advice can be obtained from the charity – ‘Public Concern at Work’. This charity offers free legal advice in certain circumstances about serious malpractice at work. Their literature states that matters are handled in strict confidence and without obligation. Contact details for the charity are as follows:

Public Concern at Work
Suite 306
16 Baldwin Gardens
LONDON

13.5 What Should a Line Manager Do When a Complaint is Received?

- 13.51 It is essential that problems raised are tackled effectively and quickly and with the aim of righting wrongs, this may well be best achieved in many less serious cases by discussion with the “offending” employee and securing a commitment as to future standards and corrective action. In other more serious cases, the matter may well have to be referred to a senior manager. It may be necessary to instigate disciplinary proceedings.
- 13.52 Complaints received from outside of the academy environment must be dealt with by following the procedures as outlined in the academy’s own Code of Conduct / Customer Care Code of Practice.
- Any written complaint / allegation should be given a written acknowledgement and confirmation that the matter will be looked into. Unless clearly made in a very low key way about minor matters, verbal complaints/allegations should receive a written acknowledgement in the same way.
 - In the event of the allegation being of a serious nature e.g. relating to a fraud or other gross misconduct offence, there may well be a need to involve other organisations immediately - should normally be agreed initially by the Chair of Governors and / or the Headteacher who, in turn, should keep the Business Manager informed.
- 13.53 When any complaint or allegation has been looked into and resolved or dealt with, the person who raised the matter in the first instance should be notified – normally in writing unless common-sense indicates that it can be done more appropriately verbally. How much detail to provide in such cases is a matter of judgement.

13.6 Protecting “Whistleblowers” and Complainants

- 13.61 “Whistleblowers” have an expectation that their identity can be kept concealed. In the majority of cases this may be possible, but in more serious cases where disciplinary action may have to be taken against an individual, it may well be judged that they have a right to know the source as well as the nature of such complaints. In any case the Governing Body is committed to doing as much as possible to ensure that the wellbeing of the “whistleblower” at work does not suffer as a result of the tensions that may result from the making of or investigation of complaints.
- 13.62 Individuals are encouraged to bring to the attention of their managers any harassment or victimisation they may suffer as a result of whistleblowing. All necessary action will be taken to ensure that such harassment or victimisation is stopped.
- 13.63 It may be that “whistleblowers” will find the process of reporting wrong-doing and making statements etc. stressful, particularly where there may be feelings of divided loyalties. In such cases the opportunity should be given for the “whistleblower” to talk through these anxieties and feelings, either with their manager or possibly, someone from an external counselling service. The Governing Body encourages this action.

13.7 Individuals Receiving a Complaint About Themselves

- 13.71 If the complaint or allegation is at all significant or made in a formal way, particularly by a member of the public or other external users, then the line manager, or Chair of Governors in the case of a Headteacher, should be informed even if it is believed that the complaint is groundless or unjustified.
- 13.72 Where a complaint or “grumble” clearly does not justify the issue being pursued in this way, then a brief file note or diary entry will often be appropriate and in the best interests of the individual.

13.8 **A Sense of Perspective**

As stated in the Code of Conduct, all staff have an obligation under the code to raise concerns where it is seen that proper standards have clearly been breached or ignored. Nevertheless it is important that where deficiencies in service provision standards are involved rather than in areas of malpractice, staff should satisfy themselves that the failing is serious and that the potential disadvantage to the academy or public is significant. Any unnecessary over-zealous reporting might be inappropriate and counter-productive. However, Governors re-iterate that individual staff members are encouraged to raise genuine concerns with the knowledge that they will be taken seriously.

13.9 **Malicious Accusations**

If on investigation, it is considered that an individual has made malicious allegations without any real substance, then these too will be taken seriously and may constitute a disciplinary offence or require some other form of penalty appropriate to the circumstances.

14. **INTERNAL CONTROL**

14.1 The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks
- a process for independent checking of financial controls, systems, transactions and risks.

14.2 The Finance Assistant or Finance Manager is responsible for carrying out monthly bank statement reconciliations for all bank accounts within one week of receipt. All discrepancies are to be investigated immediately and reported to the Business Manager and, if appropriate, the bank.

14.3 The Finance Manager is responsible for completing the monthly VAT returns in the prescribed format and forwarding them to the HMRC

14.4 Regular monitoring audits of the internal control systems will be carried out and reported on by an outside service. The Business Manager will report the outcomes, and discuss any required actions with the Resources Committee.

14.5 **Separation of Duties**

It is the responsibility of the Headteacher to ensure that key financial duties are properly separated between individuals. Functions to be separated between staff will include:

- i. Execution – the placing of an order and receipt of goods and services, and the charging and receipt of a fee.
- ii. Authorisation – the authorisation of transaction such as a purchase order and the payment.

- iii. Payment – the raising of cheques / BACS and cheque / BACS signatories.
- iv. Custody – the holding of goods and services.
- v. Recording – the completion of the accounting records
- vi. Post transaction management checking– reviewing previous transactions to identify errors or intentional manipulation

15. INSURANCE

15.1 The governing body must ensure the academy has adequate insurance cover to support its activities and to comply with statutory requirements. Unless otherwise agreed with the DfE / Education Funding Agency, this should include cover as follows:

- buildings and contents of the academy, in accordance with normal commercial practice or under the terms of any leases held by the academy, against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, destruction of property or similar risks, and theft.
- business interruption, for example to provide alternative temporary accommodation (suggested minimum cover £10m):
- employer's and public liability cover against the governors' responsibility for injury or illness of staff of third parties, or damage to third party property (suggested minimum cover £50m each);
- cover required by statute for vehicles operated by the academy

15.2 Other insurance cover to be arranged should include:

- libel and slander
- cash in transit
- personal accident
- fidelity guarantee
- off-site activities insurance, covering comprehensive travel risks for official trips and activities taking place off site
- insurance for hirers
- cover for extra costs arising from a major disaster or tragedy over and above normal business interruption provision such as counselling services for pupils
- staff sickness insurance
- engineering inspection contract to cover statutory inspection requirements relevant to lifts, boilers, air receivers and fume cupboards etc.

15.3 It is the responsibility of the Business Manager to arrange and renew insurance for the academy. The Education Funding Agency recommends using the Crescent Purchasing Consortium to obtain the standard insurance cover for academies (for the insurance which is reimbursed by the EFA).