****

**BRYMORE ACADEMY**

**FINANCIAL REGULATIONS**

|  |  |
| --- | --- |
| **Created by:** | |
| **Date:** | |
| **Approved by Local Advisory Board:** | |
| **Review date: August 2015** | |
| **Signature of Chair of Governors** | **Signature of Headteacher** |

**CONTENTS**

Section Subject

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 Brymore Academy maintains and develops systems of financial control, which confirm 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 (DfE) and Education Funding Agency (EFA).

The Academy must comply with the principles of financial control outlined in the Academies’ guidance published by the DfE. These regulations expand on that and provide detailed information on the Academy’s accounting procedures. It should be read by all staff involved with financial systems.

* 1. **ORGANISATION**

Brymore Academy has defined the responsibilities of each person involved in the administration of the 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 Local Advisory Body**

The Local Advisory Body has overall responsibility for the administration of the Academy’s finances. The main responsibilities of the Local Advisory Body are prescribed in the Funding Agreement between the Academy and the DfE. The main responsibilities include:

* ensuring that grant from the DfE and EFA is used only for the purposes intended;
* approval of the annual budget;
* appointment of the Headteacher and
* appointment of the Finance Manager, in conjunction with the Headteacher.

**The Finance, General Purposes and Personnel Committee**

The Finance, General Purposes and Personnel (F,GP&P) Committee is a committee of the Local Advisory Body. It meets at least once a term.

The main responsibilities of the F, GP & P Committee are detailed in written terms of reference to be authorised by the Local Advisory 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, DfE and EFA guidance issued to Academies;
* authorising the award of contracts over £20,000;
* authorising changes to the Academy personnel establishment and;
* reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls.

**The Headteacher**

Within the framework of the Academy development plan, as approved by the Local Advisory 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 Finance Manager but the Headteacher still retains responsibility for:

* approving new staff appointments within the authorised establishment, except for any senior staff posts which the Local Advisory Body have agreed should be approved by them;
* authorising contracts between £1,000 and £20,000 in conjunction with the Finance Manager;
* signing cheques in conjunction with other authorised signatories.

**The Finance Manager**

The Finance Manager works in close collaboration with the Headteacher through whom he or she is responsible to the governors. The Finance Manager also has direct access to the governors via the F, GP & P Committee. The main responsibilities of the Finance Manager are:

* the day to day management of financial issues including the establishment and operation of a suitable accounting system;
* the management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the Local Advisory 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 contracts between £1,000 and £20,000 in conjunction with the Headteacher;
* signing cheques in conjunction with the Headteacher or other authorised signatory; and
* ensuring forms and returns are sent to the DfE and EFA in line with the timetable in the DfE and EFA guidance.

**The Responsible Officer**

The Responsible Officer (RO) is appointed by the Local Advisory Body and provides Governors with an independent oversight of the Academy’s financial affairs. The main duties of the RO are to provide the Local Advisory Body with independent assurance that:

* the financial responsibilities of the Local Advisory 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 control are operating as laid down by the Local Advisory Body. A report of the findings from each visit will be presented to the Audit Committee.

**Other Staff**

Other members of staff, primarily the Finance Manager, the 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 the Academy’s 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.

The Finance Manager can authorise orders below £1,000 in conjunction with budget holders/countersignatories.

**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 whom the Academy may purchase goods or services. The register is open to public inspection.

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.

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 Local Advisory Body or a committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

* 1. **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

Purchase Ledger

Sales Ledger

Orders process

Payroll is outsourced and journals uploaded into the system.

**System Access**

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

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

**Back-up procedures**

The ICT Manager is responsible for ensuring that there are effective back up procedures for the system.

The Head teacher and ICT 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**

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 purchase ledger and the sales ledger are included in the following sections of the manual. All journal entries must be documented and authorised by the Finance Manager 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 this check, by the Finance Manager.

Detailed information on the operation of the FMS system can be found in the user manuals held within the FMS database.

**Transaction reports**

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

* the weekly audit trail reports;
* master file amendment reports for the purchase and sales ledgers; and
* management accounts summarising expenditure and income against budget at budget holder level.

**Reconciliations**

The Finance Manager 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;
* 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 Headteacher. The Headteacher will review and sign all reconciliations as evidence of his review.

* 1. **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 given to the matters included within the guidance to Academies and any annual guidance issued by the DfE and EFA.

Each year the Headteacher will propose a planning cycle and timetable to the Local Advisory 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 Headteacher.

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.

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 management team will report to the Local Advisory Body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

**Annual Budget**

The Finance Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, F, GP & P Committee and the Local Advisory Body.

The approved budget must be submitted to the DfE / EFA by 31st July each year and the Finance Manager 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 EFA 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 Manager for approval by the Headteacher, the F, GP & P Committee and the Local Advisory Body. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget should be 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**

Monthly reports will be prepared by the Finance Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Finance Manager, the Headteacher and the F, GP & P Committee.

Any potential overspend against the budget must in the first instance be discussed by the Finance Manager with the Headteacher. The accounting system will not allow orders to be raised against an overspent budget without the approval of the Headteacher.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget virements should be notified to the F, GP & P Committee.

**5. PAYROLL ADMINISTRATION**

The payroll system is operated for the academy by Somerset County Council. It covers

* staff appointments;
* payroll administration; and
* payments.

**Staff Appointments**

The Local Advisory 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 F, GP & P Committee who must ensure that adequate budgetary provision exists for any establishment changes.

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

**Payments**

After the payroll has been processed but before payments are dispatched a print (hard copy or e-mail) of salary payments by individual and showing the amount payable in total should be reviewed by the Finance Manager and authorised by the Headteacher and Finance Manager.

All salary payments are made by BACS. Exceptionally, payment may be made by cheque raised and signed in the Academy, e.g. if there has been a mistake that requires urgent rectification. Any such amendments will require the Headteacher’s authority.

The Finance Manager 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 Headteacher.

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.

On an annual basis the Finance Manager must check for each member of staff that the gross pay per the payroll system agrees to the record held on the personnel file.

**6. PURCHASING**

The Academy wants to achieve the best value for money from all 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 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 for the new academic year by the 1st September. 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 (with the exception of the month of September) and budget holders are encouraged to keep their own records of orders placed but not paid for.

Routine purchases up to £5,000 can be ordered by budget holders.

All orders must be made, or confirmed, in writing using an official internal requisition form, stocks of which are held in the Finance Office and are available to download. The Internal Requisition Form must bear the signature of the budget holder and must be forwarded to the Finance Office where the Finance Officer will check to ensure adequate budgetary provision exists.

Countersigned orders are recorded in the FMS system, allocated a reference number and dispatched to the supplier by the Finance Officer, after approval of the order by either the Finance Manager or Headteacher, subject to the scheme of delegation limits detailed on page 18.

On receipt of the goods the budget holder 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 notified without delay to the Finance Officer for him/her to discuss with the supplier of the goods.

If any goods are rejected or need to be returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Officer must be notified. The Finance Officer will keep a central record of all goods returned to suppliers.

All invoices should be sent to the Finance Office. The Finance Officer will stamp invoices with a grid against which a variation of the following can be evidenced:

1. Goods/services received
2. Goods/services as ordered
3. Prices correct
4. Invoice authorised for payment
5. Cost centre and expense code(s)
6. Arithmetically correct
7. VAT treated correctly
8. Payment authorised
9. Payment made (detailing date of payment and unique reference number)

Boxes a) to d) above must be completed by the budget holder. Before completing these boxes the budget holder must make a detailed check against the order and the GRN, and these documents must 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. Boxes e) to i) will be completed by the Finance Officer.

If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress. When the budget holder has completed boxes a) to d) the invoice, order and GRN should be sent to the Finance Office. Once a month the Finance Officer will produce a list of outstanding invoices from the system and this list together with supporting documentation will be reviewed by the Finance Manager.

The Finance Officer will then input details of payments to be made to the purchase ledger and generate the prints attached for authorisation by the Finance Manager and Headteacher.

Hence, once the prints are authorised by the Finance Manager and the Headteacher, BACS payment should be set up or cheques written.

**Orders over £5,000 but less than £20,000**

At least three written quotations should be obtained for all orders between £5,000 and £20,000 to identify the best source of the goods / services. Written quotations obtained should be passed to the Finance Office together with the order requisition for audit purposes.

**Orders over £20,000**

All goods / services ordered with a value over £20,000, or for a series of contracts which in total exceed £20,000 must be subject to formal tendering procedures. Purchases over £101,323 (threshold from 1/1/10) may fall under EU procurement rules, which requires advertising in the Official Journal of the European Union (detailed guidance as to the OJEU thresholds is given in Annex 2e in the Academies Financial Handbook).

The Academy may wish to be part of a purchasing consortia and use joint purchasing arrangements. The F, GP & P committee must approve all such purchasing arrangements.

**Forms of Tenders**

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

* *Open Tender*. This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Headteacher & Finance 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 completion and the propriety of public funds.
* *Restricted Tender.* This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
* there is a need to maintain a balance between the contract value and administrative costs,
* a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Academy’s requirements,
* the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.
* *Negotiated Tender.* The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
* the above methods have resulted in either no or unacceptable tenders,
* one or very few suppliers are available,
* extreme urgency exists,
* additional deliveries by the existing supplier are justified.

**Preparation for Tender**

Full consideration should be given to:

* objective of project
* overall requirements
* technical skills required
* after sales service requirements
* form of contract.

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

**Invitation to Tender**

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.

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**

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**

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:

* For contracts up to £20,000 – two of the budget holders, the Finance Manager or the Headteacher;
* For contracts over £20,000 – either the Finance Manager or the Headteacher plus a member of the F, GP & P Committee.

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**

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.

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.

Full records should be kept of all criteria used for evaluation and for contracts over £100,000 a report should be prepared for the F, GP & P Committee highlighting the relevant issues and recommending a decision. For contracts under £100,000 the decision and criteria should be reported to the F, GP & P Committee.

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

The accepted tender should be the one that demonstrates best value to the Academy. All parties should then be informed of the decision.

**7. INCOME**

The main source of income for the Academy is grants from the DfE and EFA. The receipt of these sums is monitored directly by the Headteacher and Finance Manager, who is responsible for ensuring that all grants due to the Academy are collected.

The Academy also obtains income from:

* pupils, mainly for trips and pocket money ,
* boarding fees
* farming
* other schools, and
* the public, mainly for lettings.

**Trips**

The Finance Officer is responsible for the collection of sums due. A record must be kept for each student intending to go on a trip showing the amount due.

Pupils should make payments via the Finance Office. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

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 teacher responsible for assisting with chasing the outstanding amounts on a weekly basis and the Finance Officer is responsible for chasing the outstanding amounts.

**Raising Invoices**

An order form should be filled in and submitted to the Finance Office. The Finance Office can then raise an order on the system and create an invoice. The Finance Office will then send the invoice to the customer. The Finance Manager will review a list of outstanding debts at the end of the month and ensuring that any outstanding debts are followed up.

**Custody**

Official Academy receipts should be issued for all cash and cheques received where no other formal documentation exists. 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 sums collected exceed the insurance limit on the Finance Office safe.

Monies collected must be banked in their entirety in the appropriate bank account. The 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 must be reviewed and certified by the Finance Manager.

**8. CASH MANAGEMENT**

**Bank Accounts**

The opening of all accounts must be authorised by the Local Advisory Body who must set out 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 amount of the deposit and
* a reference, such as the name of the debtor

**Payments and withdrawals**

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

* Headteacher
* Deputy Headteacher
* Assistant Headteacher
* Finance Manager

This provision applies to all accounts, public or private, operated by or on behalf of the Local Advisory Body of the Academy.

**Administration**

The Finance 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;
* reconciliations are subject to an independent review carried out by the Headteacher; and
* adjustments arising are dealt with promptly.

**Petty Cash Accounts**

The Academy maintains a maximum cash balance of £500. The cash is administered by the Finance Officer and is kept in the 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 reference, normally the cheque number, relating to the payment. All other cash receipts for whatever reason should be paid directly to the bank.

**Payments and Withdrawals**

In the interests of security, petty cash payments will be limited to £50. Higher value payments should be made by BACS directly from the main bank account as a purchase ledger 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 taken by the Finance Manager to ensure that the cash balance reconciles to the supporting documentation.

**Physical Security**

Petty cash is kept in a locking cash tin and is stored in the safe overnight.

**Cash Flow Forecasts**

The Finance Manager 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. Similarly plans should be made to transfer funds from another bank account or to re-profile GAG to cover potential cash shortages.

**Investments**

Investments must be made only in accordance with written procedures approved by the Local Advisory Body.

All investments must be recorded in sufficient details 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 description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

**9. FIXED ASSETS**

**Purchase of assets**

All assets purchased with a value over £1,000 must be entered in the asset register

**Asset register**

The asset register should include the following information:

* date of acquisition;
* description of the asset including a unique identification mark such as a serial number;
* cost;
* source of funding;
* location of asset;
* expected useful life of asset and
* name of staff member responsible for that asset.

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 to 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 Local Advisory Body. Inventories of Academy property to 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 Headteacher and, where significant, should be sold following competitive tender. The Academy must seek the approval of DFE and EFA in writing if it proposes to dispose of any asset for which capital grant in excess of £20,000 was paid. Disposal of assets worth between £50 and £5,000 should be approved by the Finance Manager. Disposal of assets worth £5,000 to £20,000 approved by the F, GP & P Committee. Assets worth more than £20,000 should be approved by the Local Advisory Body.

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 DfE 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.

**Scheme of Delegated Authority**

|  |  |  |
| --- | --- | --- |
| **Delegated duty** | **Value** | **Delegated authority** |
| Virements between and within budget heads | Up to £10,000 | Finance Manager |
| £10,000 to £30,000 | Finance Manager & Headteacher |
| Over £30,000 | Finance, General Purposes and Personnel Committee |
| Bank account transfers and cheque / BACS payment authorisation | Any | Finance Manager and one other signatory – Assistant Headteacher, Deputy Headteacher or Headteacher |
| Orders / Invoice approval | Up to £1,000 | Finance Manager |
| £1,000 and £20,000 | Finance Manager and one of either Assistant Headteacher, Deputy Headteacher or the Headteacher |
| Over £20,000 | Finance, General Purposes and Personnel Committee |
| Quotations and tendering | £5,000 to £20,000 | Minimum of three quotes to be obtained by Budget Holder |
| Over £20,000 to relevant OJEU limit | Formal tendering process |
| Over OJEU limit | As above plus OJEU compliance |
| Disposal of assets | Up to £5,000 | Finance Manager |
| £5,000 to £20,000 | Finance, General Purposes and Personnel Committee |
| Over £20,000 | Local Advisory Body |
| Over £20,000 | DfE & EFA where the asset was bought using a capital grant. |
| Write-off of bad debts | Any | Finance, General Purposes and Personnel Committee |
| Signatories for grant claims / EFA returns | Any | Any two of Finance Manager, Headteacher and other agreed Governor signatory |
| Income invoice approval | Up to £10,000 | Finance Manager |
| £10,000 to £30,000 | Finance Manager and Headteacher |
| £30,000 to £100,000 | As above plus Governor |
| Over £100,000 | Finance, General Purposes and Personnel Committee |