



Quarrydale

an Academy with science specialism

Finance Policy

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The Governing Body of Quarrydale Academy recognises the need for good financial control over the academy's resources and has formulated this policy in order to achieve the standards of financial management as described in the Academy Financial Handbook, the Academy's Funding Agreement and other relevant documents.

The key standards to be attained are that:

- The responsibilities of the Governing Body, its committees, the head teacher and staff should be clearly defined and limits of delegated authority established.
- The budget should reflect the academy's prioritised objectives, seek to achieve value for money and be subject to regular and effective monitoring.
- The academy should establish sound internal financial controls to ensure the reliability and accuracy of its financial transactions.
- The academy should be adequately insured against exposure to risks.
- The academy should be registered under the Data Protection Act and all data should be protected against loss.

The academy should ensure that purchasing arrangements achieve the best value for money.

- There should be efficient procedures for the administration of personnel matters (including the payroll).
- Stocks and other assets should be recorded and adequately safeguarded against loss or theft.
- All income due to the academy should be identified and all collections should be recorded and banked promptly.
- The academy should properly control the operation of bank accounts and reconcile bank balances with accounting records.
- The academy should control the use of petty cash.
- The Governing Body presents audited Statutory Accounts to Trustees for Approval and filing with the relevant Authorities within the appropriate timescales.
- Academy voluntary funds should be administered as rigorously as public funds.

1.0 ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

1.1 The Role of Governors: The Scheme of Financial Delegation sets out detailed roles and limits of delegated authority for Trustees, Governors and all other staff with financial responsibility. (See appendix 1 for membership of the governing body).

1.2 The Role of the Finance and General Purposes Committee: In order to assist the fulfilment of its responsibilities the Finance and General Purposes Committee will meet at least once a term (See appendix 1 for membership of the finance and general purposes committee)

1.3 The Role of the Headteacher: The day to day operation of the budget is delegated to the headteacher as Chief Accounting Officer.

1.4 The Role of the Academy Business Manager and Academy Finance Staff: The headteacher delegates the day to day control of the Academy finance systems and the line management of finance staff to the Business Manager and directly line manages the Business Manager.

1.5 The Role of the Business Manager and Finance Assistants: To implement the finance policy and procedures agreed by the governing body and the headteacher

and to process financial transactions and activities in line with these. To maintain the academy accounting system and to monitor the budget on a day to day basis.

1.6 The Role of the Staff: Managing any budget delegated by the headteacher.

2.0 BUDGETS

- 2.1 The academy has medium term education and budget plans which take into account the Academy Improvement Plan which outline the areas of priority with regards to spending.
- 2.2 The headteacher and business manager shall prepare estimates of income and expenditure for consideration and approval by the governing body.
- 2.3 The governing body shall ensure that planned expenditure does not exceed the available budget allocation during budget reviews.
- 2.4 The headteacher shall present details of the proposed budget to the governing body for timely approval and shall also alert the governing body of any subsequent changes to the budget.
- 2.5 There is at minimum, a termly meeting of the Finance and General Purposes Committee where the headteacher shall provide a report on expenditure, including items committed but not yet paid, reconciled against budget.
- 2.6 The headteacher is authorised by the governing body to delegate the responsibility to a budget holder to spend an annual budget allocation allocated to a particular subject/department. The headteacher will remain in overall control to sanction this spending.
- 2.7 The business manager will provide budget holders access to regular reports on spending and these shall be reviewed and reported as necessary to the headteacher.
- 2.8 The headteacher and the governing body shall assess the progress made against the stated objectives in the Academy Improvement Plan at timely intervals.
- 2.9 The headteacher shall periodically consult the governing body and staff to ensure that the financial and management information issued is relevant, timely, reliable and understandable.
- 2.10 This review shall be conducted at least annually.
- 2.11 The headteacher shall present any proposal for policy changes that significantly affect the expenditure or income budgets at the next Finance and General Purposes Committee meeting.

3.0 TANGIBLE FIXED ASSETS AND DEPRECIATION POLICY

Capitalisation of expenditure

- 3.1 The academy's treatment of expenditure on fixed assets varies according to the category of their assets and their expected useful lives.
- 3.2 Assets inherited on establishment of the academy are assumed to be fully depreciated and are not included in the accounts.
- 3.3 Tangible fixed assets acquired since the academy was established are included in the accounts at cost.
- 3.4 Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic lives. The related grants are credited to the restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet) and the depreciation on the appropriate assets is charged to this fund such that the remaining carrying value of the grants at each year-end is represented by the net book value of the funded assets.

- 3.5 Assets under construction are accounted for at cost based on architects' certificates and other direct costs incurred to 31 August. They are not depreciated until they are brought to use.
- 3.6 The asset register will include the source for funds for all assets.
- 3.7 All fixed assets given to the academy are recorded in the accounts as income in the period in which the fixed asset was given to the academy. The value placed in gifts in kind should be either a reasonable estimate of their gross value to the academy or the amount actually realised. The key test is what the academy would have been prepared to pay to purchase the asset.
- 3.8 A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.
- 3.9 Individual items costing less than £1,000 are not capitalised. Individual items costing £1,000 or more will be considered for capitalisation.

Depreciation

- 3.10 Depreciation is provided on the cost of the tangible fixed assets, to write down to their estimated residual values over their expected useful lives. The principal annual rates are:

3.11 Land and building	50 years
3.12 Long leasehold property	Over the remaining lease term
3.13 Building refurbishments	10 years
3.14 Furniture and equipment	8 years
3.15 Motor vehicles	4 years
3.16 Computer equipment and software	3 years

4.0 INTERNAL FINANCIAL CONTROL

- 4.1 The governing body considers that the Academy Financial Handbook adequately describes the academy's financial systems and procedures and adopts these standards for the purpose of this policy.
- 4.2 The headteacher and business manager shall ensure that the ordering of materials and payment of invoices and the process of authorising orders shall not both be performed by the same person.
- 4.3 The headteacher and business manager shall ensure that cover for absent staff is available to ensure that financial control is maintained.
- 4.4 The headteacher and business manager shall ensure that two persons are involved in financial processes at all times, which will be taken from the business manager, headteacher or Chair of Governors. In case of a prolonged absence of any of the three signatories, the Academy also has two trustees as signatories.
- 4.5 Amendments to documentation shall be made in accordance with standard accounting practices and OFSTED guidelines.
- 4.6 Any alterations to original documents, e.g. cheques, invoices and orders, should be clearly made in ink and initialled.
- 4.7 The headteacher and business manager shall ensure that records are maintained in suitable storage conditions for the periods specified in the Nottinghamshire Local Authority Manual of Financial Guidance.
- 4.8 Electronically stored data is permanently retained as a function of the system backup procedures.
- 4.9 An audit trail of data and information shall be maintained at all times.
- 4.10 The headteacher and business manager shall ensure that access to accounting records is strictly limited to those members of staff requiring the information for their normal duties by means of passwords.

- 4.11 Passwords may not be shared or disclosed to the other persons under any circumstances

5.0 INSURANCE

- 5.1 The governing body ensures that an all risks policy is maintained at all times.
- 5.2 The governing body ensures that the insurance provided is appropriate for the academy's needs in terms of cover and value for money.
- 5.3 The headteacher and business manager shall review the risks to the academy annually and ensure that an appropriate level of cover is maintained.
- 5.4 The governing body does not allow the academy to give any indemnity to a third party without written consent from the insurers and the DfE or their agents.
- 5.5 The headteacher is responsible for informing the insurers of all accidents, losses and other incidents which may give rise to an insurance claim.
- 5.6 The governing body shall ensure that the insurance purchased covers equipment while off academy premises wherever possible.

6.0 FINANCIAL COMPUTER SYSTEMS

- 6.1 The governing body shall ensure that the academy is registered in accordance with the Data Protection Act 1998 and that academy procedures satisfy the requirements of the office of the Information Commissioner.
- 6.2 The headteacher shall ensure that an effective back-up procedure is implemented which shall include the secure storage of back-up media.
- 6.3 The headteacher shall ensure that password protection is maintained at all times and that access to the systems is limited to those needing access to the data for their normal duties.
- 6.4 Unauthorised software may not be used on the computer systems.
- 6.5 Physical access to computer systems is restricted to authorised users only.
- 6.6 Users must log out of the computer system on completion of the task, or when the terminal is to be left unattended for any reason.

7.0 PURCHASING

- 7.1 The governing body requires that the market be surveyed by the purchaser prior to any purchase to ensure that the academy obtains the best value for money.
- 7.2 The governing body requires that three written quotations be obtained for purchases in excess of £10,000. Where this is not possible, the reason should be reported to the Finance and General Purposes Committee.
- 7.3 Purchases with an estimated value of between £10,000 and £25,000 must be awarded by one of the methods described above or by inviting alternative offers or quotations in writing; these should normally be at least 3 in number except where there are fewer than 3 potential suppliers. In circumstances where obtaining 3 quotations is impractical the reasons for not following these procedures will be reported to the governing body and recorded in the minutes of the meeting.
- 7.4 The limits on authority to approve expenditure are as follows after consultation with the trustees who meet regularly on Monday mornings:
- | | |
|------------------|----------|
| Headteacher | £200,000 |
| Business Manager | £ 20,000 |
- 7.5 Day to day financial decisions is the responsibility of the headteacher.
- 7.6 The governing body requires that it be informed of any purchase where a quotation other than the lowest has been accepted. The reasons for this shall be recorded in the minutes of the meeting.

- 7.7 The governing body will follow procedures for tendering in accordance with financial regulations should the need arise.
- 7.8 Official order forms must be used.
- 7.9 The governing body does not allow academy purchase orders to be used for private purchases.
- 7.10 Orders are produced by the FMS accounting system and the governing body considers the format to be adequately controlled.
- 7.11 The governing body authorises the headteacher, business manager or relevant curriculum budget holder to authorise orders within the limits of their delegated budgets.
- 7.12 The headteacher shall ensure that goods or services ordered are appropriate and needed, that there is adequate budgetary provision to cover the purchase and that the correct number of quotes/tenders have been obtained if necessary.
- 7.13 The headteacher, through the business manager shall use the FMS accounting system as a means of recording committed expenditure.
- 7.14 The business manager ensures that a report of expenditure and balance remaining is produced monthly for budget holders and the headteacher.
- 7.15 The headteacher, through the business manager, shall ensure incoming goods and services are checked by a different person who placed the order wherever possible.
- 7.16 The headteacher, through the business manager, shall ensure that payment is only made to a supplier after the goods or services have been received and the invoices have been checked against the accounting system.
- 7.17 The headteacher, through the business manager will ensure that payments to contractors will only be made in according with the Construction Industry Scheme.
- 7.18 Invoices shall be processed by the finance assistant and authorised by the business manager. Cheques/BACS authorised by the business manager.
- 7.19 All cheques/BACS authorisations over £50,000 must be signed by the headteacher or by the business manager in the absence of the headteacher (except monthly payovers – PAYE. NI, pension contributions).

8.0 PERSONNEL

- 8.1 The governing body considers that procedures for the administration of personnel activities including appointments, terminations and promotions are adequate.
- 8.2 Members of the governing body and staff with financial responsibilities are assessed for necessary competencies.
 - For governors these competencies are described in the induction process and subsequent updates.
 - For staff these competencies are incorporated into person specifications and performance management and development process.
- 8.3 All appointments, terminations, promotions, acting allowances and grade changes are confirmed by the pupil and personal committee.
- 8.4 The headteacher shall ensure that all processes of completing, checking and authorising any documents and claims related to appointments, terminations of employment and expenses are carried out by more than one person.
- 8.5 The headteacher is authorised by the governing body to be responsible for changing conditions of service or contracts when necessary.
- 8.6 The headteacher shall ensure that personnel records are secure and administered in accordance with the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000.
- 8.7 The business manager will administer the payroll. The processing carried out by Nottinghamshire County Council Payroll.
- 8.8 The business manager shall ensure that payroll checks are carried out at monthly intervals.

- 8.9 Travel expenses paid to employees shall be paid at rates set by the governing body. These are reviewed annually.

9.0 THE SECURITY OF STOCKS AND OTHER PROPERTY

- 9.1 The headteacher is responsible for ensuring that cash and property are kept in safe custody.
- 9.2 The headteacher shall ensure that stock levels are maintained in such a way as to ensure:
- Continuity and availability of materials.
 - Maximum efficiency of annual budgets.
 - Good condition of stock.
 - Efficient use of storage capacity.
- 9.3 The headteacher shall ensure that annual physical checks are made on stock.
- 9.4 The headteacher shall ensure that a suitable asset schedule/inventory is maintained.
- 9.5 The headteacher shall ensure valuable items are security marked.
- 9.6 The governing body shall ensure that the asset schedule/inventory is checked at least annually against the physical items and that a record of the items checked be made.
- 9.7 The headteacher is responsible for ensuring items of academy property are not removed from the site by members of staff, governing body or pupils without permission. A log should be maintained.
- 9.8 The governing body delegates the responsibility of authorising all write-offs and disposal of surplus stocks and equipment to the Finance and General Purposes Committee.
- 9.9 The disposal of assets shall be in accordance with best value practice ensuring the best value is obtained from the disposal.
- 9.10 Income from the sale of disposals should be traceable to the record of banking.

10.0 INCOME

- 10.1 The governing body considers its Charging and Remissions policy to be appropriate.
- 10.2 The policy for lettings has been approved by the Finance and General Purposes Committee on behalf of the governing body, and is reviewed annually.
- 10.3 Gifts in kind, donated services and facilities shall be valued in accordance with Charity SORP and included in the statement of income for the academy.
- 10.4 The headteacher is responsible for ensuring that responsibility for identifying sums due to the academy is separated from the responsibility for collecting and banking such sums, where practical.
- 10.5 Invoices shall be issued promptly by the business manager following delivery of the service.
- 10.6 The headteacher shall ensure any transfers of money between staff are signed for and conducted in accordance with audit procedures.
- 10.7 The academy office staff shall ensure that all receipts/tickets and other records of income are securely retained.
- 10.8 All money collections shall be performed in accordance with the academy procedure as per "Cash Collection" document.
- 10.9 The headteacher through the business manager, shall ensure that cash and cheques are locked away to safeguard against theft. The amount of money held at any one time shall not exceed the amount covered by insurance.
- 10.10 All monies received shall be banked at regular intervals.
- 10.11 The governing body does not permit the encashment of personal cheques from income collections or the use of income collections for other payments.

- 10.12 Reconciliation of financial accounts shall be carried out in accordance with audit procedures.
- 10.13 Debts must be written off in accordance with DfE regulations. The governing body must be informed of any such debt prior to it being written off. A record of the sum written off must be kept.

11.0 BANKING ARRANGEMENT

- 11.1 The governors operate local bank accounts with Lloyds, Mansfield Branch.
- 11.2 All cheques/payment instructions require two signatures which will be from either the headteacher, the Deputy headteacher, or the business manager. Any combination is sufficient and proper for the Academy.
- 11.3 Income is normally banked weekly.
- 11.4 Bank reconciliations are performed weekly where practical.
- 11.5 Cash flow is monitored by the business manager and if significant balances can be foreseen, steps may be taken to invest the extra funds for appropriate periods and with minimal commercial risk. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. All investments must be authorised by the governing body (through the Finance and General Purposes Committee in the first instance)

12.0 PETTY CASH

- 12.1 The governors operate an imprest system for petty cash
- 12.2 The float limit is £1500 or in extreme cases a greater amount with the agreement of the trustees of the Academy.
- 12.3 The petty cash account is used for minor purchases up to a limit of £150 per item or in extreme cases a greater amount with the agreement of the trustees of the Academy.
- 12.4 The petty cash account is reconciled regularly.
- 12.5 Outside academy hours all monies are kept in a locked safe.

13.0 DEBIT CARD

- 13.1 The governors have approved the use of one debit card issued by Lloyds plc.
- 13.2 The cardholder is Mrs J Marsh, Business Manager.
- 13.3 The spending on the card is charged direct to the academy current account.
- 13.4 The limit for the use of expenditure made on the debit card is £10,000.
- 13.5 Receipts are retained for transactions and reconciled to the bank statement.
- 13.6 The debit card must not be used for personal purchases.
- 13.7 If the debit card is lost it must be immediately reported to the bank and the headteacher.

14.0 VOLUNTARY FUNDS

All funds under the control of the academy trustees must be incorporated in a single set of statutory financial accounts. There is no provision in the legal framework of academies for a separate school fund.

15.0 JOURNAL TRANSACTIONS

Journals are to be processed by the business manager. A journal is raised by the headteacher and the appropriate steps are taken by the business manager to conclude it.

16.0 VAT RETURNS

These are done on a monthly basis by the business manager and signed by the headteacher.