WOOTTON PARK

'Ipsum quod faciendum est diutius durant'

Financial Regulations Manual

Wootton Park School

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INTRODUCTION
The purpose of this manual is to ensure that the academy maintains and develops systems of financial control, which conform to 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 Secretary of State.

The academy must comply with the principles of financial control outlined in the guidance published by the DfE in the Academies Financial Handbook July 2023. This manual expands on that and provides detailed information on the academy's accounting procedures. The manual should be read by all staff involved with financial systems and reviewed periodically.

RESPONSIBILITIES

Introduction
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.

Governing Body
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 Secretary of State. The main responsibilities include:-

- Ensuring that grant from the DfE is used only for the purposed intended
- Approval of the annual budget
- Appointment of the Accounting Officer/Principal
- Appointment of the Business Manager/Finance Director, in conjunction with the Principal
- Be independent and objective, and **not** performed by the accounting officer, CFO or other member of the finance team
- Be done by someone "suitably qualified and experienced" and "able to draw on technical expertise as required"
- Be covered by a scheme of work set by the audit committee and informed by risk
- Be timely, with work spread appropriately over the year so higher risk areas are reviewed in good time
- Include regular updates to the audit committee, with a report to each committee meeting and an annual report

The Governing Body
The Governing Body has overall responsibility for the finances of the school and meets once a term or more frequently if necessary.

Role of the Committee in Relation to Finance
The Governing Body has adopted the pro forma terms of reference based on the Academies Financial Handbook 2021. The main responsibilities for finance 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 DfE guidance issued to academies
- Authorising the award of contracts over £50,000
- Review reports of the Responsible Officer/Internal Audit on the effectiveness of the financial procedures and controls at least three times a year

Role of the Accounting Officer (Principal)
The Principal is responsible for the following, in accordance with DfE/EFA guidance:-

- To fulfil the duties of the Accounting Officer according to the guidance in the Academies Financial Handbook 2023
- The Accounting Officer is responsible to the Governing Body for:
    - ensuring regularity, honesty, quality and probity
    - prudent and economical administration
    - avoidance of waste and extravagance
    - efficient and effective use of available resources and
    - the day to day organisation, staffing and management of the academy
- Included in the responsibilities of the Accounting Officer is a duty to take appropriate action if the Governing Body or the Chairman is contemplating a course of action, which he or she considers would infringe the requirements of propriety or regularity or would not represent prudent or economical administration or the efficient or effective discharge of the governing body's functions.

The Role of the Business Manager:-
The Business Manager is responsible for the following financial duties:-

- To fulfil the duties of the Chief Financial Officer according to the guidance in the Academies Financial Handbook 2021. These are:

    - the day to day management of financial issues
    - the management of the academy's financial position
    - 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
    - ensuring statutory returns are sent to the DfE in line with the timetable set by the DfE

Other staff

Other members of staff, primarily the Finance Manager, Finance Officer and budget holders will have some financial responsibilities and these are detailed in the job/role descriptors and the Scheme of Delegation Policy. 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.

Responsible Officer/Internal Audit

The Governing Body has appointed an external provider to supply the internal audit service who will provide an independent oversight of the Trust's financial affairs. The main duties of the internal audit service are to provide the Trust with independent assurance that:

- the financial responsibilities of the Trust are being properly discharged
- resources are being managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained
- financial considerations are fully taken into account in reaching business decisions
- The submission of an annual summary report to the Education and Skills Funding Agency (ESFA) alongside the audited annual accounts. It should cover the areas reviewed, key findings, recommendations and conclusions.

The internal audit will undertake a termly programme (2 times a year) of reviews for the trust to ensure the financial transactions are being properly processed and that controls are operating as laid down by the trust. A report of the findings from each visit will be presented to the Finance and Resources Governors Committee for review and consideration of remedial action.

REGISTER OF BUSINESS AND PECUINARY INTERESTS POLICY

The Governing Body and members of staff who can influence buying decisions recognise their responsibility to avoid any conflict between their business and personal interests and those of the academy.

The academy, therefore, maintains a register of the business interests of each governor, member of staff with significant financial responsibilities, their relatives and other individuals who may exert influence.

The register includes all business interests such as directorships, share holdings or other appointments of influence within a business or organisation that may have dealings with the academy.

The information in the register is taken into account whenever buying or staffing decisions are made. Any governor or member of staff who has an interest in a business tendering for a contract does not form part of the committee awarding the contract. Any governor or member of staff who has an interest in the appointment, salary, promotion or conditions of service of a member of staff does not form part of the committee recommending or deciding these.

Governors and members of staff are required to inform the academy of any changes in their interests as these arise so that they can be entered in the register. The register is also updated annually. Nil returns are obtained as appropriate. Any governor or member of staff who is unwilling to declare their interests or complete a nil return is not permitted to influence a buying or staffing decision.

The minutes of the Full Governing Body, which can influence a buying decision, record a standard agenda point seeking updates to governors' business interests.

The only exception to the requirement to disclose a business interest is that if the interest is so distant or small that no ordinary right-thinking person would expect it to influence a person who might have dealings with the firm concerned. In such cases, it need not be disclosed. An example is a modest shareholding in a large public company even if the academy has or may have dealings with the company.

The register is freely available for inspection by governors, staff and parents.

Receipt of Gifts, Hospitality, Entertainment and Other Services
Governors and members of staff involved in making buying decisions do not accept excessive, frequent or regular gifts, hospitality, entertainment or other services from existing or prospective suppliers. If gifts are received the relevant Gifts and Hospitality record is completed.

Expenditure on Gifts, Hospitality, Entertainment and Favours
Expenditure on hospitality from public funds is only incurred in the provision of education. Hospitality is generally only provided in the workplace and usually restricted to tea/coffee and light refreshments. Modest hospitality is occasionally provided outside the workplace.

Private Use
The academy does not obtain goods or services for the private use of governors and members of staff. Governors and members of staff may not:-

- Hold any interest in any equipment or property held or used for the academy
- Acquire any interest in the disposal of academy equipment or property at the end of any contract between the academy and any third party

AUDIT

Public Funds
The academy adheres to the external audit regime as outlined in the Academies Financial Handbook 2021 and as required by Companies House. A programme of termly checks to be carried out by the external provider who is undertaking the internal audit service is agreed by the full Governing Body. The programme for external audit is agreed with the external auditor approximately one month before the audit, work is carried out.

The Principal, Business Manager and Governing Body must inform the DfE/EFA in-line with the Academies Financial Handbook 2023 if the following are discovered or suspected:

- Loss or misuse of money
- Financial irregularities
- Fraud or Corruption

INSURANCE

Funds for insurance are delegated to the academy and it must demonstrate it can cover insurable interests under a policy arranged by the Governing Body.

The Governing Body reviews insurance arrangements annually. They ensure that the sums insured are commensurate with risks and include cover for academy property when off the premises.

The Academy is currently insured with the ESFA via the RPA Insurance Scheme. This is the scheme promoted by the DfE for all new free schools. This arrangement will be reviewed annually by the Business Manager to ensure value for money.

Full details of the policy including sums insured and excesses are held by the Business Manager.

All staff must ensure that **ALL** valuables are kept under lock and key when not being used in a supervised manner.

All losses have to be reported to the Police before a claim can be made against insurance. It will be necessary to give details of purchase and serial numbers etc. that will be found on the risk asset register.

The insurers are notified of all new risks, property, equipment, and vehicles, which require insurance, or any other alteration affecting existing insurance on a timely basis.

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

The academy immediately informs its insurers of all accidents, losses and other incidents, which may give rise to an insurance claim. The academy will assist with any reasonable request to support any investigations that insurers may wish to make.

Claims under an insurance policy are authorised by the Business Manager prior to submission to the insurance company.

Any member of staff using their car for academy purposes should amend their personal insurance to include Business Use for this.

TAXATION
The academy abides by the procedures issued by the HMRC (Her Majesty's Revenue and Customs) in connection with VAT and any costs incurred for P11D reporting to the academy's payroll provider.

FINANCIAL PLANNING

Budgeting
The Governing Body has a current plus four-year academy Budget Plan, which explains how it intends to use its resources to achieve its aims and objectives. The plan is costed for current plus three years. The financial year runs from 1st September – 31st August annually.

The approved budget must be submitted to the DfE by the 31st July of 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.

The Budget plan will reflect the best estimate of the resources available to the Trust for the forthcoming year. The budget plan is linked to the School Development Plan (SDP) and focuses on:

- The educational priorities for the academy
- Likely demographic changes affecting learners and staff
- The building and repair maintenance programme
- Repair and renewal programmes for furniture, fittings and equipment

The SDP is an integral part of the academy's self-evaluation cycle and it is reviewed on an annual basis and updated in the light of new information and changed priorities.

The plan is constructed using the following processes:

- Forecasts of the likely number of pupils to estimate the amount of DfE grant receivable
- Review all other income sources available to the Trust to assess the likely level of receipts
- Review past performance against budgets to promote an understanding of the Trusts cost base
- Identification of potential efficiency savings
- Review the main expenditure headings in light of medium term objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes such as contract and service level agreement renewals.
- The allocation of the curriculum budget in line with need and the academy priorities
- An annual review of the academy's self-evaluation priorities, which forms part of the OFSTED inspection requirements;
- The identification of ICT developments on the basis of priorities detailed in the ICT development plan
- The identification of premises developments on the basis of priorities detailed in the premises development plan
- Verifying planned levels of unspent balances - ensuring the resulting annual surplus or deficit is in line with plans to recover from an overall deficit position or build up unspent balances to fund future development plans

The annual budget is derived from the academy's SDP. The budgeting process starts at the beginning of the spring term each year. The Business Manager/Finance Director and Principal draw up a draft budget for the following financial year by May and this is submitted to the Governing Body for their review, discussion and amendment if appropriate. The budget is then approved by the Governing Body in June/July.

The Governing Body may not set a deficit budget. If an unplanned deficit occurs during the financial year, the academy notifies the DfE/ESFA as soon as it is aware of this. Draft budgets will be fully discussed with the Finance & Resources Sub-Committee and ratified by the Full Governing Body.

The academy submits the final agreed budget, together with the assumptions underpinning the budget, to the DfE/ESFA by the specified deadline. The finalised budget must be submitted to the ESFA as part of the budget forecasting return by 31st July each year.

The budget can only be amended for virements after it has been approved by the Governing Body. The only exception to this is the creation of income and expenditure targets to enable spending of donations/private monies/grants.

The Governing Body formally monitors the implementation of the academy's budget.

FINANCIAL REPORTING

The academy prepares accounts in the various formats required as specified in the Academies Financial Handbook 2021 and the Annual Accounts Direction.

Budget Monitoring Reports
Monthly management reports will be prepared by the Finance Manager. The report will detail actual income and expenditure against budget headings including actual vs budget, actual + forecast vs budget for the Finance & Resources Sub-committee; who will then present a verbal summary to the FGB. Any potential overspend against the budget must in the first instance be discussed with the Business Manager and Principal.

The monitoring process should be effective and timely and highlight variances in the budget so that differences can be investigated and action taken where appropriate. If the budget overspend is forecast it may be appropriate to vire money from another budget or from the in year surplus or utilise prior year's reserve balance.

All budget virements over £5,000 must be authorised by the Principal, over £20,000 must be authorised by the Finance and Resources Committee.

CASH FLOW
The Finance Manager is responsible for monitoring cash flow forecasts to ensure that the academy has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps are taken to invest the extra funds. The Business Manager will report accordingly to the Principal.

COMPUTERISED ACCOUNTING SYSTEM
The Academy will prepare a Business Continuity plan, which will include a disaster recovery plan in the event of loss of accounting facilities or financial data. This links 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.

The academy's accounting system is computerised. Access to the system is restricted to the academy's employees and those authorised by the Principal, such as an outside accountancy or bursarial service. The system is accessed by passwords, which are changed routinely. Passwords are only known by the relevant member of staff and the system manager. Passwords are changed immediately if an employee is aware that an unauthorised person has learnt their password. If an outside provider uses the computerised accounting system, they are given their own user ID and password.

Software is installed on the academy's computer systems to detect viruses, spyware, and other malicious threats. Regular updates are used to ensure that the latest threats are detected. There is also a facility for cleaning up infected files. The Schools' computer network is managed by Dataspire who oversee all IT training and security.

Access for staff who are no longer employed by the academy are removed as soon as the staff member leaves.

Dataspire backs the system up daily via an external link. A full daily back backup is also taken to tape and taken off-site and not overwritten for three weeks.

The academy complies with the requirements of the Data Protection Act with only the Principal, Business Manager and other delegated named staff able to print secure financial data.

Alterations to any original documents such as cheques, invoices, orders and other vouchers are made clearly in ink and initialled. The use of correcting fluid or the erasure of information is prohibited.

All accounting records including invoices, delivery notes, bank statements etc. are retained in hard copy for six years, plus the current year, in a secure area.

Transaction processing
All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. The Principal, Business Manager or Budget Holders must authorise all transactions they are responsible for.

The Business Manager will review system reports to ensure that only regular transactions are posted to the accounting system. Non-standard journals must be reviewed and authorised by the Principal or Business Manager on a regular basis. The report obtained and reviewed will include:

- Audit trails
- Reports for the payroll, purchase ledger and sales ledger
- Management accounts summarising expenditure and income against budget
- Journals for prepayments and accruals

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

- Sales ledger control account controls debtors e.g. lettings
- Purchase ledger control account

- Payroll control account
- All suspense accounts
- Bank balance per the nominal ledger to the bank statement

The Business Manager will sign all reconciliations as evidence of review.

AUTHORISED SIGNATORIES LIST

An authorised budget holder signatory list, including specimen signatures and covering all the key financial systems, is held in the finance office for reference purposes.

PAYROLL

The Governing Body give day-to-day responsibility to the Principal & Business Manager to formally approve all appointments, terminations and salary levels up to but not including Vice Principal and Threshold applications. The Pay Committee formally approve all appointments, terminations and salary levels for the Senior Leadership Team including the Principal and approve threshold applications annually.

They have established procedures to:

- Ensure personnel are competent, suitably qualified and trained to a level consistent with their responsibilities
- Provide clear statements of criteria for personnel selection
- Provide formal job descriptions
- Ensure that the cost of all appointments, re-grading and any other changes in conditions of service of staff can be met within the resources available to the academy
- Ensure that all relevant safeguarding, ID, health checks are carried out before an appointment is confirmed

The Business Manager maintains a list of staff employed by the academy and their current salaries, which has been authorised by the Principal/Pay Committee.

The Trust's payroll is administered via an external third party payroll provider (EPM) the service level agreement of this contract is held by the Business Manager.

Access to personnel files is restricted to the Principal, HR Manager and PA to the Principal. The HR Manager is responsible for monitoring starters, leavers, sick leave, maternity/paternity leave etc.

The payroll agent processes the staff payroll only on the instructions of either the Principal, HR Officer or Business Manager. They do not process salary changes authorised by the person whose salary is changing. The Chair of Governors notifies any changes to the Principal's salary to the payroll agent. The Principal must notify the payroll agent directly of any changes to the Business Managers salary. All other payroll changes must be authorised via the EPM portal by the Principal.

All staff are paid monthly and payments are made as follows:

- Net payments to staff, by BACS, to employees of the academy
- Overtime claims, as part of net payments to staff, through the payroll

Third party, including payments to HMRC, Teachers Pensions, LPGS and Trade Union subscriptions are processed by the payroll provider. The payroll agent provides reports advising these monthly payments.

No individual is treated as 'self-employed' without the clearance of HMRC.

Any performance related pay payments must be authorised by the Pay Committee.

Monthly Procedures for Payroll

- The HR Officer or PA to Principal receives all expenses and overtime.
- Business Manager checks the validity of the claim, identifies ledger to be charged and hourly rate if necessary. Claim forms are processed by the HR Officer or Business Manager l; these are input into the external payroll system in-line with deadlines provided.
- Business Manager and Principal checks the payroll monthly report to ensure accuracy of payments made.
- Business Manager will reconcile all payroll transactions to correct ledger codes paying careful attention to clearing payroll control each month. If any balances remain on payroll control they are clearly annotated.
- All payroll checks and reports are retained for inspection in a safe and secure cabinet, which is only accessible to the Business Manager and Principal.

Failure to the Payroll System
The academy's bank has been consulted regarding a possible failure to the payroll system or the usual method of transmission. In the event that pay details could not be transmitted to the bank via the usual system, the payroll database would be emailed directly to the bank and the content checked via telephone. The bank would arrange payments directly.

In the event of total IT failure at the academy, payments would be discussed directly by telephone with the payroll agent. Our payroll provider has reciprocal arrangement in place with external payroll agencies. In the event of total failure either CHAPS or cheques would be used which will need to be authorised by two named signatories.

PURCHASING
The Governing Body makes their buying decisions in accordance with the principles of 'best value',

- Probity - it must demonstrate that there is no corruption or private gain involved in the contractual relationships of the Trust
- Accountability – The Trust is publicly accountable for its expenditure and the conduct of its affairs
- Fairness – that all those dealt with by the Trust are dealt with on a fair and equitable basis

The Health and Safety competence of contractors is assessed, taking into account the policies and procedures of the DfE/ESFA.

Only contractors registered with their professional or trade association are employed to carry out major work at the academy, e.g. CHAS or Corgi registered.

Procedure
The value of the purchase or contract will determine the purchase procedure, namely:-

Purchase under £1,000 per item	routine purchasing using catalogue prices of suppliers
Purchases £1,000 to £4,999	two written quotations
Purchases £5,000 to £19,999	three written quotations
Purchase over £20,000	formal tender

Purchases will be made in accordance with the budget approved by the full Governing Body. Sufficient checks will be carried out to ensure suppliers are financially robust and adhere to generally considered acceptable business practice i.e. not knowingly known for bribery, corruption or child labour/slavery.

Orders from one source of supply
Where it is considered that there is only one source of supply the Principal and Governors must satisfy themselves that competition is not possible and keep a record of details in support of the order.

Routine Purchases
Governors would prefer that each purchase is made on its merit and individual suppliers used as and when required. The proper maintenance of an approved list is thought not to warrant the time required. The Academy will seek value for money for each purchase as detailed in the Academy's Procurement Policy.

Quotations
At least three written quotations should be obtained for all orders between £5,000 and £19,999; it identifies the best source of goods/services. Written details of the quotations should be prepared and held by the Business Manager for audit purposes. Telephone quotes are acceptable but these must be evidenced with faxed confirmation of quotes.

Tendering
All purchases with a value of £20,000 or more are put out to formal tender or purchased through a pre-tendered scheme such as CPC Consortium. If not purchased via a pre-tendered contract arrangement the academy advertises throughout the member states of the European Community where there is a legal requirement to do so, currently £111,676 (threshold from 01/01/14) per contract. Orders over the EC tender limit, a single order or a period over 48 months must be advertised in the Official Journal of the European Union (OJEU). Guidance on the OJEU thresholds is given in part 3 to the Academies Financial Handbook 2015.

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.

Forms of Tender

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

Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the 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 are appropriate where: there is a need to maintain a balance between the contract value and administrative costs a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the Trust's requirements the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering or the service is of a confidential nature

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances: the above methods have resulted in either no or unacceptable tender, only one or very few suppliers are available extreme urgency exists additional deliveries by the existing supplier are justified Preparation for Tender

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required and constraints (if any)
- after sales service requirements
- form of contract

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

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

An invitation to tender should include the following:

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

Aspects to Consider
Financial

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

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities

- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers

Other Considerations

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

Tender Acceptance Procedures

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

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of building project tenders, which will include the Internal Project Manager, External Project Manager and Quantity Surveyor. For all other tenders the persons present would be chosen from the Business Manager, Principal and another member of SLT.

A separate record should be established to record the names of the firms submitting tenders and the amount tendered. Both people present at the tender opening must sign this record.

Tendering Procedures

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

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

Full records should be kept of all criteria used for evaluation and for contracts over £20,000 a report should be prepared for the Finance and Resources Committee highlighting the relevant issues and recommending a decision.

Generally, the accepted tender should be the one that is best value for money to the Trust however there might be times when quality is more important i.e. safety. All parties should then be informed of the decision.

Routine Purchasing

The Finance Manager will notify the approved budget holders of the budget available to them. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Budget holders have live data on the financial package to which they have personal log in details.

In the first instance, a supplier should be chosen by the Finance Department. A quote or prices must always be obtained before an order is placed. If the budget holder considers better value for money can be obtained by ordering from a supplier not on the approved supplier list, the reasons for this decision must be discussed and agreed with the Business Manager.

Purchase Orders

Computerised, pre-numbered orders are used for all goods and services and all orders are placed through the admin office. All purchases should have a purchase order number where possible. This supports good authorisation and commitment cash flow reporting.

Orders are only made by telephone in exceptional circumstances. A copy of any spoiled/cancelled order is retained on the computer, and marked as such. Official academy orders are not generated for the private use of individuals.

The process for ordering is as follows:-

- The budget holder raises an order via Access financials stating the number of items and price of the order to be raised. In the event the supplier is not listed on the system, the finance team will set up a new supplier in order for the budget holder to finalise their order.
- The budget holder notifies the finance team who checks the order details and that the budget holder has sufficient funds for the purchase.
- The finance team will authorise the official order on behalf of the budget holder who will have authorised the requisition on the original order.
- The finance team distributes the copy orders as follows:
    - Electronic copy (official order) to the supplier
    - the second copy is retained in the finance office
- The computer records all orders placed that have not yet been invoiced
- Budget holders are able to access reports on their remaining budget from their log in, in the event this is not accessible the finance team can provide a list of orders to the relevant budget holders upon request
- Cancelled orders are marked as such, with the reason for cancellation and retained in the admin office

Receipt of Goods

- All goods received are delivered to the budget holder who carries out a prima facie check to ensure that the delivery is complete
- If the delivery is only partly fulfilling an order, the budget holder notifies the finance office which maintains a record of this
- The finance office follows up any shortages or defective items with the supplier

Purchase Invoices (of orders)

- The finance office grid stamp the invoice on receipt and emails it to the budget holder for approval
- The finance office checks the invoice against the order and delivery note which should be included with the email from the budget holder giving approval for payment to be made to the supplier
- Open POs should be reviewed periodically and closed to prevent fraud and overspent budgets.

Purchase Invoices (of non-orders)

It is the policy of the Academy to restrict the number of non-order purchases wherever possible. There are circumstance however where this is unavoidable e.g. payment of monthly utility invoices. In all cases, payment must be authorised by the budget holder. There should be a periodic review of increases with regards to bank charges, price increases and rate reviews.

Payment of Invoices

It is the policy of the academy to pay all invoices by the due date and to take advantage of any discounts available for early settlement where this is to the academy's advantage.

Invoices are paid within 30 days unless they are disputed.

Payment is made when the finance office has made the following checks: -

- The purchase is recorded on the purchase ledger
- The purchase represents valid academy expenditure
- Goods or services were ordered using the academy's ordering policy
- Goods or services have been received and checked to the order and delivery note where available
- Payment has not already been made
- Prices agree with quotations, tenders, contracts or catalogue prices
- The arithmetic on the invoice is correct
- The invoice has been correctly coded
- Discounts have been taken where applicable
- VAT is properly accounted for and not claimed on pro-forma invoices

The finance office completes the entry of the invoice onto Access financials.

The Business Manager authorises payment, having ensured that the budget holder has signed the order and that all of the academy's procedures have been followed.

The Finance Office will perform a monthly BACS/cheque run (more often if necessary). Unless under exceptional circumstances as deemed by the Principal, no advance payments for good or services will be permitted.

Cheque/BACS payment
All supporting documentation is passed to the signatories together with the cheque/BACS slips for signing. The cheque/BACS signatories initial the BAC's run as a record to show that they were signing for valid academy expenditure and that the relevant pre-checking process had been carried out by the finance office.

Credit Notes
Credit notes are attached to the relevant invoices when they are received.

Controls over Expenditure
Individual budget holders are able to authorise for goods and services and within their budget. Authorisations over £500 for an individual item will be brought to the attention of the Business Manager who will check it is a legitimate expenditure.

Budget Holders
Budget holders are informed of the budget available to them at 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 live data value detailing actual expenditure against budget is available to each budget holder from the finance package and budget holders are encouraged to keep their own records of orders placed but not paid for.

Petty Cash

Petty cash is used for the purchase of minor items, which have been budgeted for. The petty cash float is maintained on the Access financials system and the maximum balance is £300. The float is reimbursed from the main bank account. The petty cash tin is held in the safe.

Budget holders can request petty cash for urgent purchases up to £50 on completion of a Petty Cash Request Form. The requestee and a member of the finance team must sign this form. After the purchase has been made a valid until (VAT) receipt or other proof that payment has been made must be presented to the finance office with any change from the purchase. Exceptional requests for cash exceeding £50 may be requested when no alternative method of purchase is possible. In these circumstances, the petty cash request form must be authorised by the Business Manager and all receipts presented. The limit of these exceptional transactions would not exceed £200. The person receiving reimbursement signs for the amount received.

Petty cash is administered by the Finance Office but the person reconciling cannot be the person managing the petty cash.

The petty cash float is reconciled on a monthly basis by the Finance Assistant. The reconciliation is checked by the School Business Manager monthly and initialled as evidence of this review. The Business Manager will carry out an unscheduled count of petty cash at least once a year.

In no circumstances are-

- Personal cheques cashed through petty cash

INCOME

The Governing Body has overall responsibility for ensuring that all income due to the academy is properly accounted for. Day-to-day responsibility for this is delegated to the Business Manager. The main sources of income for the Trust are the grants from the DfE. The receipt of these sums is monitored by the Business Manager who is responsible for ensuring that all grants due to the Trust are collected. The academy also obtains income from-

- Learners and parents, mainly for trips, fee paying extra-curricular clubs, music tuition, uniform, and contributions for curriculum project materials
- Charitable donations, the PTA for example
- Hirers of lettings facilities
- Acorns wrap around care
- ParentPay food sales – this is administered via the Finance Office

Controls Over Incoming Funds

The academy operates the following control procedures for income:-

- The responsibility for identifying and recording sums due is separated from the responsibility for recording and banking monies received
- Where invoices are required they are issued promptly
- Numbered academy income slips are maintained which link to the bank paying in slip

- All documentation relevant to income received is maintained and filed
- Cash and cheques are locked in the safe
- Income collected is paid promptly into the school bank account
- Income collected is not used for the encashment of personal cheques or other payments
- Income collected is reconciled to income banked and bank paying in slips show the split between cash and cheques
- The Governing Body must give approval for any write off of debts not collectable
- The person managing cash is different from the person reconciling cash/bank to income.

Daily Cash Book
All incoming and cash are recorded promptly and entries verified by someone other than the person who has made the entry.

Fund-Raising Events
Records are maintained for each fund-raising event, in sufficient detail to identify gross receipts and how they have arisen and all costs incurred.

For all events for which there is ticket income or gate money, reasonableness checks are carried out to ensure the takings equate to the number of tickets issued multiplied by the price per ticket. This is the responsibility of the budget holder organising the event.

Letting of Academy Facilities
All lettings are subject to a letting agreement, setting out the terms and conditions of the academy letting including the agreed charge.

The charging policy will be reviewed every three years by the Finance and Resources Committee. Free use and charges below economic cost are not permitted, with the exception of agreed social and community use where the free use benefits the whole of the local school community.

The Finance Manager and/or Site administrator is responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation.

Details of organisations using the facilities will be held by the Finance office who will establish a sales ledger account and produce a sales invoice from the accounting system.

No debt should be written off without the express approval of the Finance and Resources Committee. The DfE's prior approval is also required if debts to be written off are above the value set out in the Academies Financial Handbook 2023.

Organisations using the facilities should be instructed to send all payments to the finance office email address: financedept@woottonparkschool.org.uk

Academy Trips/Educational Visits
A trip co-ordinator must be appointed for each trip to take responsibility for the collections of sums due. The Office Manager will prepare a record for each learner intending to go on the trip showing the amount due. A copy of the record is available for the trip co-ordinator upon request.

Parents are encouraged to make payments via the Parentpay system to avoid cash being sent to the Admin office, however if this is the only course for payment these must be sent to the Admin office, clearly labelled. A receipt must be issued for all cash collected. The value of all monies received are recorded against the learner making the payment.

The Admin office should maintain an up-to-date record of each learner showing the amount paid and the amount outstanding.

All transactions relating to Academy's trips/educational visits, charity events and donations are accounted for separately on Access financials - Educational Trips. All monies relating to Educational Trips are held in the Academy's main bank account.

Letters are sent to parents requesting payment for voluntary contributions for all curriculum based trips.

All monies received for trips are paid to the admin office via reception staff or electronically using Parent Pay. The Admin office is responsible for keeping adequate records of income and expenditure on a trip list/monies collection sheet. A separate monies collection sheet is maintained for each trip/educational visit.

All receipts are banked intact.

The Admin office prepares a final income and expenditure account for each trip, which has taken place, and reports these to the Business Manager who ensure that money collected and expended for each trip is in accordance with the academy's charging policy.

Bad Debts
The policy of the Governors is to ensure that all practicable steps are taken to recover money due to the school.

The Governing Body aim to minimise the number of instances that credit is given and to take prompt and appropriate recovery action in respect of unpaid debts.

The Business Manager and Admin office will monitor outstanding debts regularly (at least monthly) using the Aged Debtors reports, lettings records, music tuition records and school fund accounts. After 30 days, issue first reminder. After a further 14 days, issue second and final reminder. If no payment is received following final reminder, the outstanding debt (if above £50) is referred to the Small Claims Court via the Chair the Governors. Consideration will be given to families who might have gone into a period of hardship. These situations will be reviewed by the Principal on a case-by-case basis and reported the Finance & Resources Committee as appropriate.

If a debt remains unrecoverable after one year or if during the year, it becomes clear that the debt will remain unpaid, the Business Manager submits a report to the Finance & Resources Sub-Committee for approval to write off the debt. Bad debts are only written off when the academy has followed all possible procedures to ensure their recovery.

Agreements with Capital Implications
Any financial agreement or purchase with capital implications should be linked to the priorities set out in the schools SDP and comply with the Capital Guidance for schools document.

Completion of school census
The individual schools budget (ISB) is allocated to each school on the basis of a formula. One of the major components of this formula is the total number of pupils in each age range. It is important therefore that a common procedure is followed by every school so that the information about pupil numbers is compiled on the same basis and can be reconciled with attendance registers; thus the Spring Schools' Census which takes place in January is used as a basis for budget allocations.
The Spring, Summer and Autumn School Census data is generated from Schools Information Management Systems (ARBOR) based on information held in various modules

Spring School Census
Prior to the census date, Principals must ensure that information relating to all pupils on roll at the school is up-to-date and accurate. If any pupil has been continuously absent from school for a period of not less than four weeks and both the Principal and the LA have failed after reasonable enquiry to locate the pupil, the pupil should be removed from the admission register and therefore not included on the Spring School Census. However, pupils should not be removed from the school roll for non-attendance without prior discussion with the Education Officer (Pupil Inclusion) (North/South) since the Authority has a duty to ensure that pupils attend school. Removals from school rolls should only be under circumstances outlined in the Education (Pupil Registration) Regulations 1995 (as amended).
Class lists or registration group lists should be produced from ARBOR and checked for completeness before census day. Attendance is monitored daily and registered absences updated by the Attendance and Wellbeing Officer. These should be scrutinised on behalf of the Principal, any changes notified thereon should be investigated and the ARBOR data corrected if necessary.
The Spring School Census return can then be generated, validated to remove errors and uploaded to the COLLECT portal by the School Business Manager.
The Principal is responsible for supervising these arrangements and ensuring that no child is included in the Spring School Census return who has been continuously absent for a period of not less than four weeks, except where the reasons for non-attendance are known and it is clear that the pupil will return to the school in that academic year.
An electronic copy of the Spring School Census return, a printed copy of the return, together with the signed class lists/registration forms, and working papers should be retained by the school for future audit and Ofsted,
The deadlines for the Spring School Census are:

- Census date is always the third Thursday in January.

BANK AND CASH

Bank Facilities
Only the Governing Body can authorise the opening or closing of bank accounts.

The academy ensures that all transactions on its bank accounts comply with DfE/ESFA regulations and with relevant, current accounting instructions and procedures issued by the DfE/ESFA.

The academy does not overdraw its bank account or arrange with its bankers for overdrafts, loans or any other form of credit or deferred purchases. The bank has been informed that the academy is not allowed to borrow funds and that no account should be allowed to become overdrawn. The academy does not offer any security to the bank. All funds surplus to immediate requirements are invested in accordance with the Governing Body's Reserves and Investment Policy.

All BACS and cheque payments from the bank accounts require two authorised signatories. There are four signatories (Principal, Vice-Principal, Chair of Governors and the Business Manager), who are all senior members of staff or the Chair of Governors. The Principals PA maintains an approved list of signatories (including specimen signatures). Cheques are not pre signed.

All cheques drawn are crossed 'account payee only'. All chequebooks and other numbered or secure stationery resources are kept in a locked cupboard or filing cabinet. All bank statements are filed sequentially.

Authorised signatories must not sign a cheque/BACS that relates to themselves.

The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds are subject to the same level of control. These must be authorised jointly by the Principal and Business Manager.

Bank Reconciliations
All bank accounts are reconciled on a monthly basis by the Finance Officer and the Business Manager reviews all reconciliations, signing them as evidence of review.

Cash Banking
Cash and cheques are locked in a secure place prior to banking to safeguard against loss or theft. All cash is banked intact, immediately and recorded on paying-in slips. Bank paying-in slips show the split of cash and cheques.

The Admin office prepares all cash and cheques for banking. In no circumstances do cash holdings on the academy premises exceed the insured limit. The Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted on the accounting system. The reconciliation must be prepared monthly must be certified by the Business Manager.

Credit / Debit Cards

The following procedures would apply for the use of a charge and credit card system once one was established.

- The academy's credit card will be charged to the academy budget account and can only be used for specific purposes
- Authorised users are established as approved by the Principal
- The credit cards are kept with the authorised users
- Budget Holder requests for use of the credit card are made on an order requisition
- All receipts and documentation of the transactions are filed and referenced
- The expenses are posted and reconciled to the relevant accounts
- The balance on the card is to be paid in full each month by direct debit
- The credit card statement is reconciled each month in accordance with the procedures for the reconciliation of the main bank account
- The credit card must not be used for regular payments.

FIXED ASSETS

Asset Register
The Finance Manager will maintain the asset register. The academy includes details of all individual assets with a cost greater than £1000 per item and 'attractive' items below that value, in the asset register. The register records:-

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Source of funding (% of original cost funded from DfE/EFA grant and % funded from other sources)
- Expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset

The auditors check that the asset register has been maintained annually. Any discrepancies are investigated and reported to the Principal who informs the Governing Body of the loss and any known reason for this. The insurers are notified as appropriate.

Disposal of Assets
Items which are no longer required by the Academy but are still useable and could be offered for sale, should be referred to the Principal or designate for authorisation for sale (NB: this does not include leased equipment).

- Up to £1000 – Principal or School Business Manager may decide
- Residual Value over £1000 – refer to Finance and Resources Committee
- The asset register should then be amended accordingly

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

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

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

The following records are kept for all disposals:-

- The item disposed of
- The date of disposal
- The method of disposal
- The proceeds of sale or how disposed of if scrapped
- The person authorising the disposal

No item is sold, leased or hired to a third party without the approval of the Business Manager.

Losses
All losses are reported to the Finance Office. The Finance Office informs the police if the loss is a result of burglary or theft and the insurance company is informed at the same time. Action is taken immediately to prevent further loss. Reasonable steps must be taken to secure any asset once received.

The admin office maintains a record of losses and insurance monies received. The Finance & Resources Sub-Committee is informed of all losses.

LEASING
The Business Manager and/or Principal is responsible for approving all leasing and hiring arrangements.

No leased item is disposed of without the express permission of the leasing company. This includes sale, part exchange, scrapping, and writing off, donating, re-leasing, subletting or any other form of disposal.

The academy may not enter into any lease agreement to dispose of land and property without the approval of the DfE/ESFA.

INVESTMENTS
Investments are made only in accordance with our Funding Agreement.

Investments are recorded in sufficient detail to identify the investment and to enable the current market value/return to be calculated. The information required will normally be the date of purchase, amount invested, type of investment and anticipated return on investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Investments will be undertaken only through the schools nominated bank and any investments involving risk of any kind will not be either considered or undertaken.

Appendix 1 – Capital Guidance for Schools

1. Introduction

2. Definitions of Capital and Revenue Expenditure

3. Classification of Capital Expenditure

4. Accounting for capital

5. De-minimis limits

6. School Capital Returns

7. Asset Registers

8. Capital Grants

9. Contacts

1. Introduction

1.1 The regulations governing accounting require revenue and capital expenditure to be reported in distinct ways. Spending on capital provides a longer term benefit to the school, so therefore spend can be spread over the economic life of the asset (i.e. via depreciation). Only capital expenditure may be funded from capital resources such as capital receipts and capital grants.

1.2 It is important that schools appropriately record eligible capital expenditure in their accounting systems. The data included in the Capital Returns is included within the Statement of Accounts which is a public document and audited by External Auditors. Auditors will test to ensure that capital and revenue expenditure has been correctly classified by undertaking a sample of the spend reported as capital.

2. Definitions of Capital and Revenue Expenditure

2.1 Capital expenditure is defined as:

"The purchase of an asset (tangible or intangible), or expenditure which adds to/enhances and not merely maintains the value of an existing asset"

For expenditure to be treated as capital, the asset must:

- be used for more than one year
- be above the £2k de minimis (see section 2.4)
- Increase the useful life, performance or value of the asset

Distinguishing between expenditure on existing assets that maintains the use or value of that asset and expenditure that improves use or value can be difficult and judgement will always be required. The following key words can be indicators of whether expenditure is more likely to the capital or revenue expenditure:

Capital expenditure	**Revenue expenditure**
Enhance	Repair
Upgrade	Maintain
Extend	Remedial
Improve	Renew
Construct	Service
Acquire	Retain

2.2 Revenue expenditure covers the running costs of the school and generally relates to items that have a life span of less than one year. Expenditure incurred in relation to the repair and maintenance of existing capital assets or warranties/guarantees acquired on the purchase of assets, irrespective of the amount, are not capital expenditure and must be treated as revenue. This is because it is not enhancing the asset but is simply maintaining the asset.

2.3 Capital costs must be attributed to specific capital projects. It is therefore important to ensure that, when work is commissioned, the revenue and capital elements of the contractor's costs are separately identified. Where a contract has both capital and revenue elements within it, separately identified overheads associated within the contract can be apportioned to the capital expenditure in the same proportion as the capital expenditure to total costs.

2.4 For reasons of materiality, de minimis levels are applied, below which expenditure is treated as revenue. The de minimis level is £2,000. This level should be applied at scheme/project level rather than on an invoice-by invoice basis.

3. Classification of capital Expenditure

3.1 Schools must ensure they correctly classify assets when they submit their school capital returns to ensure that assets are correctly valued and depreciated in the accounts.

3.2 The main categories of asset are:

- Land and Buildings
- Equipment
- ICT equipment
- Vehicles
- Intangible assets (assets which do not have a physical substance)

3.3 Common assets/capital expenditure that fall into each of the categories are shown in the table below:

Land and buildings	Equipment	ICT equipment	Vehicles	Intangible assets
School building and land	Play structures/climbing frames	Whiteboards/Smart boards	Mini-buses	Software (where use of the software is granted for a period of at least 1 year)*
Extensions to school buildings and renovation works	Classroom/office furniture	Computers (laptops, desktops or tablets)	Cars	
Outdoor classrooms (structure)	Play/gym equipment	Servers		
Canopies	Moveable kitchen equipment e.g. microwaves	Cabling for IT systems		
Boilers	Light fittings	Printers/scanners/ photocopiers		
Toilets/sinks	Sports equipment	Projector		
Internal and external doors & school gates	Fire blankets/extinguishers/fire alarms			
Roof/windows enhancement works	CCTV cameras			
Fire alarm systems	Cupboards, shelving units, storage units			

*Annual licences or subscription charges cannot be capitalised and must be treated as revenue expenditure.

4. Accounting for capital

4.1 All expenditure on the acquisition, creation or enhancement of fixed assets must be accounted for on an accrual's basis and capitalised, subject to a de-minimis limits of £2k.

4.2 ESFA's or the LA valuers will determine the useful life of any School buildings. For vehicle, plant, and equipment assets, it is assumed that the useful life of the capital asset is 3 years.

5. The Purpose of School Capital Returns – Land and Buildings - BFR

The purpose of the ESFA Land and Building and BFR return is to capture capital expenditure incurred in schools so that this can be accurately reflected. These returns also record expenditure against Devolved Formula Capital which is required by the ESFA to meet its responsibilities regarding grants allocated by the Department for Education

Schools must ensure the capital expenditure meets the definition of capital and that the type of asset the capital expenditure is creating is correctly classified. The type of assets are:

a) Acquisition of land and buildings
b) Enhancement of Land and Buildings
c) Vehicle, Plant, Furniture and Equipment (Includes ICT equipment);
d) Intangibles (e.g. software licences).

- Schools must keep copies of their Interim and Year End Capital Returns for eight years. (7 years plus the current financial year).
- Schools' vehicle, plant, furniture and equipment capital expenditure are depreciated over 3 years, commencing in the year after the capital expenditure has been incurred. All school assets in this class will be depreciated in line with this policy.
- Schools must ensure the opening balances of funding brought forward from the previous financial year on their Capital Return agrees with the closing balances from the previous financial year's Capital Return.

6. Asset Registers

<u>The purpose of asset registers</u>

The school owns a significant amount of equipment, furniture, vehicles etc which must be recorded for operational and insurance purposes, in accordance with Finance regulations. is also required to demonstrate that it has accurate records of these major resources and their value.

Schools are therefore required to maintain an asset register. The requirements are detailed below;

<u>Asset Records</u>

- Schools must keep a register of all the school's capital fittings, furniture, equipment, ICT hardware, ICT software and vehicles. This must include any funded purchases.
- Items identified on capital return submissions should be recorded appropriately in the schools Asset Register. The Asset Register must also include assets where the funding has been received from the LA as a re imbursement.
- The Asset Register should include the location of the asset, type of asset, description of asset (including serial numbers if relevant), purchase price and date of purchase.
- For older assets where record on purchase no longer exists, use estimates.
- The Asset Register must include information on when the asset was disposed of.

<u>Asset Disposals / Asset Transfers</u>

- When any asset is disposed of, lost, written off, damaged, taken out of operational use or donated/transferred to any other organisation including another school, particularly if the asset is less than 3 years old the Principal or Governing body must give permission for this to happen
- Disposal/transfer/other change notification to the Capital Finance Team should include the estimated purchase price of the asset, year of purchase and description of the asset.
- The Asset Register must be updated for asset changes including the date of the disposal/transfer/write off.

Asset Verification and External Audit Queries

- Schools are required to, at least termly, ensure / verify the existence of assets. Notes should be recorded of actions if any that are required to be undertaken, i.e. disposal.
- Schools should document that the check has taken place.
- The Schools Financial Value Standard requires Governing Bodies to ensure and record that they have reviewed the asset register annually.
- In addition, the School Business Manager will also carry out testing to verify asset existence as required by external auditors.
- Schools must respond to all asset verification requests by the given deadline.
- Schools must respond to all external audit requests to take photographs of assets and to provide invoices demonstrating capital spend within a week of receiving the request.

8. Receipt of Capital Grants

a) Schools must ensure that capital grants are spent as per the terms and conditions attached to the grant and have been spent on the correct projects and for the purpose provided and have been spent within time limits.

8.2 Devolved Formula Capital Grant (DFC):

Schools must ensure they spend all their Devolved Formula Capital (DFC) by the deadline (by 3 years five months following the end of that financial year). However, for the purposes of the grant return, if unspent balances have been saved up for defined projects, these are deemed to be spent within the time limit.

Guidance for Condition Grants can be found via the search icon on www.gov.uk