

# MANUAL OF FINANCIAL PROCEDURES

Approved by Audit committee and FDB	Autumn 2020
For Review Annually	Autumn 2021



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### **1. Introduction**

The purpose of this document is to ensure that Monks Coppenhall Academy (Alexandra Academy Trust) maintains and develops systems of financial control, which conform to the requirements of both propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Academy Trust's Funding Agreements with the Department of Education for Academies.

The Academy must comply with the principles of financial control outlined in the Academies Financial Handbook published by the DfE and updated annually in September.

This document expands on that guidance and forms the manual detailing information on the Academy's accounting procedures and systems. It should be read by all staff involved with financial systems and accountability.

### **2. Principles**

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

#### **Selflessness**

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

#### **Integrity**

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

#### **Objectivity**

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

#### **Accountability**

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

#### **Openness**

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

#### **Honesty**

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

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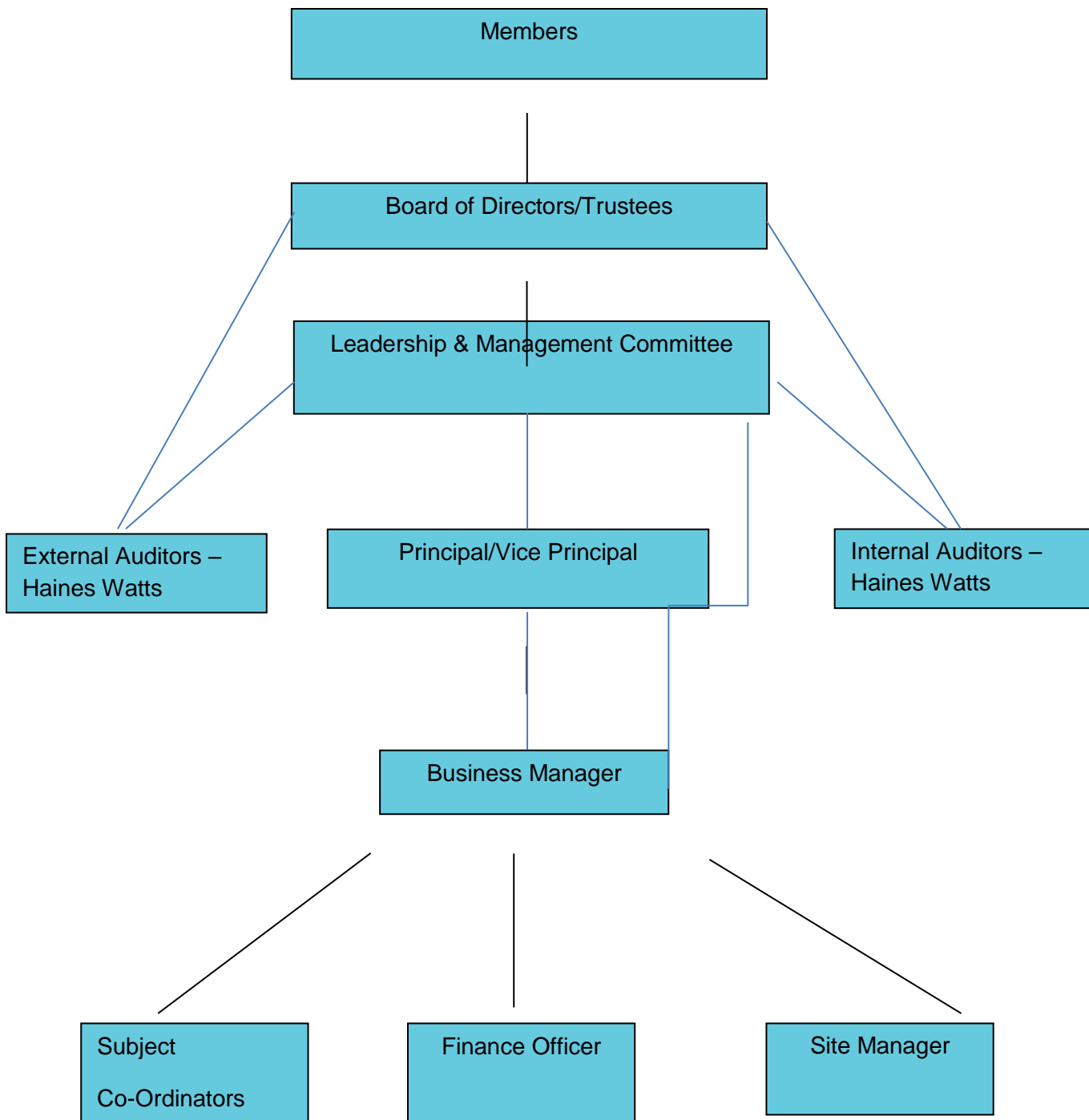
## Leadership

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

### 3. Organisation and Responsibilities.

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

#### 3.1 Reporting Structure:



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### **3.2 Board of Directors/Trustees**

The Board of Directors/Trustees has overall responsibility for administration of the Academy Trust's finances. The main financial responsibilities of the Board of Directors/Trustees are described in the Funding Agreement between the Academy Trust and the DfE.

The main responsibilities include:

- To ensure that grant funding from the DfE. and other Restricted funding is used for the purposes intended
- To approve the annual budget and any material changes
- To ensure a Scheme of Delegation is in place
- To ensure assets are managed
- To ensure accurate accounting records are maintained
- To ensure the budget monitoring statements are a true and accurate record on income and expenditure
- To approve the Annual Statutory Accounts

### **3.2. Leadership & Management Committee**

The main financial responsibilities of the Leadership & Management Committee are detailed in their Terms of Reference, these include:

- Initial review and recommendation to the FDB of the Academy annual budget;
- Regular monitoring of actual expenditure and income against budget;
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
- Authorising the award of contracts up to the amount stated in the Scheme of Delegation (Appendix 1)
- Reviewing the reports of the Internal Auditor on the effectiveness of the financial procedures and controls. These reports must also be reported to the Board of Directors/Trustees
- To review the financial policies of the Academy and where necessary make recommendations to the Board of Directors/Trustees

### **3.3. Principal/Accounting Officer**

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

- Approving new staff appointments within the authorised establishment.

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- Authorising contracts up to the amount stated in the Scheme of Delegation (Appendix 1), reporting these decisions to the Leadership & Management Committee.
- Signing cheques as detailed in the Scheme of Delegation.
- Credit Card Holder
- On-Line Banking & BACS Authorisation

The funding agreement identified the Principal as the Accounting Officer who is personally responsible to the Board of Directors/Trustees for:

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

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

The Accounting Officer may delegate, or appoint the Vice Principal to assist in these responsibilities

### **3.4 Business Manager**

The Business Manager works in close collaboration with the Principal through whom he or she is responsible to the Directors/Trustees. The main responsibilities of the Business Manager are

- The day to day management of financial issues including the establishment and operation of suitable accounting systems;
- The management of Academy's financial position at strategic and operational level;
- 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;
- Preparation of monthly management accounts
- Ensuring forms and returns are sent to the DfE in line with their reporting deadlines.
- Signing cheques / authorising BACs in accordance with the Bank Mandates
- Liaison with payroll, preparation of staff claims and reconciliation of payroll data from the

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- Academy's payroll service provider.
- Management of the Academy's Service Level Agreements
- Authorising orders and the award of contracts up to the amount stated in the Scheme of Delegation (Appendix 1)
- Signing cheques as detailed in the Scheme of Delegation.
- Credit Card Holder
- On-Line Banking & BACS Authorisation

### **3.5 Internal Auditor**

Checks and balances need to be put in place to ensure that the financial management arrangements within the Academy are monitored. The DfE (Department for Education) requires an Internal Auditor to be appointed to fulfil this role.

The Internal Auditor is appointed by the Board of Directors/Trustees and is intended to provide an independent oversight of the Academy's financial affairs. The main duties of the Internal Auditor are to provide the within on-going Directors/Trustees independent assurance that:

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

The Board of Directors/Trustees appointed Haines Watts in September 2016 to act as an external body to independently undertake the duties of the Internal Auditor. The auditors will carry out termly assurance reviews in order to provide the Directors/Trustees and indirectly the Department for Education with the required assurance. The Internal Auditor will undertake the checks and balances in line with the recommendations made in the Academies Financial Handbook.

General areas for review will cover the following:

- Review that bank reconciliations have been carried out each month
- Review of monthly payroll to ensure that any changes have been appropriately authorised and agreed (refer to Finance, Personnel committee and SLT minutes)
- Check sample orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised.
- Check of sample payments back to invoices, orders and delivery notes to confirm they are bona fide purchases.
- Review a sample of expense claims to ensure the appropriate documentation to support

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- the claim and that the claim is appropriately authorised.
- Review returns to Department for Education to ensure the information supplied is consistent with the underlying records and internal management reports.
- Review all major contracts and ensure formal tender procedures exist and are being followed.

Haines Watts will produce a full report after each Termly Assurance Review which will be reported to the Leadership & Management Committee. These will be reported back to the Board of Directors.

### **3.6 Finance Officer**

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

- Day to day running of School Fund Account
- Day to day management of the online payment system (ParentPay)
- Weekly banking
- Order and invoice processing

### **3.7 Vice Principal**

The Vice Principal will assume the financial responsibilities if the Principal is absent.

### **3.8 Other Staff**

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

### **3.9 Register of Business Interests**

It is vital that Directors/Trustees and staff act, and are seen to act, impartially. All Members/Directors/Trustees are therefore required to complete a declaration of business interests. The Principal, as member of the Board is also required to complete the declaration.

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

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

It is the role of the Clerk to Directors/Trustees to ensure the Register of Business Interests are up to date.

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## **4. Financial Planning**

Both medium and short-term financial plans form part of the Self Evaluation and Impact Plan (SEAIP) and are discussed and reviewed on a termly basis.

The SEAIP identifies the development plan priorities over the medium term and the expected level of resources available. 5 yearly budget forecasts are prepared by the Business Manager and discussed/reviewed by the Leadership & Management Committee termly.

## **5. Budget Management**

All bank accounts will be reconciled monthly by the Business Manager/Finance officer. Monthly Management reports including consolidated balance sheet, income & expenditure reports, cash flow and budgets v actual reports will be circulated to Directors via Governorhub.

Termly budget monitoring reports will be prepared for the Leadership & Management Committee and the FDB. Recommendations will be suggested regarding appropriate action to be taken to correct any significant over or under spending and plans formulated for consideration at the Leadership & Management Committee.

The Principal may delegate elements of the budget to staff where this is appropriate. These budget holders must operate within the same objectives and controls as those agreed for the Academy as a whole. Delegated budget holders will be provided with sufficient information to enable them to perform adequate monitoring and control. Such budget holders are accountable to the Principal who is responsible for ensuring mechanisms exist to enable such delegated budgets to be monitored and managed. Any potential overspends against the budget must in the first instance be discussed with the Business Manager. The accounting system will not permit payments to be made against an overspend budget without the approval of the Business Manager.

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

## **6. Annual Budget**

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

The Business Manager, in liaison with the Principal is responsible for the preparing and obtaining approval for the Academy annual budget from the Leadership & Management Committee. The Board of Directors/Trustees must approve the budget each year.

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

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

The budget planning process will incorporate the following elements:

- Forecasts of likely pupil numbers to estimate the amount of grant receivable
- Review of other income sources

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- Review of past performance against budgets
- Identification of potential efficiency and budget containment actions
- Annual review of expenditure headings to reflect known changes and expected variations in costs e.g. pay increases, inflation or other anticipated changes.

The draft budget should be presented to the Leadership & Management Committee and full Board of Directors/Trustees together with a supporting report for approval. Once the budget is agreed this should be communicated to all responsible budget holders to ensure they are aware of the overall budgetary constraints.

The budget should be seen as a working document which may need revising throughout the year as circumstances change; any revision should be reported to the Leadership & Management Committee through the Business Managers Report to Directors/Trustees. Any substantial changes must be approved in accordance with the Scheme of Delegation – Appendix 1.

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

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

## **7. Accounting Systems**

### **7.1 Financial Accounting System**

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

- All financial transactions relating to the Academy's budget must be recorded using HCSS. There must be a clear audit trail for all financial transactions from the original documentation to accounting records. Finance records must be stored for 7 years in accordance with the Companies Act.
- Only authorised staff will be permitted access to the accounting records, which should be securely retained when not in use.
- Authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified.
- All records should be protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention.
- The finance system must be protected by robust back up procedures. The system is backed up daily by using the remote backup service purchased from Cheshire East through the CHESS service.

## **7.2 Transaction Processing**

- Orders on requisitions authorised in accordance with the Scheme of Delegation (Appendix 1) will be raised by the Finance Officer/Business manager
- Invoices will be processed ready for payment by the Finance Officer/Business Manager
- The Business Manager will enter income received from DfE into HCSS via Journal Transfer at the earliest opportunity
- BACS or Manual Payments should be raised by the Business Manager and countersigned in accordance with the Bank Mandate as per Scheme of Delegation (Appendix 1)
- The Business Manager will obtain and review system reports to ensure only regular transactions are posted to the accounting system.

## **7.3 Accounting for 'Other' Income using ParentPay**

The Academy uses ParentPay to deal with the collection of 'other income'. This is a cashless online system which allows parents/carers to pay for items such as dinner monies, school trips and afterschool clubs places online. This system is set up for access by all Office staff; each user is defined with a unique ID and password. Users are detailed in the Scheme of Delegation (Appendix 1).

- The Finance Officer is responsible for the day to day management of the ParentPay system.
- The Finance Officer produces reports for data input into HCSS
- The Business Manager is responsible for overseeing this system and receiving information from the Finance Officer

## **8. Payroll**

The main elements of the payroll system are:

- Staff Appointments
- Payroll administration
- Payments and monitoring

### **8.1 Staff Appointments:**

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

The Principal has the authority to appoint staff within the authorised staffing structure. The

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Business Manager will maintain personnel files for all members of staff, which include contracts of employment. Monks Coppenhall Academy is committed to safeguarding children and young people. All post holders are subject to appropriate vetting procedures and a satisfactory Enhanced Disclosure and Barring Service check, which includes the Disqualification by Association declaration. The Academy follows the safer recruitment guidance on the Cheshire East HR website.

<http://centranet.ourcheshire.cccusers.com:81/schools/SchoolsHR/Pages/Safer-recruitment-and-DBS-checks-Schools-and-Academies.aspx>

## **8.2 Payroll Administration**

The Academy's payroll is outsourced to Cheshire West Payroll Services (ECWIP) All Payroll transactions relating to Academy staff, permanent or casual, will be processed through the payroll system. Payments for employment will not be made to staff or visiting lecturers through any other mechanism.

All new appointments, leavers, changes to contracts or personal details are be by notified to employee service centre via the oracle online system. Forms are raised by the Business Manager and authorised by the Principal. Where it is necessary to use a paper form, this is raised by the Business Manager and signed by the Principal before being sent to payroll. In the case of changes to the Principal's salary, forms should be signed by the Chair of Directors/Trustees as per the Scheme of Delegation (Appendix 1).

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

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

Absence records are maintained by the Business Manager. Unpaid leave is notified to payroll using the online payform.

Staff claims for overtime must be checked by the Business Manager. Claims for overtime / variance of grade of duties, casual claims and supply claims will be entered on to the online payform by the HR Assistant/ Business Manager on a monthly basis. It will be countersigned by the Principal at the end of each month.

## **8.3 Payments and Monitoring**

All salary payments are made by BACS.

ECWIP provide payroll reports prior to salary payments being dispatched detailing costs and individuals payment details. The Business manager is able to access these reports online via the Oracle system. The Business Manager will undertake a sensibility check monthly to ensure the data does not contain major errors prior to salaries being paid.

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

The payroll system automatically calculates the deductions due from salaries to comply with current legislation. ECWIP are authorised to make BACS payments from the Academy's Bank Account by direct payment for the amounts of the deductions to the following agencies: Local Government Pension Scheme, Teachers Pensions, Unison & GMB by the 5th of the month

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following the pay run and to HMRC by the 19<sup>th</sup> of the month following the pay run.

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

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

## **9. Value for Money (VFM) Procedures**

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

### **9.1 Orders of £5,000 and below**

Best value is applied at the discretion of the budget holder/Business Manager or Principal as appropriate. Consideration to be given to alternative suppliers and evidence attached to requisition if quotes have been sought..

### **9.2 Orders over £5,000 but less than £ £15,000**

At least two written quotes should be obtained for all orders to identify the best source of the goods and services except: a) where the service is being provided by a contractor to maintain or extend systems they have previously installed or are under contract to maintain. b) have provided quotes and tenders for a similar service within the past 12 months where they were the selected supplier. c) where emergency repairs/actions are required to ensure day to day functioning of the academy. Details should be recorded on or attached to the requisition form.

### **9.3 Orders over £15,000 but less than £25,000**

At least 3 written quotations should be obtained for all orders to identify the best sources of goods/ services except: a) where the service is being provided by a contractor to maintain or extend systems they have previously installed or are under contract to maintain. b) have provided quotes and tenders for a similar service within the past 12 months where they were the selected supplier or c) where emergency repairs/actions are required to ensure day to day functioning of the academy. Written details of quotations should be attached to the requisition for audit purposes.

### **9.4 Orders over £25,000 but less than £50,000 – referred to L&M Committee**

At least 3 written quotations should be obtained for all orders to identify the best sources of goods/ services except: a) where the service is being provided by a contractor to maintain or extend systems they have previously installed or are under contract to maintain. b) have provided quotes and tenders for a similar service within the past 12 months where they were the selected supplier. Written details of quotations should be attached to the requisition for audit purposes.

### **9.5 Orders over £50,000 – (up to EU Threshold) – referred to FDB**

Goods or services ordered with a value over £50,000 or for a series of contracts in which the total exceeds £50,000 must be subject to formal tendering procedures as detailed below.

### **9.6 Orders over E U Threshold**

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

## **10. Forms of Tender**

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

### **10.1 Open Tender:**

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

### **10.2 Restricted Tenders:**

This is where suppliers are specifically invited to tender and are appropriate where:

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

### **10.3 Negotiated Tender:**

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

- The above methods have resulted in either no or unacceptable tenders,
- Only one or very few suppliers are available,
- Extreme urgency exists,
- Additional deliveries by existing supplier are justified

### **10.3 Preparing for Tender**

Full consideration should be given to:

- Object of project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract

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

### **10.5 Invitation to Tender**

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### **An invitation to tender should include the following:**

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

### **10.6 Aspects to consider**

#### **Financial**

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

#### **Technical**

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

#### **Other considerations**

- Pre sales demonstrations
- After sales service
- Financial status of supplier

### **10.7 Tender Acceptance Procedures**

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

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

## 10.8 Tender Opening Procedures

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

## 10.9 Tender Evaluation Procedures

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

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

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

The accepted tender should be one that is economically most advantageous unless it can be demonstrated that this is not the best option for the Academy and other factors outweigh any monetary savings.

## 11. Purchasing

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

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

The Business Manager will ensure that there is a clear separation of duties within the finance team, which would, if combined, enable one individual transaction to record a complete transaction.

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## 11.1 Orders for Goods and services

Budget Holders should raise an order for goods or services using a requisition form (Appendix 3) available from the office.

Where the value of an order is over £5,000, the requisition must be accompanied by evidence of appropriate number of quotes /or proof that VFM exercise has taken place, as per section 9. Orders will be authorised only if the VFM documentation is present and correct. Advice about suppliers or obtaining best value is available from the Business Manager.

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

## 11.2 Delivery of Goods and Services

- On receipt of goods a member of staff will check the goods received matched to the delivery note and sign the note to confirm this.
- The Finance Officer will check the delivery note against the original order to ensure the correct goods have been dispatched and then attach the delivery note to the original requisition form in the file
- Any discrepancies will be investigated
- Goods will be dispatched to the budget holder
- The budget holder must ensure that the goods received are of acceptable quality, any goods that are rejected must be notified to the Finance Officer within 2 days of delivery.

## 12.1 Processing of Invoices

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

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

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- VAT has been treated correctly

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

At least two people must be involved in the process of agreeing invoices and authorising payment. The Finance Officer/Business Manager will do the above checks and enter the invoices on to HCSS as soon as possible. The Business Manager will authorise the payment of the invoice within HCSS to make it available for payment within the Accounting System. All invoices are to be processed through HCSS. The vast majority of payments are made via BACS and authorised in accordance with the Bank Mandate. Where a supplier is not set up for BACS payment, payment is made via cheque. Purchases are also made using credit cards where it is more economical to do so.

## 12.2 Payments to individuals

Payments can be made to individuals on production of an invoice. An enquiry must be carried out on the individual using the HMRC, Employer Status Indicator Tool.

<https://esi2calculator.hmrc.gov.uk/esi>. The completed form must be retained and stored in the office in the IR35 file. If the enquiry shows that the payment cannot be made to the individual via the invoice produced, the appropriate ORACLE form should be completed and the individual paid through the academy's payroll provider.

## 13. Other Purchases

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

### 13.1 Internet Purchases

Internet Purchases are used when it is not practical to use an official order. For example when purchasing food for Breakfast/After-school clubs. Charge cards are used for internet purchases in line with the Scheme of Delegation (Appendix 1)

When making a request for an Internet order

- Requisitions are required as per '*ordering goods and services*' procedures above.
- The Breakfast Club Leader holds a charge card for the purpose of on-line food orders only
- Transactions are recorded in HCSS as soon as possible and matched back to the monthly charge card statement

### 13.2 Reimbursements to individuals

Reimbursement is made to individuals for low value items such as food for food club, resources for clubs etc.

- Requests for re-imbusement to individuals are to be made on the Request for Reimbursement Form and MUST be supported by receipts for the goods/services received.
- Reimbursement is made by cheque from the School Fund account
- The person being reimbursed signs for receipt of the reimbursement. The claim form is also signed by the Chief Financial Officer & the Accounting Officer.

## 13. Income

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

### 14.1 Income collected by the Academy

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The Academy collects income from parents or the public for:

- School Meals
- Trips and residential visits
- Book bags & Uniform (minimal)
- Monks Crunch Breakfast & After School Club

The Academy uses the online system ParentPay to administer the collection of this income. The Finance Officer is responsible for the day to day administration of ParentPay and the collection of Income.

### **14.2 Trips / Activities**

A lead teacher must be appointed for each trip. For every trip or activity an Activities form must be completed. The Finance Officer/Business Manager is responsible for budgeting for the trip and monitoring the online payments received and liaising with the Lead Teacher over amounts outstanding. There must be evidence that there is no intention to make a profit from any trip or activity.

### **14.3 Lettings**

The policy for lettings of premises is contained in a separate document. The Policy and charges will be reviewed regularly and approved by the Leadership & Management Committee.

As at December 2017 the Academy only lets the building for electoral purposes.

### **14.4 Custody**

The Academy introduced a cashless system during 2017. However, a small amount of cash is still received via the school office for snack money, uniform and fund raising. All fund raising monies are paid in to the school fund account. All cash and cheques are held in the Finance Office safe prior to banking. Banking takes place when required or if the cash sum held exceeds £1,000. Banking is taken to the bank by the Site Maintenance Officer when required.

The Finance Officer is responsible for preparing cashbook journals in the HCSS accounting system for reconciliation by the Business Manager

### **14.5 Debtors**

Debts under £100 may be written off by the Principal.

Debts over £100 may be written off only with the approval of the Leadership & Management Committee.

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

The following debt recovery policy will be applied:

- If payment has not been received 30 days after invoice a reminder will be sent asking for payment within 7 days.
- If payment is not forthcoming, a further reminder will be sent, requesting immediate payment or contact to arrange repayment by instalment.
- If payment is still not forthcoming, for debts over £300, a threat will be issued to put the matter into the hands of a nominated Solicitor if payment is not received within the next 7 days.
- If not received after 7 days, the nominated Solicitor will be asked to pursue the debt and the debtor will be notified accordingly.
- Debts of £300 and less will be pursued without reference to the nominated Solicitor and will be reported on at Leadership & Management Committee meetings where Directors/Trustees will decide on action to be taken.
- The current aged debtors report together with details of any debts written off (under £100) and solicitor's letters sent will be provided for each Leadership & Management Committee meeting.

## **15. Cash Management**

### **15.1 Bankers**

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

### **15.2 Deposits**

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

- The amount of the deposit
- The counterfoil should be annotated with details of the income
- The collection slip from the bank is filed by the Finance Officer. The Business manager keeps a record of all income paid into the Academy's account.

### **15.3 Payments and withdrawals**

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

## **15.4 Bank Reconciliations**

The Business Manager must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures will ensure banks accounts are reconciled to the HCSS system and any discrepancies dealt with appropriately.

## **15.5 Petty Cash Accounts**

The academy does not currently operate a Petty Cash Account. All low value cash items are processed through the School Fund Account.

## **15.6 Charge Cards**

The Charge Card Account is set up for a specific purpose as specified in the Scheme of Delegation against the allotted card holder. A Charge Card is issued to personnel under the Scheme of Delegation

Charge Card Holders will

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

The Business Manager/Finance Officer will

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

## **15.7 Cash Flow Forecasts**

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

## **15.10 Investments**

Investments must be made only in accordance with written procedures approved by the Leadership & Management committee under a separate Investment Policy.

## **15.8 Cash Flow Forecasts**

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

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## **15.10 Investments**

Investments must be made only in accordance with written procedures approved by the Leadership & Management committee under a separate Investment Policy.

## **16. VAT**

### **16.1 VAT 126 Claims**

Under legislation VAT claims can be made on expenditure supporting the Academy's core business purposes according to the simplified arrangement as detailed in the VAT Information Sheet 09/11 issued in June 2011. Claims will be made to the HMRC on form 126 by the Business Manager monthly following full reconciliation of all accounts.

### **16.2 VAT Registration**

Separate to the activities mentioned above the Academy may choose to register for VAT in relation to its non-business activities. I.e. sale of Adult Meals.  
The Academy is not registered for VAT at present this is kept under ongoing review with the Academy's Auditors.

Guidance on VAT can be found at <http://www.hmrc.gov.uk/vat/start/introduction.htm>

## **17. Assets**

A system of control has been established which ensures portable, desirable and other assets are recorded and adequately safeguarded against loss or theft.

Under certain circumstances, records of capital assets and some stocks, such as Uniform, PE kit or catering supplies are required for accounting purposes but, it is sensible to extend the systems of control to cover other assets, particularly if there are attractive and portable items that fall below the capitalisation limit.

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;
- Manage the effective utilisation of assets to plan for their replacement;
- Auditors draw conclusions on the financial system in place and support insurance claims in the event of fire, theft, vandalism or other disasters;



## **17.1 Acquisition of assets**

Acquisitions of assets are subject to the same authorisation procedures as other purchases.

## **17.2 Recording of assets**

In accordance with the agreed limits set by the Board of Directors/Trustees, all purchases of non-consumable assets that are considered to be portable and desirable, over a value of £100 are recorded on the asset register maintained electronically by the Finance Officer

The asset register should include the following information:

- Asset description.
- An allocated asset reference number.
- Serial number where appropriate.
- Date of acquisition.
- Asset cost taken from purchase record/referenced to purchase record.
- Source of funding (% of original cost funded from grant and % funded from other sources).
- Expected useful economic life.
- Depreciation (Method).
- Current book value.
- Location.
- Name of member of staff responsible for the asset.
- Date of disposal.

**Depreciation rates for each category are:**

- **Land & buildings – 50 years**
- **Fixtures & fittings – 3-5 years**
- **Computer equipment – 3 years**
- **Capitalisation - £1,000 & over**

## **17.3 Asset checks**

On an annual basis the Chair of L& M Committee carries out a physical check of the whole establishment asset register and investigates any discrepancies found. Evidence of the physical check is retained for audit purposes.

Assets which are frequently taken off site eg Teachers' laptops & Ipads, are recorded in the equipment loan register, administered by Finance Officer. This is completed and signed by the member of staff who is responsible for the equipment. When a member of staff leaves, the equipment is returned to the academy.

## **17.4 Security marking**

The Business Manager notifies the Site Maintenance Officer of the purchase of any

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new assets for recording in the asset register. The Site Maintenance Officer ensures that equipment is marked with the establishment name and the asset reference number.

### **17.5 Insurance**

The Academy is a member of the Risk Protection Assurance provided by the EFA

### **17.6 Disposal of assets**

All disposals of material assets, by sale or write off, require authorisation by the Principal and/or the Board of Directors

The date of disposal is recorded in the asset register by the Site Maintenance Officer. Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence value for money in any sale or scrapping of equipment; in addition, there are complications with the disposal of computer equipment, as the licences for software programmes have been legally transferred to a new owner.

### **18. Key Inventory**

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

### **19. Computer Systems**

Data is backed up daily using the remote backup service purchased from Cheshire East Council via the CHESS. Computers & software packages are password protected.

### **20. Reporting to the DfE, LGPS & TPS**

The Academy is required to submit reports in the following areas

- Annual Accounts Return (AAR)
- Annual Budget
- Budget Forecast Return (BFRO)
- Teachers' Pension Return
- LGPS Annual Return

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

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### **20.1 Annual Accounts Return and Whole of Government Accounts**

The Academy is required to submit an AAR by 30<sup>th</sup> January each year in the format supplied by the EFA. The Business Manager will work with Haines Watts to ensure this is completed and when necessary signed off by the external auditors.

### **20.1 The Annual Budget**

The Academy is required to send a copy of its annual budget to the DfE. This will be in the format of an income and expenditure statement on an accrual basis. The Business Manager must ensure that a final budget is submitted setting out the Academy's plans for the forthcoming academic year in more detail in the required format and by the required deadline as notified by the DfE year on year.

### **20.2 Budget Forecast Return**

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

### **20.3 Teachers' Pension Return/LGPS Annual Return**

The Academy will submit the annual pension returns as required with assistance from Haines Watts and Cheshire East Payroll services.

### **20.4 Annual Accounts**

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

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

The Annual accounts must be submitted to the EFA by **31<sup>st</sup> December**. As soon as the DFE deadline, but by no later than **30<sup>th</sup> June** (10 months after the end of the accounting year), a copy of the governors annual report and audited final accounts must be sent to Companies Register and to the Charity Commission.

## **21 Self Assessment of Management and Governance**

The Board of Directors has appointed Haines Watts Accountants as Internal Auditors to carry out checks on the Academy's systems of internal control and on the adequacy of the Academy's arrangements for financial management and

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governance.

The Academy will report to the EFA annually on the effectiveness of the Academy's management of its resources as set out in the EFA Accounts Direction annually.

## **21. External Auditors**

The Academy appointed Haines Watts as their external auditors in 2016. The appointment of Auditors must be approved by the Full Board of Directors/Trustees at their annual meeting.

## **22. Whole of Government Accounts**

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

**Appendix 1**  
**MONKS COPPENHALL ACADEMY**  
**SCHEME OF DELEGATION / MANAGING MONEY**

**Authorising orders for goods and services, authorising payments entering into contracts**

Position	Name	Limit/Restriction
Board of Directors/Trustees	Chair	Over £50,000 - decision recorded in minutes
Leadership & Management Committee	Chair	£50,000 - decision recorded in minutes
Principal	P Simpson	£25,000
Vice Principal - when acting in absence of Principal	R Alcock	£25,000
Business Manager	K Burgess	£5,000
Finance Officer	J Callister/L Tasker	£1,000

**Authorisation to make virements between cost centres**

Position	Name	Limit/Restriction
Board of Directors/Trustees	Chair	Over £50,000 – decision recorded in minutes
Leadership & Management Committee	Chair	£50,000 - decision recorded in minutes
Principal	P Simpson	£25,000
Vice Principal - when acting in absence of Principal	R Alcock	£25,000
Business Manager	K Burgess	£5,000
Finance Officer	J Callister/L Tasker	£1,000

**Managing the Academy Bank Accounts**

Position	Name	Authority
Principal	P Simpson	Cheque Signatory one of two to sign Charge Card Holder - Monthly limit £5,000 On Line Payment Authenticator one of two to authenticate payments
Vice Principal – when acting in absence of Principal	R Alcock	Cheque Signatory one of two to sign Charge Card Holder - Monthly limit £5,000 On Line Payment Authenticator one of two to authenticate payments
Business Manager	K Burgess	Cheque Signatory one of two to sign Credit Card Holder – Monthly limit £5,000 On Line Payment Authenticator one of two to authenticate payments
Finance Officer	J Callister/L Tasker	Cheque Signatory one of two to sign On Line Payment Authenticator one of two to authenticate payments
Site Maintenance Officer	D Clews	Charge Card Holder - Monthly Limit £500
Monks Crunch Leader	J Price	Charge Card Holder for Monks Crunch on-line food orders only- monthly limit £1,000

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**Users of computerised finance package HCSS**

Position	Name	Limit/Restriction
Business Manager	K Burgess	System Administrator
Finance Officer	J Callister/L Tasker	System user – access all ledgers
Principal	P Simpson	System user – access all ledgers

**Users of computerised online payment system - ParentPay**

Position	Name	Limit/Restriction
Business Manager	K Burgess	System Administrator
Finance Officer	J Callister/L Tasker	System Administrator
Admin Officer	J Tams	System Administrator
Administrator –Pupil Data	L Russett and F Scott	System user – Monks Crunch register
Administrator – Pupil Data	J Price	System user – Monks Crunch register
Teacher Account	All Teachers	System User-Lunchtime selection only

**Certification payroll documents**

Position	Name	Limit/Restriction
Chair of Directors/Trustees	D Warr	Sign payroll forms relating to Principal
Principal	P Simpson	Authorise all Appointment & Leaver Forms and change of contract forms ( online authorisation for ORACLE or sign paper forms) Authorise Monthly Claim documents
Business Manager	K Burgess	ORACLE user – input all new starters/leavers/contract changes Authorise Supply hours (online) Authorisation & Input of Monthly Claim documents
HR Assistant	Z Holloway	Oracle user Input of Monthly Claim documents

**Certificate of Travel / Subsistence Claims**

Position	Name	Limit/Restriction
Business Manager	K Burgess	£250 per claim
Principal	P Simpson	Over £200 per claim & all SBM claims
Chair of Directors/Trustees	D Warr	Travel Claims of Principal above £250

**Authorisation to write-off bad debts**

Position	Name	Limit/ Restriction
Principal	P Simpson	£100
Leadership & Management Committee Secretary of State	Chair	Over £100 – recorded in minutes Detailed in funding letter

**Completion of VAT returns**

Position	Name	Limit/ Restriction
Business Manager	K Burgess	N/A

**Administration of School Fund (Unofficial Funds)**

Position	Name	Limit/ Restriction
Business Manager	K Burgess	Manager - Cheque Signatory one of two to sign Authorisation of claims
Finance Officer	J Callister/L Tasker	Administrator Cheque Signatory one of two to sign Authorisation of claims
Principal	P Simpson	Cheque Signatory one of two to sign Authorisation of claims
Vice- Principal	R Alcock	Cheque Signatory one of two to sign

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## **Appendix 2**

### **Academy Annual Budget Cycle**

#### **January:**

Business Manager works with Haines Watts to complete Accounts Return to be submitted to DfE

#### **February:**

The Senior Leadership Team start work on next year's priorities and possible staffing needs.

These priorities will be discussed with the various committees of the Board of Directors/Trustees

#### **March:**

Academy receives its Draft Recurrent Grant for the following year from the Education Funding Agency (EFA). The Business Manager starts to construct next year's budget. A mid-year review of current budget takes place.

#### **April / May:**

The Principal and Business Manager discuss details of next years' budget and present to Leadership & Management Committee

#### **June:**

Full Governing Body approve final budget for the following year.  
Business Manager monitors current budget for predicted YE figure.

#### **July:**

The Business Manager then prepares Budget forecast return to DfE.  
Appointed Auditors start their preparative work on the Annual Accounts.

#### **Aug/Sept:**

Financial Year End (31st August) Start of new Financial Year (1st Sept).  
Business Manager & Principal support Directors/Trustees in preparation of Trustees Report.

#### **Oct:**

Business Manager completes the census return which is used by Government as the basis for funding for the next financial year.  
Appointed Auditors continue audit field work and produce draft Annual Accounts for governors to review.

#### **Nov/Dec**

Appointed Auditors present accounts to Full Directors Board. Directors/Trustees approve Financial Statements.  
Business Manager presents monitor of current budget to Leadership & Management Committee

#### **Dec:**

By 31st Dec Financial Statements are published

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