



FINANCIAL REGULATIONS

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Presented and Approved by OLOG Board of Governors (Directors)	
Signature of Chair of Board of Directors:	
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Financial Regulations

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Summary of Authorisation and Monetary Limits

Authorisation Limits

Expenditure Limits

Site Manager (emergency minor building repairs)	Up to £500
Business Manager (In the event of the unavailability of the Headteacher)	Up to £1,000
Senior Leadership Team (In the event of the unavailability of the Headteacher)	Up to £5,000
Headteacher	Up to £100,000
Local Finance and Premises Committees (LFPC)	Over £100,000 (via termly committee meetings)
Board of Directors of Academy	all major capital projects over £200,000 (via termly FAR meeting)

Cheque Signatories

Two signatories	Up to £20,000
Two signatories one of which must be the Headteacher	Over £20,000

Virement Limits

Principal Finance Officer	Up to £500
Headteacher	From £501 to £5,000
Local Finance and Premises Committees	From £5,001 to £10,000
Full Local Governing Bodies	Over £10,000

Writing off bad debts

Headteacher	Up to £1,000
Local Finance and Premises Committees	Over £1,000
Full Governing Body with ESFA notification	Over £45,000 per single transaction

Disposal of Surplus Stock, Stores & Assets (estimated value)

Headteacher	Up to £1000
Local Finance and Premises Committees	From £1001 to £10,000
Full Local Governing Body	Over £10,000
Full Governing Body with ESFA notification	£20,000 and above if capital asset All acquisition/disposal of land or buildings

Other Monetary Limits

Petty Cash Imprest	£500 (each school)
Safe Cash/ Cheque limits – locked safe	£10,000 (each school) – recorded at point of receipt
Cash/Cheque limits – not in safe/in transit (as per RPA membership guidance)	£5,000 (each school) – recorded at point of receipt £5,000 – cheques (recorded at point of receipt) £500 monetary instruments i.e. stamps, vouchers

Ordering Procedures

3 Competitive quotations (written evidence required)	£5,000 - £50,000
Tendering procedure	Over £50,000
Tendering procedure + OJEU	approx. £181k+ (€221k) for supplies and services
Tendering procedure + OJEU	approx. £4.5m+ (€5.5m) for works

Asset Register

Capitalisation limit	Over £2,000
Attractive portable items	Over £250 (laptop/IPad)

Financial Regulations

1. Introduction

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

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

The manual is subject to annual review and is presented to the Local Finance and Premises Committees, the academy's Finance and Audit Committee and the Board of Directors for consideration and approval.

2. Organisation and responsibility

The Governing Body (Board of Directors of the Trust)

The governing body has overall responsibility for the administration of the academy's finances.

The main responsibilities of the governing body are prescribed in the Funding Agreement between the academy and the ESFA and in the academy's scheme of delegation. The main responsibilities include:

- ensuring that grant from the ESFA is used only for the purposes intended;
- approval of the annual budget of the MAT;
- appointment of the Headteachers of the schools (who are also ex-officio governors, one of which is the Accounting Officer too); and
- appointment of the Principal Finance Officer, in conjunction with the Accounting Officer
- approval of the academy's Financial Regulations;
- approval of the annual statutory accounts including the annual governors' report
- authorising the award of contracts over £50,000;
- determining the MAT's financial priorities through the academy's development plan and asset management plan (if applicable).

Apart from the above, the delegation of the financial matters of the individual schools' which are forming part of the Trust are delegated to the Finance, Audit & Risk Committee, the Local Governing Bodies and the Local Finance and Premises Committees.

Although it is no longer requirement to have a dedicated Audit Committee for trusts with annual turnover below £50m, Our Lady of Grace Catholic Academy has elected to appoint a Finance, Audit & Risk Committee.

All committees must be chaired by a governor, although may also include in the minority non-governors where specific knowledge or experience is required.

The Board of Directors meet at least once a term. All meetings are minuted.

Finance, Audit and Risk Committee (see annex 1)

The Finance, Audit and Risk Committee is a committee of the Board of Directors.

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

- establishing and maintaining a sound system of internal controls for the trusts;
- appoint the internal and external auditors of the trust;
- agree a programme of internal control reviews to ensure that the established control framework is operating effectively at all schools of the MAT;
- receive the audit reports and ensure the implementation of recommendations;
- establish appropriate risk management processes to mitigate risks identified;

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- review the risk map annually
- the initial review and authorisation of the trust's consolidated annual budget before submission to ESFA;
- monitoring of the academy's consolidated financial performance and cash flow projections at least 3 times a year
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the ESFA guidance issued to academies;

The Audit and Risk Committee meets at least once a term. All meetings are minuted.

Local Governing Bodies

Each school in the MAT has their own Local Governing Body with delegated powers as detailed in the scheme of delegation/decision planners, which have been authorised by the Board of Directors.

The main financial responsibilities of the Local Governing Bodies include:

- approve of the individual school's annual budget, which is then consolidated into the trust's annual budget;
- authorising changes to the individual school's list of personnel establishment;
- determining the individual school's financial priorities through the school's improvement plan;
- approving budget virements above £10,000;

The Local Governing Bodies meet at least once a term. All meetings are minuted.

Local Finance & Premises Committee (see Annex 2)

The Local Finance & Premises Committees are committees of the local governing bodies.

The main responsibilities of the Finance & Premises Committee are detailed in written terms of reference which have been authorised by the local governing bodies. The main responsibilities include:

- the initial review and authorisation of the school's annual budget;
- the regular monitoring of actual expenditure and income against budget (at least once a term);
- Recommending changes to the individual school's list personnel establishment in light of budgetary constraints;
- approving budget virements between £5,001 and £10,000;

The Local Finance & Premises Committees meet at least once a term. All meetings are minuted.

The Headteachers and the Accounting Officer

The Board of Directors have appointed a Chief Executive Officer (CEO), who is also the Accounting Officer of the trust. The Headteacher of St Helen's Catholic Primary School is the Accounting Officer of the trust for ESFA reporting purposes and who is accountable to Parliament.

Within the framework of the academy development plan as approved by the governing body, the Accounting Officer has overall executive responsibility for the academy's activities including financial activities.

Accounting Officers have a personal responsibility for:

- the propriety and regularity of the public finances for which they are answerable
- keeping proper accounting records
- prudent economical administration
- avoidance of waste and extravagance
- effective and efficient use of all the resources in their charge
- signing the academy's annual Governance Statement, jointly with the Chair of Directors
- signing the academy's annual Statement of Regularity, Propriety and Compliance and other returns as required by the ESFA;

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Much of the financial responsibility has been delegated to the Principal Finance Officer but the Headteachers still retain responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them;
- authorising contracts up to £100,000 in conjunction with the Principal Finance Officer;
- signing cheques / authorising BACS payments in conjunction with one of the other authorised signatory of the relevant school;

Principal Finance Officer (PFO)

The Principal Finance Officer works in close collaboration with the Headteachers through whom he or she is responsible to the governors. The PFO also has direct access to the governors via the Local Finance & Premises Committees and the Finance, Audit and Risk Committee. The main responsibilities of the PFO are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the academy's financial position at a strategic and operational level within the framework for financial control determined by the governing body;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- the preparation of monthly management accounts;
- authorising budget virements up to £500; and
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.

The Responsible Officer

Appointment of a Responsible Officer is not mandatory, therefore the Board of Directors have decided not to appoint a Responsible Officer as the duties of this post is undertaken by the Audit and Risk Committee and the Local Finance & Premises Committees. The main duties of this position are:

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

Other Staff

Other members of staff, primarily the Business Manager (St Helen's), Office Manager (St Joachim's) Finance Assistant, the Admin Assistants and budget holders, will have some financial responsibilities and these are detailed in the following sections of this manual. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

Register of Interests

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

A register of business interests is maintained by the Company Secretary and is available for inspection throughout the year by the public, parents, governors and staff. The register of interest is summarised and available on the Trust's website.

The register is updated annually by way of the 'declaration of interests' form, and should include all business interests such as Directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the academy. The disclosures should also include business interests of relatives such as a parent, spouse or business partner where influence could be exerted over a governor or a member of staff by that person. The Company Secretary will retain all 'declaration of interest' forms, including 'nil' returns.

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

3. Day to day delegation of authority

Expenditure Limits

All orders up to £100,000 are referred to the respective Headteacher for authorisation or the Senior Leadership Team (up to £5,000 only) in the event of unavailability of the Headteacher.

The Business Managers are able to authorise expenditure for day-to-day items and services up to £1,000 on any one item (excluding utility charges and annual contracts where the approximate cost has clearly been documented and approved in the annual budget) as long as an adequate budget provision exists.

A sequence of orders all within the above limit to cover a larger order or orders is not permitted.

Expenditure over £100,000 should be referred to the Local Finance and Premises Committee (LFPC), who has full authorisation to approve all such expenditure via the termly budget monitoring and virements reports. The LFPC should report to the Full Local Governing Body on the year to date financial outturn of the Academy and key financial projections termly. For avoidance of doubt, no signature of a member of LFPC is required on relevant invoices over £100,000, the authorisation of expenditure by the LFPC is done through detailed review of the financial reports of the school.

For small emergency repairs, the Site Manager is able to authorise minor building repairs, where they are of an emergency nature, up to a value of £500 on any one repair.

All personnel pre-employment checks should be completed and relevant clearances obtained for all staff before they start their employment and renewed as per the academy's personnel policies.

Cheque signatories

All cheques must be signed by two of the school's authorised signatories, one of which must be the Headteacher if the amount exceeds £20,000. The authorised signatories are: Headteachers, Assistant Headteachers (2 in each school) and the Business Manager (St Helen's only).

Virement (Budget Transfer) Limits

The Principal Finance Officer can authorise budget virements between individual cost centres within the same expenditure category up to a limit of £500.

The Headteacher is able to authorise virements between individual cost centres up to a limit of £5,000. Virements over this amount are to be referred to the Local Finance and Premises Committee who has authorisation to approve virements up to a limit of £10,000. Authorisations over £10,000 are to be referred to the Local Governing Body.

All virements, including increases to income, are to be formally recorded by the PFO. All virements must be reported to the Local Finance and Premises Committee at the next meeting.

Bad Debts

Due to the limited level of commercial activities undertaken by the schools, it is not expected that any debts will be required to be written off.

The Headteacher may authorise writing off bad debts up to a value of £1,000. Requests for write offs above this amount are to be referred to the Local Finance and Premises Committee. All bad debts written off by the Headteacher will be reported to the Local Finance and Premises Committee at the next meeting.

For any write offs above £45,000 (single transaction or 1% of total annual income) will be referred to the Local Governing Body notifying the ESFA at the same time in line with the Academy's Financial Handbook. Authorisation will be required from the Education Skills and Funding Agency.

A sequence of smaller write offs within the above limits to cover a larger write off, is not permitted.

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Disposal of Surplus Stocks, Stores and Assets

The Headteacher can dispose of surplus stocks, stores and assets to the value of £1,000 without prior authorisation from the Local Governing Body. All disposals to this value must be reported to the Local Finance and Premises Committee at the next meeting. Authority for disposals above this amount can only be given in accordance with the specified limits.

All disposals must be formally recorded in the Finance and Premises minutes and in addition, where the amount exceeds £10,000 a separate report will be issued to the full Local Governing Body for their approval.

Amounts above £20,000 if they are a capital asset must be approved by Local Governing Body notifying the Education Skills and Funding Agency. In addition, all acquisition and/or disposal of land and buildings must be approved by the ESFA.

Receiving of Goods / Acknowledgment of Service

Receiving of goods and signing of deliver notes will not in normal circumstances be undertaken by the person authorising payment. For day to day operations therefore, receiving and signing for goods and services etc. will be by a member of staff who is not involved in the authorisation process.

Staff Subsistence and expense claims

All expense claims must be authorised by the Headteacher. Staff must agree with the Headteacher in advance of the expenditure incurred the eligibility of the forthcoming claim.

The Chair of the Finance and Premises Committee should monitor any claims relating to the Headteacher on a termly basis. Authorisation of the Headteacher's expense claims must be undertaken by two other signatories.

Receipts or other appropriate evidence of expenditure must be attached to the claim in respect of all purchases, i.e. rail/bus fares, subsistence, postage and any other purchases that may be approved. The Academy may not reclaim VAT without a proper VAT receipt.

The Academy must seek dispensation from the HMRC in order that expenses and benefits in kind are paid without deduction of tax and National Insurance. A dispensation is a notice from HM Revenue & Customs (HMRC) that removes the requirement to report certain expenses and benefits at the end of the tax year on forms P11D or P9D. There is also no need to pay any tax or National Insurance contributions on items covered by a dispensation. Once granted, dispensations last indefinitely. However, HMRC reviews them regularly (usually at intervals of five years or less) to make sure that the conditions under which they were issued still apply.

Staff Appointments

The Local Governing Body approves the list of personnel establishment for the individual schools. Changes can only be made to this list with the express approval in the first instance of the Local Finance and Premises Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has authority to appoint staff within the authorised establishment except for Headteacher/Deputy Headteachers and the Principal Finance Officer whose appointments must follow consultation with the governors. The Headteacher in conjunction with the Business Manager maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the Principal Finance Officer immediately to enable to assess the budgetary requirements promptly.

All relevant forms and paperwork with regard to the appointment of, or amendment to contracts, of staff should be sourced from the academy's Human Resources (HR) service provider.

4. Accounting system

All the financial transactions of the academy must be recorded on the trust's PS Financial accounting system, which is operated by the Principal Finance Officer and other staff involved in transaction processing.

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System Access

Entry to the accounting system is password restricted and the passwords are required to be changed termly.

Access to the component parts of the accounting system is restricted and the access levels have been set by the Accounting Officer at set up of PS Financials. The Principal Finance Officer is responsible for reviewing the access levels for all members of staff using the system annually.

Back-up Procedures

The IT support service is outsourced to Atomwide since September 2016. This contract involves network set up, network maintenance, access monitoring and system back-up procedures. The system (both admin and curriculum servers) is backed up every evening. The backup is taken using the LGFL's Gridstore system and the data is transferred securely across the internet to the LGFL's data centre.

The hosting of the accounting system, PS Financial, has been moved to the PS Financial Cloud in March 2016 and it is backed up daily as part of the hosting service.

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

Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are included in the following sections of the manual.

All journal entries must be prepared and/or authorised by the PFO prior to being input to the accounting system.

Bank transactions should be input by the Business Manager, Officer Manager, Admin Assistant of the respective schools or the PFO in line with approved segregation of duties.

Detailed information on the operation of the PS Financial accounting system can be found in the user manuals held in the Finance Office.

Transaction Reports

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

- masterfile amendment reports for the purchase ledger and sales ledger (tbc – PSF)
- trial balance;
- detailed monthly nominal transactions reports;
- account and document enquiry reports to investigate unusual transactions;
- management accounts summarising expenditure and income against budget at budget holder level

Reconciliations

The PFO is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account;
- purchase ledger control account;
- payroll control accounts;
- VAT control account;
- all suspense accounts and
- bank balance per the nominal ledger to the bank statement.

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Any unusual or long outstanding reconciling items must be brought to the attention of the PFO. The PFO will either undertake or review and sign all reconciliations as evidence of his review.

5. Financial planning and monitoring

The academy prepares both medium term (3 years) and short-term financial plans.

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

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

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

Development Plan

The development plan is concerned with the future aims and objectives of the academy and how they are to be achieved; that includes matching the academy's objectives and targets to the resources expected to be available. Plans should be kept relatively simple and flexible. They are the "big picture" within which more detailed plans may be integrated.

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

Each year the Headteachers will propose a planning cycle and timetable to the governing body which allows for:

- a review of past activities, aims and objectives - "did we get it right?"
- definition or redefinition of aims and objectives - "are the aims still relevant?"
- development of the plan and associated budgets - "how do we go forward?"
- implementation, monitoring and review of the plan - "who needs to do what by when to make the plan work and keep it on course" and
- feedback into the next planning cycle - "what worked successfully and how can we improve?"

The completed development plan will include detailed objectives for the coming academic year and outline objectives for the following two years. The plan should also include the estimated resource costs, both capital and revenue, associated with each objective and success criteria against which achievement can be measured.

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to the Headteachers or members of the Senior Leadership Team (SLT). The responsible manager should monitor performance against the defined success criteria throughout the year and report to the SLT on a termly basis. The Headteachers will report to the governing body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

The Accounting Officer is responsible for the preparation of the annual budget, which should be balanced. The PFO prepares the detailed budget with the Headteachers based on the priorities of the development plan and the action plans prepared by the budget holders.

The budgetary planning process incorporates the following elements:

- forecasts of the likely number of pupils to estimate the amount of ESFA grant receivable;
- review of other income sources available to the academy to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the academy cost base;
- identification of potential efficiency savings; and
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes;
- Asset management requirements and plans.

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The draft budget of each school is presented to the respective Local Finance and Premises Committee for review, discussion and amendment if appropriate. When agreed by the Local Finance and Premises Committee, the budget is submitted to the Full Local Governing Body for formal review and approval.

The schools individual budgets and any central budgets of the Trust (if any) are then aggregated to obtain the Trust's consolidated budget.

The consolidated Trust budget is then presented to the Finance, Audit & Risk Committee for review and to the Trust's Board of Directors for approval.

The budget will be communicated to all staff with responsibility for budget headings so that all relevant staff aware of the overall budgetary constraints.

Once approved, the budget should be promptly loaded on the academy's financial accounting system and "fixed" as at the approval date. Any subsequent changes to the budget (virements, including changes to funding) should be in accordance with the delegation of authority and procedures described above.

A copy of the signed budget plan should be placed in the Board of Directors' minute file and a further copy retained by the Headteacher and PFO.

Budget holders will be informed of the budget available to them as soon as the budget is approved. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent.

The budget should be seen as a working document which may need revising throughout the year as circumstances change. Formal budget reviews (reforecasting) will be undertaken termly.

The approved budget must be submitted to the ESFA by 31 July each year or within 6 weeks of receipt of the final funding letter and the PFO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.

Monitoring and Review

Monthly financial reports will be prepared by the PFO from PS Financials for each school. These reports will detail actual income and expenditure against budget for budget holders and the Headteachers and at a summary level for the Local Finance & Premises Committees.

Any potential overspend against the budget must in the first instance be discussed with the PFO before any commitments are made to incur the expenditure. Expenditure to overspend the budget can only be incurred once appropriate budget virements is approved in line with the procedures outlined in this manual.

A Management Information Pack will be prepared termly for the Trust's Governing Body presenting aggregated financial information for the Trust including:

- actual income and expenditure against budget and previous periods or years along with a commentary sufficiently detailed to draw attention to any key variances which have arisen;
- a month end balance sheet;
- a projected year end outturn;
- a rolling 12 month cash flow forecast
- a report on capital spends against budgets;
- key financial performance indicators;
- trading accounts of key operations such as catering, extended school provisions and annual visits (once a year only to LFPCs)

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

The PFO can authorise small budget changes to a limit of £500 and the Headteachers up to £5,000. All changes of budget expenses are reported to the Local Finance & Premises Committees and Governing Body. All larger budget virements must be authorised by the Local Finance & Premises Committees.

6. Annual Accounts and Financial Returns

The PFO is responsible for ensuring that all financial transactions are recorded on the academy's financial accounting system in accordance with the guidelines issued by the Education Skills and Funding Agency in its Annual Accounts Directions and Financial Handbook.

The Principal Finance Officer is responsible for preparing the Trust's Annual Accounts in line with the requirements of the Companies Act 2006, applicable UK accounting standards including the relevant Statement of Recommended Practice (SORP) 2015 and the accounting policies agreed by the academy's Governing Body.

The Governing Body is responsible for approving the academy's annual accounts and annual report and ensuring the annual accounts are audited and submitted to the Education Skills and Funding Agency by the required deadlines. Details of all the financial information required to disclose are as set out in the latest Accounts Direction for the year being reported.

In addition to submitting accounts to the Education Skills and Funding Agency, under section 442 (2a) of the Companies Act 2006, accounts must be filed with Companies House within 9 months of the end of the accounting period.

The academy is required to publish its audited Annual Accounts on its website promptly after approval and keep the information on its website for 3 consecutive years.

The PFO is responsible for preparing and submitting all financial returns required by the ESFA or other external bodies (i.e. VAT returns) ensuring that deadlines are met.

7. Payroll

The main elements of the payroll system are:

- staff appointments;
- payroll administration and
- payments

Staff Appointments

Refer to policies and procedures detailed under the same heading on page 8.

Payroll Administration

The academy's HR and payroll administration has been outsourced to Strictly Educations ('SE') since 1 September 2017.

All staff are paid monthly through the payroll provider. A master file is created for each payroll run based on information provided by employer school. This includes:

- contract detail (ie. teacher or support payroll, contractual hours)
- salary;
- bank account details;
- taxation status;
- personal details and
- any deductions or allowances payable

Any changes to the master files can only be made with the express approval of the relevant Headteacher and the changes are uploaded to the SE Employer Portal by the BusinessManager (HEL)/Office Manager (JOA) on the 1st working day of each calendar month. SE provides a draft payroll report for review by the Headteachers, which is saved on the relevant school's payroll portal. After review of the draft payroll report, the Headteachers either confirm acceptance or raise queries via email to the Trust's dedicated SE payroll officer. After the resolution of queries, a final payroll report is saved on the portal by SE, and the Headteachers confirm in writing (by email) the authorisation of the payroll, which is then followed by payments to employees. The payments are made by BACS by SE on behalf of the Trust.

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The academy operates two payroll runs, one for support staff (paid on 15th of each month) and one for teachers (paid on 25th of each month).

All amendments to pay such as overtime, additional hours, contract changes, terminations must be documented and authorised by the Headteacher. **Reports of changes made are available on the SE payroll portal.**

Authorisation and Payments

After the payroll has been processed but before payments are dispatched, **SE** provides detailed reports of the monthly payroll via a the **payroll portal**, which is only accessible to authorised staff through a password.

These reports are:

- payslips by employee
- **Detailed payroll analysis by employee, including all deductions**
- Variances report comparing the payroll to previous month's pay
- Summary payroll for the month
- **Bank reconciliation to show date of payments and BACS amounts to employees/TP/LGPS/HMRC**

The reports must be reviewed and authorised together with authority to release payment by the Headteacher and evidence of this review and authorisation must be kept on the schools' payroll file **or in saved email folders.**

All salary payments are made by BACS, which is initiated by the payroll agent, **SE**.

The payroll provider automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on the **analysis tab of the payroll report. These reported payments are reconciled to the bank statements on a monthly basis by the PFO.**

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

After the payroll has been processed, **the PFO prepares a payroll journal for each payroll run based on the information on the analysis tab of the payroll report, which is then posted to PF Financials by the PFO once reconciliation of the payments made to the bank statements are completed.**

Postings will be made both to the payroll control accounts and to individual cost centres. The PFO reviews the payroll control accounts each month to ensure the correct amount has been posted and allocates the payments against the charges.

On an annual basis the the **Headteacher** 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 in the Headteacher's office.

Payroll records should be kept for at least 6 years, while pension records must be retained for 40 years.

Non-contractual/non-statutory payments

In line with the current Academy's Financial Handbook, any non-contractual or non-statutory severance or compensation payments offered to staff (over the limit of £50,000) must be approved by the ESFA prior to payment.

Novel and/or contentious payments

All payments (including payroll) which are novel and/or contentious must be approved by the ESFA before taking place. Novel means outside of normal business activities. Contentious means those which might give rise to criticism.

Financial Regulations

8. Purchasing and Payments

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

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

Routine Purchasing

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A report 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.

Budget-holders are responsible for requesting the purchase of items or services using the internal order form, which must be authorised by the Headteacher. A quote or price must always be obtained before any order is placed.

On receipt of the authorised internal order form, the Finance Assistant will determine that the appropriate budget has sufficient funds to meet the order and raise the order in PS Financial to create the commitment in the financial system. The sequentially numbered order form is then printed from the system and sent to the supplier.

A check slip must be attached to all orders where the various stages of processing and checks undertaken can be recorded. The un-invoiced orders should be filed in the Outstanding orders file, which should be checked by the PFO each month end to ensure that long outstanding orders are queried with the budget holders/suppliers.

PS Financial has a budget checking function, which rejects orders if it would result in a budget overspend. If the budget checking has failed for an order then the budget holder should discuss this with the PFO or Headteacher to identify potential budget virements.

Any urgent order that is placed verbally should be entered onto the accounting system as soon as possible so that a purchase order can be set up to register the financial commitment. It is not acceptable to wait until the invoice/delivery note is received before entering a commitment onto the accounting system.

The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the budget holder must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay and notified to the finance office.

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

All invoices should be sent to the Finance Office and will be checked against the original order for accuracy (and delivery notes where appropriate) and entered promptly on the Academy's financial accounting system by the Finance Assistant. The unique document number of the invoice posted must be marked on the check slip attached the order. The invoices should then be attached to the order and filed in the relevant invoice file (order or non-order invoices) in sequential order.

If a budget holder is pursuing a query with a supplier the Finance Office must be informed of the query and periodically kept up to date with progress.

At the end of **each month** the PFO will produce a list of outstanding invoices from the purchase ledger (**Aged creditor report**) and this will be reviewed by the Headteacher or the PFO. The Headteacher or PFO will indicate on the list the invoices that should be paid.

Financial Regulations

The Office Manager (St Joachim's) or Admin Assistant (St Helen's) will then prepare the payment run in PS Financials and generate the cheques required or BACS payments. The cheques/BACS request and associated paperwork must be authorised by two of the nominated signatories. The primary payment method is now via BACS in both academies.

Once the BACS payment has been made or cheques have been dispatched to suppliers by the Office Manager or Admin Assistant, she will stamp the invoices PAID and note the unique payment document number on the attached check slip/attach the system generated remittance advice to the invoice and then place it in the appropriate invoice file.

Copy invoices are not to be paid unless exhaustive checks have been performed to confirm that payment has not previously been made. References back to the original order are to be made in every case. Once the checks have been made, the invoice should be signed to confirm this and endorsed "copy invoice not previously passed for payment". Under no circumstances are payments to be made against supplier statements.

Orders over £5,000 but less than £50,001

At least three written quotations should be obtained for all orders between £5,000 and £50,000 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.

Orders over £50,000

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. Purchases over £181,302 (threshold from 01/01/18) may fall under EU procurement rules which require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds can be found at <http://www.tendersdirect.co.uk/Help/Thresholds.aspx>.

The academy's Competitive Tendering Policies and Procedures are detailed under section 9 below.

Internet Purchases

At all times, the same rigour of internal control must be placed on internet purchases as is normally applied to standard procurement with regard to separation of duties, authorisation and controls.

The Business Manager/Office Manager/Finance Assistant /Admin Assistant will be authorised to place online purchases. Requests should be made to the Finance Assistant from the budget holder in the normal manner on an official order form, which is authorised by the Headteacher.

It is the responsibility of the budget holder to ensure the internet is the most appropriate means for procurement. Where possible the official order number should be quoted on the internet order as a cross reference.

The internet order must be raised in the name of the Academy with the Academy's address, not to an individual.

The preferred method of payment for internet purchases will be the request of an invoice from the supplier, which can be paid via the Academy's normal payment route.

Payment by an individual's personal credit/debit card should only be considered when the above options have been exhaustively attempted and failed and it is expected to be only in exceptional case rather than the norm. The approved authorisation procedures for purchases should still be adhered to and the Academy retains the right to refuse to reimburse the individual if the Academy's procedures are not followed. Reimbursement to individuals should be made in the normal manner upon production of an original invoice/receipt.

Supplier invoices, delivery notes and all relevant documentation should be obtained for all internet purchases and retained within the normal filing system. This is especially important if the Academy is to recover any VAT element.

All purchases should only be made from secure websites that the Business Manager/Office Manager/Finance Assistant/Office Assistant has gained reassurance they are safe and free from fraudulent activity. The use of online auction websites is not recommended.

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Purchase Cards (credit or debit cards)

Purchase cards may be issued by the academy to key staff members to purchase items for the academy instead of using petty cash. These key staff members are generally the authorised signatories (currently Headteachers and Business Manager (St Helen's) and Office Manager (St Joachim's)).

Purchase cards are issued in the academy's name with an authorised total spend limit of £15,000 for all cards in a month (per school for credit cards).

The cards are held by the authorised users and they are responsible for keeping the cards safe at all times.

The card holders are only authorised to use the cards for purchases on behalf of the academy and understand that **personal use is not permitted under any circumstances.**

Purchase cards should only be used where the normal payment methods (cheques/BACS) are not possible/feasible (i.e. internet purchases in some cases) and it should not be used to circumvent the approved payment procedures.

Supplier invoices should not be paid via purchase cards.

The routine purchase procedures with regards to authorised internal order forms are required to be followed prior to use of the purchase card. The cardholders are only authorised to use the purchase cards for purchases below £2,000 for items ordered using the internal order forms or up to £200 if it is used for purchases to replace the use of petty cash.

The cardholder must retain/obtain all relevant receipts (VAT receipts), delivery notes and invoices in relation to each card purchase, which should be forwarded to the Finance Assistant/Admin Assistant for processing in the accounting system as soon as possible after the transaction has taken place.

Credit card transactions are recorded on the credit card control account, which is reconciled to the monthly credit card statement by the PFO each month end.

The debit card payments are recorded on the bank account in the accounting system and reconciled via the monthly bank reconciliation process by the PFO.

All relevant documentation with regards to card purchases should be filed in the relevant Credit Card/Debit Card transaction files.

The misuse of purchase cards are strictly forbidden and may result in disciplinary procedures against the member of staff involved.

Petty Cash

The academy maintains a maximum petty cash balance of £500 at each school. The cash is administered by the Admin Assistant (St Helen's) and Office Manager (St Joachim's) and is kept in the school office's lockable cash-tin or safe. The only deposits to petty cash should be from cheques cashed specifically for the purpose (e.g.float).

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

In the interests of security, petty cash payments will be limited to £30. Higher value payments should be made by BACS or cheque directly from the main bank account as a cash book payment.

All purchases made through petty cash, regardless of size, should be pre-authorised.

All payments made must be supported by VAT receipts for the goods purchased, along with an appropriate voucher signed by the member of staff receiving the cash.

The Admin Assistant/Office Manager is responsible for entering all transactions into the petty cash book and the accounting system on a weekly basis.

The PFO is responsible for reconciling the petty cash account each month. The reconciliation will involve matching cash in hand, plus the value of receipts and vouchers received for claims made against the imprest value.

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Unannounced cash counts should be undertaken by the PFO once a term to ensure that the cash balance reconciles to supporting documentation.

Petty cash should be held in a locking cash box in the school office and put in either a locked cupboard or safe overnight.

Lease Agreements

The Academy may only take out operating leases and must not enter into a finance lease agreement without the approval of the ESFA. An operating lease means entering into an agreement to rent equipment whereas a finance lease is equivalent to committing the academy to a loan, for which permission from the ESFA is required.

The Academy will consider the following when taking out/renewing lease agreements:

- Independent procurement advice on leases, i.e. DfE advice in the Academies Procurement Resource – Buying for Your Academy
- Schemes that include ‘cashback’ or ‘free’ or subsidised equipment/goods should be avoided.
- Leasing agreements will only be made where the financial arrangements are such that they benefit the Academy and the Finance and Premises Committee have given their approval.
- **For leases above £10,000 over the term of the lease, approval must come from the Full Local Governing Body before any lease is signed.**
- Once approval has been given, lease agreements should be signed by the Headteacher on behalf of the Governors.
- The Headteacher will be responsible for ensuring that all leasing agreements are kept under review and that appropriate arrangements are made for renewals. Some agreements will require the academy to give notice of termination even though an expiry date has been specified (always check the small print).

Any lease entered into must meet the following criteria:

- Ownership of the asset must remain with the leasing company and there is no option for the Academy to purchase the asset at any time;
- Any extension of the lease must be at open market values;
- The Academy will not benefit from any sale proceeds of the asset;
- The termination value of the lease is equal to or exceeds 10% of the value of the asset at the commencement of the lease.

9. Competitive Tendering

Introduction to Tendering

Approval of contracts over £50,000 will only be made following the academy’s competitive tendering procedure. If the academy is undertaking a high-value or EU-qualifying purchase an Invitation to Tender must be issued as part of the process. An Invitation to Tender (ITT) is a pack of documents sent out to potential suppliers inviting them to submit a bid.

For more specialist or complex works and purchases, the academy may choose to appoint a professional third party to carry out the tender process on their behalf (i.e. procurement consultant, architect). If a third party is used, it is expected to apply these regulations with the same rigour and ensure that the principles of the Office of Government Commerce (OGC) Procurement Policy and Standards Framework are adhered to.

Contracts for supplies and services where the value equals or exceeds €221,000 (approx. £181,302) and for works where the values equals or exceeds €5,548,000 (approx. £4,551,413) are subject to further requirements as per the Public Contracts Regulations 2006. Such contracts require advertisement in the Official Journal of the European Union (OJEU). This is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation must be published. These thresholds are net of VAT. Further advice may be found in the following websites:

www.education.gov.uk/schools/adminandfinance/procurement/b0069810/buying-basics/purchasing/ojeu
www.ojec.com/Default.aspx

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Forms of Tenders

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

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the PFO 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

Full consideration should be given to:

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

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

Invitation to Tender

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

An invitation to tender should include the following:

- introduction/background to the project;
- scope and objectives of the project;
- technical requirements;
- implementation of the project;
- terms and conditions of tender and
- form of response.

Aspects to Consider

Financial

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

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Technical/Suitability

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

Other Considerations

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

Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders, usually the PFO and the Headteacher. In case of unavailability of one or both of them, the Business Manager and one of the Assistant Heads may open the tenders.

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 Evaluation Procedures

In order to achieve fair evaluation and best value, a minimum of 3 valid tenders should be obtained to conclude the tendering process. In any consideration of less than that number being received, the Local Governing Body should consider whether this is sufficient and consider re tendering. Decisions to go ahead should be fully documented

The evaluation process should involve at least two people (generally the Headteacher and PFO). Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a report should be prepared for the Local Finance & Premises Committee highlighting the relevant issues and recommending a decision. For contracts under £50,000 the decision and criteria should be reported to the Local Finance & Premises Committee.

Where required by the conditions attached to a specific grant from the ESFA, the department's approval must be obtained before the acceptance of a tender.

The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.

Where a tender other than the lowest has been accepted, the reasons for its acceptance must be documented and reported to the Governing Body. All decisions made must be justified and recorded as such in the minutes of that meeting for future reference.

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A copy of the tender documentation should be held on site for easy reference as required.

Acceptance of any tender will be confirmed to the contractor in writing and no work shall be started until this has been done.

Any contracts awarded will include a paragraph to the effect that any contractor will be prohibited from transferring or assigning, directly or indirectly, any portion of the contract to any other person or contractor, without the written permission of the Governing Body.

10. Income

The main sources of income for the academy are the grants from the ESFA and the London Borough of Newham. The receipt of these sums is monitored directly by the PFO who is responsible for ensuring that all grants due to the academy are collected and reconciled to the accounting records.

The academy also obtains income from:

- parents, mainly for educational visits and extended school provisions (breakfast club, 6 o'clock club, FT nursery and Saturday school)
- HMRC – VAT reimbursements
- Other public bodies – (insurance claims, student grants, polling station fee)
- the public, mainly for sports lettings (karate club), site manager's rent (St Helen's)
- Other local schools – sale of services (mentoring), recharge for cost incurred re partnership projects (FOV)
- Bank interest

Grants received and other non-cash/cheque income

The Business Manager/Office Manager is responsible for entering the grant income onto the academy's accounting system based on the remittance advices received from the grant giving body (primarily ESFA and London Borough of Newham). Where income received in the bank without remittance advice, the Business Manager/Office Manager will request supporting documentation from the relevant body.

The Business Manager/Office Manager is responsible for entering all other income received in the bank (i.e. bank interest, sales income such as hire of Karate club, Site Manager's rent) onto the academy's accounting system ensuring the appropriate supporting documentation is maintained.

No debts should be written off without the express approval of the Headteacher for amounts up to £1,000, the Local Finance and Premises Committee over £2,000 or the Local Governing Body over £45,000. The ESFA's prior approval is also required if debts to be written off are above the value set out in the annual funding letter or £45,000 (single transaction or 1% of total turnover per annum).

Cash and cheques received in the school

The Business Manager/Office Manager is responsible for entering all the income received in the school onto the academy's accounting system weekly. This should be based on the completed record sheet (where applicable) prepared by the Admin Assistant of the amount received, the name of the person/organisation making the payment, the date the payment is received, and the method, i.e. cash or cheque.

The income received in the school will be banked using a paying in books and the transaction should be recorded to the paying in control account in PS Financials, which will be reconciled monthly by the PFO.

All income received by the academy should be banked *in full* at least fortnightly (both schools use secure collection by G4S) or earlier depending on the amount. The insurance policy cover for cash and cheques held on site must not be exceeded. However, if a high level of income is expected e.g. proceeds for residential or visit abroad, the insurer must be informed to obtain additional short term cover, and the income must then be banked as soon as is practicable.

Personal cheques should not be cashed.

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When income is banked the record sheet must be totalled in value in order to provide a clear cross reference to the value entered on the bank paying in slip. The bank paying in slip number should then be entered onto the record sheet to assist in providing a clear and simple audit trail.

When banking money received (either cash or cheques) the bank paying in slips will be completed in full, clearly showing the split between cash and cheques, and each cheque will be listed separately.

Income received by the academy in relation to extended school provision (breakfast club, 6 o'clock club, FT nursery) or residential educational visits will be acknowledged to the payer by issue of a receipt. Copies of receipts issued should be retained for future reference, e.g. to resolve a dispute over payment.

Custody

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 fortnightly or more frequently if the sums collected exceed the insurance limit on the Finance Office safe/cash-box.

Monies collected must be banked in their entirety in the appropriate bank account. The Business Manager/Office Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system.

SchoolMoney (online cash collection system)

The Trust implemented an online payment system enabling parents to pay for services (clubs), uniform and educational visits via an automated portal since May 2017. It also enables staff to pay for meals.

The aim of the system is to make it easier to parents to pay for services, reduce cash handling in the school offices and utilised office staff time more efficiently.

The Admin Officer or Finance Officer set up the "items to pay for" for each pupil (e.g. breakfast club, visits). The parents can log onto the system using their unique log in names/password and select the items to pay for with their bank cards.

A daily report is then obtained by the Business Manager/Office Manager from the SchoolMoney system detailing the individual items paid and amount paid by pupil, which is then reconciled to the relevant school's bank statement and then posted in PS Financials. The report is then files as a backup for income received.

Reports showing the outstanding balances owed by each pupil (parent) can be obtained from the system enabling the Admin Officer to contact relevant parents if needed but also assist in the monthly monitoring by the PFO.

Curriculum Visits/Educational Visits

The Admin Assistant (HEL) or Office Manager (JOA) will prepare a record sheet/set up the visit on the SchoolMoney system for each student intending to go on the curriculum/educational visit showing the amount due. Note: all parental contributions for subject visits are voluntary; therefore no debtor balance occurs in case of non-payment by a student.

The parents either pay online via SchoolMoney (see section above), hand the contributions to the relevant class teacher in closed named envelopes, who will pass them to the Admin Assistant/Office Manager or pay directly in the office. The Admin Assistant/Office Manager is responsible to record the monies collected on the record sheet/SchoolMoney against the student making the payment. No receipts are issued for curriculum visits.

The Admin Assistant should maintain an up to date record for each student showing the amount paid and the amount outstanding. This record should be sent to the class teacher on a weekly basis if relevant.

The income received will be banked and recorded on the academy's accounting system as described above in section Cash and Cheques received in the school. The income received via SchoolMoney will be recorded in PS Financial as described in the section above.

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Residential Visits and Extended School Income

The income for residential trips are administered and collected by the Admin Assistant in the same way as described above using SchoolMoney.

Students/parents should make payment online or in the school office, where official academy receipt will be issued for all payments. In case of non-payment for international visits, the Admin Assistant/Office Manager will contact the parents to collect the contribution.

The income received will be banked and recorded on the academy's accounting system as described above in sections Cash and Cheques received in the school/SchoolMoney.

There are separate cost centres (accounts) set up in PS Financials for each residential/annual visits to record all income and expenditure incurred on a visit. Annual trading accounts will be prepared by the PFO to enable the assessment and monitoring the academy's financial contribution to all residential trips.

Lettings

The academy's premises are the responsibility of the Board of Directors, who delegated authority to the school's Local Governing Bodies to permit organisations or individuals use of any part of the premises. All lettings should comply with the school's Lettings and Charging Policy.

The Business Manager/Office Manager 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 wherever possible.

The Business Manager/Office Manager will establish a sales ledger account for each organisation and produce a sales invoice from the accounting system.

Organisations using the facilities should be instructed to send all payments to the Finance Office. Payments by BACS should be encouraged whenever possible.

The PFO will review the Sales ledger report (aged debtors) each month end to identify any long outstanding debtor balances. The Business Manager/Office Manager will chase outstanding debts and ensure that no facilities are used by the relevant debtor unless payment has been received by the school.

In the absence of specific terms agreed with the hirer (usually payment in advance, payment terms will be 28 days from date of hire. If payment has not been received by the due date, the following will apply:

- | | |
|--|---|
| (a) 28 days after date of hire | First reminder letter to be issued. At this point all future hire dates will be suspended pending payment in full. |
| (b) 14 days after first reminder letter | Second reminder letter to be issued advising the hirer that non-payment could result in referral to the academy's legal services provider. |
| (c) 14 days after second reminder letter | Issue report to the Local Governing Body for advice on how to proceed (e.g. referral to academy's legal services provider for recovery of debt). |

If, having taken legal advice, it is determined that the debt is not recoverable it will need to be 'written off' following the appropriate authorisation process.

No debts should be written off without authorisations. Delegation of authority of authorise write offs are detailed on page 3 of this manual.

11. Cash Management, Banking and Investments

Bank Accounts

The opening of all accounts must be authorised by the governing body who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing

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arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds (i.e. Direct Debits and Standing Orders) must also be subject to the same level of control.

The academy's bank accounts are held at Lloyds Bank's managed by their Academies Team.

The academy uses on-line banking via Lloyds Link to monitor the bank balances and obtain bank statements whenever required. Access to Lloyd Link is restricted to the Headteachers, PFO and the Business Manager/Office Manager.

Further details are included on the schools' Bank Mandate.

Borrowing

The bank has been instructed not to allow any bank account operated by the academy to become overdrawn. In line with the Academies Financial Handbook, approval must be obtained from ESFA for any borrowing including overdraft facilities.

Deposits

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

- the amount of the deposit and
- a reference, such as the number of the receipt or the name of the debtor.

Detailed procedure for depositing cash and cheques are detailed under the Income section above.

Payments and withdrawals

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

- Headteacher;
- Assistant Headteacher;
- Business Manager

This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the academy.

Transfers between the academy's bank accounts if more than one bank account, should have a suitable narration to facilitate audit trail, especially where on line banking facilities are used.

Internal transfers between bank accounts are initiated by the PFO and primarily used for:

- Distributing VAT refund received from HMRC (based on monthly VAT return)
- Paying internal recharges when one school pays for services on behalf of another (based on signed Internal Recharge form)

A copy of the internal transfers is printed from Lloydlink and filed in sequential order in the bank statements file.

Bank reconciliations

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

- all bank accounts are reconciled to the academy's cash book;
- reconciliations are prepared by the PFO (or Business Manager in the absence of the PFO); and
- adjustments arising are dealt with promptly.

The month-end reconciliations must be signed by the PFO and the Accounting Officer and filed in the reconciliations file.

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Petty Cash Accounts

Petty cash is recorded on the accounting package from the petty cash vouchers. The Admin Officers are responsible for the payment of expense vouchers.

The PFO is responsible for checking and confirming the reconciliation of the cash float.

Procedures relating to petty cash are as follows:

- Cheques drawn to replenish the petty cash float (maximum up to £500) are subject to normal cheque signing procedures.
- Payments from petty cash are only made on production of a till receipt or other certification that payment has been made and claims cannot exceed £30 in value (Motor expenses cannot exceed £50) unless agreed by the Headteacher. Vouchers are subject to the same authorisation procedures as purchase order requisitions.
- The Admin Officer signs the payment voucher when cash payments are issued and the staff member receiving the cash payment must also sign the payment voucher confirming receipt of the cash.
- The petty cash float, which should not exceed £500, is kept in either the safe (St Joachim's) or a lockable cash-tin/cupboard (St Helen's) when not in use.
- The petty cash float is reconciled monthly with regular checks by the PFO to ensure all cash is accounted for.
- No personal cheques are cashed through petty cash; and
- The petty cash float is only reimbursed by a cheque from the school's bank account.

In addition to the PFO's termly checks, the academy's Internal Auditors will carry out checks annually to ensure all the school's petty cash procedures have been followed and will agree the cash float to the records.

Cash Flow Forecasts

The PFO is responsible for preparing regular cash flow forecasts (at least termly or earlier if significant dip in cash balances identified via the monthly bank reconciliations) to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to adjust budget categories to cover potential cash shortages.

If significant cash shortfalls have been identified and are expected, this should be promptly investigated, and the Chair of Local Finance and Premises Committee advised, ensuring all income due for the period has been received and that expenditure is not irregular. The investigation and its results should be reported to the Local Finance & Premises Committee. If fraud is suspected, the academy's Whistleblowing policy should be followed, including notifying the Education Skills and Funding Agency if the fraud is significant.

Investments

Governors will wish to maximise income as far as possible and, where appropriate, a high interest or deposit account may be maintained, in addition to the normal current accounts. Surplus balances may be, as far as possible, be transferred to a high interest or deposit account.

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

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated, with the minimum recorded being the date of purchase, the cost and a description of the investment.

The PFO is responsible for ensuring that all income receivable from the investment is received and recorded on the academy's accounting system.

12. Fixed assets

Fixed assets are assets purchased by the academy, which have a useful economic life of more than one year and their value equals or exceeds the approved capitalisation limit of £2,000. This includes individual asset items over the capitalisation threshold as well as closely related group of IT assets (e.g. a trolley of laptops).

Fixed assets are categorised as:

- Land
- Buildings
- Equipment (fixtures and fittings)
- IT equipment (software and hardware)
- Motor Vehicles

Fixed assets are depreciated over their useful economic life in line with the academy's accounting policies and the depreciation is recorded in the accounting records by the PFO monthly.

Asset register

The Local Governing Body is responsible for maintaining the school's assets securely.

Maintenance of the asset register is the responsibility of the PFO. It is the policy of the academy to enter individual items purchased with a value over the academy's capitalisation limit of £2,000 onto the asset register. Other attractive portable items below the limit can also be included to assist with potential insurance claims.

The Asset Register is not only used for accounting purposes but it also helps to:

- 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
- support insurance claims in the event of fire, theft, vandalism or other disasters.

The asset register should include the following information:

- asset description
- asset number
- serial number (all assets on the register should be marked with their serial number where possible)
- date of acquisition
- asset cost (net of VAT)
- source of funding (% of original cost funded from ESFA grant or other sources)
- expected useful economic life (in line with accounting policy)
- depreciation rate
- current book value
- location
- name of member of staff responsible for the asset

All the items in the register should be permanently marked as the academy's property. If the academy chooses to use an invisible form of marking then the item of equipment must carry a visible reference to the fact that the equipment has been security marked. Items not security marked are potentially not covered by insurance.

The fixed assets on the register should be counted (physical verification) by the Business Manager/Office Manager once every year at the end of the summer term. Discrepancies between the physical count and the register should be investigated promptly and, where significant, reported to the Local Governing Body.

Asset Inventory

In addition to the fixed asset register, the Business Manager/Office Manager will maintain an asset inventory of all assets (including those below the capitalisation limit) held by the schools. The inventory records will be maintained listing the assets room by room for ease of administration.

Financial Regulations

At the beginning of the each academic year, the Business Manager/Office Manager will send an asset listing to each class teacher/relevant staff for their relevant class room/resources rooms. Each class teacher/relevant staff is required to check the existence, completeness and condition of the assets under their control and report differences, if any. Discrepancies are followed up with the class teacher by the Business Manager/Office Manager. Any significant losses must be reported to the Local Governing Body.

The class teacher/relevant staff should sign the asset inventory of his/her room(s) evidencing their responsibility for the listed assets for the academic year. This procedure must be completed by the autumn half-term.

All assets used by but not belonging to the academy or removed from the academy site should be recorded in a separate register.

Security of assets

Stores and equipment must be secured by means of physical security devices. Only authorised staff may access the stores. Any theft of assets above the sum of £5,000 (individually or cumulatively) should be notified to the ESFA/secretary of state.

Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher up to £1,000, up to £10,000 by the Local Finance and Premises Committee, over £10,000 by the full Local Governing Body. Where significant, the items should be sold following competitive tender.

The academy must seek the approval of the ESFA in writing if it proposes to dispose of an asset or assets for which a capital grant in excess of £20,000 was paid.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.

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

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

Loan of Assets

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

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

Leases

No assets should be acquired by way of a finance lease without the permission of the ESFA/Secretary of State,

13. Insurance

The governing body must ensure that the academy has adequate insurance cover to support its activities and to comply with statutory requirements.

The adequacy of insurance is reviewed annually by the Governing Body and tenders are obtained every three years. Cover will, to a minimum level; comply with the values listed in the Academies Financial Handbook.

Financial Regulations

Details of all insurance policies held by the school are kept in the school's finance office under the control of the Business Manager/Office Manager.

The insurers are to be notified of all new insurable risks such as public liability, staff, property, equipment and all other relevant areas which require insurance or any other alteration affecting existing insurance on a timely basis.

The academy will not give any indemnity to a third party without the written consent of their insurers.

The academy immediately informs its insurers of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under an insurance policy are authorised by the Accounting Officer prior to submission to the insurance company.

The schools in the trust are currently members of the DfE's Risk Protection Arrangement (RPA), which covers:

- Employer's liability
- Third party public liability
- Professional indemnity
- Property damage
- Overseas travel

The RPA does not cover:

- Motor vehicles and occasional business use
- Engineering damage insurance & inspection services
- Works of art

The academy obtains appropriate additional insurance cover for the above listed activities as and when required (e.g. for minibuses).

14. Governor Allowances

The policy of the governors in respect of payment of allowances must be openly available to parents and governors. The Board of Directors must consider the payment of allowances annually, and the outcome must be recorded appropriately in the minutes.

The Education (Governors' Allowances) Regulations 2003 provide the legal framework for governing bodies to pay 'out of pocket' expenses to their governors. The then DCSF (now DfE) guidance which accompanied those regulations states, "It is good practice to pay such allowances as governors should not be out of pocket for the valuable work they do".

Legitimate allowances may include travel allowances to Governing Body, Committee meetings or training courses, cost of child-care while attending meetings or training.

Authorisation of governors' expenses will be by the Chair of the Governing Body. Claims by the Chair of the Governing Body will be authorised by **both** the Vice Chair of the Governing Body and the Accounting Officer.

At present, the academy's policy is not to pay any governor allowances directly to governors.

15. Internal Controls

The Academies Handbook 2018 states that the academy trust **must** establish a control framework that recognises public expectations about governance, standards and openness.

The trust's internal control framework **must** include:

- co-ordinating the planning and budgeting processes
- applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties
- preparation of monthly budget monitoring reports
- ensuring that delegated financial authorities are respected
- effective planning and oversight of any capital projects
- the management and oversight of assets

Financial Regulations

- the propriety and regularity of financial transactions
- reducing the risk of [fraud and theft](#)
- ensuring efficiency and [value for money](#) in the organisation's activities
- a process for independent checking of financial controls, systems, transactions and risks

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Local Finance and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

Separation of Duties

It is the responsibility of the PFO to ensure that key financial duties are properly separated between individuals.

Functions to be separated between staff will include:

- **Execution:** the placing of an order and receipt of goods and services, and the charging/receipt of a fee
- **Authorisation:** the authorisation of transaction such as a purchase order and the payment
- **Payment :** the raising of cheques / BACS and cheque / BACS signatories
- **Custody:** the holding of goods and services
- **Recording:** the completion of the accounting records
- **Post transaction management checking:** reviewing previous transactions to identify errors or intentional manipulation

Whistleblowing

Academy trusts have appropriate procedures in place for whistleblowing, including making sure all staff are aware to whom they can report their concerns, and the way in which such concerns will be managed.

Refer to the Trust's Whistleblowing policy for details.

Risk management

The academy trust should make a considered choice about its desired risk profile, taking account of its legal obligations, business objectives and public expectations. The trust must recognise and manage present and future risks to ensure its effective and continued operation.

The Trust should maintain a risk register, which should be reviewed regularly by the Governing Body.

The Trust's management of risks must include contingency and business continuity planning.

Refer to the trust's Risk Management and Contingency and Business Continuity Planning Policies for further details.

Links to other policies/documents

Conflict of Interest
Not for Profit Policy
Child Protection
Dispute/Grievance/Capability

Gifts and Hospitality
Whistleblowing Policy
Safer Recruiting

Risk Management & Risk Map
Business Continuity
Confidentiality

Terms of Reference for the Audit & Risk Committee

1. Purpose:

Section 2.4.2 of the Academies Financial Handbook 2018, states that Trusts with an annual income under £50 million “have flexibility to establish either a dedicated audit committee or to include the function of an audit committee within another committee”. The directors of Our Lady of Grace Catholic Academy Trust, have opted continue with this committee and will review this structure on an annual basis.

The role of the Audit Committee is to advise the Board of Directors (the board) on the comprehensiveness and effectiveness of the college's assurance framework. In particular the Audit Committee advises and supports the board in fulfilling its roles and responsibilities, including its responsibility for providing the assurances required in the Accounting Officer's Statement of Regularity, Propriety and Compliance in the annual financial statements.

The Audit Committee must have the authority to investigate any activity within its terms of reference, and must have right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.

2. Tasks:

2.1 To assess and provide the Board with an opinion on the adequacy and effectiveness of the Academy's audit arrangements, framework of governance, risk management and control and processes for securing value for money;

2.2 To advise the Board on the appointment, reappointment, dismissal and remuneration of the financial statements auditors and other assurance providers including any internal audit service to the Academy, and establish that all such assurance providers adhere to relevant professional standards;

2.3 To advise the Board on the scope and objectives of the work of the financial statements auditors and any internal audit service;

2.4 To ensure effective coordination between the internal audit service, if there is one, and the financial statements auditors;

2.5 To consider and advise the Board on the audit needs assessment, strategic and annual audit plans for the internal audit service, or of other means of providing assurance;

2.6 To advise the Board on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditors (including their work on regularity) and any report submitted by other providers of audit and assurance services to the Academy, and the Academy's response to these;

2.7 To consider and advise the Board on relevant reports by the National Audit Office and funding bodies, and where appropriate, the Academy's response to these;

2.8 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, and financial statements audit management letters, and the reports of any other assurance providers;

2.9 To establish, in conjunction with Academy management, relevant annual performance measures and indicators against which to monitor the effectiveness of the internal audit service, if used, and the financial statements auditors; and to decide based on this review whether a formal tender for the audit service arrangements is appropriate.

2.10 To produce an annual report to the Board and the Accounting Officer before the Statement of Regularity, Propriety and Compliance in the financial statements is signed. The report must summarise the Committee's activities relating to the financial year under review, including any significant issues arising up to the date of preparation of the report, and any significant matters of internal control included in the management letters and reports from auditors or other assurance providers. It must include the Committee's view of its own effectiveness and how it has fulfilled its terms of reference. It includes the Committee's advice on the adequacy and effectiveness of the Academy's audit arrangements, its framework of governance, risk management and control, and its processes for securing value for

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money. A copy of the Committee's annual report must be submitted to the funding Body, currently the Education Funding Agency, with the annual accounts.

2.11 To hold an annual joint meeting with the Finance & Resources Committee in order to expedite the execution of audit and finance business as required for the approval of the financial statements, and so that each committee can consider financial risks from the perspective of the responsibilities of their own committee.

2.12 To monitor and review the Governing Bodies' processes for assessing, reporting and owning business risks and their financial implications

2.13 To be informed about any internal fraud, and to ensure all allegations of fraud and irregularity are properly followed up, and to ensure that the Board, auditors, and the funding body are informed as necessary.

2.14 To be informed of all additional services undertaken by the internal audit service, the financial statements auditors and other assurance providers, to advise the Board on the provision, and explain how independence and objectivity have been safeguarded.

2.15 To recommend to the Board regulatory returns needed by funding and regularity bodies as required.

2.16 To consider, report and advice on other issues associated with the purpose of the Committee as may be required from time to time.

3. Membership and conduct

The Committee shall operate within these terms of reference. Any issue not specified shall be subject to interpretation under the Articles of Association and any requirements of the funding agency.

Membership

3.1 The membership of the Committee shall be at least five directors, including the Principals, the Chair of Directors and members of the local governing bodies' Finance and Resources Committee, nominated by the Board from amongst the membership of the Board.

The Committee may at its discretion co-opt up to two additional members provided each has skills and experience relevant to the work of the Committee. Such persons need not be members of the Board and may be members of the Academy staff other than senior post holders. Such co-opted members of the Committee shall not have a vote and shall serve a period of office determined by the Committee at the time of their co-option. Collectively, members of the Audit Committee, whether full governors or external co-opted members, must have a range of skills and recent experience relevant to risk, governance, finance, audit, assurance and control.

Chair

3.2 At the first meeting after 1st September 2015 the Committee shall nominate a Chair and Vice Chair from their number. Thereafter a nomination shall be made every two years. A Trust employee or co-opted member of the Committee may not be Chair. If both are absent from any meeting, the Committee shall choose one of the governor members present, excluding a Principal or co-opted member, to act as Chair for that meeting.

Clerk

3.3 The Clerk to the Board shall be Clerk to the Committee.

Governors ineligible to serve on the Committee

3.4 To be reviewed.

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Period of office

3.5 Appointments to the Committee shall be for a period of four years except that a person shall cease to be a member of the Committee if they cease to be a Director. Co-opted members shall serve a period of office determined by the Committee at the time of their co-option. Members retiring at the end of a period of office shall be eligible for reappointment.

Frequency of meetings

3.6 The Committee shall meet at least three times a year.

Quorum

3.7 The quorum for a meeting shall be two, of whom one must be a Director.

Observers at meetings

3.8 The Committee shall determine who should be allowed to attend meetings of the Committee.

Approved on: 7th October 2015

Terms of Reference of the Local Finance & Premises Committee

Purpose

To assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.

To make appropriate comments and recommendations on such matters to the governing body on a regular basis.

Major issues will be referred to the full governing body for ratification.

Terms of Reference

Subject to the requirements of relevant legislation, the committee is authorised:

1. To consider the academy's indicative funding, notified annually by the ESFA, and to assess its implications for the academy, in consultation with the headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body.
2. To consider and recommend acceptance/non-acceptance of the academy's budget, at the start of each financial year.
3. To contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the headteacher, with the stated and agreed aims and objectives of the academy.
4. To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
5. To liaise with and receive reports from the staffing/remuneration and curriculum committees, as appropriate, and to make recommendations to those committees about the financial aspects of matters being considered by them.
6. To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the academy, and with the financial regulations of the ESFA, drawing any matters of concern to the attention of the governing body.
7. To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement.
8. To receive auditors' reports and to recommend to the full governing body action as appropriate in response to audit findings.
9. To recommend to the full governing body the appointment or reappointment of the auditors of the academy.

Financial Regulations

Protocol for Capital Projects approval and expenditure monitoring.

1. Annual budget for Capital Projects should be agreed by Local Finance and Premises Committee in February/March each year for next financial year.
2. Proposed Capital Income available for next financial year plus any Capital monies not spent in current year should be provided to the Committee by the PFO or Headteacher with a list of Projects and timescales involved.
3. The Local Finance & Premises Committee approves the agreed and prioritised projects for the next financial year.
4. If in the judgement of the Finance & Premises Committee there are not sufficient funds to carry out all the projects then the Committee will advise of what is available and provide a direction on which projects can go ahead. It may be that there is a collective view by Governors and Leadership team where monies are tight or there are uncertainties with future income that some projects are priorities to go ahead and others will be put on hold.
5. To achieve the above and so the school can monitor the progress during the year the Premises and Finance Committees will be provided with termly reports showing the progress / completion and final spending on each project.
6. It may be appropriate that the school would not allocate all the Capital monies available to specific projects and hold back a contingency amount for other work such as repairs or other important new projects which may occur during the financial year.
7. For projects listed and agreed in the annual budget the school will not be expected to seek further governor approval other than complying with the current standing orders for quotations and tendering. The Finance & Premises Committee is expected to vet quotations and tenders for projects above £5,000 which is the limit set in the Financial Procedures Manual school's financial standing orders. This should be done via its committee meetings but also governors would be entitled to choose any of these projects for more detailed scrutiny.
8. The school must seek governor approval for any capital project spending out of contingency funds well in advance for new projects to be approved before work is carried out. A protocol for this will need to be determined, as in the case of urgent repairs a phone call to a senior Governor may suffice to gain approval.