

# Swift Academies Finance Policy

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# 1. Introduction

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

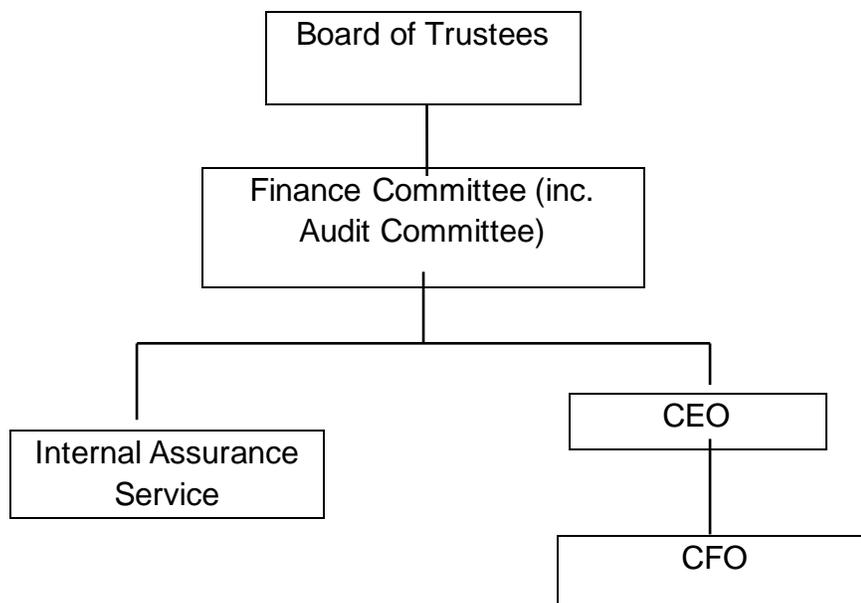
The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE and the Education & Skills Funding Agency (ESFA), primarily, the **Academies Trust Handbook**. This manual expands on that and provides detailed information on the Academy's accounting procedures and system manual should be read by all staff involved with financial systems.

This should be read in conjunction with the following Academy documents;

- Anti Fraud, Corruption and Bribery Policy
- Asset Policy
- Confidential Reporting Policy (Whistleblowing)
- Investment Policy
- Risk Management Policy

# 2. Organisation

The Trust 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 Board of Trustees**

The Board of Trustees has overall responsibility for the administration of the Trusts finances.

The main responsibilities of the Board of Trustees 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 DfE is used only for the purposes intended
- approval of the annual budget
- appointment of the CEO
- appointment of the CFO, in conjunction with the CEO

## **The Finance Committee**

The Finance Committee is a committee of the Board of Trustees. The Finance Committee meets at least once a term but more frequent meetings can be arranged if necessary. The Finance Committee also fulfils the responsibilities of an audit committee.

The main responsibilities of the Finance Committee are detailed in written terms of reference which have been authorised by the Board of Trustees. 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 Company Law and the ESFA guidance issued to academies
- authorising the award of contracts over £40,000
- approving budget virements over £50,000
- authorising changes to the Academy personnel establishment
- reviewing the reports of the Internal Assurance Service on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Trustees.

## **Internal Assurance Service**

To support them in their role the Finance Committee has commissioned a programme of internal assurance testing to be carried out. The committee receives internal assurance reports after audit testing throughout the year and also after the year end statutory accounts are prepared and audited.

The main duties of the Service are to provide the Board of Trustees with independent assurance that:

- the financial responsibilities of the Board of Trustees 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 considered in reaching decisions.

## **The Accounting Officer**

The CEO has been appointed as the Accounting Officer. Within the framework of the Trust development plan as approved by the board of Trustees the CEO has overall executive responsibility for the Trust activities including financial activities. The Accounting Officer has personal responsibility (that cannot be delegated) for assuring The Board of Trustees that there is compliance with the Academies Trust Handbook, the Funding Agreement and all relevant aspects of company and charitable law. Much of the day-to-day financial responsibility has been delegated to the CFO but the CEO still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Trustees have agreed should be approved by them.
- authorising contracts and orders up to £40,000 in conjunction with the CFO.
- signing cheques and approving electronic payments in conjunction with the CFO or other authorised signatory. Two signatories are required on all payments

## **The Chief Financial Officer**

The CFO works in close collaboration with the CEO through whom he or she is responsible to the Trustees. The CFO also has direct access to the Trustees via the Finance Committee. The main responsibilities of the CFO are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system.
- the management of the Trusts financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees.
- 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 Trust.
- the preparation of monthly management accounts for the chair of the board of Trustees and the finance committee.
- preparation of the annual budget.
- Oversee the Finance team authorising orders in conjunction with budget holder, Head Teachers/Heads of School and the CEO.
- signing cheques and approving electronic payments in conjunction with the Head Teachers/Heads of School, CEO or another authorised signatory. Two signatories are required on all payments.
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.

## **Other Staff**

Other members of staff, primarily the Finance Officers 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 Trust property, for avoiding loss or damage, for ensuring

economy and efficiency in the use of resources and for conformity with the requirements of the Trusts financial procedures.

### **Register of Interests**

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

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

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

The CFO will maintain the Register of Business Interests and will ensure that declarations are updated on at least an annual basis.

### **Related Party Transactions**

The Academy will ensure that any 'related party' transactions entered into are on a 'not for profit' basis that satisfies the requirements of the Academies Financial Handbook.

## **3. Accounting system**

All the financial transactions of the Academy must be recorded on the 'financial management system.

### **System Access**

Access to the Finance system is password protected and controlled through unique user accounts. It is the responsibility of the CFO to determine the appropriate levels of access for each user and that password are secure and regularly changed. System access must ensure that there is adequate separation of duties in the process.

### **Back-up Procedures**

The Academy will ensure that the Finance system is backed up in a separate building and disaster recovery procedures are in place.

## Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.

The detailed procedures for the operation of the purchase ledger and the sales ledger are included in the following sections of the manual and detailed information on the operation of the system can be found in the user manuals.

Journals - All journal entries must be documented prior to being input to the financial management system, and the system-generated reference should then be recorded on the documentation.

Two authorised signatories are required for all payments by cheque. The cheque signatories are: the Accounting Officer, Chief Finance Officer, Trust Business Manager and Head Teacher / Head of School.

Payments made by BACS direct from the school bank account must be approved by the Accounting Officer, Chief Finance Officer or Finance Officer. Any payments over £10,000 must be approved by two of the above. Any BACS/Cheque payments in excess of £10,000 for goods/services will be reported to the Finance Committee.

The CFO 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
- bank balance per the nominal ledger to the bank statement.

The Accounting Officer can authorise the Chief Finance Officer to make minor alterations to procedures when necessary, without prior consent of the Trustees, for example changes in practices or terminology when software changes are made.

## 4. Financial planning

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

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

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

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

### **Action & Development Plan**

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

The form and content of the development plan are matters for the Trust to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

Each year the CFO will propose suggestions to the Board of Trustees 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"
- feedback into the next planning cycle – "what worked successfully and how can we improve?"

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

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

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a member of the leadership team. The responsible person should monitor performance against the defined success criteria throughout the year. The executive leadership team will report to the Board of Trustees if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

### **Annual Budget**

The CFO is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the CFO, the Finance Committee and the Board of Trustees.

The CFO is responsible for ensuring that budget deadlines from the ESFA are met and timetable are established around those deadlines.

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

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DfE grant receivable
- review of other income sources available to the Trust 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 objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

### **Balancing the Budget**

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

### **Finalising the Budget**

Once the different options and scenarios have been considered, a draft budgets for each academy and the central trust should be prepared by the CFO for approval by the Head Teacher/Head of School, CEO, the Finance Committee and the Board of Trustees. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget should be 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**

Monthly reports will be prepared by the CFO. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Head Teacher/Head of School and the Finance Committee. Management accounts will be shared with the chair, and all other trustees monthly as per the requirements on the Academies Trust Handbook.

Any potential underspend or overspend against the budget must in the first instance be discussed with the CFO.

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 significant budget overspend is forecast, it may be appropriate to vire money from another budget or from the contingency. Budget virements over £50k must be authorised by the Finance Committee.

## 5. Payroll

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments.

### **Staff Appointments**

The Board of Trustees has approved a personnel establishment for the Trust. New posts and significant changes can only be made to this establishment with the express approval of the Staffing and Curriculum and Finance Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The CEO has authority to appoint staff within the authorised establishment except for leadership positions whose appointments must follow consultation with the Trustees. The HR Officer maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing immediately.

### **Payroll Administration**

The Academy has outsourced its payroll processing to Xentrall Solutions.

Xentrall have a contractual obligation to process transactions in line with the agreed service specification and to meet all statutory requirements. They are responsible for making monthly net salary payments to all. All salary payments are made by BACs.

Variations to salary are authorised as follows;

- Contractual amendments/variations - by the Head Teacher/Head of School/CEO/CFO
- Overtime - by the line manager and then the CFO/Trust business manager.
- Supply staffing - by the line manager and then the CFO.

All authorised variations are then passed to the HR Officer for submission to the payroll provider.

After the payroll has been processed but before payments are dispatched a proposed payments listing is received from Xentrall and the Finance Officer & CFO will review and give approval for payments to be made. The Finance Officer will verify that all leavers, starters and significant variations have been correctly processed and will carry out an overall review to test for 'reasonableness' against the previous month's totals and will raise any queries with Xentrall before payments are generated.

The CFO and Finance Officer will sign to evidence this review.

After the payroll has been processed the nominal ledger will be automatically updated by Xentrall. Postings will be made both to the payroll control account and to individual cost centres. The Finance Officer should review the payroll control account each month to ensure the correct amount has been posted.

### **Staff Severance Payments.**

Non-contractual payments at the end of employment would only be paid if the Academy Trust has concluded that the payment represented the best value for money compared to other options. The business case for such payments would be fully documented and the guidance issued by the ESFA will be followed.

The CEO in conjunction with the Chair of the Board may approve non-contractual payments up to £50,000.

Non-contractual payments over £50,000 require approval in advance from ESFA.

## **6. Purchasing**

The Trust 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.

### **Supplier master file**

The supplier master file on financial management system will be controlled and managed by the CFO and Finance Officer.

Changes to suppliers, including bank account details are carefully controlled, as the Trust is aware that this is an area that is vulnerable to fraud. Supplier details will not be amended until the changes have been verified as being valid.

Each new or amended supplier bank account/payment details will be documented on a template form this will document the evidence received and the method of verifying this information. The Finance Officer completing the checks will sign the form and this will be checked by the CFO. The Finance Officer will also check the entry in Financial management system and then sign the report as evidence of this review.

## **Purchasing Procedures - Orders**

Routine purchasing will be controlled through a formal system of ordering. A fixed price or quotation must always be obtained before any order is placed.

All orders must be recorded on a manual requisition form and approved by the budget holder before being submitted for approval.

- Orders up to £2,000 must be approved by the budget holder
- Orders above £2,000 but less than £40,000, by the CEO, CFO, Trust Business Manager or the Head Teacher/Head of School
- Orders above £40,000 needs Finance Committee approval.

The Finance Officer will check that the requisition is correctly approved and will raise an official order on Financial management system.

The requisitioner must make appropriate arrangements for the delivery of goods to the Academy. On receipt the budget holder or Finance Officer 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. GRNs will be forwarded to the Finance office.

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

All invoices received will be matched against the order and the GRN and the quantity and value of goods will be checked. The GRN and the copy order will be attached to the invoice. Signed approval for the invoice to be paid will be required;

- All invoices must be signed by the relevant budget holder. Invoices with net total of over £25,000 must be authorised by the Accounting Officer

The Finance Officer will then enter the invoice onto Financial management system and stamp invoices with a grid against which the following can be evidenced:

- Date entered
- System reference number
- Expenditure Code

Payment runs are generated on a regular basis, based upon supplier terms and invoice due dates unless payments need to be made due sooner due to special circumstances e.g. school holidays. The Finance Officer will generate a Financial management system payment run and the report will be printed, checked and verified by the CFO. They will sign to evidence this review.

Payments will then be generated, either through BACs or cheque in line with the procedures and controls detailed in Section 8 of this manual.

### **(Non-Order) Purchasing for Contracted Services and Periodical Payments**

There are certain services, which for practical purpose cannot be ordered and processed in the above manner. Nevertheless, they are still subject to internal control processes.

Examples of such services are Academy transport, contract cleaning, catering, security, insurance and utilities. In the case of these services the terms of the service are negotiated with a supplier and the payment is made against an invoice for which the contract itself forms the basis for agreeing the invoice.

These invoices are verified against the contracted arrangements and approved by the appropriate signatories.

### **Emergency Purchases**

From time to time budget holders may need to make purchases to cover for an emergency situation. In such cases a confirmatory order should be raised to ensure that documentary evidence is in place to cover the payment.

### **Competitive Purchasing Requirements**

**(All financial values quoted are net of VAT and apply to the total value over the life of the contract)**

#### **Spend under £2000**

Value for money should always be considered but no formal competitive quotes are required for spend under £2000.

Established national framework arrangements will be used wherever appropriate, and firm prices must be obtained before commitment to purchase is made.

#### **Spend over £2,000 but less than £10,000.**

At least a single written quotation should be obtained for all orders between £2,000 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/email confirmation of quotes has been received before a purchase decision is made. The CFO must authorise all purchases above £2,000.

#### **Spend over £10,000 but less than £40,000.**

At least three written quotations should be obtained for all orders between £10,000 and £40,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained for audit purposes.

**Spend over £40,000 but less than £100,000.**

An outline specification of the services required should be prepared and a formal tender issued. The quotes should be evaluated against pre-determined objective criteria. Full records should be kept of the evaluation and a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision.

**Spend over £100,000.**

All goods/services ordered with a value over £100,000, or for a series of contracts which in total exceed £100,000 must be subject to formal tendering procedures as detailed below.

Procurement Thresholds 1st Jan 2021

- Supplies, Service & design contracts      £189,330
- Social & other specific services              £663,540
- Works contracts                                      £4,733,252

In the first instance existing compliant framework agreements established by public sector buying organisations will be explored and will be used where appropriate

For purchases above the threshold a procurement plan identifying the key tasks, responsibilities and authorisation routes must be approved by the Board of Directors before the procurement commences and progress will be monitored and reported to Directors throughout the process. Where this is a procurement that is not from an existing framework this process is likely to draw on external procurement, technical and legal advice.

**Legal Advice.**

Legal advice will normally be sought before proceeding with a contract of any significant value. The Academy Trust will consider whether this is necessary and in proportion to the total value/risks attached to the contract.

**Specialist Advisor**

Where a specialist advisor, e.g. architect, project manager, is appointed to act as an agent on behalf of the academy the Board may delegate the procurement process (including invitation to tender and receipt of documents) where assurance of open and transparent procurement principles has been gained in advance regarding the processes involved by the outside agency.

A report would be presented to the Finance committee by the advisor with a recommendation for the award of the tender, including the scoring process and details of all other

submissions. The final decision will be made by the committee in line with all other contracts exceeding £100,000.

### **Non-competitive purchases (applies to purchases under threshold only)**

Instances of purchases that do not comply with the competitive purchasing requirements, for reasons such as sole supplier, specialist services etc. will require approval by Finance Committee.

### **Forms of Tenders**

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 CFO 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**

Full consideration should be given to:

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

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

## **Invitation to Tender**

If a restricted tender is to be used then an invitation to tender must be issued. The Trust would normally invite at least 4 tenders.

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

An invitation to tender should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- terms and conditions of tender
- 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**

The invitation to tender should state the date and time by which the completed tender document should be received by the Trust. 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. In exceptional circumstances tenders will be accepted by email, the email will be clearly marked that they contain tender documents.

### **Tender Opening Procedures**

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

- For contracts over £100,000 - either the CFO, TBM or the CEO plus a member of the Finance Committee.

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

### **Tendering Procedures**

The award of the tender must be approved by the Finance Committee.

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

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

## **7 Income**

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

The Trust also obtains income from:

- students, for trips, visits and misc. sales.
- the public, mainly for use of the leisure centre.

### **Trips**

- A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The Finance Officer sets up the trip on Parentmail which produces a detailed record for each student intending to go on the trip showing the amount due.

- Students can make payments by cash or cheque at the Finance Office. All payments into the Finance Office are recorded on Parentmail and balanced on a weekly basis. A receipt can be issued on request for cash/cheque payments.
- The appointed Finance Officer should oversee the maintenance of an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on request and the lead teacher is responsible for chasing the outstanding amounts.

## **Lettings**

The Board of Directors has delegated the responsibility of deciding the annual charge for lettings to the Accounting Officer, to be endorsed by the Board of Directors. The Chief Finance Officer, Finance Officer or Sports Centre Manager are responsible for taking new bookings, invoicing, collecting payment in advance of the letting taking place.

## **Bad Debts**

The Trust will make appropriate efforts to collect any outstanding debts and will consider legal action where it would be economically efficient.

No debts should be written off without the express approval of the Board of Trustees, with the exception of pupil related debts up to the value of £100, which may be written off at the discretion of the Head Teacher/Head of School and the reasons for write-off clearly documented, (the ESFAs prior approval is also required if debts to be written off are above the value set out in the Academies Trust Handbook.)

## **Custody**

Pre-numbered, duplicate 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 safe prior to banking. Banking should take place every week or as needed and cash held should never exceed the cash insurance limit on the safe.

## **Cash**

Monies collected must be banked in their entirety in the appropriate bank account. The Finance Officer 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 Finance Officer or CFO.

# **8 Cash Management**

## **Bank Accounts**

## **Deposits**

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
- a reference, such as the number of the receipt or the name of the debtor.

### **Payments and withdrawals**

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

This provision applies to all accounts, public or private, operated by or on behalf of the Board of Trustees of the Trust. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

### **On-Line Banking**

Access to the Trusts bank accounts is available through Lloyds Commercial Banking software. Appropriate access rights to the Lloyds Commercial Banking system are determined by the CEO. Access is controlled by user ID and password security administered by Lloyds.

### **On-Line Payments**

Payments by bank transfer, BACS or CHAPs can be generated through Lloyds Commercial Banking. All payments require authorisation by two of the bank signatories. Authorisation access is controlled by smartcards and passwords. The CFO and the Finance Officer can generate payment files subject to subsequent authorisation.

### **Bank Signatories.**

#### **Lloyds Commercial Banking authorisers**

- CEO
- CFO
- Trust Business Manager

### **Cheque signatories.**

- CEO
- CFO
- Head Teacher/Head of School
- Trust Business Manager

All cheques and all on-line payments need approval from two of the above.

### **Administration**

The CFO 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 Finance Officer
- Reconciliations are reviewed and signed by the CFO.
- adjustments arising are dealt with promptly.

### **Petty Cash Accounts**

Initial amount held in petty cash is £200 and this amount is maintained throughout the financial year through a topping up process managed by the Finance Officer and it represents the maximum cash balance.

- Petty cash transactions are managed by the Finance Officer
- Transactions are recorded in a petty cash book.
- The Finance Officer manages the petty cash account.
- Petty cash is locked in a box and held within the Academy's safe overnight.
- Petty cash transactions are limited to £50 unless written authorisation is given by the CFO.

### **Purchasing Cards**

The Trust has 8 credit cards in the following names –

- G Hart (Swift)
- D Judson (Swift)
- G Ward (Hurworth)
- M Anderson (Hurworth)
- N Gawthorpe (Hurworth)
- S Jones (Swift)
- J Armitage (Rydal)
- N Lindsay (Longfield)

Each card has a limit of £5,000, except G Ward and M Anderson, whose cards have a limit of £1,000. Cards are only to be used when it is the most efficient and appropriate method of payment for official academy purchases, i.e. on-line transactions, travelling etc. Supporting documentation must be held for all transactions. Each credit card statement must be promptly reconciled against the supporting documents and this reconciliation must be approved by the CFO. The supporting documents will be retained and will all be marked as 'paid'.

### **Cash Flow Forecasts**

The CFO is responsible for preparing cash flow forecasts to ensure that the Academies 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 in accordance with the Investment Policy.

## **Investments**

Investments must be made only in accordance with the Investment Policy approved by the Board of Trustees, through the Finance Committee.

# **9 Fixed assets**

## **Asset register**

The trust will compile and maintain a fixed asset registers for each academy which supports the figure for fixed assets on the balance sheet. Stock items with a value of £1,000 or greater will be included within the register. It will include:

- type and description of asset;
- cost of asset;
- officer or budget holder responsible for the asset;
- expected useful life of asset;
- date of disposal / change of use;
- proceeds of disposal / current market value and change of use;
- date of receipt of disposal proceeds
- depreciation to date
- net book value

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
- support insurance claims in the event of fire, theft, vandalism or other disasters.

## **Inventory of assets**

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

Each department is responsible for recording stock items with a value of £250 and over.

For all lower value items with a value of £250 and above a departmental inventory record should be maintained recording details of the items including purchase details and location. The

Inventory should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it this should be noted.

All the items in the register and the inventory should be permanently marked as the Trusts 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 Board of Trustees.

### **Disposals**

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

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

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

### **Loan of Assets**

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

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 Trusts auditors.