

# THE MARSH ACADEMY

## FINANCIAL HANDBOOK

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## 1. Introduction

101 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 (DFE).

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

## 2. Organisation

201 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 governors and staff. The financial reporting structure is illustrated below:

### **The Governing Body**

202 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 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;
- ensuring that funds from sponsors are received according to the academy's Funding Agreement, and are used only for the purposes intended;
- approval of the annual budget;
- appointment of the Principal and
- appointment of the Finance Director, in conjunction with the Principal.

### **The Finance & Personnel Committee**

203 The Finance & Personnel Committee is a committee of the governing body. The Finance & Personnel Committee meets at least once a term but more frequent meetings can be arranged if necessary.

204 The main responsibilities of the Finance & Personnel Committee are detailed in written terms of reference which have been authorised by the governing body. The main financial responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DFE guidance issued to academies;
- authorising orders and the award of contracts over £25,000;
- authorising changes to the academy personnel establishment and
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.

### **The Principal**

205 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. Much of the financial responsibility has been

delegated to the Finance Director but the Principal still retains 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;
- Budget virement of £15,000 or less;
- authorising orders and contracts between £3000 and £25,000 in conjunction with the Finance Director;
- signing cheques and BACs payments in conjunction with the Finance Director or other authorised signatories.

### **The Finance Director**

206 The Finance Director works in close collaboration with the Principal through whom he or she is responsible to the governors. The Finance Director also has direct access to the governors via the Finance & Personnel Committee. The main responsibilities of the Finance Director 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 governing body and principal;
- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy;
- the preparation of monthly management accounts;
- authorising orders and contracts of £3000 or less in conjunction with budget holders;
- signing cheques and BACs payments in conjunction with the Principal or other authorised signatories and
- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance.

### **The Responsible Officer**

207 The Responsible Officer (RO) is appointed by the governing body and provides governors with an independent oversight of the academy's financial affairs. The main duties of the RO are to provide the governing body with independent assurance that:

- 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.

208 The Responsible Officer will undertake a quarterly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the governing body. A report of the findings from each visit will be presented to the Finance & Personnel and to the Full Governors meeting. It has been agreed by the Governing Body that the RO checks may be carried out by the Finance Manager of the Folkestone School for Girls.

### **Other Staff**

- 209 Other members of staff, primarily the Finance Officer, the Finance 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 Business Interests**

- 210 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all academy governors and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from which the academy may purchase goods or services. The register is open to public inspection.
- 211 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.
- 212 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. Accounting system**

- 301 All the financial transactions of the academy must be recorded on the Resource 32000 accounting system. The academy payroll is administered on the SAGE payroll package.

### **System Access**

- 302 Entry to Resource 32000 & SAGE payroll is password restricted and the Director of Finance is responsible for implementing a system which ensures that passwords are changed every month. Passwords are changed automatically by the Resource System.
- 303 Access to the component parts of Resource 32000 can also be restricted and the Finance Officer with the guidance of the Finance Director will set access levels for all members of staff using the system.

### **Back-up Procedures**

- 304 The Finance Director is responsible for ensuring that there are effective back up procedures for the finance system. Data should be copied onto media and the copies stored in a secure place preferably in a fireproof container. Resource 32000 is backed up on a daily basis by the Finance Officer.
- 305 The back-ups should not be recorded on the same media each time as this results in only one copy being available. In order to provide more protection from the loss of data at least three different back-ups should be used in rotation. At least one copy should be stored in a separate building.
- 306 A hard copy of the audit trail should be printed each month and should be stored

separately from the accounting system.

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

### **Transaction Processing**

- 308 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 transfers must be recorded in the journal book and authorised by the Finance Director prior to being input to the accounting system. Bank transactions input by the Finance Assistant should be checked and reconciled by the Finance Officer whilst carrying out the monthly reconciliation.
- 309 Detailed information on the operation of Resource 32000 can be found in the user manuals held in the Finance Office.

### **Transaction Reports**

- 310 The Director of Finance will obtain and review system reports to ensure that all transactions are posted correctly to the accounting system. The reports reviewed will include:
- audit trail reports;
  - management accounts summarising expenditure and income against budget at budget holder level.

### **Reconciliations**

- 311 The Finance Officer is responsible for ensuring the following are reconciled each month:-
- sales ledger control account;
  - purchase ledger control account and
  - bank balances per the cash book to the bank statements.
- 312 Any unusual or long outstanding reconciling items must be brought to the attention of the Finance Director. The Finance Director will review and sign all reconciliations as evidence of review.

## **4. Financial planning**

- 401 The academy prepares both medium term and short-term financial plans.
- 402 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.
- 403 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.
- 404 The development planning process and the budgetary process are described in more detail below.

## **Development Plan**

- 405 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.
- 406 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.
- 407 Each year the Principal 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?"
- 408 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.
- 409 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.
- 410 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 governing body if there is a significant divergence from the agreed plan and will recommend an appropriate course of action.

## **Annual Budget**

- 411 The Finance Director is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Principal, Finance & Personnel Committee and the governing body.
- 412 The approved budget must be submitted to the DFE by 30 June each year and the Finance Director is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 413 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.
- 414 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 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.

### **Balancing the Budget**

- 415 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**

- 416 Once the different options and scenarios have been considered, a draft budget should be prepared by the Finance Director for approval by the Principal, the Finance & Personnel Committee and the governing body. Later, a final budget should be approved in the same way. The final budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

### **Monitoring and Review**

- 417 Monthly reports will be prepared by the Finance Director and 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 Finance & Personnel Committee.
- 418 Any potential overspend against the budget must in the first instance be discussed between the Principal & the Finance Director.
- 419 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.
- 420 Budget virement of £15,000 or less may be authorised by the Principal and reported to the Finance & Personnel Committee. Budget virement over £15,000 must be agreed by the Finance & Personnel Committee.

## **5. Payroll**

### **Staff Appointments**

- 501 The governing body has approved a personnel establishment for the academy. Changes can only be made to this establishment with the express approval in the first instance of the Finance & Personnel Committee who must ensure that adequate budgetary provision exists for any establishment changes.
- 502 The Principal has authority to appoint staff within the authorised establishment except for Vice Principals and the Finance Director whose appointments must follow consultation with the governors. The Principal maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, to the Finance Office immediately by the Personnel Office.

## **Payroll Administration**

- 503 The monthly academy payroll is administered on the SAGE payroll package operated in the Finance Office. Access to the system is password controlled. Password control procedures are described in section two of this manual. SAGE must be backed up at the end of each day whilst the payroll is being processed. A back-up of each monthly payroll must be kept in the safe until the final end of year run has been processed. A back-up of the payroll must be kept off site. Two back-ups of SAGE should be made after the end of year run has been completed and prior to clear-down for the new tax year. One back-up should be kept in the safe and another must be kept off site.
- 504 New staff can only be added to the payroll with the express approval of the Principal and notified to Finance Office by the Personnel Manager. New staff must complete all relevant payroll documents issued by the Finance Office. Failure to do this may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.
- 505 Salary amendments can only be made with the express approval of the Principal and notified to the Finance Office by the Personnel Manager.
- 506 Staff can only be terminated from the payroll with the express approval of the Principal and notified to the Finance Office by the Personnel Manager.
- 507 Payment for sickness or maternity must be authorised by the Personnel Office in line with the employment contract for the individual.
- 508 Where leave of absence is discretionary, payment can only be made with the express approval of the Principal or the Head of School and notified to the Finance Office by the Personnel Manager.
- 509 Staff who are paid on submission of a time-sheet must complete and return their time-sheet to their Line Manager by week ending nearest to 10<sup>th</sup> of each month. Failure to do this may result in non-payment of salary by the Academy. In these circumstances, the salary payment may not be paid until the next payroll run in the following month. The manager must then check and sign the time-sheet and return it to the Finance Office. Time-sheets are then authorised by the Finance Director, and or the Personnel Manager
- 510 The Finance Office are authorised by the Governing Body to make all mandatory changes to the payroll without further authority e.g. Tax, NI and pension contribution rates, tax code changes, attachment of earnings etc

## **Payments**

- 511 After the payroll has been processed but before payments are made, a print of salary payments for each individual should be obtained from the system. The print must be reviewed and authorised by either the Principal or the Finance Director, who will then give authority to the Finance Office to release payments.
- 512 All Salary payments are made by BACS unless cheque payment has been authorised by the Finance Director.
- 513 Payslips are issued to paid employees the day before salary payment is made into bank/building society accounts.
- 514 The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, national insurance contributions and pensions. The amounts payable are summarised on a printout and payments for these amounts should be prepared by the Finance Office and authorised for payment by the Finance Director by the due date.

515 After the payroll has been processed the Finance Officer will update the nominal ledger with the payroll costs for the month.

516 On an annual basis the Finance Director must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file of the individual.

## 6. Purchasing

601 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 of £3,000 or less

602 Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder each month and budget holders must keep their own records of orders placed but not paid for.

603 A quote or price must always be obtained before any order is placed. Budget holders and the Finance Office should ensure that the lowest cost price is achieved.

604 All orders must be prepared using an official order form,. Orders must be sent by the budget holder to the Finance Office. Orders will only be processed if there is adequate budget provision for the department. The Finance Director will countersign orders of £3000 or less once the budget provision has been confirmed. The Principal will countersign orders over £3000.

605 Countersigned orders are recorded in the commitment report, allocated a reference number and dispatched to the supplier by the Finance Department. A copy of the order is given to the budget holder.

606 The finance office must make appropriate arrangements for the delivery of goods to the academy. On receipt the finance office 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. All checked goods are then passed to the budget holder.

607 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality the finance office will record this.

608 All invoices should be sent to the Finance Office. The Invoice will be recorded by the Finance Assistant in the purchase ledger. The Finance Assistant will evidence the following:-

- invoice arithmetically correct;

- goods/ services received;
- goods/services as ordered;
- prices correct;
- Invoice posted to purchase ledger;
- invoice authorised for payment.

- 609 If a budget holder is pursuing a query with a supplier the Finance Department must be informed of the query and periodically kept up to date with progress.
- 610 Once a week the Finance Assistant will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the Finance Director.
- 611 The Finance Assistant will input details of payments to be made to the purchase ledger and generate the BAC's payments or cheques required. The BAC's payments or cheques must be signed by two of the nominated bank signatories, one of which must be either the Principal or the Finance Director.
- 612 Cheques will be dispatched to suppliers by the Finance Assistant. Bac's payments will be notified to suppliers by email.
- 613 Non-order purchases must have the prior approval of the Finance Director. Non-order purchases must be kept to a minimum and should only take place when it will affect the smooth running of the budget department. The Catering Manager is authorised to make non-order purchases for standard daily/weekly food supply orders. See Annex 4

#### **Orders over £3,000 and up to £25,000**

- 614 At least three written quotations should be obtained for all orders over £3,000 and up to £25,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared by budget holders and attached to orders passed to the Finance Department. This is 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.
- 615 The Principal will sign orders for goods between these values.

#### **Orders over £25,000**

- 616 All goods/services ordered with a value over £25,000 must be subject to formal tendering procedures. Purchases over £156,442 (threshold from 01/01/2010) excluding VAT may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook. Ordering goods which may potentially be over £25,000 must be discussed with Finance Director prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.

#### **Forms of Tenders**

- 617 There are three forms of tender procedure: open, restricted and negotiated and the guidance for 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 Finance Director how best to advertise for supplier's 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 may be 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 may be 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**

618 Full consideration may be given to:

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

619 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**

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

621 An invitation to tender may include the following:

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

### **Aspects to Consider**

#### ***Financial***

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

- Is there scope for negotiation?

#### ***Technical/Suitability***

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

#### ***Other Considerations***

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

#### **Tender Acceptance Procedures**

- 622 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 and any reason for accepting them should be recorded.

#### **Tender Opening Procedures**

- 623 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, either the Finance Director or the Principal plus a member of the Finance & Personnel Committee.
- 624 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**

- 625 The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.
- 626 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.
- 627 Full records should be kept of all criteria used for evaluation of contracts over £25,000 and a report should be prepared for the Finance & Personnel Committee highlighting

the relevant issues and recommending a decision.

628 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.

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

## **7 Income**

701 The main sources of income for the academy are the grants from the DFE and from Kent County Council. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants due to the academy are collected.

702 The academy also obtains income from:

- students, mainly for trips and catering
- the public, mainly for use of sports facilities.

### **Trips**

703 A lead teacher must be appointed for each trip to take overall responsibility for the trip. The lead teacher 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 Office.

704 Students should make payments to the Finance Office via the Student Office. A receipt must be issued for all monies collected and the value of the receipt and the number of the receipt recorded against the student making the payment.

705 The Finance Assistant should maintain an up to date record for each student showing the amount paid and the amount outstanding.

### **Catering Income**

706 The income received daily by the Catering Department must be reconciled against the till receipts by a Catering Assistant, who will then complete a bank paying in slip.

707 The income is then taken to the Finance Department for safe custody prior to banking.

708 The Finance Department must input the income details from the paying in slip into Resource cash book, whilst checking this reconciles with the till receipts. Any discrepancies must be reported to the Finance Director immediately.

### **Sports Facility Income**

709 The Leisure Centre Manager is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. Copies of invoices produced must be forwarded to the finance office. Payments must be made in advance for the use of facilities.

710 The Leisure Centre Manager will be responsible for chasing outstanding debts and ensuring no use is made of the facilities unless payment has been made.

711 No debts should be written off without the express approval of the Finance & Personnel Committee (the DFE's prior approval is also required if debts to be written off are above the value set out in the annual funding letter).

- 712 Organisations using the sports facilities should be instructed to send all payments to the Leisure Centre Manager.
- 713 The income received by the Leisure Centre must be reconciled against the till printouts by a Duty Manager, who will then complete a bank paying in slip.
- 714 The income is then kept in a safe and taken to the Finance Department prior to banking.
- 715 The Finance Department must input the income details from the paying in slip into the Resource cash book, whilst checking that this reconciles with the till printouts. Any discrepancies must be reported to the Finance Director immediately.
- 716 The Debit/Credit Card Income received by the Leisure Centre is reconciled against their till receipts. The Finance Department reconciles this income against the weekly bank statements and inputs onto the Resource accounting system.
- 717 The Direct Debit income received by the Leisure Centre is paid into the academy bank account on the first working day of each calendar month. The academy is notified of the exact amount that will be received through BACs. This is checked by the Leisure Centre Manager, who also chases rejected direct debits. The Finance Department inputs the details onto the Resource accounting system and then reconciles this income against the weekly bank statements.

### **Custody**

- 718 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 a safe prior to banking.
- 719 Monies collected must be banked in their entirety in the appropriate bank account. The Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared monthly and be certified by the Finance Director.

## **8 Cash Management**

### **Bank Accounts**

- 801 The MarshAcademy has a main deposit account and several current accounts. Money is swept from or to the main deposit account and the end of each day in order to facilitate a balance of £100 in each current account. The account signatories are:-

Robert Alston - Chairman of Governors#  
 Allan Holliwell - Chairman of Finance Committee#  
 Tracy Luke - Executive Principal\*  
 Keith Norman - Finance Director\*  
 Lin Burrows - Vice Principal  
 Shaun Simmons - Vice Principal  
 Marion Emptage - Head of School

\* see paragraph 803

# see paragraph 806

### **Deposits**

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



### **Payments and Withdrawals**

- 814 In the interests of security, petty cash payments will normally be limited to £50. Higher value payments should be made by cheque or Bac's directly from an academy bank account.

### **Administration**

- 815 The Finance Office is responsible for entering all transactions into the petty cash records on a regular basis and regular as well as unannounced cash counts should be undertaken by the Finance Officer to ensure that the cash balance reconciles to supporting documentation. The Finance Director will sign off all petty cash expenditure on a monthly basis.

### **Physical Security**

- 816 Petty cash should be held in a locking cash box which is put in a safe overnight.

### **Cash Flow Forecasts**

816. The Finance Director is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations.

### **Investments**

817. Investments must be made only in accordance with written procedures approved by the governing body.
818. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

## **9 Fixed assets**

### **Asset register**

- 901 All items purchased with a value over the academy's capitalisation limit of £1000 must be entered in an asset register. The asset register should include the following information:

- asset description
- asset number
- serial number (if available)
- 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
- name of member of staff responsible for the asset

A copy of the asset register should be held in the Leisure Centre safe.

- 902 The Asset Register helps:

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

### **Depreciation**

903 Depreciation on assets is as follows:-

Freehold Buildings	2% straight line
Motor Vehicles	25% straight line
Plant & Machinery	15% straight line
Furniture & Equipment	25% straight line
Computer Equipment & Software	33.333% straight line

No depreciation is provided on freehold land. Depreciation on assets in the course of construction is not charged until they are brought into use.

### **Security of assets**

- 904 Equipment must be secured by means of physical and other security devices.
- 905 All the items in the register should be permanently and visibly marked as the academy's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Finance and Personnel Committee. Inventories of academy property should be kept up to date and reviewed regularly. Where items are used by the academy but do not belong to it this should be noted.

### **Disposals**

- 906 Asset items which are to be disposed of by sale or destruction must be authorised for disposal by the Finance and Personnel Committee 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. If disposals within one financial year (September-August) collectively originally attracted grant of more than £20,000 then the academy must inform the DFE.
- 907 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.
- 908 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.
- 909 All disposals of land must be agreed in advance with the Secretary of State.

### **Loan of Assets**

- 910 Items of academy property must not be removed from academy premises without the authority of the Head of Department. A record of the loan must be recorded on a loan of equipment form and booked back into the academy when it is returned.
- 911 The Head of Department will be asked for a copy of a loan of equipment form, should an item of equipment be missing when a fixed asset audit is undertaken.
- 912 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.

## **ANNEX 1**

# **THE MARSHACADEMY Payroll Policy**

### **Staff Appointments**

The Principal has authority to appoint staff within the authorised establishment. The Principal maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified to the Finance Office immediately by the Personnel Office.

### **Payroll Administration**

The academy payroll is administered on the SAGE payroll package operated in the Finance Office. All staff are paid monthly through this payroll package.

New staff can only be added to the payroll with the express approval of the Principal. New staff must complete all relevant payroll documents issued by the Finance Office. Failure to do this may result in non-payment of salary. In these circumstances, the salary payment may not be made until the next payroll run in the following month.

Salary amendments can only be made with the express approval of the Principal.

Staff can only be terminated from the payroll with the express approval of the Principal.

Payment for sickness or maternity must be authorised by the Personnel Office in line with the employment contract for the individual.

Where leave of absence is discretionary, payment can only be made with the express approval of the Principal.

Staff who are paid on submission of a time-sheet must complete and return their time-sheet to their Line Manager by week ending nearest to 10<sup>th</sup> of each month. Failure to do this may result in non-payment of salary by the Academy. In these circumstances, the salary payment may not be paid until the next payroll run in the following month. The manager must then check and sign the time-sheet and return it to the Finance Office. Time-sheets are then authorised by the Finance Director.

The Finance Office are authorised by the Governing Body to make all mandatory changes to the payroll without further authority e.g. Tax, NI and pension contribution rates, tax code changes, attachment of earnings etc

### **Payments**

After the payroll has been processed but before payments are made a print of salary payments for each individual should be obtained from the system. The print must be reviewed and authorised by either the Principal or the Finance Director, who will then give authority to the Finance Office to release payments.

All salary payments are made by BACS unless cheque payment has been authorised by the Finance Director.

Payslips are issued to paid employees the day before salary payment is made into bank/building society accounts. The payroll system automatically calculates the deductions due from payroll to comply with current legislation. The major deductions are for tax, National Insurance contributions and pensions. The amounts payable are summarised on a printout and payments for these amounts should be prepared by the Finance Office and authorised for payment by the Finance Director by the due date.

On an annual basis the Finance Director must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file of the individual.

## ANNEX 2

# THE MARSH ACADEMY

## Charging & Remissions Policy

### 1 Introduction

- 1.1 The Governing Body recognises the valuable contribution that the wide range of additional activities, including clubs, out of school trips, residentials and experiences of other environments, can make towards students' all round educational experience and their personal and social development. (Throughout this policy, the term "parents" means all those having parental responsibility for a child.)

### 2 Charging

- 2.1 The Governing Body reserves the right to make a charge in the following circumstances for activities organised by the Academy: -

- i *Academy trips and residentials : All costs;*
- ii *Activities outside Academy hours : All costs;*
- iii *Materials : A contribution towards the costs of materials purchased by the Academy in relation to items produced by students which will be taken home for personal use;*
- iv *Acts of vandalism and negligence:* the Governing Body reserves the right to recover part, or the whole cost, of damage to buildings or equipment which is the result of vandalism or negligence by a student;
- v *Examination fees:* if a student has not regularly attended the lessons for a particular examination subject, the examination fee may be requested.

If, without a medical certificate explaining the reason, a student fails to complete examination requirements for any public examination for which the Academy has paid an entry fee, the Governing Body may seek to recover the fee from the parent.

There may be a charge for examination entry where there is a request from the parent for additional subject entries to be made, which are not supported by the Academy.

If a late exam entry fee is the direct result of actions by a student or parent(s), the Governing Body may seek to recover the fee from the parent.

### 3 Remissions

- 3.1 The Governing Body may remit charges in full or in part to parents after considering specific hardship cases. The Governing Body invites parents to apply, in the strictest confidence, for the remission of charges in part or in full. The Principal will authorise remission in consultation with the Chair of Governors.

### 4 Insurance

- 4.1 Any insurance costs will be included in charges made for trips or activities.

### 5 Voluntary contributions

- 5.1 Nothing in this policy statement precludes the Governing Body from inviting parents to make voluntary contributions. The Governing Body should make clear that such contributions are voluntary, that children of parents who do not contribute will not be discriminated against, and that if insufficient contributions are received the trip may be cancelled.

### 6 Monitoring, Evaluation and Review

- 6.1 The Governing Body will review this policy at least every two years and assess its implementation and effectiveness. The policy will be promoted and implemented throughout the Academy.

## **ANNEX 3**

### MAINTENANCE DEPARTMENT OPERATING PROCEDURES

#### ORDERING SUPPLIES

1. Orders can only be placed with the approval of the Finance Director.
2. Small items or emergency supplies can be collected by the maintenance team if approved by the FD.
3. All other supplies must have an official order raised by the Finance Office.
4. Any work required to be carried out by an outside contractor must have a written quote and have an official order raised by the Finance Department. Contracts in excess of £3000 must have 3 quotes as per the Finance Handbook.
5. No tools or equipment can be ordered without the approval of the Finance Director. Items over £500.00 must have at least 2 quotes.
6. Staff have been instructed that personal goods ordered from the Academy suppliers are not to be delivered to the school site.

#### DELIVERY OF GOODS

1. When the goods arrive on site the member of staff receiving the goods checks that the delivery is correct against the delivery note/invoice and signs to confirm that everything has arrived correctly.
2. The invoices /delivery note are then passed to Finance on a weekly basis.
3. Any items collected by the maintenance team must have a signed receipt and be passed to the Finance Office.

#### FINANCE OFFICE

1. Finance match up the original orders with the invoices checking that no additional items have arrived.
2. Finance will scan the invoices to check for any unusual items and price variations.
3. Receipts for collected items will be matched to supplier invoices.
4. Finance then pass the invoices to the Finance Director for approval.
5. The Finance Director will scan the invoices for any unusual items and to check for high value expenditure. The Finance Director will then authorise payment.

#### MAINTENANCE EQUIPMENT

1. No equipment may be removed from site without the approval of the Principal or Finance Director
2. Academy equipment. Materials and facilities are not to be used for non-school projects.
3. All equipment is to be stored in a locked area after use.
4. The maintenance department vehicles are only to be used on Academy business.
5. No equipment or materials should be sold as scrap without the written authority of the Principal or the Finance Director.

## **ANNEX 4**

### **CATERING OPERATING PROCEDURES**

#### **ORDERING SUPPLIES**

Orders are placed on the phone by Debbie Buffery (DB) (Catering Manager). DB records the items ordered on a pre-prepared order sheet for each supplier. DB signs the order sheets to confirm the order and prices.

At the end of the week the hand-written orders are passed to Finance.

No equipment can be ordered without the approval of the Finance Director. Items over £500.00 must have at least 2 quotes.

Staff have been instructed not to order personal goods from the suppliers to the Academy.

#### **DELIVERY OF GOODS**

When the goods arrive at the kitchen a member of staff (not DB) checks that the delivery is correct against the delivery note/invoice and signs to confirm that everything has arrived. Usually the checker is Mrs Reene the no 2 in the kitchen. But it could be any member of staff.

The invoices are then passed to Finance on a weekly basis.

#### **FINANCE OFFICE**

Finance match up the original orders with the invoices checking that no additional items have arrived.

Finance will scan the invoices to check for any unusual items.

Finance then batch up the invoices for the month and present them to the Finance Director for approval.

The Finance Director will scan the invoices for any unusual items and to check for high value expenditure. The Finance Director will then authorise payment.

#### **TAKINGS AND VENDING MACHINES**

Cash is collected by Finance every day.

Finance check that the cash has been reconciled with the till readings and the vending machine records.

The cash is collected from the Finance Office and taken to the bank twice a week.

The floats are checked and returned to the Catering dept on a daily basis.

#### **CATERING FOR OTHER DEPARTMENTS/FUNCTIONS**

Requests for catering for other events e.g. Open Evenings, training days or meetings are recorded by DB.

Every month DB produces a schedule of these events with the costs involved.

The Finance Director approves the schedule.

The catering costs are charged out to the various departments.

Catering for non-school events is not allowed.

No catering equipment may be removed from site without the approval of the Principal or Finance Director.

#### **COSTS AND MARGINS**

Every month the Finance Director produces a Catering Profit and loss report.

The gross margins achieved are compared with Budget and the previous year.

Any adverse movements with the gross margins will be discussed with the catering staff at the monthly staff meeting.