

Sheffield Family of Catholic Schools

Academy Financial Policy September 2017

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Introduction

The purpose of this document is to ensure that the Academy Trust maintains and develops systems of financial control which conform with the requirements of propriety, regularity and of good financial management. Academies are subject to a DFE funding agreement.

A condition of receiving the funding is that an Academy Trust must abide by the provisions within the Academies Financial Handbook. This document sets out the financial framework within which the Academy Trust will operate in order to meet the requirements set down in the Financial Handbook.

The main financial requirements and conditions of the Academy Trust grant include:

Financial Systems

- Financial controls must comply with the requirements of propriety, regularity and good financial management;
- Proper accounting records must be maintained.

Budgeting

- The Academy Trust must prepare annually a balanced budget which has been approved by the Governing Body;
- An indicative budget for the coming financial year (1st September – 31 August) must be submitted to the EFA by the dates set by the EFA;
- A final budget for the coming financial year must be submitted to the EFA by the dates set by the EFA.

Annual Accounts

- Annual financial statements must be prepared for each period ending 31 August and audited by an independent registered auditor;
- The financial statements must record the academies' accounting policies and must be approved by the Governing Body;
- The audited financial statements and accounting policies must be submitted to the Secretary of State by 31 December following the end of the period;
- The audited financial statements must be published as required by the Companies Act and must be filed with Companies House.

Audit

- Annual accounts must be audited by independent registered auditors appointed under arrangements approved by the Secretary of State;
- Books, accounts and all relevant records must be made available to officials of the Department for Education, the National Audit Office and their representatives and / or agents as requested;
- The Secretary of State may at his expense, instruct auditors to report to him / her on the adequacy and effectiveness of the accounting systems and internal controls and to make recommendations for improving the financial management of the Academy Trust.

Insurance

The Governing Body must ensure the Academy Trust has adequate insurance cover to support its activities and to comply with statutory requirements. Unless otherwise agreed with the EFA, this should include cover for:

- Buildings and contents of the Academy Trust against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, terrorism and similar risks and theft;

- Business interruption, for example, to provide alternative temporary accommodation (suggested minimum cover £1million);
- Employer's and public liability cover against the Governors' responsibility for injury or illness of staff of third parties or damage to third party property;
- Cover for vehicles operated by the Academy Trust.

Borrowing

The Academy Trust must seek the Secretary of State's approval for both short term borrowing (including overdraft facilities) and medium longer term loans from the private sector (including finance leases) where such borrowing is to be repaid from EFA grant or secured against assets funded from EFA grant. The Secretary of States normal policy is that academies should not be granted permission for medium and long term borrowing.

The Secretary of State's prior approval is required for:

- Any guarantees, indemnities, and letters of comfort entered into;
- Write off of debts or liabilities owed to the Academy Trust over a specified value as set out in the annual funding letter;
- Any ex gratia payments;
- Any freehold sales or purchases;
- The grant or take up of any leasehold or tenancy agreement for more than 3 years.

The Secretary of State must be notified of:

- Any loss arising from suspected theft or fraud exceeding an amount set out in the annual funding letter.

1. Organisation of Financial Responsibility and Accountability

The Academy Trust has defined the responsibilities of each person involved in the administration of the Academy Trust's finances to avoid the duplication or omission of functions and to provide a framework of accountability for Governors and staff. The roles and responsibilities are described below:

1.1 The Governing Body

The composition of the Governing Body as at September 2017 is shown in Appendix 2.

Role:

The Governing Body has a strategic role in the financial management of the Academy Trust and overall responsibility for the administration of the Academy Trust's finances.

The main responsibilities of the Governing Body are set out below.

Responsibilities:

- Ensuring the grant from the EFA is used only for the purposes intended;
- Setting the Academy Trust's financial priorities;
- The regular monitoring of actual expenditure and income against budget;
- Approval of the annual budget;
- Ensuring the Academy Trust fulfils its statutory obligations;
- Appointment of the Principal Finance Officer for the Academy Trust in conjunction with the Principal.

1.2 Finance or Resources Committee

The composition of the Finance or Resources Committee is shown in Appendix 3.

Role:

To ensure proper financial administration arrangements are in place which enable the Governing Body to fulfil its statutory responsibilities for financial management.

Responsibilities:

- To ensure the budget:
 - Reflects the Academy Trust's prioritised education objectives as detailed in the Academy Trust Development Plan;
 - Seeks to achieve best value;
 - Is subject to regular effective monitoring.

- To establish formal documented procedures and a timetable for planning the budget to ensure that all relevant factors are considered;
- To ensure that planned expenditure for each year does not exceed the available resources;
- To monitor the amount of each budget allocation in the light of known activity and to take decisions on the virement of funds between budget headings, subject to the advice of the Principal and in the interests of the Academy Trust achieving its overall aims and objectives;

- To ensure that the Academy Trust has sound internal financial controls in place which safeguard the probity of its financial transactions and the reliability and accuracy of its financial records;
- To ensure that there are written descriptions of financial systems and procedures which are kept up to date and that all appropriate staff are trained in their use. Where necessary, the Committee will ensure that the Academy Trust obtains satisfactory support services;
- To formally approve the Academy Trust's annual budget and revisions to it;
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, and EFA Financial Handbook and Accounts Direction;
- Reviewing the reports of the Responsible Officer on the effectiveness of the Academy Trust's financial procedures and controls. These reports must also be reported to the full Governing Body;
- Authorising orders and contracts over the limit shown in Appendix 4.

Delegated Authority

- The Finance or Resources Committee has authority to make decisions on behalf of the full Governing Body to enable it to fulfil the responsibilities shown above;
- Decisions or recommendations will be reported to the full Governing Body for ratification.

1.3 The Principal**Role:**

The Principal has overall executive responsibility for the Academy Trust's activities including financial activities. This includes:

- Ensuring that sound systems of internal control and financial administration are in place which enable the proper processing of the Academy Trust's transactions and activities;
- Ensuring the grant from the EFA is used only for the purposes intended;
- The Principal should also fulfil the Accounting Officer role for the Academy Trust. The Accounting Officer is responsible for assuring the board that there is compliance with the Finance Handbook, the Funding Agreement and all relevant aspects of company and charitable law.

Responsibilities:

- Ensuring estimates of expenditure and income are prepared sufficiently in advance of each financial year to allow for consideration and approval by the Governing Body;
- 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 orders and contracts up to the limit shown in Appendix 4;
- Signing cheques or authorising BACS payments in conjunction with the Principal Finance Officer and other authorised signatories;
- Ensuring that, where parts of the budget are delegated to a cost centre/ departmental level, the responsibility for controlling these budgets is matched by the level of accountability (ie budget managers are accountable only for items they can directly control);
- Reporting to the Governing Body any proposals for policy changes which significantly affect the Academy Trust's expenditure or income budgets;
- Ensuring that sound systems of financial control are in place and arrangements are made to maintain control in the absence of key staff;
- Maintaining and updating on an annual basis a Register of Business and Pecuniary Interests for both Governors and members of the school's Leadership Team, on behalf of the Governing Body.

1.4 The Principal Finance Officer**Role:**

- To maintain and develop the Academy Trust's systems of internal control and financial administration in order to enable the proper processing of the Academy Trust's transactions and activities;
- To assist the Principal in meeting his / her financial management responsibilities.

Responsibilities:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system;
- Day to day management of the Academy Trust financial position both at a strategic and operational level within the framework for financial control determined by the Governing Body and Principal;
- Maintain effective systems of internal control;
- Assist the Principal in preparing estimates of expenditure and income and to maintain relevant budget working papers and records;
- Monitor the cash flow position of the Academy Trust and report this to the Principal on a regular basis;
- Provide monthly monitoring reports showing actual income and expenditure compared to the approved budget and a forecast outturn for the Academy Trust;
- Ensure that the annual accounts are properly presented and adequately supported by the systems and records of the Academy Trust;
- Authorise orders and contracts up to the amount shown in Appendix 4, in conjunction with the budget holders;
- Sign cheques or authorise BACS payments in conjunction with the Principal or other authorised signatories;
- Ensure forms and returns are sent to the EFA in line with the timetable in the EFA guidance.

1.5 Audit Committee

All Academy Trusts must establish an Audit Committee or a committee which fulfils the functions of an Audit Committee. The arrangements for the Audit Committee are shown in Appendix 4.

Role:

The relevant committee must review the risks to internal financial control at the Academy Trust and must agree a programme of work that will address these risks, inform the Statement of Internal Control and, so far as possible, provide assurance to the external auditors.

The programme of risk review of the internal financial controls will be managed through the Academy's Responsible Officer, supported by the Principal Finance Officer.

Responsible Officer

Responsibilities:

The responsible officer should provide independent assurance that:

- The financial responsibilities of the Governing Body are being properly discharged;
- Resources are being managed in an efficient, economical and effective manner;
- Sound systems of financial control are being maintained;
- Financial considerations are fully taken in to account by the Governing Body in reaching decisions.

The Responsible Officer will undertake a programme of reviews to ensure that financial transactions have been properly processed and that controls laid down by the Governing Body are operating effectively. A report of the findings from each visit will be presented to the Finance or Resources Committee and the full Governing Body.

The Responsible Officer arrangements are shown in Appendix 4.

2. Financial Systems and Processes

2.1 Accounting System

- All the financial transactions of the Academy Trust must be recorded on the Academy Trust's accounting system;
- The Principal Finance Officer will be responsible for the Academy Trust maintaining proper accounting records and information on the Academy Trust's financial systems. They should also ensure that the Academy Trust is registered in accordance with the Data Protection Act 1998;
- Entry to the accounting system is password restricted and the Principal Finance Officer is responsible for setting access levels for all members of staff using the system and ensuring that only authorised staff have access to computer hardware and software used for Academy Trust financial management. Passwords will not be disclosed and will be changed regularly. Only authorised software will be used;
- The Principal Finance Officer is responsible for ensuring there are effective back up procedures for the system. The backup procedures are documented in Appendix 5.

2.2 Financial Planning and the Budget

The Principal and Principal Finance Officer will prepare a draft medium term financial plan for the Academy Trust for discussion and approval by the Governing Body / Finance or Resources Committee.

The medium term financial plan will:

- Reflect the first year of the Academy Trust's planned income and expenditure and cover at least the following two financial years;
- Demonstrate in financial terms how the Academy Trust intends to use its resources to achieve the aims and objectives stated in the Academy Trust's Development Plan;
- Be an integral part of the budget process and form the link between the Academy Trust's Development Plan and the annual Academy Trust budget;
- Be reviewed annually.

The Annual Budget

The Principal and Principal Finance Officer will be responsible for:

- Preparing a draft annual budget, using zero based budgeting principles where applicable and ensuring that the assumptions and calculations used in the preparation of the budget are properly documented;
- Reviewing the medium term financial plan and the Academy Trust's Development Plan objectives to reflect final budget decisions that are made in the light of known resources;
- The Governing Body to consider the draft budget and either approve it or return it to the Finance or Resources Committee for amendment;
- Spending plans to be broken down sufficiently into appropriate cost centres to promote effective financial control;
- Governors to undertake a documented review of progress in implementing the provisions of the current Academy Trust Development Plan and review the management of the previous year's budget. The Principal will indicate where any proposal or policy change would significantly affect costs in the future;
- Records to be kept showing how budgets have been built up, enabling officers responsible for the allocation of expenditure and income to identify from which areas expenditure is to be funded;
- Expenditure to only be made against available budget resources.

2.3 Budget Monitoring and Control

The Principal will ensure that the process of monitoring actual income and expenditure against the budget is continuous and effective and is as follows:

- The Principal and Principal Finance Officer will nominate members of staff and the Leadership Team as budget holders for specific curriculum and non-curriculum cost centres. Details of the approved budget holders and the budgets they are responsible for are shown in Appendix 6;
- The Principal Finance Officer will produce a note detailing the responsibilities of budget holders, the method used to allocate curriculum budgets and the rules applied to the carry forward of any under or overspends. The note will be circulated to each budget holder and the Finance or Resources Committee;
- The Principal may vire amounts without reference to the Resources Committee, up to the amount shown in Appendix 5. Virements in excess of this limit must have the prior approval

of the Finance or Resources Committee. The Principal is responsible for ensuring that the Academy Trust's budget and finance systems are updated to reflect all virements and changes to the budget;

- Day to day responsibility for monitoring and control lies with each budget holder who must obtain the prior written approval of the Principal or a named member of the Leadership Team if they wish to exceed their budget allocation;
- A member of the Academy Trust Administrative Team will be responsible for co-ordinating the day to day monitoring process;
- A member of the Academy Trust Administrative Team will issue monthly reports to each budget holder detailing budgeted, committed and actual expenditure for their area of responsibility;
- The Principal will receive monthly financial statements from the Academy Trust's accounting system, detailing the overall monitoring position, a summary of spending by cost centre and a forecast of the Academy Trust's year end position so that the overall budget and Academy Trust bank account position can be monitored;
- The Principal or Principal Finance Officer will present to the Finance or Resources Committee on a regular basis details of the Academy Trust's actual and committed spending compared with the budget, with written explanations of any significant variances and a forecast of the Academy Trust's expected year end position. A report showing the Academy Trust's current and forecast cash flow position will also be reported to the Finance or Resources Committee on a regular basis. The frequency of these presentations and reports is shown in Appendix 5;
- The Principal or Responsible Officer will ensure that proper commitment accounting records are maintained.

3. Internal Control Procedures

- In order to ensure that transactions will be properly processed or that errors will be detected promptly, the duties of staff concerned with financial transactions should as far as possible be distributed so that at least two people are involved in processing receipts and payments. The work of one person should act as a check on the work of the other and any such checks will be documented as being carried out. There should be a written summary of financial procedures that is kept up to date, this is shown in Appendix 7;
- Alterations to documents will be made in ink - correcting fluid or erasure will not be used;
- Signatures on documents must be original and in ink and will be sufficient to identify the signatory concerned (ie ticks, rubber stamps or scanned signatures are not acceptable);
- Accounting records will be properly maintained and held securely. Financial documents will be retained in accordance with the arrangements set out in Appendix 8. The Principal will specify who is authorised to access the records and documentation.

4. Insurance

- The Principal and Principal Finance Officer will be responsible for ensuring that effective and proper insurance arrangements are in place;
- The Finance or Resources Committee will review insurance arrangements annually to ensure they are commensurate with risks and to determine whether to insure any additional risks not covered by the current policies;
- The Principal / Principal Finance Officer will ensure where lettings of the Academy Trust premises are undertaken that the lettee has sufficient public liability cover.

5. Computer Systems

- The Principal should ensure that the Academy Trust is registered in accordance with the Data Protection Act 1998;
- The Principal will ensure that there are effective back-up procedures in place for financial data held by the Academy Trust. Arrangements are shown in Appendix 5;
- The Principal will also ensure that only authorised staff have access to computer hardware and software used for Academy Trust management. Passwords will not be disclosed and will be changed regularly. Only authorised software will be used in order to prevent viruses being imported;
- Access to computerised systems should be restricted to those members of staff authorised by the Principal and their permission levels should be set appropriately to enable them to carry out their designated tasks and to re-enforce the principles of internal control set out in Section 3 above.

6. Purchasing Procedures

6.1 Purchasing

The Academy Trust wants to achieve best value for money from all its purchases. This means purchasing what is needed in the correct quality, quantity and time at the best price. The Academy Trust is responsible for spending public funds. To maintain the integrity of these funds, the Academy Trust will follow the general principles of:

- Probity – demonstrating there is no corruption or private gain involved in the contractual relationships of the Academy Trust;
- Accountability – the Academy Trust will be publicly accountable for its expenditure and the conduct of its affairs;
- Fairness – that all those dealt with by the Academy Trust are dealt with on a fair and equitable basis.

6.2 Orders

- Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget and ensure that the funds available are not overspent. A report detailing actual and committed expenditure will be supplied to each budget holder each month.
- Before placing an order, the person responsible for making it will ensure that the Academy Trust is obtaining best value for money and that the remaining budget is sufficient to meet the proposed order value.
- A quote or price must always be obtained before any order is placed, unless there is an emergency or a Health and Safety issue. Three written quotes should be obtained and the details recorded for orders over the amount shown in Appendix 9.
- Routine purchases can be ordered by budget holders up to the limit shown in Appendix 9. The Principal Finance Officer will countersign orders once budget provision has been confirmed, up to the limit shown in Appendix 9. The Principal will countersign orders up to the limit shown in Appendix 9.
- Orders will be issued wherever possible for all goods and services, except for utilities (energy costs, telephone bills, rates etc.), agency staff, business card and petty cash purchases and purchases for which a written contract is signed;
- All orders for goods and services will be printed on official stationery. As well as showing details of the goods or service required, the order will also show the estimated or agreed price, net of VAT;

- The ordering of goods and services by telephone or business card will not be undertaken except where there is no reasonable alternative and will be followed by the issue of an official confirmation order as soon as possible;
- Documents supporting purchases (ie specifications, quotes, tenders and correspondence) will be retained with the copy order and, where the chosen quote is not the cheapest, approval will be obtained from the Finance or Resources Committee prior to ordering;
- Orders will be used only for goods and services provided to the Academy Trust. Individuals must not use official orders to obtain goods and services for their private use.

6.3 Orders over £25,000

All Goods and Services ordered with a value over £25,000 must be subject to formal tendering procedures. Ordering goods over £25,000 must be discussed with The Principal Finance Officer prior to any communication with suppliers to ensure correct procedures are followed from the outset. The Academy Trust may follow this procedure for an amount lower than £25,000. This amount is shown in Appendix 9.

Forms of Tender

- Open Tender – this is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Principal Finance Officer how best to advertise for suppliers eg. local / national press, trade journals or to identify all potential suppliers and contact directly if possible;
- Restricted Tender – this is where suppliers are specifically invited to tender and is appropriate where the Academy Trust needs to maintain a balance between the contract value and administrative costs as a large number of suppliers may come forward or the nature of the goods means that only specific suppliers could supply these goods;
- Negotiated Tender – the terms of contract are negotiated with one or more chosen suppliers where the above methods have not resulted in a suitable tender, or only one or very few suppliers are available, or extreme urgency exists, or additional deliveries by an existing supplier are justified.

Orders over a specified threshold excluding VAT may fall under EU procurement rules which require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in the Academies Financial Handbook. The amount is specified in Appendix 9.

6.4 Signatories

Orders up to the amount shown in Appendix 9 will be authorised by The Principal Finance Officer. Orders over the amount shown in Appendix 9 must be authorised by the Principal or by people to whom this function has been delegated by the Principal with the approval of the Finance or Resources Committee. All such people will be budget holders and are listed in Appendix 6.

The names and signatures of staff authorised to sign orders, certify invoices, sign cheques etc are recorded in Appendix 10.

6.5 Payments

- The person receiving the goods or services must make careful checks to ensure that they are in accordance with the order. The check will be recorded on the delivery note and / or invoice and include the initials of the checking officer. This will be passed to the member of staff responsible for maintaining the Academy Trust's financial records;

- Payments will not be authorised until all necessary checks have been made, including prices, discounts and the VAT accounting checks;
- Payment will only be made against an official invoice;
- Officers authorising / certifying invoices for payment must be satisfied that those payments comply with the appropriate tax regulations. (Guidance on VAT is available in the Taxation Section of the Academy Trusts' Finance Manual).

6.6 Security

- Blank order sheets will be held securely, with access to them restricted;
- Access to cheque books / stocks of blank cheques will be controlled;
- The holding of excessive stocks of order sheets or cheques will be avoided.

6.7 Business Card

The Principal will ensure that the Academy Trust has an up-to-date log of:

- All cardholders;
- Cardholders' individual transaction limits;
- Cardholders' monthly expenditure levels;
- Cardholders' merchant category group code blocking.

When procuring goods and services using a Procurement Card the Principal will ensure that best value principles are applied;

The card is only used when cheque or BACS payments are not possible;

Receipts must be retained and matched to monthly statements.

7. Personnel and Payroll

- All appointments, terminations of staff contracts and salary levels will be formally approved by the Governing Body;
- Appointments and amendments to payroll will only be authorised by the Principal (or a nominated deputy in his / her absence) unless the amendment affects the Principal, in which case the Chair of Governors will certify the documents;
- The Principal will ensure that all the financial and administrative processes concerning employment in the Academy Trust are checked and recorded;
- Payroll and personnel records will be retained in a secure place;
- Payroll transactions will be processed through the payroll system. Any payments to individuals who have worked for the Academy Trust on a "one off" or casual basis will always be made through the payroll system. The same applies to additional payments to staff such as travel and subsistence payments. Such payments will never be made from petty cash;
- Any contractor claiming to be self-employed will automatically be paid through the payroll system as a temporary employee unless proof of official tax status is provided.

8. Security of Stock and Other Property

- The Principal is responsible to the Governing Body for the safe custody and control of cash and property belonging to the Academy Trust;
- An inventory will be maintained of all attractive and portable items, and items in excess of an agreed amount will be recorded in the Academy Trust's Fixed Asset Register (see section 12). The amounts are shown in Appendix 9. The inventory will record details of make, model, serial number and purchase value. The inventory should be kept electronically or in a fireproof location;

- Items will be recorded in the inventory promptly (ie at the point of receipt);
- A documented check of the inventory will be undertaken annually against actual items. Items with a purchase value of more than the amount shown in Appendix 9 that are missing will be reported to the Finance or Resources Committee who will include them in its reports to the full Governing Body. Obsolete items to be written off or items to be sold will be reported to the Finance or Resources Committee for approval and then clearly recorded in the inventory records;
- A loans register will be maintained of items taken off the Academy Trust premises. All such loans of equipment should be authorised by the Principal and entered in the register. The register will be updated upon return of the item with details of dates and signatures. The return of loan items will be countersigned by a second person;
- Safes and secure cupboards will be kept locked, the keys removed and held securely by the person designated by the Principal. The loss of any keys will be reported immediately to the Principal. The person designated by the Principal is shown in Appendix 4.

9. Income

- The Governing Body, through its Finance or Resources Committee and subject to the recommendations of the Principal, will establish a Charging Policy for the supply of goods and services by the Academy Trust;
- The Principal is responsible to the Governing Body for accounting for all income due and cash collected as set out in the Charging Policy;
- The charging policy will be reviewed annually by the Governing Body to ensure that levels of charges fall in line with Academy Trust policy and at least cover the costs of the service provision;
- Where invoices are required, they will be issued promptly by the administrative staff. Where possible, the Academy Trust will obtain money in advance of supplying goods or services to improve the Academy Trust's cash flow and avoid the time and cost of administering debts;
- Receipts and bankings will be cross-referenced to debtors by the administrative staff;
- Bad debts up to the amount set out in the annual funding letter will only be written off with the formal minuted approval of the full Governing Body and must be notified to the Principal Finance Officer. In the case of larger debts, the Secretary of State's approval to write off must be sought;
- The process for this Academy Trust for providing receipts is shown in Appendix 5;
- All receipts and other income records will be securely retained;
- The accounting and debtor records will be properly and promptly updated and all income and VAT due to the Academy Trust identified. Cash collected will be receipted and banked as soon as possible. Cash held on Academy Trust premises will be kept to a minimum and in a lockable receptacle in a locked safe or cabinet;
- The responsibility for identifying money due to the Academy Trust will, as far as is practicable, be kept separate from the responsibility for collecting and banking money;
- Cash income will be kept separate from petty cash;
- Staff and Governors will not use their personal bank accounts for any payment or receipt relating to the Academy Trust's budget, other than for exceptional purchase where the amount is to be reimbursed. Personal cheques will not be cashed.

10. Banking Arrangements

- The opening of all bank accounts must be authorised by the Governing Body who must set out in a formal memorandum the arrangements covering the operation of the accounts including any transfers between accounts and cheque signing or BACS approval processes;
- Cheques will not be signed unless all details are fully completed;

- A bank reconciliation will be completed by the Principal Finance Officer on a monthly basis to prove that balances are correct and to provide assurance that the underlying accounts of the Academy Trust have been properly compiled and are accurate;
- The Principal will certify the monthly bank reconciliations, having checked these to the supporting documentation. Bank statements and bank reconciliation reports will be initialled by the Principal to demonstrate such checks have been undertaken;
- Where practicable, staff responsible for undertaking bank reconciliations will not be responsible for the processing of payments or receipts;
- The Governing Body will review its banking arrangements annually and document this review to ensure they provide the best value for money. They will also review the authorised signatures annually;
- The Academy Trust's cash flow will be monitored monthly by the Principal Finance Officer to ensure that the Academy Trust's account does not go overdrawn. The cash flow information will also be used to identify funds surplus to immediate requirements that can be invested to optimal effect.

11. Petty Cash

The Principal is authorised to decide what amounts of petty cash are held in Academy Trust and by whom. The person holding the cash must sign to accept responsibility for it and the Principal remains responsible for the total amount in the Academy Trust. The Principal will ensure that the cash sums held are covered by insurance and for security reasons do not exceed the amount shown in Appendix 9.

Petty cash floats will be reconciled on a monthly basis by the person named in Appendix 4;

Staff authorised to hold petty cash are responsible for:

- Obtaining proper vouchers and receipts for all cash payments made;
- Obtaining receipts that identify any VAT paid to support the reclaiming of VAT;
- Ensuring the safe custody of cash;
- Producing on demand to the Principal, auditor or other authorised person, cash and vouchers / receipts equal to the total amount held.

The petty cash amounts will only be reimbursed from the Academy Trust bank account. Cash income from other sources will not be used to reimburse petty cash.

The use of petty cash will be limited to minor items for which there is proper authority and provision in the budget. Petty cash will not be used for paying regular suppliers, mileage claims by staff or for the purchase of items in excess of the amount shown in Appendix 9. Where items exceed this amount and it is not practicable to issue an official order or use a procurement card, prior documented approval from the Principal will be required in order to use petty cash.

12. Fixed Assets

12.1 Asset Register

All items purchased over the Academy Trust's capitalization limit shown in Appendix 9 must be entered in the Asset Register. The register should include the following information:

- Asset description;
- Asset number;
- Serial number if available;
- Date of acquisition;
- Asset cost;
- Source of funding (% from EFA grant % from other sources);

- Expected useful economic life;
- Depreciation;
- Current book value;
- Location;
- Name of member of staff responsible for the asset.

A copy of the asset register should be kept in a secure and fireproof place, or electronically.

12.2 Depreciation

Depreciation on Assets is shown in Appendix 12.

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

12.3 Disposals

- Assets which are to be disposed of by sale or destruction must be authorised for disposal by the Finance or Resources Committee and where significant should be sold by competitive tender. The Finance or Resources Committee must seek approval of the EFA to dispose of assets for which capital grant in excess of £20,000 was paid. If disposals in an academic year collectively exceed £20,000 and have been paid from capital grant then the Academy Trust must inform the EFA;
- The Academy Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Academy Trust assets. If the sale proceeds are not reinvested then the Academy Trust must repay to the EFA a proportion of the sale proceeds;
- All disposal of land must be agreed in advance with the Secretary of State.

12.4 Security of assets

- Equipment must be secured by means of physical or other security devices;
- All items in the register should be permanently and visibly marked as the Academy Trust's property and there should be an annual count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register, where significant, should be reported to the Finance or Resources Committee.

12.5 Loan of Assets

- Items of Academy Trust property must not be removed from Academy Trust premises without the authority of the Principal. A record of the loan must be recorded on a loan of equipment form and booked back into the Academy Trust when it is returned;
- The equipment loan form will be asked for should an item of equipment be missing when a fixed asset audit or inventory check is undertaken.

Sheffield Family of Catholic Schools

**Academy Financial Policy
September 2017**

Appendices

APPENDIX 1**ACADEMY FINANCIAL POLICY FOR
ST ANN'S CATHOLIC PRIMARY SCHOOL**

This Academy Financial Policy has been approved and adopted by the Academy Trust Company on 3 July 2017 and will be reviewed in July 2018.

Signed by Chair of the Governing Body: _____

Signed by Headteacher: _____

Appendix 2**1.1 Composition of the Governing Body as at September 2017**

Designation	Name	Date of appointment	Final date of current term of office
Foundation Governor	Ann Ashton		
Foundation Governor	Felicity Fletcher		
Foundation Governor	Isabella Gillespie		
Foundation Governor	Brian Hosty		
Foundation Governor	Angela Moffatt		
Foundation Governor	Samy Mourad		
Foundation Governor	Maxine Owen		
Foundation Governor	Marianne Wilkinson		
Headteacher	Sarah Eady		
Parent Governor	David Pickering		
Parent Governor	Lisa Porter		
Staff Governor			

Appendix 3

1.2 Composition of the Resources Committee as at September 2017

Designation	Name	Committee Role

Appendix 4

Organisation of Financial Responsibility and Accountability

1.2 Resources Committee

The Resources Committee is responsible for authorising orders and the award of contracts over £3,000.

1.3 Principal

The Principal is responsible for authorising orders and the award of contracts up to £3,000.

1.4 Principal Finance Officer

The Principal Finance Officer is responsible for authorising orders and the award of contracts up to £2,000.

1.5 Audit Committee

The Resources committee fulfils the functions of an Audit Committee, and this is reflected in the committee Terms of Reference.

1.5 Responsible Officer

The role of Responsible Officer will be carried out by
The reviews will be undertaken quarterly.

8 Security of Stock and Other Property

The keys to the safe and secure cupboards will be held securely by the Finance Officer.

11 Petty Cash

The petty cash float will be reconciled on a monthly basis by the Finance Officer.

Appendix 7

Internal Control Procedures 3 Summary of Financial Procedures

Invoiced Income Procedure	Name	Role
Receive order for goods or services, prepare invoice in FMS and issue	Geraldine Bebb	BM
Process receipt of payment in FMS and carry out banking procedure	Geraldine Bebb	BM
Reconcile receipt against bank statement	Geraldine Bebb	BM

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Purchase Order Procedure	Name	Role
Receive request to order, prepare purchase order in FMS and print	Geraldine Bebb	BM
Sign to authorise the order, countersign if required	Sarah Eady	HT
Issue purchase order	Geraldine Bebb	BM

Delivery Procedure	Name	Role
Receive delivery and check against delivery note	Brian Down	CT
Receive delivery note and check against purchase order	Brian Down	CT

Invoice Procedure	Name	Role
Receive invoice, confirm that goods or services have been received	Geraldine Bebb	BM
Link paper invoice with the order and delivery paperwork, add invoice to FMS and authorize to prepare for payment	Geraldine Bebb	BM

Payment Procedure	Name	Role
Print Aged Creditor Report		
Confirm payments to be made	Geraldine Bebb	BM
Process cheque run / BACS payment run	Geraldine Bebb	BM
Upload BACS payment report to bank		
Authorise BACS payment from bank, sign each invoice to certify payment		
Sign BACS Run Report to confirm that transactions are supported by invoice		
Reconcile payment against bank statement	Geraldine Bebb Kathryn Fox	BM RO

Banking Procedure	Name	Role
Count money and cheques, prepare a paying in slip from the book, put everything into a bag for the bank	Geraldine Bebb	BM
Enter details of receipts on FMS and post	Geraldine Bebb	BM
Store in safe until banking day	Geraldine Bebb	BM
Deposit at bank	Geraldine Bebb	BM

Appendix 8

3 Document Maintenance, Storage and Retention Arrangements

The following outlines the procedures for keeping up to date accounting records and document retention periods:

- Academy Trusts should ensure that all stages of a transaction can be easily traced, for example, from original purchase order to cheque number on bank statement and in reverse. Alterations to original documents such as orders, invoices and cheques should be clearly made in ink or other permanent form and initialled;
- Proper accounting records should be maintained and stored securely. All documents relating to financial transactions should be retained in accordance with the following guidelines:

- To comply with HMRC and Department for Work and Pensions, it is necessary to keep relevant payroll and other related financial records for at least 6 complete financial years plus the current year;
- VAT regulations require that business records be kept for 6 years – these are deemed to include invoices, income records, orders, delivery notes, bank statements, paying in slips, annual accounts and relevant business correspondence;
- Contract documents should be retained for 6 years after the contract has expired.
- Documentation will be stored electronically.

Appendix 9

Purchasing Procedures

6.2 Orders

- Three written quotes should be obtained and the details recorded for orders over £1,000.
- Routine purchases can be ordered by Budget Holders for orders up to £300.
- The Principle Finance Officer will sign orders up to £300.
- The Principal and her deputy will sign orders over £300.

6.3 Orders over £25,000

- All Goods and Services ordered for this Academy Trust with a value over £25,000 must be subject to formal tendering procedures.
- The specified amount for EU procurement rules is £164,176 (2016/17). For up to date information, search 'Public Procurement Thresholds'.
- The extract below from the Academy Trusts' Finance Manual outlines the Tendering Procedures which Academy Trusts should follow;
- The Governing Body should establish a tendering procedures policy for putting all purchases estimated to exceed £25,000 out to tender.

The tendering procedures should cover:

- Contract advertisement in the local, national or appropriate trade press giving at least seven days public notice;
- The need to comply with any relevant EC regulations;
- The procedures for the submission, receipt, opening and recording of tenders;
- The circumstances when financial or technical evaluation is necessary;
- Acceptance of tenders;
- The form of the contract documentation;
- Cancellation causes in cases involving corruption or bribery.

8 12 Security of Stock and Other Property

An inventory will be maintained of all attractive and portable items between £200 and £5,000. Items in excess of £5,000 (capitalization limit) will be recorded in the Academy Trust's Fixed Assets Register.

Items with a purchase value of over £200 that are missing will be reported to the Resources Committee, who will include them in its report to the full Governing Body.

11 Petty Cash

The cash sum held as petty cash will not exceed £200.

Petty cash will not be used for the purchase of items in excess of £100.

Appendix 10

6.4 Signatories

Please note that authorised officers listed for signing orders and certifying invoices should be members of Academy Trust staff only. Members of the Governing Body can be included as cheque signatories but should only be used in the absence of authorised members of Academy Trust staff.

Names and signatures of staff authorised to sign orders:

Name	Signature	Role
Sarah Eady		HT

Names & signatures of staff authorised to certify invoices:

Name	Signature	Role
Brian Down		CT

Names & signatures of staff authorised to sign cheques and BACS payments:

Name	Signature	Role
Ann Ashton		Chair of Govs
Sarah Eady		HT
Geraldine Bebb		BM

Appendix 11

6.7 Business Card

Cardholder	Individual Transaction Limit	Monthly Expenditure Limit
Sarah Eady	£500	£2000
Geraldine Bebb	£500	£2000

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The business card will not be used to purchase alcohol or to obtain cash.

Appendix 12

12.2 Depreciation

Depreciation on Assets is as follows:

- Freehold Buildings 2% straight line
- Motor Vehicles 25% straight line
- Plant and Machinery 20% straight line
- Furniture and Equipment 20% straight line
- Computer Equipment 20% straight line