



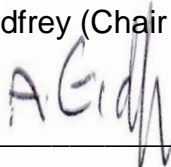
Finance Policy, Regulations and Procedures Manual

Policy Version Control

Version history see Annex A errata for details

Version No.	Policy Author	Date Updated	Review Date
3	K Jarvis	08.09.2017	September 2018

Approval: A Godfrey (Chair of Board)


_____ (signed) **Date authorised:** 12.10.2017

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Once issued, as a minimum this document shall be reviewed on an annual basis by the originating team/function. To enable continuous improvement, all readers are encouraged to notify the author of errors, omissions and any other form of feedback.

Introduction

The purpose of this manual is to detail the multifarious procedures undertaken in the area of financial control at the academy, to enable all associated with the workings of the academy and external agencies to have an overview of the systems in operation. Clear documentation of financial procedures is important to inform those involved in financial work of the expectations placed on them, and thus reduces the risk of procedures not being implemented properly. It is important that these systems operate properly to meet the requirements of our funding agreement with the Education funding Agency (EFA).

The academy must comply with the principles of financial control outlined in the academies guidance (Financial handbook 2014) published by the EFA. This manual expands on that and provides detailed information on the Academy's accounting procedures. The appropriate internal processing manual should be read by all staff involved with financial systems.

This manual is aimed to assist by:

- allowing continuity and consistency in the absence or changes in key financial personnel;
- reducing audit time if systems, procedures and controls are properly recorded;
- (through periodic updating) considering whether existing systems at North View Academy are the best way to meet the objectives of financial control, and ascertain if the procedures are in fact being implemented in the way intended.

North View Academy Finance Regulations and Procedures Manual will be reviewed and updated in September of each year. All amendments/additions will be agreed by the Business and Finance Committee. This manual should be read in conjunction with the following Academy documents;

Anti-Fraud and Corruption/Bribery Policy

Asset Policy

Whistleblowing Policy

Investment Policy

Risk Management Policy

Risk Register

Reserves Policy

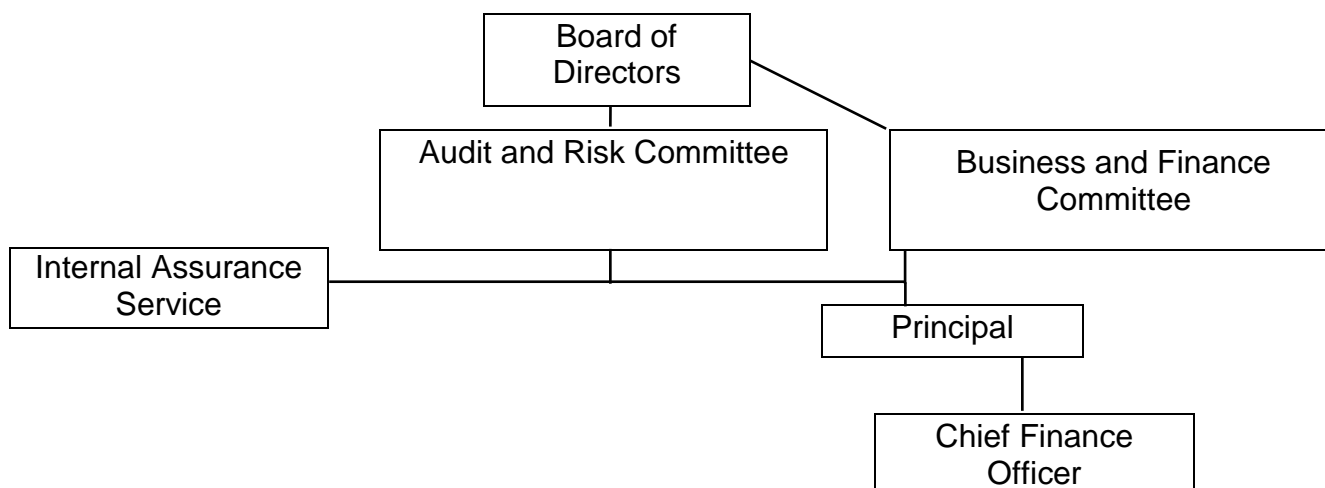
Treasury Management Policy

Business Continuity Plan

Policy for Members, Trustees, Directors and Staff for Business and Personal Interests

Organisation

The Academy has defined the responsibilities of each person involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors and staff. The financial reporting structure is illustrated below.



The Board of Directors

The Board of Directors has overall responsibility for the administration of the Academy's finances.

The main responsibilities of the Board of Directors are prescribed in the Funding Agreement between the Academy and the DfE and in the Academy's scheme of government. The main responsibilities include:

- ensuring that grant from the DfE is used only for the purposes intended
- approval of the annual budget
- appointment of the Principal (Accounting Officer)
- appointment of the Chief Finance Officer (in conjunction with the Principal)

The Audit and Risk Committee

The Audit and Risk Committee is a committee of the Board of Directors. The Audit and Risk Committee meets at least once a term but more frequent meetings can be arranged if necessary.

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

- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the EFA guidance issued to academies
- reviewing the reports of the Internal Assurance Service on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Directors
- reviewing auditors management letters. These reports must also be reported to the full Board of Directors

The Business and Finance Committee

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

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

- the initial review and authorisation of the annual budget
- the regular monitoring of actual expenditure and income against budget
- authorising the award of contracts over £10,000

Internal Assurance Service

To support them in this role the Audit and Risk committee has commissioned a programme of internal assurance testing to be carried out by the external auditors. The committee receives internal assurance reports after audit testing throughout the year and also after the year end statutory accounts are prepared and audited.

The main duties of the Service are to provide the Board of Directors with independent assurance that:

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

The Accounting Officer

The Principal has been appointed as the Accounting Officer. Within the framework of the Academy development plan as approved by the governing body the Principal has overall executive responsibility for the Academy's activities including financial activities. The Accounting Officer has personal responsibility (that cannot be delegated) for assuring the Board of Directors that there is compliance with the Handbook, the Funding Agreement and all relevant aspects of company and charitable law. Much of the day-to-day financial responsibility has been delegated to the Chief Finance Officer but the Principal still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board of Directors have agreed should be approved by them
- authorising contracts and orders between £2,000 and £10,000 in conjunction with the Chief Finance Officer
- signing cheques and approving electronic payments in conjunction with the Chief Finance Officer or other authorised signatory. Two signatories are required on all payments

The Chief Finance Officer

The School Business Manager has been appointed as the Chief Finance Officer. The Chief Finance Officer works in close collaboration with the Principal through whom he or she is responsible to the governors. The Chief Finance Officer also has direct access to the governors via the Business and Finance Committee as well as the Audit and Risk Committee. The main responsibilities of the Chief Finance Officer are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system
- the management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the Board of Directors
- the maintenance of effective systems of internal control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy
- the preparation of monthly management accounts for the Business and Finance Committee and directors.
- preparation of the annual budget
- authorising orders below £2,000 in conjunction with budget holders
- signing cheques and approving electronic payments in conjunction with the Principal or other authorised signatory. Two signatories are required on all payments.
- ensuring forms and returns are sent to the EFA in line with the timetable in the EFA guidance.

Other Staff

Other members of staff, primarily the Finance/Admin Manager and budget holders, will have financial responsibilities and these are detailed in the following sections of this manual. All North View Academy staff has responsibility 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 directors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from that the Academy may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the Academy. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a governor or a member of staff by that person.

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

The Chief Finance Officer will maintain the Register of Business Interests and will ensure that declarations are updated on at least an annual basis.

Accounting system

All the financial transactions of the Academy must be recorded on the Finance accounting system.

The Finance system is operated by the Finance and Admin staff. It consists of:

- Journals
- Nominal Ledger
- Bank
- Transactions
- Purchases Ledger
- Sales Ledger
- Salary Ledger
- Staff Expenses Ledger
- Asset register

- Automatic update
- Manual update

System Access

Access to the Finance system is password protected and the implementation of appropriate security is the responsibility of the ICT Network Manager. It is the responsibility of the Chief Finance Officer to determine the appropriate levels of access for each user and that passwords are secure and regularly changed. System access must ensure that there is adequate separation of duties in the procurement process.

Back-up Procedures

It is the responsibility of the ICT Network Manager to maintain adequate back-up and disaster recovery procedures.

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 documented and authorised by the Chief Finance Officer prior to being input to the accounting system, and the Finance system's system reference should then be recorded on the documentation and a corresponding report printed.

Bank transactions (payment runs) should be input by the Finance/Admin Manager and the input should be checked and signed to evidence this check by the Chief Finance Officer.

Detailed information on the operation of the Finance system can be found in the user manuals held in the Main Office and within shared folder on the school's server.

Reconciliations

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

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

Any unusual or long outstanding reconciling items must be brought to the attention of the Chief Finance Officer. The Chief Finance Officer will prepare the statements and the Principal will review, authorise and sign all reconciliations as evidence of this review.

Financial planning

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

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

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

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

Development Plan

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

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

Each year the Principal will propose a planning cycle and timetable to the Board of Directors 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”
- feedback into the next planning cycle – “what worked successfully and how can we improve?”

The timetable will specify the deadlines for the completion of each of the key stages described above. Lead responsibility for the completion of each of the stages will be assigned by the Principal.

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

For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to an Academy manager. The responsible manager should monitor performance against the defined success criteria throughout the year and report to the senior management team on a quarterly basis. The senior management team will report to the Board of Directors if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

Annual Budget

The Chief Finance Officer is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Principal, Business and Finance Committee and the Board of Directors.

The Chief Finance Officer is responsible for ensuring that budget deadlines from the EFA are met and timetable are established around those deadlines

The annual budget will reflect the best estimate of the resources available to the Academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

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

Balancing the Budget

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

Finalising the Budget

Once the different options and scenarios have been considered, a draft budget should be prepared by the Chief Finance Officer for approval by the Principal, the Business and Finance Committee and the Board of Directors. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

Monitoring and Review

Monthly reports will be prepared by the Chief Finance Officer. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Principal and the Business and Finance Committee.

Any potential underspend or overspend against the budget must in the first instance be discussed with the Chief Finance Officer.

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

Payroll

The main elements of the payroll system are:

- staff appointments
- payroll administration
- payments.

Staff Appointments

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

The Principal has authority to appoint staff within the authorised establishment except for Deputy Principal and the Chief Finance Officer whose appointments must follow consultation with the directors. The Chief Finance Officer maintains personnel files for all members of staff which include contracts of employment. Personnel Files are held and maintained by the Academy's Human Resources Administration provider (City of Sunderland). All personnel changes must be notified, in writing, to the Chief Finance Officer immediately. The Chief Finance Officer maintains a list of current pay scales, incremental points, TLRs and allowances for all academy staff.

Payroll Administration

The Academy has outsourced its payroll processing requirement to a third party, City of Sunderland (LA) Payroll and Pensions Service.

City of Sunderland Payroll and Pensions Service have a contractual obligation to process transactions in line with the agreed service specification and to meet all statutory requirements.

All variations to salary such as salary amendments due to promotion, leavers, starters, absence due to sickness and/or strike, overtime and car mileage claims are passed to the Local Authority via INFO path forms processed by the Finance and Admin Manager. These must be authorised by signature by either, the Principal, the Chief Finance Officer or the Deputy Principal. A specimen signature record is held at LA for this purpose.

Overtime and Car Mileage.

Overtime is only ever likely to be paid to premises management staff. As well as a permanent Premises Manager the Academy employs a cover site supervisor to perform the duties of the Premises Manager when they are not available. This involves “Keyholder” responsibilities i.e. opening and closing the school as well as responding to alarm call outs from Sunderland Security Centre. Overtime will only be authorised by the Principal when work is carried out by that cover site supervisor that extends beyond three hours and will be paid at the basic hourly rate. A monthly overtime claim form (City of Sunderland form PY18) will be used for this purpose. Where possible the Premises Manager will be responsible for ensuring the accuracy of claims by checking the intruder alarm keypad.

Car mileage claims are to be paid via payroll. This requires the completion of a Mileage Claim Form (City of Sunderland form PY31) and is to be authorised by the Principal. The corresponding amounts for each employee’s claims are shown within report 4 as listed below.

Payments

LA Payroll and Pensions Services are responsible for making monthly net salary payments to all staff, PAYE/Tax to HMRC and pension payments to TPS and LGPS. They are an approved BACs Bureau for this purpose. All salary payments are made by BACs.

After the payroll has been processed but before payments are dispatched, Payroll Analysis Reports are received from LA and the Chief Finance Officer will review and give approval for payments to be made. The Chief Finance Officer carries out an overall review to test for accuracy against budgeted calculations. The Chief Finance Officer will raise any queries with LA before payments are generated. The LA Payroll and Pensions Service are responsible for calculating the deductions due from payroll to comply with current legislation. The major deductions are for tax, union contributions and pensions. The LA Payroll and Pensions Service provide four payroll reports:

1. Monthly and annual gross cumulative costs
2. Monthly Gross Cost Summary for all staff
3. Monthly Payslips
4. Monthly Period with Org Units

All of these reports must match, i.e. the subtotals and totals should be the same in each.

The five Org Units (as in report 4 above) match our salary cost centres for budget and management report purposes. The Chief Finance Officer maintains a budget sheet of pre-calculated expected costs for each org unit. This enables accurate and timely checking of payroll issues. The amounts payable are summarised on the gross to cumulative costs received from the LA. The academy receives an invoice from the LA that includes a LGPS Pension deficiency monthly payment (also included within report 1 above).

The BACs payment runs for payroll invoices are prepared by the Finance/Admin Manager and authorised by two of the following signatories; the Chief Finance Officer, the Principal and the Deputy Principal.

The invoice received is processed so that the main monthly subtotals are posted to the relevant salary ledger cost centre (accounts) and nominal combination to therefore match budget and

management account report formats. Postings will be made directly to nominal held for salary, employer NIC and employer superannuation and overtime for each salary cost centre (account).

The Chief Finance Officer and Principal should review the payroll input sheet against monthly actuals to ensure that salary cost centres have been correctly updated.

On an annual basis, as part of the budget setting process the Chief Finance Officer 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.

Staff Severance Payments.

Non-contractual payments at the end of employment would only be paid if the Academy Trust has concluded that the payment represented the best value for money compared to other options. The business case for such payments would be fully documented and the guidance issued by the EFA will be followed.

The Principal in conjunction with the Chair of the Board may approve non-contractual payments up to £50,000.

Non-contractual payments over £50,000 require approval in advance from HM Treasury.

Purchasing

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.

Supplier Masterfile

The supplier master-file or vendor list will be controlled and managed by the Chief Finance Officer. Changes to supplier bank account details are carefully controlled, as the Academy is aware that this is an area that is vulnerable to fraud. Supplier details will not be amended until the changes have been verified as being valid. The Finance/Admin Manager can add supplier's general details. The Chief Finance Officer must add payment information. This is enforced by menu security within PSF Financials applied by the ICT Network Manager.

Details for the vast majority of vendors previously used by the maintained school were transferred on conversion from the local authority's SAP system to the academy's new accounting system. Any changes to supplier bank account/payment details are logged by the Chief Finance Officer. The Chief Finance Officer verifies this information via phone, email and invoice inspection.

In advance of any payment run being authorised the Chief Finance Officer will review beneficiaries against purchase ledger accounts.

Routine Purchasing (up to £10,000)

Routine purchasing will be controlled through a formal system of ordering. A fixed price or quotation must always be obtained before any order is placed.

All orders must be recorded by completing a requisition sheet, including suppliers' name, code, and description of product, cost and number of items. Orders must be in line with the SDP and there must be sufficient money in the relevant budget to cover the cost of the proposed purchase. Orders must be approved by two approved signatories before being recorded on the Finance system; orders up to £500 by the Finance/Admin Manager and the Chief Finance Officer or Principal, orders up to £2000 by the budget holder and the Chief Finance Officer and for those above £2,000 by the Chief Finance Officer and the Principal or Deputy Principal. The purchase order will be printed/exported and faxed/emailed directly to the vendor.

Staff 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.

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

All invoices received will be matched against the order and the GRN and the quantity and value of goods will be checked. The GRN and the copy order will be attached to the invoice. Signed approval for the invoice to be paid will be required; up to £500 by the Finance/Admin Manager, up to £2000 by the Chief Finance Officer and the Budget Holder and above that value by the Chief Finance Officer, Principal or Deputy Principal.

Within our Finance system (PS Financials) there have been sentinel rules applied that replicate those above. A summary of the scheme of delegation (Appendix A) and segregation of duties (Appendix B) can be found at the end of this document.

The Finance/Admin Manager will then enter the invoice onto the Finance system and annotate the requisition order with details of invoices with against which the following can be evidenced:

- a) Date entered
- b) Finance system's system reference
- c) Expenditure nominal and account code

The Finance/Admin Manager will then print out a copy of the invoice document.

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

Payment runs are made to a pre-determined timetable and carried out by the Finance/Admin Manager and all invoices entered by the Academy that have reached their due date will automatically be paid.

As part of the process the payment run is exported from the finance system into the online banking system ready to be authorised by the Chief Finance Officer and the Principal or Vice Principal.

Prior to each payment run the Chief Finance Officer will review the BACs listing of invoices to be paid as an additional control and would raise any queries directly with the Finance/Admin Manager. The Chief Finance Officer will sign the listing as evidence of this review.

In instances where cheque payments are required these will be generated by the Academy and a separate payment run will be required. The cheques must be authorised by two of the nominated bank signatories.

(Non-Order) Purchasing for Contracted Services and Periodical Payments

There are other revenue services which will be provided on a regular basis by outside suppliers but which for practical purpose cannot be processed through the system for payment in the above manner. Nevertheless they are still subject to internal control processes. Paper based requisition forms shall be completed detailing the contract/SLA reference, vendor, cost and system document input reference, nominal and account.

Examples of such services are:

Utilities i.e. Water, Gas, electricity and telephone (Mobiles & landline)

Refuse disposal and sanitary bins collection

ICT SLA costs

Subscription and licence renewals

Exam fees

Educational visit costs

DBS Clearance, recruitment screening and, occupational health

Maintenance contracts and SLAs (e.g. photocopiers, security, catering, sanitary disposal, water coolers, payroll and HR providers etc.)

Self Employed Music Tutor

Out of contract charges

Emergency building repairs, call charge invoices (i.e. fire/intruder alarm, lift or gas maintenance calls)

Transport hires costs.

On occasions there may be some consultancy/training/legal/health & safety, recruitment and other invoices that may need to be processed outside the purchase order process.

In the case of these services the terms of the service are negotiated with a supplier and the payment is made against an invoice for which the contract itself forms the basis for agreeing the invoice.

These contracts should be negotiated on the best terms available by the Principal and Chief Finance Officer and then authorised by either the Principal if up to £10,000 or the Business and Finance Committee if more than £10,000.

These invoices are verified against the contracted arrangements and approved by the Chief Finance Officer.

The same authorisation rules for routine purchasing apply to non-order purchase invoices.

Emergency Purchases

From time to time budget holders may need to make purchases to cover for an emergency situation. In such cases a confirmatory order should be raised to ensure that documentary evidence is in place to cover the payment.

Quotations and Tenders

Orders under £2000

When purchasing all goods and services, budget holders should ensure that they review the use of existing resources and consider the cost, quality, reliability and availability.

Value for money should always be considered but no formal competitive quotes are required for academy spend under £2,000. Established framework arrangements will be used wherever appropriate, and firm prices must be obtained before commitment to purchase is made.

Orders over £2,000 but less than £10,000.

At least three written quotations should be obtained for all orders between £2,000 and £10,000 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 or emailed confirmation of quotes has been received before a purchase decision is made.

In the circumstances where Health and Safety is deemed of paramount importance and work needs to be contracted immediately then the requirement for obtaining further quotes may be relaxed as long as the Business and Finance committee are kept informed. This allows the Principal to ensure that the academy is in compliance with health and safety law.

Orders over £10,000 but less than £30,000.

At least three written quotations should be obtained. Full records should be kept of all criteria used for evaluation and a report should be prepared for the Business and Finance Committee highlighting the relevant issues and recommending a decision.

Orders over £30,000.

All goods/services ordered with a value over £30,000, or for a series of contracts which in total exceed £30,000 must be subject to formal tendering procedures. Purchases over £173,934 (threshold from Jan 2012) may fall under EU procurement rules which require advertising in the Official Journal of the European Union.

Legal Advice.

Legal advice will normally be sought before proceeding with a contract of any significant value. The Academy Trust will consider whether this is necessary and in proportion to the total value/risks attached to the contract.

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 Chief Finance Officer 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. The Academy would normally invite at least 4 tenders.

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
- form of response.

Aspects to Consider

Financial

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

Technical/Suitability

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

Other Considerations

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

Tender Acceptance Procedures

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

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders as follows:

- For contracts over £30,000 - either the Chief Finance Officer or the Principal plus a member of the Business and Finance Committee.

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

Tendering Procedures

The award of the tender must be approved by the Business and Finance Committee.

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

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

Income

The main sources of income for the Academy are the grants from the EFA (GAG) and Pre-16 High Needs Block Top up funding payments to be received from Sunderland and other local authorities. There are also grants receivable in the form of Pupil Premium, Insurance, PE and Sports, Universal Infant Free School Meals. Agreement and receipt of these sums is monitored directly by the Chief Finance Officer who is responsible for ensuring that all grants due to the Academy are collected.

Revenue from the EFA and the City of Sunderland is paid directly to the Academy's bank account with the academy receiving a corresponding remittance advice.

The Chief Finance Officer is responsible for posting these nominal receipts directly to the academy's accounting system.

Revenue to be collected from other Authorities requires the raising of sales invoices. When payment is received with a Remittance advice included, a Sales Receipt will be processed that will be allocated to the original Sales Invoice.

The Academy also obtains income from:

- students, mainly for school meals, trips and visits
- Feed in Tariffs for solar panels and the Renewable heat incentive
- Music Hub – Music Development Grant
- Theatre and Sports Tickets
- Collections for charitable events
- Services supplied to other schools and/or universities (ITT).
- Commission from Photography and Book Companies

School Meals

Income for school meals is received almost exclusively through cash payments, plus a small amount of cheques. The academy's cash collection procedures as described later must be followed in all cases.

All pupil meal orders and payments are recorded within the Dinner Money module of SIMs. The total of dinner money and additional meals will tally directly to bank pay in slips posted to the finance system.

Additional meal income from Ad Hoc meal orders from Staff are recorded within catering returns/PM4 forms.

These sums will be reconciled against invoices and trading statements received from the Sunderland School Meals Consortium.

Arrears are monitored on a weekly basis and debts are followed up with parents in accordance with an approach agreed by the Board of Directors.

Trips and Visits

The Educational Visits Officer takes responsibility in conjunction with the Finance/Admin Manager for the collection of sums due. The Educational Visits Officer must prepare a record for each student intending to go on the trip showing the amount due. A copy of the record must be given to the Finance/Admin Manager.

Payments by Students for trips are received almost exclusively through cash payments, plus a small amount of cheques. Payments should be periodically totalled and banked. These totals will tally directly to bank pay in slips that are also posted to the finance system.

The Finance/Admin Manager 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 Educational Visits Officer on a weekly basis.

Solar Panel Feed in Tariffs

Periodically a reading shall be taken from the PS Voltaic meter. From this meter reading a sales invoice to the City of Sunderland Council shall be raised for payment to be made. The calculation of such shall be made by the Chief Finance Officer. The council shall make payments into the Academy's bank account. A sales receipt shall be required.

Theatre and Sports Tickets

On occasions North View Academy is fortunate to benefit from the offer of discounted tickets for group bookings. These can be for theatre, cinema or sporting events. These offers are notified to parents and carers. If sufficient tickets are requested by parents and carers to fulfil the terms of the discount we will organise, order, collect payment and deliver tickets. As such North View Academy makes no profit from this venture. All charges and payments are made at the discounted cost price. The Academy's Cash Collection procedures are followed, with specific attention to insurance limits for money on premises. All cash is paid into the academy's bank account. Both the cost (invoices) and cash collected are posted to the same nominal so as to net down to zero. The cash collected is posted using separate pay in slips to other cash collections. This is performed by the Finance/Admin Manager and the journal entry from the pay-in control account to the nominal is to be done by the Chief Finance Officer.

Collections for charitable events

Cash collections are collected following the academy's cash collection procedures as outlined below in the next section. The amounts are logged by the Finance/Admin Manager alongside other regular pay-in amounts (dinner money). However, depending upon the payment method chosen by the charitable organisation concerned it may not be practicable for these monies to be paid into the academy's account. Often they may be paid at another bank or at a post office counter. A receipt showing evidence of payment must be kept and stored with the record of collection.

Services supplied to other schools and/or universities (ITT).

Any services supplied to other schools and/or universities will be contracted and sales invoiced. Payments will be made directly to the Academy's bank account and Sales Receipt posted to the finance system.

Custody

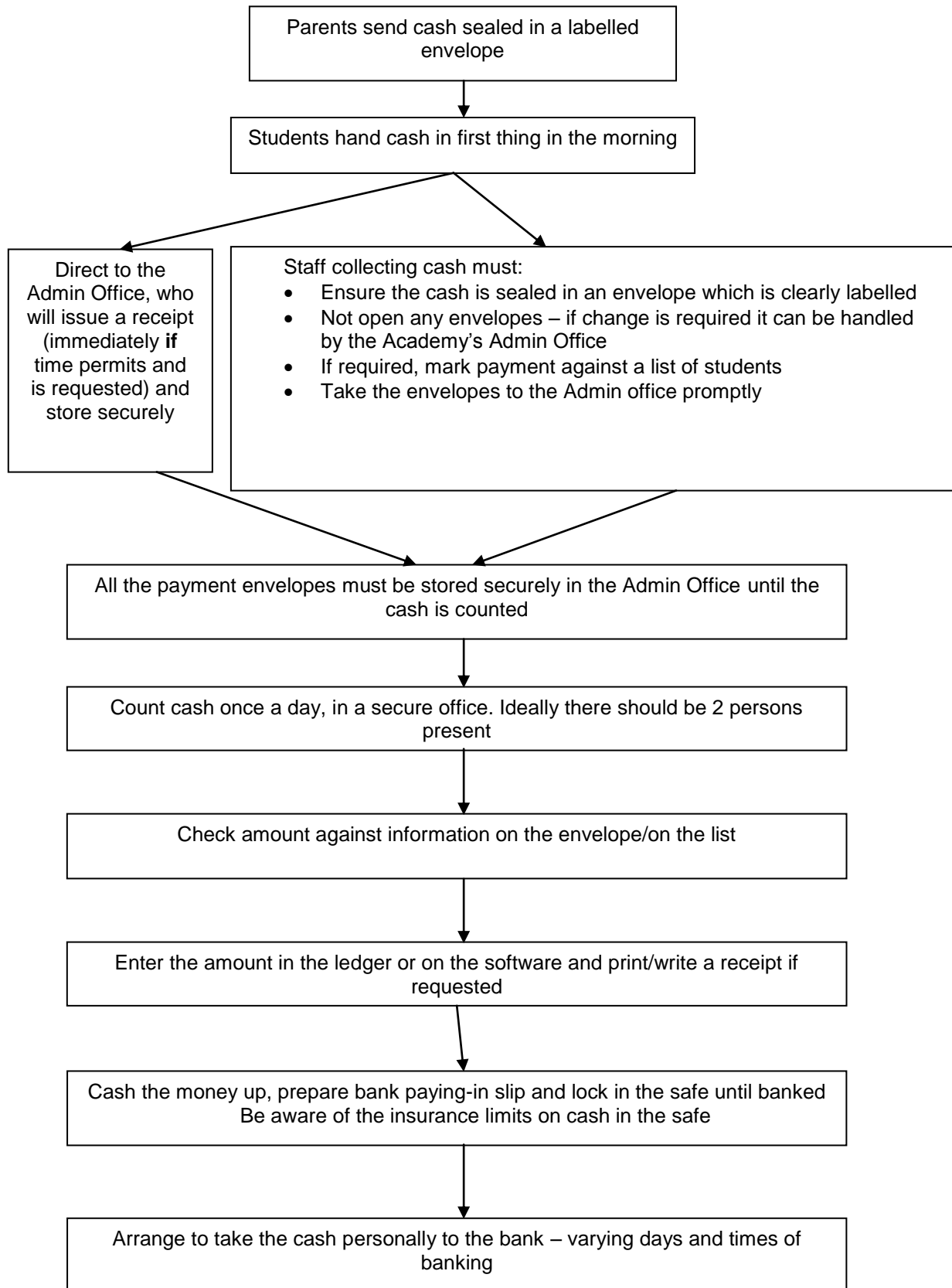
Pre-numbered, duplicate Academy receipts should be issued for all cash and cheques received if requested where no other formal documentation exists including for dinner money and educational visits. All cash and cheques must be kept in the Head's Office safe prior to banking. Banking should take place every week or as needed and cash held should never exceed the cash insurance limit on the safe.

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

The reconciliations must be prepared promptly after each pay in and must be reviewed and certified by the Chief Finance Officer.

Cash Management

North View Academy Procedure for Cash Collection from Students



North View Academy CASH COLLECTION PROCEDURES

- 1 Parents should send cash sealed in a labelled envelope.
- 2 Students must hand cash in first thing in the morning to designated staff, who must:
 - a Ensure the cash is sealed in an envelope which is clearly labelled
 - b Not open any envelopes – if change is required it can be handled by the academy's administration.
 - c Ensure that the envelopes are taken to the academy's administrators office promptly
- 3 All the envelopes must be stored securely in the finance office until the cash is counted.
- 4 Count cash once a day, in a secure office. Ideally there should be 2 persons present to ensure probity.
- 5 Check cash against information on the envelope or on the accompanying list.
- 6 Enter the amount in the ledger or on the software and issue a receipt if requested.
- 7 Cash the money up and prepare a bank paying-in slip. Lock in the fire safe situated within the Principal's office until banked.
- 8 Be aware of the insurance limits on cash in the safe.
- 9 Arrange to take the cash personally to the bank with another person, on at least a weekly basis at different times and on different days.

Bank Accounts

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

Payments and withdrawals

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

- Principal
- Chief Finance Officer
- Finance/Admin Manager
- Chair of Trustee Board
- Deputy Principal (Bank mandate to be changed)

This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Academy. Authorised signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

On-Line Banking

Access to the Academy's bank accounts is available through Lloyds Corporate online software.

Appropriate access rights to the Lloyds Link system are determined by the Bank Admin users – The Principal and the Chief Finance Officer. Access is controlled by user ID (smartcard) and password security administered by Lloyds Commercial Banking online.

On-Line Payments

Payments by BACS are to be generated through Lloyds Commercial Banking online. All payments require authorisation by two of the bank signatories. Authorisation access is controlled by smartcards and passwords. (See Appendix B for further details of segregation of duties)

Administration

The Chief Finance Officer 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 Chief Finance Officer
- Reconciliations are signed by the Chief Finance Officer and reviewed and signed by the Principal.
- adjustments arising are dealt with promptly.

Petty Cash Accounts

The Academy does not operate a petty cash account. Direct authorised purchases (Principal to authorise) made by staff should only be made for items of less than £250 + VAT. A VAT receipt must be brought into Academy before the money can be reimbursed via BACS. If clearance has not been given, this money will not be refunded. Any amount over £250 + VAT will not be reimbursed.

Cash Flow Forecasts

The Chief Finance Officer is responsible for preparing cash flow forecasts to ensure that the Academy has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds in accordance with the Treasury Management Policy.

Investments

Investments must be made only in accordance with the Treasury Management Policy approved by the Board of Directors, through the Business and Finance Committee.

Fixed assets

Asset register

All items purchased with a value over the capitalisation threshold £1,000 (which shall be replicated within the Academy's accounting policy) must be entered in an asset register within the Finance system. The asset register should include the following information:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost

- source of funding (% of original cost funded from DfE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- help the external auditors to draw conclusions on the annual accounts and the Academy's financial system
- support insurance claims in the event of fire, theft, vandalism or other disasters.

Inventory of assets

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

For all lower value items with a value of £200 and above an inventory record should be maintained recording details of the items including purchase details and location. The Inventory should be kept up to date and reviewed regularly. Where items are used by the Academy but do not belong to it this should be noted.

All the items in the register and the inventory should be permanently marked, with Smartwater solution where appropriate, as the Academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Board of Directors.

Disposals

Items which are to be disposed of by sale or destruction must be authorised for disposal by the Chief Finance Officer and, where significant, should be sold following competitive tender. The Academy must seek the approval of the DfE in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

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

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

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

Loan of Assets

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

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.

Please refer to the academy's Asset Policy for further clarification of how assets are to be accounted for.

Annex A

Version No.	Change History	Guidance reference (if any)	Date
1			09.09.2014
2	<p>Staff Appointments Clarification of procedures with regards personnel files</p> <p>Payroll Administration Clarification of procedures with regards Payroll Administration</p> <p>Overtime and Car Mileage Procedures updated</p> <p>Supplier Masterfile Clarification of process for update of vendor details within PS financials software system.</p> <p>Routine Purchasing (up to £10,000) Removal of requirement to print copies of invoices</p> <p>(Non-Order) Purchasing for Contracted Services and Periodical Payments</p> <p>Self Employed Music Tutor added to list</p>		08.07.2015

	<p>Orders over £2,000 but less than £10,000.</p> <p>Health and Safety – relaxation for obtaining quotes.</p> <p>Petty Cash Accounts</p> <p>Edited to “Direct authorised purchases (Principal to authorise) made by staff should only be made for items of less than £250 + VAT”</p>		
3	<p>Duties of Business and Audit Committee rearranged to match new committee structure, Business and Finance plus Audit and Risk committees.</p> <p>Throughout document edited “Finance Director” to “Chief Finance Officer”</p> <p>Income</p> <p>Removal of RHI Incentive and Music Hub sections</p> <p>Throughout document edited “Lloyds Corporate online” to Lloyds Commercial Banking Online</p>		08.09.2017