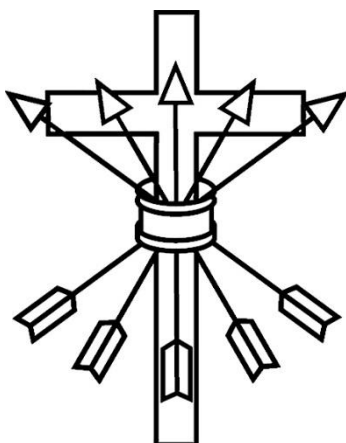


WADDES DON CHURCH OF ENGLAND SCHOOL



FINANCIAL POLICY

POLICY STATUS:	Education Funding Agency (EFA) requirement
BASED ON EFA ACADEMIES FINANCIAL HANDBOOK DATED: SEPT 2017	N/A
COMMITTEE RESPONSIBLE:	Finance and Property
GOVERNING BODY APPROVAL:	21 st February 2018
REVIEW DATE:	January 2019

FINANCE POLICY

Introduction

Waddesdon Church of England School converted to academy status on 1st September 2011. It is a company limited by guarantee incorporated in England & Wales under company number 7743645.

This policy has been reviewed and revised with reference to the Academies Financial Handbook (September 2017)) and covers the duties and obligations of the academy trust arising from the Funding Agreement. The policy should be used alongside the Financial Handbook.

The Headteacher is designated as the Accounting Officer and takes personal responsibility for assuring the Governors that there is compliance with the Handbook and all relevant aspects of company and charitable law.

A Register of Business Interests is maintained of all governors and staff. It is reviewed and updated on an annual basis.

The accounting period of Waddesdon Church of England School (Academy) is set out in its [funding](#) agreement, reporting to a 31 August year end. The audited accounts are submitted to EFA by 31 December each year.

The Governance statement must include an assessment of the trust's governance, including a review of the composition of the board in terms of skills, effectiveness, leadership and impact. Using the six key features of effective governance set out in the Governance Handbook i.e. strategic leadership, accountability, people, structures, compliance and evaluation.

The academy trust maintains accounting records and provides publicly accessible accounts in line with the Statement of Recommended Practice (SORP) for charities.

It is a condition of the academy trusts' company and charitable status that the annual accounts are filed at Companies House for public access, and also to provide a copy of the accounts to anyone who requests them. The annual accounts are available on the school website no later than the end of January following the financial year to which the accounts relate.

Edubase

The Trust must notify the DfE of the appointment or vacating of the positions of members and trustees Chair of trustees, accounting officer and chief financial officer, including direct contact details. Within 14 days of that change. Notification **must** be made through the governance section of the DfE's Edubase which is accessed via Secure Access. The trust must ensure that its record on Edubase for all individuals holding the above positions remains up to date.

Roles & Responsibilities

The Trustees (Governing Body) has wide responsibilities under statute and regulations, charity law, the Funding Agreement and the Financial Handbook. Whilst it has wide discretion over the uses of the schools funds, it is ultimately responsible for the proper stewardship of the funds from the Education Funding Agency (EFA) and must ensure economy, efficiency and effectiveness in their use.

Academy trusts are companies limited by guarantee and exempt charities. The board of trustees is subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of State agrees with them. These responsibilities are mutually reinforcing and are there to ensure proper governance and conduct of the trust.

The key requirements are reflected in the articles of association, the funding agreement, and this handbook. Trustees should follow the guidance in the Governors' Handbook which sets out the legal duties applying to, and core role and strategic functions of, boards of trustees. Trustees **must** be aware of the Charity Commission's guidance for trustees.

The board of trustees **must** understand their statutory duties as company directors as set out in the [Companies Act 2006](#). These comprise the duties to:

- act within their powers
- promote the success of the company
- exercise independent judgment
- exercise reasonable care, skill and diligence
- avoid conflicts of interest
- not to accept benefits from third parties
- declare interest in proposed transactions or arrangements

These duties are especially relevant when entering into transactions with connected parties.

Members

As charitable companies limited by guarantee every trust has members who have a similar role to the shareholders of a company limited by shares. They:

- Are the subscribers to the trust's memorandum of association (where they are founding members)
- May amend the articles of association subject to any restrictions in the articles or in the trust's funding agreement
- Have powers to appoint and remove trustees in certain circumstances
- Receive the trust's audited and annual accounts (subject to the Companies Act)

Employees of the trust **must not** be appointed as members unless permitted by their articles of association

There will be a significant degree of separation between members and trustees. With members being independent of the board of trustees.

Both members and trustees should adhere to the 'seven principles of public life' (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

Trustees/Governors

The Trustees/ Governing Body will:

- consider and approve the annual budget plan, and any subsequent proposed virements/revisions;

- ensure that bank accounts, financial systems and financial records are operated by more than one person;
- ensure the budget is developed with reference to the school's strategic aims and objectives as stated in the School Development Plan;
- establish and review, annually, the financial limits of delegated authority
- review from time to time the Register of Interests and to ensure its accuracy;
- ensure that the budget is managed effectively and accurate records are maintained and that these are available for audit and inspection as required;
- ensure that effective financial procedures are in place and carried out;
- consider the recommendations from audit (Responsible Officer) reports and ensure that any required action is implemented promptly;
- ensure that the trust's property is under the control of the trustees, and that measures are in place to prevent losses or misuse, including maintenance of adequate fixed asset registers.
- Prepare accruals accounts, giving a true and fair view of the trust's incoming resources and application of resources during the year, and the state of affairs at the year-end, in accordance with existing accounting standards;
- approve the staffing complement and pay policy and ensure, in conjunction with the Headteacher, that salary payments are made only to school employees in accordance with their appropriate conditions of employment and for services provided for the school (including appropriate tax and NI deductions) and to ensure that payroll changes are accurately recorded and promptly processed;
- act as a 'Critical Friend' to the Headteacher by providing advice, challenge and support;

Adopt the 4 principles of Best Value

- **C**ompare how the school's performance compares with that of other schools;
- **C**hallenge whether the school's performance is enough;
- **C**ompete to secure economic, efficient and effective services;
- **C**onsult with stakeholders about services provided and evaluate the effectiveness of spending decisions;
- ensure that the range of financial competencies of governors and staff involved in financial management is such that the school is not over-reliant on one individual;
- consider the annual insurance premiums for risk and ensure they are appropriate and adequate:

The Governing Body delegates the regular monitoring of the school's financial activity to the Finance and Property Committee. This group will ensure that the Governing Body is kept fully informed about financial issues through the presentation of minutes and briefings.

The committee will work to **Terms of Reference** drawn up by the Governing Body. Its main function is to consider and make recommendations to the Governors on all financial and budgetary matters including:

- consideration of the annual budget for presentation to the full Governing body;
- approval of arrangements to secure compliance with financial regulations;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance to academies.
- The process for independent checking of financial controls, systems, transactions is carried out by the Responsible Officer.

Internal Scrutiny:

The school must establish a committee, appointed by the board of trustees, to provide assurance over the suitability of, and compliance with, its financial systems and controls. Taking into account the differing risks and complexity of their operations.

All trusts with an annual income over £50 million **must** have a dedicated audit committee.

The school operates a combined finance and audit committee, staff may be members but should not participate as members when audit matters are discussed; they may remain in attendance to provide information and participate in discussions

The committee's work must focus on providing assurances to the board of trustees that all risks are being adequately identified and managed with particular regard to: reviewing the risks to internal financial control.

Oversight must ensure that information submitted to the DfE and ESFA that affects funding, including pupil number returns and funding claims completed by the trust are accurate and in compliance with funding criteria.

Accounting Officer

The Headteacher, acting as the Accounting Officer, accepts responsibility for: the propriety and regularity of public finances for which they are answerable, and delegates the day to day management of the finances to the Director of Finance and Administration who is responsible for:

- the keeping of proper accounts;
- prudent and economical administration;
- the avoidance of waste and extravagance;
- ensuring value for money;
- the efficient and effective use of all resources in her charge;
- the maintenance of a risk register which assess the risks arising from its operations;
- ensuring that sound internal financial controls are in place
- ensuring the effective implementation of current financial systems, policies and procedures even in the absence of key staff;
- compiling an annual budget (revenue & capital) for presentation to Finance and Property Governors and final approval of the Governing Body, ensuring that the school has received the correct entitlement to delegated funding via the EFA;
- ensuring the production of regular, reconciled budget / financial reports for Governors, EFA, or other bodies as necessary;
- considering and responding promptly to recommendations identified in audit (Responsible Officer) reports and Ofsted recommendations and advise the Governing Body of remedial actions to be implemented;
- preparing a Charging and Remissions policy for approval by the Governing Body;
- ensuring the maintenance of an inventory for all school responsibility items (i.e.outside the scope of the PFI facilities management arrangements);
- ensuring the adequacy of the school's insurance arrangements;
- preparing and implementing the school pay policy and appointments procedures, reviewing staffing requirements and curriculum needs as necessary;
- preparing a statement to demonstrate the school has secured Value for Money;
- preparing a statement for inclusion in the Annual Report, on governance, regularity, propriety and compliance.

ESFA Annual letters:

The ESFA Accounting Officer sends a letter annually to the schools Accounting Officer covering issues pertinent to their role such as developments in the accountability framework and findings from ESFA's work with trusts. The Accounting Officer must share this letter with the trustees, chief financial officer and other members of the Leadership team, to be discussed and where appropriate strengthen the school's financial systems and controls.

The **Director of Finance**, has the following key responsibilities:

- prepare the annual accounts;
- prepare and monitor the annual budget;
- liaise with the Responsible Officer, auditors and accountants as necessary.

On a daily basis the Director of Finance will:

- have delegated responsibility to make virements within the authorised limits;
- oversee all orders placed and invoices received;
- oversee all income received by the school in terms of grants, donations or third party payments, including instrumental music charges;
- manage the petty cash account;
- ensure accuracy of payroll details on a monthly basis;
- ensure that the schools accounting system is reconciled to the school bank account on a monthly basis;
- produce a regular report for the Finance and Property Committee to indicate current financial position and forecasts;
- produce monthly reports for all delegated budget fund holders;
- manage the voluntary fund account including annual audit;
- review and develop this Finance Policy on an annual basis and recommend changes as necessary in line with DfE/EFA policy;
- maintain an inventory for all school responsibility items;
- seek approval for and report on the disposal or write off of stock;
- advise the Headteacher in respect of the school's insurance requirements;
- ensure that all financial records are retained as required under the Records Retention Policy.

Working with the Director of Finance, the **Finance Officer's** will:

- assume the day to day responsibility for placing orders, receiving goods and preparing invoices for payment;
- maintain an orderly system of recording all transactions;
- check and disperse goods received;
- undertake monthly bank reconciliation;
- undertake quarterly vat returns
- daily operation of the petty cash fund;
- daily operation of the schools Voluntary Fund account;
- daily operation of Restaurant monies.

Financial limits of delegated authority:

Headteacher: £100,000 (governing body approval in excess of this)

Director of Finance: £50,000

Budget holders are authorised to commit expenditure in line with their departmental plans and agreed budget allocations. Requisition orders must be completed and signed by the budget holder and the Director of Finance before processing and entering on the school financial management system (FMS). Where urgency requires a verbal order to be made, this should be confirmed by an official order as soon as possible.

Write-offs and liabilities:

The delegated limits are:

- 1% of total income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 5% of total annual income in any one financial year per category or transaction.

The amounts of write offs are before any successful claims from an insurer.

Accounting Systems

The school has chosen to use SIMS Financial Management System as an accounting system. The system is password protected with restricted access. The system is backed up daily as per the Disaster Recovery Plan.

Orders are prepared by the Finance Officer for signature by the Director of Finance (in accordance with the authorised levels above);

Goods received will be noted by the Finance Officer and dispatched to the relevant department who report any discrepancies against their original order;

Invoices are checked against the original order by the Finance Officer and prepared for payment (any anomaly not already reported by the originator of the will be investigated prior to payment);
Payments should only be made on a receipt of a VAT invoice;
Payments made by **cheque** are signed by two authorised signatories;

Petty cash is used for the purchase of minor items (maximum £100 in cash reimbursement).
VAT receipts should be obtained in order that the school can reclaim funds.
(£1,000 petty cash held on premises at any one time in a fire proof safe.

Gifts & Hospitality:

Staff should not accept gifts or hospitality without recourse to the Headteacher. Minor tokens such as pens, calendars, etc are acceptable.

Income:

Income received is recorded on FMS by the Finance Officer and receipts produced.
Cash and cheques are paid into the relevant budget.
Bank statements are reconciled upon receipt in school (weekly).

Voluntary Fund:

The school fund is managed on a daily basis by the Finance Officer, using Parentpay software
Financial viability of any visit/event is approved in advance by the LMT.

Remission of charges for a visit/event can only be authorised if the student is on the free school meals register.

Insurance:

The school must ensure that it has adequate insurance in compliance with its legal obligations and has opted into the academies risk protection arrangement (RPA) Not all risks are covered by the RPA (eg. Motor vehicles, overseas travel) these continue to be covered by a broker.

Appendix 1.

FINANCIAL REGULATIONS

1. Introduction
2. Organisation
3. Accounting System
4. Financial Planning
5. Payroll
6. Purchasing
7. Income
8. Cash Management
9. Fixed Assets

1. Introduction

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

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

2. Organisation

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 Trustees (Governing Body)

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 DfES and in the academy's scheme of government.

The main responsibilities include:

- ensuring that grant from the DfES is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the academy's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the Principal and
- appointment of the Finance Director, in conjunction with the Principal.

The Finance & Property Committee

The Finance & Property Committee is a committee of the governing body. This Committee meets at least once a term but more frequent meetings can be arranged if necessary.

The main responsibilities of the Finance & Property 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 DfES guidance issued to academies;
- authorising the award of contracts over £10,000
- authorising changes to the academy personnel establishment and
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.

The Principal

Within the framework of the academy development plan as approved by the governing body the Principal has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Finance Director but the Principal still retains responsibility for: *Academies Financial Handbook 2017..*

- approving new staff appointments within the authorised establishment. However, it is academy policy that a governor will be involved in each interview for new staff where ever possible
- authorising contracts between £1,000 and £9,999 in conjunction with the Finance Director
- signing cheques in conjunction with the Finance Director or other authorised signatory.

The Finance Director

The Finance Director works in close collaboration with the Principal through whom she is responsible to the governors. The Finance Director also has direct access to the governors via the Finance & Property Committee. The main responsibilities of the Finance Director are:

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

The Responsible Officer

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

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

The Responsible Officer will undertake a quarterly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the governing body. A report of the findings from each visit will be presented to the Finance & General Purposes Committee. Detailed guidance on the transactions to be checked by the RO is given in Appendix A of the DfES Guidance.

Other Staff

Other members of staff, primarily the Finance Officer's 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.

3. Register of Interests

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all 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 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.

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.

Trusts must publish on their websites relevant business and pecuniary interests of trustees and accounting officers. Trusts have discretion over the publication of the interests of any other individual named on the register.

Principles applying to connected party relationships

The academy ensures that:

- trustees understand and comply with their statutory duties as company directors to avoid conflicts of interest, not to accept benefits from third parties, and to declare interest in proposed transactions or arrangements
- all members, trustees, and senior employees have completed the register of interests retained by the trust, in accordance with sections 3.1.16 to 3.1.19 of the Academies Financial handbook 2015, and there are measures in place to manage any conflicts of interest
- no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust

- there are no payments to any trustee by the trust unless such payments are permitted by the articles, or by express authority from the Charity Commission and comply with the terms of any relevant agreement entered into with the Secretary of State.

The board of trustees **must** ensure that the requirements for managing connected party transactions are applied across the trust. The chair of the board of trustees and the accounting officer **must** ensure that their capacity to control and influence does not conflict with these requirements. They **must** manage personal relationships with connected parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with these seven principles of public life.

4. Accounting system

All the financial transactions of the academy must be recorded on the FMS accounting system.

The FMS system is operated by the Finance Department and consists of:

Journals
Nominal Ledger Bank
Transactions
Purchases Ledger Sales Ledger Payroll System
Automatic update
Manual update

System Access

Entry to the FMS system is password restricted.

Access to the component parts of the FMS system can also be restricted and the Finance Director is responsible for setting access levels for all members of staff using the system.

Back-up Procedures

The Finance Director is responsible for ensuring that there are effective back up procedures for the system. Data should be copied onto removable medium and the copies stored in a secure place (fireproof safe).

At least one copy should be stored off-site.

The Finance Director 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

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.

All journal entries must be documented on the appropriate journal form, recorded in the journal book and authorised by the Finance Director prior to being input to the accounting system.

Bank transactions should be input by the Finance Officer and the input should be checked, and signed to evidence.

Transaction Reports

The Director of Finance 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:

- Masterfile amendment reports for the payroll, purchase ledger and sales ledger;
- management accounts summarising expenditure and income against budget at budget holder level.

Reconciliations

The 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.

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

Risk Management

The trustees must make a considered choice about its desired risk profile, taking account of its legal obligations, business objectives and public expectations. The trust must recognize and manage present and future risks to ensure its effective and continued operation. The risk register must include contingency and business continuity planning.

4. Financial planning

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

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

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

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

Development Plan

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.

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 DfES.

Each year the Principal 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?”

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 Principal. 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.

The leadership and management 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

The Finance Director is responsible for preparing and obtaining approval for the annual budget.

The budget must be approved by the Principal, Finance & Property Committee and the governing body.

The approved budget must be submitted to the DfES by 30 June each year and the Finance Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

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.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of DfES 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

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

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance Director for approval by the Principal, the Finance & Property 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.

Monitoring and Review

Monthly reports will be prepared by the Finance Director. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Principal and the Finance & Property Committee.

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

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.

5. Payroll

The main elements of the payroll system are:

- staff appointments;
- payroll administration and payments.

Staff Appointments

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 Finance & Property Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Principal has authority to appoint staff within the authorised establishment except for Deputy Headteacher, Finance Director and Assistant Headteachers, whose appointments must follow consultation with the governors. The Finance Director maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the Finance Director immediately.

Payroll Administration

The academy payroll is administered on the FMS payroll package operated in the Finance Office. Access to the system is password controlled. Password control procedures and backup arrangements are described in section two of this manual.

All staff are paid monthly through the FMS payroll package, supported through Strictly Education and administered on-line. A master file is created for each employee which records:

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

The Cover Manager must complete a monthly staff return which provides details for all staff sickness and other absences during the month.

Payments

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

All salary payments are made by BACS

The Finance Director 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 Finance Director.

The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the gross to net pay print and cheques for these amounts should be prepared by the Finance Officer and authorised for payment by the Finance Director and the Principal (or other authorised cheque signatory if one is unavailable) by the due date.

The Finance Director should select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly.

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

Special Payments

Special payments are transactions that fall outside academy trusts' planned range of activities. They are non-statutory or non-contractual and so are subject to greater control than other payments. They include:

- staff severance payments
- compensation payments

- ex gratia payments

Trustees must reasonably consider the proposed payment to be in the interests of the trust.

Whether such a payment is justified, based on a legal assessment of the chances of the trust successfully defending the case at employment tribunal. Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. Prior approval from the ESFA/HM Treasury must be obtained prior to settlement if payment exceeds £50,000

6. Purchasing

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

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;
- **Accountability**, the academy is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the academy are dealt with on a fair and equitable basis.

Routine Purchasing

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. A print detailing actual expenditure against budget will be supplied to each budget holder a week after the end of each month and budget holders are encouraged to keep their own records of orders placed but not paid for.

A supplier should be chosen from the list of approved suppliers maintained by the Finance Office. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list, the reasons for this decision must be discussed and agreed with the Finance Director.

All orders must be made, or confirmed, in writing using an official order form, stocks of which are held in the Finance Office. Orders must bear the signature of the budget holder and must be forwarded to the Finance Office where the Finance Director will check to ensure adequate budgetary provision exists before countersigning the order.

Countersigned orders are recorded in the orders placed book, allocated a reference number and dispatched to the supplier.

Appropriate arrangements for the delivery of goods to the academy should be made. On receipt the Finance Officer must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

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 record the details accordingly. All invoices should be sent to the Finance Office. Invoice receipt will be recorded by the

Finance Officer in the order book and also in the purchase ledger. Control slips will be used on all invoices which the following can be evidenced:

- invoice arithmetically correct;
- invoice posted to purchase ledger;
- goods/ services received;
- goods/services as ordered;
- prices correct;
- invoice authorised for payment;
- payment authorised;
- VAT treated correctly and payment made.

The Finance Officer will input details of payments to be made to the purchase ledger and generate the BACS payments or cheques required. The BACS runs and cheques and associated paperwork must be authorised by two of the nominated cheque signatories.

Cheques will be dispatched to suppliers by the Finance Officer who will also complete boxes on the control slip

Orders over £1,000 but less than £10,000

At least three quotations should be obtained for all orders between £1,000 and £10,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by the finance officer for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

Orders over £10,000

All goods/services ordered with a value over £10,000, or for a series of contracts which in total exceed £10,000 must be subject to formal tendering procedures.

Income

The main sources of income for the academy are the grants from the DfES. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants due to the academy are collected.

The academy also obtains income from:

- students, mainly for visits and
- the public, mainly for sports lettings.

Visits

A lead teacher must be appointed for each visit to take responsibility for the collection of sums due. The lead teacher with the finance officer must prepare a record for each student intending to go on the visit showing the amount due. A copy of the record must be maintained by the Finance Officer.

Payments for visits are payable via ParentPay. The 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 who is responsible for chasing the outstanding amounts.

Sports Lettings

The Finance Officer is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

Details of organisations using the sports facilities should be sent by the Site Manager to the Finance Officer who will establish a sales ledger account and produce a sales invoice from the accounting system. Details of payments and monies owing including the chasing of outstanding debts and ensuring no use is made of the facilities unless payment has been made is part of this responsibility.

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

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

Cash Management

Bank Accounts

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

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

The majority of payments are made through Barclays direct on-line banking system via a five days BACS.

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

- Principal; (Headteacher)
- Finance Director;
- Systems Manager
- Cover Manager
- Exams Officer

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.

Administration

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

- all bank accounts are reconciled to the academy's cash book;
- reconciliations are prepared by the Finance Officer;
- reconciliations are subject to an independent monthly review carried out by the Finance Director or in her absence the Responsible Officer (RO) and adjustments arising are dealt with promptly.

Petty Cash Accounts

The academy maintains a maximum cash balance of £1,000. The cash is administered by the Finance Officer and is kept in the Finance office safe.

Deposits

The only deposits to petty cash should be from cheques cashed specifically for the purpose.

The receipt should be recorded in the petty cash system with the date, amount and a reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly into the bank.

Payments and Withdrawals

In the interests of security, petty cash payments will be limited to £100. Higher value payments should be made by cheque directly from the main bank account as a cash book payment.

Administration

The Finance Officer is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Finance Director to ensure that the cash balance reconciles to supporting documentation.

Physical Security

Petty cash should be held in a locking cash box which is put in the safe overnight.

Cash Flow Forecasts

The Finance Director is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds

Investments

Investments must be made only in accordance with written procedures approved by the governing body. 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.

Fixed assets

Asset register

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 DfES grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location

The Asset Register helps:

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

Security of assets

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

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

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Finance Director and, where significant, should be sold following competitive tender. The academy must seek the approval of the DfES in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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 licences for software programmes have been legally transferred to a new owner.

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

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

Loan of Assets

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

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

Appendix 2

Waddesdon Church of England School

Scheme of Delegation

PO/HT Principal Officer/Headteacher

DF: Director of Finance

FO1: Finance Officer 1

FO2: Finance Officer 2

RO: Responsible Officer

CM: Catering Manager

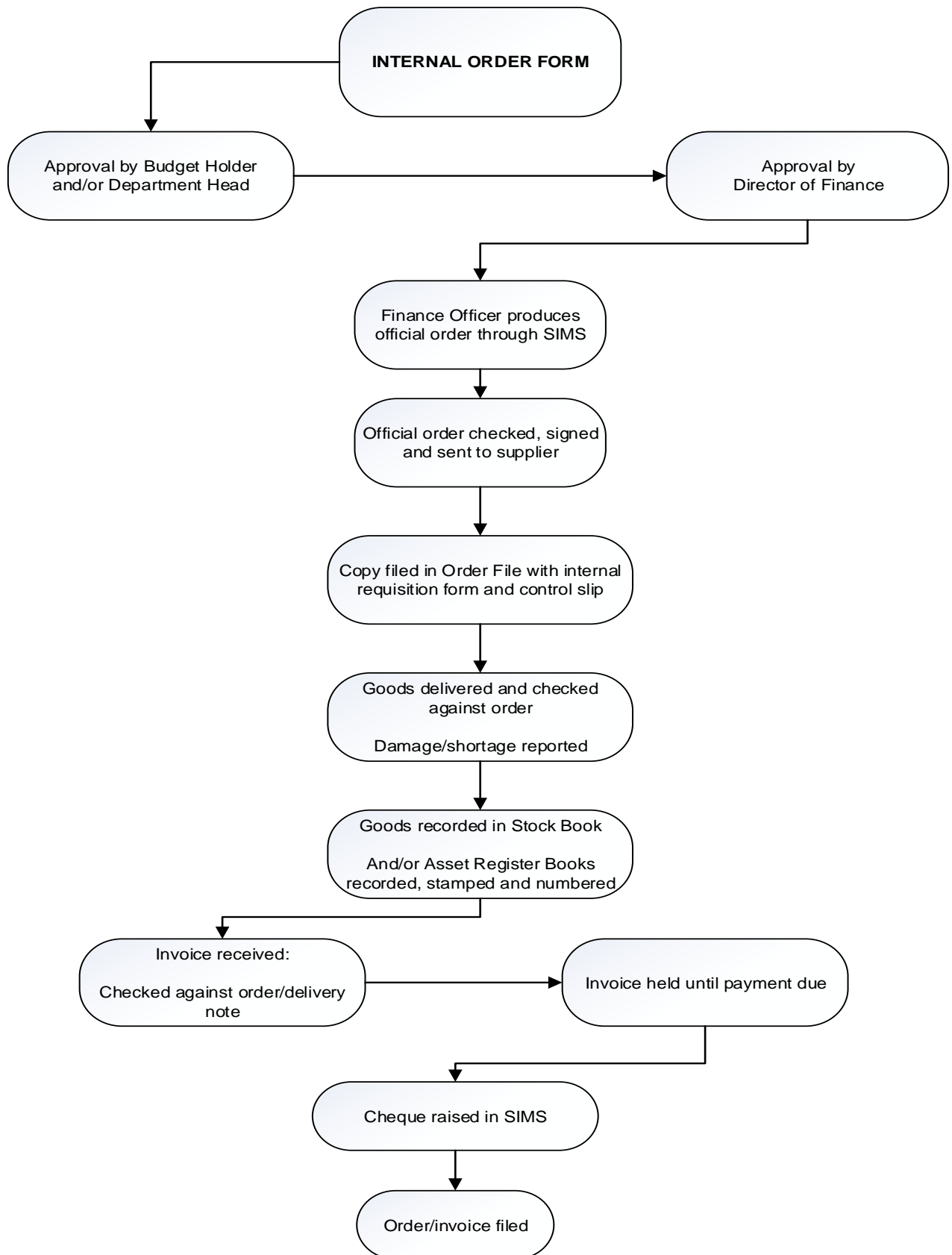
	PO / HT	DF	FO1	FO2	RO	CM
PURCHASING						
Inputs order on FMS			✓	✓		
Authorises order on FMS		✓	✓			
Authorising signature on paper copy of order		✓	✓			
Signs invoice/ delivery note to confirm receipt of goods		✓	✓	✓		
Inputs invoice on FMS		✓	✓	✓		
Authorises invoice on FMS				✓		
Authorising signature on lease agreements	✓	✓				

	PO / HT	DF	FO1	FO2	RO	CM
PETTY CASH						
Signs petty cash vouchers when payments made			✓	✓		
Reconciles account each month and completes reimbursement claim		✓		✓		
Authorises reimbursement claim		✓		✓		
PAYROLL						
Inputs new starters onto SIMS		✓				
Authorising signature on teaching staff salary notification forms		✓				
Authorising signature on non teaching staff variation to contract/ new starter forms		✓				
Checks monthly payroll print against staff details		✓				
Carries out independent check of payroll print and signs and dates					✓	
Authorising signature on overtime claim forms	✓					

	PO / HT	DF	FO1	FO2	RO	CM
INVENTORY						
Ensures inventory is up to date with new items				✓		
Amends inventory with any changes from stock check		✓				
Signs off disposals	✓	✓				
LETTINGS						
Obtains signed hire agreement and insurance documents				✓		
Maintains lettings diary and raises invoices				✓		
INCOME COLLECTION						
Collects income initially			✓			
Counts income and records			✓	✓		
Inputs income in FMS			✓			
Checks income for banking and completes paying in slip			✓	✓		
Banks income			✓	✓		
Carries out termly independent check of income received to bank statement					✓	

	PO / HT	DF	FO1	FO2	RO	CM
Inputs income on FMS		✓		✓		
Checks income for banking and completes paying in slip			✓	✓		
Banks income			✓	✓		
Carries out termly independent check of income received to bank statement					✓	
REPORTING Carry out necessary reports to the DfE within timetable of reporting		✓				
FREE SCHOOL MEALS						
Obtains evidence of entitlement for children receiving FSMs				✓		
CATERING						
Maintains stock inventory and records new stock when delivered						✓
Periodically carries out independent stock check and signs and dates						✓
Amends inventory with any changes from stock check						✓
Signs off disposals		✓				

Appendix 3.



Key documents

Budget forecast	The document by which an academy notifies the EFA of its budget for the forthcoming academic year.
Annual accounts	The statutory requirement for all academy trusts. This needs to be completed to a 31 August year-end and then submitted to the EFA no later than 31 December.
Additional accounts return	A summarised version of the Annual Accounts in spreadsheet format. This needs to be with the EFA no later than 31 December.
Consolidated accounting return	<p>ATs have been required to provide a “return for consolidation into government financial reporting” since 2009-10.</p> <p>The EFA will collect these returns from ATs in scope in a format, and by a date, to be notified.</p>