

SIR ROBERT PATTINSON ACADEMY

FINANCIAL REGULATIONS

SEPTEMBER 2018

CONTENTS

	Page
1. Introduction	1
2. Organisation	1 - 5
3. Accounting System	6 - 7
4. Financial Planning	8 - 10
5. Payroll	11 - 12
6. Purchasing	13 - 16
7. Income	17 - 18
8. Cash Management	19 - 20
9. Asset Register & Capitalisation Policy	21 - 22
Annex A	23

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 Headteacher
- appointment of the Deputy Headteacher and Chief Financial Officer (CFO), in conjunction with the Headteacher
- approval of annual financial statements

The Business & Resources Committee

203. The Business & Resources Committee is a committee of the Governing Body. The Business & Resources Committee meets at least three times per year, but more frequent meetings can be arranged if necessary.

- Meeting 1 (September)
Review preliminary end of year financial statements - approve budget for forthcoming year

- Meeting 2 (November)
Review end of year financial statements – attended by external auditors
Capital review – existing and potential bids
- Meeting 3 (February)
Six monthly review of current budget and associated income and expenditure
- Meeting 4 (May)
Budget planning for next financial & academic year, premises review
- Meeting 5 (June)
Discussion of preliminary budget for new financial year

The Business & Resources Committee members are (as at September 2018):

Mr N Chambers - Chairman
Mr D Hardy
Miss T O'Brien
Rev Canon A Robson
Mrs N Thomas
Sgt S Walker
Mr P Ward

The Chair of the Business & Resources Committee is elected by the Governing Body at their first meeting of each academic year.

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

- The initial review, development and authorisation of the annual budget
- The regular monitoring of actual expenditure and income against budget ensuring all funds are used for their intended purpose.
- Reviewing the annual accounts and draft financial statements ensuring they are produced in accordance with the requirements of the Companies Act 1985 and the DfE/ESFA guidance issues to academies
- Authorising purchases and the award of contracts over £25,000
- Authorising permanent changes to the academy staffing structure/levels/remuneration
- The functions of an audit committee
- Appointment of both internal and external auditors and the reviewing of associated reports of the auditors on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Governing Body
- Review, amend and monitor premises and maintenance plans including those relating to H&S and IT provision
- Consider capital expenditure projects and grant applications.
- Consider and make recommendations relating to all aspects of Family Learning.

- Business & Resources Committee reports and makes recommendations to the full Governing Body. Minutes of each Business & Resources Committee meeting will be presented to the next meeting of the full Governing Body

Business & Resources Committee members will be required to maintain strict confidentiality with respect to payroll and other sensitive information presented to them.

Note: staff employed by the trust should not be members of a B&R committee, but may attend to provide information and participate in discussions

However, the accounting officer and other relevant senior staff should routinely attend the committee in the capacity set out directly above.

The Headteacher

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

Assistant Headteacher - Assistant Head (CFO)

The Assistant Head (CFO) is identified as the Chief Financial Officer (CFO) whose role is identified as leading on financial matters according to the Academies Financial Handbook (Sept 17 Section 2.1.9).

205. The Assistant Head (CFO) works in close collaboration with the Headteacher through whom he or she is responsible to the Governors. The main responsibilities of the Assistant Head (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 Headteacher 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 Headteacher 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 Financial Director/Headteacher.

The Assistant Head (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 Assistant Head (CFO) may authorise overspends or virements up to £10000 and the Headteacher 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 Business & Resources 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 (Headteacher) **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/the-7-principles-of-public-life--2>

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 Assistant Head (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 2017).

System Access

302. Entry to the computerised finance system is password restricted and the Assistant Head (CFO) is responsible for implementing a system which ensures that passwords are changed at least every 12 months and not shared. When passwords are changed, the new password should be recorded and kept in the Finance Office safe.

303. Access to the component parts of the system can also be restricted and the Assistant Head (CFO) is responsible for ensuring that appropriate access levels are set for all members of staff using the system.

Back-up Procedures

304. The Assistant Head (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 Synology NAS.

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 (emergency 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 Assistant Head (CFO).

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

Reconciliations

309. The Assistant Head (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 Assistant Head (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 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 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 Headteacher 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 Headteacher.
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 Assistant Head (CFO) and Headteacher are responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Business & Resources Committee and the Governing Body.

412. The approved budget must be submitted to the ESFA by agreed deadlines each year and the Assistant Head (CFO) and Headteacher 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 Assistant Head (CFO) for approval by the Headteacher, the Business & Resources 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.

Monitoring and Review

418. Reports for the Headteacher and the Business & Resources Committee will be prepared by the Assistant Head (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 Assistant Head (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 Business & Resources 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 Business & Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.

503. The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteacher and the Assistant Head (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.net 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 Headteacher.

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 Assistant Head (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 Headteacher. The Assistant Head (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 Finance Assistant (payroll) is responsible for collating absence details and maintaining necessary records including Statutory Sick Pay documentation and individual staff absence records on the Academy's computerised personnel system (SIMS.net). Monthly absence returns are produced from SIMS.net for the attention of the Headteacher.

508. As at 1 Sept 2017, 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 Assistant Head (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 Assistant Head (CFO), Headteacher and Chair of Governors prior to payment being made.
511. The Assistant Head (CFO) prepares a reconciliation between the BACS and oncosts 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 Assistant Head (CFO) and signed by the Headteacher and Chair of Governors. Any pay advance cheques required must be calculated by a member of Finance staff and written 'back up' evidence provided. A manual chequebook is used for pay advance and oncosts cheques. All cheques are noted 'account payee only'.
513. After the payroll prints have been received, but before the end of the month, the Assistant Head (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 Assistant Head (CFO) prior to carrying out month end procedures.
514. The Assistant Head (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 Assistant (Purchase Ledger) will check to ensure adequate budgetary provision exists before entering the order on the finance system. Email requests should be authorised by Assistant Head (CFO) for the Finance Assistant (Purchase Ledger) 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 Assistant (Purchase Ledger) should refer this to the Assistant Head (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 Assistant Head (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 Assistant (Purchase Ledger).
607. On receipt of goods, the delivery note or invoice should be delivered to the Finance Office. The Finance Assistant (Purchase Ledger) 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 Assistant (Purchase Ledger) 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 Assistant (Purchase Ledger) will keep a records 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 Assistant (Purchase Ledger) 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) Cheque amount (incl VAT, if applicable)
 - f) Payment authorised by budget holder
 - g) Signature of Assistant Head (CFO) to evidence d)
610. Boxes a), b), c), d) and e) will be completed by the Finance Assistant (Purchase Ledger). Box f) will be signed by the budget holder. The Finance Assistant (Purchase Ledger) 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 Assistant (Purchase Ledger) in order to maintain a credible audit trail
612. The Finance Assistant (Purchase Ledger) will provide the invoices to be paid, together with supporting documentation, for review by the Assistant Head (CFO). The Assistant Head (CFO) will check and authorise the invoices to be paid and sign the invoice control slip.

In the prolonged absence of the Assistant Head (CFO), the Finance Assistant (Purchase Ledger) may obtain authorisation from another 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 Assistant Head (CFO) should be countersigned by other members of staff as directed by Finance Assistant (Purchase Ledger).

613. The Finance Assistant (Purchase Ledger) will then generate the cheques required. The cheques and associated paperwork must be authorised by the nominated cheque signatories (this should not normally include the budget holder). Cheques over £5000 require the signature of the Headteacher as one of the two signatories.
614. Cheques will be dispatched to suppliers by the Finance Assistant (Purchase Ledger). Documentation will be filed by Finance Assistant (Purchase Ledger) or Finance Assistant (Payroll)

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
Purchases over the OJEU threshold may fall under EU procurement rules which required advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook.

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 Assistant Head (CFO) and the Finance Assistant (Purchase Ledger), 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 Assistant (Purchase Ledger) and Assistant Head (CFO) are authorised to purchase goods over the phone or internet using the credit card. The Assistant Head (CFO) will countersign any purchase by the Finance Assistant (Purchase Ledger).
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). Assistant Head (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 Assistant Head (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. 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 the 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 Finance Assistant (Payroll) 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 Assistant Head (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 Assistant (Purchase Ledger) 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 Assistant (Purchase Ledger) should ensure that regular checks are made on Aged Debtors. Any outstanding amounts should be brought to the attention of the Assistant Head (CFO) in order that appropriate action can be taken.

710. 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 annual funding letter).

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 Assistant (Purchase Ledger) or Finance Assistant (Payroll) 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 Assistant Head (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
- Headteacher
- Assistant Head (CFO)
- Deputy Headteacher/Assistant Headteacher

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

Administration

804. The Assistant Head (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 Assistant (Purchase Ledger) or Finance Assistant (Payroll)
- reconciliations are subject to independent review carried out by the Assistant Head (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 Assistant (Purchase Ledger), Finance Assistant (Payroll) or Administration Office staff 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 Assistant Head (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 Assistant (Purchase Ledger) 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 Assistant Head (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 Assistant Head (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 Assistant Head (CFO) should inform the Chair of Governors and the Business & Resources 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.

Investments

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
- asset number
- 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 Assistant Head (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
- plant and machinery
- furniture and equipment
- computer equipment and software

- assets under construction

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 with 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

Delegated Only	Value	Delegated Authority
Virements between and within budget heads (all reported to the Business & Resources Committee)	Up to £10,000	Assistant Head (CFO)
	£10,000 to £25,000	Headteacher
	Up to £25,000	To be reviewed by Business & Resources 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 £5000	Any two signatories
	£5000 to £15000	Two signatories, one of whom must be a Governor
	Over £15000	Two signatories from Headteacher, 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	Assistant Head (CFO) – to be countersigned by Headteacher
	Up to £25,000	Headteacher
	Over £25,000	Business & Resources 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
	Over OJEU Limit	OJEU advertising required, Governing Body approval (£181302 for supplies and services as at 01/01/18)
Authority to accept other than lowest quotation	Up to £25,000	Assistant Head (CFO) and Headteacher
	Over £25,000	Business & Resources Committee
	Over £75,000	Governing Body
Disposal of assets (purchase value)	Up to £2500	Assistant Head (CFO) and Headteacher
	Up to £5,000	Business & Resources Committee
	Over £5,000	Governing Body
Write off bad debts	Up to £1,000	Headteacher
	Up to £5,000	Governing Body
Signatories for grant claims / DfE returns	Any	Head, Deputy Head, Asst Head, Assistant Head (CFO)
Income invoice approval	Up to £10,000	Assistant Head (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	Assistant Head (CFO)
	Up to £100,000	Headteacher