



Queen Elizabeth's School

Financial Procedures Policy

Academy Year 2018-19

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1. Introduction

- 1.1. QE School is an Academy, established under the Academies Act 2010 and a company limited by guarantee incorporated in England and Wales under the Companies Act 2010.
- 1.2. The Financial Procedures Policy has been approved by the Governors of QE School (hereafter referred to as the 'Full Governing Body') and has been established for the purpose of ensuring the Academy maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our Funding Agreement with the Department for Education ('DfE').
- 1.3. The Academy must comply with the principles of financial control outlined in the Academies Financial Handbook (AFH) published by the DfE. This manual expands on that and provides detailed information on the Academy's accounting procedures and system manual and should be read by all staff involved with financial systems.

2. Organisational Structure and Responsibilities

- 2.1. The Academy has defined the responsibilities of each person involved in the administration of the Academy's finances to avoid the duplication or omission of functions and to provide a framework of accountability for Governors and staff.

Full Governing Body

- 2.2. The Full Governing Body ('FGB') 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 for governance functions. The main responsibilities include:

- i) Ensuring the grants from the Education Funding Agency ('EFA') are used only for the purposes intended;
- ii) Approval of the annual budget
- iii) Appointment of the Head Teacher; and
- iv) Appointment of Deputy Head Teachers, SLT, Chief Operating Officer and the Chief Financial Officer, in conjunction with the Head Teacher.

Finance Committee

- 2.3. The Finance Committee ('FC'), which is a committee of the FGB, is responsible for overseeing the financial affairs of the Academy and reporting to the FGB. In addition the FC has further responsibility for overseeing the Audit and Risk Management affairs of the Academy, also reporting to the FGB. The FC meets at least once per term, but more frequent meetings can be arranged as necessary.

- 2.4. The main responsibilities of the FC are detailed in the Terms of Reference – Appendix 1

- 2.5. The main financial responsibilities of the FC are as follows:

- i) Initial review and authorisation of the annual budget;
- ii) The regular monitoring of actual expenditure and income against budget;
- iii) Ensuring the annual financial statements are produced in accordance with the requirements of the Companies Act 2006, the Charities SORP, the Academies Financial Handbook and other guidance issued by the DfE and / or the EFA;
- iv) Authorising orders and awards of contracts over £25,000 and up to £100,000
- v) Reviewing the reports of the Chief Financial Officer (CFO) on the effectiveness of the financial procedures and controls, which are also provided to the FGB.

Accounting Officer (or Head Teacher)

- 2.6. The Head Teacher has overall executive responsibility for the Academy's activities, including all financial activities. The Academy's Funding Agreement with the DfE sets out that the position of the Accounting Officer ('AO') be filled by the Head Teacher.

- 2.7. Much of the financial responsibility of the AO has been delegated to the CFO, but the AO retains responsibility for:

- i) Approving new staff appointments within the authorised levels, except for any senior staff posts which the FGB have agreed should be approved by them;

- ii) Budget variants of £10,000 or less;
- iii) Authorising orders and contracts in accordance with the Financial authorisation levels;
- iv) Signing cheques and approving BACS payments in conjunction with the other authorised signatories and in accordance with the Financial authorisation levels.

Chief Finance Officer and Chief Operating Officer

- 2.8. The Chief Finance Officer ('CFO') and Chief Operating Officer ('COO'), work in close collaboration with the AO through whom they are responsible to the FGB. The CFO and COO also have direct access to the FGB via the FC.
- 2.9. The main finance, risk & audit responsibilities of the CFO and COO are:
- i) The day to day management of financial, internal control, risk management, assurance and compliance issues including the establishment and operation of suitable accounting systems and internal control frameworks;
 - ii) The management of the Academy financial and risk position at a strategic and operational level within the framework for financial control determined by the FGB and AO;
 - iii) the maintenance of effective systems of internal control, reporting to FC as required
 - iv) ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
 - v) the preparation of monthly management accounts and reporting on these to the FC;
 - vi) authorising orders and contracts in accordance with the Financial authorisation levels;
 - vii) ensuring forms and returns are sent to the EFA and / or DfE in line with the timetable in the EFA and / or DfE guidance.
 - viii) The COO & CFO have primary responsibility for the maintenance and oversight of the Academy Trust's governance, risk management, internal control and value for money framework.

Additional Responsibilities:

- 2.10. The CFO is appointed by the FGB and the Headteacher and provides the FGB with an independent oversight of the Academy's financial affairs.
- 2.11. The CFO is required to provide the FGB with independent assurance that:
- i) The financial responsibilities of the FGB are being properly discharged;
 - ii) Resources are being managed in an efficient, economical and effective manner;
 - iii) Sound systems of internal financial control are being maintained; and
 - iv) Financial considerations are fully taken into account in reaching decisions.
- 2.12. The CFO will arrange for a regular programme of reviews and checks to ensure that financial transactions have been properly processed and that internal control is operating as set out by the FGB. Monthly checks are completed by the CFO and these are supported by an independent bi-annual assurance review.
- 2.13. A report of the findings from each review will be presented to the FC and FGB.

Other Finance Staff

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

Register of Interests

- 2.15. 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 whom the Academy may purchase goods or services. The register is open to public inspection and must therefore be lodged on the Schools' Public Website
- 2.16. 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.
- 2.17. The AO is responsible for maintaining the register of interests and all interests of governors and staff, and any changes in these, should be notified to the AO immediately.
- 2.18. 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 FGB or a committee. Where an interest has been declared, governors and staff declaring such an interest should not attend that part of any committee or other meeting.

3. Accounting System

- 3.1. All financial transactions of the Academy must be recorded on the Academy's accounting system.

System Access

- 3.2. Entry to the accounting system is password restricted and the CFO is responsible for implementing a system which ensures that passwords are complex and do not form a dictionary word. If a PS Financials System (PSF) user feels their password has been compromised it should be changed immediately and reported to the CFO. Under no circumstances should PFS users divulge their password to anyone including other members of the Finance team.
- 3.3. Access to the component parts of the accounting system can also be restricted and the IT team, with the guidance of the CFO, will set access levels for all members of staff using the system.

Back-up Procedures

- 3.4. The CFO is responsible for ensuring that there are effective back up procedures for the accounting system. The accounting system is backed up centrally on a daily basis by the ICT system.
- 3.5. The CFO should also prepare a Disaster Recovery Plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by the FGB of the major risks to which the Academy is exposed and the systems that have been put in place to mitigate those risks.

Transaction Processing

- 3.6. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.
- 3.7. Bank transactions input by the Finance staff should be checked and reconciled by an alternative member of staff whilst carrying out the monthly reconciliation.
- 3.8. All journal entries made to the accounting system will have supporting documentation available to ensure the validity of the posting.
- 3.9. Detailed information on the operation of the accounting system can be found in the user manuals held on K drive.

Transaction Reports

- 3.10. The CFO will obtain and review system reports to ensure that all transactions are posted correctly to the accounting system. The reports reviewed will include:
- i) audit trail reports;
 - ii) master file amendment reports for the payroll, purchase ledger and sales ledger;
 - iii) management accounts summarising expenditure and income against budget at budget holder level; and
 - iv) Other reports as required.
- 3.11. Evidence of these reviews should be held in the form of audit trails signed by the CFO.

Reconciliations

- 3.12. The Finance team are responsible for ensuring the following are reconciled each month:
- i) sales ledger control account;

- ii) purchase ledger control account;
- iii) bank control accounts via bank reconciliations;
- iv) payroll control accounts; and
- v) Suspense accounts.
- vi) VAT

3.13. Any unusual or long outstanding unreconciled items must be brought to the attention of the CFO. The CFO will review and sign all reconciliations as evidence of review.

4. Financial Planning and Budget Setting

- 4.1. The Academy prepares both medium term and short term financial plans.
- 4.2. The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the Academy's educational and other objectives are going to be achieved within the expected level of resources over the next three years.
- 4.3. The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources for the following year.
- 4.4. The development planning process and the budgetary process are described in more detail below.

Development Plan

- 4.5. 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.
- 4.6. The form and content of the development plan are matters for the Academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.
- 4.7. Each year the AO will propose a planning cycle and timetable to the FGB which allows for:
 - i) a review of past activities, aims and objectives - "did we get it right?"
 - ii) definition or redefinition of aims and objectives – "are the aims still relevant?"
 - iii) development of the plan and associated budgets – "how do we go forward?"
 - iv) 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
 - v) feedback into the next planning cycle – "what worked successfully and how can we improve?"
- 4.8. 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 AO.
- 4.9. The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan will also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.
- 4.10. For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to a manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the FGB if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

- 4.11. The CFO is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the AO, the FC and the FGB.
- 4.12. The approved budget must be submitted to the DfE by 31 July each year and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 4.13. 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.
- 4.14. The budgetary planning process will incorporate the following elements:
- i) forecasts of the likely number of pupils to estimate the amount of DfE grant receivable;
 - ii) review of other income sources available to the Academy to assess likely level of receipts;
 - iii) review of past performance against budgets to promote an understanding of the academy cost base;
 - iv) identification of potential efficiency savings and
 - v) review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

Balancing the Budget

- 4.15. 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

- 4.16. Once the different options and scenarios have been considered, a draft budget should be prepared by the CFO for approval by the AO, the FC and the FGB. A final budget should be approved in the same way. The final budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review – Management Accounts & Summary Accounts

- 4.17. Regular reports will be prepared by the CFO. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the AO and the FC.
- 4.18. Any potential overspend against the budget must in the first instance be discussed between the AO and the CFO. The accounting system will not allow payments to be made against an overspent budget without the approval of the CFO.
- 4.19. 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.
- 4.20. Budget variants of £10,000 or less may be authorised by the AO and reported to the FC. Budget variants over £10,000 must be agreed by the FC.

5. Personnel and Payroll

- 5.1 The Academy's payroll is currently administered by Dorset County Council ('DCC'). The main elements of the payroll system are:
- i) staff appointments;
 - ii) payroll administration; and
 - iii) payments.

Staff Appointments

- 5.2 The FGB has approved a personnel establishment for the Academy. Changes can only be made to this establishment with the express approval in the first instance of the Head Teacher who must ensure that adequate budgetary provision exists for any establishment changes.
- 5.3 The Head Teacher has authority to appoint staff within the authorised establishment except for Deputy Head Teachers and the CFO, whose appointments must follow consultation with the FGB.
- 5.2. The Senior Deputy Head Teacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, to the Deputy and CFO immediately by the personnel office.

Payroll Administration

- 5.3. New staff can only be added to the payroll with the express approval of the Head Teacher and notified to the CFO. New staff must complete all relevant payroll documents issued by the personnel office. Failure to do this may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.
- 5.4. Salary amendments can only be made with the express approval of the Head Teacher and notified to the CFO by the Personnel Manager.
- 5.5. Staff can only be terminated from the payroll with the express approval of the Head Teacher and notified to the CFO by the Personnel Manager.
- 5.6. Payment for sickness or maternity must be authorised by the Personnel Office in line with the employment contract for the individual.
- 5.7. Where leave of absence is discretionary, payment can only be made with the express approval of the Head Teacher and notified to the CFO by the Personnel Manager.
- 5.8. The Senior Deputy Head Teacher is authorised to ensure all mandatory changes to the payroll are actioned without further authority e.g. Tax, NI and pension contribution rates, tax code changes, attachment of earnings etc.

Payments

- 5.9. After the payroll has been processed but before payments are made, salary payments for each individual should be obtained from the system. The report must be reviewed and authorised by either the AO or the CFO, who will then give authority to the Personnel Office to release payment to DCC.
- 5.10. All salary payments are made by BACS unless a specific cheque payment has been authorised by the CFO.

- 5.11. Payslips are issued to paid employees before salary payment is made into their bank / building society accounts by DCC.
- 5.12. 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 a report and payments for these amounts should be authorised for payment by the CFO by the due date.
- 5.13. After the payroll has been processed the Finance team will update the nominal ledger with the payroll costs for the month based on the reports provided by DCC.
- 5.14. On an annual basis the CFO must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file of the individual. There is monthly salary monitoring for each member of staff and a sample check of the payroll monitoring reconciliation.
- 5.15. Any amendments to the master file should be approved by the CFO, or where made by the CFO, approved by the AO. These amendments are then advised to DCC by the Personnel Manager.
- 5.16. The AO will authorise in writing all salary amendments. Those paid on a variable basis will have periodic timesheets authorised by their head of department. Any other variable payments must be documented by Personnel and authorised by the CFO.
- 5.17. The Personnel department will record any sickness and other absences during the month. Authorised staff returns should be sent to the Personnel Manager who ensures information is extracted for payroll processing.
- 5.18. The AO and Personnel manager should ensure that all severance and redundancy payments are made in accordance with AFH
- 5.19. The CFO should review the current month and the previous month gross salary payments showing adjustments made for new appointments, resignations, pay increases etc.

6. Purchasing

- 6.1. The Academy strives to achieve '**value for money**' from all purchases and bases all purchasing decisions in accordance with the following principles:

Achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and prudent and economical administration.

Budget Holders

- 6.2. All budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.
- 6.3. A statement detailing actual expenditure against budget will be supplied to each budget holder each month and budget holders must keep their own records of orders placed but not paid for.

Purchase Order Authorisation Levels

- 6.4. All purchase orders should be authorised in accordance with the following matrix:

Purchase order value	Authorisation Process
Up to £500	Budget holder
£500 - £10,000	Budget holder and CFO /COO
£10,000 - £25,000	Budget Holder, CFO/COO and AO
£25,000 - £100,000	Above plus Finance Committee
Over £100,000	As above plus Governing Body
Authority to accept other than the lowest quotation or tender or approval not to go out to formal tender	Governing Body

Purchase Order Process

- 6.5. All orders, including the use of school debit and charge cards must be prepared using the on-line budget holder order system. All orders must then be sent by the budget holder to the finance department for approval and processing.
- 6.6. Orders will only be processed where there is adequate budget provision, after which they will be approved in accordance with the matrix set out in 6.4 above.
- 6.7. All orders are made by the finance department using computerised pre-numbered order forms and are processed on receipt of the authorised order from the budget holders as detailed above.
- 6.8. Once purchase orders have been authorised, goods should be ordered and copies held for future reference by the finance department and the budget holder.
- 6.9. The relevant department will make appropriate arrangements with the supplier for the delivery of the goods to the Academy.

- 6.10. When goods are received they should be checked against the goods received note (GRN) by the budget holder to ensure the correct goods have been delivered. The GRN should then be updated on the accounting system for matching with invoice and purchase order.
- 6.11. When received by the finance department, the GRN must be matched with the purchase order and purchase invoice when this has been received.
- 6.12. When a purchase invoice has been received by the finance department and matched to the relevant GRN and purchase order, the finance team must check that these three documents are in agreement with each other. If there are any discrepancies, these should be discussed firstly with the budget holder and then, if unresolved, with the CFO.
- 6.13. Only once the finance team is satisfied that these three documents are in agreement with each other, and following authorisation of the invoice from the relevant member of the finance department, may they post the invoice to the accounting system. Purchase invoices should be authorised under the same conditions as purchase orders as set out in 7.4 above.
- 6.14. The finance team should maintain a record of all purchase orders received pending authorisation so as to avoid any delays in posting and so as to ensure an up to date record of all financial commitments is maintained at all times.

Payment of Invoices

- 6.15. On a weekly basis, the Finance team must prepare a list of outstanding invoices that are due for payment that week and forward it to the CFO for authorisation with copies of the invoices. When the CFO has countersigned the payments to be made, the Finance team will either prepare the cheques or BACs run for payment.
- 6.16. All Differences between Purchase orders and invoices must be explained and rationale recorded on the accounting system or invoice as appropriate. Any differences over a tolerance level of £500 must be authorised by the budget holder and CFO.
- 6.17. Payments by cheque must be signed by 2 authorised signatories. All supporting documentation will be passed to the signatories along with the cheques for signing and the signatories will initial the invoices as evidence of their review prior to signing.
- 6.18. Online BACS payments must be authorised online within the Financial Authorisation levels.

Posting

- 6.19. All invoices should then be marked as paid and the payment posted to the accounting system by the Finance team.
- 6.20. All invoices should be filed by supplier with the GRN and purchase order for future reference.
- 6.21. Statements received from suppliers must be reconciled on a regular basis to the purchase ledger amount shown by the accounting system.
- 6.22. Non-order purchases are only made in exceptional circumstances and must be confirmed in writing. Any non-order purchases must have the prior approval of the CFO.

Credit Notes

- 6.23. Credit notes will be attached to the relevant invoices by the Finance team once received by the Academy, and will then be posted to the accounting system.

Virements/Variants

- 6.24. All Virements (internal transfers) of up to £10,000 within the agreed budget are to be authorised by the CFO and reported to the FC.
- 6.25. For variants in excess of £10,000 approval must be obtained from the AO & reported to FC.

7. Procurement and Tendering

7.1. Contract and Tendering Authority Levels

In order to ensure the best value for money, suppliers for purchase orders must be selected according in accordance with the following matrix:

Purchase order value	Selection Procedure
Up to £1000	Budget holder to select supplier
£1000 to £5000	At least 2 Suppliers must be approached to ensure best value for money and must be reviewed by the budget holder and approved by the CFO/COO. Copies of any written/electronic quotations should be attached to the purchase order
£5000 to £10,000	At least 3 Suppliers must be approached to ensure best value for money and must be reviewed by the budget holder and approved by the CFO/COO. Copies of any written/electronic quotations should be attached to the purchase order
£10,000 - £25,000	At least 3 written quotations must be obtained to ensure best value for money and must be reviewed by the CFO/COO and approved in writing by the AO. Copies of these quotations should be attached to the purchase order
£25,000 - £100,000	All orders in excess of £25,000 must be subject to formal tendering procedures. All tenders should be evaluated by at least 2 of the budget holder, CFO/COO and the AO. The awarding of a contract in excess of £25,000 will be subject to approval by the FC in accordance with the authorisation of purchase orders in the table above
In excess of £100,000	All orders in excess of £100,000 must be subject to formal tendering procedures. All tenders should be evaluated by at least 2 of the budget holder, CFO & COO and the AO. The awarding of a contract in excess of £100,000 will be subject to approval by the FC and FGB in accordance with the Financial Authorisation levels. Official Journal of the European Union (OJEU) Limits should be referred to for contracts over £135,000 in value
Authority to accept other than the lowest quotation or tender or approval not to go out to formal tender	Governing Body

7.2. A list of “Preferred Suppliers” must be prepared for FC.

7.3. Use of Preferred or Regular Purchase suppliers is permissible and may include: regular purchases i.e. Stationary and routine maintenance, where obtaining quotes can be difficult as jobs too small.

Forms of Tender

7.4. There are three forms of tender procedure that should be followed, which along with the circumstances in which each procedure should be used, are described below:

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

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

- ii) **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:-
 - (1) there is an agreed list of Preferred Suppliers;
 - (2) there is a need to maintain a balance between the contract value and administrative costs;
 - (3) a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academy's requirements; or
 - (4) the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
- iii) **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances as follows:
 - (1) there is an agreed list of Preferred suppliers;
 - (2) the above methods have resulted in either no or unacceptable tenders;
 - (3) only one or very few suppliers are available;
 - (4) extreme urgency exists; or
 - (5) additional deliveries by the existing supplier are justified.

Preparation for Tenders

- 7.5. When preparing for tender full consideration should be given to:
 - i) objective of project;
 - ii) overall requirements;
 - iii) technical skills required;
 - iv) after sales service requirements; and
 - v) form of contract.
- 7.6. It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitations to Tender

- 7.7. If a restricted tender is to be used, then an invitation to tender must be issued. If an open tender is used, an invitation to tender may be issued in response to an initial enquiry.
- 7.8. An invitation to tender should include the following:-
 - i) introduction/background to the project;
 - ii) scope and objectives of the project;
 - iii) technical requirements;

- iv) implementation of the project;
- v) terms and conditions of tender; and
- vi) form of response.

Tender Evaluation

7.9. There are many aspects to consider when evaluating the quotations received under tender, as follows:

i) Financial

- (1) Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- (2) Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- (3) Is there scope for negotiation?

ii) Technical and suitability

- (1) Qualifications of the contractor;
- (2) Relevant experience of the contractor;
- (3) Descriptions of technical and service facilities;
- (4) Certificates of quality/conformity with standards;
- (5) Quality control procedures; and
- (6) Details of previous sales and references from past customers.

iii) Other considerations

- (1) Pre sales demonstrations;
- (2) After sales service; and
- (3) Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to examine audited accounts etc.

7.10. The invitation to tender should state the date and time by which the completed tender document should be received by the Academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

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

- i) For contracts up to £25,000, two of the budget holder, the CFO or the AO.
- ii) For contracts over £25,000, the AO, CFO plus the Chair of the FC.

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

- 7.13. The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.
- 7.14. Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 7.15. Full records should be kept of all criteria used for evaluation, and for contracts over £25,000, a report should be prepared for the FC highlighting the relevant issues and recommending a decision. A decision sheet should be attached to all quotes, recording: rationale behind decision, decision and signed by appropriate official. For contracts under £25,000, the decision and criteria should be reported to the FC.
- 7.16. Where required by the conditions attached to a specific grant from the DfE, the DfE's approval must be obtained before the acceptance of a tender.
- 7.17. The accepted tender should be the one that is economically most advantageous to the Academy. All parties should then be informed of the decision.
- 7.18. Contract Management – The CFO/COO should review all contracts with contract managers on a regular basis to ensure:
 - All contracts continue to offer VFM and SLA continues to be delivered effectively.
 - Contract managers are applying a disciplined and consistent approach to the management of contracts

8. Income

- 8.1. The main sources of income for the Academy are as follows:
- i) Grants received from the DfE;
 - ii) Other grants (from other organisations such as School Games)
 - iii) Sponsorship from local organisations and supporters;
 - iv) Interest on bank accounts and deposits;
 - v) Payments from students for school trips, uniforms and catering;
 - vi) Lettings and re-charges of the schools premises and facilities;
 - vii) Other marketing activities
 - viii) Fundraising events; and
 - ix) Payments from Universities for student teachers.
- 8.2. The receipt of all income from the DfE is monitored directly by the CFO who is responsible for ensuring that all grants due to the Academy are collected.

Catering

- 8.3. Where a catering company is used by the Academy, the finance team should request from the catering company a breakdown of their invoices on a monthly basis as follows:
- i) Free staff meals;
 - ii) Paid for staff meals;
 - iii) Free pupil meals;
 - iv) Paid for pupil meals; and
 - v) Other (identified).

Grants

- 8.4. A member of staff should be appointed by the CFO to be responsible for each grant applied for by the Academy. A list of the grants and Responsible Staff Members (RSM) should be provided to the CFO.
- 8.5. When preparing an application for a grant, the RSM should discuss the application with the CFO to ensure that the financial details are complete and accurate, and can be achieved within the Academy's cash flow.
- 8.6. Once the RSM has submitted the application to the appropriate authorities, a copy must be forwarded to the CFO.
- 8.7. The Finance team are responsible for ensuring that all budgetary headings are incorporated on the accounting system, and any amendments to the overall Academy's budget are documented.
- 8.8. The RSM is responsible for ensuring that all costs are appropriately identified to enable the finance team to allocate them accurately.
- 8.9. On a monthly basis the RSM and the CFO should meet to ensure the grant is on budget, and that costs are correctly allocated.

- 8.10. When grant claims are made, these are to be prepared by the RSM following discussions with the CFO.
- 8.11. A copy of all grant claims must be passed to the CFO.
- 8.12. Upon receipt of the funds from the appropriate authority the finance team will enter the data on to the accounting system.
- 8.13. The Finance department will inform the RSM of the receipt of the funds.

School Trips

- 8.14. A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a record for each student intending to go on the trip showing the amount due for the trip. A copy of the record must be given to the Finance department.
- 8.15. Students should make payments on-line. Under no circumstances should the teacher take receipt of money.
- 8.16. A receipt must be issued for all monies collected (but see 8.32) and the value of the receipt recorded against the student making the payment. The money should be banked in the Academy's main bank account.
- 8.17. The Finance department should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a regular basis and the lead teacher is responsible for chasing the outstanding amounts.
- 8.18. Reconciliation of "Parent Pay" should be monthly and deferred income accounted for as year-end income. The CFO should review the reconciliation and reporting to ensure we have transparency for expenditure and transfer to accounting system should only take place when the funds available have been fully spent.

Lettings

- 8.19. A record of all bookings of sports and other facilities, including details of amounts due from each organisation, should be maintained by the Business Development Manager.
- 8.20. The responsible staff member will produce appropriate sales invoices and ensure all sales are recorded in the accounting system.
- 8.21. Details of the payments made and outstanding accounts should be forwarded to the Finance team so that any outstanding debts can be followed up.

Fundraising Events

- 8.22. Records for all fundraising events should be maintained by the person responsible for the event in sufficient detail to identify the income raised from the event and all costs incurred.
- 8.23. For all events where ticket income or gate money is generated, a reasonableness check should be carried out the CFO to ensure all income received reconciles to the number of tickets issued.

Bad Debts

- 8.24. The Finance team should follow-up, by telephone and letter as required in the circumstances, all funds due to which have not been paid within 30 days of the invoice being issued.
- 8.25. If a debt to the Academy remains unpaid after more than one year, or where it becomes clear before this that the debt will remain unpaid, the CFO must submit a report to the FC for approval to write-off the debt.

- 8.26. No outstanding debts should be written off without the express approval of the FC. The DfE's approval is also required for any debts to be written off which are above the value set out in the AFH.

Custody and Recording

- 8.27. Official, pre-numbered receipts should be issued for all cash received where no other formal documentation exists or can be generated from the accounting system.
- 8.28. No receipts are required to be issued for cash receipts of less than £1.
- 8.29. All cheques received should be passed to the Finance team for recording in the cheque receipt book before posting to the accounting system.
- 8.30. All cash and cheques must be kept in the Finance office safe prior to banking. Banking should take place weekly or more frequently if the sums collected exceed the cash insurance limit on cash held in the finance office safe. The cash insurance limit is currently £5,000
- 8.31. Monies collected must be banked in their entirety in the Academy's main bank account. The finance team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. These reconciliations must be prepared on a monthly basis and reviewed and signed-off by the CFO.

Funds Received

- 8.32. All funds received must be recorded on the Accounting system (same day) to ensure funds are not banked without being identified. All funds received by the Finance Dept, must be recorded on the "Deposits (Cash and Cheques) Received form", to facilitate accurate reconciliation with bank paying in slips and overall bank account reconciliation
- 8.33. Particulars of any deposits must be entered on a paying-in slip. The details should include:
- the amount of the deposit; and
 - reason, account to credit, date and signature.

The payment slip and payment form should be held in the safe and following banking, recorded on the accounting system as paid.

- 8.33 Finance Office will ensure all funds received are recorded on the Monthly Cash/CHQ schedule to ensure funds are not banked without being identified. The Bank Paying in slip must equal the combined total on Deposits and Funds Received schedule

Finance Office are unable to accept any deposits without an appropriate paying-in-slip.

- 8.34. .

Charging & Lettings

- 8.34 The charging and lettings policy, including tariffs and rates must be approved by the FC and should be reviewed every two years.
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9. Cash Management

- 9.1. The Academy is not permitted to overdraw its bank accounts or to arrange with their appointed bankers any overdraft facilities, loan facilities or other forms of credit.
- 9.2. The Academy should also not offer any security to the bank under any circumstances.

Bank Accounts

- 9.3. The Academy has one main bank account and a separate donations account
- 9.4. The Bank account is held with the Academy's appointed bankers.
- 9.5. The opening or closing of all bank accounts must be authorised by the FGB 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 BACS payment systems and other means of electronic transfer of funds are also subject to the same level of control.
- 9.6. The signatories on Academy accounts are as follows:

Signatories for cheques, BACS payment authorisations and other bank transfers	Up to £50K	2 signatories from: - Headteacher - Head of School - Deputy Headteacher - CFO - COO (over £10K must include Headteacher or Head of School)
Signatories for cheques, BACS payment authorisations and other bank transfers	Over £50K	Two signatories from above, plus Chair of Governors, Vice Chair or Chair of Finance Committee to be advised.

Deposits and Funds Received

- 9.7. Particulars of any deposits must be entered on a paying-in slip. The details should include:
- the amount of the deposit; and
 - reason, account to credit, date and signature.
 - The payment slip and payment form should be held in the safe and following banking, recorded on the accounting system as paid.
 - All funds received must be recorded on the Monthly Cash/CHQ schedule to ensure funds are not banked without being identified. Monthly Cash/CHQ schedule to be printed and filed with associated bank statement.
 - The Academy Finance Officer (AFO), Business Development Manager (BDO) and CFO are responsible for ensuring (monthly) that cheques are recorded with sales receipt, which includes invoice number.

Payments and Withdrawals

- 9.8. All cheques, BACS and other instruments authorising withdrawal from Academy bank accounts must be authorised in line with the delegated authorities' framework.
- 9.9. All Credit/Charge Card payments must be appropriate, authorised and recorded in the nominal ledger.
- 9.10. All Direct Debits/Standing Orders must be appropriately authorised and recorded in the accounting system.
- 9.11. This provision applies to all accounts operated by or on behalf of the FGB of the Academy. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.
- 9.12. Bank account signatories must not sign a cheque or complete a BACS payment, reimbursing themselves.

Custody

- 9.13. All cash and cheques received must be locked in the Finance office safe prior to banking. All cash and cheques received should be banked on a weekly basis by the finance team and recorded on paying-in slips.
- 9.14. The CFO should review the reconciliation of the paying-in slip to the deposit entry in the Academy's accounting records to ensure all cash and cheques received have been appropriately recorded.
- 9.15. Under no circumstances should cash be physically held by the Academy on its premises which exceeds the insured cash limit. - £5000 in safe or strong room or in transit

Charge Card/Debit Card Usage

9.16. Charge Card Issue – Authorisation & Limits

Charge Cards can only be issued on the authority of the COO

(CFO)

The CFO will authorise appropriate charge card limits based on the member of staff and anticipated usage.

Charge Card Holders

Charge cards should only be issued to members of the Senior Leadership Team and Finance Office. Others may be issued following authorisation from Finance & Audit Committee.

Charge Card use

Charge cards should be used solely for School business and school financial procedures for purchasing followed. Only in exceptional business circumstances can the charge card be used without a Purchase Order and must be authorised by the CFO, COO or AO. The cards cannot be used for any personal (Non-School) use.

Administration

- 9.17. The Finance team must ensure bank statements are received regularly and that reconciliations are performed on a monthly basis as a minimum. Reconciliation procedures must ensure that:
 - i) all bank accounts are reconciled to the Academy's nominal ledger;

- ii) reconciliations are prepared by the Finance team;
 - iii) The reconciliations must be signed by both preparer and reviewer as evidence.
 - iv) reconciliations are subject to an independent review carried out by the CFO, or in their absence, the AO, which must be signed by the CFO or AO as evidence of their review; and
 - v) adjustments arising are dealt with promptly.
- 9.18. The CFO is responsible for preparing a cash flow forecast on a monthly basis so as to ensure the Academy has sufficient funds available to fund day-to-day operations.

Petty Cash

- 9.19. The Academy does not operate petty cash.

Investments

- 9.20. Any investments made by the Academy must only be made in accordance with the Investment policy as approved by the FGB.
- 9.21. All investments made must be recorded in sufficient detail to identify the investment and to enable the current market value to be ascertained. The information required to be recorded will normally be the date of purchase and the cost of the investment.

10. Fixed Assets

10.1. All assets purchased with a value in excess of the Academy's capitalisation policy must be entered in the asset register. The asset register should be maintained by the Finance team

10.2. The asset register should include the following information:

- i) date of acquisition;
- ii) a description of the asset including a unique identification mark such as a serial number;
- iii) cost;
- iv) depreciation basis;
- v) accumulated depreciation to date;
- vi) source of funding;
- vii) location of asset; and
- viii) name of staff member responsible for that asset.

10.3. The asset register helps to:

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

Capitalisation Policy

10.4. The Academy's policy is to capitalise all assets purchased with a value in excess of £500.

Depreciation Policy

10.5. The Academy's depreciation policy is as follows:

Asset Class / Type	Depreciation Policy
Freehold or leasehold land	Not depreciated
Freehold buildings	50 years (i.e. 2% straight line basis)
Leasehold buildings	Period of lease or 50 years, whichever is lower
Motor vehicles	20% Straight line basis
Fixtures, fittings, furniture and equipment	10% straight line basis
Computer equipment and software	33% straight line basis

10.6. Assets in the course of construction are not depreciated until such time as they are complete and brought into use.

Security of Assets

- 10.7. Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 10.8. All the items in the register should be permanently and visibly marked as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the governing body. Inventories of Academy property should be kept up to date and reviewed regularly.
- 10.9. Where items are used by the Academy but do not belong to it, this should be noted.

Disposals

- 10.10. Items which are to be disposed of by sale or destruction must be authorised for disposal by the AO and, where significant, should be sold following competitive tender. The Academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.
- 10.11. The Academy is expected to reinvest the proceeds from all asset sales for which capital grant was paid into other Academy assets. If the sale proceeds are not reinvested, then the Academy must repay a proportion of the sale proceeds to the DfE.
- 10.12. All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

- 10.13. Items of Academy property must not be removed from Academy premises without the authority of the head of faculty. A record of the loan must be recorded in a loan book and booked back in to the Academy when it is returned.
- 10.14. If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans will therefore be kept under review by the Finance Department and any potential benefits discussed with the Academy's auditors or tax advisers.

Leasing of Assets

- 10.15. The FGB is responsible for approving all asset leasing and hiring arrangements for the Academy.
- 10.16. No leased assets are to be disposed of by the Academy (including by part exchange, re-leasing, sub-letting or donating) without the express permission of the leasing company and the approval of the FGB.
- 10.17 There are two types of lease
- operating leases: these do not represent borrowing
 - finance leases: these are a form of borrowing
- 10.18 Trusts do not require EFA's approval for operating leases except for some transactions relating to land or buildings.
Trusts must obtain EFA's prior approval for the following leasing transactions:
- taking up a finance lease on any class of asset for any duration from another party (borrowing)
 - taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
 - granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party

11. Insurance

- 11.1. The COO is responsible for reviewing all risks on an annual basis to ensure the cover available and sums insured are adequate and appropriate for the Academy Trust and QUEST (Queen Elizabeth's School Trust).
- 11.2. The types of insurance cover that should be in place for the Academy are:
- i) Premises and contents: These will be insured at replacement cost against damage by subsidence, fire, lighting, storm, flood, riot, malicious damage, terrorism and similar risks;
 - ii) Business interruption;
 - iii) Governors, Public and Employer liability;
 - iv) Travel and any statutory motor transport insurance;
 - v) Loss of assets through fraud or dishonesty on the part of any staff;
 - vi) Personal accident; and
 - vii) Fidelity insurance.
- 11.3. The details of the insurance cover held by the Academy are maintained by the COO and the Finance Office.
- 11.4. The COO is responsible for notifying the Academy's insurers of any new risks or any other alterations affecting existing insurances.
- 11.5. The Academy will not provide an indemnity to a third party.
- 11.6. The COO is responsible for advising the insurers immediately of any accident, loss or other incident which may give rise to an insurance claim.

12. VAT

- 12.1. The Academy is currently registered for VAT purposes as its business activity is currently expected to exceed the current VAT registration threshold. This is monitored by the CFO on an annual basis.
- 12.2. VAT repayments claims are made using the VAT100 Form and are submitted to HMRC on a quarterly basis. The repayment claim will be prepared by the Finance team, using the automated facility within the Academy's accounting system, and will be approved by the CFO/COO before submission to HMRC.
- 12.3. The CFO is responsible for ensuring the Academy abides by the procedures and rules issued by HMRC in relation to VAT.
- 12.4. The procedures for preparing and completing the VAT repayment claim using the automated facility are detailed in the accounting system user manuals.

Appendix 1: Finance Committee – Terms of Reference

Authority

The committee is a Committee of the Board and is authorised to investigate any activity within its terms of reference or specifically delegated to it by the Board. It is authorised to request any information it requires from any employee, external audit, internal audit or other assurance provider.

The committee is authorised to obtain outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer and/or Chair of Governors. However, the committee may not incur expenditure in excess of £2000 in doing so without the prior approval of the Governing Body.

Membership

- No fewer than five Governors plus SLT lead and other staff as appropriate;
- The committee to co-opt non-voting members as it sees fit;
- Non-member Governors have the right to attend any meeting in a non-voting capacity.
- Members of staff and Chair of Governors cannot vote on Audit related matters.

Quorum

- The quorum shall be three governors (excluding staff and CoG)

Meetings

- The committee shall meet at least once a term and otherwise as required

Key Role – Finance

To ensure that effective systems are in place and monitored so that as far as possible:

- The budget is managed effectively and best value is achieved in all financial transactions;
- The financial standard for the management of the budget is met;
- Staffing is sufficient to provide a full curriculum entitlement for all students;
- The school follows the principles of good employment practice.

Key Duties - Finance

- Consider and recommend to the Governing Body, the annual income and expenditure budget for the forthcoming year.
- Review the accounts termly against budget targets;
- Ensure satisfactory compliance with the Academy Trust's funding agreement, the Academies Financial Handbook and all other relevant financial regulations.
- To review the outcomes of all Financial Audits including the school's Private Funds and to monitor the implementation of recommendations
- Receive 3 year budget projections;
- Review staffing structure and the financial implications thereof annually;
- Review contracts in accordance with the requirements of the Academy Trust's Financial Procedures Policy.
- Review spending on the SDP;
- Review the Academy Trust's annual financial statements and recommend their approval by the Governing Body.

Key Role – Audit

The Audit responsibilities of the committee are designed to maintain an oversight of the Academy Trust's governance, financial risk management, internal control and value for money framework. Findings will be reported annually to the Governing Body and the Accounting Officer as a critical element of the AT's annual reporting requirements.

Key Duties – Audit

1. Advise the Governing Body and Accounting Officer on the adequacy and effectiveness of the AT's governance, risk management, internal control and value for money systems and frameworks. An annual report will be produced by the Committee in this regard.
2. Advise the Governing Body on the appointment, re-appointment, dismissal and remuneration of the external auditor.
3. Advise the Governing Body on the need for, and then, where appropriate, the appointment, re-appointment, dismissal and remuneration of, an internal auditor or other assurance provider.
4. Advise the Governing Body on an appropriate programme of work to be delivered by independent assurance providers. This programme of work to be derived from the Committee's regard of the key risks faced by the AT, the assurance framework in place and its duty to report to the Governing Body as detailed in 1.
5. Review the external auditor's annual planning document and approve the planned audit approach.
6. Receive reports (annual reports, management letters etc) from the external auditor and other bodies, for example the EFA and NAO, and consider any issues raised, the associated management response and action plans. Where deemed appropriate, reports should be referred to the Board or other committee for information and action.
7. Regularly monitor outstanding audit recommendations from whatever source and ensure any delays to implementation dates are reasonable.
8. Review the AT's fraud response plan and ensure that all allegations of fraud or irregularity are managed and investigated appropriately.
9. Consider any additional services delivered by the external auditor or other assurance provider and ensure appropriate independence is maintained.
10. Review and approve the statements to be included in the annual report of the Academy Trust concerning internal controls and risk management.