

**GREAT OAK MULTI ACADEMY TRUST**



## **Financial Regulation Policy**

**Approved by the Board of Directors September 2018**

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## 1. Introduction

- 1.1 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 and Skills (DFE).
- 1.2 The MAT must comply with the principles of financial control outlined in the academies guidance published by the DFE. This manual expands on that and provides detailed information on the academy's accounting procedures and system manual and shall be read by all staff

## 2. Organisation

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

### **The Board of Directors**

- 2.2
  - ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DFE guidance issued to academies;
  - 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 Audit Committee**

- 2.3 The Committee shall be appointed by the Board of Directors and shall include:
  - 3 Directors– to be appointed from those Directors other than the Chair of the Board or Executive Headteacher;
  - 2 independent members appointed for his/her experience and expertise by the Board.
- 2.4 The Audit Committee will have responsibility for:
  - **Monitoring the Multi Academy Trust's overall financial condition**  
The Committee will review high level reporting on budgets and any deviation from the agreed annual Budget, the consistency of and any changes to accounting policies and practices, and whether the appropriate accounting standards have been followed.
  - **Monitoring the probity of the financial systems**

The Committee will review the audit management letter and the Institute's response to the auditors' findings and recommendations, and the Institute's risk management systems and reporting,

- **Monitoring expenditure for probity and value**

The Committee will review the delegation and responsibility for budgets and internal controls including expenditure approval, cheque signatory limits.

### **The Governing Body**

- 2.5 The Governing Body has overall responsibility for the administration of the academy's finances as delegated to it by the Board of Directors. 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.

### **The Finance and Premises Committee**

- 2.6 The Finance and Premises Committee is a committee of the Governing Body. The Finance and Premises Committee meets at least once a term but more frequent meetings can be arranged if necessary.
- 2.7 The main responsibilities of the Finance and Premises Committee are detailed in written terms of reference which have been authorised by the Governing Body. The main responsibilities include:
- the regular monitoring of actual expenditure and income against budget;
  - authorising the award of contracts over £5,000;
  - authorising changes to the academy personnel establishment; and
  - reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Governing Body.

### **The Headteacher**

- 2.8 Within the framework of the academy development plan as approved by the Governing Body the Headteacher has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the MAT 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;
  - authorising contracts between £1,000 and £4,999;

- signing cheques in conjunction with the MAT Business Manager/ MAT Office Manager or other authorised signatory.

### **The MAT Business Manager**

2.9 The MAT Business Manager works in close collaboration with the Executive Headteacher through whom he or she is responsible to the directors. The MAT Business Manager also has direct access to the governors via the Finance and Premises Committee. The main responsibilities of the MAT 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;
- 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;
- signing cheques in conjunction with the Headteacher or other authorised signatory and
- ensuring forms and returns are sent to the DFE in line with the timetable in the DFE guidance.

### **The Responsible Officer**

2.10 The Responsible Officer (RO) is appointed by the Board of Directors and provides governors with an independent oversight of the Trust's financial affairs. The main duties of the RO are to provide the Trust and each Governing Body with independent assurance that:

- the financial responsibilities of the Trustees 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.

2.11 The Responsible Officer will undertake a programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the Board of Directors. A report of the findings from each visit will be presented to the Finance and Premises Committee. Detailed guidance on the transactions to be checked by the RO is given in Appendix A of the DFE Guidance.

### **Other Staff**

2.12 Other members of staff, primarily the MAT Business Manager (**MAT Officer Manager 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 Interests**

- 2.13 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.
- 2.14 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.
- 2.15 The existence of a register of business interests does not, of course, detract from the duties of directors, governors and staff to declare interests whenever they are relevant to matters being discussed by the Board of Directors, Governing Body or a committee. Where an interest has been declared, directors, governors and staff should not attend that part of any committee or other meeting.

## **3. Accounting system**

- 3.1 All the financial transactions of the academy must be recorded on the Sage accounting system. The Sage system is operated by the MAT Business Manager and consists of:
- Journals
  - Nominal Ledger Bank
  - Transactions
  - Purchases Ledger
  - Sales Ledger
  - Automatic update
  - Manual update

### **System Access**

- 3.2 Entry to the Sage system is password restricted and the MAT Business Manager is responsible for implementing a system which ensures that passwords are changed at least every 3 months.

### **Back-up Procedures**

- 3.3 The MAT Business Manager is responsible for ensuring that there are effective back up procedures for the system. Data should be copied onto an external hard

drive or other removable medium and the copies stored in a secure place preferably in a fireproof container. Back-up copies should be taken on at least a weekly basis.

- 3.4 The back-ups should not be recorded on the same external hard drive each time as this results in only one copy being available. In order to provide more protection from the loss of data at least two different external hard drives discs should be used in rotation and stored in different locations. At least one copy should be stored off-site.
- 3.5 A hard copy of the nominal ledger and audit trail should be printed each month and should be stored separately from the accounting system in a fireproof container.
- 3.6 The MAT Business Manager shall 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**

- 3.7 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. Bank transactions should be input by the MAT Business Manager / MAT Office Manager and the input should be checked and signed to evidence this check, by the Headteacher.

#### **Transaction Reports**

- 3.8 The Executive Headteacher will obtain and review system reports to ensure that only regular transactions are posted to the accounting system. The report obtained and reviewed will include:
  - the monthly payroll audit trail reports;
  - the weekly suggested payment reports;
  - the monthly bank reconciliation;
  - management accounts summarising expenditure and income against budget at budget holder level.

#### **Reconciliations**

- 3.9 The MAT Business Manager is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:
  - purchase ledger control account;
  - payroll control account;
  - all suspense accounts and
  - bank balance per the nominal ledger to the bank statement.

- 3.10 Any unusual or long outstanding reconciling items must be brought to the attention of the Executive Headteacher. The Executive Headteacher will review and sign all reconciliations as evidence of this review.

#### **4. Financial planning**

- 4.1 The academy prepares both medium term and short-term financial plans.
- 4.2 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.
- 4.3 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.
- 4.4 The development planning process and the budgetary process are described in more detail below.

##### **Development Plan**

- 4.5 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.
- 4.6 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.
- 4.7 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" and
  - feedback into the next planning cycle – "what worked successfully and how can we improve?"
- 4.8 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.



- 4.9 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.
- 4.10 For each objective the lead responsibility for ensuring progress is made towards the objective will be assigned to the Headteacher. The Headteacher should monitor performance against the defined success criteria throughout the year and report to the Finance and Premises Committee on a quarterly basis. The Finance and Premises Committee 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**

- 4.11 The Headteacher is responsible for preparing and obtaining approval for the annual budget from the Board of Directors.
- 4.12 The approved budget must be submitted to the DFE by the published deadline each year and the Headteacher is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met.
- 4.13 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.
- 4.14 The budgetary planning process will incorporate the following elements:
- forecasts of the likely number of pupils to estimate the amount of DFE grant receivable;
  - review of other income sources available to the academy to assess likely level of receipts;
  - review of past performance against budgets to promote an understanding of the academy cost base;
  - identification of potential efficiency savings and
  - review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes.

### **Balancing the Budget**

- 4.15 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**

- 4.16 Once the different options and scenarios have been considered, a draft budget should be prepared by the Headteacher for consideration by the Finance and Premises Committee and approval of the Board of Directors. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.
- 4.17 The budget should be accompanied by a statement of assumptions and hierarchy of priorities so that if circumstances change, it is easier for all concerned to take remedial action. The budget should be seen as a working document which may need revising throughout the year as circumstances change.

### **Monitoring and Review**

- 4.18 Monthly reports will be prepared by the MAT Business Manager. The reports will detail actual income and expenditure against budget both for budget holders and at a summary level for the Headteacher, the Finance and Premises Committee and the Board of Directors.
- 4.19 Any potential overspend against the budget must in the first instance be discussed with the Headteacher and referral to Board of Directors.
- 4.20 The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. All budget variances must be authorised by the Finance and Premises Committee.

## **5. Payroll**

- 5.1 The main elements of the payroll system are:
- staff appointments;
  - payroll administration and
  - payments.

### **Staff Appointments**

- 5.2 The Governing Body has approved a personnel establishment for the academy. Changes can only be made to this establishment with the express approval of the Board of Directors

- 5.3 The Headteacher has authority to appoint staff within the authorised establishment except for a Deputy Headteacher whose appointment must follow consultation with the Board of Directors. The Headteacher maintains personnel files for all members of staff which include contracts of employment.

#### **Payroll Administration**

- 5.4 The academy payroll is administered through Civica.

- 5.5 All staff are paid monthly through Civica.

5.6

- (a) All new appointments are to be notified to Payroll by means of an Hpay 1 Form. The appointment form is to be completed by the MAT Office Manager and only authorised by the Executive Headteacher. In addition to the above, for all appointments, the MAT Office Manager will complete a Hpay 2 form and attach to the Hpay1 form. A copy of both will be kept in the employee's personal file. All new employees must complete a Disclosure and Barring Service check.
- (b) Amendments to an employee's terms of employment are to be notified to Payroll using an Hpay 3 Form. The amendment form is to be completed by the MAT Office Manager and only authorised by the Executive Headteacher. Reference is to be made to the Hpay 2 Form if appropriate.
- (c) Terminations of employment are to be notified to Payroll an Hpay 4 Form. The termination form is to be completed by the MAT Office Manager and only authorised by the Executive Headteacher. Due regard is to be taken of the last day of service, annual leave etc to be paid / deducted and any special instructions regarding final payment.
- (d) With regard to staff overtime etc, the Headteacher is authorised to incur expenditure up to the level agreed within the annual budget. Beyond this limit, authorisation can only be made by the Finance Committee or the Governing Body. Claims for additional duties/variations of hours etc will be entered on the appropriate spreadsheet by the MAT Office Manager. The spreadsheet is to be authorised by the Headteacher and sent to the payroll provider either by fax or post. A copy must be kept on file at the school. No overtime should be undertaken without the prior approval of the Headteacher.
- (e) It is the responsibility of the MAT Office Manager to ensure that systems are in place to record all staff contract details and that they are regularly updated to take account of new appointments, amendments and terminations of employment. This will ensure that all information on the

school's financial accounting system is correct and will avoid distortion of financial information.

- (f) Any payroll transactions relating to the Headteacher will be authorised only by the Chair of Governors.

- 5.7 Staff absences are recorded on Integris and on a spreadsheet which should be completed monthly and returned to Essex County Council (sickness insurance) and to Civica

### **Payments**

- 5.8 All salary payments are made by BACS.
- 5.9 The Consortium Manager should prepare a reconciliation between gross pay and estimated gross pay for staff every month. This reconciliation should be reviewed and signed by the Headteacher at the end of each year.
- 5.10 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. Civica pay these amounts on behalf of the Academy.
- 5.11 Postings will be made both to the payroll control account and to individual cost centres. The MAT Office Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.
- 5.12 On an annual basis the MAT Office 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.

## **6. Purchasing**

- 6.1 The Trust 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**

- 6.2 All orders must be made, or confirmed, in writing using an official order form, stocks of which are held in the School Office. Orders must bear the signature of the budget holder and must be forwarded to the School Office where the Headteacher will check to ensure adequate budgetary provision exists before countersigning the order.
- 6.3 Once orders have been countersigned, a Purchase Order is produced on Sage and sent to the supplier.
- 6.4 On receipt the Admin Assistant must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay. Delivery notes should be attached to the Stock Order Form and the Purchase Order.
- 6.5 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the MAT Business Manager or MAT Office Manager should be notified. The MAT Business Manager will keep a record of all goods returned to suppliers.
- 6.6 All invoices should be sent to the School Office. Invoices will be attached to the Delivery Notes, Stock Order Form and Purchase Order and passed to the budget holder and Headteacher for authorisation of payment.
- 6.7 The MAT Business Manager / MAT Office Manager will then input details of payments to be made to the purchase ledger and generate the cheques required. The cheques and associated paperwork must be authorised by two of the nominated cheque signatories.
- 6.8 Cheques will be dispatched to suppliers or BACS payment made by the MAT Business Manager / MAT Office Manager who will stamp each invoice as paid.

### **Orders over £5,000 but less than £50,000**

- 6.9 At least three written quotations should be obtained for all orders between £5,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

### **Orders over £50,000**

- 6.10 All goods/services ordered with a value over £50,000 or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures.

Purchases over £93,738 (threshold from 26/01/06) 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 Annex 3d to the Academies Financial Handbook.

### **Forms of Tenders**

- 6.11 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 Headteacher must discuss and agree with the Headteacher how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the academy's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no or unacceptable tenders,
- only one or very few suppliers are available,
- extreme urgency exists,
- Additional deliveries by the existing supplier are justified.

### **Preparation for Tender**

- 6.12 Full consideration should be given to:

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

- 6.13 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**

- 6.14 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.

6.15 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 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**

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

### **Tender Opening Procedures**

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

- For contracts up to £75,000 – any two of the following – the BBManager, a member of the Senior Management Team and the Headteacher;

- For contracts over £75,000 - the Headteacher plus a member of the Finance and Premises Committee.

- 6.18 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**

- 6.19 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.
- 6.20 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.
- 6.21 Full records should be kept of all criteria used for evaluation and a report should be prepared for the Finance and Premises Committee highlighting the relevant issues and recommending a decision.
- 6.22 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.
- 6.23 The accepted tender should be the one that is economically most advantageous to the academy. All parties should then be informed of the decision.

## **7 Income**

- 7.1 The main sources of income for the academy are the grants from the DFE and from our sponsors. The receipt of these sums is monitored directly by the Headteacher who is responsible for ensuring that all grants due to the academy are collected.
- 7.2 The academy also obtains income from:
- students, mainly for trips and
  - lettings.

### **Trips**

- 7.3 Students should make payments at the School Office via cheque or online via the Schools Cash Office system.
- 7.4 The Admin Assistant should maintain an up to date record for each student showing the amount paid and the amount outstanding.

### **Lettings**

- 7.5 The school admin team is responsible for maintaining records of bookings



and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities.

- 7.6 The MAT Business Manager / MAT Office Manager is responsible for issuing invoices to hirers.
- 7.7 No debts should be written off without the express approval of the Governing Body (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).

### **Custody**

- 7.8 All cheques must be kept in the School Office safe prior to banking. Banking should take place every week or more frequently if the sums collected exceed the insurance limit on the School Office safe.
- 7.9 Monies collected must be banked in their entirety in the appropriate bank account. The MAT Business Manager is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly after each banking.

## **8 Cash Management**

### **Bank Accounts**

- 8.1 The opening of all accounts must be authorised by the Directors who must set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

### **Deposits**

- 8.2 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**

- 8.3 All cheques and other instruments authorising withdrawal from academy bank accounts must bear the signatures of two of the following authorised signatories:
- Chair of Directors;
  - Headteacher;
  - Deputy Headteacher;
  - Member of Senior Management Team;
  - MAT Business Manager.
  - MAT Office Manager

### **Administration**

- 8.4 The MAT Business Manager 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 Office Manager;
  - reconciliations are subject to an independent monthly review carried out by the Headteacher or in their absence the Responsible Officer (RO) and
  - adjustments arising are dealt with promptly.

### **Cash Flow Forecasts**

- 8.5 The MAT 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. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile APG to cover potential cash shortages.

### **Investments**

- 8.6 Investments must be made only in accordance with written procedures approved by the Directors.
- 8.7 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**

- 9.1 All items purchased with a value over the academy's capitalisation limit must be entered in an asset register. The asset register should include the following information:
- asset description
  - asset number
  - serial number
  - date of acquisition
  - asset cost
  - location
  - name of member of staff responsible for the asset
- 9.2 The Asset Register helps:
- ensure that staff take responsibility for the safe custody of assets;
  - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
  - to manage the effective utilisation of assets and to plan for their replacement;

- help the external auditors to draw conclusions on the annual accounts and the academy's financial system and
- support insurance claims in the event of fire, theft, vandalism or other disasters.

### **Security of assets**

- 9.3 Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.
- 9.4 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 Governing Body. 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**

- 9.5 Items which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and, where significant, should be sold following competitive tender. Any 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.
- 9.6 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.
- 9.7 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.
- 9.8 All disposals of land must be agreed in advance with the Secretary of State.

### **Loan of Assets**

- 9.9 Items of academy property must not be removed from academy premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.
- 9.10 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.