

# **SIR ROBERT PATTINSON ACADEMY**

## **FINANCIAL REGULATIONS**

**SEPTEMBER 2021**

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## **1. INTRODUCTION**

101. The purpose of this document is to ensure that the academy maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the funding agreement with the Department for Education. (DfE)
102. The academy must comply with the principles of financial control outlined in the Academies Financial Handbook published by the ESFA. This document expands on that guidance, providing detailed information on the Sir Robert Pattison Academy's accounting procedures which should be read by all staff involved with financial systems.

## **2. ORGANISATION**

201. Sir Robert Pattinson Academy has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The Academy recognises the importance of financial training for governors and staff in helping them to fulfil their responsibilities in relation to the financial management of the school. The training needs of all governors and staff will be reviewed each year. Appropriate budgetary provision will be made, where necessary, and governors and staff will be actively encouraged to undertake that training.

The financial reporting structure is detailed below:

### **The Governing Body**

202. The Governing Body has overall responsibility for the administration of the academy's finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the academy and the DfE and in the academy's Scheme of Delegation. The main responsibilities include:
  - ensuring that grant from the ESFA is used only for the purposes intended
  - ensuring that any relevant funds from donations are received according to the academy's Funding Agreement, and are used only for the purposes intended
  - approval of the annual budget
  - appointment of the Head Teacher
  - appointment of the Deputy Head Teacher and Chief Financial Officer (CFO), in conjunction with the Head Teacher
  - approval of annual financial statements

### **The Audit & Compliance Scrutiny Committee**

The Audit & Compliance Scrutiny Committee members are (as at September 2021):

Rev Canon A Robson - Chairman  
Mr D Hardy  
Mr L Harman  
Mrs S Adlington

The Chair of the Audit & Compliance Scrutiny Committee is elected by the Governing Body at their first meeting of each academic year.

The main responsibilities of the Audit & Compliance Scrutiny Committee are detailed in written terms of reference (Code of Governance) which have been authorised by the Governing Body. The main responsibilities include:

### **3.1 Functions** - To consider and recommend to the Full Governing Body:-

- To recommend the Appointment of the Internal and External Auditors;
- Fulfil the function of an audit committee as detailed in the Academies Financial Handbook to provide assurance over the suitability of, and compliance with, the financial systems and operational controls.
- Review, amend and monitor premises and maintenance plans;
- Review and amend the health & safety management system, receive reports and monitor progress. Systems to include:
  - Asbestos, Legionella, Fire, Electrical and Gas Surveys,
  - Health & Safety Risk Assessment,
  - Contractor Terms and Conditions of Appointment;
- Consider and determine the Full Governing Body's responsibilities in relation to legislative requirements affecting the Academy's premises;
- Review and recommend to the Full Governing Body the approval of school policies in accordance with the agreed schedule;
- Review, amend and monitor premises and maintenance plans to include the following:
  - Stock Condition Survey,
  - Cyclical Maintenance Programme Plan,
  - Asset Strategy and Register/Replacement Plan,
  - Annual Property & Maintenance Programme Plan;
- Any other matters delegated;
- To review performance against the functions of the Committee;
- Take action in any other matter delegated by the Full Governing body.

### **The Head Teacher**

204. Within the framework of the academy development plan as approved by the Governing Body the Head Teacher has overall executive responsibility for the academy's activities including financial activities. Some of the financial responsibility has been delegated to the Business Manager (CFO) but the Head Teacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any staff posts which the Governing Body have agreed should be approved by them in accordance with the Code of Governance
- authorising contracts and purchases up to £25,000
- signing cheques in conjunction with the other authorised signatories
- providing leadership for strategic financial planning at the academy

### **Business Manager (CFO)**

The Business Manager is identified as the Chief Financial Officer (CFO) whose role is identified as leading on financial matters according to the Academy Trust Handbook (Sept 21 Section 1.45).

205. The Business Manager (CFO) works in close collaboration with the Head Teacher through whom he or she is responsible to the Governors. The main responsibilities of the Business Manager (CFO) are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system
- the management of the academy financial position at an operational level within the framework for financial control determined by the Governing Body
- supporting the Head Teacher on strategic financial planning, including preparation of a detailed costed plan
- 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 management accounts
- authorising orders up to £10,000
- signing cheques relating to the School Fund bank account in conjunction with the Head Teacher and other authorised signatories
- ensuring forms and returns are sent to the DfE / ESFA in line with the timetable in the DfE guidance

### **Budget Holders including Members of the Senior Leadership Team (SLT)**

206. Holders of curriculum related budgets can authorise orders up to the limit of the amount remaining in their budget. Any single order over £1,000 should be countersigned by the Business Manager (CFO)/Head Teacher.

The Business Manager (CFO) should be informed if budgets are in danger of overspending for cash flow reasons – i.e. there is income due which will mean the budget is not in deficit at the end of the year (evidence of this may be requested). Where budgets will be overspent for other reasons, the Business Manager (CFO) may authorise overspends or virements up to £10000 and the Head Teacher should authorise any overspends or virements over this amount.

### **The Internal Auditor**

207. The Internal Auditor (IA) is appointed by the Governing Body and provides governors with an independent oversight of the academy's financial affairs. The main duties of the IA are to provide the Governing Body with independent assurance that:

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

208. The Internal Auditor will undertake a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid

down by the Governing Body. A report of the findings from each visit will be presented to the Audit & Compliance Scrutiny Committee.

### **Other Staff**

209. Other members of staff, primarily the budget holders, will have some financial responsibilities and these are detailed in Annexe A. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

### **Connected party transactions/Register of Interests**

210. The Governors **must** ensure that the requirements for managing connected party transactions are applied across the Academy. The Chair of Governors and the accounting officer (Head Teacher) **must** ensure that their capacity to control and influence does not conflict with these requirements. They **must** manage personal relationships with connected parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the seven principles of public life as referred to in the Academies Financial Handbook.

<https://www.gov.uk/government/publications/the-7-principles-of-public-life>

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

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

213. 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.

214. The register of business interests and eligibility for governors and senior staff will be kept by the Business Manager (CFO).

### **3. ACCOUNTING SYSTEM**

301. All the financial transactions of the academy must be recorded on the computerised accounting system (Sage 200 as at September 2021).

#### **System Access**

302. Entry to the computerised finance system is password restricted and the Business Manager (CFO) is responsible for implementing a system which ensures that passwords are changed at least every 12 months and not shared.
303. Access to the component parts of the system can also be restricted and the Business Manager (CFO) is responsible for ensuring that appropriate access levels are set for all members of staff using the system.

#### **Back-up Procedures**

304. The Business Manager (CFO) is responsible for ensuring in conjunction with the IT Support staff (internal and external) that there are effective back-up procedures for the system.
305. The academy has implemented a daily, weekly and monthly backup and disaster recovery solution, by Veeam, a backup and disaster recovery specialist. The solution has professionally been installed and maintained by Gold Partner, Galtec Solutions.

Backups are encrypted through Veeam onto RAID 10 Netapp SAN.

All data is synchronised to a secondary appliance held in a separate building, for disaster recovery purposes.

Database information from applications, such as Sage, is backed up by the device on a schedule basis. The finance database is backed up and maintained by an automated daily maintenance plan configured by SRPA ICT staff.

The finance server resides in a VMware Virtual Server environment, which is backed up on a daily, weekly and monthly schedule through Veeam backup system. This will allow rapid recovery of the server in the event of a failure.

The academy has the ability to maintain an accessible and working finance server from the most recent backup in the event of a failure using the disaster recovery system Veeam.

306. The academy should have a disaster recovery plan in the event of loss of accounting facilities or financial data. This should form part of the annual assessment made by governors of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks (Business Continuity plan).

#### **Transaction Processing**

307. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this document. The detailed procedures for the operation of the payroll, the purchase ledger and the purchase order processing are included in the following sections of the manual. All journal entries must include explanation as

part of their input to the accounting system and supporting documentation such as budget holder instructions, invoices and remittance advice slips should be retained. Bank transactions can be input by all members of the Finance staff and reconciliations are agreed with another member of Finance staff. Spot checks should be made by the Business Manager (CFO).

308. Detailed information on the operation of the computerised finance system can be found in the Finance Office.

### **Reconciliations**

309. The Business Manager (CFO) is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- payroll control account
  - any suspense account
  - bank balance per the nominal ledger to the bank statement
- Any unusual or long outstanding reconciling items must be brought to the attention of the Business Manager (CFO).



#### **4. FINANCIAL PLANNING**

401. Sir Robert Pattinson Academy prepares both medium term and short term financial plans.
402. The medium term financial plan is prepared as part of the strategic development planning process. The development plan indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.
403. The SIP / curriculum plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year.
404. The development planning process and the budgetary process are described in more detail below.

#### **School Improvement Plan (SIP)**

405. The Improvement Plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the 'big picture' within which more detailed plans may be integrated.
406. The form and content of the SIP 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.
407. Each year the Head Teacher will propose a planning cycle and timetable to the Governing Body which allows for:
  - a review of past activities, aims and objectives – 'did we get it right?'
  - definition or redefinition of aims and objectives – 'are the aims still relevant?'
  - development of the plan and associated budgets – 'how do we go forward?'
  - implementation, monitoring and review of the plan – 'who needs to do what by when to make the plan work and keep it on course' and
  - feedback into the next planning cycle – 'what worked successfully and how can we improve?'
408. The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Head Teacher.
409. The completed SIP will include detailed objectives for the coming academic year and outline objectives for the following four years. The plan should allow for the inclusion in the medium term plan for the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

410. For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a member of the Senior Leadership Team (SLT). The responsible person should monitor performance against the defined success criteria throughout the year and report back to SLT on a quarterly basis. SLT will report to the Governing Body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

### **Annual Budget**

411. The Business Manager (CFO) and Head Teacher are responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head Teacher, Audit & Compliance Scrutiny Committee and the Governing Body.

412. The approved budget must be submitted to the ESFA by agreed deadlines each year and the Business Manager (CFO) and Head Teacher are responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

413. The annual budget will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

414. The budgetary planning process will incorporate the following elements:

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

### **Balancing the Budget**

415. Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

### **Finalising the Budget**

416. Once the different options and scenarios have been considered, a draft budget should be prepared by the Business Manager (CFO) for approval by the Head Teacher, the Audit & Compliance Scrutiny Committee and the Governing Body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of any budgetary constraints.

417. The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

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### **Monitoring and Review**

418. Reports for the Head Teacher and the Audit & Compliance Scrutiny Committee will be prepared by the Business Manager (CFO) including details of actual income and expenditure against individual budgets and significant variances discussed at meetings.

419. Any potential overspend against the budget must in the first instance be discussed with the Business Manager (CFO).

420. The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from the contingency. All budget virements in excess of £25,000 must be authorised by the Audit & Compliance Scrutiny Committee.

## **5. PAYROLL**

501. The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments

### **Staff Appointments**

502. The Governing Body has approved a personnel structure for the academy. Changes can only be made to this structure with the express approval in the first instance of the Human Resources Panel who must ensure that adequate budgetary provision exists for any establishment changes.

503. The Head Teacher has authority to appoint staff within the authorised establishment except for Deputy Head Teacher and the Business Manager (CFO) whose appointments must follow consultation with the governors in accordance with the Code of Governance. The academy maintains personnel files for all members of staff, which include contracts of employment and computerised records are also maintained (SIMS as at 1 August 2011; date of academy conversion). All personnel changes must be notified, in writing, to the payroll function within the Finance Office immediately and be authorised by the Deputy Head or Head Teacher.

### **Payroll Administration**

504. The academy payroll is administered internally.

505. All staff are paid monthly and for each employee the academy records:

- salary
- bank account details
- taxation status
- personal details
- any deductions
- any allowances or additional amounts payable

506. The Business Manager (CFO), ensures that payroll amendments and overtime/casual claims are paid subject to certification by the individual's manager or supervisor as proof that the hours were worked. Personnel changes must be authorised in writing by the Deputy Head or the Head Teacher. The Business Manager (CFO) is also responsible for overseeing salary deduction schemes such as childcare vouchers and Cycle to Work scheme.

507. Staff sickness and absence details must be reported to the Finance Office by the Curriculum Assistant. The Payroll Administrator is responsible for collating absence details and maintaining necessary records including Statutory Sick Pay documentation and individual staff absence records. This is recorded on the Academy's computerised personnel system (SIMS.net) by the HR Manager. Weekly absence returns are produced from SIMS.net for the attention of the Head Teacher.

508. As at 1 Sept 2021, the deadline for receipt of payroll documentation is the 11th of each month, unless this falls at a weekend/bank holiday in which case it is the first

working day afterwards. Salaries are paid on the 23rd of the month, or if this is a weekend/bank holiday, the closest working day previously.

### **Payments**

509. After the payroll has been processed, the Business Manager (CFO) checks it against source documentation. Deductions are taken to ensure compliance with current legislation. The major deductions are for tax, National Insurance contributions and pensions.
510. All salary payments are made by BACS and the total amount of BACS payments is debited from the school's bank account on the 23rd of each month or if this is a weekend/bank holiday, the closest working day previously. Documentation relating to the BACS payments is signed by Business Manager (CFO), Head Teacher and Chair of Governors prior to payment being made.
511. A reconciliation is prepared showing the BACS payments and on-costs charges and the amounts allocated to individual cost centres.
512. The payroll on-costs documentation and accompanying cheques are prepared within the Finance Office, authorised by the Business Manager (CFO) and signed by the Head Teacher and Chair of Governors. Any pay advance required must be calculated by a member of Finance staff and written 'back up' evidence provided. A manual chequebook may be used for pay advance and on-costs cheques. All cheques are noted 'account payee only'.
513. After the payroll prints have been received, but before the end of the month, the Business Manager (CFO) will ensure that all payroll amounts are journalled to cost centres for staff groupings and ledger codes for pay, national insurance and pension contributions and that the payroll control account is at zero. These accounts will be checked by the Business Manager (CFO) prior to carrying out month end procedures.
514. The Business Manager (CFO) will carry out random spot-checks on 10 employee payroll records each month to ensure that the gross pay per the payroll system agrees to the agreed contracted salary held in the personal file.

## 6. PURCHASING

601. The academy wants to achieve the best value for money from purchases. This means procuring goods and services in the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and it is important to maintain the integrity of these funds by following the general principles of:

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy. All staff who are budget holders or who work within the Finance Office of the Academy complete a declaration of interest form on an annual basis on which they indicate any relationship with current or prospective suppliers.
- **Accountability**, the academy is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness**, that all those dealt with by the academy are dealt with on a fair and equitable basis

### Routine Purchasing

602. Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Reports detailing actual expenditure against budget and committed expenditure will be supplied to each budget holder on a regular basis (usually monthly).

603. Purchases can be ordered by budget holders subject to their budget limits as set out in Annexe A. The Finance Office have preferred suppliers from whom they will obtain initial prices. A quote or price must always be obtained before any order is placed. If the budget holder considers that a certain supplier offers particularly good value for money, they can indicate this on the purchase requisition form or within an email and a decision will be made at the time of ordering.

604. Orders can be placed in two ways. They should be made in writing using an official order form (requisition form) or by sending a request by email to the Finance Office. Requisition forms must bear the signature of the budget holder and once received by the Finance Office, the Finance Administrator will check to ensure adequate budgetary provision exists before entering the order on the finance system.

Email requests should be authorised by Business Manager (CFO) for the Finance Administrator to administer.

Budget holders should not place orders directly with companies unless this has been agreed with the Finance Office and it is the responsibility of budget holders to ensure that sufficient funds are available.

If budgets appear to be overspent, the Finance Administrator should refer this to the Business Manager (CFO).

605. Occasionally, there may be a need for small purchases to be made directly and amounts claimed back by budget holders or by other staff designated by them. Prior approval should be sought from the Business Manager (CFO). This type of procurement should not be done as a matter of routine as there are significant risks associated with it. In particular, guarantees may be invalidated. VAT receipts should

always be requested. A procurement card is a preferable option for suppliers who do not send invoices and enables the academy to take advantage of deals, discounts and best value purchasing opportunities available on the internet. (See separate section on procurement cards).

606. Orders are dispatched to the supplier by the Finance Administrator.
607. On receipt of goods, the delivery note or invoice should be delivered to the Finance Office. The Finance Administrator will attach an invoice control slip which should be signed by the budget holder once the goods have been checked by them (or a member of staff nominated by them). When undertaking the detailed check of the goods received against the delivery note, a record of any discrepancies such as a change in the price should be made. The Finance Administrator will raise queries with suppliers or discuss with budget holders how these will be pursued. Discrepancies should be discussed with the supplier of the goods without delay.
608. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The Finance Administrator will keep a record of all goods returned to suppliers.
609. If not received with the goods, invoices should be sent to the Finance Office by the supplier, or passed to the Finance Office as soon as they are received. An invoice control slip will be attached by the Finance Administrator in order to record the following:
  - a) Cost centre and ledger code to be used
  - b) Order No (if applicable)
  - c) Invoice No
  - d) Invoice Date
  - e) Amount payable (including VAT, if applicable)
  - f) Payment authorised by budget holder
  - g) Signature of Business Manager (CFO) to evidence e)
610. Boxes a), b), c), d) and e) will be completed by the Finance Administrator. Box f) will be signed by the budget holder or an email sent to authorise payment which will be attached to the invoice control slip. The Finance Administrator will monitor due dates for invoices in line with any payment policy and prepare the payment run, normally on a weekly basis.
611. If a budget holder is pursuing a query directly with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress. Queries should generally be dealt with by the Finance Administrator in order to maintain a credible audit trail
612. The Finance Administrator will provide the invoices to be paid, together with supporting documentation, for review by the Business Manager (CFO). The Business Manager (CFO) will check and authorise the invoices to be paid and sign the invoice control slip.

In the prolonged absence of the Business Manager (CFO), the Finance Administrator may obtain authorisation from a member of SLT in order to make payments ensuring

supporting documentation is provided. In this instance, the member of SLT who has authorised the payment should not sign the related cheque.

Any invoices that are to be paid from budgets controlled by Business Manager (CFO) should be countersigned by other members of staff as directed by Finance Administrator.

613. The Finance Administrator will then generate payments required. The payment method may be by bank transfer, BACS or cheque.

All associated paperwork must be authorised by the nominated cheque signatories (this should not normally include the budget holder). Cheques over £5,000 require the signature of the Head Teacher as one of the two signatories.

614. Payments will be dispatched to suppliers by the Finance Administrator. Documentation will be filed by Finance Administrator or Payroll Administrator

#### **Orders under £10,000**

615. For purchases up to £10,000 quotations are not required but may be used as part of securing value for money.

#### **Orders over £10,000 but less than £75,000**

616. At least three written quotations should be obtained for all orders between £10,000 and £75,000 to identify the best source of the goods/services. Between £25,000 and £75,000, the Governing Body has the option of obtaining tenders rather than quotations. Written details of quotations obtained should be prepared and retained by the Finance Office for audit purposes. Telephone quotes are acceptable if these are evidenced. Purchases through purchasing organisations such as ESPO, CPC and Lincolnshire purchasing consortium will be deemed to meet these requirements.

#### **Orders over £75,000**

617. All goods/services ordered with a value over £75,000 or for a series of contracts which in total exceed £75,000 must be subject to formal tendering procedures.

Further information and details relating to the tender process may be found within the Tender & Purchasing Policy.

The 'Public Contracts Regulations 2015' and the 'Find a Tender' service (FTS) replace the OJEU scheme, and further guidance and links are available in the Academy Trust Handbook, 2.28. These service should be used and observed when tendering for work or services.

#### **Procurement Card Procedures**

618. The Governing Body will approve a list of authorised users and restrict the monetary levels and purposes of usage. As at 1 September 2017, there are two types of cards, a credit card allied to the main bank account and a store card for use with specific suppliers. The cardholders for the credit card are the Business Manager (CFO) and the Finance Administrator, through whom all purchases using this card will be made. The cardholders for the store card are Site Manager and Head of Design & Technology, the limit for this card is £1,000.

619. The combined limit for monthly expenditure for the credit card is £5,000. The overall limit for the store card is £1,000.



620. The Finance Administrator and Business Manager (CFO) are authorised to purchase goods over the phone or internet using the credit card. The Business Manager (CFO) will countersign any purchase by the Finance Administrator.
621. Credit cards will be kept on site overnight and stored in a safe.
622. Documentary proof of goods purchased including details of the purchase and a VAT breakdown, should be returned to the Finance Office.
623. Transactions should be reconciled to statements on a monthly basis (this is the minimum requirement). Business Manager (CFO) will carry out spot checks every month to ensure purchases are valid and charged to the correct expenditure code
624. The outstanding balance should be cleared in full at the end of the month.
625. Reconciliations should be reviewed regularly by the Internal Auditor.

## **7. INCOME**

701. The main source of income for the academy is the grants from the ESFA. The receipt of these sums is monitored directly by the Business Manager (CFO) who is responsible for ensuring that all amounts due to the academy are collected.

702. The academy also obtains income from:

- Students, mainly for trips and music lessons
- The public, mainly for lettings fees

### **Trips**

703. A lead member of staff must be appointed for each trip to take responsibility for the collections of sums due. There should be a record for each student intending to go on the trip showing the amount due. Details of each trip will be entered onto the documentation within the IT system and authorised as detailed in the Educational Visits policy.

704. Parents should be encouraged to use ParentPay to pay for school trips but if this is not possible, students should make payments directly to the designated member of staff (not necessarily the lead person for the trip), not to the Finance Office. Trip organisers must ensure that proper records are kept and a payment card system is recommended in addition to any spreadsheets as it provides a record for parents/carers. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment. If it is not feasible to pass monies immediately to the Finance Office, income collected should be stored securely and passed to the Payroll Administrator at the earliest opportunity. Money should not be kept within departments overnight.

705. The Finance Office will ensure that the lead member of staff is made aware of any returned cheques. The lead teacher or designated person are responsible for chasing the outstanding amounts.

706. When the trip has been completed, a copy of the payment record should be provided to the Finance Office for archiving.

### **Lettings**

707. The Business Manager (CFO) is responsible for ensuring that lettings procedures and systems are reviewed.

708. The Main Office staff are responsible for maintaining all records of bookings of sports facilities, informing site staff, identifying the sums due from each organisation and providing information to the Finance Administrator in order for an invoice to be raised. No use of facilities should be authorised without the knowledge of the Finance Office, even if these are free of charge.

### **Credit Control**

709. The Finance Administrator should ensure that regular checks are made on Aged Debtors. If this action identifies any cause for concern, the outstanding amounts

should be brought to the attention of the Business Manager (CFO) in order to try and recover the debt.

Once the relevant steps in the procedure for collection of debt have been taken and the debt is still outstanding, the writing off of debts should be governed by the following:

- Individual amounts below £50 – authorisation to write off individual debts up to a maximum of £100 in any one financial year is to be agreed by at least two members of SLT.
- Individual amounts above £50 but below £250 – authorisation to write off individual debts up to a maximum of £500 in any one financial year is to be authorised by Business Manager (CFO) and Head Teacher.
- Individual amount above £250 but below £5,000 - no debts above £5,000 should 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 original annual funding letter).
- Debt write off over £5,000 – permission is required from the Full Governing Body to write off bad debts over this value. Advice would also be sought from an external source such as external auditors.

### **Custody**

711. Receipts should be issued for all cash and cheques received where no other formal documentation exists. Most monies received are in the form of cheques; these and cash should be kept in the Finance Office/Main Office safe prior to banking. Banking should take place twice per week or more frequently if the sums collected exceed the insurance limit on the safes.

712. Monies collected must be banked in their entirety in the appropriate bank account. The Finance Administrator or Payroll Administrator is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. Periodic checks of the cash book will be made and certified by the Business Manager (CFO).

## **8. CASH MANAGEMENT**

### **Bank Accounts**

801. The opening of all accounts must be authorised by the Governing Body who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

### **Deposits**

802. Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in supporting documentation e.g. trips record. The details should include:

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

### **Payments and Withdrawals**

803. All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatories in line with the existing mandate relating to the following authorised signatories:

- Chair of Governors
- Vice Chair of Governors
- Head Teacher
- Business Manager (CFO)
- Deputy Head Teacher/Assistant Head Teacher

Cheques for more than £15,000 must be signed by two of the following, Head Teacher, Chair of Governors or Vice Chair of Governors.

### **Administration**

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

- all bank accounts are reconciled to the academy's cash book
- reconciliations are prepared by the Finance Administrator or Payroll Administrator
- reconciliations are subject to independent review carried out by the Business Manager (CFO) or Internal Auditor (IA)
- adjustments arising are dealt with promptly

### **Petty Cash Accounts**

805. The academy maintains a maximum cash balance of £1,400 for the public account, and £200 for the private account (School Fund). The cash is administered by the Finance Administrator or Payroll Administrator and is kept in the Finance/Main Office safe. The specified amounts kept within each safe are in line with the insurance policy currently in place.

### **Deposits**

806. The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date,

amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reasons should be paid directly into the bank.

### **Payments and Withdrawals**

807. In the interests of security, petty cash payments will generally be limited to £50 for individual payments but this limit may be exceeded for departments or in extenuating circumstances at the discretion of the Business Manager (CFO). Higher value payments should be made by cheque directly from the main bank account. All cheques are noted 'account payee only'.

### **Administration**

808. The Finance Administrator is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Business Manager (CFO) to ensure that the cash balance reconciles to supporting documentation.

### **Physical Security**

809. Petty cash should be held in a locking cash box within the Finance Office during the day and within a safe overnight.

### **Cash Flow Forecasts**

810. The Business Manager (CFO) is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If it appears that there may be insufficient cash-flow, the Business Manager (CFO) should inform the Chair of Governors and the Audit & Compliance Scrutiny Committee. They should also inform the ESFA and apply for any available assistance from them.

### **Investments**

811. If significant balances can be foreseen, steps should be taken to invest the extra funds.

812. Investments must be made only in risk-averse, ethical funds.

813. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

## **9. ASSET REGISTER AND CAPITALISATION POLICY**

901. All items purchased with a value over the academy's capitalisation limit of £1,000 must be entered in an asset register. The asset register should include the following information as a minimum:

- asset description
- date of acquisition
- supplier
- asset cost
- current book value
- location

902. The Asset Register and Inventory help to:

- 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 and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts and the academy's financial system
- support insurance claims in the event of fire, theft, vandalism or other disasters. All insurance claims are subject to a variable excess payment and it is generally considered that claims of £500 or less are not worth pursuing due to the cost of time/effort needed to make the claim.

### **Security of Assets**

903. Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

904. Items in the register should be permanently and visibly marked as the academy's property. Regular checks should be made on assets.

### **Disposals**

905. Items which are to be disposed of by sale or destruction must be authorised for disposal by the Business Manager (CFO) and, where significant, should be sold

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

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

### **Capitalisation Policy**

908. The notes to the accounts should analyse the cost, depreciation, (impairment if any) and net book value of assets in the following categories:

- Land and buildings, analysed between freehold and leasehold
- Vehicles, plant and machinery
- Fixtures and fittings
- IT equipment

Depreciation of Fixed Assets – Depreciation is provided for in accordance with FRS15 and the basis used fully disclosed in the financial statements. Sir Robert Pattinson Academy determines appropriate depreciation rates in consultation with external auditors. Freehold land should not be depreciated. If the estimated remaining useful economic life of the tangible fixed asset exceeds 50 years depreciation will normally be immaterial.

909. Accounting for Capital Grants – Grants received should be credited to the restricted fixed asset funds account in the statement of financial activities and not deducted from the purchase price of the assets concerned. The asset should be depreciated over its expected useful economic life on a basis consistent with depreciation policy. This complies with the Charities SORP (which conforms to accounting standards) as the most appropriate way for accounting for funds received for fixed assets.
910. Accounting for Donated Assets – Assets donated by third parties should be credited to the restricted fixed asset fund account in the statement of financial activities at the current value on receipt. The asset should be depreciated over its expected useful economic life on a basis consistent with depreciation policy.
911. Assets costing less than £1,000 are written off in the year of acquisition. All other assets are capitalised.

### **Depreciation**

- 912 Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

The principal annual rates used for other assets are:

Freehold buildings	2%	50 years
Vehicles, plant and machinery	10%	10 years
Furniture and equipment	10%	5 - 10 years
Computer equipment and software	25%	4 years

**AUTHORISATION LEVELS**
**ANNEXE A**

<b>Delegated Only</b>	<b>Value</b>	<b>Delegated Authority</b>
Virements between and within budget heads (all reported to the Audit & Compliance Scrutiny Committee)	Up to £10,000	Business Manager (CFO)
	£10,000 to £25,000	Head Teacher
	Up to £25,000	To be reviewed by Audit & Compliance Scrutiny Committee
	Over £25,000	Governing Body
Bank account direct payments, cheque/BACS payment authorisation, direct debit mandates See appendix 1 for list of signatories	Up to £200	One authorised signatory
	£200 to £5,000	Any two signatories
	£5000 to £15,000	Two signatories, one of whom must be a Governor
	Over £1,5000	Two signatories from Head Teacher, Chair of Governors or Vice Chair of Governors
Approval to place orders (requisition) / Authorisation of orders	Up to £1,000	Budget Holder
	Up to £10,000	Business Manager (CFO) – to be countersigned by Head Teacher
	Up to £25,000	Head Teacher
	Over £25,000	Audit & Compliance Scrutiny Committee
	Over £75,000	Full Governing Body authorisation for advertising and award of tenders
Quotations and Tendering	Up to £10,000	Quotations not required but may be used as part of securing value for money
	£10,000 to £25,000	Minimum of three quotes to be obtained
	£25,000 to £75,000	Governing body has option of obtaining quotes or tenders
	Over £75,000	Formal tendering process unless agreed otherwise by Governing Body
	Find a Tender Service	Find a Tender service (previously OJEU) advertising required, Governing Body approval (£189,330 for supplies and services as at 01/09/2021)
Authority to accept other than lowest quotation	Up to £25,000	Business Manager (CFO) and Head Teacher
	Over £25,000	Audit & Compliance Scrutiny Committee
	Over £75,000	Governing Body
Disposal of assets (purchase value)	Up to £2,500	Business Manager (CFO) and Head Teacher
	Up to £5,000	Audit & Compliance Scrutiny Committee
	Over £5,000	Governing Body
Write off bad debts	Up to £50	Two members of SLT
	Up to £250	CFO and Head Teacher
	Over £250 and up to £5000	Full Governing Body
	Over £5,000 and up to £10,000	Full Governing Body in conjunction with external advice
Signatories for grant claims / DfE returns	Any	Head, Deputy Head, Assistant Head, Business Manager (CFO)
Income invoice approval	Up to £10,000	Business Manager (CFO)
	Up to £50,000	Head, Deputy Head, Assistant Head
	Up to £100,000	Head, Chair of Governors
	Over £100,000	Governing Body
Transfers between Academy Bank Accounts	Up to £10,000	Business Manager (CFO)
	Up to £100,000	Head Teacher



