

## Financial Procedures Policy

<b>Title:</b>	Financial Procedures Policy
<b>Document Reference:</b>	FM/Procedures/1
<b>Issue Date:</b>	July 2024
<b>Next Review Date:</b>	July 2025
<b>Issue:</b>	02

DOCUMENT AUTHORITY		
Prepared by:	Claire Welbourn	Business Manager
Approved by:	<i>Lo A Bantock</i>	Chair of Governors

DOCUMENT HISTORY			
Issue No	Reason for Change	Page(s) affected	Date
2	Change of Finance system Correo to Xero	5, 12, 17 - 19, 23 - 24, 31 - 34, 36 - 40	14.07.24
2	School visits may not require 3 quotes	20	14.07.24

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## **Purpose**

The purpose of this financial procedures paper is to set out the systems of financial control operated by Yarborough Academy in order to conform to the requirements of both good propriety and financial management.

These systems have been designed and implemented to ensure compliance with the principles of financial control expected by the Department for Education ('DfE') as set out in the annual Academy Trust Handbook.

This paper provides detailed information on the Academy's accounting procedures and systems which should be read by all staff involved with financial activities.

It is essential that these procedures are followed diligently to ensure the Academy meets the requirements of our funding agreement with the Department for Education.

This procedures paper should also be read in conjunction with the following policy statements which further inform on the sound financial ethos and approach of the Academy:

- Financial Terms of Reference and Responsibilities
- Cash Management Policy
- Reserves Policy

## **Organisational Structure**

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 trustees, governors and staff.

The financial reporting structure is illustrated below:

### **The Board of Trustees**

The Board of Governors has overall responsibility for the administration of the Academy's finances. The main responsibilities of the Board of Governors are prescribed in the Funding Agreement between the Academy and the DfE.

The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring that funds from sponsors are received according to the Academy's Funding Agreement, and are used only for the purposes intended;
- the review and authorisation of the annual budget followed by the regular monitoring of actual expenditure and income against that agreed budget;
- ensuring the annual accounts are produced in accordance with the requirements of the relevant Companies Act legislation and the DfE guidance issued to Academies;
- the appointment of the Head;

- the appointment of the Chief Financial Officer and the Responsible Officer in conjunction with the Head;
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls and ensuring any identified risks are assessed and addressed;

### **The Head (also known as the Accounting Officer)**

Within the framework of the Academy development plan, as approved by the Board of Governors, the Head has overall executive responsibility for the Academy's activities including financial operations.

Much of the day to day financial responsibility has been delegated to the Chief Financial Officer however the Head still retains responsibility for (and in their absence the Deputy Head):

- approving new staff appointments within the authorised establishment structure, except for any senior staff posts which the Board of Governors have specifically determined should be approved by them;
- authorising capital expenditure within the financial parameters delegated under the Academy's formal scheme of delegation – please refer to the Academy's Financial Terms of Reference and Responsibilities document;
- signing cheques in conjunction with the Chief Financial Officer or other authorised signatories as set out in the Academy's bank mandate;

### **The Business Manager (also known as The Chief Financial Officer)**

The Business Manager works in close collaboration with the Head through whom he or she is responsible to the Board of Governors. The Business Manager also has direct access to the Board via the designated Finance Governor.

The main responsibilities of the Business Manager are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the Academy's financial position at a strategic and operational level within the framework for financial control determined by The Board of Governors;
- 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 for overview by the Head and Finance Governor;
- signing cheques in conjunction with the Head or other authorised signatories as set out in the Academy's bank mandate;

- ensuring forms and returns are sent to the DfE in line with the timetable requirements determined and advised by the DfE;

### **The Responsible Officer**

The Responsible Officer is appointed by the Board of Governors and provides Governors with an independent oversight of the Academy's financial affairs. The main duties of the Responsible Officer are to provide the Board of Governors with independent assurance that:

- the financial responsibilities of the Board of Governors 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 Board of Governors.

A report of the findings from each visit will be presented to the Board of Governors. Detailed guidance on the transactions to be checked by the Responsible Officer is set out in the requisite DfE guidance notes.

### **Other Staff**

Other members of the admin team will have some financial responsibilities and these are detailed in the following sections of this paper.

All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Academy's financial procedures.

### **Register of Interests**

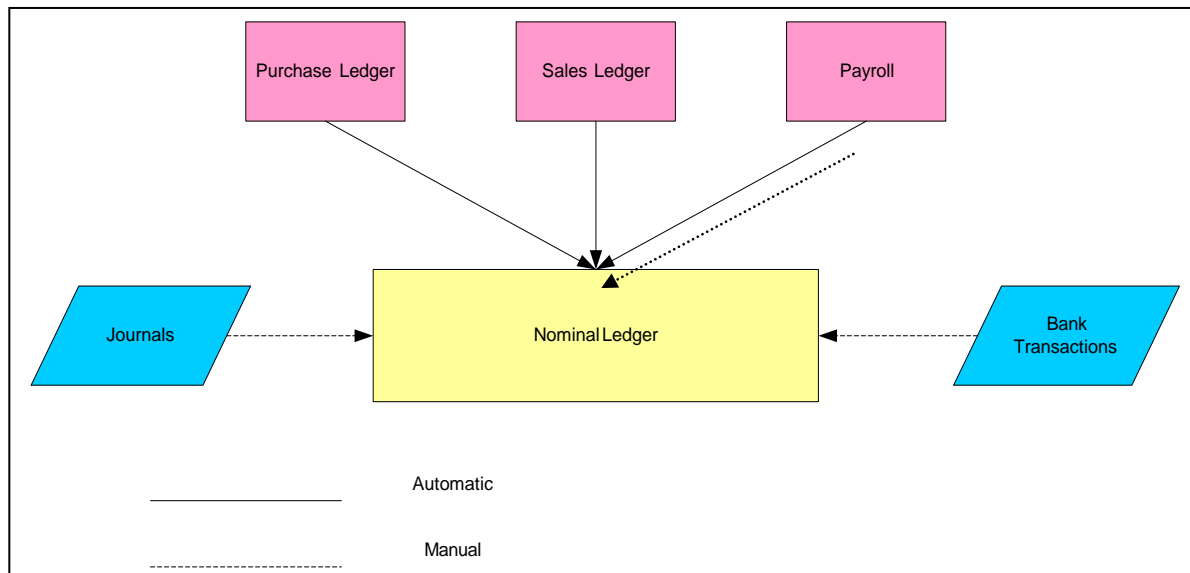
It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Academy governors and staff with significant financial or spending powers are required to declare any financial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

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 Board of Governors or a committee. Where an interest has been declared, those governors and staff should not attend that part of any committee or other meeting.

## Accounting system

All the financial transactions of the academy must be recorded on the Xero accounting system. The Xero system is operated by the Business Manager and consists of:



## System Access

Entry to the Xero system is password restricted and the Chief Financial Officer is responsible for implementing a system which ensures that passwords are issued to users.

Access to the component parts of the Xero system can also be restricted and the Chief Financial Officer is responsible for setting access levels for all members of staff using the system.

## Back-up Procedures

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

In conjunction with Technology Support Solutions, the main server, located in a cupboard in the administration office is backed up to separate server located some distance away in the current key Stage 1 corridor. This is deemed as adequate due to the distance between the respective units.

A hard copy of the nominal ledger and audit trail should be printed each month and should be stored separately from the accounting system.

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

## **Transaction Processing**

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this procedures paper with the exception of card/cash payments made by the Head or Business Manager < the current £200 threshold.

In the case of such payments made < £200 it is acceptable for manual entry to be made, without a pre-approved Purchase Order being in place, with a counter signature procured i.e. if payment is made by the Business Manager without a purchase order there should be a retrospective signature from the Accounting Officer – vice versa applies if payment initiated by the Accounting Officer.

The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in later sections of this procedures paper.

## **Transaction Reports**

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

- the monthly audit trail reports;
- the monthly Management accounts summarising expenditure and income against budget.

## **Reconciliations**

The Business 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;
- payroll control account;
- Bank balance per the nominal ledger to the bank statement.

The monthly reconciliations are to be overviewed on a monthly basis by both the Accounting Officer and designated Governor responsible for financial overview, both of whom will sign in confirmation that the overview has been duly completed.

## **Financial planning**

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

The Three Year 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.

## **The 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, such as IT, English or Numeracy.

The form and content of the development plan are matters for the Academy to decide but due regard should be given to the matters included within the guidance to Academies and any annual guidance issued by the DfE.

Each year the Head will propose a self-evaluation cycle and timetable to The Board of Governors 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 self -evaluation schedule will outline deadlines, responsibilities and impact.

The completed Development plan will include detailed objectives for the coming academic year. The plan may 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 by the Head. The responsible person will monitor performance against the defined success criteria throughout the year and report to the senior leadership team every on a regular basis. The senior leadership team and/or Head will report to The Board of Trustees if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

## **Annual Budget**

The Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Head and The Board of Governors.

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

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 students to estimate the amount of DFE grant receivable;
- review of other income sources available to the Academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings and
- a 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 Business Manager for approval by the Head and The Board of Governors. 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 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 Business Manager. The reports will detail actual income and expenditure against budget at a summary level for the Head and the Governor with designated responsibility for financial overview.



These reports will also be summarised for the information of the full Board of Governors at their regular meetings. 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 must be authorised in accordance with the Academy's approved scheme of delegation as set out in the Financial Terms of Reference and Responsibilities paper.

## **Payroll**

The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments.

See Payroll procedures **Section 1** for further details.

## **Staff Appointments**

The Academy's approved scheme of delegation as set out in the Financial Terms of Reference and Responsibilities paper dictates whether appointments can be made solely by the Head or only in conjunction with the Board of Governors.

At all times due diligence must be applied to ensure that adequate budgetary provision exists for any staff appointments made. This is particularly relevant if the appointment is for a newly created position rather than an infill for an existing role which has become vacant.

The Business Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the HR provider who act on behalf of the Academy at the present time. The Payroll function is currently outsourced to a payroll provider. They provide a detailed summary for a journal to be raised.

## **Purchasing**

The academy seeks to achieve the best value for money from all our purchases. This means they aim 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.

See purchasing procedures **Section 2** for further details.

## 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 Head and the Business Manager determine how best to advertise for suppliers' e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

**Restricted Tender:** 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.

As the Academy has built up a track record of working relationships with a number of local suppliers, who have proven themselves to be both competent and price competitive, the current practice is to seek a restricted tender approach from 3 potential suppliers identified by the Head and/or Business Manager.

**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,
- only one or very few suppliers are available,
- extreme urgency exists,
- Additional deliveries by the existing supplier are justified.

See Tendering procedures on **Section 3** for further details.

## Income

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

The academy may also obtain income from:

- pupils, mainly as voluntary contributions towards educational visits, nurse fees and wraparound care fees
- fundraising
- sales of uniform

See Income procedures on **Section 4** for further details.

## **Cash Management**

### **Bank Accounts**

The opening of all new accounts must be authorised by The Board of Governors unless otherwise allowed within the scheme of delegation.

The arrangements covering the mandate operation of accounts, including any transfers between accounts, cheque signing arrangements, operation of systems such as Bankers Automatic Clearing System (BACS) and/or other means of online/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**

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

- Head;
- Business Manager;
- Deputy Head;
- Any other designated member of the Senior Leadership Team

This provision applies to all accounts, public or private, operated by or on behalf of The Board of Trustees of the academy.

Authorised signatories must not sign a cheque relating to reimbursed expenses for which they are claiming.

### **Administration**

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

- all bank accounts are reconciled to the academy's cash book;
- reconciliations are prepared by the Business Manager
- reconciliations are subject to an independent monthly review carried out by the governor with designated responsibility for financial overview and
- any adjustments arising are dealt with promptly.

### **Petty Cash Accounts**

The Academy maintains maximum cash balance of £500. The cash is administered by the Business Manager and is kept in a locked safe.

Individual payments are limited to £50 however the Business Manager may authorise payments above £50 if required.

### **Deposits**

The deposits to petty cash account are in the form of cash withdrawals made by the Head or Business Manager, who both have access to the debit card linked to the current account, receipt is then recorded in the petty cash system. All other cash receipts for whatever reason are paid directly into the Bank.

### **Payments and Withdrawals**

In the interests of security, petty cash payments are made by the Business Manager. Petty cash payments are recorded against the Main Petty Cash account in the Xero system by the Business Manager and are reconciled as part of the month end process.

Staff expenses including travel and parking will be reimbursed in conjunction with the monthly payroll adjustments. Hotel accommodation will only be reimbursed on an emergency basis where the Head or Business manager have been unable to book in advance. The exception to this is Humber Bridge Toll and local car park fees for the purpose of banking.

### **Administration**

The Business Manager is responsible for entering all transactions into the petty cash records. On an occasional and unannounced basis cash checks should be undertaken by the Governor with designated responsibility for financial overview or internal/external auditors to ensure that the cash balance reconciles to supporting documentation.

### **Physical Security**

Petty cash is stored in a safe overnight.

### **Cash Flow Forecasts**

The Business Manager is responsible for preparing cash flow forecasts as and when determined or required by the Board of Governors to ensure that the academy has sufficient funds available to pay for day-to-day operations.

### **Investments**

Investments must be made only in accordance with written procedures approved by The Board of Governors as laid out in the separate Cash Management Policy paper.

All investments must be recorded in sufficient detail to identify the description of the

investment, the date of purchase, cost and method of obtaining a current valuation assessment.

See Cash & Bank procedures on **Section 5** for further details.

## **Fixed assets**

### **Asset register**

All items purchased with a value over the academy's capitalisation limit, currently £2,000, 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
- location
- disposal

At present the Academy does not apply a depreciation charge throughout the year as this is applied as part of the financial year end procedures with the Academy's auditors.

The Asset Register helps:

- 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**

Wherever possible stores and equipment must be secured by means of physical and other security devices.

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 Board of Governors.

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 Head and, where significant, the Board of Governors with the sale following competitive

tender process.

The Academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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. 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.

## **Academy Detailed Procedures**

**Section 1: PAYROLL**

**Section 2: PURCHASING**

**Section 3: TENDERS**

**Section 4: INCOME**

**Section 5: CASH & BANK**

**Section 6: VAT**

**SECTION 7: BUDGETS**

# 1 Payroll

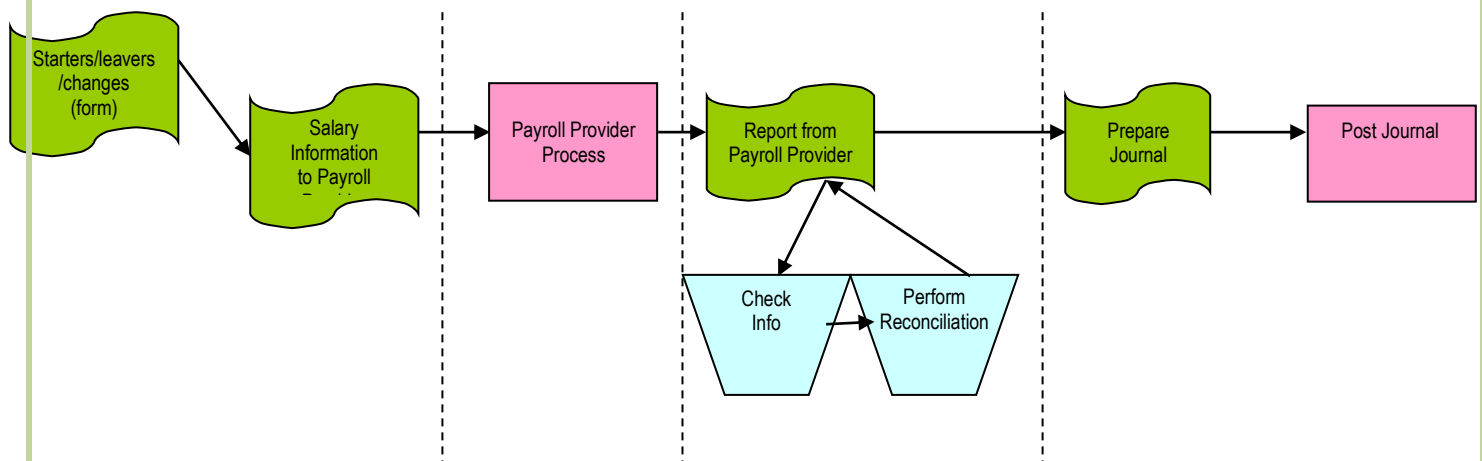
## Introduction

Currently the payroll function for the Academy is outsourced to a payroll provider.

Therefore, the Academy needs to ensure that information is provided to the HR provider on time and that sufficient details are given.

Once the payroll provider has processed the salaries for the Academy, it is important that adequate checks are carried out.

## Payroll Process



Step	Description	Requirements/Tasks	Who?
<b>Prepare Information</b>			
1	Starter & Leavers	For each new employee a new starter form must be forwarded to the HR Provider NELC. The form must give full details of the starter including pay grade, commencement date etc. A copy should be retained in their personnel file.	<b>Business Manager</b>



		<p>If there are any leavers in the month, the HR provider must be notified and the date of exit confirmed. A copy of the resignation letter should also be sent to HR. A copy should be retained in the personnel file.</p> <p>If there are any changes to contracts in the month the HR Provider must be notified using the Variation to Contract Form. A copy should be retained in the Personnel file.</p>	<p><b>Business Manager</b></p> <p><b>Business Manager</b></p>
<b>Payroll provider Process</b>			
2	Salary Processing	Each month the payroll provider will process employee salaries based on information received from the academy in step 1 above	<b>Payroll provider</b>
<b>Checking of information</b>			
3	Payroll provider Reports	Once the payroll provider has processed the salaries they will send a report back to the Academy which is checked to ensure that all starters and leavers have been accounted for correctly and that there have been no omissions. This report is then authorised by the Head as part of the financial month end process.	<b>Business Manager</b>
<b>Updating Accounts System</b>			
4	Preparing Journal	<p>A journal is entered into Xero ensuring that all payroll costs , pension and NI contributions are accounted for correctly on the system and linked to the correct nominal code.</p> <p>Payroll transactions are validated against the trial balance by the Business Manager each month. The validation document is then authorised by the Head as part of the financial month end process.</p>	<p><b>Business Manager</b></p> <p><b>Business Manager</b></p>

5	Payroll Invoicing	Each month the payroll provider forwards an invoice to the academy to cover payroll costs	<b>Payroll Provider</b>
6	Payroll Invoice Payments	<p>The payroll invoice is recorded in the Xero system by the Business Manager then forwarded to the Head for authorisation.</p> <p>Once authorised the Business Manager arranges payment to the payroll provider by bank transfer</p>	<b>Business Manager</b>

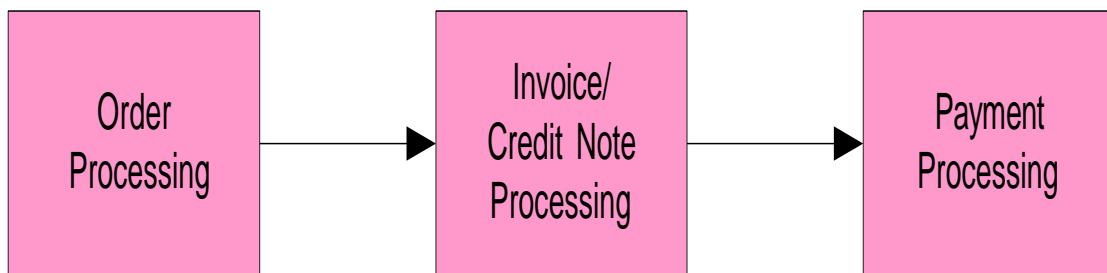
## 2 Purchases

### Introduction

This section outlines the procedures required to process an order for the supply of goods and services. Purchase orders are raised in the Xero system by the Business Manager or Administrator but required approval of an appropriate signatory as defined in the following table before they are authorised for processing.

### Overview of Processes

There are 3 main processes involved in purchasing, which are outlined in the below diagram:



Each process is described in detail on the following sub-sections, highlighting the tasks and who is responsible for carrying these out.

## Ordering Process

Step	Description	Requirements/Tasks	Who?
<b>Select Supplier</b>			
1a)	Orders up to £5,000 Inc. VAT	<p>Person requesting items must seek approval from the Head or Business Manager via order form stating price and why needed.</p> <p>Once approved the Business Manager/ Administrator can order goods after comparing prices to select the 'best value' product.</p>	<b>Head/Business Manager</b>
1b)	Orders over £5,000 but less than £15,000 inc VAT	3 written quotations must be obtained to identify the best source of the goods/services. In the event of school visits 3 quotes may not be necessary due to the geographical location/ suitability of learning area required/ lack of viable options for specific area	<b>In conjunction with Head and Business Manager</b>
1c)	Orders over £15,000	As above but authorised by the board of governors prior to proceeding	<b>Full Board of Governors</b>

<b>Requisition &amp; Processing</b>			
2	Purchase Order Form	<p>Once the supplier has been selected the purchase order form needs to be completed.</p> <p>Exceptions to this will be</p> <ul style="list-style-type: none"> <li>• emergency works authorised during the school holidays by the Site Manager who will inform the Head/Business Manager as soon as possible. For example, gas leak etc.</li> <li>• Online or grocery purchases &lt;£200 which have been authorised by the Head or Business Manager as previously stated in the transaction processing section of this document</li> </ul>	<p><b>Business Manager/ Administrator</b></p> <p><b>Site Manager</b></p> <p><b>Head/Business Manager</b></p>
3	Entering onto Finance system	Once the order has been duly authorised it can be entered onto the accounting system, under the relevant nominal code.	<b>Business Manager/Administrators</b>
4	Budget Availability	The printed purchase order form will then require authorisation by an appropriate signatory as defined above depending on its value	<b>Business Manager/Head /Governing Body</b>
<b>Order</b>			
5	Placing the order	<p>Once authorised the order can then be emailed to the supplier for processing.</p> <p>All authorised orders will be filed awaiting checking against invoices received.</p>	<p><b>Administrator/ Business Manager</b></p> <p><b>Administrator/ Business Manager</b></p>

<b>Goods Received</b>			
6	Delivery	When the order is delivered goods must be checked against the order to ensure all items have been received. Goods should also be checked for quality and any sub-standard items must be returned for credit.	<b>Admin Team</b>

## Invoice Processing (Invoices Linked to a Purchase Order)

Step	Description	Requirements/Tasks	Who?
1	Invoice received	All invoices are processed by the Administrator/Business Manager.  When the invoice is received it is matched with the purchase order and checked to ensure charges are correct and we have received the goods, any queries or discrepancies are raised with the supplier. Once checked, the order is attached to the invoice for processing	<b>Business Manager/ Administrator</b>
2	Inputting on to the system	Once the invoice has been checked and matched to the PO it can then be entered onto the finance system	<b>Administrator</b>
3	Authorisation of the Invoice	The invoice is then authorised on the finance system by the Business Manager/Headteacher. Once authorised the value moves from the order commitments to the bills to pay function of the Xero System.	<b>Business Manager / Head</b>
5	Payment	A summary report of Invoices to pay is authorised by the Headteacher prior to payment being made	<b>Business Manager / Head</b>

## Invoice Processing (Invoices Not Linked to a Purchase Order)

In some instances, where there is a formal contract or SLA in place invoices are processed which are not linked to a purchase order, examples might include:

- Telephone or internet contracts
- SLA's for grounds maintenance, HR, refuse removal
- Software licences

This also applies where there has been agreed emergency repair work to the school premises as outlined earlier in this document

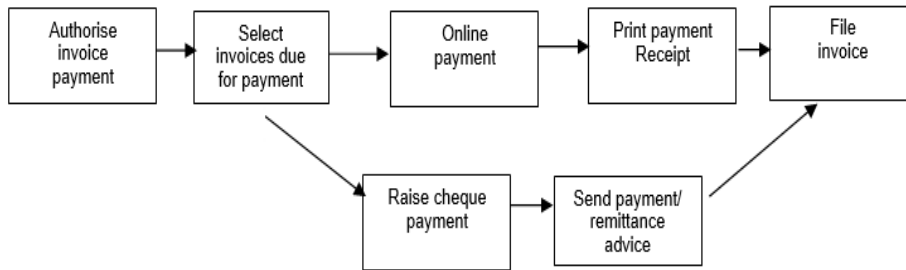
<b>Step</b>	<b>Description</b>	<b>Requirements/Tasks</b>	<b>Who?</b>
1	Receipt	Invoices received by the business manager and checked against agreed contract/SLA rates or agreed rates for emergency repair work	<b>Business Manager</b>
2.	Processing	Once the invoice has been checked it is entered onto the Xero financial system for processing by the Business Manager / Administrator	<b>Business Manager / Administrator</b>
3.	Processing	The invoice is then authorised on the finance system by the Business Manager/ Headteacher. Once authorised the value moves from the order commitments to the bills to pay function of the Xero System.	<b>Business Manager / Head</b>
4.	Payment	A summary report of Invoices to pay is authorised by the Headteacher prior to payment being made	<b>Business Manager/ Head</b>

### Processing Credit Notes

1	Receipt	Any query invoices or invoices for returned goods should be placed on hold until the credit note is received.  Once the credit note is received and checked it can be recorded on the Xero system along with the corresponding invoice.	<b>Business Manager</b>  <b>Business Manager/ Administrator</b>
3	Processing	Once the credit note is received and checked it can be recorded on the Xero system along with the corresponding invoice. Any credit notes received are allocated against outstanding invoices prior to approval and payment.	<b>Business Manager/ Administrator</b>
4	Approval	A summary report of Invoices to pay including credit notes is authorised by the Headteacher prior to payment being made	<b>Business Manager</b>
5.	Payment	Once authorised both documents can be forwarded for payment, ensuring only the balance is paid once the credit amount has been deducted	<b>Business Manager</b>



## Payment of Invoices By Bank Transfer



Step	Description	Requirements/Tasks	Who?
1	Payment Authorisation	Before processing for payment all invoices, credit notes and purchase orders must be checked to ensure the appropriate authorisations are in place	<b>Business Manager</b>
2	Payment Processing	Select the approved invoices/credit notes on the purchase ledger system to calculate the amount due ensuring any credit notes have been deducted from the balance owing	<b>Business Manager</b>
3	Check payment details	<p><b>For Bank Payments</b></p> <p>Select the supplier for payment and verify details match the invoice</p> <p>For any variation, details will need to be checked by contacting the supplier using details held on record.</p> <p>If notified of updated payment details, this will need to be independently verified with supplier using the contact details held on record.</p> <p>To add a new supplier, check the payment details provided and verify the payment details/bank account match when inputting on the banking system</p> <p>Once verified the payment can be processed in the banking system</p> <p>Print a payment receipt from the banking system to be counter signed by Business Manager and Headteacher</p> <p>File payment receipt in the payment run file with the corresponding invoices marked as date paid</p>	<p><b>Business Manager</b></p> <p><b>Business Manager</b></p> <p><b>Business Manager</b></p> <p><b>Business Manager</b></p> <p><b>Business Manager</b></p> <p><b>Business Manager</b></p> <p><b>Business Manager</b></p>

4		<p><b>For Cheque Payments</b></p> <p>Process as steps 1- 2 above, any cheques written require authorisation with two approved signatures</p> <p>Copies of the remittance advice are printed</p> <p>One is filed with the invoice/purchase order, one in the payment file and one is sent to the supplier with the cheque payment.</p>	<p><b>Business Manager</b></p>
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### **3 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 an open or restrictive 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.

**NB the following Tender Acceptance, Opening and Evaluation requirements only apply when specifically required by the Board of Governors.**

### **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 £15,000 - two of the Head, the Business Manager or designated Finance Governor;
- For contracts over £15,000 – The Business Manager and the Head and a member of the Board of Governors.

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 £15,000 a report should be prepared for The Board of Governors highlighting the relevant issues and recommending a decision.
- For contracts under £15,000 the decision and criteria should be reported to The Board of Governors.
- Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender.

- The accepted tender should be the one that is economically most advantageous to the academy, after taking into account all relevant factors. All parties should then be informed of the decision.
- For the accepted tender, references will be sought on their financial, competence/ability to fulfil the contract.

## 4 Income

### Introduction

The majority of income received for Academy trips, nursery income, clubs etc. is managed through the Parent Mail system. Charges are added to individual's Parent Mail Account and are paid online, with income received directly to the Academy's bank. The Business Manager receives email receipts from Parent Mail confirming monies received, this is reconciled against the bank account/ Xero system weekly and entered to the correct nominal code

In exceptional circumstances the School Office does accept cash payments for Parent Mail charges. Payment is receipted against the relevant charge in Parent Mail and banked following the cash/cheque handling procedure outlined below. Any cheques or cash income received from fundraising activity is also managed through the following procedure.

The school admin team check Parent Mail on a weekly basis and chase any outstanding charges that are due for payment.

### **Cash/Cheque Handling Procedure**

Step	Description	Requirements/Tasks	Who?
1	Managing Income	All cash or cheques received are stored securely in the safe provided, noting the source of the income eg. fundraising, uniform payment, tuck etc. to allow income to be linked to the appropriate nominal code when entered in the Xero system.	Administrator
2.	Calculating Income	The amount of income to be banked is recorded in the paying in book, including the relevant income code eg, catering income, fundraising	Administrator
3.	Depositing Income	This income is deposited with the bank via the paying in book. Two members of the Admin team are required to make the bank deposit	Administrator/ Business Manager
4	Reconciling Income	Bank deposits are reconciled against the bank account/ Xero system weekly and entered to the correct nominal code	Business Manager

<b>Income From Automatic Payments/ Banks Transfer Step</b>	<b>Description</b>	<b>Requirements/Tasks</b>	<b>Who?</b>
1.	Receipt	Business Manager receives remittance advice/receipt of payment	Business Manager
2.	Processing	Income is reconciled against the bank account/ Xero system weekly and entered to the correct nominal code	Business Manager
3.	Reconciliation	Receipts validated to bank statement as part of the month end process to ensure each transaction on the bank statement has been accounted for	Business Manager

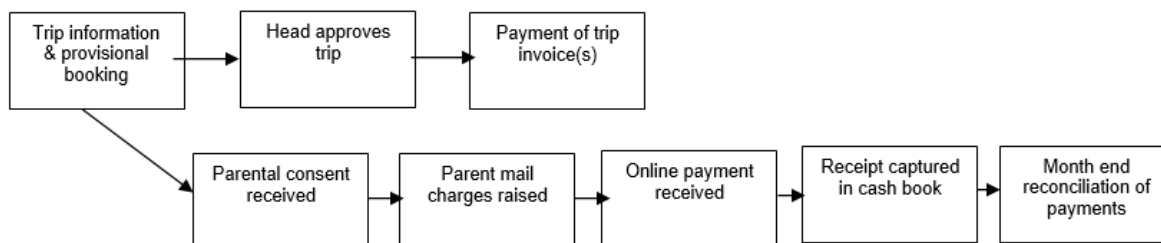
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## Raising Invoices

Step	Description	Requirements/Tasks	Who?
1	Invoicing	Invoices are raised for recharges for shared resources eg. utilities	Business Manager
2	Invoicing	The business manager raises an invoice and emails to the customer	Business Manager
3	Payment tracking	A copy of the invoice is kept on record for payment tracking, the Business Manager chases any outstanding payments	Business Manager
4	Payment Receipt	Income is received via bank transfer and is reconciled on the Xero system weekly	Business Manager
5	Payment Records	The remittance advice is matched to the copy invoice and filed	Business Manager
6	Payment Reconciliation	Income is reconciled to the bank as part of the month end process	Business Manager

## Academy Trips Income



Step	Description	Requirements/Tasks	Who?
<b>Academy Trip</b>			
1	Gathering of information and provisional booking	The organiser should gather information regarding the proposed trip including costs, availability etc. They should then consult the Head for authorisation that the trip can take place. They then complete EVO1 and Risk assessments on EVOLVE, supported by the office staff.	<b>Trip Organiser/ Administrator</b>

		Once they have gathered the information and the trip is feasible a provisional booking can be made.	
2	Consent Form	A consent form will then need to be sent to the parents of each student detailing the itinerary of the trip and the total cost.	<b>Trip Organiser</b>
3	Raising charges	Charges are raised on individual accounts in Parent Mail to allow payments to be collected online.  Details of payments received through Parent mail are reconciled to the bank/ Xero system and checked against the bank statement as part of the month end process	<b>Admin Team</b>  <b>Business manager</b>
4	Confirm Booking	Once the required number of students has confirmed their attendance, the trip booking should be confirmed with all parties involved. (ie) coach hirer's, venue etc	<b>Trip Organiser</b>
5	Payment Request	Invoices for the venue/coach etc are forwarded to the Business Manager for processing	<b>Business Manager</b>
6	Payment	Once invoices have been authorised by the Head, the Business Manager arranges payment	<b>Business Manager</b>

## Cash & Bank

### Introduction

This section outlines the procedures required to process receipts and payments from the Bank and/or Petty Cash.

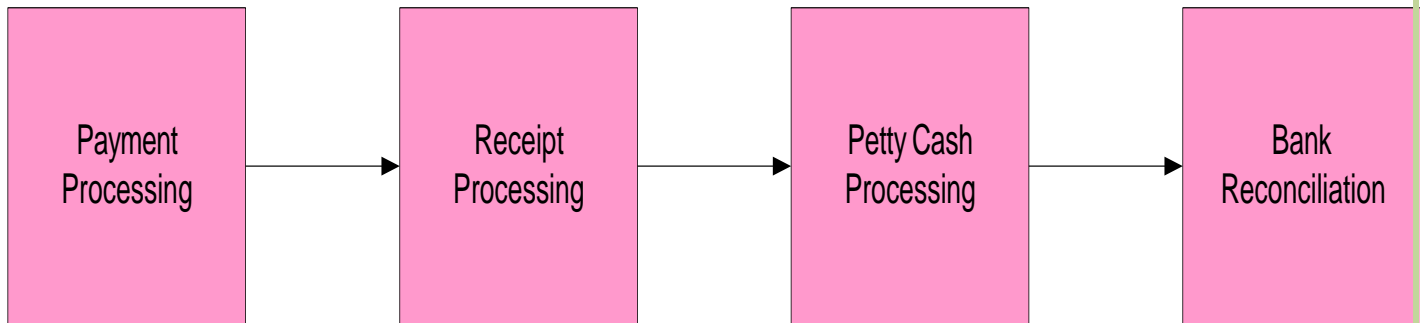
The Business Manager is responsible for ensuring all monies are banked regularly and that no cash above the insured limit is kept in the safe.

Bank reconciliation is completed as part of the month end process and is authorised by the Head/Chair of Governors. Any discrepancies or queries are reported and followed up immediately.

Any transfers between accounts are entered onto the Xero system using the transfer function.

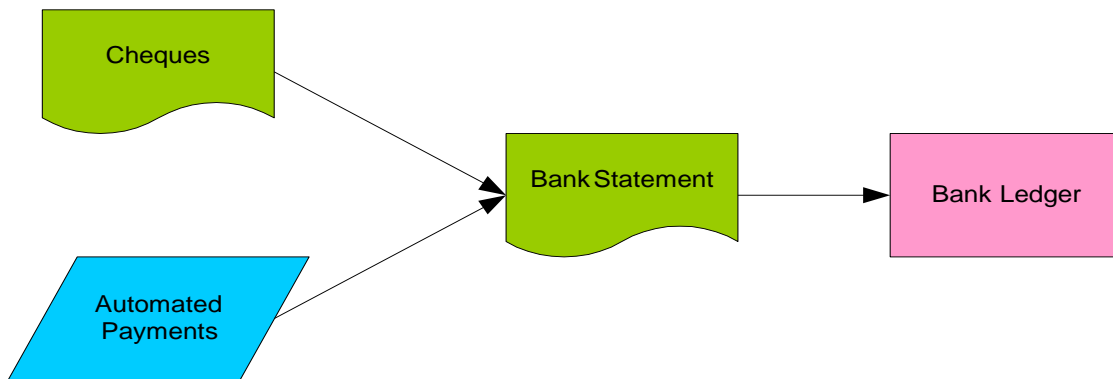
### **Bank/Cash Processes**

There are 4 main processes involved in the Bank/Cash section, which are outlined in the diagram below:



Each process is described in detail on the following sub-sections, highlighting the tasks and who is responsible for carrying these out.

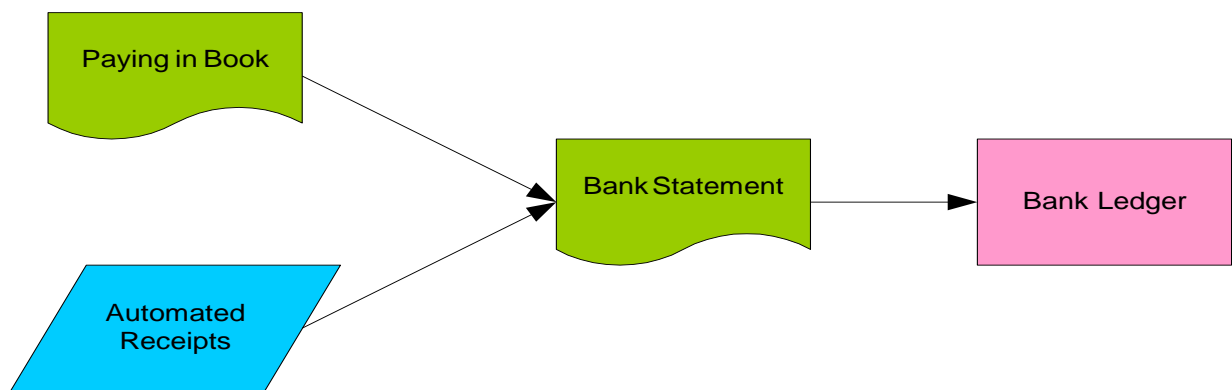
### **Bank Reconciliation Payment**



Step	Description	Requirements/Tasks	Who?
1	Payments	Identify the payments on the bank statement highlighting those that are <ul style="list-style-type: none"><li>• Cheque payments</li><li>• Bank transfers</li><li>• Debits from online purchases</li><li>• Direct debits</li></ul>	<b>Business Manager</b>

2	Cheques/bank transfers	Cheque or bank transfer payments should already appear on the system as they would have been allocated to an invoice/supplier when raised	<b>Business Manager</b>
3	Online Payments	For online purchases, receipts will need to be reconciled against the bank statement and entered into Xero system as a bank recincillation linked to the appropriate nominal code.	<b>Business Manager</b>
4	Direct Debits	All direct debit payments from the bank statement must be matched to a supplier invoice. Invoice details are input to the Xero purchase ledger and a payment transaction is then added to cover the direct debit amount.	Business Manager
5	Reconciled payments	At the end of this process, every payment appearing on the bank statement must be captured in the Xero system.	

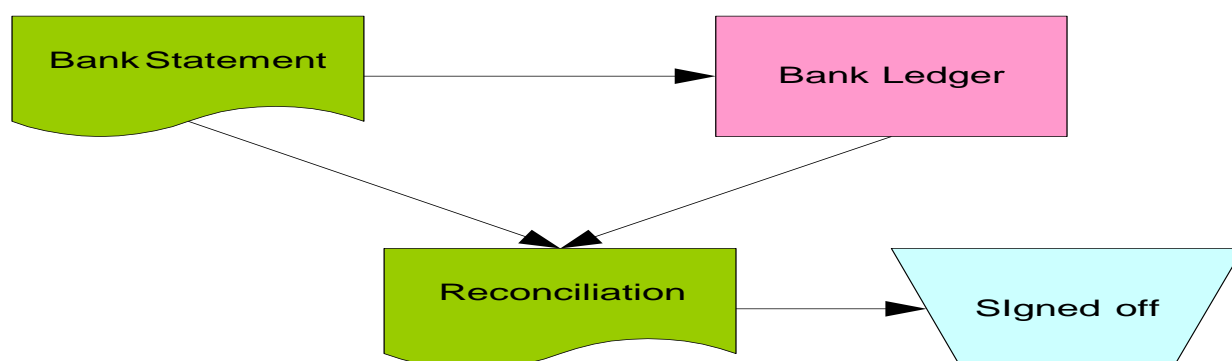
### Reconciling Income



Step	Description	Requirements/Tasks	Who?
1	Receipts	Identify the receipts on the bank statement highlighting those that were banked using the paying in book	<b>Business Manager</b>

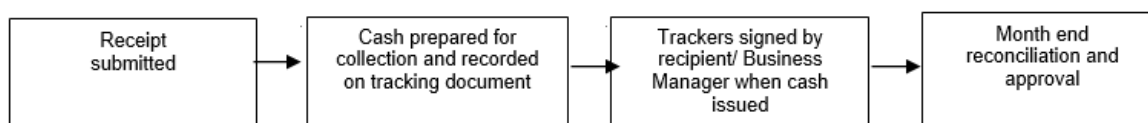
2	Paying in Book	All payments recorded in the paying in book need to be validated against the bank statement and once matched entered as a receipt in the Xero system, linking to an appropriate nominal code	<b>Business Manager</b>
3	Automated Credits	<p>Ensure each automated payment on the bank statement is supported by a remittance advice.</p> <p>Payment details can then be entered into the Xero system during the reconciliation process, linking to the correct nominal code</p>	<b>Business Manager</b>
4	Reconciled credits	At the end of this process, every credit appearing on the bank statement must be captured in the Xero system	

## Reconciling the Bank Statement at Month End



Step	Description	Requirements/Tasks	Who?
1.	Bank Statement	Check the bank statement to ensure all credits/payments can be matched to a corresponding transaction on the Xero system	Business Manager
2.	Matching transactions	In Xero, each item is reconciled as it is matched to a corresponding record on the bank statement	Business Manager
3	Reconciliation	At the end of this process the system balance should reconcile to the bank and this is checked and approved by the Head/Chair Governors	Business Manager

## Petty Cash Processing



Step	Description	Requirements/Tasks	Who?
1	Petty Cash Voucher	Receipts are presented by the claimant to the Business Manager for checking/authorisation	<b>Claimant/Business Manager</b>
2	Cash	The Business Manager prepares petty cash for collection and records the details on a tracking document.	<b>Business Manager</b>

		The claimant signs the tracking document to confirm receipt when cash is collect, this is countersigned by the Business Manager	<b>Claimant/ Business Manager</b>
3	Petty Cash Month End	As part of the month end process, all petty cash receipts are entered in Xero as a manual journal against the Petty Cash Main account and the correct nominal code	<b>Business Manager</b>
4	Reconciliation	<p>As part of the month end process all petty cash receipts are reconciled against the Petty Cash Main account in Xero. Any outstanding items will need to checked/resolved</p> <p>The remaining system balance should then match the petty cash balance held. This is recorded as part of the month end accounts and approved by the Head/Chair of Governors.</p>	<b>Business Manager</b>  <b>Business Manager</b>
5	Imprest Top up	The Head/Business Manager can withdraw funds to top up the petty cash imprest. This is recorded in Xero as a transfer from the current to petty cash main account.	<b>Business Manager</b>

## 6 VAT Reclaim

Step	Description	Requirements/Tasks	Who?
1.	VAT transactions	Once all transactions for the month have been processed, the VAT reclaim can be prepared	<b>Business Manager</b>
2	Calculating VAT reclaim	The VAT to be reclaimed is generated from the Xero system and XforE portal and is validated against the trial balance report produced as part of the month end process.	<b>Business Manager</b>
3	Reclaiming VAT	Once the VAT amount for the month has been calculated a reclaim is submitted, and a copy of the confirmation receipt is kept for the Academy's records.	<b>Business Manager</b>
4.	Payment	Details of the reclaim submitted are tracked to confirm payment has been received.	<b>Business Manager</b>

## 7. Budget Tracking

Step	Description	Requirements/Tasks	Who?
1	Agreed budget	At the beginning of each financial year the agreed budget is imported into the Academy's finance system.  A copy of the original agreed budget is retained in the budgeting system for the Academy's records.	<b>Business Manager</b>  <b>Business Manager</b>
2	Reconciliation/ Monitoring	As part of the month end authorisation process the Head/Chair of Governors receives a report of actual spend compared to predicted for budget monitoring purposes	<b>Business Manager</b>
3.	Monitoring	The Business Manager produces a monthly tracking document monitoring actual spend as a percentage of allocated budget per nominal code which is shared at governing body meetings	<b>Business Manager</b>
4	Adjustments	Any budget adjustments must be approved with the board of governors  Once authorised, adjustments are recorded in the Academy's budgeting system and updated in the finance system for monitoring purposes	<b>Business Manager</b>