



Financial Procedures Policy

Contents

- Section 1. Introduction
- 2. Organisation
- 3. Accounting System
- 4. Financial Planning
- 5. Payroll
- 6. Purchasing
- 7. Income
- 8. Cash Management
- 9. Fixed Assets
- 10. Tax
- 11. Audit
- 12. Insurance
- 13. Bad debts

1. Introduction

The purpose of this manual is to ensure that the academy maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DFE).

The academy must comply with the principles of financial control outlined in the Academies guidance published by the DFE. This manual expands on that and provides detailed information on the academy's accounting procedures and this manual should be read by all staff involved with financial systems.

2. 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:

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 DFE and in the academy's terms of reference. The main responsibilities include:

- Ensuring that the grant from the EFA is used only for the purposes intended;
- Ensuring that funding received from elsewhere is used only for the purposes intended;
- Approval of the annual budget;
- Appointment of the Head Teacher; and
- Appointment of the Bursar and Deputy Head Teacher and Assistant Head Teacher, in conjunction with the Head Teacher;
- To engage in strategic financial planning;
- To consider the academy's indicative funding notified annually by the EFA and to assess its implications for the academy in consultation with the Head Teacher in advance of the financial year, understanding and ensuring provision is made for any matters of significance or concern
- To contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the Head Teacher with the stated and agreed aims and objectives of the academy;
- To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan;
- To evaluate and approve the annual budget;
- To approve any proposals for increases to budgeted in year expenditure in excess of £10,000.00 within any budget heading, whether by virement from another budget heading or from unallocated reserves (approval may be obtained by email). To liaise with and receive reports from other committees as appropriate and to make recommendations to those committees about the financial aspects of matters being considered by them;
- To regularly review and approve the Charging and Remissions policy;
- To review and approve the Pay Policy annually;
- To review and approve the Financial Procedures Policy and recommend the levels of delegation;
- To determine the staff complement in consultation with the Head Teacher and recommend to the full Governing Body;
- To make pay decisions in line with Governors' Pay Policy for all staff (these decisions will be made by a subcommittee which will exclude any staff and three Governors who would sit on any appeal panel) to determine dismissal payments/early retirement.

Finance Committee

This is a committee of the Governing Body. The Finance Committee meets at least three times a year but more frequent meetings can be arranged if necessary.

The main responsibilities of the Finance Committee are detailed in written terms of reference which have been authorised by the Governing Body. The main responsibilities include:

- To monitor and review expenditure and income against budget on a regular basis (at least three times a year) and ensure compliance with the overall financial plan for the academy and with the financial requirements of the EFA, drawing any matters of concern to the attention of the governing body.
- To prepare the financial statement to form part of the annual report of the Governing Body to parents and for filing in accordance with Companies Act and Charity Commission requirements.
- To receive auditors reports and to recommend to the full Governing Body action as appropriate in response to audit findings.
- To recommend the appointment or reappointment of the auditors of the academy.
- To analyse and report on Tenders for Contract Services.
- To authorise orders and the award of contracts over £10,000.00 (authorisation may be obtained by email) (approval for any unbudgeted for expenditure over £10,000.00 must be obtained from the Full Governing Body).
- Approval of procedures for competitive tendering decisions on expenditure items above £50,000.00 (approval may be obtained by email).
- Acceptance of tenders for goods, services or works above the value of £50,000.00 (approval may be obtained by email) (Again approval for any unbudgeted for expenditure must have been obtained from the Full Governing Body).
- To keep in-school financial procedures under review in line with current Academies Financial Handbook requirements by receiving regular reports from Audit Committee.
- To benchmark school financial performance against similar schools and report to the Governing Body.
- To ensure that all spending provides 'Value for money' in terms of raising standards in education and to agree the school's annual Best Value statement.
- To ensure adequate levels of buildings insurance and personal liability.
- To monitor the implementation of the school buildings strategy.
- To monitor the Health & Safety Policy.

The Finance Committee is responsible for ensuring that there is in place a process for the independent checking of financial controls, transactions and risks in accordance with the requirements of the current Academies Financial Handbook. It is responsible for reviewing the risks to internal financial control at the Academy and agreeing a programme of work that will address these risks, and insofar as is possible, provide assurance to the external auditors. It does this through the work of the **Audit and Risk** Committee, which manages a programme of risk review through the work of an internal audit service (currently bought in);

The Audit and Risk Committee receives and review reports three times a year from its chosen provider of this internal audit service. It will:

- review the Academy's internal and external financial statements and reports to ensure that they reflect best practice.
- consider all reports by the external auditor including reports on the Academy accounts, achievement of value for money and the response to any management letters.
- review the effectiveness of the Academy's internal control system to ensure that the aims, objectives, and key performance targets of the Academy are achieved in the most economic, effective and environmentally preferable manner.
- ensure that the Academy's internal audit service meets the standards specified in the Governments internal audit manual.
- consider and advise the FGB on the annual and long term audit programme.
- consider the internal audit reports, including value for money reports and the arrangements for their implementation.
- review the operation of the Governors' code of practice and the code of practice for staff.

The Audit and Risk Committee will report back to the full Governing Body (via the Finance Committee) on a regular basis.

The Head Teacher

The head Teacher is the Accounting Officer for the Academy. Within the framework of the academy development plan as approved by the Governing Body, the Head Teacher has overall executive responsibility for the academy's financial activities and for teaching and learning. Much of the financial responsibility has been delegated to the Bursar, but the Head Teacher 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;

In year budget virement or approval for spending of unallocated resources of £10,000.00 or less;
Authorising all orders up to £10,000.00 except for phase leader, curriculum leader or Business Manager orders up to £3,000.00;
Signing cheques and BACs payments in conjunction with the Bursar or other authorised signatories.

The Bursar (CFO)

The Bursar works in close collaboration with the Head Teacher, through whom he or she is responsible to the Governors. The Bursar also has direct access to the Governors via the Resources and Full Governing Body meetings. The main responsibilities of the Bursar 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 and Head Teacher;
- 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 all payments
- signing cheques and BACs payments in conjunction with the Head Teacher or other authorised signatories; and
- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance.

Other Staff

Other members of staff, the Finance Assistants and Senior Leadership staff, 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 Business Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all academy Governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a Governor or a member of staff by that person.

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

3. Accounting System

All the financial transactions of the academy must be recorded on the XERO accounting system.

System Access

Entry to Xero is password restricted and the users are required to have multi factor authentication to log in. Access to the component parts of Xero can also be restricted and the Bursar will set access levels for all members of staff using the system. Xero is cloud based software and backed up continuously.

Transaction Processing

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.

Transaction Reports

The Bursar will obtain and review system reports to ensure that all transactions are posted correctly to the accounting system. The reports reviewed will include:

- Management accounts summarising expenditure and income against budget; and reconciliations.
- Monthly reconciliations of bank balance per cash book to the bank statements will be checked by the Head Teacher.

Any unusual or long outstanding reconciling items will be reviewed and signed as evidence of review.

4. Financial Planning

The academy prepares both medium term and short-term financial plans.

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.

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.

The development planning process and the budgetary process are described in more detail below.

Development Plan

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 DFE.

Each year the Head Teacher will propose a planning cycle and timetable to the Governing Body which allows for:

- a review of past activities, aims and objectives - "did we get it right?"
- definition or redefinition of aims and objectives - "are the aims still relevant?"
- development of the plan and associated budgets - "how do we go forward?"
- implementation, monitoring and review of the plan - "who needs to do what by when to make the plan work and keep it on course" and
- feedback into the next planning cycle - "what worked successfully and how can we improve?"

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Head Teacher.

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.

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

Annual Budget

The Bursar is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head Teacher, reviewed and any amendments agreed by the full Governing Body and finally approved by the full Governing Body.

The approved budget must be submitted to the DFE by the end of July each year and the Bursar is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

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.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DFE grant receivable;
- review of other income sources available to the academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings; and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

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

Once the different options and scenarios have been considered, a draft budget should be prepared by the Bursar for review and approval by the Head Teacher and Resources Committee. A final budget will then be approved by the Head Teacher and the full Governing Body. The final budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review

Monthly reports will be prepared by the Bursar. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Head Teacher and the Finance Committee.

Any potential overspend against the budget must in the first instance be discussed between the Head Teacher & the Bursar.

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.

In Year Budget virement or the spending of unallocated resources of £10,000.00 or less may be authorised by the Head Teacher and reported to the Finance Committee. Budget virement or spending from unallocated resources over £10,000.00 must have the prior agreement of the Full Governing Body.

5. Payroll

Staff Appointments

The Governing Body has approved a personnel establishment for the academy. Changes can be made to this establishment with the approval of the Full Governing Body provided that adequate budgetary provision exists for any establishment changes.

The Head Teacher has authority to appoint staff except the Bursar and Deputy Head and Assistant Head whose appointment must follow consultation with and involvement of Governors in the interview process. The Head Teacher and Business/Personnel Manager maintain personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, to the Finance Office immediately by the Personnel Office.

Payroll Administration

The monthly academy payroll is administered by our contractor Williams Giles and payroll transactions are entered/imported to Xero and HCSS. Access to the systems are password controlled.

New staff can only be added to the payroll with the express approval of the Head Teacher and should be notified to the Business/Personnel Manager who will inform the Bursar who will instruct Williams Giles. New staff must complete all relevant payroll documents issued by the Finance Office. Failure to do this may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.

Salary amendments can only be made with the express approval of the Head Teacher and are notified to the Bursar by the Business/Personnel Manager and to Williams Giles by the Bursar.

Staff can only be terminated from the payroll with the express approval of the Head Teacher who will notify the Business/Personnel Manager and the Bursar who will inform Williams Giles.

Payment for sickness must be authorised by the Head Teacher or Business/Personnel Manager in line with the employment contract for the individual.

Where leave of absence is discretionary, payment can only be made with the express approval of the Head Teacher or Business/Personnel Manager.

Staff who are paid on submission of a time-sheet must complete and obtain approval for their timesheet from their Line Manager and handed to the school office by the last Friday of each month. Failure to do this may result in non-payment of salary by the Academy. In these circumstances, the salary payment may not be paid until the next payroll run in the following month.

The Head Teacher or Business/Personnel Manager must then check and authorise the time-sheet and return it to the Finance Office for action.

Payments of Salaries

All salary payments are made by BACS unless a cheque payment has been authorised by the Bursar with notification made to Williams Giles.

Payslips are issued online to paid employees before salary payment is made into bank/building society accounts.

The Academy Bursar will reconcile the statement provided by Williams Giles to the salary calculator for that month. All staff salary payments are reconciled to the budget allocated and actual generated by Xero.

The Williams Giles 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.

After the payroll has been processed the Bursar will update the nominal ledger with the payroll costs for the month.

On an annual basis, the Bursar must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file of the individual.

6. Purchasing

The Academy wants to achieve the best value for money from all our purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;

Accountability, the academy is publicly accountable for its expenditure and the conduct of its affairs;

Fairness, that all those dealt with by the academy are dealt with on a fair and equitable basis.

Routine Purchasing of £10,000.00 or less

Other than the budgets held by phase leaders and curriculum leaders all other expenditure is managed and authorised by the Business Manager, for sums up to £3,000.00 or the Head Teacher for sums over £3,000.00.

Budget holders will be informed of the budget available to them at 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 out detailing actual expenditure against budget will be supplied to each budget holder upon request and budget holders must keep their own records of orders placed but not paid for. This is monitored by the Bursar and the Finance Assistant who checks available funds each time an order is placed. A list of current budget holders can be found at the end of this policy.

A quote or price for any expenditure must always be obtained wherever possible before any order for an individual item over £500 is placed. All budget holders should either choose a supplier from the list of approved suppliers maintained by the Finance Office or if they consider that better value can be obtained elsewhere, discuss and agree this with the Bursar. Budget holders and the Finance Office should ensure that the best value is achieved.

Wherever possible orders must be prepared using a requisition form which must be authorised by the relevant phase leader, curriculum leader or by the Head Teacher if the order is over £3,000.00. Orders will only be processed if there is adequate budget provision for the department.

Orders are recorded and approved on Xero by the Finance Assistants if the above criteria have been met. They are allocated a reference number and dispatched to the supplier by the Finance Department.

The Finance Office must make appropriate arrangements for the delivery of goods to the academy. On receipt the finance office must undertake a detailed check of the goods received against the goods received note (GRN) which will be signed to acknowledge receipt and make a record of any discrepancies between the goods delivered and the GRN. All checked goods are then passed to the budget holder.

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 will record this.

All invoices should be sent to the Finance Office. The Invoice will be recorded by the Finance Assistant or Bursar in the purchase ledger using the invoice date and number and the Finance staff will evidence the following:

- goods received;
- invoice arithmetically correct;
- invoice received as order; and
- prices correct including VAT.

The invoice is then authorised for payment by the Bursar. The Finance Assistant or Bursar will then generate the cheques (or BACS payment) which need to be signed by two of the nominated bank signatories.

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.

Non-order purchases up to £100.00 must have the prior approval of the Head Teacher or, where appropriate, the cost centre holder (phase leader or curriculum leader) who must ensure that sufficient funds are available within their budget. Non order purchases over £100.00 must have the Head Teacher's prior approval. Receipts must be produced, goods visually checked by the Finance assistant and payment authorised by the cost centre holder and Bursar. Non order purchases must be kept to a minimum and should only take place when it will affect the smooth running of the budget department.

At least three written quotations, evidenced telephone quotes or printed online comparisons should be obtained for all orders over £5,000.00 and up to £50,000.00 to identify the best source of the goods/services. Written details of quotations obtained should be prepared by budget holders and attached to orders passed to the Finance Department. This is for audit purposes. It is recognised that contractors are often unwilling to provide quotes for work for which they are highly unlikely to win the contact to undertake and in these circumstances; it is acceptable to obtain fewer quotes. **Orders over £10,000.00 must be approved by the Finance Committee.**

Orders over £50,000.00

All goods/services ordered with a value over £50,000.00 must be subject to formal tendering procedures. Competitive tendering can be considered below this figure in the interests of best value. Ordering goods which may potentially be over £50,000.00 must be discussed with the Bursar prior to any communication with suppliers and confirm to the regulations and procurement rules in force from time to time and in accordance with the requirements of the Academies Handbook. This is to ensure correct procedures are followed from the outset.

The Academy generally uses an agent to undertake the appropriate tender procedures and reports to the Finance Committee for a decision.

Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated and the guidance for 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 Bursar how best to advertise for supplier's e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

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

Restricted tenders may be 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 may be appropriate in specific circumstances:

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

Preparation for Tender

Full consideration may be given to:

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

Invitation to Tender

If a restricted tender is to be used then an invitation to tender should be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender may include the following:

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

Aspects to Consider

Financial

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

Technical/Suitability

- Qualifications of the contractor;
- Relevant experience of the contractor;
- Descriptions of technical and service facilities;
- Certificates of quality/conformity with standards;
- Quality control procedures; and
- 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

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 and any reason for accepting them should be recorded.

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders, either the Bursar or the Principal plus a member of the Resources committee.

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

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.

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.

Full records should be kept of all criteria used for evaluation of contracts over £50,000.00 and a report should be prepared for the Resources Committee highlighting the relevant issues and recommending a decision.

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

The accepted tender should be the one that is best value for the academy. All parties should then be informed of the decision.

7. Income

The main sources of income for the academy are the grants from the EFA and from Kent County Council. The receipt of these sums is monitored directly by the Bursar who is responsible for ensuring that all grants due to the academy are collected.

The academy also obtains income from:

Other miscellaneous grants.

- parents mainly as donations towards educational visits; breakfast and after school club.
- the public for occasional lettings (see Hiring/Lettings Policy).

Custody

Most payments from parents are made electronically via the online payment system – Parent Pay. The Bursar and the finance assistant have access to the parent pay system and records of payments can be checked by the school at any time. Any cash and cheques received must be kept in a safe prior to banking. Monies collected must be banked in their entirety in the appropriate bank account. The Finance Office is responsible for preparing reconciliations between the sums collected, the sum's deposited at the bank and the sums posted to the accounting system. Banking should take place every week or when takings total £500.00.

8. Cash Management

Bank Accounts

The opening of accounts must be authorised by the Governing Body who must set out in a formal memorandum the arrangements for the operation of accounts including transfers between accounts and cheque signing (or BACS approval) agreements.

The Academy has a deposit account and one current account.

The authorised account signatories are:

Amanda Wolfram – Head Teacher – Full Power Signatory
Julia Briggs – Bursar – Full Power Signatory
Kim Gardiner – Business Manager
Louise Smith – Finance Assistant

Deposits

Particulars of any deposit must be entered on the Xero system and accompanied by appropriate documentation. 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. The school receives a statement of payments from Parent Pay each week detailing a breakdown of categories and showing the amount to be paid into the Academy bank account less any service charges. The Bursar or finance assistant checks these reports against the payment records and enters the details onto the school finance system weekly.

Payments and Withdrawals

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

This provision applies to all accounts, public or private, operated by or on behalf of the Governing Body of the Academy.

Administration

The Bursar 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' cash book;
- Reconciliations are prepared by the Bursar and reviewed by the Head Teacher each month – adjustments arising are dealt with promptly.

Academy Credit Cards

The Academy has 2 charge cards and the card holders are:

Kenza Pickford – Admin Officer

Kim Gardiner – Business Manager

These cards are only to be used when cheque or BACS payments are not possible.

Receipts must be retained and matched to monthly statements by the Bursar

Petty Cash Accounts

The Academy does not hold petty cash. All cash receipts for whatever reason should be paid directly into the bank.

Cash Flow Forecasts

The Bursar is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations.

Investments

Investments must be made only in accordance with written procedures approved by the Governing Body and in accordance with the Academies Financial Handbook.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment.

Additional procedures may be required to ensure any income receivable from the investment is received.

9. Fixed Assets

Asset Register

All items purchased with a value over the academy's capitalisation limit of £1,000.00 must be entered in an asset register. The asset register should include the following information:

- asset description;
- serial number (if available);
- date of acquisition;
- asset cost;
- expected useful economic life;
- depreciation;
- current book value;
- location; and

The Asset Register will be checked to ensure that the current book value agrees to Xero at the end of each financial year.

A copy of the asset register is backed up off site with all other school financial records.

The Asset Register helps:

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

Depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property - 2% Straight line

Improvements to leasehold property - 5-15 Years Straight line

Fixtures and fittings - 25% Straight line
Computer equipment - 33.3% Straight line

These will be adjusted for depreciation at the end of each month. Depreciation will be charged on acquisitions from the month acquired and disposals until the month they are disposed.

The buildings are situated on land, not owned by the Academy Trust, and are occupied on a rolling supplemental agreement with the Diocese of Canterbury. Whilst the Trust does not own the buildings, the Trustees do not regard the termination of the agreement to occupy as likely and therefore have reflected the fact that the Trust derives economic value from the buildings, which it is obliged to maintain and improve, by including them in the accounts. This is at the valuation based on the valuation completed for the ESFA, as if occupied under a long leasehold. The basis of the value is Fair Value, as defined by the International Financial Reporting Standards (IFRS). No value for land has been included. Tangible fixed assets are stated at cost less depreciation

Security of assets

Equipment must be secured by means of physical and other security devices.

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 Finance Committee.

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.

Disposal

Asset items which are to be disposed of by sale or destruction must be authorised for disposal by the Finance committee and, where significant, should be sold following competitive tender. The academy must seek the approval of the DFE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000.00 was paid. If disposals within one financial year (September to -August) collectively originally attracted grant of more than £20,000.00, then the academy must inform the DFE.

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. All computers are disposed of via a bona fide disposal company which provides a certificate to show that all data has been erased.

The academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the academy must repay to the DFE a proportion of the sale proceeds.

All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

Items of academy property must not be removed from academy premises without the authority of the Bursar. A record of the loan must be recorded on a loan of equipment form and booked back into the Academy when it is returned.

The Bursar will be asked for a copy of a loan of equipment form, should an item of equipment be missing when a fixed asset audit is undertaken.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.

10. Tax

The Academy is not registered for VAT as business activity is not expected to exceed £85,000.00 per annum

VAT claims are made to HMRC via VAT126 form every month. Claims will be made only for invoices in the name of the school.

Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

11. Audit

The Academy has appointed William Giles as its auditors for the year to 31st August 2022 and will be going out to tender to ensure best value for 2023.

12. Insurance

The Academy reviews all risks annually to ensure the cover available is adequate. It takes advantage of the government's risk protection arrangements as an alternative to insurance. UK government funds cover losses that arise.

The Academy will notify the relevant department of any new risk or any other alterations affecting existing cover.

The Academy will not give any indemnity to a third party.

The Academy will immediately advise the relevant department of any incident loss or other incident which may give rise to a claim under the risk protection arrangements.

13. Bad Debts

The procedures for debt recovery and for the write off of any debt which is deemed to be irrecoverable will follow this guidance.

Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible an invoice will be issued.

All debts will be recorded and non payment will be followed up by issuing 3 reminders at 3 weekly intervals. The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days.

After 9 weeks from the date of account, where the debt is still outstanding, legal action may be considered and the debtor will be informed of this in writing. If after every effort has been made to collect the debt and legal action is impractical or has been unsuccessful, individual bad debts may be written off in accordance with the following procedures:

- The Bursar on behalf of the Academy Trust must provide 30 days' notice to the Secretary of State for Education of its intention to write off any debts owed to it as set out in Section 77 of the School's Funding Agreement. This notice is required whether or not the circumstances require the Secretary of State's approval.
- Those debts below the value set out in the Annual Letter of Funding can then be approved and written off by the Finance Committee reported to the next meeting of the FGB.
- Any proposed write off of debts above the value set out in the Annual Letter of Funding require the prior written consent of the Secretary of State for Education in accordance with section 76 of the School's Funding Agreement
- To ensure sound internal control, staff who raise invoices will not have the authority to write off debts. The VAT element of any debt must not be written off (not applicable as not VAT registered)
- The school will retain a bad debt write off summary.

This policy was reviewed and agreed by the Governing Body on