SOUTH CHARNWOOD HIGH SCHOOL

'encouraging excellence, valuing people'

FINANCE AND AUDIT POLICY

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FINANCE AND AUDIT POLICY

1. Introduction

The purpose of this policy is to ensure that the school maintains and develops systems of financial control which conform with the requirements 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 the latest Academy Trust Handbook.

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

2. Academy Delegation of Duties

The school has defined the responsibilities of each person involved in the administration of school finances to avoid the duplication or omission of functions and to provide a framework of accountability to Members, Trustees and staff. Trustees and school leaders must maintain robust financial oversight of the academy trust. The financial reporting structure is illustrated below:

i) The Board of Trustees

The Trustees must be made-up with people with the right skills, experience, qualities and capacity to undertake the role effectively. The Trustees must take full responsibility for its financial affairs, stewardship of assets and use resources efficiently to maximise outcomes of pupils.

The Board of Trustees and its committees must meet regularly (at least three times a year and should ideally more frequently, to ensure they are able to discharge their responsibilities and ensure robust governance and effective financial management.

The main responsibilities of the Trustees are prescribed in the Funding Agreement between the academy and the DFE, in the school's scheme of government and the latest Academy Trust Handbook.

The main responsibilities include:

- ensuring that grant from the Education and Skills Funding Agency (i.e. DfE) is used only for the purposes intended; ensuring that funds from sponsors are received according to the School's Funding Agreement, and are used only for the purposes intended;
- approval of a balanced annual budget and any revisions to this original budget. This approval must be formally minuted;
- overseeing and ensuring effective financial performance. This should include reviewing annually DfE benchmarking data and reviewing the monthly management accounts;
- ensuring that resources are deployed to support the school's vision, ethos and strategy;
- approving a written scheme of delegation of financial powers that maintains robust internal controls;
- undertake a termly review of the school risk register;

- spending decisions represent good value for money;
- internal delegation levels exist and are applied;
- professional advice is obtained as and when required;
- appointment of the Headteacher
- appointment of the School Business Lead, in conjunction with the Headteacher.
- ensure that an assessment of the governance structure is included in their annual financial statements. This will include a review of the boards composition in terms of skills, effectiveness leadership and impact.

One of the responsibilities of the academy's Members and Trustees, is the appointment of the external auditors and to receive the audited annual report and accounts.

ii) The Finance, Audit and Risk Committee

The Finance Audit and Risk Committee is a committee of the Board of Trustees. The Finance, Audit and Risk Committee meets at least once a term and ideally more frequently. All member of this committee must have effective financial knowledge and received appropriate financial training covering financial management, control, monitoring and reporting.

The main responsibilities of the Finance, Audit and Risk Committee are detailed in written terms of reference which have been approved by the Board of Trustees. The main financial responsibilities include:

- the initial review and recommended approval of the annual budget;
- setting financial priorities through the School Improvement Plan, three financial plan, annual budget and any revised in-year budget;
- deciding on how the school's delegated budget should be spent in accordance with the School Improvement Plan and the statutory curriculum requirements laid down by government;
- ensuring the school budget is managed effectively;
- ensuring the school meets all its statutory obligations and that there is compliance with financial regulations;
- determining virement and expenditure thresholds through the school's Finance and Audit Policy;
- evaluating the effectiveness of spending decisions;
- ensuring scrutiny of all reported financial information provided by the Accounting Officer and Chief Finance Officer (including the monthly management accounts);
- reviewing risk register on a termly basis;
- ensure the academy trust has sound internal controls, risk management and assurance processes in place;
- approve the provider who is going to undertake the annual internal scrutiny review;
- set the programme of work for the annual internal scrutiny review. This should take into account the current risk register and likelihood and seriousness of the risks, as well as other assurance outputs. Any concerns and issues surrounding the adequacy of the internal controls should be reported to the full board of trustees.

iii) The Headteacher (Accounting Officer)

Within the framework of the School Improvement Plan as approved by the Board of Trustees, the Headteacher has overall executive responsibility for the school's activities

including financial activities. Much of the day to day financial responsibility has been delegated to the School Business Lead but the Headteacher still retains responsibility for:

- personal responsibility to Parliament, and to the DfE's Accounting Officer, for the academy's financial resources;
- be able to assure DfE's Accounting Officer, Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety and value for money;
- must adhere to The 7 Principles of Public Life;
- must have oversight of financial transactions by ensuring the academy's property and assets are under the Trustees' control, and measures exist to prevent losses and misuse;
- ensure bank accounts, financial systems and financial records are operated by more than one person (i.e. division of duties);
- keep full and accurate accounting records to support the academy's annual accounts;
- complete and sign a statement on regularity, propriety and compliance and governance statement each year and submit these with the annual accounts;
- must take personal responsibility for assuring the Board of Trustees that there is compliance with the Funding Agreement and Academy Trust Handbook;
- must advise the Board of Trustees in writing if action is incompatible or not in line with the articles, Funding Agreement and Academy Trust Handbook;
- approving new staff appointments within the school, except for any senior staff posts which the Board of Trustees have agreed should be approved by them;
- authorising budget virement of £15,000 or less;
- authorising orders and contracts between £10,000 and £25,000 in conjunction with the School Business Lead;
- signing cheques and BACs payments in conjunction with the agreed bank mandate;
- must undertake an Integrated Curriculum and Financial Planning (ICFP) exercise, which should be shared with the Senior Leadership Team and Trustees on an annual basis.

iv) The School Business Lead (Chief Finance Officer)

The School Business Lead works in close collaboration with the Headteacher who is responsible to the Trustees. The School Business Lead also has direct access to the Trustees via the Finance, Audit and Risk Committee. The School Business Lead is responsible for implementing the academy's detailed financial procedures. The School Business Lead should play both a technical and leadership role with regards to the financial and budgetary matters.

The School Business Lead should be suitably qualified and experienced (including possessing business or accountancy qualifications). The Accounting Officer and Chief Finance Officer should never be the same person.

The main responsibilities of the School Business Lead are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the school financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees and Headteacher;
- the operation 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 and review of monthly management accounts (i.e. budget monitoring, cash flow, aged creditors and debtors and balance sheet reports);
- authorising orders and contracts of £10,000 or less in conjunction with budget holders;
- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance and the latest Academy Trust Handbook.
- ensure that all new staff with financial or budgetary responsibilities are given adequate and timely training on the internal control framework.
- update the fixed asset register on a monthly basis.

v) Other Staff

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

3. Auditors

Currently Trustees have appointed Greenhill Audit and Assurance Service as internal auditors and the external auditors are Bates Weston. These auditors will carry out their statutory duties in line with their service level agreements.

An internal audit is a form of internal scrutiny and must focus on:

- evaluating the suitability, and level of compliance, with financial and other operational controls;
- offering advice and insight on how to address weaknesses;
- ensuring all categories of risk are being adequately identified, reported and managed;
- the academy's priority for review based on a risk-basis (e.g. greater scrutiny of new or updated procedures);
- review recommendations from the academy's external audit management letter.

The findings and recommendation of both types of audit should be considered and discussed by the Finance, Audit and Risk Committee.

The Trustees and Members will retender their external audit contract at least every five years and their internal audit provision annually.

4. Register of Business 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 Trustees, the Senior Leadership Team and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the school may purchase goods or services. The register is open, upon request to public inspection and Trustees interests should be published on the school website.

The register should include all business interests such as directorships, partnerships and employment. 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 Trustee or a member of staff by that person.

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

5. Third Party Transactions

Related parties include persons and entities with control or significant influence over the academy. The academy must be even-handed in their relationship with these related parties by ensuring Trustees comply with their statutory duties as a company director to avoid conflicts of interest, not accept benefits from third parties and declare interests in proposed transactions or arrangements.

A trust **must** pay no more than 'cost' for goods or services ('services' do not include contracts of employment) provided to it by the following persons ('persons' meaning both individuals and organisations):

- members or trustees of the academy trust
- individuals or organisations related to a member or trustee of the academy trust - for these purposes the following persons are related to a member, or trustee:
- a relative of the member or trustee. A relative is defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner
- an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee
- a company in which a member or the relative of a member (taken separately or together), or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
- an organisation controlled by a member or the relative of a member (acting separately or together), or a trustee or the relative of a trustee (acting separately or together) - for these purposes an organisation is controlled by an individual or organisation if that individual or organisation can secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes
- any individual or organisation given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or anybody connected to such individual or organisation
- any individual or organisation recognised by the Secretary of State for Education as a sponsor of the academy trust; or anybody connected to such individual or organisation.

Academy trusts **must** ensure any agreement with an individual or organisation to supply goods or services to the trust is properly procured through an open and fair process.

The academy must keep sufficient records and make sufficient disclosures in their annual accounts with regard to any third party transactions. The academy **must** report all contracts and other agreements with related parties to DfE in advance of the contract or agreement commencing or being renewed, using DfE's related party on-line form.

Trusts **must** obtain DfE's prior approval, using DfE's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed where a contract or other agreement exceeds £40,000 in the same financial year ending 31 August. This approval is not required in the following circumstances:

- contracts and other agreements for the supply of goods or services to a trust by the following educational establishments:
- colleges, universities and schools which are sponsors of the academy trust
- state funded schools and colleges, including academy trusts.
- the provision of services to an academy trust with a religious designation, for essential functions fundamental to the academy trust's religious character and ethos which can only be provided by their religious authority.

6. Management Information System

All the financial transactions of the school must be recorded on the Access Finance accounting system. The school payroll is administered by Dataplan Educational Payroll.

- **System Access**
  Entry to Access Finance and SIMS is password restricted and all staff with access to these systems should change their passwords regularly.

  Access to the component parts of SIMS and Access Finance is restricted by the School Business Lead.

- **Back-up Procedures**
  The school contract LEAMIS to carry the remote off site daily backups. They are responsible for ensuring that there is effective back up procedures for the finance system.

7. Transactions

- **Processing**
  All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of manual. Detailed information on the operation of SIMS can be found in the user manuals.

- **Reports**
  The School Business Lead will obtain and review system reports to ensure that all transactions are posted correctly to the accounting system. The reports reviewed may include:
  - audit trail reports;
  - general ledger transaction reports;
  - trial balance reports;
  - management accounts summarising expenditure and income.

8. Reconciliations

The School Business Lead is responsible for ensuring the following are reconciled each month: -

- sales ledger control account;
- purchase ledger control account;
- payroll control account;
- cash flow statement and

- bank balances per the cash book to the bank statements.

Any unusual or long outstanding reconciling items must be brought to the attention of the Headteacher in the first instance. The School Business Lead will review and sign all reconciliations as evidence of review.

9. Financial planning

The school prepares both medium term and short-term financial plans which are consistent with the requirements to submit three-year-budget forecast to DfE.

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

The School Improvement 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. This original annual budget maybe revised with Trustee approval during the financial year.

Financial plans are prepared and monitored, and proves the academy remains a going concern and is financially sustainable.

10. School Improvement Plan

The School Improvement Plan is concerned with the future aims and objectives of the school and how they are to be achieved; that includes matching the school'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 School Improvement Plan are matters for the school to decide but due regard should be given to the matters included within the guidance to schools and any annual guidance issued by the DfE.

Each year the Headteacher will propose a planning cycle and timetable to the Board of Trustees 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 School Improvement 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 leadership team 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.

11. Whole School Budget

i) Annual Budget

The School Business Lead is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Finance, Audit and Risk Committee and the Board of Trustees.

The approved budget forecast must be submitted to the DfE by the deadline each year, and the school School Business Lead is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. All other financial returns as directed by the Academy Trust Handbook are shown in the DfE Academies planning calendar.

The annual budget will reflect the best estimate of the resources available to the school for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the School Improvement 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 grant receivable;
- review of other income sources available to the school to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the school cost base;
- identification of potential efficiency savings
- review of the main expenditure headings in light of the School Improvement Plan objectives and the expected variations in cost e.g. pay increases, inflation and their anticipated changes and
- build in anticipated salary pay increases, cost of living increases and inflationary factors for non-payroll costs.

ii) Balancing the Budget

The Board of Trustees must approve a balanced 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.

iii) Finalising the Budget

Once the different options and scenarios have been considered, a draft budget, then a final budget, should be prepared by the School Business Lead for approval by the Headteacher, the Finance, Audit and Risk Committee and then the Board of Trustees. The final budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary position. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

The academy will submit Trustee approved budget information to the DfE via the Budget Forecast Return (BFR).

iv) Monitoring and Review

Monthly management account reports will be prepared by the School Business Lead which are shared with the Senior Leadership Team and Board of Trustees via Governor Hub. The Finance, Audit and Risk committee will also review these reports at each meeting. The current financial performance and position is then discussed and appropriate action taken, to ensure ongoing viability. The monthly management report will include an income and expenditure account, that highlights variation to budget and cash flow statement and balance sheet. Any potential overspend against the budget must in the first instance be discussed between the Headteacher and School Business Lead and appropriate and swift action taken, to address this issue

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.

v) Revised Budget

If there are any significant financial changes during the current financial year, the Trustees may wish to set a revised annual budget, which reflects the impact of these changes, and any subsequent virements of funds the Trustees wish to make.

12. Payroll

i) Staff Appointments

Changes can only be made to staff contracts with the approval of the Headteacher, who must ensure that adequate budgetary provision exists for any changes.

The Headteacher has authority to appoint staff within the authorised establishment. The School Business Lead and HR Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the School Business Lead in order that financial implications are taken into account.

ii) Payroll Administration

The monthly school payroll is administered Dataplan Educational Payroll.

New staff can only be added to the payroll with the approval of the Headteacher, and notified to School Business Lead. New staff must complete all relevant payroll documents issued by the Human Resources Manager. The Human Resources Manager who will process, then send, the relevant paperwork to IRIS (i.e. Dataplan service). Failure to do this in a timely manner may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.

Salary amendments can only be made with the approval of the Headteacher and notified to the Business or Human Resources Managers who will process, then send the relevant paperwork to Dataplan Educational Payroll.

Staff can only be terminated from the payroll with the approval of the Headteacher and notified to the Business and Human Resources Managers.

Where leave of absence is discretionary, payment can only be made with the approval of the Deputy Headteacher in consultation with the School Business Lead and in line with current school policy.

Staff who are paid on submission of a time-sheet must complete and return their time-sheet to the Deputy Headteacher by the due date (i.e. normally 7 days after the end of

calendar months). Failure to do this may result in non-payment of salary by the school. In these circumstances, the salary payment may not be paid until the next payroll run in the following month. The Deputy Headteacher must then check and sign the time-sheets before forwarding to the Human Resources Manager. For clarity the Deputy Head will authorise after school lesson payments, and the School Business Lead will authorise lunchtime duty payments, prior to the payments being processed.

The School Business Lead is authorised by the Trustees' to make all mandatory changes to the payroll without further authority e.g. Tax, NI and pension contribution rates, tax code changes, attachment of earnings etc.

The value of accrued holiday pay for annual leave which hasn't been taken at 31 August is accounted for at the school's year end accounting date.

The academy must ensure that the number of staff with annual benefits in access of £100K, are published on the school website in bands of £10K.

iii) Payroll Payments

After the payroll has been processed, but before payments are made, a print of salary payments for each individual is obtained from the system. All salary payments are made by BACS.

Payslips are issued to paid employees on the day of the salary payment is made into bank/building society accounts.

After the payroll has been processed the School Business Lead will update the nominal ledger with the payroll costs for the month via Access Finance.

On an annual basis the School Business Lead, with the assistance of the Human Resources Manager, must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file of the individual.

13. Purchasing

The academy trust must ensure:

- spending has been for the purpose intended and there is propriety in the use of public funds, including in relation to any actual or perceived conflicts of interest
- spending decisions represent value for money
- internal delegation levels are applied
- a competitive procurement procedure is in place and incorporated into the trust's financial framework, and the procurement rules and thresholds in the Procurement Act 2023. This will include using the Government Commercial Agency (i.e. GCA) and Get Help Buying for School Services frameworks.
- appropriate due diligence is in place
- professional advice is obtained where appropriate

The school must 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 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 school is publicly accountable for its expenditure and the conduct of its affairs.
- Fairness, that all those dealt with by the School are dealt with on a fair and equitable basis.

The academy's funds should not be used to purchase alcohol for consumption, except where it is to be used for a religious service.

i) Routine Purchasing of £10,000 or less

Budget holders will be informed of the budget available to them as soon as their budget allocation has been agreed. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. If a cost centre reaches 90% spend of budget allocation, the School Business Lead will make contact with the individual budget holders, to alert them of the situation. All budget holders have Access Finance access to the cost centre that they are responsible for, so they can access all required information at any point in time. Budget holders and the School Business Lead and Finance Officer should ensure that the lowest cost price is achieved

ii) Ordering system

Orders must be prepared using an official order form and approved by the budget holder. Orders can be given to the Finance Officer or emailed by the budget holder to the email address ours@southcharnwood.org. The sending of the email from the budget holders account is the equivalent of their signature. Orders will only be processed if there is adequate budget provision for the department.

Orders received are electronically filed within the ours@southcharnwood.org email files and on the SCHS Google Drive. Orders are allocated an order number and dispatched to the supplier electronically wherever possible. The Trustees recognise that in certain circumstances orders may not be able to be raised prior to a charge or an invoice being received. Examples of this would be a charge for energy or reimbursement of certain expenses. However, where it is possible to raise an order prior to the transaction going through, this should always be done.

On receipt of delivery of the goods to the school office they will be forwarded on to the relevant budget holder. A detailed check of the goods received against the delivery note must be undertaken and a record of any discrepancies immediately reported to the Finance Officer.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality the Finance Officer will make a record of this and ensure that a replacement or refund is received.

All invoices should be sent to the office if paper copies and electronic invoices should be forwarded to ours@southcharnwood.org. The sending of the email from the budget holders account is the equivalent of their signature. Invoices will be electronically filed within Google Drive and the ours@southcharnwood.org email files. The Invoice will be recorded by the purchase ledger. The Finance Officer will evidence the following: -

- invoice arithmetically correct;
- goods/ services received;
- goods/services as ordered;
- prices correct;

- invoice posted to purchase ledger;
- invoice authorised for payment.

If a budget holder is pursuing a query with a supplier, the Finance Officer and School Business Lead, must be informed of the query and periodically kept up to date with progress.

The Finance Officer will input details of payments to be made to the purchase ledger, generate the BACs payments electronically and print the cheques if required. The cheques must be signed by two of the nominated bank signatories. BACs payments will be authorised on line by two nominated bank signatories. Then two of the nominated bank signatories must also sign a hard copy of the transaction report, for evidence of authorisation. Suppliers will be sent a remittance advice by the Finance Officer.

Non-order purchase payments must have the prior approval of the relevant budget holder, prior to the payment being processed.
Non-order purchases must be kept to a minimum and should only take place in an emergency or where it is not possible to raise an order (e.g. energy bills).

iii) Orders over £10,000 and up to £25,000

At least three written quotations should be obtained for all orders over £10,000 and up to £25,000 to identify the best source and value of the goods/services. Written details of quotations obtained should be prepared by budget holders and attached to orders passed to the School Business Lead. The Headteacher, Chair of Trustees or Chair of the FAR Committee will sign orders for goods between these values. The only exception to this are the monthly cleaning and catering charges, which often value £10,000 or more. These can be authorised by any two of the signatories, as the trustees receive monthly budget monitoring reports showing these ongoing costs and have previous agreed the service level agreements in place.

iv) Orders over £25,000

All goods/services ordered with a value over £25,000 must be subject to formal tendering procedures. Ordering goods which may potentially be over £25,000 must be discussed with School Business Lead prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset. The Finance, Audit and Risk Committee will sign off the purchase following the tendering process.

14. Income

The main sources of income for the school are the grants from the DfE. The receipt of these sums is monitored directly by the School Business Lead who is responsible for ensuring that all grants due to the school are collected. Income is recognised when receipt is "probable"

The school also obtains income from:

- Parents/guardians, mainly for trips, fundraising, school events, textbooks and ADT materials;
- the public, mainly for use of sports facilities and rental of facilities (e.g. caretakers house)
- the local authority (e.g. for high needs)
- Teacher training providers

All debtor accounts are reviewed monthly, as part of the end of month reconciliations, and if required payment is chased after 30 days unpaid and a statement is issued. Should no payment be received after 60 days and the debt is over £100, further action should be considered (e.g. referred to the PHP Law to start legal proceedings).

15. Trips

A Trip Leader must be appointed for each trip to take overall responsibility for the trip. An Administrative Assistant must prepare a record for each pupil intending to go on the trip showing the amount due via Parentpay. Trip budgets must be agreed with the School Business Lead prior to the trip being promoted or finalised. This will include the price being passed on to parents. The trip leader must ensure they following all the steps laid down in the 'Trip/Residential Leaders Trip Task Checklist', monitored by both the Educational Visits Co-ordinator (i.e. School Business Lead) and the E-visit portal.

The School Business Lead, in consultation with the trip leader, will decide whether there is a need to reimburse parents, if there is a surplus on the trip, once all charges have been paid. The amount to refund must be of material value (i.e. over £5).

16. Custody

All cash and cheques must be kept in a safe prior to banking. Monies collected must be banked in their entirety in the school 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 and be ready for collection by Kings Security.

17. Cash Management

The academy will manage their cash position robustly. It must avoid at all times going overdrawn on any of its bank accounts.

i) Bank Accounts

The school has a current account. The account signatories are: -
Chair of Trustees
Chair of Finance Audit and Risk Committee
Headteacher
Deputy Headteacher
Assistant Headteachers

ii) Small Deposits

Particulars of any deposit must be entered on a paying-in slip, counterfoil and listed details kept on the Finance Google drive. 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.

All deposits should be check by an appropriate second person (e.g. School Business Lead) before being deposited. Kings Security will, at least on a termly basis collect the cash amounted and take to a bank to be deposited.

iii) Payments and withdrawals

There are a number of authorised account signatories for this account and they are the Headteacher the Deputy Headteachers and the Assistant Headteachers, the Chair of Trustees and Chair of the Finance, Audit and Risk Committee. Two signatories are required to make all bank payments. For invoices over £10,000, it must have Headteacher and Trustees approval prior to making the payment. Signatories may not approve a cheque or BACS payment reimbursing themselves. If cash flow is becoming a concern, the Finance Officer, in conjunction with the School Business Lead, must delay invoice payments to the payment terms of suppliers, instead of immediate payments.

iv) Administration

The School Business Lead must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis by the Finance Officer. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the school's Access Finance system;
- reconciliations are prepared by the Finance Officer;
- reconciliations are subject to a review by the Deputy Headteacher and the School Business Lead.
- adjustments required are dealt with promptly.

v) School Credit Cards

The school credit card has a limit of £20,000.

The credit card is only to be used when BAC's payments are not possible or, a recognised saving can be made (e.g. on-line purchase). Receipts must be retained in the Finance Google Drive and matched to monthly statements. The credit card statements must be reconciled by the Finance Officer and then checked and authorised by the named credit card owner (e.g. School Business Lead).

vi) Investments

Investments must be made only in accordance with written procedures approved by the Board of Trustees and in line with the Academy Trust Handbook guidance.

Any investment must further the charitable aims and must ensure investment risk is properly managed. When considering an investment, the academy must refer to the Investment Policy and the DfE approved cash saving platforms. It must ensure it manages and tracks its financial exposure, ensure value for money, exercise care and skill in investment decisions, take appropriate advice from a professional adviser, and ensure investment decisions are in the best interest of the academy.

18. Gifts and Hospitality

The following list highlights where gifts and hospitality are sanctioned:

- Purchase of flowers for staff e.g. who leave the school or who are ill.
- The Headteacher or Chair of Trustees to agree an appropriate contribution towards a gift for a member of staff or the staff as a whole (e.g. retirement or Christmas hospitality).
- Hospitality is provided for visitors' refreshments. School also provides staff with a buffet prior to any early evening event where staff have to stay on after the school day finishes and occasionally on staff training events and briefings. School will also provide refreshments for Trustees prior to their meetings.
- Staff also have the right to accept small gifts from parents, suppliers or others, under the value of £40. Any gifts over the value of £40 must be declare to the Headteacher, who will decide whether the member of staff can keep this gift.

19. Reimbursement of Expenses

Staff or Trustees can be reimbursed for out of pocket expenses. Staff or Trustees complete a claim form for the reimbursement, with the receipt or invoice from the purchase. The reimbursement will then be authorised by the relevant budget holder, before the payment is made via BACS to their personal bank account.

20. Fixed Assets

i) Asset register

All items purchased with a value over the school's capitalisation limit of £1,000 must be entered in the fixed asset register. The fixed asset register should include the following information:

- asset description
- serial number (if available)
- date of acquisition
- asset cost
- location

A copy of the asset register is computerised and a back-up is through the LEAMIS back-up off site service. The Fixed Asset Register should ideally be updated on a monthly basis.

The Fixed 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 value of capital items and depreciation;
- support insurance claims in the event of fire, theft, vandalism or other disasters.

The school's appointed auditors will audit and update the fixed Asset register, as part of their end of year audit process.

ii) Depreciation

Depreciation on assets is as follows: -

- Freehold Buildings 2% straight line
- Plant & Machinery 15% straight line
- Furniture & Equipment 15% straight line
- Computer Equipment & Software 20% straight line
- No depreciation is provided on freehold land. Depreciation on assets in the course of
- construction is not charged until they are brought into use.

iii) Security of assets

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 school'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 Finance, Audit and Risk Committee. Inventories of school 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.

iv) Disposals

Asset items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and Finance, Audit and Risk Committee informed where significant, should be sold following competitive tender. The academy must seek the

approval of the DFE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid. If disposals within one financial year (September-August) collectively originally attracted grant of more than £20,000 then the academy must inform the DFE.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the school 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. All disposal of IT equipment must be done through an authorised secure waste supplier.

All disposals of land or buildings must be agreed in advance with the Secretary of State and with the Local Authority.

v) Loan of Assets

Items of school property must not be removed from school premises without the authority of the School Business Lead. A record of the loan must be recorded in the loan book, held with the School Business Lead.

Loan of the school bank of iPad, is overseen by the Finance Officer, who keeps a separate loan book that staff need to sign them out and back in. They are also stored in the school main safe.

The School Business Lead will be asked to show the loan book, should an item of equipment be missing when a fixed asset audit is undertaken.

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 school's auditors.

21. Leasing

The academy can generally enter into an operating lease without DfE approval. There are a number of exceptions which includes taking up a leasehold agreement on land and buildings. All finance leases for any type of asset will require DfE approval.

22. Retention of Record

All financial records should be retained for at least six years after the period to which the funding or transaction took place.

23. Bribery, Fraud and Corruption

The Academy trusts **must** be aware of the risk of fraud, theft and irregularity and address it by putting in place proportionate controls. The Academy Trust **must** take appropriate action where fraud, theft or irregularity is suspected or identified.

The board of trustees **must** notify DfE, as soon as possible, of all instances of fraud, theft or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year. Unusual or systematic fraud, regardless of value, **must** also be reported. The following information is required:

- full details of the event(s) with dates
- the financial value of the loss
- measures taken to prevent recurrence

- whether it was referred to the police (and if not why)
- whether insurance have offset any loss.

The prudent approach is to take reasonable steps to be seen to prevent bribery within the organisation includes:

- The school raises awareness of the Bribery Act, its offences and of bribery risk with key staff and governors.
- South Charnwood High School has a 'zero tolerance' approach within the organisation to all forms of fraud, corruption and bribery.
- There is a well-publicised whistleblowing policy in place.
- The schools Finance and Audit Policy governs the acceptance of gifts and hospitality.
- Having an up-to-date register of business and pecuniary interests of governors (it is further recommended that this is expanded to include key staff too)
- There is a standard agenda item at Trustees' minutes for governors to be able to declare any conflicts of interest in any forthcoming agenda items for which he/she may need to withdraw from discussions and / or decision making.
- The procurement policy seeks to obtain comparative quotes or tenders (as relevant) for large valued expenditure and which is followed in practice.
- A clearly defined process gives transparency where normal procurement procedures are not being followed, an example being Trustees' approval of the taking up of a quote other than the cheapest, with rationale given for that decision.
- Management oversight to ensure that policies and procedures are being consistently followed in practice.

24. Cybercrime

The Academy **must** be aware of the risk of cybercrime, put in place proportionate controls and take appropriate action where a cyber security incident has occurred. Trusts should take appropriate action to meet DfE's cyber security standards, which were developed to help them improve their resilience against cyber-attacks.

The Academy **must** not make any payment of cyber ransom demands. DfE supports the National Crime Agency's recommendation not to encourage, endorse, or condone the payment of ransom demands. Payment of ransoms has no guarantee of restoring access or services and is likely to result in repeat incidents.

25. Estate Management

The DfE expects academies to manage their estates strategically and maintain them in a safe working condition and seeing estates as both an asset and tools for delivering education. Trustees, via the Premises, Health and Safety Committee and the Headteacher should ensure the following guidance is fully implemented and applied:

- Good Estate Management for Schools, including guidance on an estates strategy and asset management plan
- The Estate management competency framework
- The Condition Data Collection (CDC) process
- Reinforced Autoclaved Aerated Concrete (RAAC) guidance

- School Capital Funding guidance
- Climate Action Plan is in place and being implemented.

The School Business Lead and Site Manager have day to day responsibilities to ensure the site is well maintained and fully compliant at all times.

26. Summary of Freedoms and Delegations

All the freedom and delegations are summarised in the table below.

Type of transaction	**Delegation**
Novel, contentious and repercussive transactions	DfE agreement required
Staff severance and compensation	DfE agreement required if £50,000 or more before tax
Ex gratia payments	DfE agreement required
Writing-off debts and losses (subject to £250,000 ceiling)	DfE consent required if exceeds: • 1% of annual income or £45,000 individually; or • 2.5% or 5% of annual income cumulatively
Entering into indemnities (beyond the normal course of business), guarantees or letters of comfort (subject to £250,000 ceiling)	DfE consent required if exceeds: • 1% of annual income or £45,000 individually; or • 2.5% or 5% of annual income cumulatively
Acquiring freehold land/buildings	DfE agreement required
Disposing of a freehold on land/buildings	DfE agreement required
Disposing of heritage assets	DfE agreement required
Other asset disposals	Academy has full discretion to undertake disposal
Taking up a finance lease not on the approved list	DfE agreement required
Type of transaction	Delegation as stated previously in this policy

Taking up a leasehold on land and buildings	DfE agreement if lease term seven years or more
Taking up any other lease	Academy has full discretion to take up lease
Granting a lease on land and buildings	DfE agreement required
GAG carry forward	No limits and monitored and controlled by Trustees
Loan, overdraft	DfE agreement required
Credit cards (for business use)	Trust has full discretion provided charges not incurred Trustees has set a credit card limit of £20K
Supplies to the trust from related parties	DfE agreement required over £40,000 and over associated limits unless exempt as set out in in the Academy Trust Handbook.