

COMBE PAFFORD SCHOOL FINANCIAL POLICY

Review Summary

Agreed by Governors: Autumn 2023

Date for Review: Autumn 2024

Based on the Torbay Council Model Policy

This document has been adopted by the Governing Body of Combe Pafford School, as a policy framework for the management of school finances, and should be read in conjunction with the current Academy Financial Handbook as released by the ESFA

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Introduction

The purpose of this policy is to ensure that the Academy maintains and develops robust systems of financial control, which meet the requirements of financial accountability and managing public money

Combe Pafford School is committed to sound financial controls in order to achieve value for money and to be worthy custodians of public money.

In order to achieve these aims the Governing Body and Accounting Officer has drawn up this finance policy to provide guiding principles that all Governors and staff will operate within.

It is essential that the principles meet the requirements of the funding agreement made under section 1 of the Academies Act 2010.

Any system and processes implemented as a result of this policy must operate properly to meet the requirements of good financial management, the Academy Funding Agreement and the key standards within the Department for Education's Academies Financial Handbook.

1. Organisation

1.1. The Governing Body/ Board of Trustees

The board of trustees of the Academy has wide responsibilities under statute and regulations, charity law and the FA. It is specifically responsible for ensuring that the Academy's funds are used only in accordance with: the law.

The board of trustees has wide discretion over its use of the Academy's funds. It is ultimately responsible for the proper stewardship of those funds and for ensuring the three key elements of value for money.

Economy - by minimising the costs of resources used having regards to appropriate quality

Efficiency - by the relationship between the output and the resources used to generate that output

Effectiveness - by the extent to which the objectives are achieved and the relationship between the actual and the intended outputs from an activity.

It must also ensure that it uses its discretion reasonably, and takes into account any and all relevant guidance on accountability or propriety.

The governors will manage their affairs in accordance with the high standards as 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 the performance of 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 interest clearly demands.

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 interest.

Leadership

Holders of Public Office should promote and support these principles by leadership and example.

1.2. Managing the Academy Finances

The Governing Body has overall responsibility for 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. The main responsibilities include:

- Ensure the grant from the DfE is used for the purposes intended
- Ensure that funds from sponsors are received according the Funding Agreement, and are used for the purposes intended
- Approval of the annual budget
- Appointment of the Head Teacher
- Appointment of the School Business Manager (SBM), in conjunction with the Head Teacher

1.3. The Finance Committee

The Finance Committee is a Committee of the Governing Body. The Finance Committee is a sub-committee that meets, at least once a term but more frequent meetings can be arranged as necessary.

The Finance Committee has delegated authority to deal with financial matters. A Pay sub-Committee is formed annually from the Governing Body, to deal with the issues of Pay and the Head Teachers appraisal.

The main responsibilities of the Finance Committee include:

- Initial review and authorisation of the 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 changes to the personnel establishment
- Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must be reported to the Full Governing Body
- Ensure a Scheme of Delegation is in place
- Ensure assets are managed
- Ensure accurate accounting records are maintained

1.4. The Head Teacher

The Head Teacher has overall executive responsibility for the Academy.

The Head Teacher retains responsibilities for:

- Approving new staff appointments within the authorised establishment.
- Authorising contracts between £5,000 and £49,999 in conjunction with the SBM
- Authorising orders between £5,000 and £24,999
- Signing cheques in conjunction with the SBM or other authorised signatory.
- Proposing a planning cycle and timetable for the School Development Plan

The funding agreement identified the Head Teacher as the Accounting Officer who is personally responsible to the Governing Body for:

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

The Accounting Officer has the duty to take action if the Governing Body 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 Governing Body and details sent to the Permanent Secretary and the academy's external auditors.

The Accounting Officer may delegate, or appoint others to assist in these responsibilities.

1.5. The School Business Manager

The SBM works in close collaboration with the Head Teacher through whom he or she is responsible to the governors. The SBM also has direct access to the governors via the Finance Committee.

The main responsibilities of the SBM are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system
- The management of the academy's financial position at a strategic and operational level within the framework for financial control determined by the Governing Body
- The maintenance of effective systems of internal control
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy
- The preparation of monthly management accounts
- Authorising contracts up to £4,999
- Authorising orders between £500 and £4,999 in conjunction with budget holders
- Signing cheques in conjunction with the Head Teacher or other authorised signatory
- Ensuring forms and returns are sent to the DfE in line with their reporting deadlines

1.6. The Responsible Officer (At present Devon Audit Partnership)

The Responsible Officer (RO) should not be a member of the Finance Committee and will have the appropriate experience necessary to perform the role.

The Responsible Officer is intended to provide an independent oversight of the Academy's financial affairs. The main duties of the RO are to provide the Governing Body with on-going independent assurance that:

- The financial responsibilities of the Governing Body are being properly discharged;
- Resources 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.

A programme of checks will be agreed with the Governing Body and the RO will carry out financial reviews in order to provide the Governing Body and indirectly the Department for Education with the required assurance. These reviews will be undertaken quarterly.

The RO will undertake the checks and balances in line with the recommendations shown in the Academies Trust 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
- 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 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
- Carry out check on petty cash vouchers and ensure appropriate authorisation & documentation exists
- Review all major contracts and ensure formal tender procedures exist and are being followed

The Responsible Officer will submit a written report of the findings to the Finance Committee each term for information.

The RO role will be reviewed annually by the Finance Committee

1.7. Other Staff

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

1.8. Register of Interests

It is vital that governors and staff act, and are seen to act, impartially. All members of the Governing Body are therefore required to complete a declaration of business interests. The principal and other senior member of staff are also required to complete 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 governor or member of staff.

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.

2. Financial Planning & the Annual Budget

Financial planning is an essential part of good financial management and provides a clear view of how the Academy intends to use its resources. The Academy Development Plan should cover, in outline, the school's educational priorities and budget plans for at least the next three years, showing how the use of resources is linked to the achievement of the Academy's goals.

The budget documentation will be cross-referenced to specifically identify expenditure which will be earmarked for development and transformation of the academy.

The SBM is responsible for the preparation of the three-year plan and the obtaining of approval of the annual budget.

The approved budget forecast must be submitted to the DfE by 30th June each year or within six weeks of receipt of the final funding letter (whichever is the later) and the SBM is responsible for establishing a timetable, which allows sufficient time for the approval process and ensures the submission date is met.

The annual budget will reflect the best use of resources available to the Academy for the forthcoming year and will detail how those resources will be utilised, in line with the School Development Plan.

The budget planning process will incorporate the following elements:-

- Forecasts of likely pupil numbers to estimate the amount of DfE grant receivable
- Review of other income sources and allocation of overheads
- Historical review of past performance against budgets
- Identification of potential efficiency savings
- Annual review of expenditure headings to reflect known changes

The draft budget should be presented to the Head Teacher, the Finance Committee and full Governing Body together with a supporting report for approval. Once the draft 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.

Significant changes to the budget plan submitted to the ESFA as part of the budget forecast process will be notified the EFA in accordance with the academy handbook

The Academy will manage tax affairs as efficiently as possible in regard to the application of ESFA funding. This will include careful planning for PAYE and VAT consequences of any actions. Local advice from HMRC will be sought in complex cases.

2.1 School Development Plan

The School 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
- Definition or redefinition of aims and objectives
- Development of the plan and associated budgets
- Implementation, monitoring and review of the plan
- Feedback into the next planning cycle

The timetable will specify the deadlines for the completion of each of the key stages described above. The Head Teacher will assign lead responsibility for the completion of each of the stages. The plan will include detailed objectives for the coming academic year and outline objectives for the following two years. It should include estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

3. Budget Management

The Finance Committee will receive updated budget monitoring reports at each meeting on current spend against budget and forecast outturn expenditure.

The SBM will monitor the budget on a Monthly basis to ensure the following:

- That income and expenditure in the year to date is in accordance with the budget plan; and
- To project the income and expenditure to the year end to ensure that the Academy is on course to deliver on its Budget plan.
- As a result of this information the Academy will adjust if necessary its plans for the remainder of the year. This will involve either changing plans for income and expenditure over the remainder of the year to deliver the budget plan and/or seeking approval for a change in the Academy's budgeted surplus or deficit target for the year-end. All such changes must be approved by the Finance Committee and, if there is to be a change to the school's projected deficit/surplus of over £20,000, by the full governing body.
- The SBM produces monthly monitoring reports for inspection by all members of the Governing Body. These will be posted on the GVO. These reports are also presented at the Finance Committee meetings with details of actual, committed and projected income and expenditure.

Recommendations will be suggested regarding appropriate action to be taken to correct any significant over or under spending and plans formulated for consideration at Finance Committee.

The Head Teacher 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 Head Teacher 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 SBM. The accounting system will not permit payments to be made against an overspend budget without the approval of the SBM.

The Finance Committee 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.

4. Accounting System

All financial transactions must be recorded on the Sims FMS Financial system. Access rights within FMS (the Academy's accounting package) are defined for each user with a unique ID and password.

- All financial transactions relating to the Academy's budget must be recorded using FMS. 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.

Transaction Processing

- All journal transfers will require signed authorisation by the SBM
- Bank Transactions should be input by the Finance Administrator, checked, and signed by the SBM
- The SBM will obtain and Review System Reports to ensure only regular transactions are posted to the accounting system.
- The SBM will ensure monthly reconciliations in respect of the Sales, purchase, payroll, suspense and bank balance (per the nominal ledger to the bank statement)

5. Monitoring of Payroll

The Governing Body will approve a personnel establishment for the Academy. Changes can only be made to this establishment with the approval, in the first instance, of the Finance Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Head Teacher has the authority to appoint staff within the authorised establishment except for Deputy Head Teacher and the SBM whose appointments must follow consultation with the governors. The Head Teacher will maintain personnel files for all members of staff, which include contracts of employment.

All Payroll transactions relating to Academy staff, permanent or casual, will be processed through Bishop Fleming Payroll & Pensions Services. Payments for employment will not be made to staff or visiting lecturers through any other mechanism.

Salary payments, supply and additional claims will be sanctioned by the Head/SBM and authorised by the SBM prior to process by Payroll

All personnel files shall be stored in a lockable cabinet. Only the Head Teacher, SBM and Finance Administrator will have access to staff files but individuals can request to see their own files in line with data protection policies.

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

5.1 Monitoring of the Salaries Budgets

The SBM will undertake a monthly reconciliation between the downloaded payroll information from the Payroll & Pensions Service and the SIMS FMS payroll calculations for gross salary, National Insurance and Pension Scheme.

Staffing budgets will be monitored monthly by the SBM and any significant variances reported to the Finance Committee.

6. 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.

A large proportion of our purchases will be paid for with public funds and we need to maintain the integrity of these funds by following the general principles of:-

- Probity – 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 school are dealt with on a fair and equitable basis.

The Head Teacher is ultimately responsible for ensuring procedures are in place for testing the market, placing of orders and paying for goods and services.

Separation of Duties

In order to reduce the risk of error or intentional manipulation, the SBM will ensure the clear separation of duties within the finance team, which would, if combined, enable one individual to record and process a complete transaction.

Wherever possible duties will be separated in accordance with the following criteria:

- authorisation – of a transaction such as a purchase order or payment
- execution – the placing of an order, receiving of goods and services
- custody – the holding of goods and services
- recording – the completion of accounting records

Separation of Duties	
Orders raised	Budget Holder
Orders processed	Finance Officer
Orders authorised	Budget Holder up to £500 SBM £500 - £4,999 Head over £5,000
Goods & services checked in	Budget Holder
Payments processed or returns made	Finance Officer
Payments authorised	Head Teacher & SBM

6.1 Orders for Goods and Services

Budget holders will be informed of the budgets, early in the academic year. Orders are to be placed using requisition forms signed by the Budget holder and where possible a Purchase Order must be raised. Orders will be raised using the financial system except, utilities, rates and petty cash.

Telephone/direct verbal ordering will be permitted only in situations where raising an official order is not practicable and with prior approval from the SBM. In such cases, a written confirmation order will be raised as soon as possible, normally within 24 hours.

All new Suppliers that are set up on FMS must complete a 'New Supplier set up form' accompanied with a business letterhead for verification.

The Finance Officer inputs the information onto FMS and the SBM checks and approves this prior to any invoices being paid.

Any change in supplier information notified to the Academy is checked by the Finance Officer to ensure it is genuine and evidence retained. The SBM verifies and signs the appropriate paperwork.

In exceptional circumstances and only with good reason can a member of the SMT use their personal cards/monies to purchase goods and/or services over the Petty cash limits. A receipt needs to be produced and reimbursement for the exact amount must be made immediately, no individual gain (financial or other) must be made by completing a transaction in this way. Agreement needs to be sought by the Head (or Chair of Governors/Finance if Head) prior to any transactions made and reported at the next Finance Governors meeting.

6.2 Payment of Accounts

Invoices will be paid when the budget holder has shown approval that goods or services have been received and are of the quality expected any discrepancies must be notified to the Finance Administrator for appropriate action to be taken.

The academy will aim to make payments within 30 days from receipt of the goods or services and discounts taken for quick payment where appropriate. The supplier should receive payment within the 30 days. If payment is made outside the terms of payment, the academy may be liable to a financial penalty under the provision of the Late Payments of Commercial Debts Act 1998.

The Finance Administrator will ensure that cheques are sent out with the required number of signatures and that all controlled stationery is stored in a locked cupboard.

All cheques and cash are to be stored in the safe and the keys held by designated staff.

6.3 Credit Card Usage

With the increasing use of internet purchasing, also the need to maintain a low level of cash holding in school for use, the school has a credit card issued by Lloyds Bank PLC to be used by authorised school personnel.

The use of the card has been approved by the Governing Body and formally recorded in the minutes of this meeting.

The authorised users of the card(s) and their financial limits of delegated authority (including monthly spend restrictions) are outlined below:-

Headteacher	£5000 – monthly limit
Assistant Headteacher	£5000 – monthly limit
SBM	£5000 - monthly limit

Overall credit limit for the school £ 15,000

The issue and control of the card(s) are managed independently by the Finance Officer who is not a card signatory.

Cardholder(s) have signed to acknowledge receipt of the card and acceptance of the conditions of use and signed the card.

Each card issued will be in the name of the individual on behalf of Combe Pafford School and each card will have a different PIN number issued.

All credit cards are held securely when not in use either by the cardholder or within the school in a secure location where there is limited access and signed out each time they are used

Any misuse of the card(s) outside of the conditions of use will result in the immediate withdrawal of the card(s) from the cardholder(s).

The loss of any card(s) will immediately be reported to the bank and Finance Officer. If the card(s) are no longer required or the cardholder(s) leave the school they shall be returned to the Finance Officer and destroyed in accordance with accepted procedures.

Card(s) will not be used for the withdrawal of cash through any ATM or cash back facilities. In exceptional circumstances cash may be withdrawn with **prior** approval of the Headteacher.

School credit cards must not be used for personal purchases.

The use of school credit cards for ordering goods and services shall operate in conjunction with the principles of best value. Internet ordering must only be completed by the Finance Officer unless authorised by one of the Cardholder. A requisition form must still be completed and signed prior to any online ordering.

The credit card(s) should not be used until confirmation has been made with the relevant budget holder that there is budget available under the budget heading to cover the cost of the proposed expenditure. Confirmation should also be sought that there are sufficient balances in the bank account prior to the use of cards.

A credit card voucher needs to be completed and signed as a record of expenditure incurred together with supporting receipts including a valid VAT receipt where relevant, These should be submitted to the Finance Officer for the purpose of checking payments made against the statement

Any credit card balances should be cleared in full either by cheque or approved direct debit by the due date.

Statements will be issued by the bank which must be reconciled with receipts and signed off by the Head and at regular intervals by the Chair of Governors.

The credit card usage and processes are a standing Agenda item of the Finance Committee.

Temporary increases to the credit card must be agreed by the Finance Committee and minuted accordingly except for foreign residential trips overseas

7. Limits of Delegated Authority – spending limits and budget adjustments

The Governing Body recognises the importance of clearly defining the roles and responsibilities of its committees, the Head Teacher and other staff. The terms of reference for the Governors' Finance Committee are laid out in a separate document as agreed or reviewed by the whole Governing Body at its meeting in the Summer Term and is reviewed annually at the first meeting of the finance committee for each academic year.

In accordance with the Academy's needs and priorities the following arrangements have been approved in relation to the Academy Budget, other external income managed within the context of the overall Academy budget.

The full Governing Body will decide how to spend the budget allocated subject to: -

- any conditions in the Academy Handbook and DFE guidance included to protect its legal duties;
- the budget must be spent only for the purposes of the Academy.
- In relation to any other earmarked funding - any conditions appertaining to the grant.

8. Value for Money

For quotes and tenders, the following limits will apply unless the purchase forms part of an existing contract, where value for money procedures will already have been completed

- Currently purchases over £189,330 (exc VAT) and £378,660 for utilities may fall under EU procurement rules, which require advertising in the Official Journal of the European Union.
- Please check the thresholds prior to purchases in this area
- We have preferred suppliers for emergency works, we do an annual review of charges to ensure we are getting best value which negates the need to get 2 or more quotes for certain jobs

9. Forms of Tender

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

a. Open Tender:

This is where potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Director 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.

b. Restricted Tender:

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.

c. 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
- Suppliers are already approved as part of the Torbay Development Agency Repairs & Maintenance Contract which the Academy buys into.

d. 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.

e. Invitation to Tender

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

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

f. Aspects to consider

Financial

- Comparison of like with like cost
- Hidden costs
- Scope for negotiation

Technical

- Qualifications of contractor
- Experience
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references

Other considerations

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

The standardised Tender templates should be used when inviting tenders and can be obtained from the Finance Office.

g. Tender Acceptance and Opening 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.

All tenders should be opened at the same time and tender details should be recorded. Two persons should be present at the opening of the tenders as follows:

- For contracts between £25,000 and £49,999 (if using the Tender process) the Head Teacher and the SBM
- For contracts over £50,000 either the Head Teacher or the SBM plus a governor from the relevant committee

h. Tendering Procedures

The evaluation process should involve at least two people. Those involved should disclose all interests, which may influence their objectivity.

Those involved must take care not to accept gifts or hospitality from potential suppliers.

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

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 one that is economically most advantageous. All parties should then be informed of the decision. If other than the lowest tender is accepted, the reasons should be documented and reported the Finance Committee.

10. Cash Purchases

a. Small Items of Expenditure

The Academy maintains maximum cash balance of £500. The cash is administered by the Finance Administrator and is kept in the office safe.

Budget holders may authorise the use of Petty Cash for items of expenditure up to £100. Higher value payments should be made by cheque directly from the main bank account as a cash book payment. However, cash payments will be allowed over £50 with authorisation of the Head Teacher or SBM. Payments of petty cash will not be made without receipts and a signature on the Petty Cash Record sheet. The Petty Cash system is not for benefit of staff to cash personal cheques. The Head Teacher may authorise an increase in this limit to £200 in special circumstances. The following supplies may be obtained without special circumstances.

Up to £100 may be used to purchase stamps on a single occasion.

A franking machine will be used for most postal services, a direct debit is set up to pay for postal credit and rental payments

Up to £100 may be made available to the Premises department for 'over the counter' purchases of goods and materials for repairs and improvements.

VAT receipts must be obtained for purchases where appropriate.

The outstanding balance of the Petty cash is reconciled at least once a month and details held in a file. A senior member of Staff will approve the reconciliation.

Petty Cash Float

The SBM will arrange a spot check to verify the petty cash float at least once a term.

11. Income and Banking Arrangements

The main sources of income for the academy are the grants from the DfE. The receipt of these sums is monitored directly by the SBM who is responsible for ensuring that all grants due to the academy are collected.

a. Trips

A lead teacher must be appointed for each trip to take responsibility for budgeting for the trip and collecting the sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due. This record must be sent to the office, with monies collected, and receipted by the Finance Assistant. For a residential trip, students will be given individual record cards and receipts.

For a residential trip the Finance Assistant will maintain records of up to date payments made by students showing the amount paid and the amount outstanding. This record will be sent to the lead teacher on a weekly basis and the lead teacher is responsible for chasing the outstanding amounts.

b. Lettings

The policy for lettings of premises is contained in a separate document. The policy and charges will be reviewed annually and approved by the Estates and Security Committee

The Finance Team is responsible for maintaining records of bookings facilities and for identifying the sums due for each organisation. Payments must be made in advance for these facilities.

The Finance Team will be responsible for chasing outstanding debts, no debts will be written off without the express approval of the Governing Body if the value is over the delegated limit.

The DfE prior approval is also required if the debt to be written off is above the value detailed in the funding agreement.

c. Custody

Official, pre numbered receipts will be issued for all cash and cheques received where no formal documentation exists. All cash and cheques must be held in the Finance Office safe prior to banking. Banking is carried out on a monthly basis, for safety 2 members of staff go to the bank if there is a lot of cash

The Finance Officer is responsible for preparing reconciliations between sums collected, the sums deposited at the bank and the sums posted to the accounting system. Reconciliations must be prepared promptly after each banking transaction and must be reviewed and certified by the SBM.

d. Debtors

Debts may be written off in accordance with the delegated limits as set out within this policy

No other debts will be written off without the approval of the Governing Body

The DfE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter.

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 with a threat of further (unspecified) action to recover the debt.
- If payment is not forthcoming, a further reminder will be sent. If the debt is over £100, a threat will be issued to put the matter into the hands of the nominated Solicitor if payment is not received within the next 7 days.
- If payment is still not forthcoming, for debts over £100, the nominated Solicitor will be asked to pursue the debt and the debtor will be notified accordingly.
- Debts of £100 and less will be pursued without reference to the nominated Solicitor and will be reported on at Finance Committee meetings where governors 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 Finance Committee meeting.
- Any debt over £1,000 must be sanctioned by Governors

e. Donations

See Appendix A for Donations Policy

f. Gifts and Hospitality

See Appendix B for Gifts and Hospitality Policy

g. Fee and Charges

The Academy will normally set fees for its chargeable services at full cost, but it may include an additional rate of return, when in a commercial environment. The fees and charges to be charged should be determined in accordance with chapter 6 of HM Treasury's "Managing Public Money" and recorded in the charging and remission of fees policy.

12 Bank Accounts

The opening of all bank accounts must be authorised by the Governing Body who must set out in the Scheme of Delegation the signatory arrangements covering the operation of accounts.

The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

a. Deposits

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

- The amount of the deposit and
- A reference, such as the name of debtor or number of receipt

b. Payments and Withdrawals

All cheques and other instruments authorising withdrawal from the Academy bank account must bear signatures of two of the following authorised signatories:

- * The Head Teacher
- * SBM
- * Deputy Head Teacher
- * Assistant Head Teacher

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

c. Bank Reconciliations

The SBM must ensure bank statements are received regularly and that the bank account is reconciled to the academy's cashbook on a monthly basis. Any adjustments arising should be dealt with promptly. Reconciliations will be prepared by the SBM and reviewed by the Head Teacher.

d. Cash Flow Forecasts

The SBM 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.

e. Investments

Investments must be made only in accordance with written procedures within the Investment policy, approved by the Governing Body.

13 Fixed Assets

All items purchased with a value of over £1000 must be entered in an asset register. The asset register should include the following information:

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Source of funding
- Expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset

The asset register helps to ensure that staff, take responsibility for the safe custody of assets, acts as a deterrent for theft, manages effective utilisation of assets and helps to plan for their replacement. It also helps the external auditors to draw conclusions on the annual accounts and the academy's financial system and finally to support insurance claims in the event of fire, theft, vandalism or other disasters.

a. Security of Assets

All items in the register should be permanently and visibly marked as the Academy's property and there should be a regular annual count.

An inventory should: -

- form an important part of the school's procedures for ensuring that staff take responsibility for the safe custody of assets.
- enable school management to undertake independent checks on the safe custody of assets, as a deterrent against theft or misuse.
- help the school to manage the effective utilisation of its assets and to plan for their replacement.
- support insurance claims in the event of fire, theft or other losses.

Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, if significant, reported to the Governing Body.

Inventories should be kept up to date and reviewed annually.

b. Disposal of Assets

Items which are to be disposed of by sale or destruction must be authorised for disposal by the SBM and where significant should be sold through competitive tender. The Academy must seek approval in writing from the DfE if it proposes to dispose of an asset for which a capital grant in excess of £20,000 was paid.

The Academy cannot dispose of any asset with a value of more than £1000 unless it has the written permission from the Finance Committee. The SBM approves every proposed disposal of any academy asset regardless of value.

Disposal of equipment to staff is discouraged, as it is difficult to evidence the Academy obtained value for money. 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.

c. Loan of Assets

Items belonging to the Academy must not be removed from the academy without the authority from the Head Teacher. A record of the loan must be kept.

d. Keys Inventory

The Key inventory is the responsibility of the Vocational and Premises Manager 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 measures to be put in place and for the inventory to be updated.

Safes and similar storage facilities will be kept locked and keys removed to be held by the key holder who will be nominated by the Head Teacher. Normally key holders will carry keys on their person and keys must not be left on the premises overnight except in another safe. A list of key holders will be maintained by the Academy and loss of any keys must be reported to the Headteacher.

14 Computer/Accounting Systems

The key elements of the accounting system will include:

- Income
- Purchasing
- Payroll
- Assets
- Bank accounts

Academies are required to maintain proper accounting records on an on-going basis throughout the year. The choice of accounting package is a matter for each academy to decide but the system should incorporate the following control features:

- authorisation and supervisory controls should be adequate to ensure transactions are properly recorded or that errors are identified;
- all records should be appropriately protected against unauthorised modifications, destruction, disclosure or loss whether by accident or intention;
- only authorised staff should be permitted access to the accounting records which should be securely retained when not in use;
- accounting records should be properly maintained and held securely, vouchers or other documents relating to financial transactions should be stored for 7 years in accordance with the Companies Act and
- all financial transactions should be traceable from the original documentation to the accounting records and vice versa.

Consideration should be given to access levels needed to the system purchased, and the likely number of users needed for the licence. This should include consideration of access levels for those covering staff absences, and those whose main function is to review transactions and balances rather than to input detailed transactions.

Systems will be put in place to protect key computer data and control features will include:

- Back-up Procedures
- Passwords
- Disaster recovery plans

15 Reporting

a. The Budget

The Academy is required to submit 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 SBM must ensure that the completed final budget summary is supplied to the DfE as part of the budget forecast process within 6 weeks of receipt of the ESFA final funding letter, summarising the planned income and expenditure for the forthcoming year running from 1st September to 31st August.

For existing academies the return is requested annually by 31st July.

b. Budget Monitoring

The Academy will submit budget-monitoring returns to the DfE, as required.

c. Annual Accounts

As a Charitable company the Academy must comply with company law as set out in the Companies Act 1985 (and subsequent acts). This includes a requirement to prepare a Governors' report and financial statements ('annual accounts') and to arrange 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 audited annual accounts must be submitted to the Education Funding Agency (ESFA) by **31st December**. A copy of the audited final accounts must also be sent to Companies House.

16 Insurance

The Governing Body will ensure the Academy has adequate insurance cover to support its activities and to comply with statutory requirements.

Combe Pafford are members of the Government Risk Protection Arrangement (RPA). Any Insurance not covered by RPA is purchased ensuring best value at all times

17 Self Assessment of Management and Governance

The SBM will ensure that a self-assessment is undertaken in order to provide the EFA with an annual assurance on the adequacy of the Academy's arrangements for financial management and governance.

The self-assessment will provide assurance to the Academy's Accounting Officer that conditions of funding are being met, and that appropriate systems of control are in place.

Task	BUDGET HOLDER	BUSINESS MANAGER	HEAD TEACHER	FINANCE/ E&S COMMITTEE	CHAIR OF GOVERNORS /FGB
DAY TO DAY SPENDING LIMITS					
Authorise day-to-day spending decisions on a specific budget through a requisition form under the amount of £500	✓	✓			
Authorise spending decisions on a specific budget through a requisition form between £500 and £4,999		✓			
Authorise spending decisions on a specific budget between £5,000 and £24,999			✓		
Authorise spending decisions on a specific budget over the amount of £25,000					✓
Review and authorise annual SLA's		✓		✓	
Authorise and check best value has been met for all contracts up to £4,999		✓			
Authorise and check best value has been met for all contracts between £5,000 - £24,999 by receiving 2 quotes			✓		
Authorise and check best value has been met for all contracts between £25,000 - £49,999 by receiving 3 quotes		✓	✓		
Authorise and check best value has been met by a formal tendering process for all projects £50,000 and over. All tenders must be emailed to SBM		✓	✓	✓	
Any virements over £5,000 must be reported to Finance Governors at each meeting		✓		✓	
Authorisation of travel claims – can be delegated to Head of Phase but ultimate responsibility down to SBM		✓			
Authorisation of Payroll		✓			
Authorisation to write off debts and disposals up to £1,000		✓	✓		
Authorisation to write off debts and disposals over £1,000				✓	
Completion, authorisation and submission of VAT126 returns		✓			
Authorisation of Petty Cash under £100	✓				
Authorisation of Petty Cash over £100		✓			
Authorisation of Credit Card entries over £500		✓			

Task	BUDGET HOLDER	BUSINESS MANAGER	HEAD TEACHER	FINANCE/ E&S COMMITTEE	CHAIR OF GOVERNORS/ FGB
RESPONSIBILITY FOR FINANCIAL POWERS to ensure that the task is carried out appropriately					
Appoint a senior executive leader as the accounting officer and a chief financial officer of the trust					✓
Maintain adequate accounting records and prepare an annual report and accounts in line with the Charity Commission's Statement of Recommended Practice (SORP) and Education and Skills Funding Agency's (ESFA) Accounts Direction		✓			
Appoint an auditor and Responsible Officer				✓	
Participate in annual accounts consolidation exercises as communicated by the Department for Education		✓	✓	✓	✓
Refer potentially novel and contentious transactions to Education and Skills Funding Agency (ESFA) for explicit prior authorisation		✓	✓	✓	✓
Make sure that the trust has adequate insurance cover or has opted into the academies risk protection arrangement (RPA)		✓	✓	✓	
Establish an audit and risk committee If your trust's annual income is less than £50 million, you can combine it with another committee		✓	✓	✓	✓
Approve a balanced budget each financial year and submit to the ESFA		✓	✓	✓	✓
Maintain a published register of interests , including the business and pecuniary interests of members, trustees and local governors		✓			
Monitor impact of pupil premium/recovery premium funding		✓	✓	✓	✓
Monitor impact of PE and sport premium funding		✓	✓	✓	✓