Chelmsford County High School
For Girls

The Financial Regulations Manual and Scheme of Delegation 2022-23

Version 2.1

Approved by the Full Governing Body:

Signed: S Miles, Chair of Governors

Date:

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Change Log

Version	Changes	Author	Change Date	Approval Date
0.1 – Draft 1.0 - Approved	Changes based on approved 2018_19 manual. Additional of proposed budget variance authorization limits 2.2 – addition of requirement for material budget changes to be approved by FGB 6.5,6.7 – addition of approval process 7.6 – addition of exceptions to purchase order process	Melissa Mulgrew	29th August 2019	2nd October 2019
1.1	Additional change regarding budget variance authorization limits to clarify this relates to virements.	Melissa Mulgrew	18th May 2020	8th July 2020
2.0	2.8 Change of ICE review from termly to twice a year & renamed provider 3.18 – removal of normally to read that alcohol will not be reimbursed 2.5 – clarification that the head must be the Accounting Officer 2.6 – consideration of BM qualifications when appointing and clarification that they must be CFO.	Melissa Mulgrew	30th Sep 2020	15th October 2020
2.1	Minor changes to rename Academies Financial Handbook to Academy Trust Handbook Updates to section 7.0 regarding public procurement thresholds and replacing OJEU with the Find a Tender Service Clarification in section 2 of the Audit and Risk Committee.	Melissa Mulgrew	28th Sep 2021	15th October 2021

Financial Regulations Manual

Authorisation Limits

Expenditure Limits	
Business Manager	Up to £5,000
Headteacher	Between £5,001 and £10,000
Chair of Facilities and Finance	Between £10,001 and £15,000
Facilities and Finance Committee	Over £15,000
Virement Limits	
Headteacher	Up to £5,000
Chair of Facilities and Finance	Between £5,001 and £15,000
Facilities and Finance Committee	Over £15,000
Full Governing Body	Over £25,000
Budget Variance Limits	
Facilities and Finance Committee	Over £15,000
Full Governing Body	Over £25,000
Writing off bad debts	
Business Manager	Up to £20
Headteacher	Up to £250
Facilities and Finance Committee	Over £250 and up to £5,000
Management Committee	Over £5,000
Disposal of Surplus Stock, Stores & Assets	
Headteacher	Up to £250
Facilities and Finance Committee	Over £250 and up to £5,000
Management Committee	Over 5,000 and up to £19,999
Secretary of State	£20,000 and over
Mileage Allowance	HM Revenue & Customs approved rate
Subsistence Claims (accompanied by receipts)	
Breakfast	Up to £ 6.70
Lunch	Up to £10.00
Evening Meal	Up to £15.00

Business Manager may approve claims up to the stated limits. Headteacher may approve claims above the limits. Headteacher's claims must be approved by Chair of Governors / Facilities and Finance or Vice Chair of Governors.

Safe Cash limits	£3,000 (Cash)
Ordering Procedures	
Competitive quotations - evidence required	£5000 - £50,000 a/
Tendering procedure	Over £50,000
Minor Building Repairs	
Site Manager (IN EMERGENCIES ONLY)	Up to £1,000
Business Manager	Up to £5,000
Headteacher	Between £5,001 and £10,000
Facilities and Finance Committee	Between £10,001 and £15,000
Management Committee or Chair of Governors/ Chair of Facilities and Finance	Over £15,000
Formula Capital Allocation	
Headteacher	Up to £10,000
inc prior approval from Facilities and Finance Committee	Above £10,000

a/ Competitive quotations are only required for emergency repairs above £15,000

Please note that where in doubt, financial records should be retained for six years plus current.

Financial Regulations Manual

Financial Management Delegation

Approval of Annual Budget
Delegated by the Governing Body to the Management Committee.
(Facilities and Finance Committee to review the annual budget and recommend approval to the Management Committee)

Management of the School Fund (Unrestricted Fund)
Delegated by the Governing Body to the Facilities and Finance Committee.

Day to Day Financial Management
Delegated by the Governing Body to the Headteacher and Business Manager.
Delegated to the Deputy Headteachers if the Headteacher is not on the school site.

Cheque, Direct Debit & Credit Signatories

Under £10,000
Any two signatories from the following:
Headteacher
Deputy Headteachers
Assistant Headteachers
Chair of Governors
Vice Chair of Governors
Chair of Curriculum Committee
Chair of Facilities and Finance Committee
Chair of Staff and Student Matters Committee

£10,000 or above
One of the two signatories must be:
Chair of Governors
Vice Chair of Governors
Chair of Facilities and Finance

BACS Payment Approvers

Under £10,000
Payment batch must be approved within online banking by two of the following:
Headteacher
Deputy Headteachers
Assistant Headteachers
Chair of Governors
Vice Chair of Governors
Chair of Curriculum Committee
Chair of Facilities and Finance Committee
Chair of Staff and Student Matters Committee

£10,000 or above
One of the two signatories must be:
Chair of Governors
Vice Chair of Governors
Chair of Facilities and Finance

1. Introduction

1.1. The purpose of this manual is to ensure that 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).

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

2. Organisation

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

The Governing Body

2.2. The Governing Body has overall responsibility for the administration of the Academy's finances. The main responsibilities of the Governing Body are prescribed in the Funding Agreement between the Academy and the DfE and in the Academy's scheme of government. The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended;
- approval of the annual budget and any material changes to the budget
- appointment of the Headteacher and
- appointment of the Deputy Headteachers, the Assistant Headteachers and the Business Manager, in conjunction with the Headteacher.

The Facilities and Finance Committee

2.3. The Facilities and Finance Committee is a committee of the Governing Body and it meets at least once a term but more frequent meetings can be arranged if necessary.

2.4. The Audit and Risk Committee is a subsidiary of the Facilities and Finance Committee – employees may not participate as members when audit matters are discussed.

2.5. The main responsibilities of the Facilities and Finance Committee are detailed in written terms of reference which have been authorised by the Governing Body. The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
- authorising the award of contracts over £10,000*;*
- authorising changes to the Academy personnel establishment.

The Headteacher

2.6. Within the framework of the Academy's development plan as approved by the Governing Body the 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 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 £5,001 and £10,000 in conjunction with the Business Manager;
- authorizing payments in conjunction with other authorised signatories.
- The Headteacher must be appointed as the Accounting Officer

The Business Manager

2.7. The Business Manager works in close collaboration with the Headteacher through whom he or she is responsible to the governors. The Business Manager also has direct access to the governors via the Facilities and Finance Committee. Governors should consider whether

the Business Manager holds appropriate business or accountancy qualifications for the risk, scale and complexity of the organization. The Business Manager must be appointed as the Chief Financial Officer.

2.8. 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's 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 up to £5,000 in conjunction with Budget Holders; and
- ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

The Responsible Officer Service

2.9. The Governing Body approves a contract with Juniper to provide an evaluation of the School's internal financial controls and provides governors with an independent oversight of the Academy's financial affairs. The main duties 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.

2.10. The Juniper Education Internal Controls Evaluation team will undertake reviews twice a year 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 Facilities and Finance Committee and to the full Governing Body.

Other Staff

2.11. Other members of staff, primarily the Senior Finance Officer, the Finance Officer, the Assistant Finance Officer 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

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

2.13. The register should include all business interests such as directorships, shareholdings 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.

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

3. DAY-TO-DAY DELEGATION OF AUTHORITY

Expenditure Limits

3.1. The Business Manager and Headteacher are able to authorise expenditure for day-to-day items and services up to £5,000 and £10,000 respectively on any one item (excluding utility charges and annual contracts where the approximate cost has clearly been documented and approved in the annual budget) so long as an adequate budget provision exists.

3.2. A sequence of orders all within the above limit to cover a larger order or orders is not permitted.
3.3. Authorisations between £10,001 and £15,000 are to be referred to the Chair of the Facilities and Finance Committee, who has full authorisation to approve all such expenditure.
3.4. Authorisations over £15,000 are to be referred to the Facilities and Finance Committee.

Virement Limits (Budget Transfers)

3.5. The Headteacher is able to authorise virements between individual cost centres/accounts up to a limit of £5,000. Virements over this amount are to be referred to the Chair of the Facilities and Finance Committee, who has authorisation to approve virements up to a limit of £15,000.
3.6. Authorisations over £15,000 are to be referred to the Facilities and Finance Committee.
3.7. Authorisations over £25,000 are to be referred to the Full Governing Body
3.8. All virements, including budgetary increases from designated DfE funding, are to be formally recorded and reported to the Facilities and Finance Committee at the next meeting.

Bad Debts

3.9. The Business Manager has the authority to perform minor write offs / system corrections up to a value of £20. The Headteacher is able to authorise the writing off of bad debts up to a value of £250. Requests for write offs above this amount are to be referred to the Facilities and Finance Committee. However, all bad debts written off by the Headteacher will be reported to the Facilities and Finance Committee at the next meeting. Write offs exceeding £5,000 and £20,000 will be referred to the Management Committee and the Secretary of State respectively for their review and authorisation.
3.10. A sequence of smaller write offs, all within the above limit, to cover a larger write off is not permitted.

Disposal of Surplus Stocks, Stores and Assets

3.11. The Headteacher can dispose of surplus stocks, stores and assets to the value of £250 without prior authorisation from the Facilities and Finance Committee. All disposals to this value must be reported to the Facilities and Finance Committee at the next possible meeting. Authority for disposals above this amount can only be given by the full Facilities and Finance Committee.
3.12. All disposals must be formally recorded in the minutes.

Mileage Allowances and Subsistence Claims

3.13. The school will reimburse mileage expenses to individuals for business journeys at a rate in accordance with the limitations set out by HM Revenue & Customs. The claimant is entitled to be notified of this rate in advance of commencing their journey. The claimant must have suitable insurance in place to cover both the vehicle and passengers and that indemnifies the Academy against any claim.
3.14. All expense claims are to be authorised by the Business Manager except those of the Business Manager which need to be authorised by the Headteacher.
3.15. The Chair or Vice Chair of Governors or the Chair of Facilities and Finance Committee must sign any claims relating to the Headteacher.
3.16. Receipts or other appropriate evidence of expenditure must be attached to the claim in respect of all purchases, i.e. Rail / Bus fares, subsistence, phone calls, postage and any other purchases that may be approved.
3.17. Rates of subsistence will be paid up to the limits shown below as long as the claim is supported by the corresponding receipts:-

Breakfast	£6.70
Lunch	£10.00
Evening Meal	£15.00

NB – Actual expenditure above these limits supported with receipts which can be justified will need approval by the Headteacher. In case of a claim by the Headteacher, then this may be approved by the Chair or Vice Chair of Governors or the Chair of Facilities and Finance.

3.18. Alcohol will not be reimbursed
3.19. The Academy may not reclaim VAT without a proper VAT receipt.
3.20. Properly completed claims should be paid locally by cheque or BACS payment and all papers kept together for six financial years plus the current. It may be necessary to submit details of payments made and mileage travelled to HM Revenue & Customs.

Receiving of Goods/Acknowledgement of Service

3.21. Receiving of goods and signing of delivery notes will usually be undertaken by staff based in the Site office block or the Main Office. However, it is recognized that goods received notes are not routinely supplied in all instances and it is therefore accepted that the budget holder's signature on the relevant invoice is proof of acceptance of the goods or services purchased.

Minor Buildings Repairs

Emergency Repairs

3.22. The Site Manager is able to authorise minor building repairs, where they are of an emergency nature, up to a value of £1,000 on any one repair. Emergency repairs up to £5,000 can be authorized by the Business Manager; up to £10,000 can be authorised by the Headteacher; repairs between £10,001 and up to £15,000 can be authorised by the Facilities and Finance Committee; repairs above £15,000 can be authorised by the Management Committee or jointly by the Chair of Governors, the Vice Chair of Governors and the Chair of Facilities and Finance Committee.

Routine Repairs

3.23. The Business Manager and Headteacher are able to authorise expenditure for day-to-day revenue building repairs up to £5,000 and £10,000 respectively on any one repair. A sequence of orders all within the limit to cover a larger authorisation is not permitted. Authorisations above £10,000 are to be referred to the Facilities and Finance Committee and those over £15,000 to the Management Committee. The referral may be waived by the Chair of Governors, the Vice Chair of Governors or the Chair of Facilities and Finance Committee.

Building Improvements

3.24. The Business Manager and Headteacher are able to authorise work and expenditure for minor building improvements where funded from revenue up to a limit of £5,000 and £10,000 respectively on any one improvement so long as an adequate budget provision exists. Authorisations for minor building improvements above £10,000 are to be referred to the Facilities and Finance Committee and those over £15,000 to the Management Committee.

Formula Capital Allocation

3.25. The Headteacher is able to authorise work and expenditure for building improvements/maintenance, where funded from the Devolved Formula Capital Grant allocation and identified as priorities in the school's plans for the management and strategic development of its premises, up to a limit of £10,000 on any one authorisation so long as an adequate budget provision exists. Authorisations for work and expenditure above this limit can only be made by the Headteacher with prior approval from the Facilities and Finance Committee.

Keyholders

Buildings

3.26. Keys for all buildings and rooms in the school will be held by the Site Manager, the Assistant Site Manager, Assistant Caretakers and the Business Manager. Where keys for certain rooms are held by other individual members of staff or Governors, then their name will be entered in a 'Keys Register' which will be maintained by the Site Manager.

School Safe

3.27. Keys for the school safe will be held by the Business Manager, Senior Finance Officer and the Assistant Finance Officer.

Leasing Policy and Arrangements

3.28. The Academy will only take on operating leases. These leases involve the Academy paying a rental for the hire of an asset for a period of time and have the character of a rental agreement. No other lease, such as finance leases or hire purchase, may be entered into by the Academy as this is a form of borrowing.

3.29. Leasing agreements will only be made where the financial arrangements are such that they benefit the school and the Facilities and Finance Committee has given their approval. The Finance Officer will complete a review of lease versus purchase arrangements for discussion with the Business Manager prior to a recommendation to the Facilities and Finance Committee. Third party advice will be sought as required.

3.30. The Business Manager will be responsible for ensuring that all leasing agreements are kept under review and that appropriate arrangements are made for renewals.

Insurance

3.31. The Governing Body must ensure the Academy has adequate insurance cover to support its activities and to comply with statutory requirements. Unless otherwise agreed with the DfE this should include cover as follows:

Building and contents of the Academy

3.32. in accordance with normal commercial practice against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage and theft.

Business Interruption

3.33. for example, to provide alternative temporary accommodation (minimum cover £1 million)

Employer's and Public Liability Cover

3.34. against the governors' responsibility for injury or illness of staff of third parties, or damage to third party property (minimum cover £5 million each).

Vehicles

3.35. cover required by statute for vehicles operated by the Academy.

Other

3.36. *Officials Indemnity insurance* to indemnify governors, staff and volunteers whilst acting in their official capacity.

3.37. *Offsite activities insurance* covering comprehensive travel risks for official trips and activities taking place off site. The insurance should automatically include cover for trips involving:

- An overnight stay
- Travel Abroad
- Hazardous Activities

3.38. *Libel & Slander insurance* to indemnify governors, staff and volunteers whilst acting in their official capacity.

3.39. *A cash in transit policy* to cover the average weekly cash limits held by the Academy, up to a limit of £3,000. Any policy excess applied should not exceed £500.

3.40. *A Fidelity Guarantee policy* should be arranged with an indemnity limit of not less than £1,000,000 with an excess not exceeding £500.

3.41. *Personal Accident policy* to cover members of staff with capital and associated benefits of not less than five times the annual salary or £35,000, whichever is the greater. In addition, the policy should cover in respect of assault with capital and associated benefits of not less than five times the annual salary or £35,000, whichever is the greater.

3.42. *Insurance for Hirers* for an indemnity of not less than £5,000,000 covering the liability of Third Parties hiring the school's facilities extended to include damage to the premises and facilities arising out of the hire. Any additional cost of this insurance will be charged to the hirer.

3.43. *An Engineering Inspection contract* to cover the statutory inspection requirements relevant to lifts, boilers, air receivers and fume cupboards etc.

4. Accounting system

4.1. All the financial transactions of the Academy must be recorded on the PS Financial accounting system. The PS Financial system is operated by the Finance Department and consists of:

- Nominal Ledger
- Purchases Ledger
- Sales Ledger

System Access

4.2. Entry to the PS Financial system is password restricted and the Business Manager is responsible for implementing a system which ensures that passwords are changed at least every 3 months.

4.3. Access to the component parts of the PS Financial system can also be restricted and the Business Manager is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

4.4. The Business Manager is responsible for ensuring that there are effective back up procedures for the system. Data should be copied daily onto a server on the school site and also onto a server at a remote location as part of a managed service.

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

Transaction Processing

4.6. 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.

4.7. Bank transactions should be monitored by the Assistant Finance Officer and input by the Senior Finance Officer. Bank reconciliations are kept on file and reviewed by the Business Manager on a monthly basis

4.8. Other journal entries requiring input into the Finance system are input by the Senior Finance Officer. Any journals with a value greater than £10,000 will also require approval by the Business Manager.

4.9. Detailed information on the operation of the PS Financial system can be found in the user manuals held in the Finance Office.

Transaction Reports

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

- Amendment reports for the payroll
- Management accounts summarising expenditure and income against budget at Budget Holder level.

Reconciliations

4.11. The Senior Finance Officer is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

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

4.12. Any unusual or long outstanding reconciling items must be brought to the attention of the Business Manager. The Business Manager will review and sign all reconciliations as evidence of his or her review.

5. Financial planning

5.1. The Academy prepares both medium term and short-term financial plans.

5.2. 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.

5.3. 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.

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

Development Plan

5.5. 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.

5.6. 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.

5.7. Each year the Headteacher will propose a planning cycle and timetable to the Governing Body which allows for:

- a review of past activities, aims and objectives - “did we get it right?”
- definition or redefinition of aims and objectives – “are the aims still relevant?”
- development of the plan and associated budgets – “how do we go forward?”
- implementation, monitoring and review of the plan – “who needs to do what by when to make the plan work and keep it on course” and
- feedback into the next planning cycle – “what worked successfully and how can we improve?”

5.8. 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 Headteacher.

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

5.10. For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an academy 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 Leadership Team will report to the Governing Body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

5.11. The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, the Facilities and Finance Committee and the Governing Body.

5.12. The approved budget must be submitted to the DfE by 30 July each year and the Business Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

5.13. 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.

5.14. The budgetary planning process will incorporate the following elements:

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

Balancing the Budget

5.15. 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

5.16. Once the different options and scenarios have been considered, a draft budget should be prepared by the Business Manager for approval by the Headteacher, the Facilities and Finance Committee and the Governing Body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

5.17. The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review

5.18. Monthly management reports will be prepared by the Finance Officer. The reports will detail actual income and expenditure against for review by the Facilities and Finance Committee. Budget Holders are required to monitor their budget date utilising the reporting features available with the PS Financial system and to discuss any issues with the Business Manager and the Finance Officer.

5.19. Any potential overspend against the budget must in the first instance be discussed with the Business Manager. The accounting system will not allow payments to be made against an overspent budget without the approval of the Business Manager.

5.20. The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. The Headteacher may approve virements of up to £5,000 each. Virements above £5,000 must be authorised by the Facilities and Finance Committee.

6. Payroll

6.1. The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

Staff Appointments

6.2. The Governing Body has approved a personnel establishment for the Academy. Changes can only be made to this establishment with the express approval in the first instance of the Facilities and Finance Committee who must ensure that adequate budgetary provision exists for any establishment changes.

6.3. The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteachers, Assistant Headteachers, and the Business Manager whose appointments must follow consultation with the governors. The Business Manager maintains personnel files for all members of staff which include contracts of employment.

6.4. The Headteacher's salary increase is approved by the Chair of Governors.

Payroll Administration

6.5. The Academy payroll is administered by Prospects Services on the iTrent system and all staff are paid monthly. Information on the iTrent system is input by the Senior Finance Officer and the HR Administration Officer, with paper copies reviewed and approved by the Business Manager or Headteacher. Access to the system is password controlled and Prospects requires passwords to be changed every 90 days.

6.6. A record is created for each employee which includes:

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

6.7. New electronic records are created by the HR Administration Officer, and approved by the Headteacher or Business Manager. Any amendments to existing records are made by the HR Administration Officer and approved by the Headteacher or Business Manager. New records or amendments to existing records must be initiated by a request from the Headteacher or the Chair of Governors in respect of the Headteacher's own record and validated by the Business Manager. Paper evidence is kept in the respective employee's HR file.

6.8. Each Head of Department or line manager must ensure that a sickness self-certification form, a doctor's note or a leave of absence form is completed by each member of staff who has been absent and these forms returned to the Headteacher's Senior Assistant and then to the HR Administration Officer. Absence information is entered on the Academy's personnel system (SIMS P7). The Senior Finance Officer completes a monthly staff sickness absence return which provides details of all staff sickness absence to the Academy's payroll service provider via iTrent. Any unpaid absences during the month are entered into iTrent for deduction via the payroll. The Business Manager validates and signs a summary report.

6.9. Any additional hours worked during the preceding month are entered onto an Additional Hours Claim Form by the member of staff and authorised by the line manager and then the Business Manager or Headteacher. Hours worked by invigilators or external cover staff may be approved by the Deputy Headteacher. Timesheets for the Premises Team may be authorised by the Business Manager. The forms are passed to the Senior Finance Officer and entered into the iTrent system. The Business Manager validates and signs a summary report. Payment is then processed via the payroll system.

6.10. All paper payroll documentation is kept in the Business Manager's Office.

6.11. Prospects Services distribute in advance a timetable for payroll processing specifying key dates for the month in question. Payroll data input to the iTrent system should be undertaken by the HR Administration Officer and Senior Finance Officer in accordance with the timetable.

6.12. Prospects produces a pre-payment report. The Senior Finance Officer will produce a report of salary movements by employee from the previous month. This report is reviewed by the Business Manager. Any discrepancies or errors are reported by the Senior Finance Officer to Prospects and another check completed with the Business Manager. The Business Manager will provide email confirmation to Prospects once it has been verified that the payroll data for that month is correct and can be processed.

Payments

6.13. All salary payments are made by BACS. Prospects Services are an authorised agent of the academy and may submit payment files directly to BACS to cover agreed payroll-related payments without further authorisation.

6.14. The Senior 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 Business Manager.

6.15. 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.

6.16. The Senior Finance Officer and Business Manager should select two employees at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

6.17. 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/accounts. The Senior Finance Officer should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres/accounts have been correctly updated and to identify any unreconciled amounts for further action.

6.18. Annual salary statements are produced for both teaching and support staff based on the gross pay in the School's HR management system (P7). The Business Manager will confirm for each member of staff that these figures agree to gross pay in the payroll system.

6.19. Staff severance and compensation payments (outside of normal contractual requirements) are recommended by the Business Manager and/or Headteacher to the Staff and Student Matters Committee for consideration. A decision to make a payment must be ratified by the Chair of Facilities and Finance or the Facilities and Finance Committee in line with the expenditure limits detailed in the Authorisation Limits section of this manual. Prior approval from the ESFA will be obtained for payments in excess of the limits specified in the current version of the Academy Trust Handbook. Independent third-party advice will be sought as required.

6.20. Ex gratia payments are always referred to the ESFA for prior approval.

7. Purchasing

7.1. The Academy wants to achieve the best value for money from all its purchases. This means they want to get what they need in the correct quality, quantity and time at the best price possible. A large proportion of its purchases will be paid for with public funds and it needs to maintain the integrity of these funds by following the general principles of:

- **Probity,** it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy;
- **Accountability,** the Academy is publicly accountable for its expenditure and the conduct of its affairs;

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

Routine Purchasing

7.2. 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. Budget Holders may access a report detailing the actual expenditure against budget from the PS Financial Web Portal at any time including orders placed but not paid for (i.e. commitments).

7.3. Budget Holders or their administrative support may raise purchase requisitions on the PS Financial Web Portal. The Finance Office prepares the corresponding purchase order for the Business Manager's review. The Business Manager is authorised to approve orders up to £5,000, the Headteacher up to £10,000, Chair of Facilities and Finance up to £15,000 and orders above £15,000 must be approved by the Facilities and Finance Committee.

7.4. All orders must be made, or confirmed, in writing using an official order form which may be sent to suppliers electronically or a paper copy may be printed and dispatched to the supplier by the Assistant Finance Officer.

7.5. Electronic purchase orders are not created for capital building projects. A separate approval process is followed in conjunction with the School's professional Project Management company.

7.6. Electronic purchase orders are not created for utilities and some other annual contracts which follow a separate approval process by the Facilities and Finance Committee. Electronic purchase orders are not created for usage-based charges as these are not predictable and are processed as invoices are received. Examples of these contracts are catering, ParentPay, photocopying / printing, telephones. Any other invoices received that cannot be predicted in terms of timing or exact amount should have retrospective purchase orders raised to adhere to our financial control process.

7.7. Staff are authorized to make purchases up to the value of £100 while offsite (eg at conferences) subject to budget. A receipt must be obtained and passed to the Assistant Finance Officer upon return to School. The staff member should ensure a purchase requisition is submitted retrospectively.

7.8. The Budget Holder must make appropriate arrangements for the delivery of goods to the Academy. On receipt the Budget Holder must undertake a detailed check of the goods received against the goods received note (GRN) and/or the original purchase order and make a record of any discrepancies between the goods delivered and these documents. Discrepancies should be discussed with the supplier of the goods without delay.

7.9. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified.

7.10. All invoices should be sent to the Finance Office. Invoice receipt will be recorded by the Senior Finance Officer or the Assistant Finance Officer in the financial system. He/she will stamp invoices with a grid against which the following can be evidenced:

a. invoice arithmetically correct;
b. invoice posted to purchase ledger;
c. goods/ services received;
d. goods/services as ordered;
e. prices correct;
f. invoice authorised for payment;
g. payment authorised;
h. VAT treated correctly and
i. payment made.

7.11. Boxes (a) and (b) will be completed by the Senior Finance Officer or the Assistant Finance Officer. The invoice will then be sent to the Budget Holder to complete boxes (c), (d) (e) and (f). Before completing these boxes the Budget Holder must make a detailed check against the order and the goods/services received. Any GRN received should be attached to the invoice before it is sent back to the Finance Office. Budget Holders must undertake these checks without undue delay and in any case within 7 days of invoice receipt.

7.12. If a Budget Holder is pursuing a query with a supplier the Finance Office must be informed of the query and periodically kept up to date with progress.

7.13. When the Budget Holder has completed boxes (c), (d) (e) and (f) the invoice and GRN should be sent to the Finance Office.

7.14. The Senior Finance Officer will prepare a listing of duly authorised invoices which are due for payment and will generate the cheques/BACS payment list as required. The cheques/BACS payment list and associated paperwork will be reviewed and approved by

the Business Manager and must then be authorised by two of the nominated cheque signatories.

7.15. Cheques will be dispatched to suppliers and BACS payments using online banking will be initiated by the Senior Finance Officer who will also complete boxes (h) and (I) on the invoice and then place it in the appropriate file.

7.16. Bank details for new suppliers or changes to bank details for existing suppliers are verified by the Senior Finance Officer and reviewed/approved by the Business Manager.

Orders over £5,000 but less than £50,000

7.17. At least three written quotations should be obtained for all orders between £5,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by Budget Holders for audit purposes. Telephone quotes are acceptable if these are evidenced and written confirmation of quotes has been received before a purchase decision is made.

Orders over £50,000

7.18. All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. Purchases over £189,330 for supplies and services, and £4,733,252 for works (thresholds from 01/01/21) may fall under Public procurement rules which require advertising in the Find A Tender Service. Guidance on the public procurement process is given in Part 8 of the Academy Trust Handbook

Internet Purchasing

7.19. At all times, the same rigour of internal control must be placed on internet purchases as is normally applied to standard procurement with regard to segregation of duties, authorisation controls and independent management checking.

Internet Orders

7.20. The Business Manager and the Senior Finance Officer are authorised to place online purchases. Requests should be made to the Senior Finance Officer or Business Manager from the budget holder in the normal manner (section 7.3), and an official order should be raised on the financial accounting system (in order to register the financial commitments), and authorised by the Business Manager or Headteacher as appropriate.

7.21. It is the responsibility of the budget holder to have due regard for ensuring the internet is the most appropriate means for procurement. Where possible the official order number should be quoted on the internet order as a cross reference.

7.22. The internet order must be raised in the name of the academy and the academy's address, not to an individual.

Internet Payment

7.23. The preferred method of payment for internet purchases will be the request of an invoice from the supplier, which can be paid via the academy's normal payment route. If the supplier is unable to supply an invoice in advance, the Headteacher, Business Manager and the Senior Finance Officer are authorised to use the academy's business card or debit card (if the use of business card is subject to additional charges) to make payment. Card purchases by the Senior Finance Officer will be approved by the Business Manager. Card purchases by the Business Manager will be approved by the Headteacher. Card purchases by the Headteacher will be approved by the Chair or Vice Chair of Governors or the Chair of Facilities and Finance.

7.24. Payment by an individual's personal credit card should only be considered when the above options have been exhaustively attempted and failed. The correct authorisation procedure for purchases should still be adhered to (section 7.3), and the academy retains the right to refuse to reimburse the individual if the proper controls/authorisations are not followed. Reimbursement to individuals should be made in the normal manner upon production of an original invoice/receipt.

7.25. Supplier invoices, delivery notes where applicable and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system (section 7.7).

7.26. All purchases should only be made from secure websites that are safe and free from fraudulent activity.

Caxton Prepaid Expense Cards

7.27. Caxton cards can be ordered for individual members of staff for School related expenses. Orders for new cards are approved by the Business Manager. The Senior Finance Officer will activate a card prior to issue and load cash up to an agreed limit.

7.28. The member of staff is required to complete an expense claim form and provide supporting documentation including receipts.

7.29. The Senior Finance Officer completes a monthly reconciliation of card activity.

Forms of Tenders

7.30. Before tendering the school will need to decide which procurement procedure to use when carrying out the procurement process. Where the estimated procurement value exceeds the thresholds set out in 7.16 the contract will need to be advertised in the Find a Tender Service. There are four main procurement procedures: Open, Restricted, Competitive Dialogue and Competitive Procedure with Negotiation. The circumstances in which each procedure should be used are described below.

Open Tender: This is suitable for simple procurements where the requirement is straightforward. It is most commonly used for the purchase of goods where the requirement can be clearly defined and the Academy is seeking the least expensive supplier. As there is no "pre-qualification" of bidders, anyone can submit a tender and it is possible that a large number of suppliers will bid.

The Budget Holder must discuss and agree with the Business Manager how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tender: should be considered where the Academy wants to "pre-qualify" suppliers based on their financial standing and technical or professional capability so as to narrow the number permitted to submit bids. Where the restricted procedure is appropriate, the Academy should be able to specify their entire requirement at the outset such that, based on the invitation to tender, bidders will be able to deliver a fully priced bid without the need for any negotiations following receipt of the bid.

Competitive Dialogue*:** This procedure would enable the Academy to enter into a dialogue with bidders about its requirements before inviting them to submit a ***final tender. It is used for complex projects where a contracting authority (in this case the Academy) cannot adequately specify its requirements. The conditions that must be met for the use of this procedure are:

- the needs of the Academy cannot be met without adaptation of readily available solutions; or
- the requirements include design or innovative solutions; or
- the contract cannot be awarded without prior negotiation because of specific circumstances related to the nature, the complexity or the legal and financial make-up or because of risks attaching to them; or
- the technical specifications cannot be established with sufficient precision by the Academy with reference to a standard, European Technical Assessment, common technical specification or technical reference; or
- an open/restricted procedure procurement has been run but only irregular or unacceptable tenders have been submitted.

***Competitive Procedure with Negotiation*:** This procedure would allow the Academy flexibility around whether to negotiate - it is possible to reserve the right (by stating this in the Find A Tender advertisement) not to negotiate and to simply award the contract based on initial tenders submitted. This reservation is not possible in the competitive dialogue procedure. The grounds for using the competitive procedure with negotiation are the same as those for the competitive dialogue procedure set out above. Under this procedure it is not possible to negotiate following submission of final tenders.

Preparation for Tender

7.31. Full consideration should be given to:

- objective of project
- the need to seek legal advice on the procurement procedure to be used and the preparation of the Invitation to Tender
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

7.32. 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 fulfillment of these requirements to help reach an overall decision.

Invitation to Tender

7.33. 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.

7.34. An invitation to tender should include the following:

- introduction / background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

Aspects to Consider

Financial

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

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

Other Considerations

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

Tender Acceptance Procedures

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

Tender Opening Procedures

7.33 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: *either* the Business Manager or the Headteacher **plus** a member of the Facilities and Finance Committee as appropriate.

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

Tendering Procedures

7.35 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.

7.36 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.

7.37 Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a report should be prepared for the Facilities and Finance Committee highlighting the relevant issues and recommending a decision.

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

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

8. Income

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

8.2 The Academy also obtains income from:

- students, mainly for trips and music tuition
- the public, mainly for lettings
- donations

Trips

8.3 A lead teacher must be appointed for each trip to take responsibility for the collection of sums due. The lead teacher must prepare a Trip Financial Planning form, showing expected trip costs and student payment schedule. This must be approved by the trip organiser's line manager, the Business Manager and the Headteacher, before a letter is distributed to students showing the trip details and the amount due. A copy of the record must be given to the Assistant Finance Officer, who will set up a record for the trip in ParentPay.

8.4 The preferred method for collection of payments from students is via ParentPay. If this is not possible, payments by cheque will be collected at the Finance Office. Cash payments are not accepted by the Academy and any received will be returned to students immediately.

8.5 The Assistant Finance Officer 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. Non-payment will be escalated to the Business Manager for further follow-up as necessary.

8.6

Lettings

8.7 The Office Manager is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. The Academy raises invoices every half-term for use of the facilities unless agreed otherwise with individual hirers.

8.8 Details of organisations using the facilities should be sent by the Office Manager to the Assistant Finance Officer who will establish a sales ledger account and produce a sales invoice from the PS Financial accounting system. The Assistant Finance Officer is responsible for processing payments received and for chasing outstanding debts. Any organisations who do not settle their invoices in a timely manner will be advised to the Office Manager who will ensure that no further bookings are accepted for use of the facilities until payment has been made. Non-payment will be escalated to the Business Manager for further follow-up as necessary.

8.9 No debts should be written off without the express approval of the Governing Body (the DfE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

8.10 Organisations using the facilities should be instructed to send all payments to the Finance Office.

Custody

8.11 Official, pre-numbered Academy receipts should be issued for payments received where no other formal documentation exists. Receipts will not normally be issued for cheque payments unless specifically requested by the payer. All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place every week or more

frequently if the cash sums collected exceed the £3,000 insurance limit on the Finance Office safe.

8.12 Monies collected must be banked in their entirety in the appropriate bank account. The Senior Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking and a sample of reconciliations will be reviewed and certified by the Business Manager each month.

9. Cash Management

Bank Accounts

9.1 The opening of all accounts must be authorised by the Governing Body who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

Deposits

9.2 Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

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

Payments and withdrawals

9.3 All cheques and other instruments authorising withdrawal from Academy bank accounts must bear the signatures of two of the following authorised signatories:

- Headteacher;
- Deputy Headteachers;
- Assistant Headteachers;
- Chair of Governors;
- Vice Chair of Governors;
- Chair of Curriculum Committee;
- Chair of Facilities and Finance Committee;
- Chair of Staff & Student Matters Committee.

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

9.5 The Headteacher, Business Manager and the Senior Finance Officer are approved holders of the bank debit cards. These should only be used if making purchases using the business card would incur an additional fee. All purchases must be approved in writing prior to completion, by the Business Manager for purchases up to £5,000, or by the Headteacher. All purchases made by the Headteacher must be reviewed and approved by the Chair or Vice Chair of Governors or the Chair of Facilities and Finance. The Headteacher must review and approve any purchases by the Business Manager. The Business Manager must review and approve any purchases by the Senior Finance Officer.

9.6 The Headteacher, Business Manager and the Senior Finance Officer are business card holders. A direct debit has been set up with the bank to clear the monthly balances in full.

9.7 All purchases made using the business card must be authorised in the same way as any other purchases with a business card order form being raised and approved by an authorised signatory.

9.8 Purchase receipts will be returned as soon as is practically possible from card users to the Senior Finance Officer, who will reconcile the receipts on a monthly basis against the statements and subsequently against the bank direct debit charge.

9.9 Pre-paid Caxton cards are available for staff use when authorised by the Business Manager or the Headteacher, who will also approve an appropriate credit level for the card, depending on the type of trip and purchases required. These will generally be used during school trips and visits. Once the spending limit has been approved, any top-up requirements will be administered by the Senior Finance Officer.

Administration

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

- all bank accounts are reconciled to the Academy's cash book;
- reconciliations are prepared by the Senior Finance Officer;
- reconciliations are subject to an independent monthly review carried out by the Business Manager (and audited by the Internal Controls Evaluation team) and
- adjustments arising are dealt with promptly.

Petty Cash Accounts

9.11 Petty Cash Accounts are not in operation at this Academy.

Cash Flow Forecasts

9.12 The Finance Officer is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to pay for day to day operations, and these will be reviewed with the Business Manager on a regular basis. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account to cover potential cash shortages.

Investments

9.13 Investments must be made only in accordance with written procedures approved by the Governing Body.

9.14 All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

9.15 The School's objective is to manage its cash balances to cover the day to day working capital requirements of the School. Any surplus cash is invested to maximise returns while ensuring there is no risk of loss in the capital value of these funds.

9.16 The minimum level of free reserves to be held should be £200,000. This is to provide sufficient working capital to deal with unexpected emergencies and to cover delays between spending and receipts of grants.

10. Fixed Assets

Asset register

10.1 All items purchased with a value over the Academy's capitalisation limit must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of department responsible for the asset

10.2 The Asset Register helps:

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

Tangible fixed assets

10.3 Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

10.4 Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2% Straight line
Furniture and equipment	15% Straight line
Computer equipment	25% Straight line
Motor vehicles	10% Straight line

Security of assets

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

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

Disposals

10.7 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher if the residual value is £250 or less, by the Facilities and Finance Committee if it is over £250 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 a capital grant in excess of £20,000 was paid.

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

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

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

Loan of Assets

10.11 Items of Academy property must not be removed from Academy premises without the authority of the Head of Department with the exception of laptop computers and mobile devices that have been assigned to individual members of staff. A record of the loan must be recorded in a loan book and booked back in Academy when it is returned.

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

11. Governors' Allowances

11.5 Section 36(5) of the Education Reform Act 1988 enables governing bodies to decide whether they wish to pay travelling and subsistence allowances from the school budget to individual members of the Governing Body. The policy of the governors in respect of payment of allowances must be openly available to parents and governors.

11.6 The Governing Body must consider the payment of allowances annually, and the outcome must be recorded appropriately in the minutes.

11.7 Governors have agreed that subsistence and travelling expenses may be paid to all governors. Reimbursement of actual expenditure by an individual governor on, for example, postage and telephone calls will also be allowed.

11.8 The school will reimburse mileage expenses to Governors for journeys at a rate in accordance with the limitations set out by HM Revenue & Customs.

11.9 Rates of subsistence will be paid up to the limits shown below:

- Breakfast £ 6.70
- Lunch £10.00
- Evening Meal £15.00

NB – Actual expenditure only can be claimed up to the maximum stated above, and must be supported with receipts, whatever the expenditure.

11.10 Each Governor making a claim for expenses must use the expenses claim form available from the Company Secretary, Business Manager and the Finance Office. The claims will be processed for payment in the Finance Office. All records of claims and payments must be kept together.

11.11 All records and papers relating to payment of Governors' expenses will be retained in the school for six financial years plus the current year in a secure and logical manner.

11.12 Authorisation of governors' expenses will be by the Chair of Governors. Claims by the Chair of Governors will be authorised by the Chair of the Facilities and Finance Committee.