Lindley Junior School Financial Regulations Manual 2022

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1. Introduction

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

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

2. Organisation

201 The academy has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

The Governing Body

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

- ensuring that grant from the ESFA is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the academy's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the Head Teacher and
- appointment of the Finance Director, in conjunction with the Head Teacher.

The Finance Committee

203 The Finance Committee is a committee of the governing body. The Finance Committee meets at least once a term but more frequent meetings can be arranged if necessary.

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

- the initial review and authorisation of the annual budget;
- the 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 ESFA guidance issued to academies;
- authorising the award of contracts over £5,000
- authorising changes to the academy personnel establishment and
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.

The Head Teacher

205 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. Much of the financial responsibility has been delegated to the Business Support Manager but the Head Teacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them;
- authorising contracts between £1,000 and £4,999 in conjunction with the Business Support Manager
- signing cheques in conjunction with the Deputy Head Teacher, Business Support Manager or other authorised signatory.

The Business Support Manager

206 The Business Support Manager works in close collaboration with the Head Teacher through whom she is responsible to the governors. The Business Support Manager also has direct access to the governors via the Finance Committee.

The main responsibilities of the Business Support Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- the preparation of monthly management accounts;
- authorising orders below £1,000 in conjunction with budget holders signing cheques in conjunction with the Head Teacher or other authorised signatory and
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.

Internal Scrutiny/Internal Audit (formerly-Responsible Officer)

207 The Internal Auditor is appointed by the governing body and provides governors with an independent oversight of the academy's financial affairs. The main duties of the Internal Auditor 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 and
- financial considerations are fully taken into account in reaching decisions.

208 The Internal Auditor will undertake a termly 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 Finance Committee. Detailed guidance on the transactions to be checked by the Internal Auditor is given in Annex 1 of the HM Treasury's

audit committee handbook.

Other Staff

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

Register of Interests

210 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 (published on school website)

211 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.

212 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.

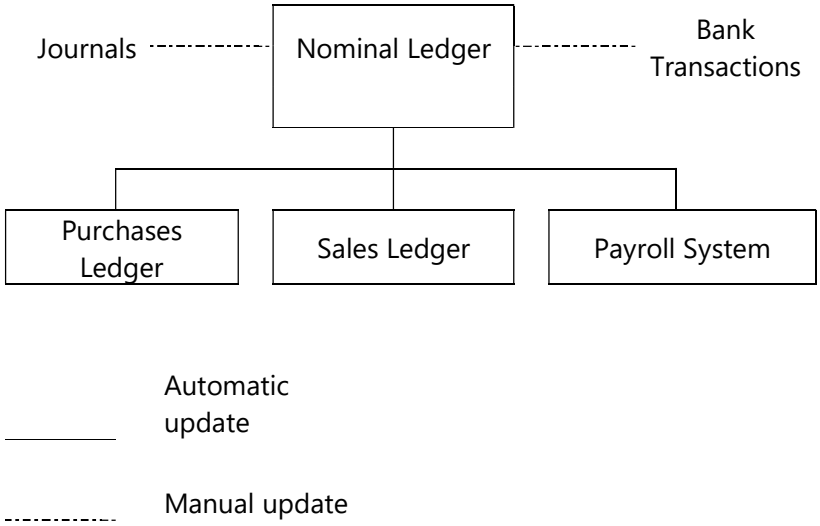
213 The Academy must obtain the ESFA's prior approval, using the related party on-line form, for contracts and other agreements for the supply of goods or services to the academy by a related party (agreed on or after 1 April 2019) where any of the following limits arise:

- A contract or other agreement exceeding £20,000.
- A contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed £20,000 in the same financial year ending 31 August.
- The academy must pay no more that 'cost' for goods or services (not including contracts of employment) provided to it by the following persons:
    - members or trustees of the academy.
    - Individuals or organisations related to a member or trustee of the academy.

ESFA's definition of 'related party' Please refer to section 5.49 of the ESFA Financial Handbook.

3. Accounting system

301 All the financial transactions of the academy must be recorded on the HCSS Accounts accounting system. The HCSS Accounts system is operated by the Finance Department and consists of:



System Access

302 Entry to the HCSS Accounts system is password restricted and the Business Support Manager is responsible for implementing a system which ensures that passwords are changed at least every 3 months. When passwords are changed the new password should be placed in a sealed envelope and passed to the Business Support Manager to keep in the safe.

303 Access to the component parts of the HCSS Accounts system can also be restricted and the Business Support Manager is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

304 The HCSS Accounts System is cloud based and back up by the school is not required.

305 A hard copy of the nominal ledger and audit trail will be printed each month

306 The Business Support Manager should also prepare a disaster recovery plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by governors of the major risks to which the academy is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

307 All transactions input to the accounting system must be authorised in accordance with the procedures

specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual. Bank transactions should be input by the Business Support Manager after being signed by the Head Teacher/Deputy Head Teacher.

308 Detailed information on the operation of the HCSS Accounts system can be found in the user manuals held in the Finance Office.

Transaction Reports

309 The Business Support Manager will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:

- the weekly audit trail reports;
- amendment reports for the payroll, purchase ledger and sales ledger;
- management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations

310 The Business Support Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- all suspense accounts and
- bank balance per the nominal ledger to the bank statement.

311 Any unusual or long outstanding reconciling items must be brought to the attention of the Head Teacher. The Head Teacher will review and sign all reconciliations as evidence of her review.

4. Financial planning

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

402 The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

403 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the academy and the planned use of those resources for the following year.

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

Development Plan

405 The development plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

406 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 ESFA.

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 development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

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

411 Capital Projects – the academy must internal control, risk management and assurance process which follows a tiered approach:

- Clearly communicating procedures, structures and training of staff.
- Appropriate day to day supervision and checks by management.
- Internal scrutiny overseen by audit and risk committee.
- External audit and assurance

The control framework must:

- Ensure delegated financial authorities are complied with.
- Maintain appropriate segregation of duties.
- Co-ordinate the planning and budgeting process.
- Apply discipline in financial management, including managing debtors, creditors, cash flow

and monthly reconciliations.
- Plan and oversee capital projects.
- Manage and oversee assets, and maintain a fixed asset register.
- Ensure regularity. propriety and value for money.
- Ensure a risk register is maintained and reviewed by the GB taking advice provided by the audit and risk committee.
- Reduce the risk of theft.
- Deliver independent checking of controls, systems, transactions and risks.

Annual Budget

412 The Business Support Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head Teacher, Finance Committee and the governing body.

413 The approved budget must be submitted to the ESFA by 31 July each year and the Business Support Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

414 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.

415 The budgetary planning process will incorporate the following elements:

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

Balancing the Budget

416 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

417 Once the different options and scenarios have been considered, a draft budget should be prepared by the Business Support Manager for approval by the Head Teacher, the Finance Committee and the governing body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

418 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.

Monitoring and Review

419 Monthly reports will be prepared by the Accountants/ Business Support Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Head Teacher and the Finance Committee.

420 Any potential overspend against the budget must in the first instance be discussed with the Head Teacher.

421 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 must be authorised by the Finance Committee.

5. Payroll

501 The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

Staff Appointments

502 The governing body has approved a personnel establishment for the academy. Changes can only be made to this establishment with the express approval in the first instance of the Finance Committee 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 Teachers and the Business Support Manager whose appointments must follow consultation with the governors. The Head Teacher maintains personnel files for all members of the teaching staff which include contracts of employment. The Business Support Manager maintains personnel files for all members of support staff which include contracts of employment. All personnel changes must be notified, in writing, to the Business Support Manager immediately.

Payroll Administration

504 The academy payroll is administered by Dataplan.

505 All staff are paid on a monthly basis – on the 21st day of each calendar month. We maintain a master file for each employee which records:

- salary;

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

The Business Support Manager provides a report detailing any additional hours or unpaid leave to Dataplan so that appropriate payments can be made. Dataplan upload monthly payslip which are checked for accuracy before authorisation by the Head Teacher/Deputy Head Teacher. Dataplan will provide access to epaysafe so that all details can be checked before final authorisation for BACS payment is made.

506 Staff absence is recorded on the MIS system and the Business Support Manager records absence on the excel data input file for Dataplan. Paper copies of absences are held on record in the school office. Claims for overtime or for supply / casual staff payments are completed and authorised for payment on a regular basis to meet the payroll deadlines. This information is then added to the excel data input file for Dataplan.

Payments

507 Dataplan will provide access to the information through the epaysafe secure site so that all checks can be carried out and payment authorised by the Business Support Manager and the Head Teacher.

508 All salary payments are made by BACS by Dataplan on behalf of the school.

509 The Business Support Manager should prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by the Head Teacher.

510 Dataplan's payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions.

511 The Head Teacher should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

512 The Head Teacher or Deputy Head (in the Head's absence) authorise payroll on the Dataplan system.

513 After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres (SEN statement support – non GAG). The Business Support Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

514 On an annual basis the Head Teacher must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file in the Head Teacher's office.

6. Purchasing

601 The academy wants to achieve the best value for money from all our purchases. This means they want

to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of their purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

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

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

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

The Trusts funds must not be used to purchase alcohol.

Routine Purchasing

602 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder a week after the end of each month and budget holders are encouraged to keep their own records of orders placed but not paid for.

603 Routine purchases up to £1,000 can be ordered by budget holders and authorised by the Head Teacher. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Office. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the Business Support Manager.

604 All orders must be made, or confirmed, in writing using an official order form, stocks of which are held in the Finance Office. Orders must bear the signature of the budget holder and must be forwarded to the Finance Office where the Business Support Manager will check to ensure adequate budgetary provision exists before countersigning the order. The Head Teacher authorises all orders.

605 Countersigned orders are recorded in the orders within the accounting package, allocated a reference number and dispatched to the supplier by the Business Support Officer.

606 The Business Support Assistant must make appropriate arrangements for the delivery of goods to the academy. On receipt the Business Support Assistant must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

607 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 Business Support Officer will keep a central record of all goods returned to suppliers.

608 All invoices should be sent to the Finance Office. Invoice receipt will be recorded by the Assistant Business Support Manager in the accounting package. The Assistant Business Support Manager will stamp invoices with a grid against which the following can be evidenced:

a) Entered on HCSS;
b) Ledger Code;
c) Period Entered;
d) Approval for Payment.

609 Boxes (a), (b) and (c) will be completed by the Assistant Business Support Manager. Before completing these boxes the Assistant Business Support Manager must make a detailed check against the order and the GRN and these documents must be attached to the invoice.

610 At the end of every week the Assistant Business Support Manager will produce a list of invoices due to be paid that week from the purchase ledger and this list together with supporting documentation will be reviewed by the Business Support Manager. The Business Support Manager will check all invoices for accuracy and mark on the list the invoices that should be paid and approve for payment and complete box (d) on the invoices.

611 The Assistant Business Support Manager will then input details of payments to be made to the purchase ledger, and generate the cheques required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories.

612 Cheques will be dispatched to suppliers by the Assistant Business Support Manager and the invoice and then place it in the appropriate file.

Orders over £1,000 but less than £10,000

613 At least two written quotations should be obtained for all orders between £1,000 and £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

Orders over £10,000

614 All goods/services ordered with a value over £10,000, or for a series of contracts which in total exceed £10,000 must be subject to formal tendering procedures. The academy trust must ensure spending has been for the purpose intended and there is probity in the use of public funds spending decisions represent value for money internal delegation levels exist and are applied a competitive tendering policy is in place and applied, and the procurement rules and thresholds in the Public Contracts Regulations 2015 and are observed professional advice is obtained where appropriate. (ATH 2021 2.28)

Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Business Support Manager how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical.

This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

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

  - there is a need to maintain a balance between the contract value and administrative costs,

  - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,

  - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

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

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

Preparation for Tender

616 Full consideration should be given to:

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

617 It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

618 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.

619 An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;

- terms and conditions of tender and
- form of response.

Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.

- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.

- Is there scope for negotiation?

Technical/Suitability

- Qualifications of the contractor

- Relevant experience of the contractor

- Descriptions of technical and service facilities

- Certificates of quality/conformity with standards

- Quality control procedures

- Details of previous sales and references from past customers.

Other Considerations

- Pre sales demonstrations

- After sales service

- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

Tender Acceptance Procedures

620 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.

Tender Opening Procedures

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

- For contracts up to £25,000 - two of the budget holder, the Business Support Manager or the Head Teacher;

- For contracts over £25,000 - either the Business Support Manager or the Head Teacher plus a member of the Finance Committee.

622 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Procedures

623 The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

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

625 Full records should be kept of all criteria used for evaluation and for contracts over £25,000 a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision. For contracts under £25,000 the decision and criteria should be reported to the Finance Committee.

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

627 The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.

7 Income

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

702 The academy also obtains income from:

- pupils, mainly for visits and
- school uniform sales and
- fund raising activities.

Visits

703 A lead teacher must be appointed for each visit; the Business Support Assistant is responsible for the collection of sums due, who must prepare a record for each pupil intending to go on the visit showing

the amount due.

704 Parents/carers can make payments using the online payments system (ParentPay). This provides all users with precise dates of payments made and received. The Business Support Assistant is responsible for chasing the outstanding amounts.

Custody

705 Official, pre-numbered academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the £2,500 insurance limit on the Finance Office safe.

706 Monies collected must be banked in their entirety in the appropriate bank account. The Business Support Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and must be reviewed and certified by the Business Support Manager.

707 **Procedure for Dinner Money Arrears**

Each week a printout is produced showing a list of people who have outstanding dinner money. Anybody who has a debit of £10.00 we send a 1st letter (generated from the Parent Pay system) if by the second week the debt has not been paid a 2nd letter is sent (again generated from the Parent Pay system. If by the third week the debt has not been paid nor has there been any attempt to make some sort of payment a third letter is sent signed by the Head Teacher and is followed up with a telephone call. If the third letter is ignored and if no attempt has been made to reduce the debt a call is made to ask the parent/carer in to discuss a payment plan.

We would then ask the parent if they still wished the child to continue with a school meal or if they would prefer to provide them with a packed lunch, under the payment plan we would come to some arrangement as to how much they can afford to pay off each week to get the debt cleared, and if the child was to continue having a school meal they must also pay the full amount for the week.

If at the end of the academic year the debt still hasn't been paid it would roll forward to the next year. However if the child was in year six and we continue pursuing the debt until it has been cleared.

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 a supporting book. 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 signatures of two of the following authorised signatories:

- Head Teacher
- Deputy Head Teacher
- Assistant Head Teacher
- Business Support Manager
- Assistant Business Support Manager

804 This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy.

Administration

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

- all bank accounts are reconciled to the academy's cash book;
- reconciliations are prepared by the Business Support Officer;
- reconciliations are subject to an independent monthly review carried out by the Business Support Manager or in her absence the Head Teacher and adjustments arising are dealt with promptly.

Petty Cash Accounts

806 The academy maintains a maximum cash balance of £100. The cash is administered by the Business Support Manager or Business Support Assistant and is kept in the Finance office safe.

Deposits

807 The only deposits to petty cash should be from cheques cashed specifically for the purpose. The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

Payments and Withdrawals

808 In the interests of security, petty cash payments will be limited to £20. Higher value payments should be made by bank transfer.

Administration

809 The Business Support Manager is responsible for entering all transactions into the petty cash records on HCSS on a regular basis and regular as well as unannounced cash counts should be undertaken by the Business Support Manager to ensure that the cash balance reconciles to supporting documentation.

810

Physical Security

811 Petty cash should be held in a locking cash box which is put in the safe overnight.

Cash Flow Forecasts

811 The Business Support Manager is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account to cover potential cash shortages.

Investments

812 Investments must be made only in accordance with written procedures approved by the governing body.

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 Fixed assets

Asset register

901 All items purchased with a value over the academy's capitalisation limit 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 (% of original cost funded from ESFA grant and % funded from other sources)
- expected useful economic life
- depreciation

- current book value
- location
- name of member of staff responsible for the asset

902 The Asset Register helps:

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

Security of assets

903 Stores and equipment must be secured by means of physical and other security devices.

904 All the items in the register should be permanently and visibly marked as the academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the governing body. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

Disposals

905 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Business Support Manager and, where significant, should be sold following competitive tender.

906 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.

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

908 Academy trusts must obtain prior approval from ESFA for the following transactions:

• acquiring a freehold of land or buildings
• disposing of a freehold of land or buildings
• disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

Other than land, buildings and heritage assets, trusts can dispose of other fixed asset without ESFA's approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.

Loan of Assets

909 Items of academy property must not be removed from academy premises without the authority of the Head Teacher. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.

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