



ASPIRE ACADEMY

FINANCE POLICY AND REGULATIONS MANUAL

POLICY AND PROCEDURES

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POLICY TO BE REVIEWED ANNUALLY OR AS REQUIRED	

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CHAIR OF TRUST BOARD

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1. INTRODUCTION

- 1.1 The purpose of this manual is to ensure that the Academy maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our Funding Agreement with the Department for Education (DfE).
- 1.2 The Academy must comply with the principles of financial control outlined in the Academies Financial Handbook 2016 published by the Education Funding Agency (EFA). This manual expands on that and provides detailed information in the Academy's accounting procedures and system manual should be read by all staff involved with financial systems.

2. ORGANISATION AND RESPONSIBILITIES

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

The Trust Board

- 2.2 The Trust Board of Aspire Academy has overall responsibility for the administration of the Academy's finances. The main responsibilities of the Trust Board are prescribed in the Funding Agreement between the Academy and the DfE and in the Academy's scheme of Internal Delegation. The main responsibilities include:

- Ensuring that grant from the EFA is used only for the purposes intended;
- Approval of the Annual Budget;
- Appointment of the Principal and the Trust's Accounting Officer;
- Appointment of the Vice and Assistant Principals and the Chief Financial Officer (CFO), in conjunction with the Principal.

The Finance Committee

- 2.3 The Finance Committee is a committee of the Trust Board. The Finance Committee meets at least once a term but more frequent meetings can be arranged if necessary.

- 2.4 The main responsibilities of the Finance Committee are detailed in written terms of reference which have been authorised by the Trust Board. The main responsibilities include:

to consider and make recommendations to the Trust Board on all financial and budgetary matters not delegated to the Principal, including:

- the preparation of the annual budget for the Academy and of any periodic review of budget monitoring reports;
- all finance policies;
- approval of procedures for competitive tendering decisions on expenditure items above £75,000;
- acceptance of tenders for goods, services or works above the value of £75,000,
- authorising contracts above £10,000
- approval of arrangements to secure compliance with financial regulations;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies

The Principal

2.5 Within the framework of the Academy Development Plan as approved by the Trust Board the Principal has overall executive responsibility for all of the Academy's activities including financial activities. Much of the financial responsibility has been delegated to the CFO but the Principal will still retain responsibility for:

- Approving new staff appointments within the authorised establishment, except for any senior staff posts which the Trust Board have agreed should be approved by them;
- Authorising expenditure up to £20,000 in conjunction with the CFO;
- Signing cheques in conjunction with the CFO or other authorised signatory.

The Academy's Accounting Officer

2.6 The Trust Board has designated the Principal to act as the Trust's Accounting Officer. In particular, the Accounting Officer is personally responsible to Parliament and to the Accounting Officer of the EFA for the resources under their control and must be able to assure Parliament and the public of high standards of probity in the management of public funds. The essence of the role is a personal responsibility for:

- **regularity** – dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's Funding Agreement and the EFA Academies Financial Handbook and compliance with internal trust procedures. This includes the spending of public money for the purposes intended by Parliament.
- **propriety** – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control, this covers standards of conduct, behaviour and corporate governance.
- **value for money** – achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of the resources in the Trust's charge, the avoidance of waste and extravagance and prudent and economic administration.

2.6.1 the Accounting Officer also has responsibilities for the keeping of proper financial records and accounts and for the management of opportunities and risks.

2.6.2 the Accounting Officer must advise the Trust Board in writing if, at any time, in her opinion any action or policy under consideration by them is incompatible with the terms of the Funding Agreement or EFA Academies Financial Handbook. Similarly, the Accounting Officer must advise the Trust Board in writing if the Board appears to be failing to act where required to do so by the terms and conditions of the Funding Agreement or EFA Academies Financial Handbook. Where the Trust Board is minded to proceed, despite the advice of the Accounting Officer must consider the reasons the Trust Board gives for its decision. If, after considering the reasons given by the Trust Board, the Accounting Officer still considers that the action proposed by the Trust Board is in breach of the Funding Agreement or the EFA Academies Finance Handbook, the Accounting Officer must advise the EFA's Accounting Officer of the position in writing.

Academy Chief Finance Officer (CFO)

2.7 The CFO works in close collaboration with the Principal through whom he or she is responsible to the Trust Board. The CFO also has direct access to the Board via the Finance Committee. The main responsibilities of the CFO are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system;
- The management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Trust Board;
- The maintenance of effective systems of internal control;

- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy;
- The preparation of monthly management accounts;
- Authorising orders up to £20,000, in conjunction with the Principal;
- Signing cheques in conjunction with the Principal or other authorised signatory;
- Ensuring forms and returns are sent to the EFA in line with the timetable in the DfE/EFA guidance.

Internal Auditors

2.8 The Trust Board has appointed Price Bailey LLP to provide an independent internal audit function and provide Trustees with an independent oversight of the Academy's financial affairs. The main duties of the Internal Audit are:

- The financial responsibilities of the Trust Board are being properly discharged;
- Resources are being managed in an efficient, economical and effective manner;
- Sound systems of internal financial control are being maintained;
- Financial considerations are fully taken into account in reaching decisions.

2.9 The Internal Audit will undertake a programme of termly reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Trust Board. A report of the findings from each visit will be presented to the Finance Committee.

Other Staff

2.10 Other members of staff, for example, the CFO, any Finance Assistants and any named budget holders, will have some financial responsibility. 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 and the Financial Probity policy.

Register of Interests

2.11 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 trustees and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.

2.12 The register will 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 will 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.

2.13 The existence 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 Trust Board or a committee. Where an interest has been declared, Trustees and staff will not attend that part of the meeting.

3. ACCOUNTING SYSTEM

3.1 All the financial transactions of the Academy will be recorded on the Academy accounting system.

System Access

- 3.2 Entry to the FMS system is password restricted and the CFO is responsible for implementing a system which ensures that passwords are changed at least every 3 months.
- 3.3 Access to the component parts of FMS can also be restricted and the CFO is responsible, along with the Principal, for setting access levels for all members of staff using the system.

Back-up Procedures

- 3.4 Back-up procedures will be as described in the Trust Board's ICT Policy.
- 3.5 The Business Continuity Plan will be enacted in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made by Trustees 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

- 3.6 All transactions input to the accounting system must be authorised in accordance with the procedures specified on the Record of Financial Responsibility.
- 3.7 Detailed information on the operation of the accounting system can be found in the user manuals held by the CFO.

Transaction Reports

- 3.8 The CFO will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:
 - 3.8.1 Master file amendment reports for the payroll, purchase ledger and sales ledger;
 - 3.8.2 Management accounts summarising expenditure and income against budget at budget holder level;
 - 3.8.3 Other reports as required.

Reconciliations

- 3.9 The CFO is responsible for ensuring reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
- 3.10 Any unusual or long outstanding reconciling items must be brought to the attention of the CFO. The CFO will review and sign all reconciliations as evidence of their review.

4. FINANCIAL PLANNING

- 4.1 The Academy prepares both medium term and short-term financial plans.
- 4.2 The medium term financial plan is prepared as part of the development planning process. The development plan indicates how educational and other objectives are going to be achieved within the expected level of resources over the next three years.
- 4.3 The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the Academy and the planned use of those resources for the following year.
- 4.4 The development planning process and the budgetary process are described in more detail below.

Academy Evaluation and Development Planning

- 4.5** Development Planning takes place annually and draws upon the evaluation of the Academy's current performance as well as upon likely internal and external changes that affect the Academy. The evaluation outlines several 'areas for development' over coming years; more detailed plans show what aspects are being tackled in the current year.
- 4.6** Development Planning is also informed by budgetary considerations and significant financial costs are indicated in the Plans and cross-referenced in the Budget.
- 4.7** The Academy Evaluation and Development Plans and the Annual Budget are considered and approved by the Trust Board at the same meeting, but the process is continuous and subject to constant evaluation and review.
- 4.8** The annual cycle of evaluation and development planning is as follows:

Autumn Term:

- New Academy Budget and new Academy Evaluation and Development Plans come into effect.
- Outcomes and Public Examination Reviews (September) – Academy sections/unit Evaluations and Plans are finalised and approved.
- Trustees review of Outcomes and Public Examination results against targets set.
- Quality Assurance lesson observations inform further consideration of developments.
- Teachers' Performance Reviews are informed by identified Academy needs and, in turn, inform future training needs.
- First evaluation of new Plans and Actions by (a) SMT and (b) Trust Board.
- Trust Board sets targets for the Academy.

Spring Term:

- Publication of RAISE-online and other data informs evaluation and future actions.
- Evaluation of current Plans and Actions by (a) SMT and (b) Trust Board.
- Quality Assurance lesson observations inform further consideration of developments.
- Initial work on the draft Budget Plan for next Academic year.
- First draft of Evaluations for the next year and first consideration of next year's Development Plan actions.

Summer Term:

- Evaluation of current Plans and Actions by (a) SMT and (b) Trust Board.
- Performance Review lesson observation data available to inform evaluations.
- New Academy Budget Plan finalised and approved by Trust Board.
- New Academy Evaluation and Development Plans finalised and approved by Trust Board.
- Academy sections/units complete their new Evaluations and draft their Development Plans.

- 4.9** Members of SMT take responsibility for different sections of the Academy Evaluation and Development Plans document. The Principal is responsible for co-ordinating the process.

Annual Budget

- 4.10** The CFO is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Principal, SMT, Finance Committee and the Trust Board.

- 4.11** The approved budget must be submitted to the EFA by September each year and the CFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 4.12** 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.
- 4.13** The budgetary planning process will incorporate the following elements:
- Forecasts of the likely number of pupils to estimate the amount of EFA grant receivable;
 - Review of other income sources available to the Academy to assess likely level of receipts;
 - Review of past performance against budgets to promote an understanding of the Academy cost base;
 - Identification of potential efficiency savings;
 - 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

- 4.14** 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

- 4.15** Once the different options and scenarios have been considered, a draft budget will be prepared by the CFO for approval by the Principal, the Finance Committee and the Trust Board. The budget (once agreed by the Trust Board) will be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 4.16** The budget will be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget will be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review

- 4.17** Monthly reports will be prepared by the CFO. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Principal and the Finance Committee.
- 4.18** Any potential overspend against the budget must in the first instance be discussed with the CFO. The accounting system will not allow payments to be made against an overspent budget without the approval of the CFO.
- 4.19** 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.

5. PAYROLL

5.1 The main elements of the payroll system are:

- Staff appointments;
- Payroll administration and
- Payments.

Staff Appointments

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

5.3 The Principal, acting within the authorised establishment, has the authority to appoint all categories of staff, except for Vice and Assistant Principals and the CFO, whose appointments must follow consultation with the Trust Board. The Principal maintains personnel files for all members of staff which include contracts of employment. All personnel changes will be notified, in writing, to the CFO immediately.

Payroll Administration

5.4 The Academy payroll is administered by our contractor HEC Ltd payroll, and payroll transactions are entered/imported to FMS. Access to the system is password controlled. Password control procedures and backup arrangements are described in section two of this manual.

5.5 All staff are paid monthly through HEC Ltd payroll.

Payments

5.6 All salary payments are made by BACS.

5.7 The CFO will prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation will be reviewed and signed by the CFO.

5.8 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions.

5.9 The CFO will select one employee at random each month and check the calculation of gross to net pay to ensure that the payroll system is operating correctly. All staff salary payments are reconciled to the budget allocated and actual generated by SIMS.

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

5.11 On an annual basis the CFO will 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 in the Principal's office.

6. PURCHASING/BACS

- 6.1** The Academy wants to achieve the best value for money from all our purchases. This means obtaining the correct quality, quantity and time at the best price possible. A large proportion of purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:
- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy;
 - **Accountability**, the Academy is publicly accountable for its expenditure and the conduct of its affairs;
 - **Fairness**, that all those dealt with by the Academy are dealt with on a fair and equitable basis.

Routine Purchasing

- 6.2** Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder a week after the end of each month and budget holders are encouraged to keep their own records of orders placed but not paid for.
- 6.3** Routine purchases up to £1,000 can be authorised by the budget holder. In the first instance a supplier should be chosen from the list of approved suppliers maintained by the Finance Office. A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list the reasons for this decision must be discussed and agreed with the CFO.
- 6.4** All orders must be made, or confirmed, in writing using an official order form. Orders must bear the signature of the budget holder and must be forwarded to the Finance Office where the Finance Officer will check to ensure adequate budgetary provision exists, allocate a reference number before passing to the CFO to countersign the order.
- 6.5** Countersigned orders are recorded in the orders placed book and faxed/posted to the supplier by the Finance Officer/Assistant.
- 6.6** The Finance Officer/Assistant must make appropriate arrangements for the delivery of goods to the Academy. On receipt the Finance Officer/Assistant must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.
- 6.7** If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office will keep a central record of all goods returned to suppliers.
- 6.8** All invoices should be sent to the Finance Office in a timely manner.
- 6.9** The invoices will be passed to the CFO, to be certified. The Finance Officer will then input the invoices onto the FMS.

- 6.10** At the end of every week or more often if required, the Finance Officer will review the invoices due for payment. Cheques/BACS payments will be raised, the payments being authorised by two of the nominated cheque signatories.
- 6.11** Cheques will be dispatched to suppliers by the Finance Officer/Finance Assistant.
- 6.12** At least three written quotations should be obtained for all orders between £5,000 and £75,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.
- 6.13** All goods/services ordered with a value over £75,000, or for a series of contracts which in total exceed £75,000 must be subject to formal tendering procedures. Competitive tendering can be considered below this figure, in the interests of best value. Purchases over this figure may fall under EU procurement rules. Guidance on the OJEU thresholds, can be found at www.ojec.com/thresholds.aspx.

Forms of Tenders

- 6.14** There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.
- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the CFO 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.
 - **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.

Preparation for Tender

- 6.15** Full consideration should be given to:
- Objective of project
 - Overall requirements
 - Technical skills required
 - After sales service requirements
 - Form of contract.

- 6.16** 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

- 6.17** If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

- 6.18** An invitation to tender should include the following:

- Introduction/background to the project;
- Scope and objectives of the project;
- Technical requirements;
- Implementation of the project;
- Terms and conditions of tender and
- Form of response.

Aspects to Consider Financial

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

Technical/Suitability

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

Other Considerations

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

Tender Acceptance Procedures

- 6.19** 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

- 6.20** All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:
- Either the Principal or CFO plus a member of the Trust's Finance Committee

- 6.21** 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

- 6.22** 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.
- 6.23** 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.
- 6.24** Full records should be kept of all criteria used for evaluation and a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision.
- 6.25** Where required by the conditions attached to a specific grant from the EFA, the department's approval must be obtained before the acceptance of a tender.
- 6.26** The accepted tender should be the one that is economically most advantageous to the Academy. All parties should then be informed of the decision.

7. INCOME

- 7.1** The main sources of income for the Academy are the grants from the EFA. The receipt of these sums is monitored directly by the CFO who is responsible for ensuring that all grants due to the Academy are collected.
- 7.2** The Academy may also obtain income from:
- Students, mainly for trips and visits;
 - The public, mainly for lettings; and
 - Certain local charities.

Trips

- 7.3** Trips and visits are administered in accordance with Outdoor Learning, Learning Outside the Classroom and Educational Visits Policy and Procedures.
- 7.4** A lead member of staff must be appointed for each trip to take responsibility for the collection of sums due. The lead member of staff will prepare a record for each student intending to go on the trip showing the amount due, in conjunction with the Finance Officer.
- 7.5** Students should make payments at the Finance Office. Payment cards will be provided to students, these should be presented with the stage payments. The payment cards will be noted and initialled by the Finance Officer/Finance Assistant.
- 7.6** The Finance Office will maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the lead teacher on a timely basis and the lead teacher is responsible for chasing the outstanding amounts.

Lettings

- 7.7** The CFO is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities. Income must be allocated within the correct financial year and notified to the Principal if outstanding at year end.
- 7.8** Details of organisations using the facilities will be maintained by the CFO who will produce a sales invoice from the FMS accounting system. Details of payments made and outstanding accounts will be forwarded to the Principal at the beginning of each month and the CFO is responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.
- 7.9** Debts will only be written off in line with the authorisation limits set out in Appendix B. The EFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter. (See also Section 13 of this policy).

Custody

- 7.10** Official, pre-numbered Academy receipts should be issued for all cash and cheques received where no other formal documentation exists. All cash and cheques must be kept in the Finance Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit on the Finance Office safe.
- 7.11** Monies collected must be banked in their entirety in the appropriate bank account. The CFO is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

8. CASH MANAGEMENT

Bank Accounts

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

Deposits

- 8.2** Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:
- The amount of the deposit and
 - A reference, such as the number of the receipt or the name of the debtor.

Payments and withdrawals

- 8.3** All cheques and other instruments authorising withdrawal from Academy bank accounts must bear the signatures of two of the following authorised signatories:
- The Chair of the Trust;
 - The Principal;
 - The Chief Finance Officer;
 - The Vice-Principal;
 - The Company Secretary;
 - A named Trustee

8.4 This provision applies to all accounts, public or private, operated by or on behalf of the Trust Board of the Academy.

Administration

8.5 The CFO 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 Principal's cash book;
- Reconciliations are prepared by the Finance Officer
- Reconciliations are countersigned by the CFO
- Adjustments arising are dealt with promptly.

Petty Cash Accounts

8.6 The academy maintains a maximum cash balance of £300. The cash is administered by the Academy Senior Administrative Officer and is kept in a safe. Personal cheques will not be cashed.

Deposits

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

Payments and Withdrawals

8.8 In the interests of security, petty cash payments will be limited to £25. Higher value payments should be made by cheque directly from the main bank account. All payments must be supported by VAT invoices/receipts and must be signed for by recipient.

Administration

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

Physical Security

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

Cash Flow Forecasts

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

Investments

8.12 Investments must be made only in accordance with written procedures approved by the Trust Board.

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

9. FIXED ASSETS

Asset Register

9.1 All single items purchased with a value over the academy's capitalisation limit of £1,000 that are considered to have a life longer than the financial year which they were purchased in must be entered in an asset register. The member of staff named as responsible for the asset in the Asset Register, is required, on a yearly basis, to check the register and report any discrepancies to the CFO.

.The asset register should include the following information:

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Source of funding (% of original cost funded from EFA grant and % funded from other sources)
- Expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset

9.2 The Asset Register helps:

- Ensure that staff take responsibility for the safe custody of assets;
- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- To manage the effective utilisation of assets and to plan for their replacement;
- 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

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

9.4 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 Trust Board. 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

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

- 9.6 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.
- 9.7 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 EFA a proportion of the sale proceeds.
- 9.8 All disposals of land must be agreed in advance with the Secretary of State.

Loan of Assets

- 9.9 Items of academy property must not be removed from academy premises without the authority of the Principal. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.
- 9.10 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.

10. TAX

- 10.1 The Academy is not registered for VAT purposes. For current limits required to register for business activity see www.hmrc.gov.uk.
- 10.2 VAT claims are made to the HMRC every three months or more frequently. Claims will be made only for invoices in the name of the Academy.
- 10.3 Any payments to contractors and subcontractors are made in accordance with the Construction Industry Scheme.

11. AUDIT/FRAUD

- 11.1 The Academy has appointed Price Bailey LLP as its official external auditors for the financial year 2016-17.
- 11.2 The Academy has appointed Price Bailey LLP to provide an internal audit service for the financial year 2016-17.
- 11.3 Fraud can occur in academies although the level of identified fraud in academies is very low, the Academy needs to be aware of the potential for it to occur.
- 11.4 The following policies also relate and give guidance to reduce the possibility of fraud occurring: Declaration of Interests, Whistleblowing Policy, Risk Management & the Risk Register, Trustees Expenses and Handbook of Governance.
- 11.5 This policy states the separation of duties regarding the finance procedures and payroll.

11.6 Suspicions of fraud should be reported to a member of the SMT or Chair of the Trust Board.

12. INSURANCE

12.1 The Academy reviews all risks annually to ensure the cover available and the sums insured are adequate.

12.2 The Academy will notify the insurers of any new risks or any other alterations affecting existing insurance.

12.3 The Academy will not give any indemnity to a third party.

12.4 The Academy will immediately advise the insurers of any accident, loss of other incident which may give rise to an insurance claim.

13. BAD DEBTS

13.1 The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance.

13.2 Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.

13.3 All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:-

- 3 weeks from date of account - 1st reminder
- 6 weeks from date of account - 2nd reminder
- 8-10 weeks from date of account - Final reminder

The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days.

After 10 weeks from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.

13.4 If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:-

- The Principal or CFO on behalf of the Academy Trust must provide 30 days' notice to the Secretary of State for Education of its intention to write off any debts owed to it as set out in Section 83 of Academy's Funding Agreement. This notice is required whether or not the circumstances require the Secretary of State for Education's approval (see below).
- Those debts *below* the value set out in the Annual Letter of Funding can then be approved and written off by the Finance Committee reported to the next meeting of the Trust Board
- Any proposed write off of debts *above* the value set out in the Annual Letter of Funding require the prior written consent of the Secretary of State for Education in accordance with section 82 of Academies Funding Agreement.

- 13.5** To ensure sound internal control, staff who raise invoices, will not have the authority to write off debts. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements.
- 13.6** The Academy will retain a Bad Debt Write-Off Summary.

14. REDUNDANT EQUIPMENT

- 14.1** The Trust Board has the authority to declare equipment, furniture or other assets or stores, surplus to requirements and to make arrangements for their sale or write off, provided that the items concerned were purchased in whole or in part with a grant from the Secretary of State for Education.
- 14.2** A Disposal of Equipment form will be completed for all items which are to be disposed of and internal control will be exercised to ensure that the asset is no longer of use (i.e. it is obsolete) and that obsolete stocks are destroyed to ensure they are not illegitimately procured and then resold.
- 14.3** Where the estimated disposal value of surplus or redundant assets (equipment) is less than £1,000 or sale is to be by public auction or competitive tendering, disposal can be authorised by the Principal.
- 14.4** Prior approval will be required if;
- The estimated disposal value is between £1,000 and £5,000 and the sale is not to be by public auction or competitive tendering by the Finance & Premises Committee;
 - The estimated disposal value is above £5,001 and the sale is not to be by public auction or competitive tendering by the Trust Board or;
 - The sale is to be to a Trustee or employee of the Academy.
- 14.5** The prior written consent of the Secretary of State for Education is required in accordance with section 89 of the Academy Funding Agreement as follows;
- Before the disposal of any asset for which a grant of over £20,000 was made, or land and buildings which had been transferred from the Local Authority at no cost to the Academy.
 - Before the sale or disposal by other means, or reinvestment of proceeds from the disposal of an asset or group of assets, for which a capital grant in excess of £20,000 was paid.
- 14.6** As set out in section 93 of the Academy Funding Agreement the Academy will provide 30 days written notice to the Secretary of State for Education of its intention to dispose of assets for a consideration less than the best price that can reasonably be obtained, whether or not such disposal requires the Secretary of State for Education's consent as detailed above.

15. EX GRATIA PAYMENTS

- 15.1** Ex Gratia Payments are defined as payments which go beyond statutory cover, legal liability, or administrative rules, including:

- payments made to meet hardship caused by official failure or delay
- out of court settlements to avoid legal action on grounds of official inadequacy
- payments to contractors outside a binding contract, e.g. on grounds of hardship

15.2 The Academies Financial Handbook 2016 stated that: “All Ex Gratia transactions **must** be referred to EFA for prior authorisation”.

15.3 Aspire Academy Trust will always seek to avoid making any such Ex Gratia payments.

15.4 Where exceptionally, Aspire Academy Trust does consider making a staff severance payment above the statutory or contractual entitlements, it **must** take into account the following issues:

- that trustees reasonably consider the proposed payment to be in the interests of the trust
- whether such a payment is justified, based on a legal assessment of the chances of the trust successfully defending the case at employment tribunal. If there is a significant prospect of losing the case then a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that the trust is likely to be successful, then a settlement should not be offered.
- If the settlement is justified, the trust would then need to consider the level of settlement. This **must** be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award in the circumstances

APPENDIX A

Record of Financial Responsibility

ASPIRE ACADEMY		Financial Year: 2016 - 2017	
Date approved:	October 2016	Date of review:	September 2017
Signed:	<i>Vic Goddard</i> Chair of Trust		

Approval of Budget:

Delegated to: Consistent with the Trust Board Decision Planner and Terms of Reference for Working Parties and Committees	Full Trust Board
Date of meeting to approve plan	25 th June 2016
Date budget plan submitted to EFA	31 st July 2016

Financial Reporting Arrangements:

	Monthly	Termly	Annually
Full Trust Board		System Report	Outturn Report Cashflow Report
Finance Committee		System Report and Cost Centre summary Report Virement listings	Draft budget for recommendations to Full Trust Board
Principal / Accounting Officer	System Report and Cost Centre Report		
Company Secretary	System Report and Cost Centre Report		

Bank account details:

Bank Account Name	Sort Code	Account Number
Lloyds Bank	30-93-89	34760660
Bank Signatories (minimum 3)		
Principal / Accounting Officer Deb Garfield	Chief Finance Officer Jennie Rowan	
Chair of Trust Vic Goddard	Company Secretary Chris Fluskey	

Certifying Officers (*orders/invoices/Petty Cash/Pay documents/Lettings*)

Name	Document Type	Individual Transaction Limit
Principal	All	Cheques/BACS above £75,000 require Chair of Trust approval
Chief Finance Officer	All	Cheques/BACS above £75,000 require Chair of Trust approval
Academy Senior Admin Officer	Lettings	
Academy Senior Admin Officer	Petty Cash	£25 for any one Transaction

Value above which three competitive quotations are to be sought	£20,000
Value above which full competitive tendering arrangements must be applied: Competitive tendering can be considered below this figure	£75,000
Expenditure limit above which Trust Board approval is required: Given by Chair of Trust when signing cheques – see above)	£75,001
Limit above which receipts must be issued for cash received:	£25
Limit above which discrepancies revealed by the inventory check should be reported to the Trustees:	£500
Value above which Trustee approval is required before disposal of equipment:	£1,000

Petty cash

Maximum amount that can be held:	£300
Maximum individual payment:	£25

APPENDIX B

AUTHORISATION LIMITS

Expenditure Limit

Budget holders	up to £1,000
Principal and CFO	up to £20,000
Finance and Premises Committee	between £20,001 and £75,000
Full Trust Board	over £75,001

Virement Limits

Principal and CFO	up to £5,000
Finance and Premises Committee	between £5,001 and £75,000
Full Trust Board	over £75,001

Writing off bad debts

Finance Officer

Principal and CFO	up to £500
Finance and Premises Committee	over £501
Full Trust Board	over £5,000

Disposal of Surplus Stock, Stores and Assets

Principal and CFO	up to £1,000
Finance and Premises Committee	between £1,001 and £5,000
Full Trust Board	over £5,001

Mileage Allowance

HM Revenue & Customs approved rate

Petty Cash Imprest

£300

Safe Cash / Cheque Limits

£3,000 (combined Cash and Cheque)

Ordering Procedures

3 competitive quotations – evidence required	£20,000 - £75,000
Tendering procedure	over £75,000

Minor Building Repairs

Principal and CFO	between £0 - £5,000
Finance and Premises Committee	between £5,001 and £20,000
Full Trust Board	over £20,000