



## **Marling School Academy** **Financial Handbook**

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# **Marling School Academy** **Financial Handbook**

## **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 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 any 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; and
  - Appointment of the Headteacher and the Business Manager
  - Approval of changes to pay scales.
- 203.** Furthermore, the Governing Body have made a commitment to follow the 4 C's principles of best value in their administration of the academy's finances; Challenge, Comparison, Consultation and Competition.

### **The Finance Committee**

- 204.** The Finance and Audit Committee is a committee of the Governing Body. The Finance and Audit Committee meets at least once a term but more frequent meetings can be arranged if necessary.
- 205.** The main responsibilities of the Finance and Audit 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; and



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- 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 Headteacher**

**206.** The Headteacher has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Business Manager but the Headteacher 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 Business Manager; and
- Acting as cheque signatory and authoriser of BACs payments in conjunction with the other authorised signatories.

### **The Business Manager**

**207.** The Business Manager works in close collaboration with the Headteacher through whom he/she is responsible to the governors. The Business Manager also has direct access to the Governors via the Finance and Audit Committee. The main responsibilities of the Business Manager 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 Headteacher;
- 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 Headteacher 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**

**208.** 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.



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**209.** 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 and Audit Committee and to the Full Governors meeting.

### **Other Staff**

**210.** Other members of staff, primarily 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**

**211.** 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.

**212.** 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.

**213.** 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 SAGE 200 accounting system. The academy payroll is administered by Education Personnel Management (EPM).

#### **System Access**

**302.** Entry to SAGE 200 is password restricted and the Business Manager is responsible for implementing a system which ensures that passwords are changed should they be compromised.

**303.** Access to the component parts of SAGE 200 can also be restricted and the Finance Assistant with the guidance of the Business Manager will set access levels for all members of staff using the system.



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### **Back-up Procedures**

- 304.** The Business Manager is responsible for ensuring that there are effective back up procedures for the finance system. The server is automatically backed up daily and stored virtually. A secondary back-up is also kept on the hard drive.
- 305.** The Business Manager 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**

- 306.** 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 Business Manager prior to being input to the accounting system. Bank transactions input by the Finance Clerk should be checked and reconciled by the Finance Assistant whilst carrying out the monthly reconciliation.
- 307.** Detailed information on the operation of SAGE 200 can be found in the user manuals held in the Finance Office.

### **Transaction Reports**

- 308.** The Business Manager 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**

- 309.** The Finance Assistant 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.
- 310.** Any unusual or long outstanding reconciling items must be brought to the attention of the Business Manager. The Business Manager will review and sign all reconciliations as evidence of review. Any reconciliation performed by the Business Manager will be countersigned by the Deputy Headteacher.

## **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.



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- 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 Headteacher 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"
  - 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 Headteacher.
- 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 a member of the Senior Leadership Team (SLT). The responsible manager should monitor performance against the defined success criteria throughout the year and report to the SLT on a quarterly basis. The SLT 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 Business Manager is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, Finance Committee and the Governing Body.
- 412.** The approved budget must be submitted to the DfE by 30 June each year and the Business Manager is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.



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- 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;
  - 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 Business Manager for approval by the Headteacher, the Finance and Audit 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 Business Manager and Finance Assistant. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher and the Finance Committee.
- 418.** Any potential overspend against the budget must in the first instance be discussed between the Headteacher and the Business Manager.
- 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 Headteacher and reported to the Finance and Audit Committee. Budget virement over £15,000 must be agreed by the Finance and Audit Committee.

## **5. Payroll**



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### **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 and Audit Committee who must ensure that adequate budgetary provision exists for any establishment changes.
- 502.** The Headteacher has authority to appoint staff within the authorised establishment except for Deputy Headteacher and the Business Manager whose appointments must follow consultation with the Governors. The Headteacher maintains personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, to the Business Manager.

### **Payroll Administration**

- 503.** The monthly academy payroll is administered by Education Personnel Management (EPM)
- 504.** New staff can only be added to the payroll with the express approval of the Headteacher and notified to the Business 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 Headteacher and notified to the Business Manager.
- 506.** Staff can only be terminated from the payroll with the express approval of the Headteacher and notified to the Business Manager.
- 507.** Payment for sickness or maternity must be authorised by the Business Manager 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 Headteacher and notified to the Business Manager.
- 509.** Staff who are paid on submission of a time-sheet must complete and return their time-sheet to the Finance Office by the second working day 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. Time-sheets are then authorised by the Business Manager and or the Deputy Headteacher
- 510.** The Business Manager is 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 EPM. The print must be reviewed and authorised by the Business Manager.
- 512.** All Salary payments are made by BACS.



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513. Payslips, either on paper or electronically, 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. EPM pay deductions from salaries to the relevant bodies by the due date.
515. After the payroll has been processed the Finance Assistant will update the nominal ledger with the payroll costs for the month.
516. On an annual basis the Business Manager must check for each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file of the individual.

### **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 should usually 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 Assistant will countersign orders of £1000 or less once the budget provision has been confirmed. The Business Manager will countersign orders between £1000 and £3000. The Headteacher will countersign orders over £3000. Where exceptions have been made to the official ordering process (such as premises purchases and trips) countersignatures are obtained at invoice or cheque production
605. Countersigned orders are input into SAGE 200, allocated a reference number and dispatched to the supplier by the Finance Office. Copies of orders are retained in the Finance Office.



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- 606.** The Finance Office must make appropriate arrangements for the delivery of goods to the academy. On receipt the orderer should check the goods received against the goods received note (GRN) and make a report any discrepancies between the goods delivered and the GRN to the Finance Office.
- 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 Clerk 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 Office must be informed of the query and periodically kept up to date with progress.
- 610.** On a monthly basis 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 Business Manager.
- 611.** The Finance Clerk 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. Cheques over £5000 should be signed by the Chair of Governors or the Chair of the Finance and Audit Committee.
- 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 Business Manager. 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.

### **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 Office. 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 Headteacher will sign orders for goods between these values.



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### **Orders over £25,000**

- 616.** Any project likely to cost in excess of £25,000 should be brought to the attention of the Finance and Audit Committee in the early stages of planning. This should include a business case for the expenditure, a procurement strategy report and an evaluation framework.
- 617.** All goods/services ordered with a value over £25,000 must be subject to formal tendering procedures. Purchases over £173,934 (threshold from 01/01/2012) 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 DfE Academies Financial Handbook. Ordering goods which may potentially be over £25,000 must be discussed with Business Manager prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.

### **Forms of Tenders**

- 618.** 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 Business Manager 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
- 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**

- 619.** Full consideration may be given to:

- Objective of project overall
- Requirements technical skills required
- After sales service requirements



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- Form of contract.

**620.** 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 fulfillment of these requirements to help reach an overall decision.

### **Invitation to Tender**

**621.** 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.

**622.** 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;
- 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**



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**623.** 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**

**624.** 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 Business Manager or the Headteacher plus a member of the Finance Committee.

**625.** 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**

**626.** 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.

**627.** 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.

**628.** 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 Committee highlighting the relevant issues and recommending a decision.

**629.** 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.

**630.** The accepted tender should be the one that delivers the most appropriate solution for whilst being 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 Gloucestershire County Council. The receipt of these sums is monitored directly by the Business Manager 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
- Lettings to the community, mainly for use of sports facilities
- Donations.

### **Student Income**



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- 703.** A lead teacher must be appointed for each trip to take overall responsibility for the trip and should involve the Finance Office with costing the trip from the outset. 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 for trips to the Finance Office via ParentPay, the Main Reception posting box or by standing order into the school bank account. Cash payments over £25 must be given in person to a member of the Finance Office. A receipt must be issued for all payments over £25 (or on request) or payment card signed for all monies collected.
- 705.** The Finance Clerk should maintain an up to date record for each student showing the amount paid and the amount outstanding.

### **Lettings Income**

- 706.** The Facilities Administrator is responsible for maintaining records of bookings of sports facilities and for identifying the sums due from each organisation. A monthly report should be submitted to the Finance Office who will produce and dispatch invoices.
- 707.** The Finance Office will be responsible for chasing outstanding debts.
- 708.** No debts should be written off without the express approval of the Finance and Audit 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).
- 709.** Organisations using the sports facilities should be instructed to send all payments to the Finance Office.

### **Donations**

- 710.** Donations to the school, if not monetary, should be valued and placed on the Asset Register if the item has a market value of over £1000 at time of receipt. The Finance and Audit Committee should be advised of the donation.

### **Custody**

- 711.** 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.
- 712.** Monies collected must be banked in their entirety in the appropriate bank account. The Finance Assistant 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 Business Manager.

## **8. Cash Management**

### **Bank Accounts**



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**801.** Marling School has a main deposit account and two current accounts. Money is transferred to the main deposit account by the Business Manager. The account signatories are:-

John Gilbert - Chairman of Governors #  
Stuart Wilson – Headteacher\*  
Nigel Riglar – Chair of Finance #  
Emma Gray – Business Manager\*  
Jonathan Gannon – Deputy Headteacher  
Rob Reid – Assistant Headteacher

\* see paragraph 803

# see paragraph 805

The Business Manager and Finance Assistant have individual secure access to the internet banking portal

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

### **Payments and withdrawals**

**803.** All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two authorised signatories. The Finance Assistant may process payments up to £1,000 using the banks bill payment portal or standing order, all transactions should be countersigned by an authorised signatory.

**804.** This provision applies to all accounts, public or private, operated by or on behalf of the Governing Body of the academy.

**805.** Cheques and BAC's payments over £5,000 must be signed by the Chairman of the Governors # or the Chair of Finance and Audit #.

**806.** Signatories may not sign a cheque reimbursing themselves.

### **Administration**

**807.** The Finance Assistant 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 Finance Assistant;
- Reconciliations are subject to a monthly review carried out by the Business Manager or the Deputy Headteacher and adjustments arising are dealt with promptly.

### **Academy Debit Cards**

**808.** The Academy has 2 debit cards and the card holders are:-  
Sam Fewings-Hunt – Finance Assistant, withdrawal limit £250



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Nicola Bailey – Office Manager, withdrawal limit £250

- 809. These cards are retained in the safe in the Finance Office and are only to be used with permission of the Business Manager using a security password.
- 810. Receipts must be retained and matched to monthly statements.

### **Petty Cash Accounts**

- 811. The academy maintains a maximum cash balance of £250 in the Finance Office cash tin which should only be accessed by the Finance Clerk, Assistant and Business Manager and £100 in the Sixth Form which should only be accessed by the Sixth Form Receptionist

### **Payments and Withdrawals**

- 812. 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**

- 813. The Sixth Form Receptionist is responsible for recording all transactions into the Sixth Form petty cash records, this should be submitted to the Finance Office at the end of each term. The Finance Office is responsible for entering all transactions into the Finance Office petty cash records on a regular basis and regular as well as unannounced cash counts of both tins should be undertaken by the Finance Assistant to ensure that the cash balance reconciles to supporting documentation. The Business Manager will sign off all petty cash expenditure on a monthly basis.

### **Physical Security**

- 814. The Finance Office petty cash is held in a locking cash box which is put in a safe overnight. The Sixth Form petty cash tin is locked in a drawer overnight with the key placed in a separate locked key cabinet.

### **Cash Flow Forecasts**

- 815. The Business Manager is responsible for preparing cash flow forecasts to ensure that the academy has sufficient funds available to pay for day to day operations.

### **Investments**

- 816. Investments must be made only in accordance with written procedures approved by the Governing Body.
- 817. 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**



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**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 is held online.

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

### **Depreciation**

**903.** Depreciation on assets is as follows:-

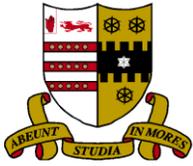
- Freehold Buildings - 50 years straight line
- Leasehold Buildings – 50 years straight line
- Leasehold Land – 125 years straight line
- Motor Vehicles 25% straight line
- Plant & Machinery 15% straight line
- Furniture & Equipment 25% straight line
- Computer Equipment & Software 25% straight line

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



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Finance and Audit 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.** For asset items of a value between £100-£999, approval must be sought from the Headteacher or Business Manager prior to being disposed of by sale or destruction. Items of over £1000 must be approved by the Finance and Audit 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 licenses for software programs have been legally transferred to a new owner. Approval must be gained from the Finance Office prior to any items being offered to staff.
- 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.
- 910.** Following authorisation to dispose, the Finance Office have been authorised by the Finance and Audit Committee to choose to use eBay or similar auction sites to dispose of assets worth up to £1000.

### **Loan of Assets**

- 911.** 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.
- 912.** 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.
- 913.** 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.