

## School Governance

The Governing Body (under delegated authority from the Trustees) is collectively responsible for the overall direction of the school and its strategic management and has a responsibility, not only to be effective, but seen to be effective. Therefore, the School will manage and administer its affairs in accordance with the seven principles of public life which are as follows: -

- **Openness** – an approach to all interested parties in the disclosure of information, that lends itself to necessary scrutiny.
- **Integrity** – this is best described as both straightforward dealing and completeness.
- **Accountability** – the process whereby individuals are responsible for their actions and decisions.
- **Selflessness** – Governors should act solely in the public interest and not in a way that is likely to confer financial benefits, preferential treatment or other advantage, on others.
- **Objectivity** – In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, decisions will be made on merit.
- **Honesty** – Governing Bodies have a duty to uphold the law, and to act on all occasions in accordance with the trust placed in them.
- **Leadership** – those in leadership should promote and support the above principles by leadership and example, always acting in such a way to preserve public confidence in the Governing Body.

The Governing Body is responsible for ensuring that high standards of corporate governance are maintained and exercises a strategic role in addressing such matters as :-

- policy development and strategic planning geared towards continuous school improvement
- ensuring sound management and administration and ensuring managers are equipped with relevant skills and guidance
- ensuring compliance with legal requirements
- establishing and maintaining a transparent system of prudent and effective internal controls.
- management of financial, human and other resources.
- monitoring performance and the achievement of objectives
- ensuring accountability through consultation and reporting and responding to the needs of parents and the community.
- setting standards of conduct and values
- assessing and managing risk.

The Governing Body's responsibilities include:-

- Ultimate responsibility for the proper stewardship of funds, ensuring value for money and compliance with the Funding Agency, the Articles of Association and the Academies Financial Handbook.
- Approval of the Annual Budget
- Approval of the annual report and accounts

The Governors and School Management will comply with or have regard to:-

- Standards of financial management and propriety recommended or prescribed in the Academies Financial Handbook
- Advice and guidance relating to the financial performance of schools arising from the work of the EFA, OFSTED, Audit and any other relevant third party.

## Financial Conduct – Proper and regular use of public funds

The Academies Financial Handbook sets out the requirements of the school to put in place procedures to ensure regularity and propriety in the use of public funds. To comply the school must:

- Establish controls to ensure that spending has been for the purpose intended (Section3).
- Maintain a register of trustees' business interests – see below.
- Establish controls to ensure no payments are made to Governors or other related parties unless permitted.
- Ensure payments made to senior employees comply with the DFE's directions re avoidance of tax.
- Ensure a competitive tendering policy is in place and applied.
- Assets are not disposed of without appropriate consent.

## Register of Business Interests

The Governing Body and school staff have a responsibility to avoid any conflict between their business and personal interests and affairs and interests of the school. A register of business interest will be maintained for both Governors and staff with an influence over spending decisions, and be freely available for inspection by governors, staff and parents.

The register will include all business interests such as directorships, share holdings and other appointments of influence within a business or other organisation, which may have dealings with the school. The disclosures should also include business interests of relatives and other individuals who may exert influence. The school will ensure that the register is up to date and complete, includes all governors and relevant staff and in this regard is signed and dated.

## Financial Malpractice including the reporting of suspected theft and fraud

This school believes that staff should be able to properly raise concerns, in confidence and without prejudice to their personal position. Where appropriate this will include an opportunity to raise concerns outside the line management structure, and an indication of the proper way in which concerns may be raised outside the organisation if necessary.

The following person has been nominated as a contact point for queries of a confidential nature arising from the financial work of the school.

Designated person: **Chair of Governors**

In the event that the concerns are such that it would be inappropriate to raise concerns either with the Executive Headteacher or Chair of Governors, the member of staff must contact the Education Funding Agency.

## Goods and Services for Private Use including the receipts of gifts and hospitality

The school will avoid practices such as obtaining goods and services that may include an element of private use for governors or staff. Governors and staff will also avoid accepting excessive hospitality,

entertainment, or other services from existing or prospective suppliers. A register should be maintained to record hospitality and gifts received to include the donor, the date and the approximate value. The Prevention of Corruption Act places the burden of proof on the recipient of favours.

## Payments to Governors, employees or other related parties

Unless an individual has provided clear evidence of self employed status all payments to individuals will be processed only through the payroll system. Payment for employment will not be made to staff or visiting lecturers etc. through any other mechanism. It is illegal for Governors to receive any remuneration for their work as trustees other than payment of reasonable out of pocket travel, accommodation or other expenses incurred in connection with their attendance at meetings acting in the capacity of governor of the academy.

## Abnormal transactions and delegated authorities

The Academies Financial Handbook identifies the following non routine transactions and provides guidance in sections 2.4 and 2.6 which must be followed:

- Overpayments
- Unrecoverable debts
- Guarantees, letters of comfort and indemnities
- Losses of stock and other assets
- Gifts or hospitality received or given

For all of the transactions above and any other transaction which falls outside the usual planned range of activities, the school will obtain relevant professional advice where appropriate; ensure decisions reflect value for money; agree internal delegation levels; and disclose the aggregate of such transactions in the annual accounts, detailing each transaction greater than £5,000. All abnormal transactions will be reported to the Governing Body, regardless of the internal approved delegated authorities

Fees for chargeable services should normally be set at full cost, but a higher amount may be used when in a In the event that the school considers entering into any such transaction, full Governing Body approval is

EFA approval is required for borrowing and certain other similar liabilities (leases, tenancies, indemnities). In the

- If its surplus assets
- Staff severance payments and compensation
- Asset sales, leases and tenancy agreements

## Credit/Debit Cards

Where a credit card is used, credit card limits will be set at appropriate levels and any balance will be repaid monthly in full, to avoid any borrowing risk.

## Financial Organisation and overview of roles and responsibilities

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

## The Governing Body

The Governing Body (under delegated authority from the Trustees) 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 government. The main responsibilities include:

- ensuring that grant from the DFE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the academy's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the Executive Headteacher and
- appointment of the Business Manager / Finance Director, in conjunction with the Executive Headteacher.
- authority to approve expenditure at any level with due regard to the available funds

## The Executive Headteacher (Accounting Officer)

Within the framework of the academy development plan as approved by the governing body the Executive Headteacher has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Business Manager but the Executive Headteacher still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them;
- authorising contracts between £15,000 and £25,000 in conjunction with the Business Manager
- authority to approve disposal of assets with a residual value up to £1,000 at any one time, within an annual amount of £10,000
- signing cheques in conjunction with the Business Manager or other authorised signatory.

## The Business Manager (Principal Finance Officer)

The Business Manager works in close collaboration with the Executive Headteacher through whom he or she is responsible to the governors. The Business Manager also has direct access to the governors. The main responsibilities of the Business Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the academy financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- the preparation of monthly management accounts;
- authorising orders below £5,000.00 in conjunction with budget holders
- signing cheques in conjunction with the Executive Headteacher or other authorised signatory and
- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance.

## The Responsible Officer

The Responsible Officer (RO) is appointed by the governing body and provides governors with an independent oversight of the academy's financial affairs. The main duties of the RO are to provide the governing body with independent assurance that:

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

The Responsible Officer will undertake a biannual programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the governing body. A report of the findings from each visit will be presented to the Finance Committee.

## Other Staff

Other members of staff, primarily the Bursary Staff and budget holders will have financial responsibilities and these are detailed in the financial process. 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.

## Finance Staff

Have delegated authority and responsibilities from the Governing Body:

- keep the Petty Cash account and money,
- advise budget holders on sources of supply, in order to obtain value for money
- authorised to receive cash and issue school receipts and keep cash in school up to insured cash limits
- Raise Orders in PSF in accordance with DHSB Order Forms signed by Authorised Cost Centre Managers.
- Maintain custody of all paper work associated with the public accounts. To be kept for six years.

## Departmental budget holders

Have delegated authority and responsibilities from the Governing Committee.

- spend their allocations wisely and by obtaining value for money in accord with the School Financial Procedure
- confirm goods received and that the invoice may be paid.
- keep a running account of their cost centre balances, so that expenditure is planned and allocations not exceeded.

## Financial Planning, The Development Plan, The Annual Budget and Financial reporting

1. The **School Development Plan** for educational objectives is drafted by the LG after consideration of Departmental Plans and is approved by the Governing Body.
2. The **Annual Budget** is drafted by the Executive Headteacher and Business Manager, approved by the Governing Body. The Budget Holder is the Executive Headteacher. The Budget Manager is the Business Manager. A final budget must be submitted to the EFE by 31 July for the forthcoming academic year.

The budgeting process will include

- Forecasts of likely pupil numbers and the latest estimate of GAG receivable
- Latest estimates of other EFA / LA funding based on expected levels

- Estimates for other income, based on prior years and known variations
- Use of accumulated surpluses (GAG and unrestricted funds)
- Review of past expenditure performance against budgets, identification of efficiency savings and consideration of known changes (pay increases, inflation)
- The pay budget to be supported by a list of known and planned staff, fully costed
- A statement of principal assumptions, highlighting areas of vulnerability and outlining possible remedial actions should a shortfall arise if the assumptions do not hold.

## External Financial Reporting

Reports to the EFA are initiated by the Business Manager and submitted for signature by the Executive Headteacher (Accounting Officer).

At the time of writing the requirement for external reporting is as follows:-

By 31<sup>st</sup> July– Agreed Budget for forthcoming academic year reported to EFA using EFA budget forecast spreadsheet

By 31<sup>st</sup> December (4 months after the end of the accounting year) full audited statutory accounts lodged with the EFA and with the Companies Registrar by 30 June of the following year (10 months after the end of the accounting year)

By 31<sup>st</sup> January – Accounts return consolidation exercise using EFA spreadsheet template and signed off by external auditor.

Reports to the Governing Body, via the Enterprise Committee are to be initiated by the Business Manager, discussed with the Executive Headteacher and presented to the Governing Body. The cycle of meetings allows at least termly reports.

## Cash Management

The PFO must prepare periodic cash flow forecasts to help ensure that the bank account is not overdrawn and the school abides by its contractual obligations to pay on time. Any such forecast produced should reflect:-

- Known opening balances
- Known receipts from the EFA, LA and other grants
- Estimates of pay costs including NIC and pension contributions
- Estimates of routine non pay expenditure
- Known / expected non routine expenditure
- Receipts and payments re Capital schemes
- VAT
- Forecast closing balances for the following 12 month ends

In the event that these forecasts identify any potential cash shortfalls, the PFO must notify the Principal and report to the Enterprise Committee.

## Capital Schemes

Capital schemes expose the school to substantial risks. Where the expertise required to oversee such schemes is not available from within the school the Governing Body must decide whether to engage external specialists to manage the project on behalf of the school.

If external managers are not appointed, the PFO, in consultation with the Head and Estates Manager must establish project management procedures, in writing, for approval by the Enterprise Committee. Any such procedures should include the following:-

- Plans and planning consents
- VAT recovery
- Contractor selection and contract structure
- Project timetable with milestones
- Monitoring construction progress / quality assessment · Payment profile and cash flow management (inc. VAT)

## Financial Controls

The following control principles will be encouraged and observed to ensure that transactions are properly processed and errors detected promptly.

## Segregation of Duties

The checking of one person's work by another provides a good safeguard against error or manipulation. Effective separation of those duties which would, if combined, enable one individual to record and process a complete transaction. In particular there is a need to separate the key functions of authorisation, execution, custody, recording and the development and operation of systems. Effective segregation reduces the risk of error or intentional manipulation.

## Documentation of Systems

All operating procedures should be documented. Documentation helps to ensure a degree of formality, consistency and structure, which is essential in financial management procedures. It can aid considerably with continuity in the absence of key staff or during changes of staff. It will also reduce the chance of error, assist in proper and timely accounting and reporting and ensure transactions are accounted for correctly.

- **job descriptions**, setting out clearly the key responsibilities of the job;
- **desk instructions**, giving step by step instructions on the execution of individual tasks and
- **system procedures**, giving step by step instructions on the operation of complete systems.

## Authorisation and Supervision

Authorisation controls to certify that a transaction or event is acceptable for further processing. All systems of control should include supervision by responsible officials of the day to day processing of transactions. Supervisory controls should also include regular review of bank reconciliations and income and expenditure trends against budget and previous periods.

## Physical Security

All data, records and assets should be kept in a physically secure environment. This should cover safe keeping of finance records such as official order forms and cheque books and bank details. In addition, any petty cash should be kept securely. Financial data and other records should also be protected in the

form of back up procedures. All work should be regularly backed up and copy records stored securely off site.

## Risk Management

The Governing Body must agree the main financial risks that the school faces and assess the likelihood of occurrence and materiality of each risk. The risk register at Appendix 8 outlines many of the financial risks associated with delegated budgetary control and the school's response to those risks.

## Financial Authorities and Expenditure Procedures

### Authorisation limits for financial transactions:

- Purchases over £1,000. Budget holder's authority; prices are to be obtained from three suppliers and evidence attached to the order for the Finance Officer.
- Purchases over £5,000. Budget holders are to obtain three written quotations which are to be attached to the Order.

**Authority to approve Revenue Expenditure** (Goods and Services but excluding the engagement and employment of teaching and support staff, staff training, travel and subsistence, which are dealt with in paragraphs 3, 4 and 5 below)

- |    |                           |  |
|----|---------------------------|--|
| a. | The Governing Body        | According to the EFA   |
| b. | The Chairman              | Up to £25,000 provided it can be contained within overall budget                       |
| c. | Executive Head teacher    | Up to £15,000 provided it can be contained within the overall budget                   |
| d. | Business Manager          | Up to £5,000 provided it can be contained within the overall budget                    |
| e. | Authorised budget holders | Up to £5,000 provided it can be contained within 80% of the cost centre revenue budget |

### Notes

1. Only the authorised budget holders may authorise an order form.
2. Petty cash is a sub account of the school budget and may be used as authorised by the Finance Officer for minor purchases.
3. Items should only be ordered from approved suppliers, as advised by the bursary. The basis of approval should be value for money including reliability of supply and delivery.
4. Items should be ordered via a requisition and generally the only non order invoices received should be for utilities and other periodic billings on the cost centres managed by the Bursar. Non order invoices are to be certified by the authorised cost centre manager before payment.

### **Authority to Vire - \*the transfer of monies between previously agreed budget headings**

- |    |  |  |
|----|--|--|
| a. | Executive Headteacher and Governing Body | Unlimited except for development budgets                                     |
| b. | Authorised budget holders                | Unlimited between the budgets they manage, except for developmental budgets. |

**Authority for the Engagement and Payment of Staff (Teaching and Non Teaching)**

- a. Governing Body Unlimited
- b. Executive Head teacher together with the Chair of Unlimited within the agreed annual payroll budget.

All changes to the salaries of the Executive Headteacher and Head of School must be authorised by the Chairman of the Governors.

**Authority for Staff Training**

Head of School expenditure within the agreed staff development budget

**Authority to certify Travelling and Subsistence claims**

Travelling expenses will be paid at the Inland Revenue as per the travel policy

**Claimant**

- Executive Headteacher
- Head of School
- All other staff

**Authoriser**

- Chair of Governors or Business Manager
- Executive Headteacher / Business Manager
- Head of School and Business Manager

**Authority to approve Capital Expenditure**

- a. The Governing Body Unlimited
- b. The Executive Headteacher Items within the annual capital budget or approved capital programme
- c. Other budget holders Individual items up to £5000, provided the amount can be contained within the budget holder’s agreed capital programme

**Definition of Capital Expenditure: Expenditure on, or in connection with:**

- a. The acquisition, reclamation, improvement or laying out of any land
- b. The acquisition, construction, enlargement, improvement, repair or demolition of any building, wall, fence or other structure, or any playground or other hard standing
- c. The laying out of playing fields and other facilities for social activities and physical recreation, or
- d. The provision of any furniture, plant, machinery, apparatus, vehicles and equipment, used or intended to be used for the purposes of the school.

The authority for Capital Expenditure will be recorded by the Governing Body in the minutes of their meetings and by Cost Centre Managers on Order Forms.

**Authority to Approve Disposal of Assets**

Asset	Authority Required
Land	All disposals of land will be made in accordance with the clauses 88 – 94 of the Funding agreement
Assets with residual value up to £5,000	Leadership Team
Assets with a residual value in excess of £5,000	Governing Body

Disposal authority is restricted to school assets. The authority of the Local Authority must be obtained to dispose of other assets vested in the school but subject to LA disposal authority by Acts of Parliament.

**Write-off of Losses:** Including bad debts (any value) must be referred to the YPLA.

**Debtor Policy:** A reminder is to be sent six weeks after the original invoice. A second reminder is to be sent after a further three weeks. Debtors outstanding over 10 weeks and £100 in value are to be reported to the Finance Committee.

**8. Authority to Certify Invoices for Payment**

Authorised budget holders	Invoices related to orders and commitments previously certified by the budget holder.
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**Cash Flow Policy:**

- a. Payments to suppliers will be made to obtain any discounts offered and to derive full benefit from the supplier's credit period.
- b. Income due will be collected and banked as soon as possible.
- c. Goods will not be ordered earlier than they are needed.
- d. Cash kept in the safes or as Petty Cash should be minimal, so as not to lose interest.

**Authority to Raise Cheques / BACS Payments**

- a. Executive Headteacher
- b. The Business Manager

Cheques are only to be raised against a certified invoice or Petty Cash requisition signed by an authorised budget holder or against a signed authority of the Executive Headteacher.

Custody: The Financial Officer has custody of the cheque forms, which are to be kept in a secure storage. The Finance is responsible for accounting and reconciliation of the bank accounts with the cash book (PSF). The Responsible Officer is to inspect and sign the bank reconciliation monthly or whenever practicable. The resulting documentation is to be filed. The order form to replenish cheques is to be kept by the Business Manager, who is to authorise re-ordering.

**Authority to Sign Cheques**

Cheques/BACS payments are to be signed by two signatories, as follows

- Executive Headteacher    Dr Penny Barratt
- Head of School            Ed Ashcroft
- Business Manager        Adi Cimic

The Business Manager is authorised to make transfers of money between bank accounts approved by the Governing Body, to optimise cash flow.

## Authority to Receive Cash

- a. The Financial Officer the banking of all moneys received in the school. The school receipts are to be issued to all persons paying in any money, unless on a school trip form, class paying in form or completed bank credit form (from the Resources cashier)
- b. School receipts are to be issued for any money paid in for school trips

**School Trips / Educational Visits:** Should be run at cost price. The parents should be told if a significant profit results, so that refunds can be made. A record is to be kept by the organiser of amounts paid in and the date. A School Receipt should be obtained when money is handed over to one of the accounting staff detailed above.

## Authority to Open and Vary the approved Bank Accounts

The Governing Body.

- The bank accounts approved by the Governing Body for Public and Non Public funds are at Appendix 3 The Business Manager is to ensure that the bank accounts are not overdrawn.
- The appointment of auditors for all funds is to be approved by the Governing Body. The Non Public fund accounts are to be closed annually for audit to date 31 August. The reports are presented to the Finance Committee by the auditors during the Autumn Term.

## Authority to Borrow

Governors must seek DFE / EFA approval for both short term borrowing (including overdraft facilities) and medium/longer term loans from the private sector (including finance leases), where such borrowing is to be paid from DFE / EFA grant or secured on assets funded from DFE grants. However DFE / EFA's normal policy is that academies should not be granted permission for medium and long term borrowing.

Specific DFE / EFA approval is required for:

Any guarantees, indemnities and letters of comfort entered into  
Write off of debts or liabilities owed to the academy over a specified value as set out in the annual funding letter issued by the DFE  
Any ex-gratia payments  
Any freehold sales or purchases  
The grant or take up of any leasehold or tenancy agreement for more than 3 years.

## Tendering – overview and limits

The Governing Body will follow the detailed guidance within the Academies Financial Handbook as they relate to tendering and form of tender.

All goods/services with a value over £25,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures, including, where appropriate, advertising in the Official Journal of the European Union for supplies that may fall under EU procurement rules.

## Payroll - overview

1. The payroll is prepared by the ??????? under contract renewable on an annual basis. The service includes advice on tax, National Insurance, superannuation and redundancy. The HR Manager manages the payroll and is authorised to make detailed payroll changes consequent to decisions by the Business Manager and confirmed by the Executive Headteacher. All staff are to be paid through the payroll. There are to be no cash payments. Monthly payments are to be reconciled against personnel records by the HR Manager. The monthly payroll summary is to be signed by the HR Manager, Business Manager or Executive Headteacher.
2. Individual pay is decided by the relevant Committee. The HR Manager drafts the contracts. The Executive Headteacher authorises all contract changes. The Governing Body is responsible for the appointment and remuneration of the Executive Headteacher and Head of School.
3. All staff will be paid on the 25<sup>th</sup> of the month or on the last working day before that date. Amendments to the Payroll have to be with the contractor 13 working days before pay day. Payments are made by BACS and all those paid receive a pay slip from the contractor detailing the composition of monthly pay, deductions and net pay.

## Payroll administration

The academy payroll is administered on the ???????????. All staff are paid monthly and a master file is created for each employee which records:

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

Data is exchanged via a monthly spreadsheet which records Temporary Input and any permanent changes to the payroll including new starters. The spreadsheet is prepared by the HR Team, reviewed by the HR Manager and signed off by the Business Manager or Executive Headteacher.

Each section head / line manager must complete a monthly staff return which provides details for all staff in the section of sickness and other absences during the month and any new appointments or terminations. The staff return must be authorised by the nominated budget holder. Authorised staff returns should be sent to the Finance Officer who then file the documents for payroll processing.

## Payments

After the payroll has been processed but before payments are dispatched a print of salary payments by individual and showing the amount payable in total should be obtained from the system. The print must be reviewed and authorised together with authority to release payment by the HR Manager.

Finance Officer should prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation should be reviewed and signed by the HR Manager or Business Manager.

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and cheques for these amounts should be prepared by the Finance Officer and authorised for payment by the Business Manager and the Executive Headteacher (or other authorised cheque signatory if one is unavailable) by the due date. The Business Manager should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

After the payroll has been processed the nominal ledger will be automatically updated. Postings will be made both to the payroll control account and to individual cost centres. The Business Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

On an annual basis the Business Manager must check for each member of staff that the gross pay per the payroll system agrees with the contract of employment held on the personnel file in the HR Manager office.

## Inventories

The school's inventory will: -

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

Discrepancies between the physical count and the amount recorded in the inventory will be investigated promptly and where significant, reported to the governing body

The Premises Manager is to initiate an annual muster of recorded items with current worth of more than £1000, by the holders, each June. Inventory custodians are responsible for updating their records to show new acquisitions and for having them marked with stencil/branding iron.

## Asset Register

The register is to be kept by the Finance Manager. The purpose is to promote accountability of publicly funded assets. It is to include ground, buildings and other assets valued in excess of £1000. Information technology equipment, other equipment, furniture, library, text books and stationery stock are to be included, using block headings and average current value, to cope with replacement and short lived items.

When approving Orders, the Business Manager is to note acquisition of relevant items by departments. These are to be checked against the muster of inventories in June and brought forward to the Asset Register.

## Insurance

The Governors have appointed Marsh as their insurance brokers. The Business Manager is responsible for review of the cover and for initiating necessary changes to the Finance Committee and for the co-ordination of claims.

## Material Damage

The Buildings and Contents are insured against **All Risks** of loss or damage, including Theft on the premises. This cover includes:

### Loss of Money and Assault

Loss of money belonging to the school or for which the school has accepted responsibility:

In the course of transit or in a bank night safe	£500
On the premises during business hours (0800 - 2200)	£500
On the premises in MLS safe outside business hours (unspecified)	£200
In the Resources safe outside business hours	£200
In any other circumstance	£200

### Annual Travel – arranged via Marsh Insurance Brokers

Covers all school trips undertaken during the policy year. There is no restriction on activities undertaken within the UK, although certain activities are excluded elsewhere in the world.

Medical and other expenses:	£2,000,000
Loss of baggage/personal effects	£1,500
Death/serious injury	£5,000
Permanent total disablement	£25,000

### Staffing and training / development of the Finance Function

The appointment of staff should be made with due regard to the qualifications and capabilities commensurate with their duties. Inevitably, the proper functioning of any system depends on the competence and integrity of those operating it. The qualifications, experience and personal qualities of those involved with financial arrangements are important features of a control system. Consequently, the governing body should establish procedures to ensure that: -

- personnel are competent, suitably qualified and trained to perform at a level commensurate with their responsibilities.
- clear statements of criteria for personnel selection and formal job descriptions are maintained.
- the finance staffing levels are adequate.
- there are effective arrangements to deal with the absence of key financial personnel

### Training / development

For those with financial responsibilities, the Governing Body should keep under review any training needs and opportunities. Training is available through a number of organisations both in relation to general financial principles and procedures and more specifically in relation to the accounting requirements of schools

### Cover Arrangements

In the absence of a key member of staff arrangements will be made to ensure the effective operation of the finance function and to ensure that financial control is maintained. This will be achieved through a combination of:-

- Work shadowing
- Documented financial procedures

- Specified cover responsibilities within job descriptions
- Agency supply

## **Computer Systems / Data Protection**

The Governors recognise the importance of protecting computerised financial management systems and the data held within them. The Executive Headteacher will ensure that the school is registered with the ICO in accordance with the Data Protection Act and that effective backup procedures are in place and that all back-up disks or tapes are stored securely off-site or in a fire-proof location

Access to school management computer systems will be limited to authorised staff. These staff will use passwords that should not be disclosed and should be changed regularly. Only authorised software will be used to prevent the import of computer viruses. Staff will only have access to those modules appropriate to their duties.

## **Security of Stocks and Other Property**

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

## **Retention of Records**

All paper work associated with the public accounts is to be retained for six years.

## **Non Public Restricted Funds**

### **Generally**

- The Governing Body approve the operation of the Fund which will be administered in accordance with recommended guidelines under the auspices of the Academy Trust.
- The accounts are to be maintained within the constraints of the Fund's objectives, which have been approved by the Governing Body.
- The Fund Auditors will be appointed annually by the Governing Body and it will be their responsibility to conduct the annual audit in accordance with the Fund Objectives. The timescale for the preparation and delivery of the audited report to the governing Body will be within six months of the Fund year end.

## Appendix 1

### Duties of Cheque Signatories

#### 1. Each cheque should be accompanied by either:

- a. The DHSB Order or Cheque Requisition Form certified by the budget holder and the Business Manager or,
- b. The original invoice, certified correct for payment by the budget holder.

#### 2. The signatories are to verify that:

- a. The cheque is supported by the certified documents
- B. The cheque is correctly dated

## Appendix 3

### Financial Authority and Responsibilities for Budget holders

#### Responsibilities

Authorised budget holders have delegated authority, from the Governing Body, to spend and monitor their budgets. They are responsible for authorising their Orders and certifying subsequent invoices. The finance Officer oversees the day to day budget processes, cheque payments against certified invoices and Petty Cash reimbursements. The Business Manager maintains a list of recommended suppliers to obtain value for money. The Business Manager is responsible to the Executive Headteacher for drafting the annual budget and subsequent monitoring and reporting of significant deviations from the plan. Also for the reports that are made to the to the YPLA, and general responsibility for audit and adherence to the framework set out in the school's financial procedures, to prevent fraud.

#### Money collected from pupils

Large amounts of money are collected when preparing for school visits and collecting in school subs. Records should be kept on the appropriate forms, especially when payments are fragmented. Money must be kept securely and is the responsibility of the individual member of staff until a school receipt has been obtained from the Resources Cashier or the Bursary. Money should generally be paid in daily so that it can be kept in a safe. If cash or cheques are needed against Cost Centres or School Trip funds, a Petty Cash form should be completed. The Resources Cashier will run a School Trips Costing Sheet in conjunction with a member of staff organising any trip involving the collection of money from pupils.

#### Orders

The Governing Body has issued instructions about incurring expenditure, which are to be observed by budget holders. They expect suppliers' prices to be compared. Prices are to be obtained from three suppliers for Orders over £1,000. The Governors wish to consider all proposals to spend in excess of £15,000, supported by three written quotes and to minute approval of purchases/contracts before expenditure is made. All Orders for goods or services should be made on a Order form. Orders must be signed by the Budget holder. The Bursary will generally print and despatch orders by the end of each week. Cheques are similarly printed in one run. It is therefore necessary to plan ahead and give Orders and Petty Cash requests to the Finance Officer by Tuesday. Orders are not to be made informally by telephone, fax, e-mail or letter. If it is urgent, an order form must be completed as soon as possible. Goods and Invoices should always be addressed to the school, for the attention of a Cost Centre, not to

an individual. Delivery notes should be checked and signed "Correct". All paper work concerning Orders should be passed to the Bursary.

## Invoices

If the correct ordering procedure has been followed, these will be received by the Finance Officer. The budget holder will be asked to certify on the original or a photocopy of the invoice, that the goods or services have been received and that the charge is correct.

## Budget Monitoring

Budget holders will be told of budget allocations, additional allocations and carry forwards. They should keep a record of these and deduct the cost of Orders as they are made. Periodic print outs of cost centre transactions will be provided on request in addition to online access via the web portal to "live" budget reports.

## Appendix 4

### Accounting System Description

1. The accounting system, Resource, has been purchased to support the move to Academy Status and is hosted at school on a dedicated server which is backed up on a daily basis.
2. It is a full double entry book keeping system with a powerful reporting function tailored to the needs of the Academy. Access rights restrict who is able to work on the budget and accounts. When the budget has been agreed by the Governing Body, the Business Manager allocates it to the major cost centres, including Executive Headteacher's capitation.
3. Some 80% of the budget is spent on pay. After the Governors agree salary scales, these are entered
4. Department budget holders spent the remainder of the budget and the Business Manager monitors the budget from month to month and makes reports to the Executive Headteacher and the Governors
5. When Orders are placed invoices approved for payment and cheques raised the transactions re made in all partsd of the accounts. Cash Book, School Budget, Cost Centre and Audit Trail
6. !n the Personnel module, this process being necessary to form the pay budget and make the pay commitment in Resource. ????????? are our payroll contractor and make BACS payments on our behalf.

## Appendix 5

### Credit / Debit / Purchase Cards

The following arrangements will apply in respect of the use of the school's credit card.

1. Credit/Debit cards should only be used by designated staff and must be kept securely in the safe at all times, and must be signed out if taken off site.

2. Credit cards must not be used for personal use or for withdrawing cash without the express approval the Executive Headteacher or his nominated representative.
3. Statements must be received at the School and, to ensure effective separation of duties will be checked and reconciled by a member of staff other than the staff member issued with the card. Statements will be checked promptly to check if there are any signs of irregular activity.
4. Working securely on line – the following guidance should be observed
  - **Anti-virus** - It is very important to keep your anti-virus product up to date with the latest signature files (this usually happens automatically in the background with most commercial antivirus products) and operating system updates from Microsoft. This reduces the likelihood of malicious code or key-logging software running on your PC without your knowledge, transmitting your details to fraudsters across the internet.
  - **Personal Firewall** - Never go online without ensuring you have your personal firewall enabled. This personal firewall adds a layer of protection to the PC by stopping unknown connections to the PC.
  - **Passwords** - Don't ever select the remember my password option when registering online as your passwords are then stored on the PC, often in plain text, and are the first thing that a fraudster will target.
  - **Spam** - Never shop from sites that you arrive at from clicking links in unsolicited marketing emails (spam).
  - **Know your vendor** - The golden rule of commerce is still the same as it ever was - if the offer looks too good to be true, it probably is!

## Appendix 6 Responsible Officer

The governing body will need to consider how it monitors and checks the operation of the financial management arrangements that have been established and are operated by officers of the academy. To assist in this they should appoint a person who will have specific responsibility for overseeing the financial arrangements on their behalf.

The RO post is intended to provide an independent oversight of the academy's financial affairs. The main duties of the RO are to provide the governing body with on-going independent assurance that:

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

The programme of checks to be performed should be agreed with the Governing Body. After each checking session the RO should provide the governing body with a written report. The RO should not be a member of the Governing Body, as he or she may find it necessary to criticise the workings of that Committee.

The RO should be a appropriately qualified and experienced individual not on the academy staff, with the necessary financial interest and skills to be able to perform the role competently. A recognised professional qualification is not necessary. However, the person selected must be able to show that the responsibilities being undertaken are fully understood and the importance of the role is fully recognised. The RO should have sufficient understanding to recognise any irregularities which may arise and sufficient authority to ensure they are addressed. The governing body should consider carefully who would make the most appropriate RO and if they are unable to appoint an RO who complies with the above guidelines they should discuss the appointment with the Department. Alternatively, the governing body can engage a firm of auditors to aid the RO in this function.

The RO will need to be sufficiently familiar with the finances of the academy to be able to provide the governing body, and hence indirectly the DFE, with the required assurance. The RO is not expected to do any detailed accountancy work, but will be required to check some transactions to ensure that the correct procedures have been followed and the general areas for review should cover the following:

- Review that bank reconciliations have been carried out each month, including a review of validity of reconciling items;
- Review of the monthly payroll to ensure that any changes have been appropriately authorised;
- Check of a sample of orders to delivery notes and invoices to ensure that the documentation is complete and has been appropriately checked and authorised;
- Check of a sample of payments back to invoices, orders and delivery notes to confirm they are bona fide purchases;
- Review of a sample of expense claims to ensure there is appropriate documentation to support the claim and that the claim is appropriately authorised;
- Review the returns to the DFE to ensure the information supplied is consistent with the underlying accounting records and internal management reports;
- Carry out spot checks of petty cash balances and supporting vouchers and
- Review all major contracts and ensure formal tendering procedures exist and are being adhere

## Policy Owner and Contact Details

Dr. Penny Barratt Executive Headteacher  
Adi Cemic School Business Manager

For further information on the Policy, please contact via email [adi.cemic@thebridge.islington.sch.uk](mailto:adi.cemic@thebridge.islington.sch.uk) or phone 020 7619 1000

Next Review Date: 01.09.2016

## FINANCIAL RISK REGISTER

Financial Risk	Likely hood H-M-L	Significance H-M-L	Key controls	Assessment of control quality / Action needed
Overspend budget, caused by weak expenditure management	L	H	Annual budget / Regular financial reporting / Strong strategic plan of action	Strong
Overspend budget, caused by poor Strong budgeting	L	H		
Received less income than budgeted, caused by poor budgeting	M	H	Funding agreed with LA's. Regular Monitoring	Strong
Overspend on capital schemes	L	H	Annual Budget. Monitoring	Strong
Short term cash shortages	M	H	Monthly cash flow monitoring. Current surpluses	Strong
Long term cash shortages – insufficient reserves	M	H		
Improper or irregular use of funds	L	H	Segregation of duties. RO regular monitoring	Strong
Errors in accounts caused by inadequately skilled or experienced finance staff	L	H	Finance Officer oversight of operations. Audit control, RO regular monitoring	Strong
Loss caused by lack of security over assets including cash	L	M	Sufficient security controls	Strong
Fraudulent payments to suppliers	L	M	Annual review of effectiveness of internal controls Expenditure authorisation procedures Systems under constant review by RO and PFO	Strong
Fraudulent payments to staff	L	M		Strong
Insufficient insurance cover	L	M	Annual review of insurance arrangements	Strong